

Mr Greg Piper MP
Chair
Public Accounts Committee
Legislative Assembly
NSW Parliament
Macquarie Street
SYDNEY NSW 2000

Dear Mr Piper

RE: Auditor-General's report on *Contracting non-government organisations* – additional information

Thank you for your letter to Michael Coutts-Trotter, Secretary, Department of Communities, on behalf of the Public Accounts Committee of the Legislative Assembly concerning additional information regarding the Department's response to recommendations of the Auditor-General's report on *Contracting non-government organisations*, dated 22 July 2020.

Mr Coutts-Trotter has asked me to reply on his behalf.

I am pleased to provide you with the additional information requested in the attached table.

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Yours sincerely

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Eleri Morgan-Thomas
Executive Director, Partnerships

2 December 2020

ADDITIONAL INFORMATION REQUEST

Auditor-General's Report – Contracting non-government organisations

RECOMMENDATION	ADDITIONAL INFORMATION – REQUESTED	RESPONSE
<p>1</p> <p>Implement measures to conduct full program level market analysis of services to be provided by NGOs to:</p> <p>a) Identify potential new service providers;</p> <p>b) Ensure that benchmarking of NGO performance and quality is conducted against the market</p>	<p>The response to the Audit indicated that the Department cited a number of initiatives to ensure that all suppliers are providing quality services. The benchmarking process initiated by the Department, however, has been delayed.</p> <ul style="list-style-type: none"> • Please explain the reason for the delays to benchmarking activities. • Please detail what the Department hopes to gain from this process, and how this will provide greater contestability for the sector. 	<p><i>The reason for the delays to benchmarking</i></p> <p>A significant data remediation project has been undertaken with the Permanency Support Program to ensure that source system data is accurate and reliable. This project is nearly complete.</p> <p>It will provide additional data for the Permanency Support Program Service Provider Dashboard which is delivered each quarter to over 50 PSP service providers and their contract managers. Each dashboard is individualised with the providers' own data and also has comparison tables for select reporting items. These enable providers and contract managers to see how the provider's performance compares to that of other providers in areas such as currency of case plans and leaving care plans, levels of placement stability for clients and levels of contracted placement utilisation rates. These comparative marks are a mechanism for driving contestability and performance improvement.</p> <p><i>What the Department hopes to gain</i></p> <p>Benchmarking allows the Department to:</p> <ul style="list-style-type: none"> • Have data to inform discussions with providers about their performance and required changes • Inform future decisions regarding changes of contracted levels of placements which ensures contestability within the provider market.
<p>2</p> <p>Clarify roles and responsibilities and provide clear guidance for FACS contract management staff to ensure effective and</p>	<p>The response to the Audit indicated that the Department has made good progress in introducing more training to support contract management staff. The Department's response also indicated that its new contract management system has been delayed.</p>	<p><i>Further information about additional staff training</i></p> <p><u>Training in 2019</u></p> <ul style="list-style-type: none"> • Fraud and Corruption Training, with 144 attendees • Negotiation and Relationship Management Training, with 174 attendees

<p>consistent management of NGO performance and quality.</p>	<ul style="list-style-type: none"> • Please provide further information about the additional staff training, including the scope of the contract management maturity project that has commenced. • Please explain why the contract management system has been delayed. • What is the estimated completion date for the contract management system? 	<ul style="list-style-type: none"> • Contracting Complaints training, with 131 attendees • Financial training, with 99 attendees • Roadshow visits were also held in six locations across NSW to promote contract management support materials and their application. <p><u>Training in 2020</u></p> <p>During the COVID period, we have made extensive use of MS Teams technology using our weekly Hot Topics sessions for information about COVID and training on subjects such as:</p> <ul style="list-style-type: none"> • Annual accountability • New payment processes • Improvement plans • Complaints processes. <p>We have filmed and scripted an online contract manager 101 training module which will be released in early 2021.</p> <p>Further training is planned for 2021, and will include: additional contract negotiation sessions, legal training for contract management, Hot Topics training as required.</p> <p><i>Further information on the scope of the contract management maturity project</i></p> <p>The contract maturity project is an ongoing, continuous improvement project that assesses the capability requirements and skills needed for different contracts of varying complexity and value. It supports the Department to progressively align its business needs with the skills and capability of the workforce as it matures as a commissioner and a contract manager.</p> <p><i>Why the contract management system has been delayed, and planned completion date.</i></p> <p>The Department started planning for a new contract management system to be implemented in early 2020. The Department and the vendor mutually agreed in late 2019 that the solution under development would not be further progressed. The details of the agreement are commercial in-confidence.</p>
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3	<p>Develop a process for reporting all NGO performance and quality issues to the Central Office to inform performance management and contracting management decisions</p>	<p>The response to the Audit indicated the Department has outlined some actions that will produce more consistency in how local contract management staff raised issues to central office for resolution. Key amongst these are 'Hot Topic' webinars and a new contract management system, which has been delayed.</p> <ul style="list-style-type: none"> • What are the participation rates in the 'Hot Topics' webinars? • Please advise the Committee of any feedback received on these webinars from contract management staff. • What actions has the Department taken to support contract management staff while the new contract management system is completed? 	<p><i>Hot Topics - Participation rates and feedback</i></p> <p>There are currently 456 staff registered to receive regular Hot Topics updates and invitations via email. On average, 170 staff attend each session, with numbers ranging up to 200. 30- 90 additional staff later view the MS Stream recording of the sessions.</p> <p>The Hot Topics webinar series was shortlisted for the 2020 DCJ <i>Making A Difference Employee award in the Exceptional Internal Service Delivery</i> category with nominations from contract managers.</p> <p>The Hot Topics webinars were scaled up in response to COVID and at the height of the pandemic were being produced weekly, to provide real time information, support and leadership to a dispersed workforce which in turn supported our NGO service partners. High numbers of attendance for every session and active participation in the chat function is the best measure of success as no-one is required to attend.</p> <p>Hot Topics subject matter is routinely drawn directly from participant feedback to ensure issues of the most relevance to Contract Managers continue to be addressed.</p> <p><i>Actions taken to support staff until the new contract management system is completed</i></p> <p>Support to contract managers to ensure consistency is provided through Hot Topics, together with the establishment of a broad, integrated approach to contract management, and the development and continued roll-out of related training and resources outlined in relation to recommendation 2 above. These have supported and developed the capability of contact management staff across DCJ.</p>

4	<p>Escalate the move to outcomes-based contracts for NGO contracted services by:</p> <ul style="list-style-type: none"> • reviewing which services delivered by NGOs can move to outcomes-based contracts and the timeline for doing so • setting clear and measurable targets for the number of programs moved to outcomes-based contracts • publicly reporting progress against these targets • continuing to build capacity within FACS to manage outcomes-based contracts. 	<p>The response to the Audit indicated that the Department expected to implement outcomes-based contracts by 2020-21, and that outcomes-based reporting would commence for the SHS programs in July 2021 following a trial.</p> <ul style="list-style-type: none"> • Please explain why the outcomes-based contracting for the SHS program was delayed. • Which programs have been determined to benefit from outcomes-based contracts following this review? • What is the timeline to review the aforementioned programs? • How has COVID-19 affected service delivery for these and other programs that the Department manages in this area? • How will lessons learnt from this process inform outcomes-based contracts for other to other programs the Department administers? 	<p><i>Why the outcomes-based contracting for the SHS program was delayed.</i></p> <p>Key reasons for the approach to the 12 month contract continuation included:</p> <ul style="list-style-type: none"> • Significant re-contracting activity was taking place across program areas during 2019-20, including the reform of the Targeted Early Intervention (TEI) program. This had resource impacts on District Commissioning and Planning teams (who manage both SHS and TEI contracts), as well as service providers (many of whom are funded under both programs). • The 12 month extension allowed for a more manageable sequencing of re-contracting activities, and enables the sector to be briefed on the new contract. • During 2019, the Department undertook the SHS Outcomes Pilot to test and refine outcomes measures and indicators and integrate them into case practice. The 12 month contract continuation allowed for further testing and refinement of this work. It also allowed for consideration of findings from the Auditor-General for New South Wales report on specialist homelessness services (https://www.audit.nsw.gov.au/our-work/reports/contracting-non-government-organisations). • The approach also factored in findings from the Post-Implementation Review of Going Home Staying Home, undertaken by KPMG consultants. This report emphasises the importance of reform activity being undertaken gradually and informed by consultation to effectively manage change. <p><i>Which programs have been determined to benefit from outcomes-based contracts following this review?</i></p> <p>The following programs will be included in the implementation of outcomes based contracts:</p> <ul style="list-style-type: none"> • Specialist Homelessness Services • Homeless Youth Assistance Program • Domestic Violence Resource Enhancement • Youth Crisis Accommodation Enhancement • Service Support Fund
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5	<p>Improve the accuracy and completeness of client and NGO performance data and use it to:</p> <p>a) monitor the performance and quality of NGO services</p> <p>b) provide performance feedback to NGOs on their services</p> <p>c) publicly reporting the performance of GO service</p>	<p>The Department's response to recommendation five did not mention the Specialist Homelessness Services (SHS).</p> <ul style="list-style-type: none"> • How will the Department ensure that NGO performance data for the SHS program is improved in regard to accuracy and completeness? 	<p><i>How the Department will ensure that NGO performance data for the SHS program is improved in regard to accuracy and completeness.</i></p> <p>The data collected from service providers is determined by the Specialist Homelessness Services National Minimum Data Set (SHS NMDS) and is the basis for the Specialist Homelessness Services Collection (SHSC) information about people who are either homeless or at risk of homelessness and who are seeking services from specialist homelessness agencies.</p> <p>The Australian Institute of Health and Welfare (AIHW) established and manages the SHSC on behalf of all jurisdictions to contribute to the reporting requirements for the National Housing and Homelessness Agreement (NHHA).</p> <p>Information on clients and unassisted persons is submitted monthly by providers to the AIHW via the secure web portal, Validata™. Data collected by SHS agencies is de-identified when extracted from the client management system and uploaded securely to Validata™.</p>

			<p>Validata™ checks the data through a validation process and provides validation results and detailed information on any identified errors. Validata™ generates a report about the data extract's interaction with the SHS Collection edit rules that control the quality of the input data. Validation results can then be downloaded by agencies and used to identify potential data errors, which can then be amended prior to re-uploading and submitting the extract.</p> <p>Any client management system used by SHS providers has to be accredited by the AIHW for use in the SHSC. In NSW, the majority of the service providers use the Client Information Management System (CIMS) while a handful of the larger organisations use systems other than CIMS e.g. Mission Australia, St Vincent de Paul and RichmondPRA/Flourish Australia. For service providers that use the Client Information Management System (CIMS), DCJ does not undertake further validation of the extracts from CIMS as they will be identical to the data submitted to the AIHW by agencies. For service providers that use systems other than CIMS, DCJ relies on the agency providing to DCJ the same information that they submitted to the AIHW.</p>
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