

April 2017

NSW Ministry of Health—NGO drug and alcohol contracting reform

This is an update to the presentation that Dr Jo Mitchell, Executive Director, Centre for Population Health, NSW Ministry of Health gave at the NADA AGM regarding the AOD NGO sector transitioning to longer term contracting arrangements.

As that presentation indicated, the existing NGO contract review process relates to the existing NSW Health Ministerially approved grants (the historical state funding for most NGOs and is inclusive of all components of that funding including the Drug Summit items, MERIT and LHD funding separate from the centralised Ministerial approved grants process).

This process is not about competitive tendering arrangements for state funding. It is instead focussed on how we will move as a sector to longer term contracts and improved the performance reporting frameworks, and ensure consistent outcomes measurement and reporting across similar service types.

These processes are about to commence in two distinct but interrelated phases. A 'compliance assessment process' and the development of a 'common set of KPIs across service streams' will occur during the coming six months.

Compliance assessment process

The compliance assessment process should be considered in the same way as an accreditation review, that is, a focused and discrete review of a few key domains of agency compliance with good governance, good financial management, sound program delivery and client safety and high quality performance reporting.

A standard approach to assessing the performance, governance and financial stability of organisations state-wide has been developed with the assistance of an AOD NGO reference group that included the involvement of NADA. The results of this assessment process will lead to recommendations for the eligibility of NGOs for longer term contracts. Additionally, where appropriate, efforts will be made to simplify contract arrangements for organisations where there are multiple funding agreements.

The compliance assessment process is built on the model of quality improvement and there are four main domains that will be reviewed:

- reporting obligations
- financial management
- organisational governance
- service delivery.

A 'high', 'medium' or 'low' rating will be given against each domain and evidence of compliance will be sourced from documents such as:

- current accreditation status
- local knowledge and relationships/partnerships
- other contract manager knowledge (e.g. Australian government and other NSW government departments)

- performance reports and NMDS data reporting.

Risk rating	Indicators	Possible response strategies	Contact with NGO
High Compliance	<ul style="list-style-type: none"> • The NGO is consistently compliant with the Funding Agreement Terms and Conditions. • Organisations accreditation/QI report used as evidence • Specific categories of compliance and associated behaviours may include: <p>Reporting Obligations:</p> <ul style="list-style-type: none"> ▪ Reports are provided in accordance with timeframes. <p>Financial Management:</p> <ul style="list-style-type: none"> ▪ Funds are expended in the financial year for the purpose they were allocated. ▪ Evidence of effective financial management. ▪ Alignment between audited and non-audited financial information. <p>Organisational Governance:</p> <ul style="list-style-type: none"> ▪ Governance is stable and effective. ▪ Where governance issues emerge, the NGO is in regular contact with the Ministry to discuss matters and there is evidence of the NGO taking action to mitigate concerns. ▪ Active and regular contact facilitates ongoing Ministry assessment. <p>Service Delivery:</p> <ul style="list-style-type: none"> ▪ The NGO is reporting adequate activity against KPIs. 	<ul style="list-style-type: none"> • Regular monitoring and performance review in accordance with Ministry contract management processes. • Regular contact facilitates early identification of potential compliance issues. Discuss the issue and jointly determine an approach to monitor/address the situation. • Regularly liaise with program areas and Local Health Districts to monitor performance and manage any minor issues that may arise. • Offer long-term funding agreements (up to three years) where possible. <p>Escalation Process:</p> <ul style="list-style-type: none"> • Risk ratings for NGOs are reviewed on a quarterly basis. • Information may be received that triggers a review of risk ratings. • Active management occurs to obtain information and assess against risk criteria, including NGO actions planned and taken to address issues of concern. • At review points, if an NGO is demonstrating one or more of the risk behaviours in the medium or high risk categories, the risk rating will be increased and the associated response strategies implemented. 	<ul style="list-style-type: none"> • Receipt and acceptance of reports • Annual site visit to NGO, or as required • Provision of feedback to NGO on KPIs annually • Active and informal contact between the Ministry and the NGO as required

For those organisations where compliance issues are identified, improvement plans will be put in place. Improvement plans will be negotiated and agreed upon by the staff conducting the compliance assessment staff and the NGO service provider. During this improvement plan process, the focus will be on clear and respectful communication and transparency with NGOs.

The compliance assessments will be carried out by LHD contract managers, drug and alcohol directors and NGO coordinators, with support and assistance by the team within the Centre for Population Health where necessary. In addition, NADA has agreed to work closely with the Ministry and the LHDs during this implementation phase and to provide support to its members, including regular information updates to the membership.

As we are getting close to the end of the financial year, to ensure stability and that we don't rush this important process, all services will automatically be given a one-year extension from 1 July 2017 and will receive first quarter payment for the 2017/18 financial year. This one-year extension does not preclude services moving to longer term arrangements during the coming year. It is a safety net measure.

Developing a common set of KPIs across service streams

As many members are aware, NADA recently developed the NSW NGO drug and alcohol treatment service specifications (TSS). This work was done in collaboration with the Ministry. These service specifications will now inform the way that the Ministry describes AOD NGO service delivery and will guide the development of a revised set of KPIs that will be developed in consultation with the sector.

At its core this process will involve consultation with NADA as well as clinical and service delivery experts to determine a core set of evidence based process, quality, and if possible, outcome indicators to be used across the following NGO service streams:

- withdrawal management
- psychosocial counselling
- residential rehabilitation
- day programs.

There is a lot of work ahead of us during the next couple of months but this is an important step that we are all taking to take the sector closer to a sense of stability and demonstrating the valuable work that is being conducted.

If you have concerns regarding the compliance assessment process, please contact Daniel Madeddu, Director, Alcohol and Other Drugs, Centre for Population Health on 02 9391 9251 or dmade@doh.health.nsw.gov.au.

Update on Australian Government Department of Health funding

Minister Hunt provided a [media release](#) on 3 March 2017 in regards to providing funding certainty for alcohol and drug treatment services for another two years until 30 June 2019 for NGTOTGP and SMSDGF grant holders. Under new funding arrangements, more than \$42 million per annum (over two years) will be transferred to Primary Health Networks to align with drug and alcohol treatment funding provided through the National Ice Action Strategy. The remaining funds will be distributed by the Department of Health to large organisations that provide services over multiple PHNs.

NADA is working closely with the AOD Peaks Network, the Drug Strategy Branch at the Department of Health, as well as the NSW/ACT Office of the Department of Health to advocate on your behalf. We will provide an update as soon as more information is available.

For more information

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