New South Wales Auditor-General's Report
Performance Audit

Transferring out-of-home care to non-government organisations

Department of Family and Community Services

audit
office
OF NEW SOUTH WALES

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In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Transferring out-of-home care to non-government organisations: Department of Family and Community Services.**

A T Whitfield PSM
Acting Auditor-General
2 September 2015

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Executive summary

The Audit

The Department of Family and Community Services (the Department) provides out-of-home care to around 17,500 children in New South Wales. Of these, around 13,000 children are in statutory out-of-home care where the Minister for Family and Community Services has parental responsibility.

One of the recommendations of the 2008 Wood Special Commission of Inquiry into child protection was that the government transfer statutory out-of-home care services to the non-government sector. The rationale for the transfer was that non-government organisations (NGOs) would deliver higher quality services. In March 2012, the Department began transferring children in statutory care to NGOs. It aims to transfer all children in statutory care to NGOs by mid-2022.

This audit assesses how well the Department has developed the out-of-home care sector and managed the transfer of services to NGOs to improve outcomes for children in care.

Conclusion

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 not yet determined what wellbeing outcomes it wants to achieve, such as improvements in a child's health, education and welfare. 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.

High level goals and transfer targets were identified

The Department's aim is to achieve the best possible outcomes for children in care. Its key goals include:

- all children in statutory out-of-home care to be managed by NGOs
- all Aboriginal children to be placed with Aboriginal carers and supported by Aboriginal agencies
- an increase in the number of children returned to their birth family or adopted.

It also set targets for the number and proportion of children transferred to NGOs in two, five and ten years, with separate targets for Aboriginal and non-Aboriginal children. However, we found three conflicting versions of the targets, making it difficult to determine whether it is correctly reporting its progress.

Results against key goals are mixed

We found the Department has made good progress against its 2014 targets for transferring children to NGO care. However, more work needs to be done in relation to new children entering care. At June 2014 around:

- 1,000 Aboriginal children had been transferred to NGOs against a target of 800, with around 50 per cent placed in an Aboriginal NGO
- 2,700 non-Aboriginal children had been transferred against a target 3,600
- 27 per cent of children first entering care were with NGOs against a target of 100 per cent.

The Department may find it difficult to meet its July 2017 transfer targets, especially for new children entering care. This is because the number of children in care continues to rise and the Department advises that there is limited funding for additional places until the next round of contracts in July 2016.

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.

Well-being measures not yet finalised

The Department did not finalise some key polices, nor did it identify well-being measures when planning the transfer. For example, it did not determine what it wanted to achieve in terms of children's health, education and welfare. This means we cannot yet determine whether overall outcomes have improved for children in care.

The Department is currently developing a quality assurance framework which will include outcomes measures for children in care. This should allow the Department to better demonstrate whether it is achieving positive outcomes for these children.

Capacity of non-government organisations has more than doubled

The Department has undertaken significant work to prepare for the reform and develop the NGO sector to achieve its transfer targets. This includes:

- identifying service gaps and assessing the capacity of the NGO sector
- implementing a three-tier governance framework in collaboration with NGOs
- 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. As a result of this work, the sector has grown considerably with the number of children in NGO care increasing from 2,946 in June 2011 to 7,268 in March 2015.

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 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.

The Department also uses an assessment tool to determine the appropriate level of funding required for each child in out-of-home care. We found that NGOs had concerns about how consistently it is being applied across New South Wales.

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Recommendations

The Department of Family and Community Services should:

1. finalise all policies and procedures on how NGOs should deliver out-of-home care services to ensure they remain relevant

2. improve how it measures its success by:

   a) clarifying its targets for transferring children, including whether these should be expressed as a number or percentage, to ensure that it correctly reports on its progress with the transfer of children to NGOs

   b) developing well-being outcomes for children in care and aligning the funding model to support these

   c) developing targets for all its outcome measures, including the number of children being adopted or safely returned to their birth family

3. develop, in collaboration with the Aboriginal community, a clear strategy for delivering out-of-home care services for Aboriginal children

4. ensure that procurement plans for developing the out-of-home care sector closely align with growth targets

5. restructure the funding model to:

   a) increase the use of permanency options such as adoption and safely returning children to their birth family

   b) ensure it covers additional costs, such as those associated with cultural considerations and operations in regional areas

6. review the use of the Child Assessment Tool to ensure it is consistently applied across New South Wales

7. improve predictions of demand for out-of-home care places and better match funded places to that demand

8. revise its dashboard reporting to ensure it clearly displays progress against targets and trends in key outcomes.

Introduction

1. Transferring out-of-home care to non-government organisations

1.1 What is out-of-home care?

Out-of-home care refers to care of a child or young person by someone other than their parents. It involves the child living with an alternate caregiver. There are two types of out-of-home care that the Department oversees. They are:

- statutory care, where a court has ordered that the Minister has parental responsibility of a child
- supported care, where the Department provides care for a child, but the Minister does not have parental responsibility.

The Department currently supports around 17,500 children in out-of-home care, and of these around 13,000 are in statutory care. It currently spends around $800 million a year on out-of-home care, which is around $46,000 for each child in care. Most children in out-of-home care live with relatives or foster parents.

Children in out-of-home care are some of the most vulnerable children in the State. They often come from families experiencing physical and emotional abuse, neglect, drug and alcohol misuse, and mental illness. Out-of-home care aims to provide a safe and secure alternative home for these children.

1.2 Why is out-of-home care being transferred to the non-government sector?

One of the key recommendations of the 2008 Wood Special Commission of Inquiry into Child Protection Services in NSW was that the government transfer statutory out-of-home care services to the non-government sector.

The rationale for the transfer was that non-government organisations (NGOs) would deliver higher quality services. NGOs providing out-of-home care services at the time had lower casework ratios than the government, and were perceived as having better community links. They were also accredited with the Office of the Children's Guardian, which meant they met the New South Wales standards for out-of-home care.

The Department started transferring out-of-home care services to NGOs in March 2012. Its contracts with non-government providers, which expire in June 2016, cost around $469 million in 2014-15, which was almost 60 per cent of its out-of-home care budget.

At this stage, the Department is transferring only children in statutory care to NGOs, which represents almost 70 per cent of children in care. It aims to transfer all children in statutory care by mid-2022.

The Department's long term goal is to reduce the number of children in out-of-home care by focusing on early intervention, and increasing the number of children in care being adopted or returned to their birth families.

1.3 Who are the key stakeholders?

There are many stakeholders in the out-of-home care sector, including government and non-government agencies, peak advocacy groups, regulatory agencies, and carers. All have a role to play in ensuring children in care live in a safe and secure environment and the best possible outcomes are achieved in terms of their health and well-being.

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Exhibit 1: Key stakeholders in the out-of-home care sector	
Stakeholder	**Role**
The Department of Family and Community Services	The Department is the largest provider of out-of-home care services in New South Wales. It also funds NGOs to deliver out-of-home care services.
The Minister	A court can order the Minister for Family and Community Services to assume parental responsibility for a child. This is called statutory care.
Children in statutory out-of-home care	In June 2015, there were around 13,000 children in statutory out-of-home care. Around a third of these children are Aboriginal.
Carers	Children in statutory care live with authorised foster, relative or kinship carers.
Non-government organisations	In June 2015, there were 54 NGOs providing out-of-home care services to around 7,000 children and their carers.
The Office of the Children's Guardian	The Children's Guardian accredits and monitors statutory out-of-home care providers in New South Wales. It sets minimum standards for providers of out-of-home services and also oversees voluntary out-of-home care.
Association of Children's Welfare Agencies (ACWA)	ACWA is the peak body for non-Indigenous NGOs.
The Aboriginal Child, Family & Community Care State Secretariat NSW (AbSec)	AbSec is the peak body for Aboriginal NGOs.
Create Foundation	Create is the peak advocacy body for children in care.

1.4   What is the audit about?

This audit assessed how well the Department of Family and Community Services has developed the out-of-home care sector and managed the transfer of services to NGOs to improve outcomes for children in care. The audit answered the following questions:

- has the Department identified what it wants to achieve and developed the out-of-home care sector to deliver these goals?
- has the Department met its targets for the transfer of out-of-home care services to NGOs and has it resulted in improved outcomes for children and young people in care?

Information on the audit scope, focus and criteria is contained in Appendix 2.

Key findings

2. Identifying outcomes and developing the out-of-home care sector

The Department identified what it wanted to achieve from the transfer of children in statutory care to non-government organisations. It has taken steps to develop the out-of-home care sector to achieve this goal.

The Department set targets for the number of children transferred to NGOs. Its aim is to transfer all non-Aboriginal children to NGOs within five years (2017), and all Aboriginal children within ten years (2022). To support this transition, it has developed an effective governance framework which involves both the Department and the non-government sector.

The Department also has several high level objectives for its reform program, including increasing the number of children adopted or returned to their birth family. However, it does not yet have measurable goals relating to the improved well-being of children in care, such as improvements in their health, education and welfare. It is developing a quality assurance framework for out-of-home care which will include such measures.

The Department assessed the sector's capacity for out-of-home care services through a procurement process. To build capacity, it funded peak bodies to deliver training to NGOs. It also supported the development of new Aboriginal agencies through a partnership model with established non-Aboriginal NGOs.

2.1 Developing a framework for delivering out-of-home care

A framework was developed with clear governance structures

To reform the out-of-home care system, the Department developed a three-tier governance framework including a Ministerial Advisory Group, Transition Program Office, and Regional Implementation Groups. All three tiers involve partnerships between the Department and the non-government sector, and are responsible for overseeing and implementing the transition of services to NGOs.

Exhibit 2: The out-of-home care reform governance structure

Source: The Department of Family and Community Services, audit fieldwork

Note: The Transition Program Office was established in 2012 as a temporary office for two years and was extended another year to provide further support for the transfer.

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Each tier developed a number of key planning documents that outlined strategies for the out-of-home care reform program. For example:

- the Ministerial Advisory Group developed a Transition Plan that outlined key outcomes and principles of the transfer program
- the Transition Program Office created an Implementation Framework to plan and implement actions that would develop the sector
- each Regional Implementation Group developed an Implementation Plan including strategies at the local level.

Overall, we found these plans to be comprehensive and underpinned by research. The partnership framework between the Department, NGOs and peak bodies is evidence that planning was transparent and included all stakeholder groups. The Transition Program Office was originally established as a tripartite group between the Department and the two peak bodies representing NGOs, AbSec and ACWA. Stakeholders commented that this was an innovative mechanism for collaboration, even if it was initially resource-intensive. We found that interagency cooperation to this extent had not occurred before in the sector.

The Department also prepared policies to support the key requirements for funded agencies. For example, it developed procedures for contract management, carer recruitment, and case management. However, some NGOs and Departmental staff raised concerns about how regularly certain policies were updated and finalised. For instance, the service provision guidelines have been in draft form since 2008.

Recommendation

The Department of Family and Community Services should finalise all policies and procedures on how NGOs should deliver out-of-home care services to ensure they remain relevant.

High level objectives and transition targets were developed

The Ministerial Advisory Group Transition Plan states that the government's aim is to achieve the best possible outcomes for children and their families. It outlines key goals including:

- all children in statutory out-of-home care to be placed and case managed by NGOs
- all Aboriginal children to be placed with Aboriginal carers
- all Aboriginal child placements to be supported by Aboriginal agencies
- an increase in the number of interventions to prevent families from breaking down
- an increase in the number of children returned to their birth family.

In addition to these high level objectives, the Department also established targets for the number of children transferred to NGOs. As can be seen in Exhibit 3, it aims to transfer all non-Aboriginal children to NGOs within five years, by 2017, and all Aboriginal children within ten years, by mid-2022.

The timeframes for the transfer of Aboriginal children are longer than for non-Aboriginal children. This is because there is less capacity in the Aboriginal out-of-home sector to deliver services, and time is needed to build the capability of these organisations. We discuss this further in sections 2.2 and 2.3.

We note that the Department's targets are expressed as both a number and a percentage. It might be appropriate to use both targets if the number of children in out-of-home care was static. However, this is not the case. The number of children in care has continued to increase. This means it is now difficult to reconcile the two targets.

In addition, while the Department has measures in place for restorations and adoptions, it has not developed targets for these. For example, what proportion of children would it like to see returned to their birth family?

Exhibit 3: Targets for transferring children in care to NGOs

Statutory care group	Children in FACS care 2011	Transfer first six months	Transfer in two years	Transfer in five years	Transfer in ten years
		(Dec 2012)	(June 2014)	(June 2017)	(June 2022)
Children entering care					
Foster Care					
Non-Aboriginal	290	145 (50%)	100%	100%	100%
Aboriginal	140	30 (20%)			
Total	430	175			
Kinship Care					
Non-Aboriginal	170	70 (40%)	100%	100%	100%
Aboriginal	90	20 (20%)			
Total	260	90			
Children currently in care					
Total (Foster Care and Kinship Care)					
Non-Aboriginal	5200	1000 (20%)	3600 (70%)	5200 (100%)	100%
Aboriginal	2600	130 (5%)	800 (30%)	1600 (60%)	
Total	7800	1130	4400	6800	

Source: Department of Family and Community Services, Ministerial Advisory Group Transition Plan October 2011.

The Department advised that different annual transfer targets were developed, although it is unclear why they were revised. They are lower than the original targets above and do not separate children currently in care from those entering care for the first time.

In addition, these targets differ from those outlined in the Department's transition progress reports available on its website. This means that there appears to be three different targets for the reform. The audit team has focussed on the targets in the Ministerial Advisory Group Transition Plan, which more clearly align with the Department's objectives.

Measures focus mainly on outputs rather than well-being outcomes for children

Although the Department has a broad goal to achieve better results for children, its performance measures and targets focus mainly on outputs. This is reflected in NGO contracts, which include the following measures:

- the percentage of child referrals that are accepted by agencies
- the number of emergency child referrals accepted by agencies
- the average timeframe for accepting children referred
- total number of unplanned child placement changes (that is, different carers)
- percentage of successful adoptions and restorations.

With the exception of the number of children being adopted or returned to their birth family, the Department has no other outcome measures for children in care. For example, having baseline information on children's health, education and welfare would allow a reference point from which to track changes in their well-being. It would also enable NGOs to be accountable for their contribution to these outcomes. Potential well-being measures could include children:

- attending and completing schooling
- having fewer health problems
- participating in sports and social activities.

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The Department is aware of these limitations. It is developing a quality assurance framework which will identify outcomes for children in care. We support this approach and encourage the Department to include these measures in its NGO contracts. Until this framework is established, the Department's ability to monitor its progress towards improved outcomes for children in care is limited.

> **Recommendation**
>
> The Department of Family and Community Services should improve how it measures its success by:
>
> a) clarifying its targets for transferring children, including whether these should be expressed as a number or percentage, to ensure that it correctly reports on its progress with the transfer of children to NGOs
>
> b) developing well-being outcomes for children in care and aligning the funding model to support these
>
> c) developing targets for all its outcome measures, including the number of children being adopted or safely returned to their birth family.

2.2 Assessing the capacity of the out-of-home care sector

Existing capacity was reviewed and gaps identified

The Department reviewed service levels when developing the Ministerial Advisory Group Transition Plan. It determined that to meet its transition targets, it needed to:

- increase the capacity of non-Aboriginal NGOs fourfold
- increase the capacity of Aboriginal NGOs eightfold.

The Department's district offices also mapped areas of need in order to identify gaps and develop initiatives to address these. Key gaps identified included:

- support services for children from culturally and linguistically diverse backgrounds
- support for Aboriginal children
- support for rural and regional areas.

For instance, Murrumbidgee district created a geographic footprint which mapped the locations of children in care to identify service gaps. The district used this information to seek providers in these areas. The Department also advises that some districts developed cultural care strategies for children from culturally diverse backgrounds.

Providers assessed through a procurement process

The Department assessed existing and new NGO providers through its procurement process. Existing providers were asked about their capability and capacity to increase the number of children in their care. New providers were asked about their ability to provide the required services and capacity to take more children in future.

The procurement process was designed to attract a mix of large and small providers in order to create competitive tension in the out-of-home care sector. This approach helped to build the NGO sector.

The Department advises that before awarding the next round of contracts, it will consider undertaking more upfront research about the capability of existing organisations. This may lead to other procurement options such a select tender process aimed at organisations that meet the required outcomes.

2.3 Developing the out-of-home care sector

We found that the Department has taken steps to develop the out-of-home care sector to help deliver its goals. Key strategies included:

- collaborative partnerships between the Department and NGOs
- funding of peak organisations
- Aboriginal capacity building projects.

Various partnerships and support structures were set up for NGOs

The non-government sector has grown considerably over the last three years. The number of NGOs managing children in care in New South Wales has increased from 22 in 2012 to 54 in 2015. Over the same period, the number of children in care managed by NGOs has more than doubled.

The Department used a number of strategies to support the development of NGOs. These involved the Department and NGOs working together to improve the capability of the sector.

Exhibit 4: Strategies to support to NGOs	
Transition Program Office Senior Project Officers	The Department funded transition project officers for each region. They were responsible for developing programs in consultation with NGOs to enhance sector capability and identify issues common to the sector.
Regional Implementation Group working groups	Each Regional Implementation Group formed working groups to identify problems experienced by NGOs and develop possible solutions. The Transition Program Office and working groups also delivered training on a range of topics, including carer recruitment, case management and leaving care.
Secondments	The Department created secondment opportunities to expand workforce numbers in regional NGOs and assist with their learning and development.
Contract and placement meetings	District offices have monthly contract and placement meetings with their designated NGOs. These provide a mechanism for the Department to directly troubleshoot case management problems and monitor any issues with contracts.

Source: The Department of Family and Community Services, audit fieldwork.

Departmental and NGO staff commented positively on the transition project officers and regional working groups. They felt these strategies were a good way to share best practice and work collaboratively to manage any problems about the transfer. Some NGOs also commented that these worked well because they occurred at a district level, rather than being driven centrally.

The secondments, while a sound strategy, were not taken up by many Departmental staff. We were advised that this was because staff were unsure whether their employee entitlements would transfer to NGOs.

Peak bodies funded for capacity building and training

The Department also funds peak NGO organisations, AbSec and ACWA, to deliver capacity building projects. Each peak body has a service plan that requires them to deliver various activities to develop the out-of-home care sector.

ACWA offers all its members a range of training courses, including administration skills, legal and ethical practice, governance, and management.

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AbSec offers training on cultural planning, governance boards, and reportable conduct. As part of cultural planning, AbSec developed a consultation guide that assists NGO providers to work sensitively with Aboriginal children and their families.

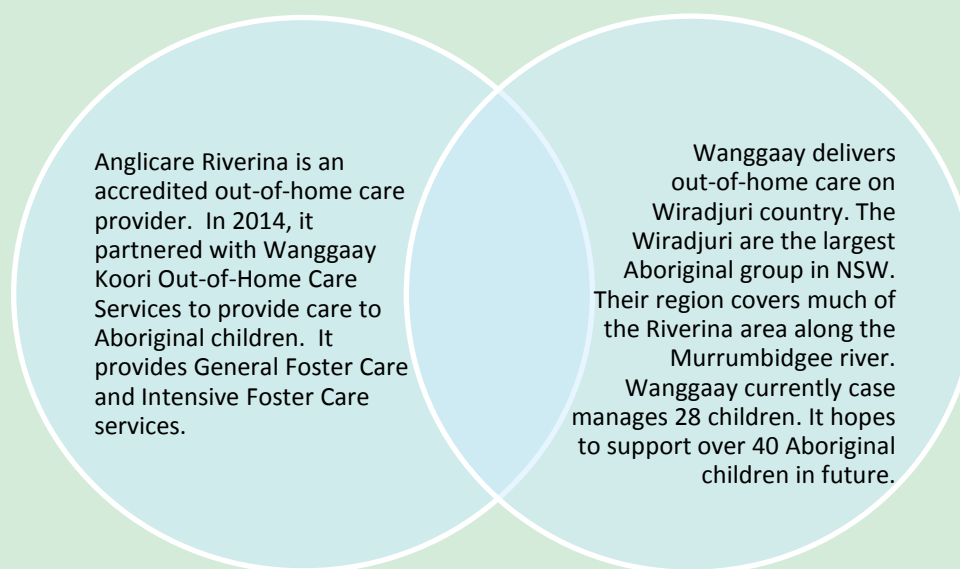**Aboriginal sector has grown but a better framework is needed**

As discussed previously, the Department identified the capacity of the Aboriginal sector as a key service gap. As a result of capacity development initiatives, the number of Aboriginal organisations has grown from six to 11.

In addition to these 11, another eight Aboriginal organisations manage children under a partnership model. Under this model, an Aboriginal agency works towards becoming accredited for out-of-home care with the support of a partner NGO. This will help the Department meet its Aboriginal transition goals, that is, that all Aboriginal children have Aboriginal carers and are case managed by an Aboriginal agency.

Exhibit 5: Aboriginal partnership model

By partnering with an accredited NGO, an unaccredited Aboriginal organisation is able to support children in care in the short-term, while its staff gain experience through supervised work and training. Once it is provisionally accredited, the newly formed Aboriginal organisation receives separate funding, and takes full responsibility for children in its care.

Wanggaay Koori Out-of-Home Care Services and Anglicare Riverina partnership

Anglicare Riverina is an accredited out-of-home care provider. In 2014, it partnered with Wanggaay Koori Out-of-Home Care Services to provide care to Aboriginal children. It provides General Foster Care and Intensive Foster Care services.

Wanggaay delivers out-of-home care on Wiradjuri country. The Wiradjuri are the largest Aboriginal group in NSW. Their region covers much of the Riverina area along the Murrumbidgee river. Wanggaay currently case manages 28 children. It hopes to support over 40 Aboriginal children in future.

Source: Department of Family and Community Services, fieldwork interviews with Wanggaay and Anglicare Riverina

Stakeholders indicated that the partnership model is a good approach. However, the Department advises that no Aboriginal agencies have yet become independent of their partner. Both NGO and Departmental staff advise that more time is needed to improve the governance and administrative arrangements in these Aboriginal NGOs.

While growth in the Aboriginal sector is positive, there are still some parts of the State without Aboriginal NGOs. Although AbSec developed a ten-year capacity building strategy, we found limited evidence of a jointly agreed approach for building the sector supported by the Department and peak organisations. Such an approach would have helped to strengthen those agencies still in a partnership with other NGOs.

The Department and AbSec are currently working on a 'co-design project' to overcome some existing challenges in the Aboriginal out-of-home care sector so it can continue to grow. The Department advises that the project has improved its understanding of the Aboriginal community and resulted in a more positive relationship with AbSec and NGOs.

Recommendation

The Department of Family and Community Services should develop, in collaboration with the Aboriginal community, a clear strategy for delivering out-of-home care services for Aboriginal children.

Not all capacity building mechanisms will exist in the future

Transition project officer positions ceased with the closure of the Transition Program Office in June 2015. Many NGOs and some districts advised they wanted these roles to continue. The project officers were seen as the driving force of the Regional Implementation Groups and the impetus for collaboration between the Department and NGOs.

The Department advises that transition project officer positions were funded for a two-year period only for the purpose of creating an initial support structure for NGOs. It was always the intention to build the capability of districts and NGOs so that they can take over these responsibilities. While we agree with the Department's approach, it remains to be seen whether districts will create positions to do this work.

There are barriers to new NGOs in remote areas

The Department aims to create a resourceful and self-sufficient out-of-home care sector. For this reason, it did not provide additional funding to new providers to help them establish their services. The Department communicated this information transparently to all prospective providers during the procurement process.

While we understand this approach, many NGOs in regional districts commented that smaller providers may struggle to be as viable as larger organisations. It is also more difficult for rural providers to collaborate with other NGOs because there are fewer services in these locations.

The Department advises that it may include incentives for operating in regional areas into its funding model for the next round of contracts. We discuss the funding model in section 3.1.

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3. Meeting targets and improving outcomes for children in care

The Department has made progress in meeting its targets for transferring children to NGOs, but we do not know if this has resulted in improved outcomes for these children.

It met its two-year State-wide target for the transfer of Aboriginal children and went a fair way towards meeting the target for non-Aboriginal children, but progress varies between districts. The Department did not meet its two-year target for transferring new children entering care.

The Department monitors the number of adoptions and restorations. We found that the number of adoptions remains relatively unchanged and the number of restorations is declining.

We do not know whether other well-being outcomes have improved for children because the Department is yet to establish these measures. However, we acknowledge that children transferred to NGOs are now being managed by an accredited non-government agency which should improve the quality of their care.

3.1   Contractual arrangements with non-government organisations

A procurement plan was developed to facilitate the transfer of services

The Department prepared a procurement management plan for managing the tender process for existing and new service providers. It outlined the procurement process and timeframes, key stakeholders, governance arrangements, and risk management strategies.

The procurement process was divided into two streams. Existing service providers were asked to register their interest, while new service providers went through an open tender process for selection onto a prequalified list. Assessment panels recommended preferred service providers in each local area based on scores against selection criteria and strategic procurement objectives.

The Department also developed a regional allocation model which was used to estimate the number of places required for children in each region. Initially only 75 to 80 per cent of the estimates were allocated to regions in order to reduce the risk of each region contracting more places for children than needed.

However, we found that neither the allocation model nor the tender process focused on the projected targets identified in the Ministerial Advisory Group Transition Plan. For example:

*   the projected number of children to be transferred for the allocation model was 1,200 less than the two-year target for transfers
*   the tender processes generated available places for children that were only sufficient to meet the two-year target, not the four year contract period.

This focus on lower than projected targets may have affected the Department's ability to meet its targets for transfers. The Department agrees that allocations should have been based on the projected targets for transfers at the end the contract period.

Recommendation

The Department of Family and Community Services should ensure that procurement plans for developing the out-of-home care sector closely align with growth targets.

The funding model allows flexibility in how NGOs allocate resources

The Department has developed a funding model that it applies to all out-of-home care placements under contract. The rate paid to an NGO for each child increases with the level of care a child requires. The rate paid is called the 'unit cost'. The Department does not specify how funds should be spent on individual placements. This gives NGOs scope to apply funding to areas of greatest need.

The following unit costs were applied to out-of-home care placements from July 2015.

Exhibit 6: Unit costs by care category

Care Category	No. of children per caseworker	Unit Cost
General Foster Care and Care +1	12.8	$40,952.93
General Foster Care +2	12.8	$52,020.76
Intensive Foster Care	7.5	$97,401.54
Standard Residential Care	10	$194,802.77
Intensive Residential Care	6	$318,768.69

Source: The Department of Family and Community Services 2015

Notes: Care +1 refers to higher support needs. Care +2 refers to intensive support needs

Developing a unit cost was a new approach for the out-of-home care sector. It was the first time the Department tried to estimate the actual costs of caring for children in out-of-home care. A unit cost also enables the Department to only pay for actual services delivered.

The funding model promotes placement stability rather than permanency outcomes

The Department's funding model incentivises placement stability, which means a stable home for children in care, rather than long-term outcomes such as returning children to their birth family or being adopted. This is because NGOs need to maintain the same number of children to retain full funding. The unit cost also does not factor in the costs associated with restoration, adoption, and children entering care for the first time.

In addition, some NGOs indicated that the funding model does not provide sufficient funding for:

- cultural elements, such as the development of cultural care plans
- costs of operating in more remote areas
- activities to support the Department's court work.

The Department advised that the next round of contracts may examine options for funding places for children new to care. It may also consider incentives to support permanency options such as adoption and restoration.

Recommendation

The Department of Family and Community Services should restructure the funding model to:

a) increase the use of permanency options such as adoption and safely returning children to their birth family

b) ensure it covers additional costs, such as those associated with cultural considerations and operations in regional areas.

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Funding for each child may not adequately reflect the required care level

The Department uses its Child Assessment Tool (CAT) to determine the appropriate level of care required for each child in out-of-home care. It then funds the child's placement according to the corresponding care category, for example, general foster care. The CAT rating is based on an assessment of each child's behaviour, health and development. Departmental staff assess each child prior to transfer to an NGO.

NGOs advised that a number of children present with higher needs than their CAT result. Although NGOs can request a CAT review, they advised that the reassessment process is complex, can take a number of months, and varies between districts. The NGO and carer must meet the additional costs associated with the placement during the reassessment period.

The Department is yet to undertake a review to gauge whether the tool is being consistently applied across New South Wales.

Recommendation

The Department of Family and Community Services should review the use of the Child Assessment Tool to ensure it is consistently applied across New South Wales.

Contracted places for children are monitored and vacancy rates have declined

The Department monitors the number of placements and bed nights each month for each NGO. It withholds funds if NGOs do not provide at least 95 per cent of the places for children they are contracted to provide. This ensures payments correspond closely to the services provided.

This has resulted in a decline in vacancy rates from 14.6 per cent to 2.3 per cent over the last two years. The vacancy rate is the proportion of places for children in care that the Department funds that have not been filled. This means that it is more efficient in placing children in care.

Exhibit 7: Funded out-of-home care places compared to actual children in care
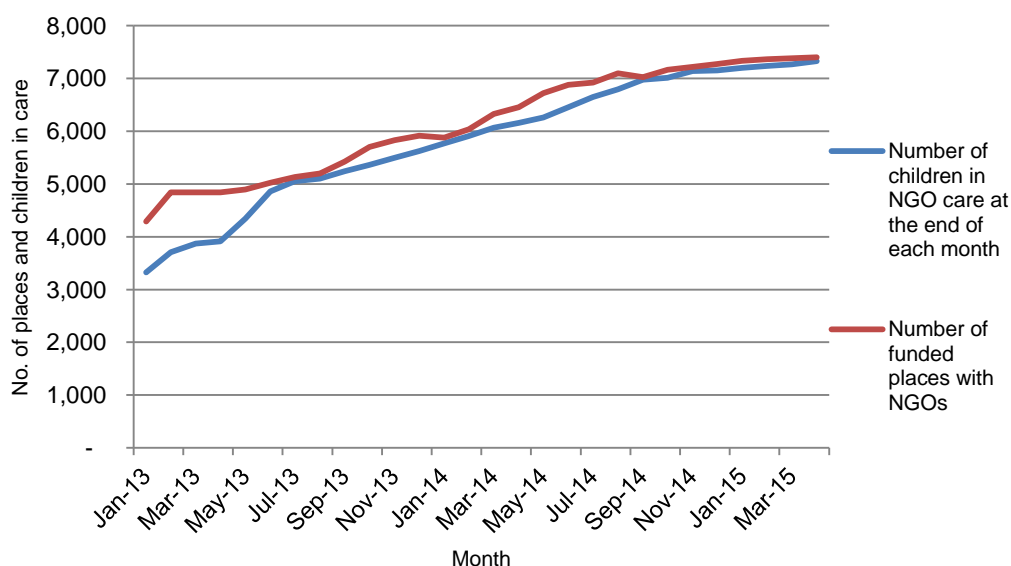
Source: The Department of Family and Community Services 2015

The Department maintains an online registry where NGOs can view details of the children referred from the Department and accept placements.

3.2 Working collaboratively to ensure transfers occur

The process the Department put in place to transfer children had some initial teething problems. However, overall we found that the Department works collaboratively with NGOs to ensure transfers are well managed. Key strategies include:

- information to NGOs and carers on the transfer
- handover meetings between the Department and NGO for each child
- support with reporting requirements and service standards.

Information on the transition of services was provided to NGOs and carers

We found that the Department provided advice and information to NGOs and carers on the transition. It ran forums and information sessions for Departmental and NGO staff early in the process. It also ran carer information sessions in partnership with Connecting Carers, a carers' advocacy group, in various locations across New South Wales in 2012-13. It produced a range of information, newsletters and fact sheets further explaining the process.

In general, NGOs indicated they had a good working relationship with the Department. Each district has a Regional Implementation Group and associated working groups where issues are discussed. Each district coordinates the transfers and provides advice to NGOs and carers.

Case management transfers to NGOs have improved

We found that processes for transferring children and their carers from the Department to NGOs have improved. Departmental and NGO staff indicated that, early in the transition, delays occurred in providing information on carers and children. This was partially due to pressure to transfer cases quickly to ensure early targets were met. It was also because the Department had not actively case managed many of the children prior to transfer and did not have the information. Agencies indicated that the flow of information has improved.

Departmental staff also indicated that, initially, some children were transferred without a CAT check. More recently, assessments of children are carried out prior to transfer.

The Department's Child and Family District Units also supported NGOs. One of their responsibilities is to check the information exchanged with NGOs, and match referrals of children to appropriate services.

The Department organises case transfer meetings with carers and NGOs. It has developed procedures which detail the information to be provided with the transfer, and produced a range of forms to facilitate the process.

NGOs are assisted with reporting requirements

The Department developed spreadsheets to enable each NGO to monitor and report on the number of children in care each night. This helps NGOs ensure they minimise vacancy rates and retain their full funding.

It also provided an electronic system which enables an NGO to submit placement forms for children in their care and identify which carer the child is placed with. Agencies are expected to report on the number of children entering and leaving their care.

NGOs are supported to maintain service standards

The Department has supported NGOs by providing policies and procedures on service delivery, and coordinating the establishment of the Regional Implementation Groups and working groups.

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As discussed in section 2.3, the Department funds ACWA and AbSec to provide training and support to NGOs. For example, the Department and ACWA have provided legal issues training to NGO staff. Along with course material, the Department also produced a fact sheet to assist NGOs in managing proceedings relating to interim court orders.

To better focus training efforts, the Department conducted a survey of 58 NGO service providers in November 2012. The responses were used to identify the level of training required, when and who should deliver it, and the number of participants.

3.3   Monitoring transfers and outcomes for children in care

We found that the Department has made progress in meeting its transfer targets but we do not know if this has resulted in improved outcomes for children in care. The Department may also struggle to meet its future transfer targets. This is because the number of children in care has continued to increase and the Department advises there is no more funding for additional places until the next round of contracts in July 2016.

NGOs now manage a much larger proportion of children in out-of-home care

In March 2015, there were 7,268 children with NGOs, up from 2,946 in June 2011. Overall, the percentage of children in care who are case managed by NGOs has increased from 25 per cent to around 57 per cent during this period.

Exhibit 8: Proportion of children managed by the Department and NGOs

June 2011 — NGOs 2,946 / FACS 8,867
March 2015 — NGOs 7268 / FACS 5580
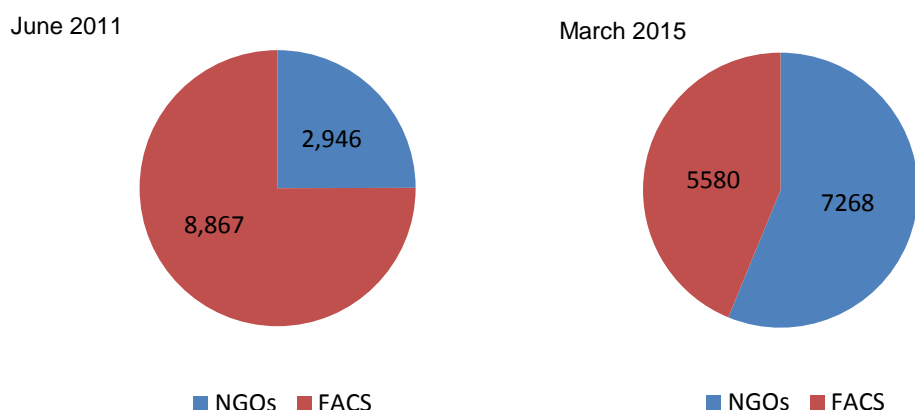
Source: The Department of Family and Community Services

Results are mixed against the 2014 two-year targets

The Department met its State-wide two-year target for transferring Aboriginal children and made good progress in meeting the target for non-Aboriginal children. However, it did not meet its target for new children entering care.

Exhibit 9: Results for existing transfers and new children entering care at July 2014				
	Aboriginal children		**Non-Aboriginal children**	
	Actual	**Target**	**Actual**	**Target**
Existing children in care	1,009	800	2,721	3,600
Children entering care	27%	100%	27%	100%

Source: Department of Family and Community Service, 2015

The target for children entering care has been more difficult to meet. This is largely because the number of children in statutory care has increased around 10 per cent since June 2011.

Achieving five-year targets may be difficult

The Department aims to transfer all non-Aboriginal children in out-of-home care to NGOs within five years, by 2017, and all Aboriginal children transferred within ten years, by mid-2022. We believe it may be difficult for the Department to meet its five-year target as the next round of contacts is not until July 2016 and it will have one year, from that date, to transfer around 4,000 children. To put this task into perspective, it has taken three years to transfer around 4,500 children to NGOs.

In the interim, the Department has requested that NGOs take on around 140 children into care on a short-term basis. These places may be converted to permanent places during the next round of contracts, although this is not assured.

The lack of additional funded places means that the Department is also still recruiting its own carers in some districts. The Department needs to examine the challenges it has faced to meet the previous targets including how it predicts demand.
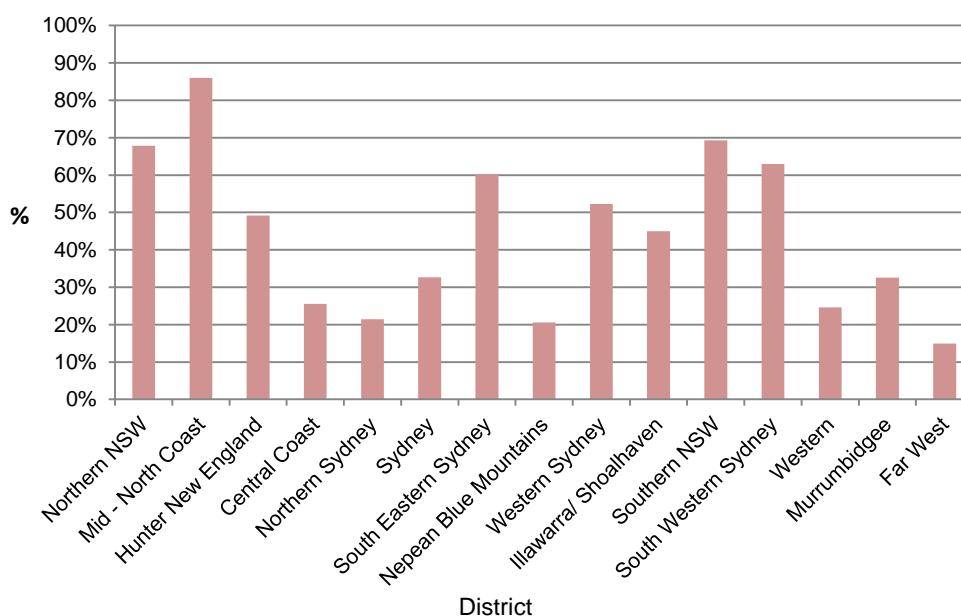
Recommendation

The Department of Family and Community Services should improve predictions of demand for out-of-home care places and better match funded places to that demand.

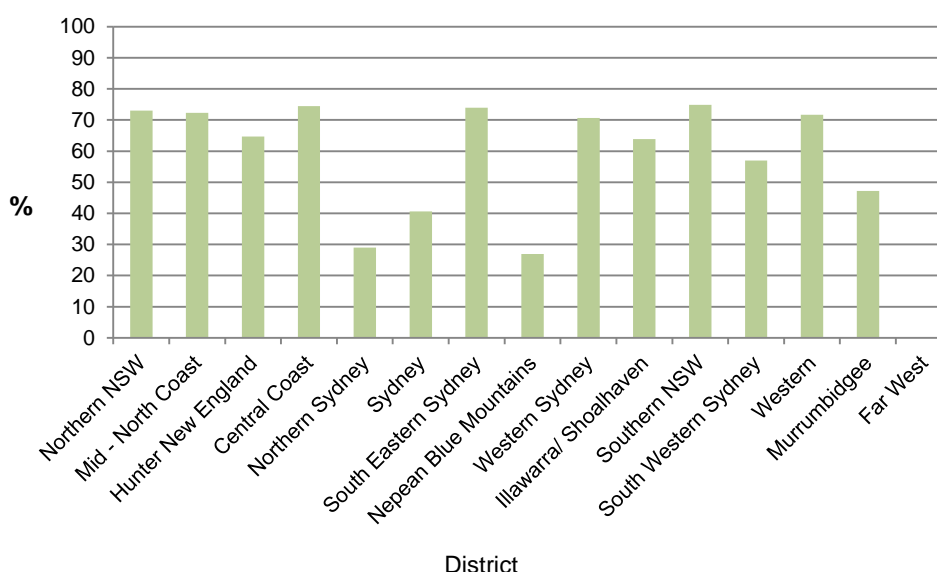**The results for transfers vary by district**

Despite significant progress, there are still large parts of the state with few non-government agencies. For example, the proportion of Aboriginal children in the care of NGOs varies between districts, from around 86 per cent on the Mid-North Coast to 15 per cent in the Far West.

Exhibit 10: Proportion of Aboriginal children with NGOs by District

Source: The Department of Family and Community Services, February 2015

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Exhibit 11: Proportion of non-Aboriginal children with NGOs by District

Source: The Department of Family and Community Services, February 2015

These variances occurred for a range of reasons. For example, some districts did not have many NGO providers initially. Although they have since built capacity, funded places for children have now been exhausted. If the Department wants to meet its targets in future, it needs to ensure a more even distribution of places in each district. In section 3.1 we recommended that the Department restructure the funding model to cover the costs of operating in regional areas. This may help to address some of the capacity issues discussed above.

**The number of adoptions and restorations remain low**

The Department reports on the number of children in care adopted and returned to their birth family. We found that over a three year period:

- 246 children in care were adopted (187 from the Department, 59 from NGOs)
- 1,458 children in care were returned to their birth family (1,116 from the Department, 342 from NGOs).

The number of adoptions has remained relatively unchanged over the last three years at around 80 per year. This figure includes adoptions from both statutory and supported care as the Department was unable to provide separate data for each type of care.

We found that there has been an overall decline in the number of children returned to their birth family since the transfers began in March 2012.

Exhibit 12: Restorations by quarter by the Department and NGOs
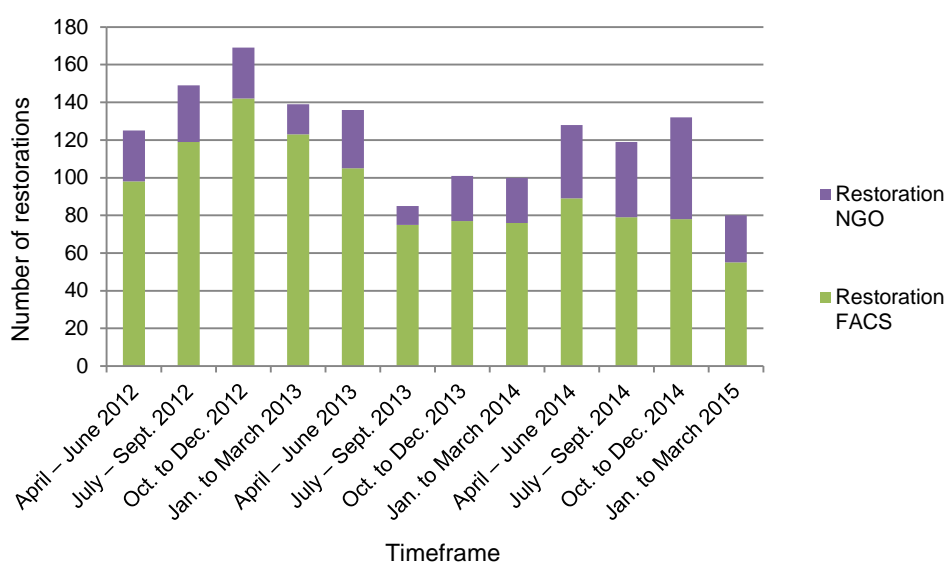
Source: Department of Family and Community Services, 2015

This again highlights the need for the Department to revisit its contracts to incentivise restoration as an outcome for children in care. We were advised it may examine such incentives as part of its next round of contracts in 2016.

Limited monitoring of other outcomes

The Department undertakes limited monitoring and reporting on outcomes for children in care. While it monitors and reports on the number of adoptions and restorations, it does not monitor the number of interventions that prevent families from breaking down or child well-being measures such as health or educational outcomes.

The Department advises that it wants to transfer children in care to organisations that are performing well. To identify these organisations, it needs a clear set of measurable performance indicators around a child's wellbeing, including permanency, education and health. As discussed in section 2.1, the Department advises that it is currently developing a quality assurance framework which will include additional measures of outcomes for children in care. It also advises that this framework is the first of its kind in Australia.

In addition, the Department has commissioned an evaluation of the out-of-home care transition which will examine its impact on the outcomes for children and their families. It will also examine the different models of out-of-home care service delivery and compare the cost-effectiveness of care delivered by NGOs and the Department. This is due to be completed in late 2015.

Progress against transfer targets is monitored

The Department collects a range of data and produces dashboard reports intended to document progress with the transfer. These include monthly updates on the number of statutory care placements in the Department and NGOs by district. They also document the number of children entering and leaving out-of-home care for the prior 12-month period, including the number of restorations and adoptions.

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However, we found the dashboards were confusing and did not adequately track progress against targets. For example, the dashboards:

- do not report against the targets from the Ministerial Advisory Group Transition Plan
- do not report against targets for transfers of existing children in care or children entering care for the first time
- are overly complex and not all acronyms are explained
- do not convey the trends in key indicators, such as adoptions and restorations.

Recommendation

The Department of Family and Community Services should revise its dashboard reporting to ensure it clearly displays progress against targets and trends in key outcomes.

The Department reviewed progress against the transition plan after its first year. It reported on how the out-of-home care sector had progressed against the targets and actions outlined in the plan, and identified future activities to be completed. It highlighted good progress during the first year of the reform program.

Appendices

Family & Community Services
NSW GOVERNMENT

CSM15/2419

Mr AT Whitfield PSM
Acting Auditor-General
Audit Office of NSW
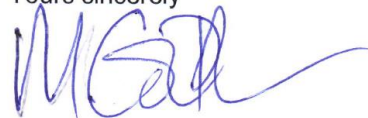GPO Box 12
SYDNEY NSW 2001

2 7 AUG 2015

Dear Mr Whitfield

Thank you for your correspondence dated 10 August 2015 inviting the Department of Family and Community Services to provide a formal response to the Performance Audit – Final Report to Agency – Transferring Out-of-Home Care to Non-Government Organisations. Please find enclosed a table detailing FACS' response to the report's recommendations for incorporation into the published report.

I understand that FACS staff provided feedback to the audit team on the 'Draft Report to Agency' on 23 July 2015 and I note that much of this feedback has been incorporated into this final report.

I have one concern that this report focusses on targets to improve a focus on adoptions. FACS has a number of strategies underway to improve permanency arrangements, including increasing adoption as an option. We have changed legislation, our systems, and accreditation processes and undertaken numerous change activities to increase the use of adoption as a permanency option, including the establishment of the Institute of Open Adoption, the first of its kind in Australia. However, I am concerned that this report continues to recommend we adopt *targets* for adoptions, which may imply that the target itself should drive behaviour, rather than what is in 'the best interests of the child.'

If you have any further questions, I invite you to contact Eleri Morgan-Thomas, Executive Director, Service System Commissioning on 9716 2917 or email Eleri.Morgan-Thomas@facs.nsw.gov.au.

Yours sincerely

Michael Coutts-Trotter
Secretary

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No.	Recommendation	Management response	Responsible manager	Target Implementation date
1	Finalise all policies and procedures on how NGOs should deliver out-of-home care services to ensure they remain relevant	FACS supports the completion of policies and procedures; acknowledging the OOHC Service Provision Guidelines has remained as draft since 2008. These Guidelines act as a companion resource alongside an agency's own policies and procedures. A number of existing policies and documents are already available publicly on the internet site to inform OOHC service provision including: • OOHC Contracted Care Program Guidelines • OOHC Service Models • Placement of siblings in OOHC policy, and • Contracting Arrangements and Business Rules. OOHC funded providers must also adhere to the NSW OOHC Standards, available as a link to OCG website. OOHC reform agenda has resulted in a key service support document being revised, namely the Case Management Policy. This will be released shortly, following extensive consultation with the sector. The policy articulates the roles and responsibilities of FACS and OOHC NGO providers to delivering OOHC services to children and young people. The revised Policy and Guidelines will provide further information to caseworkers on key tasks, linkages with other relevant policies, procedures, documents, and legislative references. It is being made available as interactive tool to enhance usability for caseworkers in FACS and the sector. To align with the Aboriginal Co-design work, FACS has started working with the Aboriginal sector on a specific Aboriginal Case Management Policy and Guidelines. OOHC Re- Contracting work will include a review of current policies and procedures to meet the need of the service sector and new funding program.	Design Innovation, Safety and Permanency	Review of Service Provision Guidelines – commencing early 2016 and continuing to the third half of 2016. Review of Case Management Policy and Guidelines – September 2015. Interactive Case Management Policy and Guidelines – December 2015. Aboriginal Case Management Policy and Guidelines – June 2016.

No.	Recommendation	Management response	Responsible manager	Target Implementation date
2	Improve how it measures its success by: a) clarifying its targets for transferring children, including whether these should be expressed as a number or percentage, to ensure that it correctly reports on its progress with the transfer of children to NGOs b) developing well-being outcomes for children in care and aligning the funding model to support these c) developing targets for all its outcome measures, including the number of children being adopted or safely returned to their birth family	FACS supports 2 (a) and 2 (b) and notes that: FACS notes work on targets to be considered as part Safe Home for Life outcomes. FACS has commissioned the Parenting Research Centre (PRC) in partnership with the University of Melbourne to develop a quality assurance framework (QAF) which includes outcome measures for children in OOHC. This report has been finalised and provided to FACS for consideration and progression to the Minister. The QAF encompasses three overarching goals of a child welfare system – child safety, permanency and wellbeing. Within these goals there are seven domains proposed: safety, permanency, cognitive functioning, physical health and development, mental health, social functioning; cultural and spiritual identity. The development of the cultural and spiritual identity domain, which PRC recommended is to be developed by Aboriginal people acknowledging the overrepresentation of Aboriginal children in OOHC in NSW. Following this, implementation plan to be determined following consideration by the FACS Board and the Minister of PRC's report. Outcome measures and associated targets are currently being considered in the OOHC Re - Contracting work. 2. (c) FACS does not support the establishment of targets; as it considers that it is not appropriate to set targets for adoptions whilst there is an emphasis on reducing entries to care and improving restorations.	Design Innovation, Safety and Permanency	Planning and trial implementation – over next 14 months

No.	Recommendation	Management response	Responsible manager	Target Implementation date
3	Develop, in collaboration with the Aboriginal community, a clear strategy for delivering out-of-home care services for Aboriginal children	FACS supports and highlights the work underway with the Aboriginal Child, Family and Community Care State Secretariat (Absec) and other key stakeholders (other Aboriginal OOHC providers, Office of the Children's Guardian, NSW Ombudsman, Department of Premier and Cabinet, and Association of Children's Welfare Agencies) by working together to rethink capacity building for Aboriginal OOHC organisations through the Aboriginal OOHC Co-design Project. This work has evolved from improving OOHC outcomes to keeping Aboriginal children safe and cared for in their families, communities, connected to culture and on country. It saw OOHC as part of the spectrum of care, prevention, early intervention, and specialist services and the role of prevention and early intervention in reducing the number of children coming into OOHC. Five potential development opportunities were identified: • Keeping children and young people connected to family, community and culture and on country • Providing an Aboriginal voice in policy • Transition of the 3,500 Aboriginal children still in FACS care • Good practice capacity building • Ensuring the sector has the capacity to meet demand Planning and governance arrangements are currently being negotiated.	Service System Commissioning	In progress
4	Ensure that procurement plans for developing the out-of-home care sector closely align with growth targets	FACS supports and notes planning for the Re - Contracting of OOHC will be done in collaboration with the OOHC sector, other FACS Divisions, Treasury and Department of Premier and Cabinet to ensure that the new contracts reflect the growth targets for the transition of statutory OOHC to the NGO sector. Deep analysis will be undertaken to ensure that the contracts reflect the demand for OOHC placements as well as the need to build capacity in specific sectors such as for Aboriginal children and young people.	Service System Commissioning	April 2017
5	Restructure the funding model to: a) increase the use of permanency options such as adoption and safely returning children to their birth family b) ensure it covers additional costs, such as those associated with cultural considerations and operations in regional areas	OOHC Re - Contracting provides the opportunity for FACS to build on the successes of the last four years of transition of OOHC. In particular, FACS in collaboration with key stakeholders will introduce performance measures into the contracts supported by a restructured funding model to support and reward service providers to work towards permanent, stable and safe homes for life for children and young people in their care, whether through prevention of entry into care, restoration to parents, guardianship or adoption.	Service System Commissioning	April 2017

No.	Recommendation	Management response	Responsible manager	Target Implementation date
6	Review the use of the Child Assessment Tool to ensure it is consistently applied across NSW	The Child Assessment Tool (CAT) is used to identify the most appropriate level of care for a child or young person, based on an assessment of their behaviour, health and development. However, the CAT does not match a child or young person to a specific placement or carer, rather supports the decision making process by allowing the caseworker to record the child or young person's particular behavioural and health and development issues and needs, and consider what impact these may have on a prospective carer. The tool does not replace casework and should not take the place of a full assessment of a child or young person's strengths and needs. As part of the CAT implementation, quarterly CAT reports are provided to districts for analysis and consideration. This assists with monitoring and reporting of the application of the tool. As part of the OOHC Re-contracting work, FACS will research models of care, support structures and criteria for referral, including implications for a unit cost across the continuum of care. A review of the CAT will be included as part of this package of work.	Design Innovation, Safety and Permanency	CAT review to be completed by early 2016.
7	Improve predictions of demand for out-of-home care places and better match funded places to that demand	FACS recognises the need to improve predictions of demand for OOHC places and better match funded places to that demand. A number of projects are currently underway to inform predictions of demand: • FACS is working closely with NSW Treasury in developing a cost and demand model for child protection services. • Child Welfare Simulation Model: This is a discrete event simulation model to forecast flows in and out of the child protection system. It has the capacity to forecast flows for most service streams from early intervention and case work support to secure residential OOHC. It has been partially developed to estimate entries to and exits from OOHC by age and CAT score and it is expected to be further developed for detailed forecasting of OOHC in 2015/16. • Need and Supply Model: This model provides an estimate of the number of people in need of FACS services and the services being provided to clients to meet this need. It is being further developed to project client pathways and assess the impact of interventions on client outcomes. In the future the model will help improve planning of service provision for client cohorts such as children and young people in OOHC. It will also be useful in better understanding client needs, improving policies and systems and using resources more efficiently.	Design Innovation, Safety and Permanency	To be completed for 2015/16 Budget.
8	Revise its dashboard reporting to ensure it clearly displays progress against targets and trends in key outcomes.	FACS supports and work is underway to consider what changes are required to the dashboard to better report progress against current policy and program outcomes.	Design Innovation, Safety and Permanency	To be completed by early 2016.

Appendix 2: About the audit

Audit objective

This audit assessed how well the Department has developed the out-of-home care sector and managed the transfer of out-of-home care services to NGOs to improve outcomes for children and young people in care.

Audit scope and focus

The audit answered the following questions:

- has the Department identified what it wants to achieve and developed the out-of-home care sector to deliver these goals?
- has the Department met its targets for the transfer of out-of-home care services to NGOs and has it resulted in improved outcomes for children and young people in care?

For the first question, the activities audited were the Department's processes for designing and developing the out-of-home care sector to meet its goals for children and young people in care. We examined relevant assessments, policies, plans and performance measures covering these processes. We also reviewed activities to develop NGO capacity which cover training, governance, financial management and administrative support. By 'out-of-home care sector' we mean government and non-government organisations responsible for providing and coordinating out-of-home care services.

For the second question, the activities audited were the processes the Department has in place for the transfer of children and young people and their carers to the non-government agencies. We also reviewed its progress against transfer targets and the results of its monitoring of outcomes for children in care. We examined procurement plans, contracts and contract management, stakeholder engagement, performance and strategy reviews.

The time period for information gathering purposes for this review was from the beginning of the current transition arrangements i.e. around 2011.

Audit Exclusions

The audit did not seek to examine the accreditation work of the Children's Guardian nor directly examine the performance of individual NGOs, although we may have used information provided by these entities in this report.

Audit Criteria

The first audit question was addressed with the following criteria:

  1.1 the Department has developed a framework for delivering out-of-home care services which sets out what it hopes to achieve and how this will be measured

  1.2 the Department has assessed the out-of-home care sector's capacity to deliver its goals

  1.3 the Department has implemented a plan to develop the out-of-home care sector to deliver its goals.

The second audit question was addressed with the following criteria:

  2.1 the Department's contractual arrangements with NGOs are flexible and ensure the desired outcomes are achieved

  2.2 the Department works collaboratively with the non-government out-of-home care sector to ensure transition occurs as planned and is well managed

  2.3 the Department monitors progress against targets and is achieving its goals regarding improved outcomes for children in care.

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Audit approach

The audit collected performance information and evidence and produced its report by:

- conducting interviews
- collecting and analysing performance information, reports and documents
- corroborating and assessing performance against criteria
- documenting findings
- consulting on the audit's findings, conclusion and recommendations for improvement.

Audit fieldwork

We met with the following stakeholders during audit scoping and fieldwork.

The Department	Head Office:
	• Service System Commissioning
	• Transition Planning Office (former)
	Department Districts:
	• South-West Sydney
	• Central Coast
	• Murrumbidgee
	• Northern
NGOS	• Anglicare Riverina
	• Care South Griffith and Deniliquin
	• Catholic Care Broken Bay
	• Challenge Children's Services
	• Foundations Family and Child Support
	• KARI Aboriginal Resources Incorporated
	• Ngunya Jarjum
	• Settlement Services International
	• Wangaayy Koori OOHC Services
	• Wesley Mission Dalmar
	• Youth Care UPA
Stakeholders	• Aboriginal Child, Family and Community Care State Secretariat (Absec)
	• Association of Children's Welfare Agencies (ACWA)
	• Anglicare
	• Barnardos
	• Benevolent Society
	• CREATE Foundation
	• Connecting Carers
	• Office of the Children's Guardian
	• Independent Commission Against Corruption

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3500 on performance auditing. The Standard requires 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 the auditing requirements specified in the *Public Finance and Audit Act 1983*.

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Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by the Department of Family and Community Services, non-government organisations, and stakeholder groups. In particular we would like to thank our liaison officers, and the staff who participated in interviews and provided material relevant to the audit.

Audit team

Daksha Sridhar and Neil Avery conducted the performance audit. Tiffany Blackett and Kathrina Lo provided direction and quality assurance.

Audit cost

Including staff costs, travel and overheads, the estimated cost of the audit is $253,002.

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