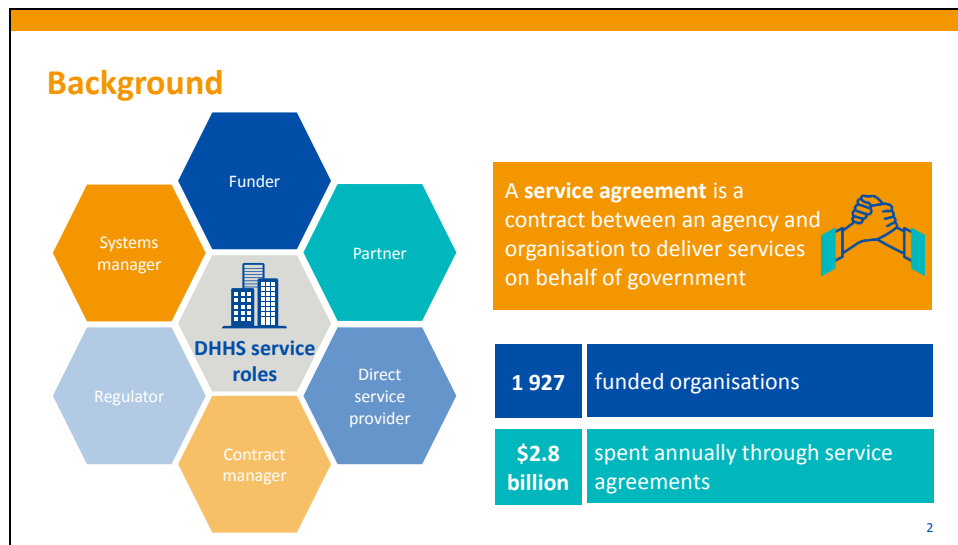


Slide 1



This presentation provides an overview of the Victorian Auditor-General's report *Contract Management Capability in DHHS: Service Agreements*.




The Department of Health and Human Services (DHHS) provides a wide range of services to support and enhance the wellbeing of all Victorians. Some of these services support clients who are particularly vulnerable, including children in out of home care and clients experiencing homelessness and family violence.

DHHS plays various roles in providing these services, including direct service provider and systems manager. It also funds more than 1 900 organisations through service agreements to deliver services on its behalf.

Each year the department spends around \$2.8 billion through service agreements.

What we looked at



Does DHHS has sufficient capability in managing service agreements to ensure clients are receiving quality services in a proper, timely and efficient manner?

Areas examined

- Service agreement performance standards, deliverables and review mechanisms
- Alignment between agreement obligations and risk
- Staff skills and capability
- Performance monitoring framework.

In scope

- DHHS-managed service agreements
- Current service agreement cycle (from 1 July 2015).

Out of scope

- Service agreements managed outside DHHS
- Public healthcare services managed through a Statement of Priorities.

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This audit examined whether DHHS has sufficient capability in managing service agreements to ensure clients are receiving quality services in a proper, timely and efficient manner.

We examined:

- service agreement performance standards, deliverables and review mechanisms
- the alignment between service agreement obligations and service risk
- staff skills and capability to manage service agreements
- DHHS's service agreement performance monitoring framework.

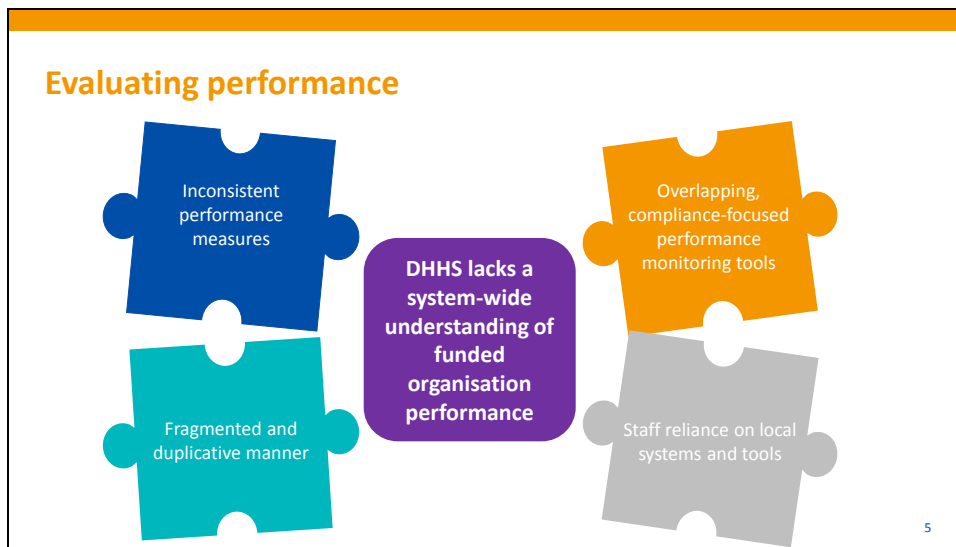
We looked at current DHHS-managed service agreements that commenced in mid-2015.

We did not examine public healthcare services that are managed through a Statement of Priorities instead of a service agreement.



We found that DHHS does not have sufficient capability to manage its service agreements. This compromises its ability to consistently fulfil its duty of care to the clients who access its outsourced health and human services, many of whom are particularly vulnerable.

Ultimately, DHHS needs a more strategic approach to managing agreements that is integrated, risk-based and capable of reporting on performance at a system-wide level.



DHHS has managed service agreements in a fragmented and duplicative manner, resulting in a lack of system-wide visibility of funded organisations' performance and the quality of service they provide.

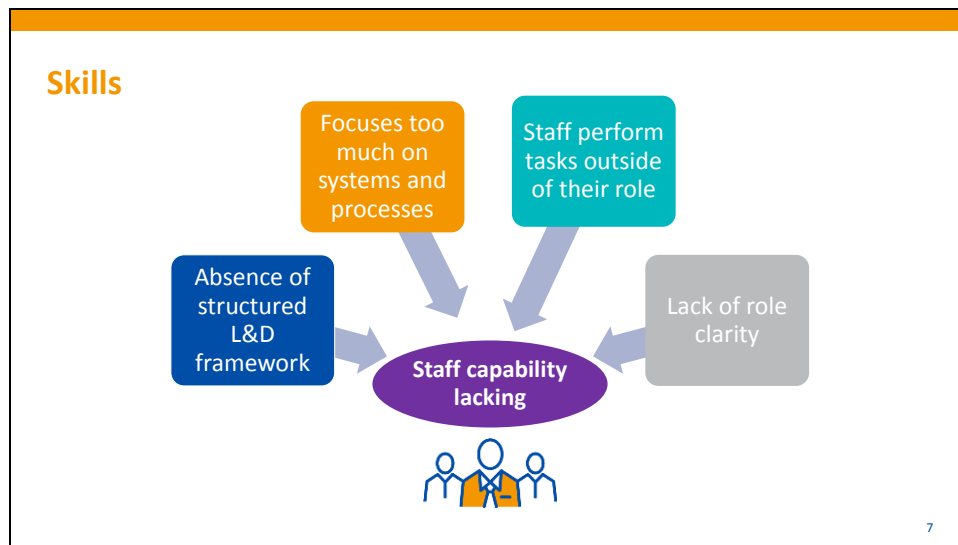
The performance measures used to track funded organisations' performance have been set inconsistently, are heavily output-driven and give little indication of service quality.

DHHS's tools for monitoring funded organisations' performance contain a number of overlapping elements and are heavily compliance-focused. These tools do not enable deeper insights into service quality or performance issues. Consequently, staff use them inconsistently, often relying on local systems and tools instead.



DHHS lacks an integrated approach to managing service agreement risks, along with a clear, system-wide understanding of the risks associated with its outsourced services.

In recent years DHHS has introduced new methods, tools and systems to identify and assess service agreement risks relating to noncompliance and client safety. Over time these mechanisms have become increasingly fragmented and largely disconnected from each other. They are also not used to inform funded organisations' service agreement obligations.

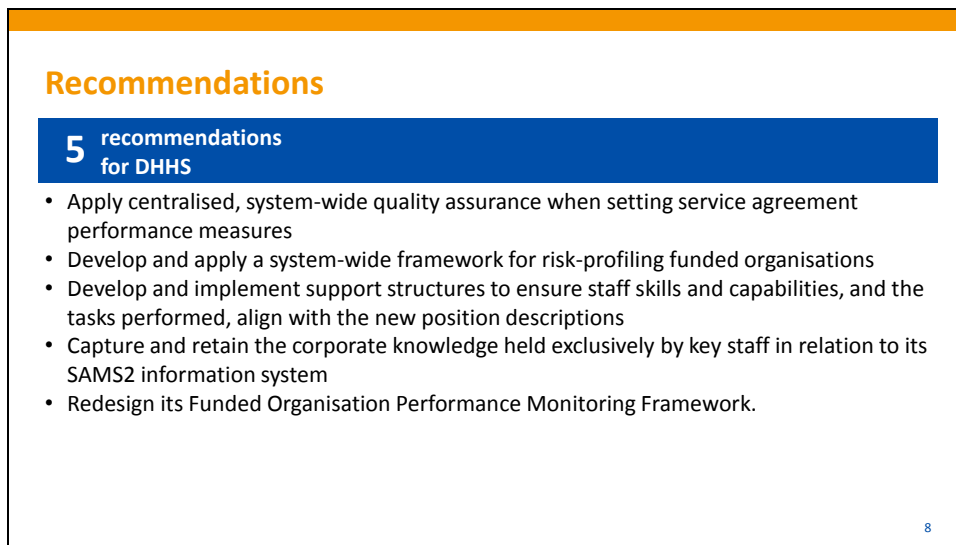


DHHS has underinvested in developing the contract management capability of its service agreement staff.

It lacks a structured and comprehensive learning and development framework for these staff. Learning and development offerings focus too heavily on systems and processes and do not give staff the key contract management skills needed to manage service agreements.

Poor uptake of individual performance plans among service agreement staff has further limited opportunities to acquire these skills.

Additionally, a lack of role clarity means that many service agreement staff believe that much of their work focuses on tasks that are outside of their position description, such as directly addressing client needs.



Recommendations

5 recommendations for DHHS

- Apply centralised, system-wide quality assurance when setting service agreement performance measures
- Develop and apply a system-wide framework for risk-profiling funded organisations
- Develop and implement support structures to ensure staff skills and capabilities, and the tasks performed, align with the new position descriptions
- Capture and retain the corporate knowledge held exclusively by key staff in relation to its SAMS2 information system
- Redesign its Funded Organisation Performance Monitoring Framework.

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We made five recommendations for DHHS to:

- apply quality assurance when setting service agreement performance measures
- develop a system-wide framework for risk-profiling funded organisations
- clarify roles and responsibilities, and improve staff skills and capabilities
- capture corporate knowledge
- redesign the service agreement performance monitoring framework.

The department has accepted these recommendations and is already working to significantly reform its service agreement management framework.

For further information, please view the full report on our website:
www.audit.vic.gov.au

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