



Community Services Funding Policy

Funding and Contracting Strategy and Reform Directorate

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Community Services Funding Policy

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1. Introduction

The purpose of the Department of Family and Community Services (FACS), Community Services, Funding Policy is to set out the context for the provision of funding to service providers and provide guidance on Agency good funding practice, for Community Services funding staff and funded service providers.

As with any use of public funds, Community Services is required to ensure that appropriate policies and practices are in place so that Parliament and taxpayers can be confident that funds are used effectively. Community Services aims to develop and maintain funding practices that contribute to achieving the best client outcomes with the available funding, in accordance with approved policy.

The [FACS Procurement Policy Framework](#) outlines how FACS will manage the allocation of funding to funded service providers of family and community services. The Framework requires each FACS agency to develop a funding policy for their specific operations. This Community Services Funding Policy operates within this context, as Community Services is one of the agencies within FACS.

The FACS mission is to enable vulnerable people to participate fully in NSW social and economic life and build stronger, more sustainable and inclusive communities.

FACS work aims to:

- enable each child in NSW to have the best possible start to life
- help vulnerable young people build their capacity for a good future
- improve social and economic outcomes for Aboriginal people
- provide support to vulnerable adults and families so that they can participate fully in community life
- build strong and inclusive communities.

Four reform themes underpin [FACS strategic directions](#), namely:

- better joined up services for clients
- enhanced early intervention and prevention
- stronger partnerships and Aboriginal outcomes
- building a sustainable system, maximising resources.

These reforms include a commitment to supporting the delivery of frontline services by strengthening the capacity of the non-government service system.

The Community Services Funding Policy, which sets out the principles for developing and implementing funding practice in order to support the effective acquisition of community services in NSW so that clients obtain the best possible outcomes with the available resources. The policy sits under the umbrella framework of the FACS Procurement Policy Framework.

While Community Services is focused on increased efficiency for funded services through a market based approach, the Agency recognises that the acquisition of family and community services is fundamentally different to the procurement of goods and services generally and requires a degree of flexibility. Community Services has a strong commitment to support and strengthen the diversity of the community service system as well as partnerships and linkages between service providers.

Community Services program documentation provides the policy direction for intervention and service provision and a range of concepts and terminology are used to describe the approach that Community Services takes in the various programs.

The Community Services Funding Policy outlines the Agency's overall commitment to:

- supporting a strong and effective human services service system with the right services provided to clients in need
- supporting a service system that includes a diverse range of human services service providers
- implementing flexible funding options appropriate to local circumstances
- improving and demonstrating performance, with a focus on client outcomes and quality data.

This commitment will be achieved by:

- supporting ethical and transparent funding practice at all levels
- supporting a corporate performance-based funding approach
- maintaining consistent and flexible funding practices
- creating a stronger focus on outcomes for clients at all levels
- assisting service providers integrate services and match them to assessed client needs
- supporting access and equity for clients in priority target groups
- taking a "customer service" approach to stakeholder relationships
- improving measurable accountability for funding through performance monitoring
- improving value for money
- strengthening and supporting a diverse sector
- better sharing of the responsibility for managing service delivery risks and costs
- rewarding performance against contracted outcomes.

Not-for-profit non-government services, for-profit private services and government providers have a valuable role to play in the provision of family and community services and together they provide a significant and varied service provider infrastructure.

Community Services continues to work with other NSW Government agencies with significant community funding allocations to reduce unnecessary "red tape" and improve consistency in funding and accountability processes and documentation. The Community Services Funding Policy will be reviewed and updated periodically by Community Services in conjunction with key stakeholders to help strengthen its effectiveness and drive consistency. This will ensure that the policy remains relevant, current and useful.

2. NSW Government Policy Context

The authority for Community Services to provide 'assistance and support' to organisations to deliver community welfare or social development programs is derived from Sections 5, 6, 7 and 36 of the [Community Welfare Act, 1987](#).

Other relevant legislation includes:

- [Public Finance and Audit Act, 1983](#)
- [Public Sector Employment and Management Act, 2002](#)

This legislation provides the overall framework and standards for the expenditure of funds and management of employees and services that are delivered using taxpayer funds in NSW.

The [Public Sector Management \(Goods and Services\) Regulation, 2010](#) is the central piece of legislation that underpins procurement activities undertaken by the NSW Government.

The key requirements for Government procurement processes are outlined in:

- [NSW Government Procurement Policy, 2004](#)
- [Code of Practice for Procurement, 2005](#)
- [Implementation Guidelines for the Code of Practice, 1999](#)
- [Tendering Guidelines, 2010](#).

The fundamental objective of the NSW Government's Procurement Policy is to ensure that all procurement activities achieve best value for money in supporting government services. The NSW Government's Code of Practice for Procurement gives effect to this policy and outlines how the NSW Government will conduct its procurement activities. In particular, it establishes:

- the standard of probity, ethics and integrity expected from all parties
- fair opportunity to compete for Government business
- commitment to continuous improvement
- accountability and consistency by all Government agencies in their procurement practices.

Two key policy initiatives undertaken through the Department of Premier and Cabinet (DPC) also impact upon Community Services' funding arrangements. These are:

- [The Working Together for NSW Agreement 2006](#)
- [The NSW Government Red Tape Review 2009](#).

The Working Together for NSW Agreement was developed jointly by the DPC, the chief executives of human service agencies and the non-government organisation (NGO) sector through the Forum of Non-Government Agencies (FONGA). It outlines shared goals, values and principles to guide working relationships between Government agencies and the NGO sector. The Agreement also relates to the [National Compact – Working Together](#). The Compact's shared principles provide a foundation for action to improve working relationships, strengthen NGO sector viability and develop and deliver better policy and programs.

The NSW Government Red Tape Review was undertaken from 2006 to examine Government reporting and compliance requirements with the aim of streamlining them to significantly reduce administrative work, particularly for small agencies.

In response to the Red Tape Review, FACS developed a Procurement Policy Framework. The Framework aims to streamline funding allocation processes within FACS and provides a means through which agencies of the Department can use to build more effective and sustainable relationships with the NGO sector, promote greater client choice and test new funding methods.

3. Key Principles of Funding Practice

Community Services' funding policy has been developed in line with the overarching principles of the NSW Government's Procurement Policy which are:

- value for money
- efficiency and effectiveness
- probity and equity
- effective competition.

In a document titled "[Principles for the Funding and Working Relationship Between Government and Grant Recipients](#)" DPC has articulated these principles in the context of the Working Together Agreement to identify seven key principles of funding practice:

- value for money
- fairness, integrity and transparency
- probity
- co-operation
- diversity
- consistency
- co-ordination.

Community Services is committed to these principles and implements them in the following way.

Value for money - obtaining the best mix of services to meet a community's needs within the available funding. Community Services seeks to achieve, or improve, value for money in its community funding operations, using a range of strategies. These include:

- basing service delivery models on evidence of what works
- specifying service eligibility, activities, outcomes and using unit cost modelling
- continuing renewable funding at the end of contracted funding periods where this is warranted, based on satisfactory performance and availability of funds, to reap the benefits of continuity, expertise, trusting relationships (with service providers and clients) and capital investments
- using the most appropriate procurement method, based on the characteristics of the service to be provided, the type and level of funding available, the nature of the relevant market, and the expertise of any known providers
- working with Peak bodies and funded service providers to build sector governance and service delivery capacity and improve service systems and operations.

Fairness, integrity and transparency - as Community Services is using public funds to purchase services, it is important that it acts in a way that maintains public confidence in procurement processes. This is achieved by using fair and transparent processes that can be clearly documented to demonstrate probity and equity, e.g. by showing that a funding opportunity is open to as many service providers as is appropriate, and by practices that do not unfairly favour one service provider at the expense of others. To achieve this, Community Services documents all service acquisition processes, including all approvals from delegated officers, and routinely develops a public Tender Information Package that outlines the administrative terms and conditions for each Tender process. Feedback is always available to applicants following procurement processes and information on funded services is provided in the Community Services annual report. A Probity Officer and complaint mechanism is provided for all significant funding Tender processes.

Probity - funding administration must be conducted in an environment of integrity, honesty and scrutiny. The conduct of staff involved in the procurement process should also reflect the core values of Community Services: respect, trust, openness, fairness and teamwork. These values, described in Community Services' Code of Conduct and Ethics, are based on the following principles which require that all staff:

- have respect for the law and the system of government under which they carry out their duties of employment;
- perform their duties with professionalism, objectivity, honesty, integrity and compassion, and in the best interests of the people who access the services of Community Services;
- show respect for all persons (clients, colleagues and members of the public) and their rights;

- observe fairness and equity in all official dealings with the public and with other public sector employees;
- avoid real or perceived conflicts of interest;
- ensure the proper use of official information;
- maintain proper standards of confidentiality when considering making public comment;
- ensure the efficient and effective use of public resources in the public interest;
- report suspected corrupt behaviour by other staff members; and
- document all processes and decision making

Co-operation - recognising that both Community Services and service providers want to achieve the same outcomes for people and communities and are willing to work together to achieve them. Co-operation may involve:

- joint planning exercises at all levels (state, regional, local);
- joint research and training;
- mutual respect for each other's ways of working;
- sharing of information; and
- working together to improve service delivery through planning, quality improvement, building service capacity and dissemination of information about practice issues.

Diversity - the importance of diversity in the community is recognised in funding practice through a range of approaches which include:

- provision of culturally appropriate services for Aboriginal and Torres Strait Islander people and for people from a Culturally and Linguistically Diverse background;
- provision of services targeted to groups with particular needs e.g. young people;
- initiatives to strengthen sector capacity e.g. by funding peak bodies to provide support, particularly for small and isolated organisations, and by putting in place mentoring schemes for Aboriginal community-based organisations;
- taking into account the difficulties of service provision in rural and remote areas; and
- streamlining policies and procedures so that smaller service providers are not disadvantaged e.g. in terms of tendering for new funding.

Consistency - funding procedures should be consistent within programs, across individual government agencies, across government and as funding programs evolve. Community Services seeks to ensure consistency through establishing standardised processes e.g. the use of the [Performance Monitoring Framework](#) (PMF) for monitoring service provision by funded services.

Co-ordination - outcomes for people and communities can be improved through better alignment of planning, program design and service delivery within and across both Government and non-government family and community services sectors. In addition to planning and service delivery processes Community Services has a number of funding policy approaches aimed at promoting co-ordination. These include identifying "Service System Development" as a component in the Service Activity for Specialist Homelessness Services (SHS), which recognises the importance to these services of developing collaborative relationships with a range of other services (e.g. health, housing, education) and of participating in relevant network forums and interagency meetings.

4. Community Services Funding Practice

Overview

Community Services has been extensively involved in funding family and community services since the mid-1970s and provides funding to a wide variety of organisations through a diverse range of funding programs and service activities.

At 31 October 2011, Community Services funds approximately 1,800 organisations to deliver 3,400 services. These service providers can be grouped into three broad categories:

- not for profit non-government providers
- for profit private service providers
- government agencies (state and local).

Each sector has a valuable role to play in the provision of services and together they provide a significant and varied service infrastructure.

Program Guidelines

A Program Guidelines document is developed for each official Community Services funding program to:

- provide an overview of the program in question
- articulate the purpose and parameters of the program
- assist Community Services and the funded service provider plan and report on appropriate activities and
- provide information for service users and the community about what is being funded and why.

Program Guidelines outline the desired results and the activities that are expected to lead to these results as well as providing a link between the results expected from the Program and funding administration processes for the funded service provider. The Guidelines also outline the core policy and operational frameworks such as data collection and performance monitoring.

Program Guidelines are reviewed and updated in line with major updates of key policies and other changed circumstances.

Service Provision Guidelines

A Service Provision Guidelines document is developed for each official Community Services funding program where Community Services caseworkers work in conjunction with NGO caseworkers with the same families.

Service Provision Guidelines give Community Services, its whole-of-government partners, NGO providers and the agencies they work with the core policy and operational framework and requirements for delivering these services.

Service Provision Guidelines are a companion resource to be used alongside agencies' own policies and procedures. They cover topics such as entry into the program, assessment, referral, case management and closure for children, young people and their families, as appropriate.

Service Agreement and Service Specification

Each Community Services funded service provider is required to agree to the standard funding terms and conditions outlined in the Community Services Service Agreement. In

addition, Community Services is progressively implementing performance-based service specification documentation for each funded service.

Performance Based Contracting

The current Community Services approach to contracting for funded services is in keeping with a current global human services trend that emphasises performance above other aspects of the funding process, this is known as performance-based contracting, or PBC.

The goals of funding programs are explicitly aligned with Community Services objectives as a NSW Government agency. Formal guidelines, developed from evidence based models, articulate the purpose and parameters of programs and ensure that Community Services (as the funder), service providers, and service users, as well as the wider community are informed about what is being funded and why.

In turn, service providers undertake to achieve outcomes that are consistent with program objectives. These expectations are described explicitly in documents formally agreed between Community Services and service providers – the Service Agreement and service specification(s).

In all Community Services dealings with funded service providers, there is an emphasis on service outcomes and results (i.e. impact on clients and communities). These are outlined explicitly in Program Guidelines and service specifications. Emphasis on outcomes and results has, in turn, highlighted the importance of data systems and reporting arrangements.

An emphasis on performance will make it possible for Community Services to step back from using prescribed inputs and processes as a means of controlling what service providers do on a daily basis. Community Services does not detail the inputs to service delivery or process requirements beyond what is necessary, such as fair access. This approach gives service providers flexibility in the way they manage their operations to achieve the agreed outcomes for clients.

Community Services uses the PMF and quantitative data reporting to monitor the performance of funded services, negotiate ongoing improvements and to support decisions about continuing to fund service providers.

PBC answers these questions:

- what do clients and communities need?
- how will we get it?
- how will we know when we've got it?
- how will we know if it makes a difference?

PBC encourages performance improvement and innovation as it allows organisations to gauge their performance in relation to outcomes and provides the flexibility to change business practices as needed.

Performance Monitoring

The Community Services Performance Monitoring Framework (PMF) is being introduced progressively to Community Services funding programs. This is being done in a way that allows time for funded service providers to adapt to the new expectations and processes, particularly data recording and reporting. PMF processes will be used in conjunction with quantitative data reporting and acquittal documentation to monitor the performance of funded services, negotiate ongoing improvements and support funding decisions.

Community Services will provide support to funded service providers on PMF processes and documentation through briefings and advice as needed.

The aim of the PMF is for continuous service improvement based on co-operation between Community Services and funded service providers, the sector and peaks. The PMF is used to routinely monitor and assess the performance of funded service providers against the key performance elements of the Service Agreement and their associated service specification(s), program by program.

These elements include:

- Financial Management
- Service Data Collection
- Client Group
- Geographic Coverage
- Service Activities
- Service Results.

The PMF involves a number of processes, including:

- a self assessment which is completed by the service provider within 4 months of the end of the financial year;
- a desk top review conducted by Community Services funding staff, including a review of financial statements. Service data, where available, is also reviewed, which may lead to;
 - if necessary, a monitoring and review meeting with the service provider, where the service provider and Community Services staff meet to discuss performance issues. This meeting allows an opportunity for the service provider to present supporting documentation that demonstrates their performance. This meeting may lead to
 - if necessary, the development of a Performance Improvement Plan (PIP), to address identified performance issues, in agreement with the service provider.

Results Based Accountability

Results Based Accountability™ (RBA) has, at its core, principles of simplicity and common sense and provides common ground from which Community Services and service providers can work. It provides a structured approach to thinking about service delivery, which starts with defining the ends (results and indicators) and works backward to the means to get there.

RBA is a useful framework to assist service providers and funders to focus on outcomes for clients through the purchasing process however it is not the only approach used by Community Services and funded service providers.

Good Practice Guidelines

The Community Services Good Practice Guidelines is a structured program of activities geared to improving important aspects of a funded service provider's internal working and operations. The Guidelines are closely modelled on the [NSW Human Services Quality Framework \(2004\)](#), a cross-agency resource developed to inform the service improvement activities of NSW human services organisations. A shorthand way of thinking about the Guidelines is that they are intended to promote all-round organisational 'health'.

The [Guidelines](#) work in tandem with the PMF and:

- promote quality outcomes for clients
- guide staff in service development
- enable quality improvement, evaluation and accountability
- support a consistent and high level of quality across services.

Service providers are expected to engage with the Good Practice Guidelines or some other quality framework. The Good Practice Guidelines document is used as a resource in situations where Partnership and Planning staff require an objective standard for performance related discussions with service providers.

Quality Management

Quality management aims to ensure that all funding systems and processes are managed properly, hence building confidence in Community Services as a funding body. Community Services Head Office has developed a range of monitoring, support and quality improvement processes. As implementation proceeds, new issues relating to funding are expected to come to light that will need to be addressed and implementation strategies may need to be updated.

Complaints

Community Services is committed to providing an efficient and effective complaints handling service to our clients, their advocates, funded service providers and the community. This includes handling any complaints received in a way that is responsive, fair and courteous and that respects the privacy of the person making the complaint. Community Services also undertakes to make sure that reasons are provided for any decisions made in relation to complaints received.

Complaints about funding processes should be taken up in the first instance with the relevant local Director, Partnerships and Planning, Manager, Regional Strategy or Head Office Program Manager. If the issue is not suitably resolved the complaint can be referred to the relevant Regional Director or Head Office Executive Director. Contact details for Community Services offices can be obtained from the website or Head Office reception.

Complaints about the activities of funded service providers should be taken up with the service provider concerned in the first instance, except that any fraud allegations must be referred to the NSW Police for investigation. Funded services are expected to have and follow a complaints handling process approved by the organisation's governing body.

When considering complaints about the activities of funded service providers, Community Services will use the terms and conditions of the current Service Agreement to decide whether to take action.

5. Contestability and Funding Options

From the perspective of Community Services, the key to selecting the most appropriate procurement option relies on adequately defining or specifying the service to be purchased, prior to the procurement process commencing. That is, once the issue to be addressed and existing service provision has been clarified, the evidence of what works has been analysed and the service to be purchased has been specified, the market of potential service providers can be considered and then the most appropriate funding option can be chosen.

Community Services identifies a range of funding strategies that can be used to ensure that the best service provider is selected to deliver the services required. The difference between these strategies relates to the degree of contestability that is allowed – that is, the degree to which alternative service providers have access to entering the market, and barriers are removed/reduced to their participation.

The three levels of contestability include:

- direct negotiation – an approach is made to one potential service provider (see section 5.2)
- select Tender – an approach is made to a limited number of prospective service providers that meet specified criteria (see section 5.3)
- open Tender – a funding opportunity is generally advertised and open to any eligible service provider (see section 5.4)

The funding option chosen should reflect the nature and complexity of the service to be procured. The decision about which funding option to select should include consideration of the following factors:

- the size of the market – that is, the number of service providers with the capacity to deliver the outcomes being purchased
- the number of service providers interested in providing the services
- Community Service’s knowledge of the market in the relevant geographic location
- the most efficient process given the specific circumstances of the service to be funded
- the amount of money to be awarded
- the length of funding term

Competition is a significant driver of value for money and underpins the principles of fairness and transparency.

Open Tender processes can provide a ready means of introducing fairness and transparency to procurement. However, an open Tender:

- can’t guarantee that every potential service provider is reached
- may not identify all service providers with the capacity to deliver the service
- may be inefficient, administratively costly and generate unreal expectations
- may have a detrimental effect on localised relationships and service systems.

Moreover, there are situations where the best value for money will be achieved by using direct negotiation or select Tender. For example:

- direct negotiation may be appropriate when renewing an existing Service Agreement to meet a continuing priority, if the service is in a remote location with only one service provider, if the service need is immediate and there is no time for new start-up operations or where there is clearly only one provider with the relevant expertise.
- select Tender may be appropriate when the service required is highly specialised and the number of service providers is known or regulated (e.g. if licenced or accredited service providers can supply the service and the licence holders are known).

It should be remembered that reducing the contestability of the process should be in response to the nature and complexity of the purchase, and to achieve greater efficiency in the search for service providers - it is not about reducing the effort required to undertake the purchase, the standards required of service providers or the standard of the service provision itself.

Where a direct negotiation or a select Tender is used, the choice must be able to be justified. That is, Community Services must be able to demonstrate that the chosen procurement option will maximise efficiency, yield a service provider that is the best value for money, and not compromise probity and fairness (i.e. that the procurement principles will be upheld).

5.1 Expression of Interest

In Community Services, an Expression of Interest (EOI), or Register of Interest (ROI) is a process by which interested service providers declare their interest in a possible funding opportunity. Typically an EOI establishes the level and source of interest and the capacity or experience of the service provider to undertake specified work. At this stage no specific service or funding information is provided in the response from the interested party. That is, the service provider is not asked for technical specifications, operational methodologies, implementation plans or budgets.

In Community Services, EOIs are sometimes used in the first stage of a two-stage procurement process. They are used to either:

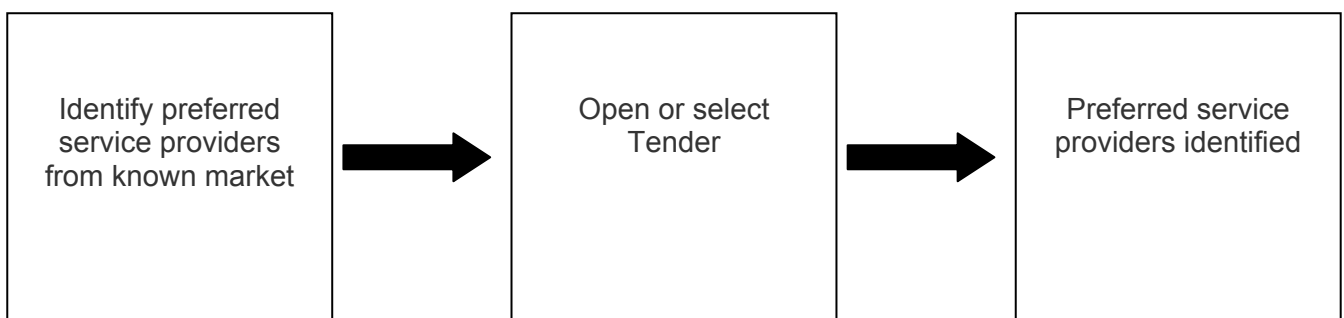
- test the market in situations where the potential market of service providers is unknown or unknowable for the service or optimal service mix required
- reduce the number of service providers that are invited to submit a Tender in those situations where either the potential market is very large (and therefore the administrative requirement for assessing large volumes of Tenders is judged to be unwieldy), or the services required are not clearly defined (e.g. in those cases when the Tenders explicitly seek innovation in service delivery).

In a two-stage procurement process, the EOI is used to assess the experience and capacity of the service provider and test the market obligation free before moving to the second stage of the process. Suitable service providers are placed on a short-list or prequalified “panel” and then invited to submit a full Tender application (see 5.3 Select Tender and diagram below).

Expression of Interest



Tender



Expression of Interest and Tender processes: purpose, process and outcome.

5.2 Direct Negotiation

This process is where an approach is made directly to one service provider to acquire a service. Direct negotiation is usually used in the following circumstances:

- where it is known that only one service provider has existing expertise, is capable and/or interested (e.g. where the service required is highly specialised, or located in a remote area)
- to ensure service delivery in an emergency or on a temporary basis while a longer term solution is identified
- enhancements to existing service providers to increase their capacity (e.g. Aboriginal capacity building projects)
- contestable options have already been tried and an appropriate service provider has not been identified

It is important to note that the above is a transparent process. If direct negotiation is the best approach there should be written documentation outlining the reasons for selecting this procurement method. This document needs to be approved by the appropriate delegated officer.

It should be noted that performance-managed renewable funding is also a form of direct negotiation. That is, for the majority of services managed by Community Services, the most administratively efficient and cost effective process is to re-issue the existing service specification.

Community Services will consider renewing funding for the service if it can be determined through formal assessment (i.e. PMF) that the service:

- meets an identified need
- is delivering the agreed outcomes
- meets the terms and conditions of their Service Agreement and Service Specification
- operates effectively and efficiently

5.3 Select Tender

In a select Tender, service providers can only participate in the process by invitation. A select Tender could be used in the following circumstances:

- knowledge of the market and an understanding that only a limited number of service providers have the capability required to provide the service
- a select Tender is likely to produce the same result as an open Tender
- performance of the invited service providers around explicit and approved criteria is known and deemed satisfactory
- it is important that the service is established and operating as soon as possible, reducing the ability to use a more time consuming process (such as an open Tender)

A select Tender may be a one-stage process or it may be implemented as the second stage in a two-stage process.

It is important to note that the above is a transparent process. If select Tender is the best approach there should be a written document outlining the reasons and the selection criteria used to select participants. This document needs to be approved by the appropriate delegated officer.

It is Community Services policy to release a Tender Information Package (TMP) for all open and select funding Tenders. The TMP outlines the planned Tender process and rules.

5.4 Open Tender

The requirements of an open Tender are the same as a select Tender. The difference between an open and select Tender is access to enter the process. That is, in a select Tender, service providers can only participate in the process by invitation.

An open Tender process is a Request for Tenders from service providers in response to specified assessment criteria. A Tender requires detailed technical, costing and other methodological / operational information.

A Request for Tenders need not state the level of funding available or provide unit cost guidelines. A Tender may have a single or multi-stage assessment` process.

It is Community Services policy to release a Tender Information Package (TMP) for all open and select funding Tenders. The TMP outlines the planned Tender process and rules.

6. Resources

[Code of Practice for Procurement, 2005](#)

[Community Welfare Act, 1987](#)

[DHS Strategic Direction 2010-11](#)

[Direct Negotiations: Guidelines for managing risks in direct negotiations 2006. Independent Commission Against Corruption](#)

[Good Practice Guidelines](#)

[Implementation Guidelines for the Code of Practice, 1999](#)

[National Compact: working together](#)

[NSW Department of Family and Community Services Procurement Policy Framework, 2011](#)

[NSW Government Procurement Policy, 2004](#)

[NSW Human Services Quality Framework \(2004\)](#)

[Performance Monitoring Framework](#)

[Principles for the Funding and Working Relationship Between Government and Grant Recipients DPC](#)

[Public Finance and Audit Act, 1983](#)

[Public Sector Employment and Management Act, 2002](#)

[Tendering Guidelines, 2010](#)

[The Public Sector Management \(Goods and Services\) Regulation, 2010](#)

[The Working Together for NSW Agreement 2006](#)

[The NSW Government Red Tape Review 2009](#)

[Independent Commission Against Corruption Act 1988 No 35](#)

Community Services [Code of Conduct and Ethics](#)

Community Services [Fraud Control Plan](#)

7. Glossary

Accountability

Accountability is a general term with several meanings relating to ethics and governance. It refers to the administrative rules and norms that bind the behaviour of individuals and organisations. In the context of funding practice, the term is usually associated with political accountability and administrative accountability.

Political accountability describes the accountability that Government, politicians and the public service have towards the public and legislative bodies, such as Parliament.

Administrative accountability is generally associated with the expectation that any agency in receipt of government funding will "give an account" of how that funding has been used. That is, that they are asked to demonstrate that it achieved the objectives of the Service Specification according to the terms and conditions outlined in the Service Agreement. It is used to describe the administrative reporting requirements of organisations from which Community Services purchases services. It includes financial reporting and/or reporting on service provision including accountability for results regarding completion of specific program goals.

Assessment panel

Group of persons authorised to evaluate EOIs or Tenders against pre established assessment criteria. It may comprise internal and external members, including subject matter experts or advisors.

Collusion

Collusive bidding is an anti-competitive practice which can involve actions such as mutual agreement of bidders to offer equal prices, contract sharing, and a contrived reduction in the number of bids. It can take the form of an agreement which the purpose or effect of substantially lessening competition, boycotts, monopolistic practices etc. It is illegal under Section 45 of the *Trade Practices Act, 1974*.

Conflict of interest

A conflict of interests exists when the private interests of a public official may improperly influence their official public duties and responsibilities. Any perceived conflicts of interest must be declared.

Contestability

A contestable market is one that attracts competitors because the costs of entry and exit are low. This ensures greatest value based on quality, service and price.

Corrupt conduct

Dishonest or partial exercise of official functions, or breach of public trust, or misuse of information or material acquired in the course of official functions. Corrupt conduct must also constitute or involve: criminal offence, or disciplinary offence, or reasonable grounds for dismissal, or substantial breach of the code of conduct.

Costing model

In order to calculate the costs of providing services it is necessary to design and build a framework in which all costs can be recorded and allocated or apportioned to specific customers or other activities. Such 'cost models' can be developed to show, for example, the cost of each service the cost for each Customer or the cost for each location. See 'unit cost' below.

Equity

Fairness and conformity in the application of rules or standards.

Ethics

Ethics are the moral principles or values that guide all aspects of your work. Ethical behaviour encompasses the concepts of *honesty, integrity, probity, diligence, fairness, trust, respect and consistency*. As procurement involves the expenditure of public funds, and is subject to public scrutiny, ethical behaviour becomes even more important.

Ethical behaviour supports openness and accountability in procurement processes and gives the sector the confidence to participate in EOI and Tender processes and confidence in public administration. Ethical behaviour can also reduce the costs of managing risks including fraud, theft and other improper behaviour.

Unethical behaviour

This term includes the following behaviours/activities: fraud; theft; corruption; insider knowledge; collusion; and conflict of interest. For further information, refer to Community Services' Code of Conduct and Ethics.

Fixed term funding

Fixed funding refers to funding provided for a fixed period, with no provision for any continuation of funding after the expiry of this term. If fixed funding spans multiple financial periods, it can attract indexation.

Fraud

Fraud is the false representation of facts with an intention to deceive or enable a person or organisation to gain unfair advantage. It includes falsification of documents and certifying as true statements that are known to be wrong.

Funded service provider

Funded service providers perform agreed Service Activities with specified groups of people. Funded service providers have specific tasks that are oriented to bring about desirable change in a given community, particularly for those that are marginalised or at risk of harm, in urban and rural areas. These service providers can be grouped into three broad categories: not for profit non-government providers; for profit private service providers; and government agencies (state and local).

Goods

Goods include plant, machinery, motor vehicles, tools, furniture, floor coverings, office equipment, scientific apparatus, appliances, hardware, medical and pharmaceutical supplies, information technology software and

hardware, fuel and provisions. It is defined by the *Public Sector Management (Goods and Services) Regulation, 2010*.

Human services

Programs or facilities for meeting basic health, welfare, and other needs of a society or group, e.g. homeless people, poor, sick, or elderly.

Negotiation

An interactive process between two or more parties seeking to find common ground on an issue or issues of mutual interest or dispute where the involved parties seek to make or find a mutually acceptable agreement that will be honoured by all the parties concerned.

Non-Government Organisation (NGO)

For the purposes of grants administration in NSW, a NGO is usually one which is not operating for the profit or gain of its individual members, whether these gains would have been direct or indirect. A NGO can still make a profit, but this profit must be used to carry out its purposes and must not be distributed to owners, members or other private people. An NGO is an organisation working independently of any external control with specific objectives and aims to fulfil tasks that are oriented to bring about desirable change in a given community, particularly for those that are marginalised or at risk of harm, in urban and rural areas. Within this context NGOs are funded through Community Services to perform agreed Service Activities with specified groups of people.

One off funding

One-off funds refer to a one-off allocation provided to an approved services provider. This funding allocation type does not attract indexation.

Partnership

A partnership is a collaboration in which organisations work together in a transparent, equitable and mutually beneficial way towards a sustainable development goal and where those defined as partners agree to commit resources and share the risks as well as the benefits associated with the partnership

Prevention and Early Intervention

Prevention and Early Intervention is an important investment in the future of children, families and the community. It provides important building blocks that develop resilience to, or skills to avoid, challenges that may be faced, particularly at key turning points and transitions in peoples lives. Government's investment in early intervention also potentially avoids or reduces the need to direct significant amounts of public money in the future toward the lengthy and expensive support programs that are required to address serious and engrained problems.

Prevention and early intervention strategies aim to influence children's, parents' or families' behaviours in order to reduce the risk or improve the effect of less than optimal social and physical environments. An important goal of prevention and early intervention is to change the balance between risk and protective factors so that the effect of protective factors outweighs the effect of risk factors, thus building resilience

Probity

Probity is the evidence of ethical behaviour. The principles of probity include integrity, uprightness and honesty that is complete and can be confirmed. The word probity is often used in a general sense to mean "good process" and therefore is applied with common sense.

Procurement must be conducted with probity in mind to enable purchasers and suppliers to communicate with each other on the basis of mutual trust and respect. Adopting an ethical, transparent approach enables business to be conducted fairly, reasonably and with integrity. Ethical behaviour also enables procurement to be conducted in a manner that allows all participating service providers to compete as equally as possible. The procurement process must be clear, open, well understood and applied equally to all parties to the process. Within Community Services a probity advisor is appointed for all procurement processes.

Procurement

The NSW Government defines procurement as all activities involved in acquiring goods and services either outright or by lease (including disposal and lease termination). It includes acquiring consumables, capital equipment, real property, infrastructure, and services under consultancies, professional services, facilities management and construction.

Procurement has three distinct phases: organisational planning and preparation; the tendering and assessment process; and contract management.

These three phases cover all procurement activities, including the decision that a good, asset, facility or service is required, as well as defining the scope of the acquisition, its acquisition and disposal.

Purchasing

The Macquarie Dictionary defined purchasing as: 'to acquire by the payment of money; to buy'. This is one of the basic functions common to all organisations, both public and private. A broader definition includes the process of buying, learning of the need, locating and selecting a supplier, negotiation price and other pertinent terms and following up to ensure delivery

Risk and risk management

Risk is the chance of something happening that will impact on objectives (usually deleterious). It is measured in terms of likelihood or consequences. Risk management reduces the uncertainty of outcomes or loss. It is the systematic, positive identification of threats and identification of opportunities for the best use of resources. It also involves the development of appropriate strategies that mitigate risk and enable an organisation to take appropriate action towards the management of resources.

Renewable funding

Funding that is provided on a renewable basis subject to a continuation of the funding review process. Funding will continue subject to satisfactory performance of the service provider.

Services

Services include advisings (other than legal advising), consultancies, management of information technology projects, printing services and the performance of professional or trade operations of any kind. In relation to Community Services, human services are about people and the services they may need at different stages of their lives. Community Services aims to enable vulnerable people to participate fully in NSW social and economic life and build stronger, more sustainable communities.

Tender

An offer by a service provider (in response to an invitation) to perform a particular Service Activity and/or client outcomes, with the present ability to do so, in exchange for funding.

Tender process

Is a structured invitation by governments or government agencies to suppliers for the supply of goods and services or funded services. Tendering, or public procurement is a way in which bodies governed by public law buy what they need for their activities. In a funding Tender Community Services purchases services on behalf of the client of the program in question.

Unit cost

Expenditure incurred in producing one unit of a good or service, usually computed as average cost.

Value for money

The concept of value for money is not restricted to price alone. Assessing value for money must include consideration of:

- contribution to the advancement of Government priorities;
- non-monetary factors such as fitness for purpose, quality, service and support; and
- monetary related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal.