



Appendix two – About the audit

Audit objective

This audit assessed how effectively and efficiently FACS contracts NGOs to deliver community services.

Audit criteria

We addressed the audit objective with the following audit criteria:

1. Does FACS have a robust approach to contracting NGOs, in a commissioning environment, to deliver community services?
 - FACS contracting processes are consistent with the NSW Government Human Services Outcome Framework and the NSW Government Commissioning and Contestability Policy.
 - FACS has effective and efficient processes for the selection of NGOs to provide community services.
 - FACS has a continuous improvement approach that allows it to learn from the outcomes of past and current contracts to inform future decisions.
2. Does FACS ensure quality outcomes are being provided by the NGOs it contracts to deliver services?
 - FACS has processes, benchmarks, and quality frameworks in place to assess the outcomes provided by NGOs.
 - FACS has processes in place to ensure quality, safety, and compliance with contract requirements of services provided by NGOs.
 - FACS is achieving quality outcomes for its clients through its contracted services.

Audit scope and focus

In assessing the criteria, we checked the following aspects:

1. All new and renewed human services contracts with NGOs.
2. All areas in which FACS commissions services, particularly:
 - a) permanency support program
 - b) specialist homelessness services.
3. Processes to collect information, analyse and/or monitor the commissioning and evaluation of NGOs for service provision.

Audit exclusions

The audit did not:

- audit NGOs providing services funded by FACS
- consider the value of the funding allocated to NGOs for service provision
- include the National Disability Insurance Scheme (NDIS) or any associated body
- question the merits of government policy objectives.

Audit approach

Our procedures included:

1. Interviewing:
 - relevant staff in the Department of Family and Community Services
 - staff in NSW Government agencies that are working with the Department of Family and Community Services on contracting and governance issues
 - peak bodies, NGOs and other relevant stakeholders.
2. Examining:
 - legislation, government policies, directions and regulations relating to the role of the Department of Family and Community Services in contracting and managing community service provision in a commissioning environment
 - the Department of Family and Community Services's strategies, plans, policies, reports, and procedures for contracting, assessing, and managing community service provision
 - communications from the Department of Family and Community Services to NGOs about contracting and managing the provision of community services
 - any relevant data pertaining to NGOs, contracting, and performance management
 - any relevant data or documentation accessed using unstructured text analysis methodologies and software
 - internal audits or reports produced by other bodies/agencies on relevant topics
 - reviewing questionnaires, customer surveys and feedback from NGOs and other agencies.
3. Analysing data:
 - any relevant data pertaining to contracting NGOs and the reported performance measures
 - on funding provided to NGOs and reported outcomes
 - available via the FACS Contracting portal, the COMS system, ChildStory, CIMS and CHIMES
 - accessed using unstructured text analysis methodologies and software.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by the Department of Family and Community Service. In particular, we wish to thank our liaison officers and staff who participated in interviews and provided material relevant to the audit.

We would also like to thank other stakeholders that spoke to us and provided material during the audit.

Audit cost

Including staff costs, travel and overheads, the estimated cost of the audit is \$296,587.96.