NSW GOVERNMENT | Family & Community Services

Performance Monitoring Framework for Community Builders Services/Projects

USER GUIDE

October 2012

Contents

Foreword

In 2006, Community Services released the *Performance Monitoring Framework (PMF) for Funded Services*, a document created to inform funded organisations about the requirements of a new approach to formal performance monitoring.

Since then, the practices described in the *PMF* have been implemented in a number of Community Services programs, and this experience has resulted in clarification of certain aspects of funded services performance monitoring policy.

In 2010, a revised version of the *PMF* was created to bring these changes to the attention of service providers and peaks. It contains additional information on Community Services performance-based approach to contracting which provides the context for formal performance monitoring. The full version of the 2010 PMF is available on the Community Services website.

This is the first time that Community Builders (CB) funded services/projects will use the (PMF) to review their performance against the requirements of the service agreement and the activities and results detailed in the agreed service specification.

To assist CB services complete the PMF, Community Services has developed this User Guide, which incorporates the most pertinent sections of the *PMF* with unique information relating to Community Builders.

Community Services is confident that the new arrangements for contracting and performance monitoring are making a positive difference to the way funded services are delivered and monitored.

Part A – The Context of Performance Monitoring

This part describes the context in which Community Services has introduced arrangements for formal performance monitoring of funded programs

Background

The PMF is the process Community Services uses to routinely monitor funded services to ensure that funds are being used appropriately, in response to Government priorities and community needs.

The PMF is an integral component of the reforms currently being implemented across all Community Services funding programs. When fully implemented, it will replace a range of other tools and strategies currently in use.

The PMF allows Community Services to ascertain the extent to which service providers have:

- complied with the service agreement
- achieved the results detailed in the service specification

Community Services formal performance monitoring for CB services consists of five standardised activities, in place of the Annual Performance Reporting tool, which are described in detail at Part C.

Performance-based contracting (PBC)

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. For convenience, this is known as performance-based contracting. The principles of performance-based contracting as Community Services has applied it are that:

1. The objectives of funding programs are explicitly aligned with Community Services objectives as a government agency.
2. Service providers undertake to achieve results that are consistent with program objectives.
3. There is an emphasis on service outputs and results (i.e. impact on communities). These are spelled out explicitly in service specifications.
4. Emphasis on results has, in turn, highlighted the importance of data systems and reporting arrangements.
5. Emphasis on performance has made it possible for Community Services to step back from the approach in which it prescribed inputs and processes as a means of controlling what service providers did and sought to achieve. The new approach gives service providers more flexibility in the way they manage their operations to achieve the agreed results for clients.
6. A new framework for monitoring the performance of funded services and negotiating ongoing improvements now supports decisions that Community Services makes about continuing to fund organisations.

Application of performance-based contracting

For the new programs established by Community Services from 2004 onwards with enhanced funding, performance-based contracting principles were applied from the commencement of each program.

Performance-based contracting principles have been introduced selectively to Community Services existing grants-based programs. This has been done as incremental adjustments designed to bring services closer to the performance-based contracting model implemented with the newer funding programs. Staged introduction allows time for funded organisations to adapt to the new expectations and processes, particularly data-recording and reporting. This process will continue where appropriate.

The service agreement and service specification

Community Services' relationship with the organisations it funds is regulated by a service agreement. This is the legal document that sets out the terms and conditions under which Community Services provides, and the funded organisation receives, government funds. It also specifies how important issues such as financial accountability, dispute resolution, and so on are to occur. Community Services currently negotiates one service agreement with each of the organisations it funds in each Community Services network.

The service specification is a detailed description, under standard headings, of certain aspects of the service that the funded organisation agrees to provide. These are:

- the clients to be served
- the geographic locality
- the service activities
- the service results to be achieved
- the levels of service to be provided.

If an organisation is funded for both CB renewable services and CB fixed term projects (i.e. they received fixed term funding for a project through the annual fixed term funding round) they will have separate service specifications for each. A Service agreement with an organisation may cover a number of service specifications at any given time.

The service specification is the key document for Community Services formal monitoring of the performance of funded organisations.

Part B – The Community Services Performance Monitoring Framework

Part B describes the main features of Community Services Performance Monitoring Framework for Funded Services.

Ongoing monitoring

Community Services staff based in regions are responsible for monitoring the performance of funded organisations. Among other things, this involves year-round, ongoing interaction with the staff of funded organisations in which every document received, and each site visit and telephone contact contributes to the stock of information that Community Services holds about the organisation and about its performance. This informally acquired information is always available to Community Services to inform decisions about the performance of a funded organisation. There is no distinction between information acquired through day-to-day monitoring and the formal performance monitoring activities described here.

Formal performance monitoring

The PMF describes the formal performance monitoring practices and tools that accompany the application of performance-based contracting principles to a Community Services funded program.

Purpose

The purpose of formal performance monitoring is to provide Community Services with evidence that the organisations it funds:

- comply with the service agreement, and
- achieve the intended results and service levels set out in service specification(s)

Scope

All organisations that receive funds from one of Community Services funding programs under a service agreement are expected to take part in formal performance monitoring. However, the specific requirements that apply to the different types of funded organisation – i.e. state government agencies, local councils, incorporated associations, commercial providers – may vary.

Formal performance monitoring is required for all services funded through renewable agreements and fixed term agreements of more than 12 months duration. This includes NSW government agencies and local councils.

Where a service provider receives funds through a program that has implemented performance based contracting, that organisation is subject to the requirements of formal performance monitoring even if the organisation's main business consists of programs that are not yet subject to performance-based contracting. Only that part of the organisations' funding that is received through the performance-based contracting program will be subject to the PMF.

The performance of funded organisations that receive one-off funding of one year duration or less, or that participate in fee-for-service arrangements will not be monitored using the PMF. The performance of organisations receiving funds under these arrangements will be monitored under conditions laid down in the agreements they have with Community Services.

Performance monitoring activities

In summary, Community Services formal performance monitoring framework consists of the following activities:

- Self assessment by funded organisations of their performance against the service agreement and service specifications.
- Desk-top review by Community Services staff of the self assessment and other information available to Community Services about the service provider's performance.
- Monitoring and Review Meeting, where Community Services staff will examine documentation supporting the information provided in the self assessment. This meeting may not be required for all services.
- Further planning to address any issues raised during the PMF process. This may include the development of a Performance Improvement Plan.
- A decision about continuation of the organisation's funding.

These activities are described in detail at Part C of this guide.

Roles and responsibilities

Head office units

Community Services head office units are responsible for setting performance monitoring policy, designing and implementing the associated procedures and templates, and supporting regional colleagues with briefings, training and advice.

Regional/network teams
Community Services regional and network staff are responsible for undertaking the detailed activities that make up the formal performance monitoring cycle. They also provide support to the staff of funded services through briefings and advice as necessary.

Funded organisations
The staff of funded organisations are responsible for data-gathering, data entry in the online portal, completion of performance monitoring templates, and attendance at meetings with Community Services staff to discuss performance matters.

Calendar

A number of practical considerations will shape the general timeline for formal performance monitoring activities in Community Builders:

- The Self Assessment Template (SAT) replaces the Annual Performance Report/Annual Accountability Report for Community Builders used in the past to record achievements for the purpose of the annual accountability process.
- Service providers are required to submit their SAT and any related documentation by the end of October each year, which is the same deadline for previous years
- All formal performance monitoring activities must be concluded in time for the results to inform Community Services decision to continue funding an organisation. This decision is usually made before the end of March.

A detailed calendar is attached at Appendix three.

Financial acquittal

Like other funding agencies, Community Services requires funded organisations to account formally for the funding they receive. This process is known as financial acquittal. The requirements of financial acquittal vary according to the type of organisation – state/local government, incorporated association, commercial service provider – and the volume of funding received.

The requirements for financial reporting are set out in the Community Services standard service agreement. There are separate requirements for reporting at the level of the funded organisation and for individual service specifications. Services are required to submit this financial acquittal information to the relevant Community Services network office before the end of October each year, with the rest of their PMF documentation.

There is a section in the PMF Self Assessment Template which relates to compliance with the financial management requirements outlined in the service agreement.

Part C – Components of the Performance Monitoring Cycle

Part C describes the activities that make up the Community Services performance monitoring cycle.

The performance monitoring cycle

Community Services formal performance monitoring for Community Builders services/projects consists of five standardised activities:

- self assessment
- desktop review
- monitoring & review meeting (if required)
- further planning (if required)
- decision to continue funding a service

These activities will be applied flexibly to take into consideration the transition period from the Community Services Grants Program (CSGP) to Community Builders.

Activity one – self assessment

The Community Builders self assessment template (appendix one) is used by funded services to report on their compliance with the service agreement and performance against the service specification(s) they have agreed with Community Services.

The template is structured to align with headings used in Community Services performance-based service specifications. It provides for reporting on the client group, the geographic coverage of the service, the service activities, and the results the service has achieved.

Activity two - desktop review

Each year, Community Services will review the information it holds about funded organisations in order to form a view about the organisation's performance and future funding. This will start with a 'desktop' review, in that it relies on information that Community Services holds in files or that forms part of the experience of the Community Services staff concerned.

The desktop review draws on information contained in documents such as:

- The service agreement
- Self assessments completed by funded organisations
- Service data supplied by the funded organisation (via the online portal and/or accountability reports)
- Financial statements supplied by the funded organisation
- Annual reports and/or minutes of Annual General Meetings
- Notes of meetings about general funding issues
- Official correspondence
- Client service complaints

The desktop review will also draw on information collected by Community Services regional staff during ongoing interactions with the services they monitor.

The desktop review will have two possible outcomes:

One – Community Services staff determine that the funded organisation is compliant with the service agreement and meeting the performance expectations detailed in the service specification; in this case the organisation will be informed that Community Services is satisfied that performance requirements have been met. This will be done in writing.

Two – Community Services staff determine that the funded organisation appears not to be fully compliant with the service agreement or reaching the performance expectations detailed in the service specification; in this case the organisation will be asked to attend a formal discussion.

At Community Services discretion, a formal visit may be arranged with service providers to discuss information provided in their self assessment, even if the overall assessment is positive.

Activity three – monitoring & review meeting (if required)

The Monitoring and Review Meeting is the forum where Community Services formally discusses the progress of the service, including any concerns which may have been identified through the year, or during the desktop review process. It may be necessary to hold a number of meetings to resolve the issues to Community Services satisfaction.

The Monitoring and Review Meeting is a formal process. Service providers can expect at least two weeks notice of this meeting. Funded organisations should prepare for the meeting by locating relevant documentation to support their self assessment. Interviews may be arranged with board members, management, staff and service users as part of this process.

Where significant continuing performance issues are identified by Community Services, the service provider will be asked to develop a proposal for improving performance. This will be described in a Performance Improvement Plan (PIP) – see activity four below.

Activity four – further planning (if required)

The performance improvement plan (PIP) is a formal agreement between the service provider and Community Services about actions the service provider will take to improve performance (appendix two) where Community Services staff identify a significant contractual or performance issue. A funded service should not draft a Performance Improvement Plan on its own – a Performance Improvement Plan will be developed in collaboration between Community Services and the service provider. This process may occur at the Monitoring and Review meeting, or a separate meeting may be scheduled. Negotiation will continue until Community Services is satisfied that the Performance Improvement Plan:

- accurately describes the issues
- describes solutions that are specific, measurable and achievable. Performance Improvement Plan actions must have timeframes.

It may be necessary to prioritise the actions described in a ,Performance Improvement Plan and where this is so, priority will be determined by the relative impact and urgency associated with the action. Community Services will advise the service provider about the relative urgency of Performance Improvement Plan actions.

A copy of the agreed Performance Improvement Plan will be attached to, and form part of, the service agreement the funded organisation has entered into with Community Services. The Performance Improvement Plan has the same signoff criteria as the service agreement. For Community Services this will usually be the relevant Director; and for the service provider, an authorised representative of the board.

Community Services regional staff will actively monitor the progress service providers make in implementing actions listed in a Performance Improvement Plan , as part of their day-to-day function.

A Performance Improvement Plan remains current until the actions have all been achieved or it is replaced by a new Performance Improvement Plan . Some Performance Improvement Plan actions will extend beyond 12 months and these will be reviewed, and included in the next . Performance Improvement Plan, where necessary.

If there is no agreement between Community Services and the service provider about Performance Improvement Plan actions, the dispute resolution process laid down in the Community Services service agreement will be used. If this becomes necessary, executive approval must be obtained for this course of action.

Activity five – continuation of funding

Formal performance monitoring enables Community Services to monitor the capacity of service providers to achieve the performance commitments described in service specifications. Where a funded organisation is judged to have failed to meet performance requirements, Community Services will consider any circumstances outside the funded organisation's control which may have affected its ability to achieve the specified performance requirements, including any actions, delays or omissions by Community Services. Progress towards implementing actions agreed in a Performance Improvement Plan , work plan or implementation plan will influence the decision to renew funding or to change the conditions under which funding is offered.

The basis on which funding is allocated must be consistent with current Government priorities. If the Government's priorities change, Community Services must negotiate with service providers to change or vary the purpose of funding.

APPENDIX ONE

Preparing for Self Assessment

These points are intended to prompt reflection by service providers when they undertake self assessment under the PMF. It is not an exhaustive list; service providers are encouraged to present any relevant information in support of their self assessment.

Before commencing the self assessment process, the service provider should consider:

- How best to go about assessing the level of compliance in each element of the Self Assessment Template
- Who in the organisation should be involved in the process
- What documentation or other evidence may be available or needs to be created to support statements made in the self assessment
- Having the service agreement, service specification, data report and other relevant documents on hand as reference material to complete the Self Assessment Template

Note: The numbering in this appendix aligns with headings used in all Community Services performance-based service specifications.

A1 - Financial management

Can we demonstrate:

- we submit the appropriate organisation-level financial statements as required by the service agreement. Where audited financial statements are a requirement of registration with the appropriate authority that we comply with the audit requirements?
- we submit the required certificate for each service specification covered by our agreement with Community Services. Where we are required to supply Community Services with an income and expenditure statement for a specification, that we do so?
- we have written financial policies and procedures that we use to allow us to operate within budget?
- we ensure satisfactory accountability for funds through financial recording and control systems, regular fraud risk assessment, internal reporting and reviews, and staff training?
- we provide annual reports to our stakeholders which include financial reporting?
- we have systems in place to manage significant assets we have bought using Community Builders funding?
- we have appropriate insurance cover as required by the service agreement?

A2 - Service data collection

Can we demonstrate:

- we submit data to Community Services on time?
- the data we submit to Community Services accurately reflects project data?

- we collect the mandatory Community Builders data and report it in the relevant data reporting tools i.e. CB data collection online portal?
- relevant staff are trained to operate data systems?
- we collect and share information from and with other stakeholders appropriately?
- we participate in evaluation and reviews (service reviews, client satisfaction and other feedback mechanisms) when requested to do so?
- we can provide evidence of effective data collection and management?
- we have policies and procedures to support equity of access within the target community?

1.8 *Client group*

Can we demonstrate:

- we are working with the community group(s) defined in the service specification i.e. community of identity?
- we are working with the priority groups defined in the service specification i.e. social and/or financially disadvantaged groups, second and or third priority groups e.g. Aboriginal and/or Torres Strait Islanders, culturally and linguistically diverse, men, women or people of specific age groups?

1.9 *Geographic coverage*

Can we demonstrate:

- services are provided to communities in the geographic area agreed in the service specification?
- services are provided at convenient locations?
- we have postcode data that confirms the geographic coverage provided by the service?

1.10 *Service activities*

Can we demonstrate:

- our services reflect the activities agreed in the service specification?
- internal work plans were developed, actioned and reviewed consistent with the service specification?
- we conducted internal or external service reviews, and documented the outcomes?
- we have implemented the recommendations from past service reviews?
- we are able to roster staff with adequate training and qualifications required to provide appropriate services?
- we are providing the service activities agreed in the service specification, using service data?

1.10.2 Additional Requirements relating to this Service Specification

(Where applicable – NB: not all Community Builders services will have this section in their service specification)

Can we demonstrate:

- we have completed the additional requirements as set out in our service specification?

1.11 *Implementation/transition plan*

(Where applicable – NB: not all Community Builders services will have this section in their service specification)

Can we demonstrate:

- implementation/transition plans were developed, actioned and reviewed consistent with the service specification?
- the transition plan is on track for completion by 30 June 2014?

For Community Builders fixed term projects only

- nominated activities and tasks were undertaken as described in selection criterion 4 of the Community Builders application form?

1.12 *Service results & 1.13 Service levels*

Can we demonstrate:

- our service has achieved the results we agreed to achieve, at the agreed levels and at the agreed outlets?
- we have considered how the transition/implementation period has affected our service results and service levels (if applicable)?
- data is used for service management and development?

APPENDIX TWO

Self Assessment Template

To access this document online, click on "CB Self Assessment Template" under the performance monitoring heading at:

http://www.community.nsw.gov.au/docs_menu/for_agencies_that_work_with_us/our_funding_programs/community_builders.html

APPENDIX THREE

Performance Improvement Plan Template

To access this document online, click on "Performance Improvement Plan Template" under the performance monitoring heading at:

http://www.community.nsw.gov.au/docs_menu/for_agencies_that_work_with_us/our_funding_programs/community_builders.html

APPENDIX FOUR

Community Builders PMF Calendar

The following calendar provides a guide to staff and service providers on when PMF processes should occur and who is responsible for these.

Community Services staff and Service Providers are responsible for communicating any issues that may arise with this calendar and completing the relevant PMF tasks on time.

To access this document online, click on “CB PMF Calendar” under the performance monitoring heading at:

http://www.community.nsw.gov.au/docs_menu/for_agencies_that_work_with_us/our_funding_programs/community_builders.html