

NSW  
DEPARTMENT  
OF HEALTH

NSW HEALTH NGO PROGRAM REVIEW  
RECOMMENDATIONS REPORT

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## Executive Summary

The NSW health system is under increasing pressure from a range of factors including the ageing and growing population, advances in technology and meeting increasing community expectations. As an integral part of the health system, the NGO Sector is not immune from these pressures and the need to conduct ongoing reform and improvement to meet the changing needs and expectations of the community.

In December 2008, NSW Health and NGO Sector representatives agreed to undertake a review of the NGO Program with the aim to deliver the most efficient, effective and responsive NGO Program practicable.

A thorough consultation process has been undertaken as part of the Review. Following the release of the NGO Review Discussion Paper in September 2009, five workshops were held, a number of NGO site visits and a desk top review conducted of key NGO Program documents. 40 submissions were received in response to the Discussion Paper. Feedback from consultations was positive and stakeholders were supportive of reforming the NSW Health NGO Program.

In December 2010, a draft Recommendations Report was prepared and circulated for comment to Area Health Service Chief Executives, NSW Department of Health stakeholders and members of the NGO Program Review Reference Committee. 24 submissions were received on the proposed draft recommendations.

This Recommendations Report is the final report of the NGO Review. The outcomes of the review will, of course, be ongoing. The NGO Review Team has in the Review process sought to be collaborative *and* consultative. In the implementation stages of the Review, it is appropriate for this approach to be continued.

The revised NSW State Plan commits the NSW Government to help build a more effective NGO Sector by reducing administrative red tape and by building on the existing skills in the sector. During 2009 the NSW Department of Premier and Cabinet (DPC) undertook a review to identify opportunities for actions to reduce the red tape burden on funded NGOs. The Minister for Health, at the February 2010 Cabinet Standing Committee on Human Services & Justice Meeting endorsed the Review Report and agreed that NSW Health would implement the actions. These agreed actions have been incorporated into the NGO Review Recommendations.

The outcomes sought from this NSW Health NGO Review are:

- Where possible, reduce red tape and improve governance, transparency, efficiency and effectiveness of the NSW Health NGO Program
- NSW Health and the NGO Sector work together to ensure that health funded NGO services provide value for money services and are broadly complementary with NSW Health priorities

- NSW Health and the NGO Sector to strengthen partnerships to improve the health planning and health service delivery across all NSW health services

In order to achieve these outcomes and meet the changing needs of the community, recommendations are focussed on four areas:

1. Reduce red tape and improve NSW Health NGO Program administration
2. Strengthen accountabilities and improve the performance monitoring and service evaluation of the NSW Health NGO Program
3. Strengthen partnerships and revise governance arrangements of the NSW Health NGO Program
4. Implement the NGO Review recommendations

The complete Review recommendations are listed below:

## **1. Reduce Red Tape and Improve NSW Health NGO Program Administration**

The following is proposed:

- 1.1. Review and update the **NSW Health NGO Operational Guidelines**, including undertaking the following
  - 1.1.1. Where possible, simplify NGO funding and performance application forms and agreements
  - 1.1.2. Where possible, have one funding and performance agreement per organisation
  - 1.1.3. Realign the NGO Program approval and reporting processes to ensure grants are approved prior to commencement of the funding period
- 1.2. Further develop NSW Health policies and procedures for **NGO procurement processes** as follows:
  - 1.2.1. Develop NGO Procurement Guidelines that maintain probity standards, align with NSW Government procurement policies and seek to reduce administrative processes
  - 1.2.2. Publish the procurement guidelines on the NSW Health website
- 1.3. In order to reduce administration and improve communication, implement a centralised **web based NGO application and management ICT system**

## 2. Strengthen Accountabilities and Improve the Performance Monitoring and Service Evaluation of the NSW Health NGO Program

The following is proposed:

2.1. Develop a risk based **performance monitoring and service evaluation framework**. This should include establishing agreed protocols for:

2.1.1. Managing risk over the life of NGO Grants

2.1.2. Where possible, key performance indicators and minimum data sets for NSW Health funded NGOs that provide similar services

2.1.3. A quality framework for NSW Health funded NGO services including the mutual recognition of quality assurance programs with other NSW state government agencies

2.1.4. Service evaluations when significant risks relating to NSW Health funded NGO services are identified

2.1.5. The risk based performance monitoring and service evaluation framework should be designed to verify that NSW Health funded NGOs:

2.1.5.1. Provide services in accordance with NSW Health program objectives

2.1.5.2. Provide efficient and effective and value for money services

2.1.5.3. Provide evidence based services

2.1.5.4. Use health funds appropriately

2.1.5.5. Meet relevant minimum service standards and delivers services to target populations for which the health funds were intended

2.1.5.6. Comply with contractual obligations (both operational and financial)

2.1.5.7. Apply a model of continuous improvement

## 3. Strengthen Partnerships and Revise Governance Arrangements of the NSW Health NGO Program

3.1. Consolidate NGO funding programs to a **single NSW Health NGO Program**

- 3.2. Further consider the delegation level required for approval of grants under the NSW Health NGO Programs and provide further advice to the Minister for consideration
- 3.3 Expand the role of the **NSW Health NGO Advisory Committee**
  - 3.3.1. Identify opportunities to improve the coordination between NSW Department of Health, AHSs and the NGO Sector in the administration and management of NGO grants
  - 3.3.2. It is proposed that the Functions of the Committee are:
    - 3.3.2.1. Senior forum to encourage collaboration between NSW Health and the NGO Sector on the development and implementation of NSW Health policy, the NGO Program and the relationship with the NGO Sector
    - 3.3.2.2. Provides advice on strengthening partnerships between NSW Health, NGO Sector and other government agencies.
    - 3.3.2.3. Provides advice to the Department of Health on NGO issues
    - 3.3.2.4. Provides advice on the ongoing NGO reform activities undertaken within the NSW Health NGO Program
    - 3.3.2.5. Provides advice on NGO Sector capacity development strategies
    - 3.3.2.6. Monitors the outcomes and impact of NSW Government and NSW Health policy initiatives on the NGO Sector
    - 3.3.2.7. Provides advice on best practice and evolving service models for NGOs
    - 3.3.2.8. Communicate and disseminate key information from the Committee to health funded NGOs
    - 3.3.2.9. To develop an annual work plan underpinned by a performance monitoring and evaluation framework.
  - 3.3.3. It is proposed that the NSW Health NGO Advisory Committee Chair is the Deputy Director-General Strategic Development, NSW Department of Health
  - 3.3.4. Proposed Membership:

- 3.4.4.1. NGO representatives
- 3.4.4.2. NSW Department of Health Representatives Rural and Metropolitan Area Health Service representatives
- 3.4. Clarify **roles and responsibilities** within the NSW Health NGO Program
- 3.5. NSW Health **Program Council Working Group**. It is proposed that the Role and Functions of the Working Group are:
  - 3.5.1. Identify opportunities to expand the role of NSW Health Program Councils and establish new Program Councils, if they would be advantageous over existing structures and processes.

#### 4. Implement the NGO Review Recommendations

In order to support the implementation of the NGO Review Recommendations, it is recommended that a Unit within the NSW Department of Health is nominated to be responsible for the NGO Program. It is proposed that the Functions of the Unit are:

- 4.1. **NGO Program Administration and Policy Development**
  - 4.1.1. Coordinate NGO funding applications and assessment across all program areas to ensure single funding agreements can be established with individual NGOs
  - 4.1.2. Review and update NSW Health NGO policies and procedures including
    - 4.1.1.1. Non-Government Organisation Grant Program – Operational Guidelines
    - 4.1.1.2. Ad Hoc Requests for Funding Organisations External to NSW Health
    - 4.1.1.3. Grant Funding Programs within NSW Health – Standard Application Form
  - 4.1.3. Collaboratively review grant administration arrangements with other NSW Government agencies
  - 4.1.4. Maintain a central register of all NGO Grants across NSW Health that provides accountability in the identification of multiple grants and for the assessment of future grants

## 4.2. Promoting Partnerships

- 4.2.1. Provide advice and secretariat support to the NGO Advisory Committee and the proposed NGO Working Groups
- 4.2.2. Review and report on NSW Health NGO funding on an annual basis
- 4.2.3. Provide policy advice on NGO funding to the Minister for Health

## 4.3. Consultation and Implementation

The Review has involved considerable consultation with stakeholders. In order to continue this consultative approach in the implementation stage of the Review, it is recommended that time-limited NSW Health NGO Program Reform Working Groups are formed to assist with and provide advice on the implementation of the recommendations. Proposed Working Groups include:

- 4.3.1. NSW Health NGO Reform Working Group. It is proposed that the Functions of the Working Group are to provide high level advice on the NGO reform program. The membership of the Working Group should include senior NSW Health stakeholders
- 4.3.2. NGO Performance Monitoring and Service Evaluation Working Group to assist in the development of the risk based performance monitoring and service evaluation framework and participate in the NGO risk assessment and service evaluation process. The Work Program of the Working Group should include identifying the best ways to organise the NSW Health NGO Program to ensure the distribution of grants is in line with best practice model.
- 4.3.3. NGO Policies and Procedures Working Group. It is proposed that the Functions of the Working Group include advising and working with the NGO Unit to revise the NGO Program Policies and Procedures

# 1 Introduction

In November 2008, the New South Wales (NSW) Government handed down a mini-budget that included a range of initiatives across the Public Sector. Reform of grants to non government organisations (NGOs) through efficiencies and limiting new arrangements was one such initiative. As a result, NSW Health and the NGO Sector agreed to undertake a review of the NGO program. The aim of the review process is to deliver the most efficient, effective and responsive NSW Health NGO Program practicable. This approach was agreed at a meeting between the NGO Sector and NSW Health in early December 2008. This meeting was chaired by Dr Richard Matthews, Deputy Director-General, Strategic Development, NSW Department of Health.

This report presents a proposal for a new framework for the NSW NGO Program following extensive consultation with stakeholders. The purpose of this proposal is to outline a recommended reform agenda for the NSW NGO Program as follows

1. Reduce red tape and improve NSW Health NGO Program Administration
2. Strengthen accountabilities and improve the performance monitoring and service evaluation of the NSW Health NGO Program
3. Strengthen partnerships and revise governance arrangements of the NSW Health NGO Program
4. Implement the NGO Review recommendations

## 1.1 Scope of the Review

Broadly, the review sought to undertake the following:

- Describe the NSW Health NGO Program
- Investigate good practice in NGO Program administration – NSW, nationally and internationally
- Evaluate the NSW Health NGO Program
- Make recommendations on the best way forward for the NSW Health NGO Program

The scope of the review includes all NGOs funded by NSW Health under the NSW Health NGO Program where NSW Health is the major decision maker in the allocation of the funding. For example, if the funding allocation is decided federally through the Council of Commonwealth Governments (COAG) process, then the NGO are outside of the scope of the review. All other grants to NGOs will be considered in the review, including recurrent grants approved by the Minister for Health, ad hoc grants, market rental assistance grants, sponsorship grants and other grants.

A NGO Review Reference Committee, comprising NGO and NSW Health representatives has been established as part of the review process. The members of the NGO Review Reference Committee are listed in Appendix One.

Key documents and further information can be found at the Review website:

[http://www.health.nsw.gov.au/aboutus/business/ngo\\_program.asp](http://www.health.nsw.gov.au/aboutus/business/ngo_program.asp)

## 1.2 Terms of Reference

In accordance with the Terms of Reference, the review will provide advice on ways to improve the NSW Health NGO Program.

Key areas of focus include:

- Align or ensure that the NSW Health NGO Program is complementary with the NSW State Health Plan and other relevant NSW Health plans or strategic directives
- Improve governance and management processes
- Reduce the administration burden
- Improve communication processes between NSW Health and NSW Health funded NGOs
- Apply best practice models

The Terms of Reference are provided in Appendix Two.

## 1.3 Review Methodology

As part of the NSW Health NGO Review, a Discussion Paper was prepared in September 2009 that presented issues for consideration.

The *Discussion Paper: NSW Health NGO Program Review* outlined a series of questions which formed the basis for the stakeholder consultation process throughout the Review. In particular, the following issues were considered in the Discussion Paper:

- NSW Health NGO Program and its connections with the NSW State Health Plan
- Types of services provided by the NGO Sector
- Governance and management procedures for the NSW Health NGO Program
- Communication links between NSW Health and the NGO Sector
- Opportunities to reduce the administrative burden on the NGO Sector

In reviewing the NSW Health NGO Program, information has been obtained from various sources, including but not limited to:

- Written submissions to the Discussion Paper (40 submissions received – See Appendix Five for a full list of submissions and Appendix Six for a summary of consultation feedback)
- Five consultation workshops were held to consider the Discussion Paper. Two workshops were held in regional areas in addition to three metropolitan workshops. 160 NGO representatives attended the workshops and significant input into the review has been gathered. The workshops provided an opportunity to obtain information from NGOs on their responses to the issues described in the *Discussion Paper: NSW*

*Health NGO Program Review.* (See Appendix Six for a summary of consultation feedback)

- Consultation with other key stakeholders including representatives of NSW Health, other State and Commonwealth government departments, executives and key staff from Area Health Services
- A desk top review of a sample of 75 funding and performance agreements, annual reports and funding applications was conducted to evaluate and compare:
  - Compliance with reporting requirements and funding application requirements
  - Comparison between AHSs on NGO service descriptions as presented in funding and performance agreements
  - Comparison between AHSs in grant administration and grant management procedures
  - Comparison between AHSs on NGO performance indicators as presented in funding and performance agreements, annual activity reports and funding applications
- The Immigrant Women's Health Service, Family Planning NSW, Nambucca Valley Family Support, On-Track, Richmond Fellowship, have been consulted in order to gain in depth information on individual NGO Services. The following areas were particularly discussed:
  - Governance structures
  - Financial administration arrangements
  - Quality management and quality improvement procedures
  - NGO capacity building initiatives
- A draft *Recommendations Report NSW Health NGO Program Review* was prepared and circulated for initial comment to NSW Health stakeholders and the Review Reference Committee members. 24 submissions to the *draft Recommendations Report* were received.

## 2 NSW Health NGO Program

This Chapter outlines a general overview on the NSW Health NGO Program.

### 2.1 Characteristics of the NGO Sector

The NSW Health funded NGO Sector includes an array of organisations of varying sizes providing health related services for the people of NSW. NGOs funded under the NSW Health NGO Program exist independently of government departments. NGOs are often incorporated organisations with their own management structures which are responsible for the operation of those services.

### 2.2 NSW Health NGO Program

The NSW Health NGO Program is complex. Funding is distributed to NGOs through a range of policies and programs including grants approved by the Minister for Health, ad hoc grants, program grants, market rental assistance grants, sponsorship grants and other grants. The relevant policy directives are outlined in Appendix Three and discussed in Section 2.4.

In 2008/09, the Minister approved \$132 million in expenditure as part of the Ministerial NGO Program. Table 1 presents a summary of Ministerial grants as distributed across NSW Health services.

**Table 1: Ministerial NGO Grant Program Distribution by Health Funding Body**

| Grant Organisation                   | Distributing | Sum of Grants Distributed | No. of Grants | No. of NGOs |
|--------------------------------------|--------------|---------------------------|---------------|-------------|
| NSW Department of Health             |              | \$57,964,470              | 155           | 101         |
| Sydney South West AHS                |              | \$21,457,776              | 70            | 57          |
| South Eastern Sydney & Illawarra AHS |              | \$16,065,019              | 78            | 64          |
| Northern Sydney & Central Coast AHS  |              | \$8,917,892               | 41            | 36          |
| Sydney West AHS                      |              | \$8,067,189               | 42            | 36          |
| Greater Western AHS                  |              | \$6,100,849               | 23            | 19          |
| Hunter & New England AHS             |              | \$5,401,385               | 45            | 41          |
| North Coast AHS                      |              | \$4,741,373               | 36            | 28          |
| Greater Southern AHS                 |              | \$1,432,780               | 9             | 6           |
| Justice Health                       |              | \$634,894                 | 1             | 1           |
| NSW Ambulance Service                |              | \$593,020                 | 2             | 1           |
| Children's Hospital                  |              | \$330,400                 | 1             | 1           |
| <b>TOTAL</b>                         |              | <b>\$131,707,047</b>      | <b>503</b>    | <b>391</b>  |

### **2.3 Current NSW Health NGO Program Governance**

NSW Health has developed a range of policies to guide the management of health funded NGO grants, in particular the NSW Health NGO Grant Program Operational Guidelines. The grant administration, monitoring and review processes of a significant part of the NGO Program was devolved to AHSs in 1996. The partial devolution of the grant administration, monitoring and review processes to AHSs aimed to increase the opportunities for local health services and NGOs to work together in delivering and planning health services. Most AHSs have NGO Coordinators who play a key role in managing the administration of funds and liaising with NGOs. Policy branches within the Department also manage grants. These are normally grants associated with larger statewide NGO services and peak bodies. Currently AHSs distribute 56% of Ministerially approved funds and the NSW Department of Health distributes 44% of funds.

The Department is responsible for the overall policy and financial frameworks including the development of standard grant administration procedures and guidelines. For the Ministerially approved grant program, the Department manages the process of approval from the Minister for Health for the NGO grants.

Subject to any recommendations made by the various NSW Health policy and program areas or AHSs, the Minister for Health approves the Ministerial grant program, including any applications for the continuation of funding and variations to the existing program. This process of approval is lengthy as it is coordinated across the NSW Health policy, program and AHSs and currently takes up to six months. However, NSW Health program grants and other grants are approved by various levels in NSW Health in accordance with the NSW Health Delegation's Manual. This approval process coordinated through the Delegation's Manual is in line with other NSW Government agencies.

Historically, the majority of the NGOs funded by NSW Health have received recurrent funding. Grants are normally approved on a triennial basis with NGOs receiving quarterly financial allocations. NGOs are required to complete funding applications when their funding agreements expire. Currently, most NGO re-applications are supported. There is also the capacity for one off grants for specific projects.

NSW Health manages funding for NGOs services through Funding and Performance Agreements (FPAs) and is promoting the use of outcome measures through a performance indicator assessment process. Performance indicators are negotiated with NGOs and included in the FPAs agreed between the parties.

### **2.4 Current NSW Health NGO Program Policies**

The following NSW Health policies and guidelines govern the NSW Health NGO Program:

- Non-Government Organisation Grant Program – Operational Guidelines
- Ad Hoc Requests for Funding – Organisations External to NSW Health

- Accommodation – Health Owned – Requests from External Organisations
- Sponsorships Policy – NSW Health
- Delegations Manual – NSW Health

Full reference information on the policies and directives is provided in Appendix Three.

The *NGO Grant Program – Operational Guidelines* mandates that approvals for grants rest with the Minister. The guidelines were introduced in 1996 with the devolution of a majority of the NGO Grant Program administration to AHSs. The current version of the Operational Guidelines was released in 2005.

The *Ad Hoc Requests for Funding* policy document was developed in 1998 and is supported by the NSW Health delegations manual.

It should be noted that NSW Health also offers funding to NGOs under competitive tender arrangements as described in the NSW Health tendering policy. Funds allocated through a competitive tender process are subject to contractual arrangements different to the Ministerial grants and ad hoc funding agreements. Recent government funding initiatives such as the Housing and Accommodation Support Initiative (HASI) managed by the Mental Health and Drug and Alcohol Office (MHDAO), is an example of this approach. This initiative is not part of the Ministerial grant program.

## **2.5 Policy Drivers which may Impact on the Outcomes of the Review**

The NSW health system is under increasing pressure from a range of factors including the ageing and growing population, advances in technology and meeting increasing community expectations. As an integral part of the health system, the NGO Sector is not immune from these pressures and the need to conduct ongoing reform and improvement to cope.

There are three additional policy drivers that are likely to impact on the proposed reforms to the NSW Health NGO Program:

*NSW Department of Human Services Funding Reform Project (Report released March 2010)*

The revised NSW State Plan commits the NSW Government to help build a more effective NGO Sector by reducing administrative red tape and by building on the existing skills in the sector. During 2009 the NSW Department of Premier and Cabinet (DPC) undertook a review to identify opportunities for actions to reduce the red tape burden on funded NGOs. This review was undertaken in response to issues raised by NGO representatives with the former Premier at the Illawarra Job Summit.

The review took account of the current funding environment and the diversity of the sector, and focussed on exploring opportunities for red tape reduction in the areas of:

- Funding allocation and selection
- Contract terms and conditions
- Monitoring, reporting and financial acquittal

The Minister for Health at the 17 February 2010 Cabinet Standing Committee on Human Services & Justice Meeting endorsed the review report and agreed that NSW Health would seek to implement the actions.

*Productivity Commission Report on the Contribution of the Not-for-Profit Sector (Report released February 2010)*

On 17 March 2009, the Productivity Commission received a terms of reference from the Commonwealth Government asking it to undertake a commissioned study on the contributions of the not for profit sector. The study's focus was on:

- Improving the measurement of the sector's contributions
- Removing obstacles to maximising its contributions to society

After considerable Government and Not for Profit (NfP) Sector consultation, in February 2010 the Productivity Commission released the *Contribution of the Not for Profit Sector Commission Study Report*. The Commonwealth Government Response to the Report is pending. The following are introductory comments as outlined the Productivity Commission's press release:

'There is a need for wide-ranging reforms to remove unnecessary burdens and costs faced by the not-for-profit sector and improve its accountability. This is the key message of a research report released by the Productivity Commission. Better regulation, improved funding arrangements and enhanced opportunities for innovation would improve outcomes for the community and the public's confidence in the sector. The proposed reforms seek to address concerns about the multiplicity of regulatory requirements, poor collaboration between the sector and governments and emerging capacity constraints. The recommendations seek to create a much stronger foundation for this expanding sector.

To consolidate regulatory oversight and enhance transparency, the Commission proposes a 'one-stop shop' for Commonwealth-based regulation in the form of a Registrar for Community and Charitable Purpose Organisations. An Office for Sector Engagement should also be established to drive reform and policy development at the Commonwealth level.'

The report makes a number of other recommendations aimed at:

- Reforming government purchasing and contracting arrangements
- Building a better knowledge base, through a national measurement framework and a Centre for Community Service Effectiveness to act as a clearinghouse to promote best practice evaluation
- Smarter regulation, including a more coherent endorsement process for tax status, to be administered by the proposed Registrar, and a new definition of charities
- Promoting giving through broader scope of gift deductibility, the promotion of planned giving and nationally harmonised fundraising regulation

- Facilitating innovation and sector development through a variety of initiatives'

*National Health and Hospital Reform Commission (Commonwealth Government response released March 2010)*

On 3 March 2010, the Federal Government released a proposal for reform of the Australian health system called '*A National Health and Hospitals Network for Australia's Future*'.

The Commonwealth's plan is to deliver major structural reforms. Reforms will focus initially on:

- Create a single national network of hospitals, instead of eight separate systems
- Be funded nationally, with the Australian Government shouldering the majority of the funding burden, which will mean more money is available to meet rising health costs
- Make sure local doctors and nurses with local expertise are making the important decisions for our local hospitals

Commonwealth initiatives relating to the Community Health Sector have yet to be announced. It is likely that Commonwealth initiatives will impact on the NSW Health NGO Program.

### 3 Key Issues Arising Through the Review Process

This Chapter describes the main themes derived from the consultation process, the findings of the desktop and internal audit reviews and the current challenges facing the NSW Health NGO Program.

#### 3.1 Stakeholder Feedback

There were a number of themes derived from the submissions, workshop consultations and other consultations. These themes generally fell into three groupings:

- Reduce red tape and improve NSW Health NGO Program Administration
- Strengthen accountabilities and improve the performance monitoring and service evaluation of the NSW Health NGO Program
- Strengthen partnerships and revise governance arrangements of the NSW Health NGO Program

A summary of the consultation discussions and submissions is provided at Appendix Six.

#### **Reducing Red Tape and Improve NSW Health NGO Program Administration**

Generally the feedback received on this theme focussed on the following issues:

- Focus on internal NSW Health opportunities to gain efficiencies and improve grant administration processes
- Reduce the burden of administration for NGOs by streamlining administration processes
- Ensure NGO policy frameworks are clear and transparent
- Streamline funding and performance agreements, key performance indicators and reporting
- Simplify funding re-application processes
- Implement approval delegations in line with NSW Health Delegations Policy
- Develop more flexible procurement processes and where possible, implement tendering only in competitive service environments
- Look to web based information technology to improve the communication process

The following examples of feedback were received relating to: *Reduce red tape and improve NSW Health NGO Program Administration*

- A fundamental issue that must be addressed as part of the NGO Program review is the time frames for implementing funding agreements and the allocation of funds. It is common for agencies to be 6 months into a 'funding period' without a signed agreement and without funds, but with

the expectation that service delivery and the retention of staff continue (NADA, p.10)

- There are many cases of accountability duplication with organisations having multiple agreements for their services, often from the same funding body (due to enhancement funding streams). Each separate activity (even where it is exactly the same service as the existing service delivery) carries with it a separate set of performance indicators, quality specifications and data collections (NADA, p.7)
- Given that AHSs have a large portion of the responsibility in the grants administration and grants management process, it is vitally important that the quality of the relationship between AHSs and NGOs is made consistent across all AHS (NCOSS, p.15)
- Increase the level of funding that can be received before a full set of audited financial statements is required (e.g. from \$10,000 to \$50,000) with an option for the AHS/Department to request at anytime, a full set of statements if there is considered to be a significant risk that funds are not being spent in accordance with the purposes for which they were provided (NSCCAHS, p.5)
- Adopt the elements from the funding models of FaHCSIA and the Queensland Government to improve current grants and administrative processes (NADA, p.19)

### **Strengthen Accountabilities and Improve the Performance Monitoring and Service Evaluation of the NSW Health NGO Program**

Generally the feedback received on this theme focussed on the following issues:

- Develop a performance reporting and monitoring framework in partnership with NGOs (through Peak bodies) and develop performance indicators that are program and outcomes focused, standardised and minimised
- Support flexible quality management and quality improvement practices
- Link accountabilities to the risks associated with the funding

The following examples of feedback were received relating to: *Strengthen accountabilities and improve the performance monitoring and service evaluation of the NSW Health NGO Program*

- A periodic planning and review process should be established to reaffirm priority areas and to ensure that resources are being allocated appropriately. This should be coordinated at a state-wide level by the Department of Health and would involve input and consultation with all policy areas at the Department, AHSs and with NGO representatives (NSCCAHS, p.2)
- Under the NSW Health funded infrastructure grant program, MHCC has identified suitable outcome measures for the Sector and is currently engaged in an NGO Data Management Strategy with member

organisations to develop both a comprehensive and minimum data set with accompanying data dictionary (MHCC, p.6)

- There is a lack of resources provided through funding sources by governments for detailed evaluation, research and information dissemination. This limits an NGO service provider's capacity to improve and develop their programs and build evidence on program effectiveness. As noted in the recently released draft report on the contribution of the not for profit sector by the Australian Government Productivity Commission, "Too much attention is paid to managing NFPs (productive efficiency) and not enough in assessing the effectiveness of their activities when funded by government (to inform allocative efficiency). This reflects a lack of capacity not just in NFPs but also in government agencies for meaningful evaluation." (NADA, p.7, source Productivity Commission 2009, p. xxxvi)
- Conduct service evaluations to ensure that services are effective and provide opportunities for funding new services (Arthritis NSW, p1 & 2; ASHM, p.3; FPNSW, p.1)

### **Strengthen Partnerships and Revise Governance Arrangements of the NSW Health NGO Program**

Generally the feedback received on this theme focussed on the following issues:

- NGOs are seeking to partner with NSW Health in planning NGO health services and where necessary, reform their services
- NGOs want to develop both a top down (Executive level and across agency) and bottom up partnership approach (grassroots level) to planning NGO health services to meet the needs of the community
- NGOs are experienced in understanding community needs and can contribute to the planning process
- Encourage the 'spirit of cooperation' between NSW Health and NGOs and invest in resources to maintain strong partnerships and clear communication practices
- Establish a transparent and accessible NGO Advisory Committee with a clear agenda and work plan, responsible for improving partnerships and communication practices across the State
- Where possible, strengthen resources in the NGO and NSW Health sectors

The following examples of feedback were received in relation to: *Improve partnerships and revise governance arrangements*

- NGOs, as key service providers with a strong level of community connectedness, can provide important information to inform and shape government thinking with respect to State or Department planning. Crucial to the relationship between government and non government health service providers is the development of a culture of inclusion and mutual respect and recognition for the NGO Sector instead of the sector

being seen primarily in terms of contract and performance management (NADA, p. 4)

- Good planning mechanisms are essential to developing a state health plan that meets the needs of the community and consumers. This must involve NSW Health, NGOs, consumers and the community. Effective planning will ensure that NGOs are better able to understand the goals of NSW Health and conversely, NSW Health will understand the needs and priorities of the community and how the sector can help deliver the health services they need while meeting the aims of the State Health Plan and other health plans (NCOSS, p.5)
- Planning in partnership with the NGO Sector will provide a number of advantages including: coordination of services to ensure better consumer pathways, the targeting of resources to emerging and priority issues; the prevention of duplication of services; ensuring that services are prepared for increased demand resulting from public health campaigns; greater involvement of local communities in determining the type and mix of services available and improved data collection by coordinating local NGOs and NSW Health data collection systems to support local planning and decision making (NCOSS, p.7)
- Services available within defined geographical areas need to be mapped and the priority needs of communities discussed and decided upon, with local communities. Funding distributions should ideally be based upon these processes and would likely take some time to achieve (MHCC, p.4)
- There is tension in reducing red tape on the one hand and improving governance and transparency of the program on the other (DAMEC, p. 3).
- Population based service planning also needs to be clearly informed by known evidence-based practice...incorporation of the evidence-base ...planning to be a challenge in that community based approaches and the funding mechanisms that support mental health NGOs are not easily incorporated....inclusion of NGO representation at this level of planning...is an important strategy in improving resource allocation against current directions for community based recovery orientated services (MHCC, p.4)

A summary of the consultation discussions and submissions is provided at Appendix Six.

### **3.2 Findings of the Desktop Review of NGO Service Agreements and Documentation**

A desktop audit was undertaken to examine NGO performance indicators, activity reporting, service descriptions and evaluation processes. Each Area Health Service was requested to send the following for selected NGO services:

- Funding and Performance Agreement
- Standard Application Form
- Annual Program/Activity Report

The following observations were made:

- There are variations in the use of forms between the Area Health Services and the level of administration and management of the NGO services
- Some Area Health Services were able to provide all requested documents for each NGO while other Area Health Services had difficulty in producing the documents. Reasons for this include: delays in negotiations regarding renewal of grants and their Funding and Performance Agreements; change in NGO Coordinators; poor electronic document management and annual reports not yet submitted by NGOs
- Most agreements include a service description however these descriptions are sometimes unclear or outline the goals of the organisation rather than provide a description of what the service provides and how
- Performance indicators are generally poorly developed and inconsistent. Many indicators are not performance based and very few indicators are outcome focused. Many performance indicators are not specific, measurable or time-framed. Examples of these kinds of indicators include:
  - *Service in operation for the funding period*
  - *Planning day conducted*
  - *Number of health promotion activities*
  - *Number of attendees*
  - *Number of website hits*
- The majority of performance indicators are focused on the internal processes of the NGO and describe the daily running of the organisation. For example:
  - *Include website address on all promotional materials*
- One Area Health Service's Funding and Performance Agreements includes 18 'Generic Objectives'. Reporting on these 18 performance indicators in addition to the program's normal performance indicators may be burdensome on the NGO. In addition the generic performance indicators are not outcome orientated but are focused on the administration of the NGO. For example:
  - *Criminal Record Checks are completed and returned to the AHS*
- There is a variation in reporting between NGOs. Some organisations provide very detailed reports with data on each performance indicator. Some provide very basic reporting and do not report on each performance indicator. Some organisations provide annual reports for the whole organisations whilst others provide a program/activity report as outlined in the Funding and Performance Agreement

### 3.3 Findings of the NSW Department of Health Internal Audit Branch Internal Review on the Administration of Grants

The Department of Health Internal Audit Branch has recently conducted an internal review on the administration of grants. The objectives of this audit were to gain reasonable assurance that grants to non-government organisations are appropriately approved with funds utilised in accordance with the purpose of the grant and managed in accordance with Departmental policies. The NSW Health Internal Audit Branch has subsequently put forward a submission to this review. The internal audit branch has recommended that:

- Prior to allocation of grant that appropriate assessments are undertaken to ensure:
  - Proposal is consistent with the priorities of NSW Health
  - The proposal is cost effective
  - The NGO considered for the grant has the capacity to undertake the project and the grant is awarded to the most appropriate NGO
- Grants processed have been approved by delegated authority and there is a current funding and performance agreement for each grant signed on behalf of the Health Administration Corporation by an officer with sufficient delegation
- All grants have a valid funding and performance agreement that includes:
  - Specific measurable milestones or performance indicators to be achieved
  - Terms of payment
  - Require provision of audited financial reports
- There is adequate monitoring and evaluation to ensure that the NGO is fulfilling its obligations in accordance with the terms of the grant and funds are utilised in accordance with the terms of the grant

### 3.4 Current Challenges

*Currently there are a number of challenges relating to the NGO Program. These include:*

- NGO budget savings will be difficult to achieve as required by the 2008 NSW Mini Budget without structural change and the improvement of systems
- In many cases, grants were originally allocated to meet needs identified in a particular community. NSW Health priorities and local community needs may have changed since these initial grant approvals. Although consideration of NSW Health priorities may be considered when historical/continuing grants are renewed, health funded NGOs may no longer be providing services that are broadly complementary with the NSW State Health Plan and other relevant health plans

- The NSW Health NGO Program has predominately been allocated on a historical recurrent basis making it extremely difficult for NGOs to seek new grant funding
- The Ministerial grants program is often not used as the mechanism to allocate new program funding. Increasingly, a number of NSW Health policy and program areas, allocate new funding through competitive tender arrangements. Subsequently, various types of contracts and agreements and grant administration processes are currently in use. Multiple policies and procedures for the management of contracts and agreements may lead to compliance and risk issues
- The current process for approval of grants is lengthy as it is coordinated across the Area Health Services and statewide programs for the 354 NGOs funded and currently this process takes up to six months
- The current Productivity Commission Research Project into the Not for Profit Sector and the National Hospitals and Health Reform Commission Report may have significant impacts on the NSW Health funded NGO Program and may affect the directions of and implementation of NSW Health NGO Program reforms
- Mechanisms are required to support improved strategic planning across the NGO Sector and Government to adopt the latest evidenced based medical or social science approach to addressing health problems and providing community based services
- Clinical Practice and Models of Care are constantly evolving. The NSW Health NGO Program needs to be flexible in order to be able to adjust to changes in Clinical Practice and emerging Models of Care
- Improved administrative and financial control of the NSW Health NGO Program is required due to having manual systems and procedures in place
- Some NGOs have robust governance structures and strong internal controls including review practices and quality management systems or accreditation systems. For these NGOs, there are limited opportunities to seek efficiencies but there is scope to reduce grant administration burdens
- In NGOs with weaker internal controls, there are opportunities to improve the NGO's internal processes and seek efficiencies through partnership, shared service arrangements or co-location opportunities. It should be noted however, that NGOs are reluctant to be forced into shared service or partnership arrangements

## 4 Review Recommendations

This Chapter outlines the rationale for the Review recommendations. The recommendations are designed to address the key challenges outlined in Section 3.4 of this Report. The Review recommendations are divided into four areas:

1. Reduce red tape and improve NSW Health NGO Program administration
2. Strengthen accountabilities and improve the performance monitoring and service evaluation of the NSW Health NGO Program
3. Strengthen partnerships and revise governance arrangements of the NSW Health NGO Program
4. Implement the NGO review recommendations

### 4.1 Recommendation One: Reduce Red Tape and Improve NSW Health NGO Program Administration

The NGO Review Terms of Reference requires the Review Team to make Recommendations on ways to reduce the administrative burden for NGOs and improve the governance, transparency, efficiency and effectiveness of the NSW Health NGO Program. This section discusses opportunities for improving NGO Program administration including updating the NGO Operational Guidelines, revising the NSW Health procurement processes and developing Information Communication Technology (ICT) systems.

#### *Recommendation 1.1: Review and update the NSW Health NGO Operational Guidelines*

Throughout the Review consultation process, stakeholders have advocated that it is timely and important to update the NSW Health NGO Operational Guidelines. As noted in the *Discussion Paper*, the NSW Health Operational Guidelines were previously revised in 2005. The revision of the Operational Guidelines should include:

- Update grant administration and governance arrangements in accordance with the recommendations described in this Review
- Describe the grant administration “life cycle” of the funding agreement, including
  - Planning for the funding arrangement
  - Selecting a provider and agreeing the terms
  - Managing and monitoring the arrangement
  - Reviewing, evaluating, and starting over (where appropriate)
- Describe the process to collect information from NGOs including any requirements for NGOs to provide performance information both financial and service activity information
- Describe the monitoring process to identify poor performance and any follow up actions that may eventuate from continued non compliance.

Also, describe the process for NSW Health to report on the full range of health funding provided to NGOs and identify a reporting process to provide feedback to the NGO Sector

- Describe the communication process that outlines how NGOs can find out when and where health funding is available. This would include providing information back to NGOs on the reasons why funding applications were not successful
- Describe, wherever possible or appropriate, the NGOs role in the process of health service planning and evaluation including participating in NGO sector reforms
- Describe and clarify the roles of the Department and AHSs in the management of health funding to NGOs

As part of the updating of the Guidelines, it is proposed to work with other NSW Government human service agencies to align NSW Health NGO administrative processes with these agencies. This collaboration has commenced with NSW Health and the Department of Human Services (DHS) working together as part of the Red Tape Reduction Project to standardise contracting and procurement processes (see Section 3.5).

In updating the Operational Guidelines, the following actions should be undertaken:

- Make grant management processes consistent across all areas and programs
- Better align timing of the grant approval cycle so that all service agreements are approved prior to the commencement of the funding period
- Where possible, develop a single funding and performance agreement for NGOs that provide services across different locations and programs
- Streamline and standardise financial controls, including:
  - Update common thresholds for audit requirements, and consolidated audits supported by project based income and expenditure statements
  - Accept audited statements from all professional accounting or auditing bodies that meet Australian auditing standards
  - Standardise insurance requirements in funding agreements
  - Introduce (optional) standard chart of accounts

*Recommendation 1.2: Further develop NSW Health policies and procedures for NGO procurement processes*

The Productivity Commission Research Report: *Contribution of the Not-for-Profit Sector* sets out specific recommendations relating to the procurement of NGO services by governments. The Commission outlined the need for agencies to review their procurement guidelines. The Report recommends that where competitive tendering is appropriate, it should be used. However this is not always appropriate – sometimes longer term contracting is appropriate (See

Productivity Commission Research Report: *Contribution of the Not-for-Profit Sector* Recommendations 9.1, 9.2 and 12.1).

‘While the Commission agrees there is considerable potential for governments to improve the design and delivery of human services by working more collaboratively with service providers, it is important to clarify that it is not advocating any wholesale move away from market-based service delivery models. An ongoing need in the community for a particular service does not of itself justify adopting a non-market service delivery arrangement. ....The determining factor is the degree to which the appropriate policy response is largely unknown or requires a degree of flexibility not suited to a standard contracting arrangement. In many human service areas, there is a broad community consensus about the types of services needed and a range of possible providers (including in some cases for-profit organisations). Where the markets for these services are genuinely contestable, purchase of service contracting remains the preferred approach. However ... even where a market-based approach is appropriate, governments can still use the tools of relational governance to improve contracting relationships and the efficiency and effectiveness of service delivery outcomes.’ (Productivity Commission Research Report: *Contribution of the Not-for-Profit Sector 2010* p 328)

For NSW Health and other NSW Government agencies, competitive tendering approaches for procurement of health services are the preferred approach. Indeed this is the approach often taken by Australian Government agencies. As noted in the *Discussion Paper, Families, Housing Community Services and Indigenous Affairs (FaHCSIA)* and the Queensland Government have developed risk based procurement processes. From the feedback received from NGO and NSW Health stakeholders, there was broad support for the approach taken by the Productivity Commission, FaHCSIA and the Queensland Government. Circumstances however, may exist where a competitive approach to procurement is not appropriate. Decisions to utilise competitive tender approaches should be determined on a case by case basis depending on the nature of the program, the assessed risk of the program/service provider, the length of the funding and its value. Reasons for not undertaking a competitive procurement approach could include:

- There is no competition in the market for a particular service. For example, there is only one service provider of a specialised service
- NSW Health has awarded a contract for a similar service through a competitive process within the previous 12 months and there is a reasonable expectation that the market has not changed
- A particular service must be integrated with existing services and an existing contractual arrangement is already in place for these services
- There is not sufficient time to purchase a service through a competitive process in order to address an the emergency situation

- NSW Health has an opportunity to purchase services from a service provider from a disadvantaged community for which health funds are targeted and for the benefit of the disadvantaged community
- A particular service provider has unique access to a disadvantage community for which health funds are targeted
- There is a significant risk that local health networks will be lost or the development of a longer term relationship with a particular service provider will assist in building capacity within the NGO sector for the benefit of the entire community

NSW Health will also continue to work with other NSW Government agencies to further develop NGO procurement processes including where possible, simplify and standardise procurement processes across NSW Government agencies. In revising the NSW Health procurement processes, the following actions should be incorporated:

- Reduce information required from NGOs in tendering process – where information has already been collected by agencies through tendering or monitoring processes, including external QI (e.g. ISO9000)
- Develop and apply standard questions across NSW State Government agencies for NGO tenders on capability / management / financial viability
- Introduce word limits on tenders

*Recommendation 1.3: Implement a web based NGO application and management ICT system*

Stakeholders from both the NGO and NSW Health Sectors have, throughout the review consultation process, advocated for the implementation of a web based NGO Program management system aimed at improving communication and the NSW Health NGO administration processes. As noted in the *Discussion Paper*, a number of other government reviews on NGO grants administration have also recommended that government agencies implement web based technologies to gain grant administration efficiencies and improve communication pathways (Auditor-General of Queensland, 2007, NSW Auditor-General, 2009; Independent Pricing and Regulatory Tribunal, 2006).

It is proposed that the NSW Health NGO Program should consider implementing an NGO Administration and Management ICT system. The benefits in developing a web based ICT system would include:

- Information relating to the application and management of NGO grants would be stored and maintained in one place – that is a one stop shop for:
  - Funding applications and grant renewal processes
  - Reporting
  - Performance monitoring
- Simple and easy transfer of information and search functions for all information on the NSW Health NGO Program

- Ability to define and manage each grant program, including controlling when applications can be made, what happens to them as they progress, and who is able to view and manage them
- Improved transparency and decision-making – the system should support the decision-making process of the organisation and record the approval process for the grants
- A communication portal that provides information on:
  - NGO funding rounds
  - NGO profile statistics and annual reports
  - NGO reporting requirements, guidelines, policies and procedures
  - Information relating to the NSW Health NGO Program
  - NGO forums and conferences

As part of the NSW NGO Red Tape Reduction initiative, NSW Health has agreed to introduce optional e-tendering for NGO grants. A web based NGO application and management ICT system would enable this undertaking.

#### **4.2 Recommendation Two: Strengthen Accountabilities and Improve the Performance Monitoring and Service Evaluation of the NSW Health NGO Program**

As noted in the *Discussion Paper*, the majority of NSW Health Ministerially approved NGO program grants have been distributed to these program NGOs on a longstanding basis. Although there is some flexibility to reform continuing/historical grants to meet the changing needs of the community over time, it continues to be difficult to review and assess the suitability of current grants.

There was strong support from a range of stakeholders throughout the consultation process to strengthen the NSW Health performance monitoring framework to make it easier to review and assess the suitability of current grants. It was noted that a process was required to ensure that all health funded NGO services were based on contemporary models of care.

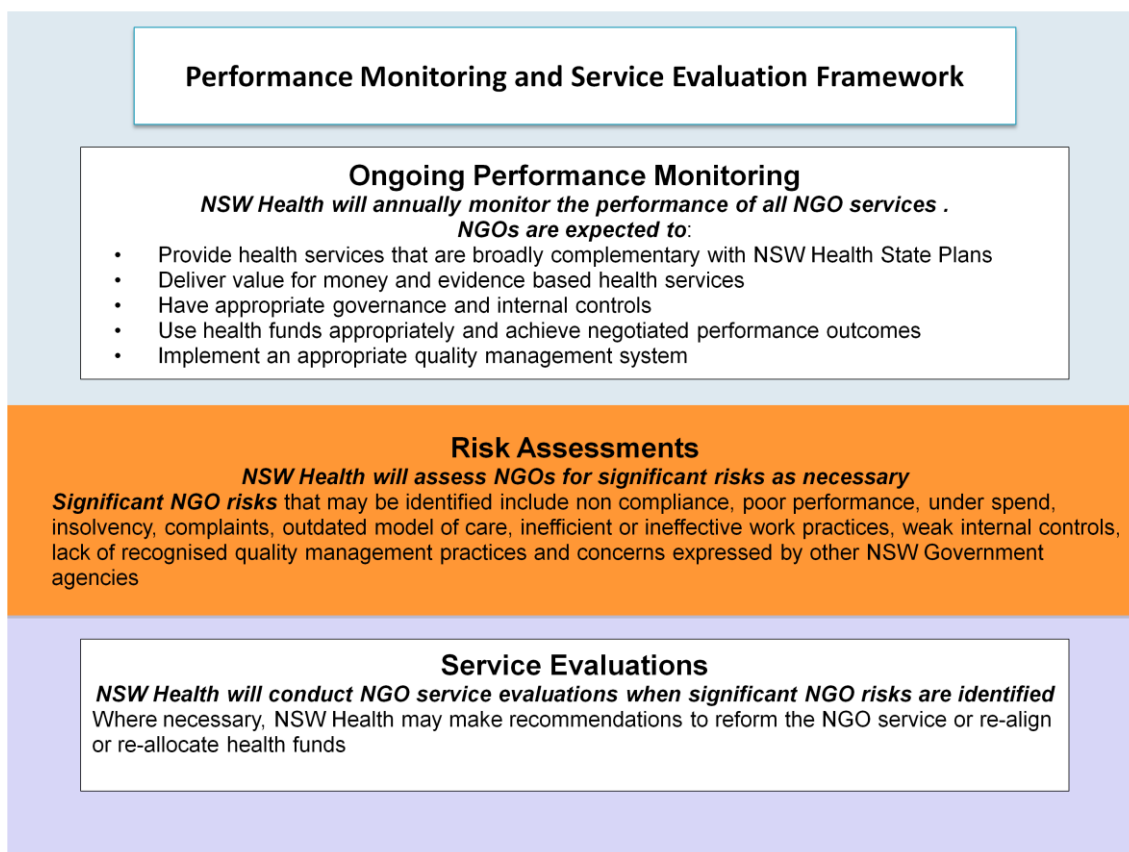
This section discusses ways to strengthen performance monitoring and service evaluation processes.

##### *Recommendation 2.1: Develop a risk based performance monitoring and service evaluation framework*

It is proposed to develop a risk based performance monitoring and service evaluation framework to ensure that purchased NGO health services provide value for money and are broadly complementary with NSW Health State plans.

The proposed performance monitoring and service evaluation process to assess the suitability of health funding to NGOs is outlined in the figure below.

Figure 1: Proposed Performance Monitoring and Service Evaluation framework



The performance monitoring and service evaluation framework is designed to ensure that NGOs provide value for money services that are broadly complementary with NSW Health State plans. It is designed to be applied in partnership with the NGO Sector. Through this performance monitoring and service evaluation framework, each individual NGO service will be reviewed and where necessary changes will be made to the existing health funding arrangements. Through this collaborative process, long-established historically funded NGO service agreements will be updated to contemporary performance based contracts focused on client outcomes. This section discusses the proposal to develop this framework.

The risk management and service evaluation framework should include the development of:

- Key performance indicators and where appropriate, minimum data sets
- A NSW Health Quality Policy for NGOs
- A risk management process
- A service evaluation process

This framework will be developed in consultation with the NGO Sector and subsequently incorporated into the NSW Health NGO Operational Guidelines.

#### *Key Performance Indicators*

It was evident from the Desktop Review and the Review conducted by the Internal Audit Branch that the use of performance indicators by NSW Health

could be improved. Feedback from the consultations also supported the proposal to revise performance indicators and move toward collecting fewer indicators focusing on outcome indicators (see section 4.3 of the *Discussion Paper* and Section 3.2 and 3.3 of this report).

It was also noted from the feedback received that a number of peak NGOs have developed, or are developing, comprehensive state-wide information collection systems for their program areas, such as Mental Health and Women's Health program areas.

Where possible, NSW Health should support NGOs to maintain these systems and further support the development of new data collection and data management systems for program areas that do not have these systems in place.

Key performance indicators that are outcome and client focused are recommended. The broad objectives in developing key performance indicators are:

- Where possible, develop a minimum set of key performance indicators with clear definitions
- Where possible, develop standardised performance indicators that can be used across a range of NGO health programs and NGO health services
- Focus key performance indicators on health program objectives
- Tie NGO payments to performance targets as measured by performance indicators
- Develop performance indicators that can be used compare performance of NGOs that provide similar services (performance benchmarking)
- Ensure that key program performance indicators are measurable
- Develop indicators that provide information on the extent of NGO services available, the clients that use the services and the cost of providing these services
- Develop robust indicators in order to withstand organisational changes
- Develop performance indicators that are of interest to all stakeholders including NSW Health, the NGO Sector and the broader community
- Develop performance indicators that can be reported in NSW Health and the NGO Sector corporate and business plans and management processes
- Develop performance indicators that balance the benefits of information against the costs of collection

Key performance indicators can be reviewed and further developed in partnership between the NGO Sector and NSW Health. To ensure that key performance indicators are revised appropriately, a NSW Health key performance indicator guideline and training package should also be developed.

#### *NSW Health Quality Policy for NGOs*

It was noted in the *Discussion Paper* that the diverse nature of the NGO Sector means that mandating a particular Quality Improvement Program may not be beneficial. The complexities of the Sector have meant that a quality

management process that fully meets the requirements of all parties is difficult to develop.

It is proposed therefore to develop a NSW Health Quality Policy for NGOs which allows for flexibility between different approaches. This policy will acknowledge recognised quality standards that are currently applied in the NGO Sector such as the quality standards developed by the Quality Improvement Council, the accreditation program developed by the Australian Council on Healthcare (Evaluation & Quality Improvement Program; Equip) and the health care standards developed by Australian General Practice Accreditation Limited (AGPAL).

It is also proposed to use the current NSW Health investments related to quality management and quality improvement in the NGO Sector to develop the NSW Health Quality Policy. NGO quality management practices are also considered as part of the development of the performance monitoring and service evaluation framework.

#### *Risk management process*

In its Report, *Contribution of the Not-for-Profit Sector*, the Productivity Commission, recommended that when entering into service agreements and contracts for the delivery of services, government agencies should use an explicit risk management framework in consultation with providers. The report outlined that a risk management framework should ensure there is:

- A clear process for identifying the risks involved in delivering the service
- A common understanding of the nature and extent of those risks
- Clarity about who should bear the risk
- Agreed standards for assessing risk
- Clarity about the requirements for providing information to the other party
- Clarity about the most appropriate tools for managing the identified risks  
(Productivity Commission Research Report: *Contribution of the Not-for-Profit Sector 2010* p 337)

In accordance with these recommendations, it is proposed to develop a risk assessment process. The risk management process should be designed to:

- Promote consistency for assessing risk in the NSW Health NGO Program
- Describe procedures for conducting risk assessments based on the Australian/New Zealand/ISO Standards on Risk Management (AS/NZS ISO 31000:2009) and Risk Assessment techniques (IEC/FDIS 31010)
- Describe procedures:
  - to be followed in conducting risk assessments and determining risk treatment actions
  - to record and report on risk assessments and where necessary trigger service evaluations

Service evaluations would be triggered when significant risks relating to a NGO service are identified. Risk triggers could include:

- Non compliance
- Poor performance
- Program under spend
- Insolvency
- Complaints
- Outdated models of care
- Inefficient or ineffective work practices
- Revised program objectives
- Weak internal controls
- Lack of recognised quality management practices
- Concerns expressed by other NSW Government agencies

#### *Service Evaluation Process*

Service evaluations would be conducted to measure the service effectiveness of the organisation and determine whether the NGO service was broadly complementary to health program objectives. In conducting a NGO service evaluation, service evaluators would make recommendations on the future direction of the health funded service, including recommendations to reform NGO services or re-align or re-allocate grant funds.

Using the framework, it is proposed that each NSW Health Program Area would conduct risk assessments and service evaluations for each health funded NGO service. It would be the responsibility of each NSW Health Program to:

- Where necessary, identify health program objectives and ensure that NGOs provide services that are broadly complementary to these objectives
- Where possible, identify the state of the art health interventions that are efficient and effective to achieve health program objectives
- Ensure that NGOs provide efficient, effective, value for money services and evidence based services
- Ensure that the program has procedures in place that would enable the verification that NGOs use health funds appropriately, meet relevant minimum service standards, deliver services to target populations for which the health funds were intended, complies with contractual obligations (both operational and financial)
- Ensure that NGOs have implemented a quality management system and applies a quality management philosophy of continuous improvement

Risk assessors and service evaluators would also make recommendations on the best way to manage and administer grants. Some grants would continue to be managed locally by AHSs while other grants would be better managed centrally by the Department. In other words, the risk assessment and service evaluation process would not only review individual NGO services but also determine the future administration arrangements. In general, NGOs that provide services to multiple regions and multiple programs should be managed centrally by the Department while NGOs that provide local services should be managed locally through AHSs.

Risk assessments and service evaluations should be conducted by trained NSW Health / NGO representatives or external service evaluators. A training package would be developed to ensure that the risk assessments and service evaluation are conducted by appropriately trained individuals. In some cases, a team of evaluators may be established to evaluate health programs and make recommendations for an entire health program. This would provide opportunities to benchmark NGO services and where appropriate, establish partnerships or in kind support opportunities.

Through this collaborative process, health funding to NGO services would be reformed and where appropriate new funding and performance agreements offered to NGO service providers. The new agreements would include performance indicators that relate to health program objectives, as discussed previously.

#### **4.3 Recommendation Three: Strengthen Partnerships and Revise Governance Arrangements of the NSW Health NGO Program**

NSW Health, as articulated through the NSW State Health Plan, is striving to strengthen collaborations and partnerships with NGOs (NSW Health, 2007).

*Current arrangements for funding, organisation and delivery of human services involve three levels of government and a broad range of other agencies. Inevitably these complex arrangements lead to gaps in services and duplication. It will be vital to work collaboratively within and beyond the health system to better link and coordinate services and bridge gaps (p. 24)*

This section discusses ways to strengthen partnerships between NSW Health and the NGO Sector. It also seeks to achieve efficiencies in the NGO Program by streamlining the current NGO governance arrangements. In streamlining governance arrangements, there are opportunities for NSW Health to both cut red tape and work more collaboratively with the NGO Sector.

##### *Recommendation 3.1: Consolidate NGO funding programs to a single NSW Health NGO Program*

As previously noted, there are a range of different types of grants distributed to NGOs including grants approved by the Minister for Health, ad hoc grants, and program grants and other grants.

Through the consultation process, stakeholders suggested that these multiple funding programs could be consolidated into a single program. Stakeholders considered that a single NGO program would reduce “red tape” for NGOs and ensure a consistent and transparent management approach to NGO grants. Currently, there are a range of policies for different types of funding to NGOs. These various policies could be merged into a single policy and procedure framework that allowed for different approval mechanisms depending on the nature of funding to be allocated. Subsequently, a single simplified pathway to funding NGOs could be developed.

*Recommendation 3.2: Further consider the delegation level required for approval of grants under the NSW Health NGO Programs and provide further advice to the Minister for consideration*

As part of the consolidation process of all health funding to NGOs, NSW Health is proposing that the Minister for Health considers delegating responsibility for the Ministerial Grant Program to the Director-General. Currently all grants within the Ministerial program are submitted to the Minister for Health for approval. This process of approval is lengthy as it is coordinated across the Area Health Services and NSW Health Department Business Units and Program Areas and currently takes up to six months.

As noted in the *Discussion Paper*, the Auditor-General has recommended that agencies review their grant program delegation systems (Auditor General 2009). The benefits of delegating responsibility to the Director-General of the funding approval process could include:

- Through the reduced approval process, the amount of time taken for approvals would decrease
- Aligning NSW Health approval processes with other State government agencies. The NSW Government Ministers with responsibility for the delivery of human services delegate NGO grant approvals to their Director-Generals. It is noted that the Minister for Community Services also has a Ministerial NGO Grants program.

It is further recommended that an annual report is submitted to the Minister for Health outlining the activities of the NSW Health NGO Program.

*Recommendation 3.3: Expand the role of the NGO Advisory Committee*

In order to identify opportunities to improve the coordination between NSW Department of Health, AHSs and the NGO Sector, it is recommended to expand the role of the NGO Advisory Committee. This proposal was strongly supported by stakeholders.

The Committee would focus on initiatives to strengthen NSW Health and NGO partnerships and communication processes. Membership of the NGO Advisory Committee would be revised and it is recommended that the Deputy Director-General, Strategic Development is the Chair.

To accommodate fair and equitable representation, it is proposed to develop a process for selecting members. The selection process would seek expressions of interest from NGOs to participate on the NGO Advisory Committee. Members would be selected from a range of NGOs (Peak NGOs, Rural NGOs and Metropolitan NGOs). To ensure fairness in the selection process, the panel to select members would consist of both representative of the NSW Health and the NGO Sector. This selection process would assist finding a balance between NGO Sector and NSW Health representatives.

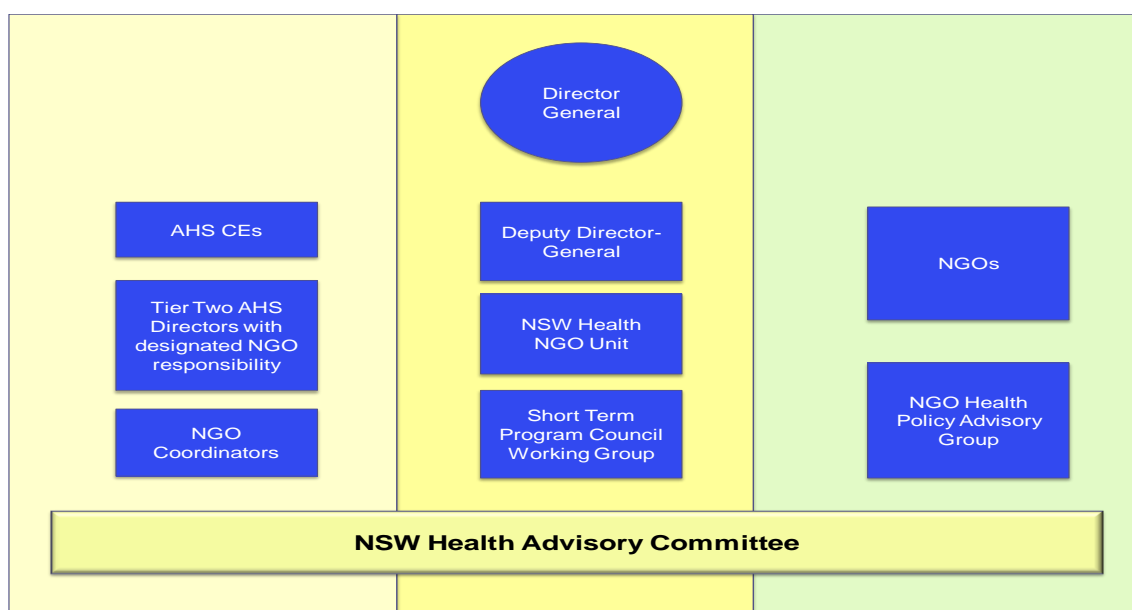
The NGO Advisory Committee would be the peak NSW Health body for the collaboration between NSW Health and the health funded NGO Sector. The initial work plan for the NGO Advisory Committee includes providing advice to NSW Health on:

- Revision of the NSW Health NGO Program policies and procedures
- Development of NSW Health NGO capacity building initiatives
- NSW Government agency collaboration activities to reduce red tape and standardise NGO Program policies, procedures and processes
- Projects relating to strengthening partnerships and communication practices with the NGO Sector to improve links with the rural and remote NGO Sector
- Web based technologies to improve communications and reporting processes with the NGO Sector

*Recommendation 3.4: Clarify the roles and responsibilities within the NSW Health NGO Program*

The primary aim of the proposed structure is to embed a spirit of cooperation and shared responsibility for the NGO Program. The proposed roles and responsibilities between the Department, AHSs and NGOs for the NSW Health NGO Program are outlined in the figure below.

*Figure 2: Proposed Structure of the NSW Health NGO Program*



### *Area Health Services: Roles and Responsibilities*

The role of the Area Health Services is important for the support, monitoring and further development of the NGO Sector and the continued good relationships between NSW Health and the NGO Sector. The Area Health Services role in the NGO Program is for the management and monitoring of NGO Services provided within their region. Area Health Services have a key coordination role of NGO funded services within their local Areas.

The governance structure would include nominating a Tier Two AHS Director with responsibility for each AHS NGO Program. The Tier Two AHS Director would be responsible for the allocation and distribution of funds to NGOs for

their AHS. To support and oversee the administration of their NGO Program, each NSW Health Area Health Service has currently has a NGO Coordinator. In the consultations, the NGO Sector was supportive of the role and effectiveness of the NGO Coordinator.

#### *NSW Department of Health: Roles and Responsibilities*

The Department has responsibility for NGO policy and also administers funds to a range of NGOs providing statewide (and sometimes local) services. The Department administers 44% of the total NGO funds distributed through the Ministerially approved program. Currently policy advice is provided by the Primary Health and Community Partnerships Branch and funding policy and approvals advice and administration is provided by Finance Branch.

In line with the recommendation that the Minister for Health delegate responsibility for the Ministerial Grant Program to the Director-General, it is proposed that the Director-General has responsibility for the consolidated NGO Program. The Director-General will be responsible decisions on health funding to NGOs and be responsible to ensure that public health funds are spent appropriately.

To limit additional administration, it is recommended that a Unit within the NSW Department of Health is nominated responsible for the NGO Program. A Unit within the Department could more easily make administrative changes and drive efficiencies of the NGO Program. The benefit of this approach is that a single Unit would be responsible for any changes to the NGO program and it could best coordinate between the NGO Sector, the various NSW Health Program Areas and AHSs (see also the discussion on the function of the NGO Unit, Recommendation 4).

With responsibility for the NGO Program, the NGO Unit would have an opportunity to streamline the administration of the NGO Program. It would also have an opportunity to recommend the best way to incorporate the NGO Sector in assisting NSW Health to plan for future health services across NSW.

#### *NSW Health funded NGOs: Roles and Responsibilities*

Without participation of the NGO Sector in broad NSW Health planning processes, there is a risk that service gaps will be created or services will be duplicated. Although NSW Health is responsible for State health funding and planning, the contribution of the NGO Sector in the planning process should be encouraged. Often, NGO health services are best placed to understand local community needs and can readily identify where health services should be expanded and prioritised. For example, NGOs often have access to marginalised or disadvantaged groups and understand the needs of local communities. Moreover, NGOs are often trusted and respected within the community and their participation in the health planning process contributes to the transparency of the health planning process. One of the broad outcomes of this Review is that NSW Health and the NGO Sector should strengthen partnerships to improve health service planning across all health services in NSW.

Where possible, NGOs (metropolitan and regional NGOs) and NGO peak bodies should be provided with opportunities to participate in all levels of NGO policy and NGO program development.

*Recommendation 3.5: Establish a NSW Health Program Council Working Group*

To improve the transparency and avoid the possibility of creating service gaps or duplicating services between the NGO Sector and public health services, the NGO Sector is encouraged to participate in broad NSW Health service planning processes.

A shared approach to health service planning would provide the NGO Sector with an opportunity to participate in discussions with NSW Health about the nature of health problems, health priorities, the allocation of health funding and emerging models of care.

There is currently a successful health service planning partnership between NSW Health and the NGO Sector in the Mental Health and Drug and Alcohol Programs. NSW Health Program Councils have formed to provide advice on the future development of health services in these programs. Program Councils include representatives from the Department, AHSs and the NGO Sector.

It is proposed that NSW Health should continue to look for ways to engage NGOs in health service planning. To do this, it is recommended that a Working Group is formed to investigate opportunities to expand the role of NSW Health Program Councils to undertake strategic planning and provide leadership for health services within designated program areas. The membership of this Working Group would include senior representatives from NSW Health.

The Working Group should consider how best to involve the NGO Sector in broader health service planning framework including how the NGO Sector could participate in determining the future directions of health programs.

#### **4.4 Recommendation Four: Implement the Review Recommendations**

The implementation phase of the Review is an important consideration. The overriding outcomes of the Review are to reduce the administrative burden for NGOs and improve governance, transparency, efficiency and effectiveness of the NSW Health NGO Program. The recommendations of the Review need to be considered carefully as improvements in accountability often correlate with increases in red tape. The implementation phase therefore needs to consider how the recommendations can be implemented without undue increases in administrative processes.

As discussed in section 3.4, it is proposed to nominate a Unit in the Department responsible for the NSW Health NGO Program. The Unit will have primary responsibility for the implementation of the Review Recommendations.

*Functions of the NGO Unit*

It is proposed that the Functions of the Unit are:

*NGO Program Administration and Policy Development*

- Coordinate NGO funding applications and assessment across all program areas to ensure single funding agreements can be established with individual NGOs.
- Review and update NSW Health NGO policies and procedures including
  - Non-Government Organisation Grant Program – Operational Guidelines
  - Ad Hoc Requests for Funding Organisations External to NSW Health
  - Grant Funding Programs within NSW Health – Standard Application Form
- Collaboratively review grant administration arrangements with other NSW Government agencies
- Maintain a central register of all NGO Grants across NSW Health that provides accountability in the identification of multiple grants and for the assessment of future grants

#### *Promoting Partnerships*

- Provide advice and secretariat support to the NGO Advisory Committee and the proposed NGO Working Groups
- Review and report on NSW Health NGO funding on an annual basis
- Provide policy advice on NGO funding to the Minister for Health

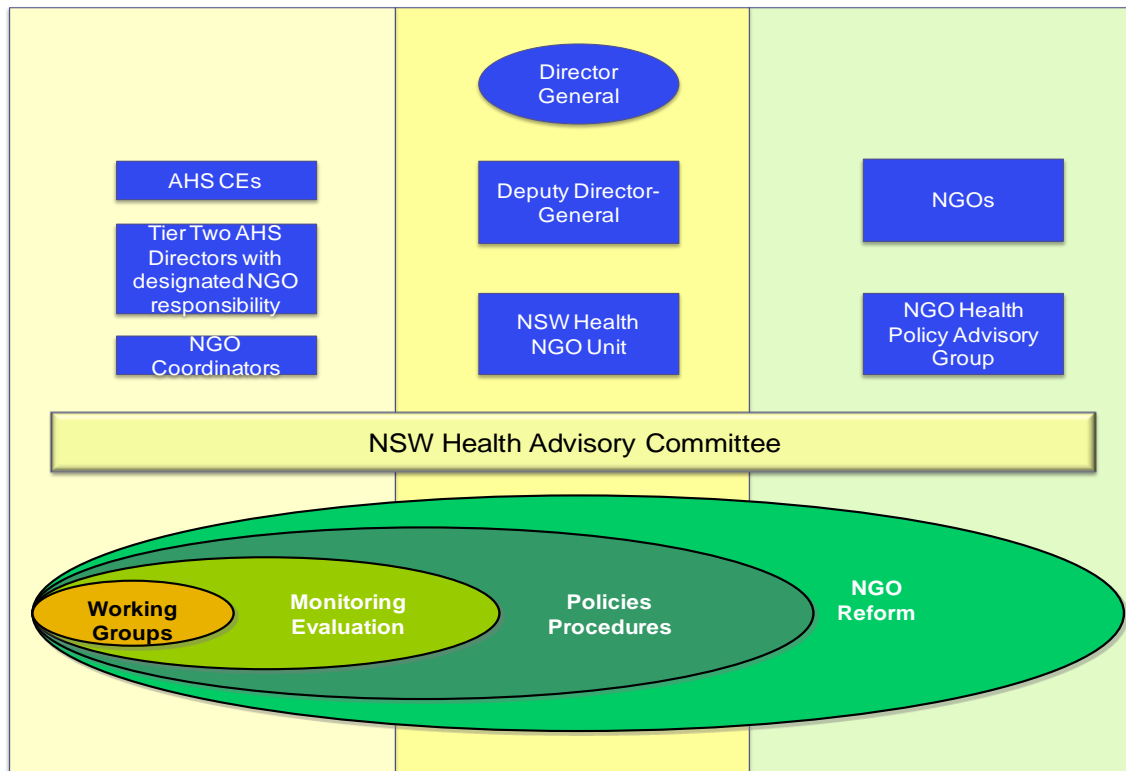
#### *NGO Review Implementation Working Groups*

The NGO Unit in the Department would require advice from a number of other stakeholders across the Department, NGOs and AHSs. To facilitate this consultation and in keeping with the consultative approach adopted as part of this Review, it is proposed to establish three time limited working groups, as follows.

- NSW Health NGO Reform Working Group to provide advice on NGO reforms. The membership of the working group should include senior NSW Health stakeholders. This working group would provide strategic advice on the implementation of **Recommendations One, Two and Three**.
- NGO Policies and Procedures Working Group to assist in the revision of NGO Program policies and procedures. This working group would assist the NGO Unit to implement **Recommendation One**.
- NGO Performance Monitoring and Service Evaluation Working Group to assist in the development of the risk based performance monitoring and service evaluation framework and participate in the NGO risk assessment and service evaluation process. This working group would assist the NGO Unit to implement **Recommendation Two**.

These working groups would bring together various experts to implement aspects of the Review recommendations. The governance structure for implementing the Review recommendations is outlined in the figure below.

*Figure 3: Proposed Review Implementation Structure for the NSW Health NGO Program*



## 5 Conclusion

This NGO Review has been a collaborative project between NSW Health and the health funded NGO Sector. The NGO Sector has been highly involved with the Project and largely supportive of the aims of the Review. This is reflected in the high levels of participation in the workshops and other informal consultations.

The NSW Health NGO Program is large, diverse and complex. It is important to ensure that the final outcomes of the NGO Review are nuanced and reflect the diversity of the Sector.

In considering the Recommendations, it is also important to reinforce that the future of the NSW Health NGO Program cannot be considered in isolation.

NGO Programs in NSW and Australia are at the crossroads. This is reflected in the high level of interest and large number of projects being undertaken by Australian Governments with the NGO Sector. The current Productivity Commission Research Project into the Not for Profit Sector and the National Hospitals and Health Reform Commission Report will have significant impacts on the NSW Health funded NGO Program. Decisions about the future of the NGO Sector and the role of NSW Health in funding NGOs are also fundamentally linked to decisions about the whole of the NSW health system. There are significant opportunities to improve the technical, allocative and dynamic efficiencies of the NSW Health NGO Program. All three are necessary if the residents of NSW are to receive high quality health services that are vitalised, cost effective and sustainable.

The Recommendations Report and, indeed the Review, is not the end of the collaborative approach. More detailed work will be required to translate the recommendations into a detailed implementation plan and this should be undertaken in partnership with the NGO Sector.

## Appendix 1      Review Reference Committee

| <b>Name</b>   | <b>Organisation</b>  |
|---|--|
| Dr Richard Matthews<br><b>Chair</b>                   | Deputy Director General, Strategic Development, DoH                            |
| Denele Crozier  | Women's Health NSW   |
| Alison Peters   | Council of Social Service of New South Wales (NCOSS)                           |
| Karen Willis  | NSW Rape Crisis Centre   |
| Ruth Robinson   | Physical Disability Council of NSW   |
| Rodger Williams                                       | The Aboriginal Health and Medical Research Council of New South Wales (AH&MRC) |
| Ann Brassil   | Family Planning NSW  |
| Larry Pierce  | Network of Alcohol and Other Drug Agencies (NADA)                              |
| Jenna Bateman   | Mental Health Coordinating Council (MHCC)                                      |
| Emma Marshall   | NSW Association for Adolescent Health  |
| Nick Parkhill / Karen Price (formerly Stevie Clayton) | AIDS Council of New South Wales (ACON)   |
| Cathrine Lynch  | Primary Health and Community Partnerships, DoH                                 |
| Tim Cheeseman   | Finance and Business Management, DoH   |
| Brian Woods (formerly Helen Nezeritis)                | Mental Health and Drug and Alcohol Office (MHDAO), DoH                         |
| Joanne Young  | Community and Government Relations Unit, DoH                                   |
| Carmen Parter   | Centre for Aboriginal Health, DoH  |
| Darryl O'Donnell                                      | AIDS & Infectious Diseases, DoH  |
| Dr Greg Stewart                                       | Area Health Service, Director, Population Health, Planning and Performance     |
| Yola Kaye   | Area Health Service, NGO Coordinator (Metropolitan)                            |
| Peter Scolari   | Area Health Service, NGO Coordinator (Rural)                                   |

### Review Secretariat

|              |  |
|--------------|--|
| Simone Proft | Community and Government Relations Unit, DoH |
|--------------|--|

## Appendix 2 Terms of Reference

1. NSW Health NGO grant program
  - a. Assess and report on NSW Health's NGO Grant Program's alignment to and complementarity with the NSW State Health Plan including
    - i. Flexibility within the program to re-direct grants according to emerging issues or changing models of service delivery
    - ii. Flexibility of NGOs to alter programs to meet emerging needs of the community.
    - iii. Assess the complementarity of NSW Health funded NGO services to the policy and program directions of NSW Health and other State Government strategic policies.
    - iv. Examine ways NGOs are able to develop and provide services in areas of need unmet programmatically by government.
  - b. Assess and report on the range and role of services provided by NGOs in each program area, including
    - i. Whether services are core government services.
    - ii. NGOs' interface/s with government services and program policy areas for service delivery and planning.
  - c. Assess and report on governance and management procedures within NSW Health, including transparency of:
    - i. NSW Health's governance and management structures of NGOs, including:
      - a. Performance, reporting and monitoring structures
      - b. Grant application and approval processes
      - c. Delegations for approval
    - ii. NGO's sectors governance and management structures, including:
      - a. NGO's financial management
      - b. Quality of services provided by NGOs
      - c. NGO infrastructure capacity
  - d. Assess and report on communication between NSW Health and NSW Health funded NGOs, including:
    - i. Role, purpose and function of NGO Advisory Committee
    - ii. Role, purpose and function of peak NGOs with its member NGOs

- iii. Assess opportunities to improve communication with NSW Health funded NGOs that are not affiliated with a Peak NGO.
  - e. Assess and report on ways that the administrative burden can be reduced for NGOs, including through:
    - i. Identifying duplication in reporting across state government.
    - ii. Identifying opportunities for reducing administrative burden through interagency cooperation.
    - iii. Identify opportunities for administrative efficiencies through NGO cooperation and sharing of infrastructure capacity
- 2. Best Practice NGO Grant Funding
  - f. Review and report on models of service delivery in the non-government sector, nationally and internationally.
- 3. Review outcomes
  - g. Deliver a framework that enables the most efficient, effective and responsive NSW Health NGO Program practicable.
  - h. A framework for the NGO Grant Program in NSW that ensures program expenditure is aligned to and complementary with NSW Health strategic priorities including the NSW State Health Plan and directions in community health services. Including transparent structures for:
    - i. Advising on NSW Health strategic priorities and opportunities for NGOs
    - ii. Making changes in funding priorities to improve efficiency
    - iii. Ensuring services to be delivered by NGOs are aligned to and complementary with NSW Health strategic priorities
    - iv. Ensuring an appropriate and robust system of assessment for NGOs (including service, financial management, and quality aspects)
    - v. Developing a generic framework for quality, including mutual recognition of quality assurance programs with other NSW state agencies.
  - i. A mechanism for NSW Health to consult and communicate with NGOs
  - j. A plan is developed for implementation of the Review Recommendations

### Appendix 3 Policies applicable to the NSW Health NGO Grants

| Name   | Type   | Date            | Link  |
|--|--|-----------------|---|
| <i>General</i>   |  |                 |   |
| Non-Government Organisation Grant Program - operational guidelines   | Policy Directive<br>PD2005_683                                       | August 2000     | <a href="http://www.health.nsw.gov.au/pubs/2001/pdf/operational.pdf">http://www.health.nsw.gov.au/pubs/2001/pdf/operational.pdf</a>   |
| ADHOC Requests for funding – Organisations External to NSW Health  | Policy Directive<br>PD2005_507                                       | 1 March 2005    | <a href="http://www.health.nsw.gov.au/policies/pd/2005/pdf/PD2005_507.pdf">www.health.nsw.gov.au/policies/pd/2005/pdf/PD2005_507.pdf</a>  |
| Grant Funding Programs within NSW Health – Standard Application Form   | Policy Directive<br>PD2005-597                                       | 10 June 2005    | <a href="http://www.health.nsw.gov.au/policies/pd/2005/PD2005_597.html">http://www.health.nsw.gov.au/policies/pd/2005/PD2005_597.html</a>   |
| Accommodation - Health Owned - Requests from External Organisations  | Policy Directive<br>PD2008_049                                       | 22 August 2008  | <a href="http://www.health.nsw.gov.au/policies/pd/2008/PD2008_049.html">http://www.health.nsw.gov.au/policies/pd/2008/PD2008_049.html</a>   |
| Sponsorships Policy - NSW Health   | Policy Directive<br>PD2005_415                                       | 27 January 2005 | <a href="http://www.health.nsw.gov.au/policies/PD/2005/PD2005_415.html">http://www.health.nsw.gov.au/policies/PD/2005/PD2005_415.html</a>   |
| Working Together for NSW – An Agreement between NSW Government and NSW Non-Government Human Services Organisations   | NSW Government   | 21 June 2006    | <a href="http://www.ncoss.org.au/hot/compact/communique-june06.pdf">www.ncoss.org.au/hot/compact/communique-june06.pdf</a>  |
| Working together for NSW: An agreement between the NSW Government and NSW Non-Government Human Services Organisations. Good Practice Guide: NGO Participation in integrated regional human services planning processes | Good Practice Guidelines<br>FONGA (Forum of Non-Government Agencies) | 6 August 2007   | <a href="http://www.ncoss.org.au/hot/compact/wtfnsw-good-practice-guide-ngo-participation.pdf">http://www.ncoss.org.au/hot/compact/wtfnsw-good-practice-guide-ngo-participation.pdf</a> |

| Name  | Type                          | Date            | Link  |
|---|-------------------------------|-----------------|---|
| Premiers Department - Grant Administration – Good Practice Guidelines | Guidelines                    | 8 January 2008  | <a href="http://www.dpc.nsw.gov.au/publications/grants_administration/good_practice_guide_to_grants_administration">http://www.dpc.nsw.gov.au/publications/grants_administration/good_practice_guide_to_grants_administration</a> |
| State Health Plan – A new Direction for NSW Towards 2010              | NSW Health - Plan             | 1 February 2007 | <a href="http://www.health.nsw.gov.au/pubs/2007/state_health_plan.html">www.health.nsw.gov.au/pubs/2007/state_health_plan.html</a>  |
| Future Directions for Health in NSW – Toward 2025                     | NSW Health Plan               | February 2007   | <a href="http://internal.health.nsw.gov.au/pubs/2007/pdf/future_directions.pdf">http://internal.health.nsw.gov.au/pubs/2007/pdf/future_directions.pdf</a>   |
| Fit for the Future – Planning for the Future 2025                     | NSW Health – Discussion Paper | 1 May 2006      | <a href="http://www.health.nsw.gov.au/pubs/2006/fit_for_future.html">www.health.nsw.gov.au/pubs/2006/fit_for_future.html</a>  |

## Appendix 4 Definitions/Glossary of Terms

| Terms/Abbreviations/Acronyms | Meaning   |
|------------------------------|---|
| AHS                          | Area Health Service/s                             |
| CE                           | Chief Executive                                   |
| NGO                          | Non-government organisation OR<br>Grant recipient |
| The Department               | NSW Health Department                             |
| NSW Health                   | NSW Health system                                 |
| PHCPB                        | Primary Health & Community Partnerships<br>Branch |
| Peaks                        | Peak Non-government organisation                  |
| Operational Guidelines       | Operational Guidelines: NGO Grant Program         |
| NGOAC                        | NSW Health NGO Advisory Committee                 |

## **Appendix 5      NGO Review Submissions**

List of organisations/persons who forwarded submissions to the Review Discussion Paper.

### **1. Aids Council of NSW (ACON)**

On behalf of:

- Aids Council of NSW (ACON)
- Positive Life NSW
- Australasian Society for HIV Medicine
- Bobby Goldsmith Foundation
- NSW Users and Aids Association
- Hepatitis C Council of NSW

### **2. Arthritis NSW**

### **3. Australasian Society for HIV Medicine (ASHM)**

### **4. Billabong Clubhouse**

### **5. Carers NSW**

### **6. CentaCare Wilcannia-Forbes**

### **7. Council of Social Service of NSW (NCOSS)**

### **8. Drug and Alcohol Multicultural Education Centre (DAMEC)**

### **9. Family Planning NSW (FPNSW)**

### **10. Gerard Newham (ARAFMI)**

### **11. Greater Southern Area Health Service (GSAHS)**

### **12. Health Services Association of NSW (HSA)**

### **13. Hunter New England Area Health Service (HNEAHS)**

### **14. Hunter Women's Centre**

### **15. Mental Health Coordinating Council (MHCC)**

### **16. Network of alcohol and other drug agencies (NADA)**

### **17. North Coast Area Health Service (NCAHS)**

### **18. Neurofibromatosis Association of Australia (NFAA)**

### **19. New Horizons**

### **20. Northern Rivers Social Development Council (NRSDC)**

### **21. Northern Sydney Central Coast Area Health Service (NSCCAHS)**

### **22. NSW Department of Health – Centre for Health Advancement**

### **23. NSW Department of Health – Health Services Performance Improvement**

- 24.NSW Department of Health – Internal Audit**
- 25.NSW Department of Health – Mental Health Drug and Alcohol Office**
- 26.NSW Department of Health – Primary Health and Equity Team**
- 27.NSW Department of Health Rural Health Unit**
- 28.NSW Department of Health – Statewide Services Development**
- 29.NSW Rural Doctors Network**
- 30.On Track Community Programs**
- 31.Peter Hutten**
- 32.Quality Management Services (QMS)**
- 33.Royal Flying Doctors Service**
- 34.South Eastern Sydney Illawarra Area Health Service (SESIAHS)**
- 35.Southern Youth and Family Services (SYFS)**
- 36.Sydney South West Area Health Service (SSWAHS)**
- 37.Tom Tutton**
- 38.Wagga Women’s Health Centre**
- 39.Women’s Health NSW**
- 40.Youthsafe**

## Appendix 6 Summary of Feedback from Consultations

### Governance Model

Feedback from submissions on governance models suggest:

- Establish a comprehensive NGO governance model
  - Develop a comprehensive approach to funding NGOs, that is, a comprehensive umbrella framework with specific sub programs relating to Ministerial grants, ad hoc grants, program grants, market rental assistance grants, sponsorship grant and other grants respectively (HNEAHS, p. 2)
  - Develop a grass roots (bottom up) approach to planning community services and develop a top down interagency approach to planning community services (workshops)
  - Clarify governance responsibilities at NSW Health level (HNEAHS, p. 7)
  - Establish an overarching partnership framework that includes various kinds of partnerships with NGOs (HNEAHS, p.10)
  - Link to existing structures in planning community services (workshops)
- Develop strategic partnerships in planning health services:
  - NGOs are willing to partner and cooperate with NSW Health in the development and implementation of NSW Health strategic directions; Encourage a spirit of cooperation and partnership between NSW Health and the NGO Sector. The partnership model needs to filter down not just from the top CEO level but also through all levels of the NSW Health and NGOs. Provide strong NSW Health leadership to encourage stronger partnerships and better communication practices. These practices should be formally described and structurally developed (workshops)
  - Develop NSW Health plans written in plain English with clear objectives and measurable outcomes. Develop these plans in partnership with the NGO Sector (workshops)
  - Consider the development of an third party approach to planning community services where the strategic directions are developed through an independent body that seeks input from both NSW Health, other departments, NGOs and consumers of services (workshops)
  - NGOs to collaborate, partner and participate in health service planning (NADA, p. 4; ACON joint submission p.7 & 14; FPNSW, p.7; NCOSS, p12, 13 & 32; SYFS, p.3; FPNSW, p.1 & 10; SSWAHS, p.4; Youthsafe, p.1)
  - Establish joint regional planning between AHSs and NGOs (FPNSW, p.4; NADA, p.5; NCOSS, p.7 & 8; NCOSS, p.31; NSCCAHS, p.1)
  - Improve NGOs awareness of health priorities (DAMEC, p.1; HNEAHS, p.5); Provide training to NGOs on the relevant health plans, priorities and policies and (HNEAHS, p.5; Hunter Women's Centre)

- Link grant funding to strategic planning processes (WHNSW, p 9 ; SSWAHS, p.4)
- Establish strategic plans by program:
  - Develop strategic plans/policy advice according to program areas (HNEAHS, p.6; SSWAHS, p.12)
  - Establish two strategic plan improvement processes: (i) establish program structures, objectives and outcomes and (ii) improve on the governance of operations (workshops)
  - Establish state planning for program streams that are currently not covered by NSW Health e.g. reproductive and sexual health/ women's health (FPNSW, p.1, 7, 9 & 10)
- Establish an evidence base and identify state of the art health interventions:
  - Develop, promote and fund NGO services according to evidence base 'principles of service delivery' that have shown to improve health outcomes (FPNSW, p.2, 5 & 10; NCOSS, p.9; SSWAHS, p.2; WHNSW, p 6)
  - Identify evidence based models that allow for the greatest return on investment (HNEAHS, p. 7); Consider evidence on the best “bang for the buck” in terms of outcomes from investment and number of years the return will be provided for (Rural Health Unit, p.1)
  - Use data that is already collected to inform service planning and funding at an agency, local and state level (NADA, p.6); Connect NSW Health Data and NGO Sector data (WHNSW, p. 5; Hunter Women's Centre); Use NSW Health's data collection systems to centralise data collections (NCOSS, p.8; Hunter Women's Centre); Establish an agreed framework for data collection (NCOSS, p.9); Map NGO health services across regions (NCOSS, p.8); Provide NGOs with access to centralised data collections (SSWAHS, p.5; NADA, p.6)
  - Develop health priorities that reflect community need (bottom up approach to planning) (ACON joint submission, p.14, NCOSS, p.20; SSWAHS, p.2, Rural Doctor's Network)
  - Establish a funding policy based on population needs (HNEAHS, p.6; SESIAHS, p.4; MHSS, p.12; NADA, p.5; FPNSW, p.10; NRSDC, p.1)
  - Establish regional and local population health planning processes (SESAHS, p.1; NADA, p.5; NCOSS, p.32)
  - The current evidence base may not reflect community need. NGOs tend to target interventions relevant to the client's expressed need which may be counter to the latest model of care and not necessarily the wrong approach (workshops)
  - In the development of NSW Health strategic directions, the following issues require consideration: (i) equity and access to health services (ii) evidence base (iii) community need (iv) knowledge and understanding of

consumer needs from the NGO Sector especially as the NGO Sector may have a better understanding of community needs (workshops)

- Centralised versus decentralised NGO management model:
  - Centralise NGO grant management to the NSW Health Department central office (ACON Joint submission, p10; Arthritis NSW, p.1; Billabong Clubhouse, p.1; Centre for Health Advancement, p.1; MHCC, p.5; MHDAO, p.1; NADA, p.19, NCOSS, p.15)
  - Centralise statewide NGO services (workshops)
  - Develop a single point of contact for each NGO (workshops)
  - Maintain the current devolved model of grant administration (workshops; Rural Doctor's Network)
  - Further devolve the NGO grant management to AHSs (HNEAHS, p. 12 & 14; SESIAHS, p.1; NSCCAHS, p.3)
- NGO Advisory Committee:
  - Develop a transparent and accessible NGO Advisory Committee; Provide NGOs with a partnership role of setting the agenda and work plan (workshops; FPNSW, p.10; HNEAHS, p.11; MHCC, p.10; WHNSW, p 8)
  - Enhance the role of the NGO Advisory Committee with a higher level of decision making (workshops; NCOSS, p. 33; WHNSW, p 8); Revise the NGO Advisory Committee as the peak body for the management of the NSW Health NGO Program. The NGO Advisory Committee should become a Ministerial Council, supported by NSW Health with an annual planning framework and a set of specific deliverables and reporting timetable (NADA, p.15)
  - Strengthen communication feedback from the NGO Advisory Committee back to the broader NGO Sector (Carers NSW, p.9; NADA, p.3; SYFS, p. 11; Youthsafe, p.2; NSCCAHS, p.5). Create an NGO Advisory Committee link from the NSW Health website that contains information from Committee meetings, upcoming consultations and contact details of NGO Advisory Committee members (NCOSS, p.34)
  - Establish a once in a year regional NGO Advisory Committee meeting (NCOSS, p.34 & 37). Establish rural and remote participation in the NGO Advisory Committee meetings (Carers NSW, p.9); Rotate involvement amongst NGOs not affiliated with peaks (NADA, p.17); Consider the development of AHS NGO Advisory Committees (SSWAHS, p.13); Provide greater representation from the AHS NGO Coordinators on the NGO Advisory Committee (NSCCAHS, p.5)

## **Funding models**

Feedback from consultations on funding models suggest:

- Develop a funding model that is flexible and takes account of the amount of funding and the risks associated with this funding. A risk approach should

cut down on red tape for low risk grants and provide greater support to NGOs with high risk grants (workshops; Youthsafe, p.4)

- Establish an improved funding model including
  - Increased funding flexibility so that health funding can be distributed through a range of methods (workshops; HNEAHS, p.6)
  - Reduce the NSW Health reliance on competitive tendering processes (workshops, ACON joint submission, p.15; MHCC, p.6; NADA, p.7)
  - Improve funding to NGOs to improve their sustainability (HNEAHS, p.6); Allow NGOs to hold savings and surpluses (NADA, p.11); Allow NGOs to hold assets (NADA, p.11); Establish a NSW Health asset policy (NADA, p.14)
  - Consider other models of funding for NGOs that reduces the administration burden and which provides for longer term security, particularly for those NGOs that have acknowledged expertise and long history of performance (ACON joint submission, p.15); Establish a preferred supplier agreements (NCOSS, p.14; SYFS, p. 10); Consider establishing panels of preferred providers or pre-registration of services that are able to provide certain types of services to key populations of interest (ACON joint submission, p.11); Consider adopting the FaHCSIA and Queensland Government funding framework (NSCCAHS, p.5; NADA, p.19)
  - Outline the purpose of funding programs including the nature of the service required, who is eligible to apply, the information required from services if the process is competitive, clear selection criteria and how they will be weighted, and an information process with clear timelines (NCOSS, p.12)
  - Standardise or formulate a policy on Consumer Price Index (CPI) (Escalation) (HNEAHS, p. 13; NCOSS, p.24); Link escalation to CPI (NADA, p.8); Standardise NSW Health escalation with other government agencies (NADA, p.8; SYFS, p. 8)
  - Identify NGO health services that replace public health services and where this occurs, there should be recognition of this role through funding the true costs of service delivery (not a contribution payment) and full participation and input into health service delivery planning and review processes (NADA, p.17)
- Describe and clarify how and when to use the different approaches of purchasing services from the NGO Sector such as competitive tender, EOI process, direct submissions etc. There should be a balance in using these different approaches especially in regards to using competitive tender approaches in rural/regional communities (workshops)
- Take account of the difficulties of service provision in rural and remote areas of the State and aim to ensure more equitable provision of high quality services in all locations (NCOSS, p. 11). Smaller the population areas should receive a larger amount of funding of funding because of the extra

costs of delivering health services to these regions (New Horizons, p.1; NRSDC, p.1)

### **Streamline Grant Administration and Management Processes**

Feedback on grant administration and management processes from submissions suggest:

- NSW Health should focus on internal opportunities to gain efficiencies and improve on grant administration processes including (i) simplify reporting (one stop shop reporting) (ii) simplify or remove the reapplication process (iii) simplify data collection (do not collect information that is not going to be used) (iv) simplify financial reporting arrangements (v) improve timeliness for decision making (workshops)
- Establish a clear NGO policy framework:
  - Identify and define NGO's role (HNEAHS, p. 5; MHCC, p.9; MHDAO, p.1)
  - Establish a strategy/policy for investment and disinvestment along with documented and well supported implementation process (HNEAHS, p. 4, 8 & 13)
  - Establish a strategic document that encompasses all strategic directions from various program areas (HNEAHS, p.6)
  - Ensure that all rules and processes are made available upfront in plain language and are understood by all relevant government officers as well as service providers (NCOSS, p.13). All funding practices should entail publicly available information in relation to program objectives, eligibility criteria, application processes and performance monitoring systems (NCOSS, p.14)
  - Identify how NSW Health facilitates its partnership with the NGO Sector including making grants available (HNEAHS, p. 5)
  - Identify NSW Health's role in grant management and administration and the various sub department's roles (HNEAHS, p.6)
  - Consider timeliness in the grant administration process and identify or suggest timelines for funding and reporting periods (HNEAHS, p.8; MHCC, p.6; SYFS, p.4)
  - Update operational guidelines and clearly identify relevant NGO Departmental policies and strategic directions (MHCC, p.5; SESIAHS, p.2; SSWAHS, p.4; NSCCAHS, p.1)
  - Establish partnership agreements between the Department, AHSs and the NGO Sector (MHCC, p.9; MHDAO, p.1)
  - Remove a one size fits all approach to the current program and adopt a more flexible approach in relation to administrative requirements whereby funding applications, performance agreements and reporting requirements can be tailored to the level of risks involved (NSCCAHS, p.6)

- Streamline funding and performance agreements:
  - Develop only one funding and performance agreement for each NGO with different sections in the agreement for various program areas (workshops; New Horizons, p.2; ACON joint submission, p.9, FPNSW, p. 1, 4 & 5; MHDAO, p.1; NADA, p.8)
  - Establish longer-term, multi-year funding agreements (ACON joint submission, p.9; NADA, p.18); Provide longer planning and funding cycles e.g. five year cycles (WHNSW, p5; SYFS, p. 8)
  - Establish 'core' funding and performance agreement with standard performance indicators and reporting, and use 'supplementary' agreements for specific or additional funding with performance indicators and reporting requirements that dovetail and complement the 'core' agreement (NADA, p.8; NSCCAHS, p.3)
  - Adopt a flexible approach where NGOs are able to renegotiate service delivery outcomes due to changing community needs (workshops) (NCOSS, p.17)
  - Establish standardised plain English agreements (HNEAHS, p. 7)
  - Establish cross agency agreements (HNEAHS, p. 12)
- Streamline key performance indicators (KPIs):
  - Performance reporting should be developed in partnership and cooperation with NGOs (perhaps through Peak bodies) (workshops)
  - KPIs should be developed in partnership with the NGO Sector (FPNSW, p.1, 3 & 5; NADA, p.9; NCOSS p 18 & 19; Neurofibromatosis, p 3)
  - KPIs should be program and outcome focused (Carers NSW, p.6; MHCC, p.5; MHDAO, p.1; NADA, p.9, NCOSS, p.16; NSCCAHS, p.3), standardised and minimised (workshops; NSCCAHS, p.2). Link KPIs to NSW Health strategic directions, plans and priorities (workshops)
  - Use SMART KPIs (Specific, Measurable, Attainable, Realistic, Timely) (Rural Doctor's Network); Establish minimum KPI set based on Results Based Accountability model (HNEAHS, p. 12)
  - Reduce the number of KPIs (Carers NSW, p.5 & 6; MHDAO, p.1; NADA, p.9; SYFS, p.8)
  - Provide greater consistency in using KPIs (DAMEC, p.2; Youthsafe, p.3)
  - Use KPIs to measure NGO service effectiveness (ACON joint submission, p.9 & 15),
  - Establish KPIs that represent NGO best practice in service delivery (Billabong Clubhouse p.1; HNEAHS, p.5)
  - Link KPIs to the NSW Health State Plan (Centre for Health Advancement, p. 2); Identify the NGO services that are being 'purchased' by NSW Health and align the KPIs to accurately reflect 'key' performance criteria (SSWAHS, p.4)

- Include governance/internal control KPIs (HNEAHS, p. 8); Include indicators on evaluation and monitoring (NADA, p.9). Ensure KPIs include an appropriate mixture of process, impact and outcome KPIs, related to the size of the organisation and its services (SSWAHS, p.9); Develop KPIs that accurately reflect key performance criteria (SSWAHS, p.4)
- The only KPIs that really matter are the outcomes for service users (New Horizons, p.2); KPIs should report on service delivery in a way that better describes the achievements of the NGO service. It's one thing to state how many clients were seen and whether or not they were satisfied with the service but this does not give any indication of the issues services are dealing with or the level of progress made by clients through their work with the service (Hunter Women's Centre)
- Consider the development of broader outcomes than just health focused outcomes such as community wellbeing outcomes or social inclusion outcomes that measure the interventions of a range of government agencies and NGO services (workshops)
- Provide training to AHS staff on how to develop KPIs; Develop clear guidelines/handbook on useful KPIs with examples for each type of service (SSWAHS, p.6)
- Streamline reporting:
  - Streamline data requirements (SYFS, p.7). Develop more simplified, standardised, uniform reporting procedures (Neurofibromatosis, p.1; Hunter Women's Centre; FPNSW, p.4 & 5; NCOSS, p.18; Youthsafe, p.3)
  - Develop less frequent reporting timelines (FPNSW, p.1; NADA, p.9; Neurofibromatosis, p.1; New Horizons, p.5; WHNSW, p.11)
  - Accountability and reporting mechanisms should be made proportional both to the size of the grant and the capacity and resources of the organisation (NCOSS, p.39)
  - Revise financial audit requirements (Carers NSW, p. 6; Neurofibromatosis, p.1; Youthsafe, p.3); Increase the level of funding that can be received before a full set of audited financial statements is required (e.g. from \$10,000 to \$50,000) with an option for the AHS/Department to request at anytime, a full set of statements if there is considered to be a significant risk that funds are not being spent in accordance with the purposes for which they were provided (NSCCAHS, p.5)
  - Establish standardised accounting systems (ASHM, p.3)
  - Establish standard chart of accounts (NADA, p.9; NCOSS, p.41);
  - Establish NGO minimum data sets (ASHM, p.3; ACON joint submission, p.12; MHCC, p.6; MHDAO, p.1)

- Establish client and activity and service data similar to that provided by public services (MHDAO, p.1), Link client activity reporting to client identifiers used by the public sector (MHDAO, p.1); Strengthen consistency of reporting within service types (SSWAHS, p.6)
- Link reporting to the relative risk associated with the funding such as the risks associated with the client group and/or type of service being provided (MHCC, p.5; Neurofibromatosis, p.2; SESIAHS, p.2)
- Establish a coherent data strategy to coordinate and facilitate the better collection and use of data through NGOs (ACON joint submission, p.15); Rationalise data requirements to those that will be used by the funding body (no 'reporting for the sake of reporting') (NADA, p.9); Align clinical data collection systems with annual reporting requirements so that the same data does not have to be used in different ways when reporting (HNEAHS, p. 2)
- Centralise NGO Minimum Data Sets and KPI reporting to allow assessment of program effectiveness (MHSS, p.11)
- Link and align reporting requirements with other government agencies (HNEAHS, p. 8; NADA, p.9; SSWAHS, p.8; WHNSW, p.8)
- Feedback information collected by NSW Health on the NGO Sector and provide reports produced on the information collected to the NGO Sector (MHDAO, p.1)
- Quality management systems:
  - Review quality management and accreditation practices with the focus on cutting down red tape and providing greater flexibility. Quality management systems should be made relative to the size of the NGO and reporting requirements should be reduced for those NGOs that are accredited (workshops)
  - Develop 'non-mandatory' quality management systems (NADA, p.11; New Horizons, p.2; SYFS, p. 8)
  - Develop flexible quality management systems dependent on size of the organisation and the level of funding received (HNEAHS, p.10)
  - Develop minimum quality management processes (Carers NSW, p.7),
  - Where appropriate, establish industry service standards (Carers NSW, p.7; MHDAO, p.1);
  - Develop accreditation practices (Carers NSW, p. 7); Rely on reports made by independent accreditation agencies for compliance purposes agencies (ACON joint submission, p.9)
  - Develop mandatory quality management processes (FPNSW, p.6; Rural Health Unit, p.2; MHCC, p.8; NSCCAHS, p.5)
  - Develop a role for peak bodies to administer sector grants to fund independent evaluations by an accreditation provider (MHCC, p.12);

- Peak organisations to encourage and support quality improvement among their members (NADA, p.14)
- For NGOs who have become more sophisticated in applying Continuous Quality Improvement (CQI) and have begun critiquing a variety of CQI tools and companies there has been limited financial support for diversity. It is estimated that external costs of CQI are equivalent to a minimum 1% of an organisations funding. Consider enhancing NGO individual grants by 1% for the purpose of CQI or giving the equivalent amount of funds to the NGO Health Peaks for CQI sector development and coordinated CQI approaches allowing each sector and or service to contract the CQI provider most suited to their needs (WHNSW, p11; NCOSS, p.25)
  - Establish mutual recognition by various government departments of the range of quality improvement standards utilised by NGOs (NADA, p.14 & 18; New Horizons, p.4;SSWAHS, p 12)
  - NSW Health to provide funding to NGOs to undertake continuous quality improvement processes, especially if quality management is mandatory (NADA, p.13; NCOSS, p.6; QMS, p.8); NSW Health continue to support initial funding or part funding of quality improvement processes (e.g. through Quality Management Services (QMS) so that the initial funding investment is not lost long term (SSWAHS, p.12)
  - Service evaluations:
    - Some NGOs may not be familiar with current governance models and state of the art service delivery models. NGOs should not be blamed for this because they have not been resourced sufficiently to provide these models. Consider developing a service evaluation partnership approach that is not focused on compliance or a big stick approach to evaluation but rather an evaluation approach that is focused on strengthening NGO governance, service effectiveness and service quality to improve the general standard of service delivery and accountability (workshops)
    - Conduct service evaluations to ensure that services are effective and provide opportunities for funding new services (Arthritis NSW, p1 & 2; ASHM, p.3; FPNSW, p.1). There needs to be annual evaluation and monitoring of service performance and the service arrangement needs to reflect current and emerging priorities, rather than be based on historical allocations and service arrangements (SSWAHS, p.5)
    - Grant funding should be based on a more comprehensive assessment including; evidence of alignment/complementary service provision/programs, appropriate models of care, and good relationship/communication with Health, rather than exclusively focus on the satisfactory performance against a number of KPIs (NSCCAHS, p.1)
    - A periodic planning and review process should be established to reaffirm priority areas and to ensure that resources are being allocated appropriately. This should be coordinated at a state-wide level by the Department of Health and would involve input and consultation with all

- policy areas at the Department, AHSs and with NGO representatives (NSCCAHS, p.2)
- Do not fund services that are incompatible with evidence-based service provision (FPNSW, p.10)
  - Undertake reviews every 5 years to allow each party to assess the service being funded /delivered against current and future Department of Health priorities (Rural Health Unit, p. 1). Conduct alternate 5 to 10 year audits and reviews to ensure that funded NGO Funding and Performance Agreements are aligned with health priorities (SSWAHS, p.5)
  - Require annual assessment for funding eligibility to have a major component based on performance against specific objectives in the original business case and which is monitored by well defined objective data (MHDAO, p.1)
  - Establish a hierarchy of evaluation systems (HNEAHS, p.5)
  - Develop a documented plan for review and evaluation (HNEAHS, p. 13)
  - Establish across human services generic/standardised evaluation methodology (HNEAHS, p. 14)
  - KPIs and outcome measures should be embedded within a broader evaluation/research and development strategy (MHCC, p.6)
  - Improve the capacity of Government and NGOs to evaluate effectiveness rather than relying primarily on efficiency measures (NADA, p.18)
  - Review/evaluation of programs should be conducted by an independent body (MHCC, p.12)
  - Funding re-application process:
    - Simplify (Billabong Clubhouse, p.1, Carers NSW p.6); Electronic and standardised (SESIAHS, p.2)
    - Require NGO to demonstrate how project relates to current health strategies (HNEAHS, p.8)
    - Improve timeliness so that new funding and performance agreements are finalised before the end of the grant period to ensure that agencies receive funds on time and to assist in agency human resources processes (NADA, p.10; NSCCAHS, p.3); Commence negotiations in year 2 of a 3 year grant (NADA, p.10)
  - Delegations: Shorten the delegation process (HNEAHS, p. 12; NSCCAHS, p.2); Based on funding approval amounts and risk (MHCC, p.11); Based on value of grant and expertise (MHDAO, p.1); Delegation to a more local level (NSCCAHS, p.1)
  - Strengthen NSW Health NGO resources:
    - Invest in NSW Health resources to support the NGO Sector including (i) strengthen and standardise the role of NGO coordinators (ii) and NSW

Health managers. Encourage NSW Health managers to participate on NGO boards/management committees (workshops)

- Support a stronger consultative role for AHS NGO Coordinators (NCOSS, p.15 & 35). Support the NGO coordinators with workload management and structures that enable cross-fertilisation of ideas (FPNSW, p.4); Clearly identify the role and responsibilities of Area Health (NGO Coordinators) and ensure the appropriate hours are allocated to achieve required outcomes (WHNSW); Grant administration and management processes need to be resourced at an AHS level (eg. through the NGO Coordinator and NGO Program Advisor role/s) and the NGO Coordinator role strengthened (SSWAHS, p.6; NSCCAHS, p.2); Acknowledge the role of the Area Policy Coordinators who also work engage NGOs (WHNSW)
- Support local management of NGOs (HNEAHS, p. 7)
- Establish community partnership coordinators to facilitate relationships between NSW Health, other government agencies and the NGO Sector (MHCC, p.9); Part of the role at an area level needs to include the facilitation of NGO information distribution and regular forums - bi annual? This would allow development of relationship, networking, information exchange and the potential for training seminars (WHNSW, p 8)
- NGO coordinators and (where applicable) area program/policy officers to be given specific KPI and program evaluation training (SESIAHS, p.2); Provide training for NGO coordinators and NGO program advisors regarding program planning and development of KPIs (SSWAHS, p 8)
- Dedicate resources to management financial aspects of NGOs (MHDAO, p 1)
- Strengthen NGO resources:
  - Support peak bodies and adequately fund them (various)
  - Support and further invest in NGO services (various); Workers in the NGO Sector are not paid on an equivalent scale to those in government departments, yet they are expected to produce the same results. There is a high expectation that volunteers will be utilised, yet we are expected to maintain the same standard as that of government services that have an entire staff of well paid and well resourced workers (Hunter Women's Centre)

### **Communication and partnerships**

Feedback from submission on strengthening communication and partnership arrangements between the NGO Sector and NSW Health suggest that there are opportunities for:

#### *Information Communication Technology (ICT) Options*

- Look to technology solutions to improving communication practices such as
  - (i) web portal communication
  - (ii) teleconference opportunities
  - (ii) video

- conference opportunities (iv) online education initiatives (v) electronic newsletters (vi) skype/i-chat (vii) data entry facilities (viii) email opportunities (viii) NGO access to NSW intranet (workshops)
- Support for a web based technologies/portal/online reporting tool (Carers NSW, p.6; Carers NSW, p.8, HNEAHS, p.6, 12; SYFS, p.13; MHDAO, p.1; NADA, p.20; NCOSS p.40; SSWAHS, p13; NSCCAHS, p.2)
  - Web based technologies to provide information on:
    - Details of AHS NGO forums
    - Other NGO health services
    - NGO Advisory Committee communication and decisions
    - Updated guidelines for programs
    - Peak information and communication
    - Funding rounds, annual reporting, grant renewals and submissions for new funding and associated timelines
    - Contact information
    - Answers to frequently asked questions
    - List of grants and grant holders (SYFS, p.13; MHDAO, p.1)
  - Establish e-networks (ACON joint submission, p.14; HNEAHS, p. 7 & 12)
  - Stronger communication pathways:
    - Develop a communication strategy in consultation with the NGO Advisory Committee both at a central and local level. This strategy should identify key issues to be communicated, who will be communicated with, frequency of communication, and communication methods (NCOSS, p.32)
    - Develop a statewide communication framework including a strategic partnership toolkit for NGOs. The framework will ensure engagement, communication and networking is consistent across all AHS and health sectors and promote direct liaison between NGOs, NGO coordinators and program managers both at AHS and DoH levels. Implement a tiered approach to communication and ensure consistency across all AHS (workshops)
    - NGO Advisory Committee to further develop opportunities to feedback information to the NGO Sector including (i) annual reports (ii) NGO profile statistics (iii) disseminate NGO generic information and program specific information through newsletters, conferences (iv) summaries of NGO innovations (workshops)
    - Develop two way communication across a full range of health services (NCOSS, p.33); Ensure that NGOs are included in NSW Health and AHS distribution lists and are provided with a copy of completed State and AHS plans (SSWAHS, p. 4)

- Establish peak body role in communication (Carers NSW, p.9)
- Establish NGO conferences (Carers NSW, p. 9),
- Provide regular statewide and local NGO forums at which both representatives from NSW Health and the NGO Sector participate (workshops) (Carers NSW, p.8 & 9; SSWAHS, p 12)
- Establish NGO communication hubs (Carers NSW, p.9)
- Engage local AHS communities (HNEAHS, p. 11); Improve communication between AHSs and NGOs (NADA, p.15); NGOs meet with relevant NSW Health services at least annually (SSWAHS, p. 12)
- Establish AHS consultative committees (NCOSS, p.36); Consider the development of a mechanism for AHSs to recognise and utilise the capacity of rural NGOs, particularly in the areas of communication and facilitation (Rural Doctor's Network)
- Before ITC solutions are introduced, investigate NGO ITC capabilities including hardware and software upgrades and ITC expertise (NADA, p.20)

#### *Shared services*

- There are opportunities to improve on the governance structures of NGOs including (i) co-location opportunities (ii) shared services opportunities such as opportunities for shared financial management, payroll, IT systems, insurance, bulk buying (iii) mentoring opportunities (iv) lead agency opportunities (workshops)
- Support for co-location opportunities (Carers NSW, p.7; MHCC, p.8; Neurofibromatosis, p.2); Minimise duplication of services to enhance sector viability and capacity, for example, NGOs with a similar 'brief' share resources by co-locating and integrating service delivery (SSWAHS, p.10)
- Explore a number of different models such as co-location models, consortia partnership models, quasi-amalgamation or full amalgamations (NADA, p.12);
- Support for group purchasing of 'back of house' services such as information technology and workplace training (ACON joint submission, p. 13; Neurofibromatosis, p.2)
- NGOs to remain autonomous and not be required to enter into partnerships or shared service arrangements (Billabong Clubhouse, p.1; NCOSS, p.28; New Horizons, p.3; SYFS, p. 9); Limited support for shared service arrangements due to complexity or other variables such as volunteer or charitable bookkeeping (Billabong Clubhouse, p.1; WHNSW)
- NSW Health to encourage, facilitate, support or broker shared services (DAMEC, p.2; FPNSW, p.6; MHDAO, p.1; NCOSS, p.20; SSWAHS, p.10; NSCCAHS, p.5); NSW Health to advise and fund pilot initiatives (NADA, p. 12 & 13); NSW Health should fund the piloting and evaluation of 'models of shared service arrangements (SSWAHS, p10)

- NSW Health to work with peak bodies to progress shared service arrangements (MHCC, p.8)
- Rural and remote focus: Identify NGO Statewide services that have a role in rural and remote issues (FPNSW, p.8); consider the additional costs in delivering services in rural and remote areas and organisations in those areas may be considered for proportionally higher funding (Rural Health Unit, p.2)
- NSW Health/Area Health to work with local governments to explore the viability of infrastructure hubs that provide back office and other services (HNEAHS, p. 14)

### *Capacity Building*

- Provide NGO growth funds/limited term grants/non-recurrent funding/infrastructure grants (HNEAHS, p.4 & 6; NADA, p14; NCOSS, p.4)
- Provide capacity building grants for:
  - Financial and accounting systems
  - Human resource development and training (paid and volunteers)
  - Infrastructure development and maintenance
  - Compliance, quality assurance and evaluation
  - Knowledge and data management
  - Network development
  - Partnership development and maintenance
  - Community strengthening and engagement activities
  - Governance
  - Stronger funding for peaks
  - Information and communication technology (NCOSS, p.3,16 & 26)
- Allow sufficient funding to account for overheads, accommodation and capital, pay parity across sectors and compliance costs (ACON joint submission, p.9); Establish secure funding arrangements for infrastructure eg. rent, financial procedures and auditing (DAMEC, p.2)
- Provide premises/accommodation at 'peppercorn' rental prices (NADA, p.14)
- Peaks are best placed to coordinate capacity building (MHCC, p.7)
- Investigate NGO infrastructure capacity for ICT solutions (DAMEC, p.2; MHCC, p.11); Increase funds for information and communication technology (SYFS, p. 12)
- Target infrastructure and capacity building initiatives in rural and remote areas (MHCC, p.10)
- Provide ongoing education and training opportunities for Boards of Management and Management Committees regarding governance that is

accessible and applicable to rural and regional small NGOs (HNEAHS, p.8; Neurofibromatosis, p.2)

- Develop stronger communication practices for AHSs when capacity building opportunities are developed (HNEAHS, p.10)
- Establish innovation funding to provide funding for innovative approaches that can be delivered in partnership with Government and the NGO Sector (NCOSS, p.18 & 28)
- Provide incentives for funded NGOs to alter programs where applicable in line with changing health policy, priorities and models of care (NSCCAHS, p.1)

#### *Peak bodies*

- Establish a governance model for peaks. Peaks to demonstrate how they engage with their membership base to ensure that they are representative. Define what a peak is and what is the role and function of a peak. Ensure that peaks know the organisations they are representing. Peaks need to communicate what has been discussed/decided at a higher level back to member NGOs who also need to communicate back to individual management committees and boards. Peak bodies should also have a role in determining NGO models of care (workshops)
- Clarify the role of peak bodies (Billabong Clubhouse, p. 1; FPNSW, p.8, 10; HNEAHS, p.6 & 11). Expand peak role definitions (HNEAHS, p.6; FPNSW, p.8; MHCC, p.10)
- Support advocacy role (HNEAHS, p.11; SSWAHS, p.13); Support strong communication role (HNEAHS, p.11)
- NSW Health and NGO peaks should work together on a statewide strategy to strengthen existing program and identify priorities for expansion including (i) population growth (ii) service gaps/identified needs (iii) health priorities (iv) core funding requirements and principles (v) basic infrastructure requirements; IT : OH&S, Insurances, CQI, Industrial Award Increases (Women's Health, p 9)
- Support for the Peak activities described in the NSW Joint Human Services CEOs and FoNGA Implementation Committee reference paper titled 'Service Outcomes for Peak Bodies', as follows:
  - Capacity building contributing to sector development
  - Promoting partnerships and cooperation
  - Policy development and advocacy
  - Consultation
  - Research
  - Provision of advice and information
  - Demonstrating leadership and innovation (NADA, p.1; WHNSW, p.9)

- Develop the peak body support model (HNEAHS, p.11; MHCC, p.7); Peak bodies to undertake the role of infrastructure development (MHCC, p.8; Youthsafe, p.2); Fund peak bodies to coordinate and support non-peak affiliated NGOs (NCOSS, p.36; New Horizons, p.4); Peaks assist in coordination of consultations in the development of state-wide plans (SSWAHS, p. 14)

#### *NSW Health to provide in kind support services*

- NSW Health should improve consultation and communication practices with the NGO Sector and where possible provide in kind support. NSW Health should be open to developing savings through direct partnerships between NGOs and NSW Health. For example, sharing health facilities, vehicles, IT expertise, sharing financial expertise etc (workshops)
- NSW Health to provide in kind support services to include:
  - IT training
  - Accommodation
  - HR support
  - Financial and budgeting advice
  - Funding model development
  - Strategic planning advice
  - Library access (HNEAHS, p.9)

#### *Interagency collaborations*

- Develop stronger interagency cooperation especially between human service departments such as NSW Health, DoCS and DADHC. Consider developing a interagency action plan (workshops)
- Develop a mutual recognition framework where funding from other government agencies are taken into account so that the level of red tape is cut down to those NGOs with contracts with multiple government agencies (workshops)
- Reform the current NGO program in line with the range of current or recently complete Federal and State government reviews (SESIAHS, p.1)
- Align NSW Health NGO program with other NSW government human service agencies and, where possible, other state and national reforms for the NGO community sector (Carers NSW, p.10; MHCC, p.11; NADA p.18; NCOSS, p.13; SYFS, p.7; SSWAHS, p.11; Youthsafe, p.3)
- Establish NGO bulk purchase arrangements through access to government supply chain and provide access to services at government rate (ASHM, p.4)
- Develop standard contracting arrangements between other government agencies (ASHM, p.4, Carers NSW, p.5)
- Allow for transfer of staff entitlements between sectors (ASHM, p.4)

- Establish pooled savings opportunities (ASHM, p.5)
- Access to same services as government counterparts, for example, interpretation services, training services, government insurance (DAMEC, p.3; FPNSW, p.6.)
- Shared training and information exchange across NGOs funded by Government human service agencies (HNEAHS, p. 4)
- Assist or educate Boards and Management Committees (HNEAHS, p. 4 & 14)
- Establish a single funding management information system (HNEAHS, p. 12)
- Adopt across human services generic/standardised NGO risk assessment framework/format Improved funding model (HNEAHS, p. 14)
- Develop interagency capacity building initiatives (NSCCAHS, p.5)

## Appendix 7      References

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