

2 September 2015

AUDITOR-GENERAL'S REPORT

Transferring Out-of-Home Care to Non-Government Organisations

The audit assessed how well the Department of Family and Community Services has transferred the management of children in out-of-home care to non-government organisations (NGOs).

The Department has put considerable effort into developing the out-of-home care sector and is progressing well towards its goal of transferring all children in statutory care to NGOs. Since 2011, the number of children with an accredited NGO has more than doubled. This is a positive outcome as children are more likely to receive quality care because these providers meet NSW standards for out-of-home care.

However, it is difficult to assess whether overall outcomes for children in care have improved. This is because the Department has yet to determine what wellbeing outcomes it wants to achieve, such as improvements in a child's health, education and welfare. The Department is currently developing a quality assurance framework which will include such outcomes. We also found that the number of children in care returned to their birth family has declined, and the number of adoptions has remained relatively unchanged.

Capacity of non-government organisations has more than doubled

The Department undertook significant work to develop the NGO sector to manage children in care. This included:

- funding peak organisations to provide training and assistance to NGOs
- supporting new Aboriginal agencies to partner with established non-Aboriginal NGOs
- preparing policies and procedures to support the transfer.

Overall, we found the Department worked collaboratively with NGOs.

Results against key goals are mixed

The Department has made good progress towards meeting targets for transferring all children in care to NGOs by 2022. Since 2011, the number of children with an accredited NGO has more than doubled from 2,946 in June 2011 to 7,268 in March 2015. However, more needs to be done for transferring children entering care for the first time. Twenty-seven per cent of children first entering care were with NGOs against a target of 100 per cent at June 2014.

Since the transfers started, around 1,500 children have been returned to their birth family. However, there has been a declining trend over this period. The number of adoptions has remained relatively unchanged over the last three years at around 80 per year.

More services needed in Aboriginal and remote communities

There are still some areas without out-of-home care services, particularly in more remote and rural areas of New South Wales. The sector also needs a clear strategy for increasing the number of Aboriginal NGOs. This is so that more Aboriginal children can be placed with Aboriginal carers, in line with Aboriginal placement principles.

Improved funding model but more focus on outcomes needed

The Department's funding model allows NGOs flexibility in allocating resources as it does not specify how funds should be spent on individual children. It also enables the Department to be more efficient in placing children in care. This is because it checks that places for children with NGOs are filled and now only pays for the nights a child is in their care.

However, the funding model offers limited incentives for NGOs to initiate adoption or return children to their birth family. It also does not provide additional support for cultural considerations or for operations in regional locations. To address these issues, the Department plans to introduce outcomes-based contracts with clearer links to the Department's overall goals.

Further Information

For further information, please refer the report's Executive Summary or full report on the [Audit Office website](#).

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