

# Guidelines to Implementing the *Delivering Community Services in Partnership Policy* and Associated Procurement Reforms

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Transition Planning for Government Agencies

Funding and Contracting Services Unit  
Government Procurement  
Department of Finance

## FOREWORD

The aim of the *Delivering Community Services in Partnership Policy (DCSP Policy)* is to improve outcomes for all Western Australians. The *DCSP Policy* was developed collaboratively by leaders from across Western Australia's public and Not-for-Profit (NFP) community sectors and the associated procurement reforms require an ongoing commitment by both sectors to building a genuine partnership between government agencies and NFP service providers.

The *DCSP Policy* and associated funding and contracting reforms place some specific requirements on government agencies, namely to:

- ensure agency procurement strategies are aligned with the Government's strategic direction;
- work with NFP organisations to identify community needs and the most strategic response;
- move away from funding NFP organisations and prescribing inputs, services and prices in contracts to focusing on the achievement of outcomes and sustainable prices;
- streamline reporting and information requirements, including the use of standard contracting templates; and
- implement consistent contract management practices and processes with NFP organisations.

The *DCSP Policy* was launched on 1 July 2011 with the expectation that a transition period would be required and that the new procurement processes would be phased-in as existing funding and contracting arrangements expire. Transition planning will assist government agencies to:

- have a clear strategy for contracting with the NFP community sector that aligns with its strategic direction;
- strengthen the way community services procurement is undertaken; and
- undertake preparatory work for developing an Agency Implementation Plan and applying for Component II funding.

Government agencies procure a diverse range of community services, with contract expiry profiles of varying complexity, so each government agency will need to tailor its approach to transition planning according to its unique requirements. These *Guidelines* provide some broad topics for consideration that are applicable across the public sector and may assist government agencies in developing their transition to the *DCSP Policy*.

A checklist with detailed considerations for government agencies under some key topics is provided at Appendix 1. These *Guidelines* provide a suggested 'good practice' approach for planning a government agency's transition to the *DCSP Policy*, but are not intended to provide a comprehensive or compulsory pro-forma for government agency transition planning. A detailed guide of 'how to' contract with the NFP sector under the *DCSP Policy* is available in the *Community Services Procurement Practice Guide*. It is recommended that these *Guidelines* be read in conjunction with *DCSP Policy*, *Premiers Circular 2010/11* and associated procurement templates. These documents are available on the Department of Finance [website](#). Please note that detailed advice on the Component II process and requirements will be available from early 2012.

### AGENCY IMPLEMENTATION PLAN GUIDELINES

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## 1 REVIEW OF CURRENT FUNDING AND CONTRACTING ARRANGEMENTS

An important initial step in transition planning is to ensure a sound understanding of existing funding and contracting arrangements. A review of existing arrangements and their level of compatibility with the *DCSP Policy* will allow government agencies to better plan their future procurement activities. As a guide, the review of existing arrangements can consist of the following key elements:

### Spend Analysis

Government agencies are encouraged to conduct a spend analysis on current community service grants and service agreements. This may assist government agencies in:

- ensuring full accountability and transparency of current expenditure on all existing community services funding and contracting arrangements;
- demonstrating where Component I funding has been applied; and
- providing base information for Component II.

This information can be captured in a **Contract Register** (for further details see Section 2 - Governance).

Government agencies may also wish to consider assessing the sustainability of the prices/spend identified for each current service arrangement. In many cases it may be helpful to discuss this with the existing service provider(s).

### Identification of Appropriate Procurement Method

The *DCSP Policy* provides a clear distinction for when government agencies use either funding (grant) or contracting (service agreement) options. There are distinct advantages, purposes and compliance requirements associated with each option and it is recommended that government agencies review their existing arrangements to ensure that the appropriate procurement option is used in each instance, consistent with the definitions and requirements outlined in the *DCSP Policy*. If incorrectly categorised, government agencies should, as soon as practicable, and through effective engagement with the relevant NFP service provider, negotiate the transition of a grant to a service agreement (or vice versa).

The Department of Finance's Funding and Contracting Services (FaCS) unit can provide information and support on how to transition any miscategorised grants or service agreements.

## 2 GOVERNANCE

There are a number of 'good practice' considerations that may be applied in ensuring good governance of contracting and funding arrangements under the *DCSP Policy*.

It may be beneficial for government agencies to align their internal processes for community services procurement with State Supply Commission (SSC) requirements, which should already be undertaken by agencies as part of their commercial procurement process. These include:

- maintaining a Contract Register;
- maintaining an Exemption Register;
- developing an approval process and Delegation Matrix; and
- complying with SSC policies (available at [www.ssc.wa.gov.au](http://www.ssc.wa.gov.au)).

More detail on the format and content of these tools is available on the Department of Finance [website](#). Procurement activities under the *DCSP Policy* are required to adhere to the Community Services Procurement Review Committee requirements (i.e. procurement plans over \$5 million and evaluations reports over \$1 million are submitted to the Committee).

In addition, agencies may also benefit by considering the following:

### Forward Procurement Planning

Identifying and planning future procurement requirements will result in improved outcomes for government agencies in the implementation of their business programs. A Contract Register is a useful tool in the forward procurement planning process. Further information, including a template, is available on the Department of Finance [website](#).

- **Complaints Management and Conflict Resolution**

Government agencies are responsible for managing, recording and resolving any complaint or conflict relating to community services procurement. Any matters regarding the *DCSP Policy* that cannot be resolved in the first instance at an agency level can be directed to the FaCS unit.

- **Compliance**

Once the transition phase is complete, all community services procurement processes are to be undertaken using the standardised suite of community services procurement tools, templates and guidelines available on the Department of Finance [website](#), as per *DCSP Policy*.

Consideration should be given to whether a government agency has sufficient capacity to undertake procurement processes using the new procurement framework, and how each agency will ensure that confidentiality, bias and probity are properly managed throughout each process.

- **Risk Assessment**

It is advisable that government agencies identify any major risks associated with the implementation of the *DCSP Policy* and the transition to the new procurement framework. In conducting a risk assessment, government agencies need to consider the risks to government, the service provider(s), service users and the public.

### 3 ORGANISATIONAL CAPACITY

The *DCSP Policy* and associated procurement reforms may require significant changes to the operational and behavioural practices of some government agencies, and agencies need to consider their internal capacity to undertake these changes. The *DCSP Policy* provides a set of Partnership Principles and Behaviours, which government agencies should consider when reviewing their organisational capacity for reform.

- **Transition Timeframe**

Government agencies should seek to implement a realistic and achievable timeframe for reform. This should include the transition of their existing funding and contracting arrangements to the *DCSP Policy* framework and the development of new services under the *Policy*, as well as an ongoing commitment to building a genuine partnership with NFP service providers.

- **Organisational Structure**

Government agencies may need to consider whether their existing organisational structure is adequate and appropriate for the procurement and contract management activities they will be responsible for conducting under the *DCSP Policy* procurement framework.

- **Training Requirements**

It is recommended that the training needs for procurement staff be assessed.

Additional training can be organised through the FaCS unit which will be providing ongoing training and awareness sessions to support the implementation of the procurement reforms. Government agencies are encouraged to visit the Department of Finance [website](#), or contact the FaCS unit for details.

#### 4 SUPPORT IN PLANNING FOR TRANSITION

The role of the FaCS unit is to support the *DCSP Policy* implementation. Government agencies can contact the FaCS unit for assistance in applying these *Guidelines* or for assistance in the following areas:

- Policy and practices;
- Templates and guides;
- Education and training;
- Direct agency support; and
- Complaints management.

The FaCS unit can also assist government agencies by undertaking capability assessments and compliance reviews to provide feedback to an agency on their progress in meeting the requirements of the *DCSP Policy*.

Contact details:

Telephone: 6551 1515

Email: [fundingandcontracting@finance.wa.gov.au](mailto:fundingandcontracting@finance.wa.gov.au)

Finance Website: [www.finance.wa.gov.au](http://www.finance.wa.gov.au)

FaCS Webpage: [www.finance.wa.gov.au/cms/content.aspx?id=12603](http://www.finance.wa.gov.au/cms/content.aspx?id=12603)

Further information on the *DCSP Policy* and associated procurement reforms is available at:

State Supply Commission: [www.ssc.wa.gov.au](http://www.ssc.wa.gov.au).

Department of Treasury: [www.treasury.wa.gov.au](http://www.treasury.wa.gov.au)

Department of the Premier and Cabinet:

[www.dpc.wa.gov.au/Publications/EconomicAuditReport/Pages/ProcurementReforms.aspx](http://www.dpc.wa.gov.au/Publications/EconomicAuditReport/Pages/ProcurementReforms.aspx)

## APPENDIX 1 – Checklist

<b>1. REVIEW OF CURRENT FUNDING AND CONTRACTING ARRANGEMENTS</b>	
<b>Existing Contractual Arrangements</b>	
Analyse whether your agency is procuring the most appropriate community services to meet citizen needs, in line with government priorities	
Identify if existing services are achieving the desired community impact	
Identify the expiry dates of all current arrangements	
Prioritise the development or redevelopment of services	
Identify services to be extended/developed or redesigned	
Identify opportunities for aggregation of services	
Determine if there is a Contract Management Plan for each service agreement and whether the contract has been effectively managed	
Review current reporting requirements and implement strategies to reduce the administrative burden on the NFP community sector	
Identify the price variation mechanism applicable to each existing service agreement	
<b>Spend Analysis</b>	
Conduct a spend analysis to determine total expenditure on community services	
Assess whether a sustainable price has been agreed	
Demonstrate Component I funding has been applied	
<b>Identification of Appropriate Procurement Method</b>	
Review current funding and contracting arrangements to determine if they are categorised correctly (i.e. grants or service agreements)	
Plan for the re-categorisation of service agreements and grants (as required)	



<b>2. GOVERNANCE</b>	
Develop a plan for the implementation of the <a href="#">DCSP Policy</a>	
Establish a review and evaluation process to assess effectiveness of the implementation of the <a href="#">DCSP Policy</a>	
<b>Contract Register</b>	
Identify and utilise an existing Contract Register; and/or implement a <i>DCSP</i> specific Contract Register	
<b>Exemption Register</b>	
Identify and utilise an existing <a href="#">Exemption Register</a> ; and/or implement a <i>DCSP</i> specific Exemption Register	
<b>Approval Process and Delegation Matrix</b>	
Identify and utilise an existing <a href="#">delegation matrix</a> ; and/or implement a <i>DCSP</i> specific delegation matrix	
<b>Procurement Planning/Contract Management</b>	
Ensure <a href="#">Procurement Plans</a> and <a href="#">Contract Management Plans</a> are developed for all processes > \$5m	
Develop Contract Management procedures to reflect the Partnership Principles and Behaviours of the <a href="#">DCSP Policy</a>	
<b>Community Services Procurement Review Committee (CSPRC)</b>	
Develop internal processes to ensure appropriate procurement plans and evaluation reports are submitted to the CSPRC	
<b>Forward Procurement Planning</b>	
Prepare a Forward Procurement Plan	
<b>Complaints Management and Conflict Resolution</b>	
Develop an internal strategy for managing complaints and conflicts relating to community services procurement	
<b>Compliance</b>	
Develop a strategy for managing compliance	
Develop a plan for the adoption of the suite of tools, templates and guidelines for community services procurement	

<b>Risk Assessment</b>	
Identify risks associated with the implementation of the proposed agency transition planning	

<b>3. ORGANISATIONAL CAPACITY</b>	
<b>Transition Timeframe</b>	
Establish a transition timeframe	
Consider what requirements may arise over the next five years and establish priorities	
<b>Organisational Structure</b>	
Examine capacity of the government agency to transition to requirements of the <a href="#">DCSP Policy</a>	
Identify the differences between tasks in a staff member's current role and how these might alter with the implementation of the <a href="#">DCSP Policy</a>	
<b>Training Requirements</b>	
Conduct a training needs analysis	
Identify opportunities for training	
Register for relevant <a href="#">workshops and events</a> with the FaCS Unit	
Ensure agency staff are made aware of <a href="#">DCSP Policy</a> requirements	
Provide agency staff with access to <a href="#">FaCS resources</a>	