

---

# Appendix 1 – Responses from audited agencies

## Response from NSW Reconstruction Authority

NSW Reconstruction Authority



Mr Bola Oyetunji  
Auditor-General for NSW  
Audit Office of NSW

13 May 2025

---

Re: NSW Reconstruction Authority Response to the Performance Audit – Emergency Relief Grants

Dear Mr Oyetunji,

Thank you for your letter dated 15 April 2025 enclosing the final performance audit report on the emergency relief grants (Report). The NSW Reconstruction Authority (RA) welcomes the Report as an opportunity to improve how NSW plans for disasters and supports communities to recover.

As the report notes, significant flood events between March and November 2022 resulted in the announcement of several disaster recovery measures including the Special Disaster Assistance (SDA) grant programs to support primary producers and production businesses affected by the flooding including the AGRN 1030 and AGRN 1034 SDA program. The NSW Rural Assistance Authority (RAA) is the NSW administering agency responsible for the delivery of the program with RA the coordinating agency partnering with the Australian Government for programs activated under the Disaster Recovery Funding Arrangements 2018 (DRFA).

The Report has made 2 recommendations specific to the RA related to the Memorandum of Understanding between the RA and the RAA and the SDA program evaluation. Both recommendations are accepted by the RA, and I provide the below response:

1. **Update the Memorandum of Understanding to better define responsibilities for grants administration in an emergency situation, including responsibilities for risk management, undertaking a cost-benefit analysis, and undertaking an outcome evaluation in accordance with the Grants Administration Guide.**

I am pleased to advise that as noted in the Report, the RA has worked with the Rural Assistance Authority to update the Memorandum of Understanding (MOU) to provide more detailed responsibilities, specifying that the RA is responsible for cost-benefit analysis, and outcome and economic evaluations. The updated MOU contains a schedule of the NSW Grants Administration Guide mandatory requirements with allocated responsibility for each.

2. **Complete the cost-benefit analysis and outcome evaluation for the AGRN 1030 and 1034 special disaster assistance program to understand the impact of the program and to inform future disaster assistance programs.**

As referenced in the Report, the RA has commenced an evaluation for the AGRN 1030 and 1034 special disaster assistance program that includes assessment of the overall benefits and outcomes of the program, an economic evaluation which will fulfill the purpose of an ex-ante

cost-benefit analysis, and a process evaluation which considers how the program has been delivered.

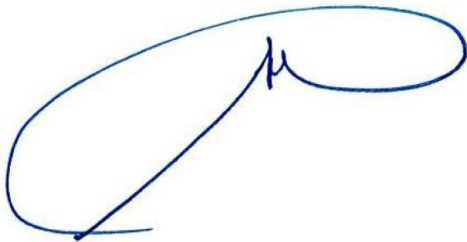
The Report outlines under section 2. *Program Planning and Establishment* - RAA implemented appropriate fraud controls for higher-value grants but not for applicants that received only the up-front payments fraud controls.

The RA notes that the process for grants valued at \$25,000 and below reflects the program guidelines approved by the National Emergency Management Agency (NEMA) prior to launch of the Program. This approach is also consistent with the Recovery Grants for Primary Producers template guidelines introduced by NEMA and considered the standard for the implementation of Primary Producer Grants.

The low document requirements for limited value up-front payment is adopted to ensure that impacted applicants can access financial assistance promptly to enable recovery.

The RA is committed to building resilience in communities through its disaster mitigation, adaptation, preparedness and recovery functions. Our coordinating role in the administration of the DRFA on behalf of the NSW Government is a critical element of this commitment.

Yours sincerely,



**Mal Lanyon APM**  
Chief Executive Officer  
NSW Reconstruction Authority

GPO Box 5434  
Sydney NSW 2001  
ABN 56 672 828 283

02 9212 9200  
[www.nsw.gov.au/reconstruction-authority](http://www.nsw.gov.au/reconstruction-authority)

## Response from Rural Assistance Authority

Rural Assistance Authority



13 May 2025

**Bola Oyetunji**  
**Auditor-General for New South Wales**  
**NSW Audit Office**  
Level 19, Darling Park Tower 2,  
201 Sussex Street, Sydney NSW 2000

Re: Performance Audit – Emergency Relief Grants

Dear Auditor-General,

Thank you for the opportunity to respond to the *Performance Audit - Emergency Relief Grants* final report, as issued on 15 April 2025.

The NSW Rural Assistance Authority (RAA) has carefully considered the report and accepts the recommendations as set out in our response below. Please see responses to each recommendation below:

Audit Office Recommendation:	Responsible agency:	RAA Response & Comment:
1. Update the Memorandum of Understanding to better define responsibilities for grants administration in an emergency situation, including responsibilities for risk management, undertaking a cost-benefit analysis, and undertaking an outcome evaluation in accordance with the Grants Administration Guide.	NSW Reconstruction Authority (RA) & NSW Rural Assistance Authority (RAA)	An updated Memorandum of Understanding (MoU) was signed by the RA and RAA on 8 May 2025. The MoU clearly defines responsibilities for risk management, cost benefit analysis and outcome evaluation of programs.
2. Improve its risk management of grant programs by: <ul style="list-style-type: none"><li>- defining its risk tolerance</li><li>- ensuring that all future programs have appropriate governance for the assessment, oversight and management of key risks</li></ul>	NSW Rural Assistance Authority	The RAA has made significant improvements to risk management policies, procedures and frameworks to ensure a high level of program governance. Work has commenced on developing a program specific risk appetite statement template and updating program probity plans.  Special Disaster Program guidelines have been reviewed and recommendations made by the RAA to the Reconstruction Authority to increase

Ian Armstrong Building  
Level 1, 105 Prince Street  
Orange NSW 2800

1800 678 593  
[raa.nsw.gov.au](http://raa.nsw.gov.au)

- ensuring appropriate controls to reduce fraud risks are in place for future grant programs.		<p>evidence requirements for program eligibility and introduce measures to further mitigate fraud risk. These are ultimately the decision of the Reconstruction Authority and the National Emergency Management Agency and are approved on an individual program basis.</p> <p>The program risks for AGRN 1030/1034 were determined in line with the Grants Administration Guide at the time of the event. Since this time the Grants Administration Guide has been updated, and the RAA have made changes to the management of risk for these types of programs in accordance with those updates.</p>
3. Ensure that conflict of interest declarations are collected from all assessment and claims staff for all future grant programs and that any identified conflicts of interest are managed effectively.	NSW Rural Assistance Authority	<p>The RAA has developed more stringent policies and procedures to capture and appropriately manage conflict of interest declarations by RAA staff. This has been supported by broader Departmental system upgrades which provide enhanced reporting on staff declarations.</p> <p>An internal conflict of interest form has been developed to capture any conflicts of interest or NIL declarations for all RAA staff working on specific programs.</p> <p>The RAA Steering Committee has also developed more stringent controls on reporting conflicts of interest during the program design and throughout the life of the program.</p>
4. Update its cost estimate model to take into account the size and behaviour of the 2022 flood events and other subsequent disaster events.	NSW Rural Assistance Authority	<p>The RAA is currently reviewing and updating its cost estimate model to incorporate all available data to inform future events.</p> <p>The updated MoU has clarified roles and responsibilities regarding forecasting future program budgets and managing those for the life of the program.</p>
5. Develop additional measures for future grant programs to ensure that the performance and impact of the programs can be better understood and evaluated.	NSW Rural Assistance Authority	<p>The Reconstruction Authority is responsible for developing a monitoring and evaluation plan during the program design phase, and completing all outcome and economic evaluation on natural disaster programs under the updated MoU. The RAA will support the Reconstruction Authority in evaluation activities, and continue to conduct process evaluations.</p>
6. Complete the cost-benefit analysis and outcome evaluation for the AGRN 1030 and 1034 special disaster assistance program to understand the impact of the program and to inform future disaster assistance programs.	NSW Reconstruction Authority	N/A

Ian Armstrong Building  
Level 1, 105 Prince Street  
Orange NSW 2800

1800 678 593  
[raa.nsw.gov.au](http://raa.nsw.gov.au)

I would like to thank the Audit Office of NSW for its professionalism and collaborative approach throughout this review.

The RAA acknowledges the concerns raised in the report, regarding risk governance and oversight, and the status of the Memorandum of Understanding (MoU) between RAA and RA during the administration of AGRN 1030/1034. It is important to highlight that these programs are developed in collaboration with the National Emergency Management Authority (NEMA) and the Reconstruction Authority (RA). As program administrator, the RAA then administers the program in accordance with the approved program guidelines ensuring effective and efficient delivery of financial assistance to communities in need.

The RAA maintain a strong approach to fraud risk management, and any suspected fraudulent activity was immediately addressed by the RAA Governance Team, in line with established policies and procedures for these events, and continues to be addressed in the delivery of all grants and loans programs.

The RAA would like to emphasise that best available data was used to provide initial forecasting to support the program design of AGRN 1030/1034. Due to the rapidly evolving nature of the disaster and unprecedented macroeconomic conditions, key assumptions in the initial model shifted in an unpredictable way. The RAA were able to observe these shifts across the duration of the event and provided updated projections to the RA on likely costs, however this data was only available after the approval of the initial estimated costs. The RAA recognises the value of the data collected over these events and is already using this to improve forecasting methodologies for current and future programs.

The RAA welcomes the audit finding that all approved applicants examined by the audit team in the tested sample were correctly found to be eligible for the program, and that all rejected applicants examined by the audit team were correctly assessed as ineligible. This outcome reflects the integrity and diligence of the assessment team and reaffirms that the RAA administered the program in accordance with the eligibility requirements set out in the approved program guidelines.

The RAA remains committed to upholding a high standard of compliance in program delivery and looks forward to implementing the audit recommendations to improve future programs.

Sincerely,



**Carlie Darling**  
CEO, NSW Rural Assistance Authority

---

Ian Armstrong Building  
Level 1, 105 Prince Street  
Orange NSW 2800

1800 678 593  
[raa.nsw.gov.au](http://raa.nsw.gov.au)