

Ad Hoc Requests for Funding - Organisations External to NSW Health

Document Number PD2005_507

Publication date 01-Mar-2005

Functional Sub group Corporate Administration - Finance

Summary Delegations and procedures to be followed by NSW Health when ad hoc requests for funding are received from bodies external to NSW Health.

Author Branch Primary Health and Community Partnerships

Branch contact 9391 9508

Applies to Area Health Services/Chief Executive Governed Statutory Health Corporation, Board Governed Statutory Health Corporations, Affiliated Health Organisations - Non Declared, Community Health Centres, NSW Ambulance Service, NSW Dept of Health, Public Hospitals

Distributed to Public Health System, Community Health Centres, NSW Ambulance Service, NSW Department of Health, Public Hospitals

Review date 30-Jun-2010

Policy Manual Not applicable

File No. 98/2329

Previous reference 98/36

Issue date 13-May-1998

Status Active

Director-General

This Policy Directive may be varied, withdrawn or replaced at any time. Compliance with this directive is **mandatory** for NSW Health and is a condition of subsidy for public health organisations.

CIRCULAR

File No	98/2329
Circular No	98/36
Issued	13 May 1998
Contact	T Smyth (02) 9391 9614

POLICY FOR MANAGEMENT OF AD HOC REQUESTS FOR FUNDING FROM ORGANISATIONS EXTERNAL TO NSW HEALTH

Background

A review was recently conducted of NSW Health's management of ad hoc requests for funding. The review found that there are a number of areas in which our procedures require amendment to ensure due process is followed. These issues relate to:

- C Delegations
- C Transparency
- C Contracts and Exit / Termination Arrangements
- C Monitoring of grantee performance
- C Accountability
- C Conflict of Interest
- C Probity

Key objectives

The key objectives of this Circular are to protect the public interest, to ensure effective accountability, to ensure that health funds are used for purposes that advance the mission of the NSW health system and to ensure that the community receives value for money in any grant made.

What requests does this Circular apply to?

The NSW health system receives requests for funding support from a wide range of groups and organisations including Commonwealth, State and local government bodies, Universities and other educational institutions, community groups, clubs and individuals for a wide variety of purposes including operating costs, equipment purchases, rental assistance, engagement of staff, sponsorship, education/training expenses and the underwriting of events/conferences. It is not possible to rigidly define the term "ad hoc".

Distributed in accordance with circular list(s):

A 33 B C 31 D E
F 14 G H 17 I J 30
K L M N P Q

73 Miller St North Sydney NSW 2060
Locked Mail Bag 961 North Sydney NSW 2059
Telephone (02) 9391 9000 Facsimile (02) 9391 9101

A formal process exists for funding of non government organisations by the NSW health system and it is recommended that this process should be followed for grant requests from non government organisations. Copies of the guidelines and procedures for NGO grants under this process can be obtained from Health Services Policy Branch on 02 9391 9479.

Grants made under a formal written agreement between the Department/Area/Service and the legal body corporate of a Commonwealth or State Government Department/Agency, a University or TAFE, a Local Government Council generally have built in accountability mechanisms and are signed by a senior executive of both bodies (eg Director General, Area CEO, Council General Manager, Vice Chancellor or Faculty Dean).

To provide an appropriate balance between the protection of the public interest and local flexibility, the revised procedures outlined in this Circular will now apply to all funding requests received by and/or grants proposed to be made by the NSW public sector health system (Department, Areas, Ambulance Service, Corrections Health, Second and Third Schedule organisations) to groups, organisations and individuals external to NSW Health **other than:**

- C grants made following a publically advertised tender in accordance with Departmental tender policies;
- C grants to non government organisations where the request/grant is processed under the NGO funding guidelines and process administered by the Department; and
- C grants to another Commonwealth or State Government Department, University, TAFE or Local Council under a formal written agreement between the legal entities and signed by a senior executive of each incorporated body.

What are the revised procedures that must now be followed?

Delegations

Authority to approve ad hoc requests for funding from persons/organisations external to the NSW public sector health system covered by this Circular will now be held by the Minister, Director General and Deputy Directors General for the NSW health system and, in relation to the expenditure of their respective organisations, by Area Chief Executive Officers, CEO Ambulance Service, CEO Corrections Health and CEO New Children's Hospital. This power may NOT be delegated to a lower level within the organisation. The Department Delegations Manual and Accounts and Audit Determination will be amended to restrict the power to allocate one-off grants to the above positions.

The power which Service Co-ordinators within Area Health Services may have previously exercised to grant ad hoc funding to organisations is withdrawn. This delegation will be exercised at Area Chief Executive Officer level.

In exercising such delegations, the delegation will require that prior to approval the delegated officer is satisfied that:

- C the grant is in accordance with the mission of the NSW health system
- C the person, organisation or group is reputable, accountable and able to provide the service being funded
- C there is no conflict of interest
- C the funds required are available.

Prior referral to the Minister for Health's Office

While there is no upper limit on the \$ value of grants able to be made from available funds, the Minister's office must be informed in advance of proposed one-off grants of **\$10,000 or more**. This will provide the Minister's office an opportunity to provide comment and/or accept the opportunity to announce the initiative if the Minister wishes.

The Minister's Chief of Staff is to receive advice via facsimile on the one page form (sample attached) **at least three weeks before** the grant is to be made.

Area/Service Chief Executive Officers or relevant departmental personnel will be advised by the Minister's Chief of Staff if the Minister does not support the proposal or wishes to take up the opportunity to announce the initiative. The time-frame will enable appropriate arrangements to be made. If no advice has been received from the Minister's office after 10 working days, the grant may proceed at the Departmental or Area/Service level.

Transparency

Grants may be approved by the Minister or by other officers holding the delegation outlined above. The following requirements must be met in submissions to the approving officer and/or Minister:

Requests referred directly to the Minister

Recommendations to the Minister regarding ad hoc funding requests by external organisations must include reference to the following matters:

- Likelihood of grant being made under NGO guidelines
- Adherence to Government, Ministerial, Departmental or Area service priorities
- Arrangements for announcement or presentation by Minister or other political representatives
- Proposed performance agreement and contract
- Any commitment to recurrent funding and source of such funding
- Exit strategy
- Probity conditions met

Grants to be approved by Director General, Deputy Directors General or Chief Executive Officers

(A) Less Than \$10,000

- Governed by a formal written agreement
- Purpose of grant accords with corporate/business plan priorities of NSW health system
- Exit strategy developed and included in written agreement
- Probity conditions met

(B) Grants of \$10,000 or above

- Performance agreement / contract in place
- Purpose of grant accords with corporate/business plan priorities of NSW health system
- Any commitment to recurrent funding and source of such funding
- Exit / termination strategy
- Adopt NGO guidelines to the full extent possible within the circumstances and time-frame available
- Probity conditions met

Contracts and Exit Strategy

All organisations receiving ad hoc grants are required to enter into a written agreement/contract. A sample base document is attached. The agreement must provide that recipients will return any unspent funds and that repayment will be made of expenditure found not to be in accordance with the agreement. The agreement should outline what is to happen with any revenue generated by the grant. All grants are made subject to a contractual agreement being reached between the parties regarding the amount of money and duration, goals and targets to be reached, a properly acquitted financial statement for monies received, and an undertaking given to repay monies if appropriate.

When modifying the standard Departmental contract to reflect the requirements of a particular funding situation, an exit/termination arrangement in the form of criteria to be met is to be agreed between the parties before the grant is made. The written agreement must explicitly state that the agreement will be terminated should the organisation fail to comply with the agreement.

Unless a specific funded commitment of recurrent funding has been approved by the Minister or the delegated officer approving the grant, the agreement must explicitly state that no further funding is to be provided and this must be acknowledged in writing by the organisation receiving the grant.

If for any reason the amount of the initial ad hoc grant requires increase, full justification must be resubmitted to the delegated approving officer for approval setting out the reasons. Under no circumstances are any additional payments to be made until formal approval is received.

Performance Management and Monitoring

The funding body (Central Office Branch, Area or Service) is required to review the quarterly and annual reports provided as a condition of the grant, to initiate dialogue regarding reports and make any revisions necessary to ensure the achievement of the goals and targets identified in the funding agreement.

This process is mandatory irrespective of the way in which the grant was obtained, ie formal NGO process, ad hoc grant approved at Area or Deputy Director-General level, or allocated following various representations.

All NSW Health employees required to report on their individual performance agreement annually must report on having reviewed the performance of NGO grants within their area of responsibility, discussed the findings of the performance review with the relevant organisation and made any necessary amendments to ensure goals and targets are met, including corrective / remedial action.

Reasons for termination of grants must be explicitly communicated in writing to the organisation, group or individual.

Accountability

Area and Service CEOs are to determine with their Boards an appropriate format and timetable for regular reporting of all ad hoc and routinely provided grants to external bodies for the Board's information. The Board is to note the allocations and seek further information if required.

Reports to the Board should contain:

- name and address of organisation
- amount of money sought and actual amount allocated
- commitments given by organisation regarding goals and targets
- achievement of goals and targets to date.

Ministerially determined grants and allocations greater than \$10,000 will continue to be recorded in Area and Departmental Annual Reports.

Wherever possible, ad hoc grants are to be provided retrospectively upon receipt of documentation verifying actual expenses incurred.

Conflict of Interest

Health employees are not prohibited from occupying positions on governing bodies of external groups. It is recognised that in some circumstances it is beneficial to furthering health goals in communities for experienced health personnel to make a contribution to the activities of external bodies within their area of expertise. Nevertheless, there are several measures required to ensure that no conflict of interest exists during such participation in external body activities.

Any health employee who is an office bearer, director or management committee member of an organisation receiving funding or applying for funding from NSW Health must advise their Chief Executive Officer or the Deputy Director-General of their proposed appointment and seek approval for the appointment to proceed.

Any NSW Health employee presently holding office in any NGO or organisation which supplies services to the Department or Area, receives funding from the Department or Area or services clients from an Area Health Service is to refrain from participation in discussion about, application for and involvement in the process of applying for any Government grants. Clearly, NSW Health employees cannot make recommendations about, authorise or approve the allocation of Government funds to any organisation with which they have an association.

NSW Health employees are to refer their potential conflict of interest matter to their Branch Head or Area CEO in writing and not seek to determine if an actual conflict exists themselves. The matter will be determined by the Area Chief Executive Officer or Deputy Director-General.

Probity

Probity requires that the recipient of Government funding, whether an individual or an organisation, is of good standing in the community, will apply the funds for the purpose sought and intended and will use the funds to further the public interest.

Assessing the probity of applicants is a sensitive matter. A graded system of enquires will apply to enable the probity of applicants to be assessed:

All grants

When an individual or an organisation, not known to the delegated officer authorised to approve the funding request, applies for ad hoc funding they are to provide, in addition to the other information in their application, two references with one from the CEO or equivalent of a well respected organisation, known to the Department or Area/Service, with expertise in the subject area in which the grant is sought and the other being a character reference from one of the categories specified by the Commonwealth when attesting to the integrity of a passport applicant (eg solicitor, medical practitioner, bank manager).

Grants \$10,000 and Above

Given that the amount of money in this category is significant and the fact that the Minister may be involved in the presentation of grants of \$10,000 and above it is essential that the Minister and the Department are confident of the standing of individuals and organisations receiving funding in this circumstance. Accordingly the following additional requirements must be met:

- C Evidence must be provided in the application of the existence of management systems and processes within the organisation to ensure review and scrutiny of the behaviour of persons involved in grant implementation.

Criminal Record Checks

All applicants are to be advised that the requirements of Circular 97/80 - "Procedures for Recruitment and Employment of Staff and Other Persons - Vetting and Management of Allegations and Improper Conduct", which specifies that criminal record checks are necessary for all persons working in any capacity in the NSW Health system, may be invoked.

The person authorised to approve funding requests/grants is responsible for determining whether a criminal record check is required and where indicated, this check **MUST** be completed prior to funds being approved and allocated.

Where the request/grant involves **organisations or individuals providing or seeking to provide services to children or minors**, applicants in this category are to be advised that criminal record checks **WILL** be undertaken before any funds are allocated.

Review of Circular implementation

Implementation of this policy will be reviewed in twelve months time. Your comment and feedback on its application will be appreciated. Comments should be forwarded to Dr Tim Smyth, Deputy Director-General, Policy.

Michael Reid
Director General



NOTIFICATION OF PROPOSED AD HOC GRANT

To: MINISTER'S CHIEF OF STAFF

From: _____(Area Health Service/Departmental Division)

Name of organisation / individual proposed to receive grant:

Amount of proposed grant: _____

Purpose of proposed grant: _____

Date of suggested allocation or announcement: _____

Significant community interests (eg organisations or individuals who it would be appropriate to involve in any presentation or announcement, advice regarding any likely community concern at the allocation of this grant and assessment of local media interest:

Signature: _____

Position: _____

Date: _____