

**Submission
No 13**

**EXAMINATION OF AUDITOR-GENERAL'S PERFORMANCE AUDIT
REPORTS FEBRUARY 2019 - JULY 2019**

Organisation: Department of Communities and Justice

Date Received: 22 July 2020



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

Ref: SGM20/2867

Dear Mr Piper

Auditor-General's report on *Contracting non-government organisations*

Thank you for your letter on behalf of the Public Accounts Committee of the Legislative Assembly seeking the department's response to the Auditor-General's report on *Contracting non-government organisations*, tabled in Parliament on 26 June 2019.

I am pleased to provide you with the department's response in the attached table. Of the five recommendations made by the Auditor-General, two were partially supported and the remaining three were accepted. Many of the actions recommended by the Auditor-General have been completed or are ongoing. However, some have been delayed due to COVID-19 and funding constraints.

If you would like more information, please contact [REDACTED]

Yours sincerely

[REDACTED]
Michael Coutts-Trotter
Secretary

22 July 2020

IMPLEMENTATION OF RECOMMENDATIONS

Contracting non-government organisations

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (complete, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
<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>Partly supported - DCJ is the monopsony commissioner of homelessness and child protection services in NSW. Potential new service providers are not currently providing the services required in NSW and will be operating under a different regulatory</p>	<p>a) DCJ is undertaking three specific projects related to market analysis and stewardship:</p> <p style="padding-left: 20px;">i. The Provider Readiness project is developing a clear strategy on the market position of DCJ as a provider of OOHC.</p>	<p>June 2020</p>	<p>Complete</p> <p>The PSP Transition Roadmap was completed in August 2019 and examined the potential to align DCJ-delivered OOHC with the commissioned PSP system, including consideration of DCJ's market position.</p> <p>Where appropriate DCJ is also commissioning Districts to provide PSP services. Currently these are small-scale projects that seek to address local gaps in the NGO market.</p> <p>The Commissioning Leadership Program has been provided to Executive staff and this includes content on market analysis and stewardship.</p> <p>A Pricing, Procuring and Contracting fact sheet will be signed off in the first quarter 2021 for publishing.</p>	<p>Commissioning Excellence Partnerships</p>

	<p>environment that is likely to be less stringent. Program level market analysis that includes both NGOs and DCJ is regularly undertaken to understand the capacity of the market to respond to current and future needs. Many locations in NSW have thin markets of specialist service provision.</p>	<p>II. The <i>Aboriginal Child and Family Investment Strategy</i> will address the supports needed to increase Aboriginal controlled service delivery in NSW</p>	<p>June 2020</p>	<p>Complete: The first phase elements of the Aboriginal Child and Family Investment Strategy are being implemented.</p>	<p>Child and Family</p>
		<p>III. The SHS Aboriginal Sector Development Strategy that will be delivered by the end of 2019/20.</p>	<p>June 2020 Delayed – new timeframe to be determined.</p>	<p>Delayed: The development of a Sector Development Strategy came as a recommendation from an assessment of the Aboriginal SHS sector undertaken by Cox Inall Ridgeway. This report was completed in February 2020. Final decisions on the development of this strategy have not been made but recommendations are under consideration. This is likely to be a long term strategy.</p>	<p>Housing and Homelessness</p>
		<p>b) The benchmarking and quality of service delivery by NGOs will be addressed by:</p> <p>I. Accreditation with the Office of the Children’s Guardian for PSP</p>	<p>ongoing</p>	<p>Complete: All PSP providers need to be accredited by the Office of Children's Guardian (OCG) and DCJ works closely with OCG regarding the accreditation status of providers.</p>	<p>Child and Family</p>
		<p>II. Benchmarking of PSP providers will be implemented by 2020</p>	<p>June 2020 – revised date December 2020</p>	<p>Delayed: Data remediation with the PSP providers is being finalised to facilitate accurate data reporting and benchmarking. Benchmarking is intended to promote quality of service delivery by NGOs and DCJ and the achievement of permanency outcomes for children and young people.</p>	<p>Child and Family</p>

			<p>III. DCJ will introduce the requirement for SHS providers to achieve accreditation against the Australian Services Excellence Standards by 2020</p>	<p>Revised date June 2023</p>	<p>Delayed: As the ASES accreditation process includes on site reviews and consultation with staff and clients, COVID-19 has had an impact on components of the ASES accreditation program.</p> <p>Housing and Homelessness Design and Stewardship engaged 9 SHS organisations across the State to commence accreditation with the ASES, with the aim to be accredited by 30 June 2020. Of these pilot providers, 6 have been unable to finalise their accreditations as they have had to comply with COVID-19 public health orders.</p> <p>SHS providers were also advised on 16 March 2020 to prioritise essential service delivery to respond to the COVID-19 pandemic and were permitted to put their ASES work on hold.</p> <p>A proposed approach to proceeding with ASES post COVID is in development.</p>	<p>Housing and Homelessness</p>
2	<p>Clarify roles and responsibilities and provide clear guidance for FACS contract management staff to ensure effective and consistent management of NGO performance and quality.</p>	<p>Accepted</p>	<p>a) DCJ will review all training and support materials to for contract managers by June 2020 and will promote consistency (ongoing)</p>	<p>June 2020</p>	<p>Complete - DCJ has conducted a quality assurance survey of contract managers and a heuristics review of contracting resources on the intranet and internet. Feedback from contracting staff was positive. Suggestions for improvement have been adopted.</p> <p>Planned training (Fraud and Corruption, Contract Negotiation) has been completed across all Districts, with highly positive feedback received. Complaints handling training was rolled out during August 2019.</p> <p>Regular 'Hot Topics' webinars with all contracting staff are promoting consistency in</p>	<p>Partnerships</p>

					<p>knowledge and practice. Topics covered include COVID-19, performance management, procurement, recontracting and annual accountability.</p> <p>A contract management maturity project has commenced: this will articulate a contract framework for all DCJ contracts. This includes consideration of contract classes, resource allocation, account management, information sharing and development of capability aligned with contract complexity. Aligned with this is development of contract management maturity standards and indicators which will be incrementally implemented.</p>	
			b) A new contract management system will be implemented in 2019/20 and will further support consistency.	June 2020 – revised date December 2021	Delayed: source of funding for new system to be determined and alignment with other major IT systems is being reviewed Contracting staff are being supported through increased communication and training on COMS and contract management.	Partnerships
3	Develop a process for reporting all NGO performance and quality issues to the Central Office to inform performance management and contracting management decisions	Partly accepted - DCJ structure is deliberately decentralised to ensure local knowledge informs contracts management and as PSP in particular relies on local relationships and co-delivery. It is not	<p>Some improvements can be made to support consistency of approach while not diminishing local management:</p> <p>a) Training supports for contract managers in the Districts are reviewed annually</p>	annually	<p>Complete: Performance management guides and templates have been updated and promoted to contract managers through regular ‘Hot Topics’ webinars. Topics covered include COVID-19, performance management, procurement, recontracting and annual accountability.</p> <p>A central complaints and issues management process has been implemented.</p>	Partnerships
			b) A new contracting management system will be implemented in 2019/20 and will further support consistency.	June 2020 – revised date December 2021	Delayed: source of funding for new system to be determined	Partnerships

		possible or desirable to effectively manage over 2000 contracts centrally.	c) Central Office will strengthen capacity to provide support when requested by Districts (ongoing).	Ongoing	Complete: Regular Hot Topics webinars are providing up to date, consistent advice and support to contract managers. Topics covered include COVID-19, performance management, procurement, recontracting and annual accountability. This is supplemented by regular emails and website updates.	Partnerships
			d) A review of contract ownership in PSP will be undertaken in 2019/20.	June 2020	Underway: DCJ is developing a resource allocation model for contract management.	Partnerships
4	Escalate the move to outcomes-based contracts for NGO contracted services by:	Accepted	a) DCJ will review all programs for their ability to move to outcomes based contracts from 2019/20 and the timeline by which this will be achieved.		Complete: as contract terms expire the department reviewed programs to determine the benefit of implementing outcomes based contracts where appropriate.	All
	<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 		b) Develop a program logic for all programs by June 2021.	June 2021	Delayed: Rebbeck Consulting has been engaged to develop the program logic and Outcomes Framework for recommissioning of the SHS sector's 3-5 year contracts which are scheduled to commence from July 2021. Consultation with the sector on parts of these documents were scheduled for April/early May 2020 but due to COVID-19, are now anticipated for late 2020. This consultation will include tools to be used by the sector to capture client outcomes including the PWI and Client Outcomes Survey.	Housing and Homelessness
			c) DCJ will undertake a resource assessment of contract management for outcomes-based contracts by June 2020.	June 2020	Underway: DCJ is developing a resource allocation model for contract management due for completion in July.	Partnerships

	<p>progress against these targets</p> <ul style="list-style-type: none"> continuing to build capability within FACS to manage outcomes-based contracts. 		<p>In the SHS program:</p> <p>d) DCJ will pilot test new client outcomes measures during 2019/20 to determine what can measures are appropriate to embed in contracts.</p>	June 2020	Completed: Housing and Homelessness Design and Stewardship developed a program logic and concluded a 6 month pilot with 17 SHS organisations across the State to test client outcome measures, in preparation for outcomes based reporting in the program from 1 July 2021. An evaluation of the pilot was completed in 2019.	Housing and Homelessness
			<p>e) DCJ will finalise an outcomes framework and embed a program logic into the program by 30 June 2020 and report on program performance thereafter.</p>	June 2020	Delayed: COVID-19 has had an impact on the finalisation of the Outcomes Framework and Program Logic. These documents were to be consulted on in late April/early May 2020, this was placed on hold in response to government public health orders. A briefing note has been submitted to the Minister's Office regarding re-phasing commissioning activities in light of COVID-19. Pending approval, new dates will be scheduled later in the year.	Housing and Homelessness
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 report the</p>	Accepted - DCJ is progressively developing contract management dashboards to support conversations between contract managers and NGOs. The dashboards report the performance of NGOs compared to benchmarks	<p>a) A review of the status of systems and administrative data sets that support performance reporting will be undertaken by June 2020 to identify any gaps and requirements for future enhancements.</p>	June 2020 – revised date October 2020	<p>Ongoing: PSP dashboard has been delivered quarterly to March 2020 when production was put on hold due to COVID 19. Production will commence again in August 2020; data plan is in place as per 1 b).ii.</p> <p>DCJ Corporate Reporting and PSP Program area are having ongoing discussions to improve PSP performance reporting, including for NGOs – Partnerships will align its processes and reporting with any broader DCJ directions.</p>	Partnerships
			<p>b) ChildStory enhancements are underway and are expected to be operationalised in FY 2019/20</p>	June 2020	Underway	ChildStory
			<p>c) Changes in the SHS program for its data collection requirements and the Client</p>	Revised date July 2021	Delayed: work is in progress - SHS has piloted its data collection and reporting systems, including service provider dashboards, with 17	Housing and Homelessness

	performance of GO services.	and can also be used to report publicly.	Information Management System (CIMS) to incorporate performance measures in reporting from 1 July 2020.		<p>SHS organisations, in preparation for outcomes based reporting in the program from 1 July 2020. An evaluation of the pilot was completed in October 2019. Based on recommendations from the evaluation, amendments are being made to the Personal Wellbeing Index (PWI) and the Client Outcomes Survey (COS) tools. The revised PWI tool was expected to roll out to providers via the Client Information Management System (CIMS) commencing 1 July 2020, with appropriate training for provider staff. However, the roll out has been delayed as it was not practical to introduce a new tool and reporting requirements due to impact of COVID-19 on providers.</p> <p>DCJ is also working on implementing a number of changes to the CIMS system in order to assist with reporting against contract and performance targets. Discussions are in progress with Infoxchange, the contracted supplier for CIMS on the feasibility of the planned changes to the system with a view to implementing these changes from July 2021 and aligned to the specialist homelessness services re-contracting timeframes.</p>	
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