



Council of Social Service of New South Wales

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Dear Carly,

Thank-you for opportunity to provide preliminary feedback on the Review of Operational Guidelines: NGO Grant Program.

As you would be aware, the preliminary questions were circulated to the NSW NGO Health Peaks represented on the NSW Health NGO Advisory Committee for consultation with their membership. NCOSS provides this response on behalf of the NSW NGO Health Peaks represented on that committee and the members of these organisations.

As the NSW Health NGO Policy Framework makes clear, the non-government sector, including Health NGOs, are diverse. Given that the collection of this information is a first step in the review process, the information has been passed on comprehensively and in its diversity. This information has been received from individual NGOs, and has not yet been the subject of broad discussion across the sector. NCOSS is happy to work with the department throughout the review process to undertake further consultation with the sector on any issues of controversy or complexity.

As stated above, NCOSS provides this information on the understanding that it is a preliminary step in the review and consultation process. We look forward to working with the Department and the NGO sector throughout the review of the NGO Grants Program Operational Guidelines.

If you require further information or clarification please do not hesitate to contact Kristie Brown, Senior Policy Officer on 9211 2599 ext. 130 or Kristie@ncoss.org.au.

Thank you again for the opportunity to provide this advice,

Sincerely,

Alison Peters
Director

1. What do you see as the key issues that need to be considered as part of this review?

There are a number of key issues that the NGO sector believes should be considered as part of the review. These issues fall under the following broad groups:

- Relationships
- Funding
- Reporting
- Administration

NCOSS acknowledges that the Operational Guidelines are intended to provide an operational/procedural framework for the administration of grants. Whilst the issues cited above are also relevant at a policy level, aspects of these issues have important ramifications at a procedural level in the administration of grants. As such, it would be remiss not to acknowledge these issues as relevant to the broader context of the review.

Particular recommendations pertaining to the review of the operational guidelines are raised under question three (limitations).

Relationships

Strong relationships between the NGO Sector and the Department and Area Health Services are a key part of the success of the NGO grants program, and particularly to the smooth administration of NGO grants.

There is some variation in the nature of the relationships between NGOs and Area Health Services in relation to grants administration. Whilst some NGOs provided feedback that they had good relationships with the Department when it came to grants administration, many organisations raised concerns. As such, the comments below may not reflect the experience of all NGOs or be relevant across all Area Health Services.

Key issues raised by NGOs in relation to their relationships with the Department in relation to grants administration include:

- A one-sided implementation of the guidelines on NGOs. The example of last year's change of reporting timelines with little notice was a repeated example.
- A lack of trust, manifested through micromanagement and unnecessarily stringent reporting requirements (this is discussed further in section three)
- Some NGOs indicated they received little support from the Department/Area Health Service in relation to the administration of their grant
- A lack of inclusion and consultation with NGOs in relation to policy development and planning. Some NGOs mentioned a lack of local NGO meetings, and a desire for these to occur.
- A failure to recognise the experience of NGOs, particularly in relation to the negotiation of performance agreements.

- Inadequate communication, including in relation to responses to funding applications, reporting and other requests for information.
- Lack of recognition that the Department and NGOs are equal partners. One NGO commented that:
...the spirit of that statement [on the role of NGOs in the guidelines] is not always evident in the manner that local grant program officers administer the Program. The local grant program officer becomes more than a monitor on the use of funds and achieving outcomes and assumes the function of director instructing the organisation not merely what objectives should be met in a particular period, but the process of achieving these.

Whilst these issues are not necessarily an issue for all NGOs, it is important that the difficulties experienced by some organisations in the implementation of the guidelines are recognised as part of the framework of the review.

Funding

Whilst the Operational Guidelines do not dictate funding policy, funding is an integral part of grants administration. As such, issues in relation to funding policy are a key feature affecting the context of the review of the operational guidelines.

Key issues raised in relation to funding include:

- Indexation: needs to be funded at the full amount to cover cost escalation (including but not limited to wage increases) and needs to be provided to NGOs in a timely manner so as not to compromise their service delivery or place additional strain on resources. Indexation should reflect cost escalation in the health sector.
- As a general rule, all funding provided should be of three to five years duration or ongoing. Short term annual funding does not provide an adequate base for planning and long term stability for staff or clients. Shorter term funding agreements can also create ongoing uncertainty about staff tenure and programs.
- Many NGOs have expressed difficulties in obtaining funding for capital purposes. A more coordinated approach to the capital requirements of NGOs is required.
- Some NGOs expressed concern over the lack of adequate notification of funding outcomes, which resulted in significant difficulties in relation to staff and planning. A more coordinated approach that does not compromise the operations of the organisation is required.
- While it is essential to have clear funding criteria to ensure accountability for funds received (as is currently set out in the operational guidelines), there are some non-government organisations that currently receive funds that do not comply with these criteria. In such cases, it is important that measures are taken to assist organisations to meet the criteria and to develop their expertise.
- There is a broader issue across the NGO sector in relation to levels of pay and conditions. This becomes increasingly problematic where NGOs are being asked to demonstrate that staff have appropriate levels of training and expertise and yet are not provided with adequate funding to recruit, retain and remunerate these staff.

Reporting

Key issues raised in relation to reporting include:

- Problems with timing: there are issues in relation to reporting timelines where an NGO has multiple contracts and in terms of receiving timely approval for ongoing funding.
- The level and nature of reporting: some organisations argued that the reporting was time consuming and unnecessary, for example reporting on staffing, including qualifications. An argument was also made that reporting of incidents such as suicides was not relevant to the scope of a funding agreement. Examples were also given of the Department seeking minor and unnecessary changes to wording of funding agreements.

Administration

A number of issues relevant to the broader context of administration of the NGO Grants Program at a broad level were also raised.

- The NGO Implementation guidelines should coordinate with relevant policy documents, in particular: the NSW Health NGO Policy Framework, NSW Health Integrated Primary and Community Health Strategy and accompanying Implementation Plan, *Working Together for NSW*, the NSW Governments' *Good Practice Guide to grants administration* and where relevant the NSW Health State Plan and the NSW State Plan.
- Necessity for greater distinction and clarity within the Department in relation to their role as 'health service provider' and 'funding agent'. There is potential for these roles to pose a conflict, for instance when the relationship between a NSW Health operated service and an NGO involves grants administrators, rather than being resolved between the relevant parties.
- Need for appropriate intervention when NGOs funded by the department are experiencing difficulties. Consideration should be given to the involvement of Peaks in such cases, and should be based on support and capacity building, and not punishment and threat.
- Concerns were also expressed about the way that monitoring and evaluation is carried out in some instances. Whilst the policy states that the aim is to maximise the effectiveness of reporting requirements and minimise unnecessary requirements so that NGOs can devote maximum resources to service delivery, this is not always the experience of funded organisations. NCOSS is aware of a number of cases where concerns have been raised about the manner in which monitoring is carried out in relation to acknowledging the autonomy of NGOs.
- Some frustrations were expressed in relation to the administration by the Department of joint Commonwealth/State Programs. In particular, concerns were expressed over the administration of Innovative Health Services for Homeless Youth (IHSHY) funding being allocated in a haphazard and inconsistent manner with little clarification about the future of the program.

2. What are the current strengths of the existing guidelines? What information should be retained?

Comments indicated that the strengths of the current guidelines are:

1. Clarity: The document is easy to read and the style and level of language used is appropriate.
2. Format: The document is well structured and laid-out, making it generally easy to find information on particular issues.
3. Appendices: Current inclusion of appendices allows for ease in locating correct documentation.
4. Content: The information currently included in the guidelines is useful and generally provides an appropriate level of detail (some suggestions for improvements are detailed under 'limitations'). There were no suggestions for removal of any information currently contained in the guidelines.

NCOSS recommends that the general structure, style and content of the current Operational Guidelines be retained.

3. What are the current limitations of the existing guidelines?

The following recommendations are made in relation to the review of the operational guidelines for the NGO Grants Program.

Section 1: Introduction

1.2 Non Government Grant (NGO) Grant Funding Program

- This section should clearly spell out the links between relevant departmental policy documents and the operational guidelines, particularly the link between the policy framework (to be finalised) and the operational guidelines.
- Reference should also be made to *Working together for NSW* and the NSW Government's *Good Practice Guide to Grants Administration*.

Section 2: Funding

2.3 Compliance with a formal funding and performance agreement

- A number of organisations indicated the need for a statement to be made that "*The Department (including Area Health Services) will also be required to comply with the conditions of the grant.*" Of particular importance is the need for the Department to provide timely approval and advice on the success of funding agreements, and timely provision of funding (this is raised more specifically in section 4).

2.9 Exclusions

- As previously indicated, concern was expressed about the exclusion of requests for capital funding from the NGO Grant Program. Many organisations receive long term funding under the program, and as such are frustrated by their inability under the terms of the guidelines to use this funding for capital purposes. It is recommended

that this exclusion be reviewed, and that consideration be given to the possibility of NGOs using funds for capital purposes through negotiations with the Department.

Section 3: Roles and Responsibilities

3.1 The Minister for Health:

- There is a consensus across the NGO sector that the retention of grant surplus should be lifted from the present level of \$1000 or less for grants up to \$50000 or 2% of the grant up to a maximum surplus of \$10000, to between 5-10% of the grant (with an adjusted maximum). A number of organisations have expressed frustration that they are unable to retain revenue in order to provide funding for things such as conferences. It is considered contrary to industry practice that such actions would be effectively prohibited.

3.2 The NSW Health Department

- More information on the role of the NGO Advisory Committee has been requested under this section. It may be useful to add some brief information taken from the terms of reference for the NGO AC, and contact details.
- Reference to the responsibility of the department to provide timely responses to funding applications (including continuation of funding), assessment and approval processes and payment of grants (including appropriate indexation) should be included in this section. (This may be included in section 4)

3.3 Area Health Services

- As above, Reference to the responsibility of the department to provide timely responses to funding applications (including continuation of funding), assessment and approval processes and payment of grants (including appropriate indexation) should be included in this section. (Alternatively this may be included in section 4)
- A brief overview of relevant staff within the Area Health Service who are responsible for the administration of grants would be useful in this section, e.g. NGO liaison officer and other staff who may be located within particular parts of the AHS (e.g. Mental Health or Drug and Alcohol) who have a function in relation to grants administration. Clarification of how the relationships between these staff are structured would also be useful. Alternatively, reference could be made to the Policy Framework, the current revised version (version 5) of which includes this information.
- Concern has been expressed that subsequent to the amalgamation of Area Health Services local grant program officer have lost some discretion they previously held in negotiations with NGOs, and that decisions are now being made by people who, because of the vast geographical areas controlled by some Area Health Services, do not have relevant local knowledge to inform their decision making. Recognition of the importance of local knowledge in undertaking grants administration in this section would be appropriate.

3.4 NGOs

- A brief reference to the expectations/responsibilities of Management Committees/Boards would be appropriate in this section.

3.5 General

- Include reference to the need for ongoing consultative relationships to exist between the Department (including Area Health Services) and NGOs (as required in the NSW Health Integrated Primary and Community Health Policy Implementation Plan).

Section 4: Administration and Management

4.1 Planning

- This section should be updated to include reference to the NSW State Plan, the State Health Plan, the Integrated Primary and Community Health Policy and the strategic plans of Area Health Services.

4.2 Application and Selection Process

- Section 4.2.5 Assessment Process: Clarification should be provided as to who may be involved in the assessment process. There should also be a requirement to disclose any potential conflict of interest.
- Section 4.2.4 Applications for continuation of funding: Concern has been raised about the process relating to continuation of funding on the grounds that an application is unnecessary where the service has provided financial and activity reports from previous financial years. The process for applications for continuation of funding should be reviewed so as to avoid unnecessary duplication. Concerns were also repeatedly raised by NGOs that they did not receive a timely response to applications for continuation of funding, which created significant problems in relation to service planning, particularly in relation to staffing. Given that NGOs often face difficulties recruiting and retaining skilled staff, this is a significant issue. A statement should be added to this section that the Department and Area Health Services have a responsibility to provide advice as to the success of an application for continuation of funding in a timely manner that does not compromise the operations of the NGO seeking continued funding.

4. 4.3 Funding and performance agreements

4.3.1 Funding and Performance Agreements

- A number of NGOs have indicated that they wait considerable periods of time for signed performance agreements to be received from Area Health Services. This section should include an outline of the responsibilities of Area Health Services (and the Department where it is providing funding directly) to provide timely responses to NGOs in relation to funding and performance agreements.
- This section should also reflect the NGO Policy Framework, in particular the responsibility of Area Health Services to ensure good contract management, and clear and respectful communication with NGOs.
- In line with *Working Together for NSW*, this section should acknowledge that NGOs are independent agencies, and the funding and performance agreement is only relevant to the activities of the agency that are undertaken with the funding obtained from NSW Health. NGOs may carry out other functions that are not funded through

the grant, and these activities are not subject to NSW Health funding and performance agreements.

- A frequent complaint from NGOs is the fact that reporting requirements for different human service government departments are not standardised. Therefore reporting can be onerous when one organisation has to prepare a different style of financial reports for different government agencies. Consideration should be given to standardising reporting requirements across NSW Human Service Agencies.
- The financial and program reporting requirements are quite extensive and therefore could be onerous for NGOs – particularly if the grant is a small one. Consideration should be given to the development of a two tier reporting system (there is already no requirement for an audited statement for a grant less than \$10000).

4.3.2 Funding Period

- Consideration should be given to lifting the maximum three-year funding agreement to a five-year funding agreement. This can be subject to appropriate monitoring to ensure the programs continue to be delivered subject to the terms and conditions of the funding, and that they remain relevant to the community/target group.

4.3.3 Payment of Grants

- This section should be amended to read: *Grants will be paid... unless otherwise mutually agreed between the Department or Area Health Service and NGO.* Some NGOs report having grants paid at a frequency which is not acceptable to the operation of NGOs, and has not been subject to negotiation.
- The payment of grants at quarterly intervals should also be reviewed as a stated minimum. Some Organisations have raised concerns about their ability to plan based on quarterly grant payments. Consideration should be given to lifting the minimum grant funding allocation to a half-yearly cycle.
- Further clarification should be given as to what constitutes ‘in advance’:, for instance *Funding will be provided in a timely manner, so as not to compromise the operation of the NGO.* Consideration should be given to the development of benchmark timelines during further stages of consultation for this review.

4.4 Monitoring and Evaluation

- The existing Guidelines do not provide time frames for NGO’s submitting reports, nor for anticipated or appropriate response timeframes from the Department or Area Health Services. Many NGOs commented that this caused significant problems within their organisations, for example, they were unsure of whether they had been successful in applying for continued funding, and therefore were unable to plan appropriately (as detailed above). Consideration should be given to the development of an NGO reporting calendar, which could be included as an appendix to the operational guidelines. Ideally this calendar would have a whole of government focus, for ease of use where NGOs have multiple funding sources.
- 4.1 Information requirements: Whilst the operational guidelines currently state that “The Department and the Area Health Services will undertake to maximise the effectiveness of reporting requirements and minimise unnecessary requirements so

that NGOs can devote maximum resources to service delivery”, some NGOs report that this is not occurring. A review of current information collected should be undertaken, guided by the principle that only information that can be used in a meaningful way should be collected.

4.4.3 Accreditation (Quality Improvement)

Section 4.4.3 ‘Accreditation’ needs to be replaced by a section on ‘Quality Improvement’. Many NGOs have indicated the need for an expansion of this section. Based on this, NCOSS recommends the following changes in this section:

- Current statement that “organisations work towards meeting standards endorsed by NSW Health” be amended to reflect the fact that standards are set by the governing bodies of the accreditation organisations (e.g. ACHS, QIC) and not by NSW Health.
- Recognition that the NGO Policy Framework (pending final approval) sets out that “Continuous Quality Improvement is an essential component of service operations” and that “The most effective means for NGOs to demonstrate compliance is through participation in quality improvement programs that apply standards relevant to the NGO’s services and operations” is included. Given the diversity of the Health NGO sector, it is also important that where relevant program-related standards exist they form part of continuous quality improvement processes.
- A commitment that NSW Health will continue to work with peak Health NGOs to support Quality Improvement.
- Recognition that as set out in the NGO Policy Framework (pending approval) the operational guidelines should recognise that “NSW Health and the NGO grant recipients will negotiate specific requirements for quality improvement strategies and activities that are appropriate to the purpose/s of the grant.” Factors influencing this consideration should include but not be limited to: the size of the organisation, the location of the organisation, the amount of funding received, whether the organisation has performance or reporting requirements with other Government departments and the nature of the service. The current recognition that “some NGOs may have difficulty complying with the requirements for [quality improvement]” should be maintained, along with the explicit recognition that NGOs are not standardised and therefore their experiences of quality improvement, and the type of quality improvement they undertake, will vary.
- This section should also clearly articulate: the definition of quality improvement (as per *Working together for NSW*); the proposed quality review process to apply to NGOs; the goals and standards that will apply to assessment of quality improvement.
- A section on Monitoring should be added. Factors considered in this section should include: process of negotiation to be followed where an organisation is considered not to be making reasonable progress, including where this is the result of extraneous factors (e.g. OH&S issue due to capital works required), process to be followed in identifying an unacceptable threat to safety and quality of care and process for subsequent action to be taken. When an agency is having difficulties complying with the requirements of their QI process Area Health NGO Coordinators will need to use consistent criteria to determine poor or unsatisfactory QI outcomes.

Indicators of poor/unsatisfactory QI outcomes include where evidence is not provided or incomplete or insufficient evidence is provided. This section should also provide an outline of how monitoring and reporting in relation to quality improvement will be undertaken, with a commitment to combine these processes within current structures in place.

- The current acknowledgement that services accredited under the NSW Disability Services Act 1993 will not be expected to undertake additional accreditation processes should be maintained.

Appendix 1: Conditions of Grant

Assets

- NGOs report that the current definition of assets is not consistent with other Government Agencies, for instance the Commonwealth Department of Health and Ageing, which has defined assets as items valued at over \$10 000. The definition of assets should be reviewed so that wherever possible it is consistent.

Acknowledgement

- The requirement to acknowledge the funding body on letterhead should be revised. This is impractical where an agency receives funding from multiple government agencies, or where they receive funding from other non-government sources. It is appropriate, however, that funding is recognised in Annual Reports and other like documents.

General

- Information should be added that where the Department seeks to attend a Board meeting, this should be done via a reasonable request, including the reason for attendance, and with adequate notice in advance of attendance.
- A statement should be added that in general (wherever possible) Intellectual Property will be shared.

Appendix 2: Funding and Performance Agreement

- Concern was raised about the level of detail required under Part 3: Agreed Budget. It was suggested that this was unnecessary detail and the financial management of the organisation was the responsibility of the organisation, and not the Department, and as such the amount of funding provided was the only budget item necessary for the agreement.

Appendix 3: Accounting and Financial Records

- Staff and Salaries Schedule: A number of NGOs commented that this was unnecessary information for the Department to collect, and is particularly onerous for large organisations to provide. It is unclear what, if anything, this information is used for. The NGO holds responsibility for the management of staffing issues. The Department should reconsider the need to collect this information.