



Implementation of the Strengthening Community Organisations Action Plan



VICTORIA

Victorian
Auditor-General

Implementation of the Strengthening Community Organisations Action Plan

Ordered to be printed

VICTORIAN
GOVERNMENT PRINTER
October 2013

This report is printed on Monza Recycled paper. Monza Recycled is certified Carbon Neutral by The Carbon Reduction Institute (CRI) in accordance with the global Greenhouse Gas Protocol and ISO 14040 framework. The Lifecycle Analysis (LCA) for Monza Recycled is cradle to grave including Scopes 1, 2 and 3. It has FSC Mix Certification combined with 55% recycled content.

ISBN 978 1 922044 61 7

The Hon. Bruce Atkinson MLC
President
Legislative Council
Parliament House
Melbourne

The Hon. Ken Smith MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my report on the audit *Implementation of the Strengthening Community Organisations Action Plan*.

The audit found that the Office for the Community Sector has made good progress in implementing the action plan, connecting community organisations and coordinating activities across government. There were weaknesses in some aspects of planning, implementation and evaluation, and identified areas for improvement with regard to the planning and management of future programs and ongoing activities.

Yours faithfully



John Doyle
Auditor-General

16 October 2013

Contents

Auditor-General's comments	vii
Audit summary	ix
Conclusions	ix
Findings	x
Recommendations	xi
Submissions and comments received	xii
1. Background	1
1.1 The role of community organisations	1
1.2 <i>The Victorian Government's Action Plan: Strengthening Community Organisations</i>	2
1.3 Audit objective and scope	4
1.4 Method and cost	4
1.5 Structure of the report	5
2. Implementation and achievements	7
2.1 Introduction	8
2.2 Conclusion	8
2.3 Progress in implementing the action plan	8
2.4 Sector engagement and cross-government consultation	12
3. Lessons for program implementation	17
3.1 Introduction	18
3.2 Conclusion	18
3.3 Lessons for program implementation	18
Appendix A. Action Plan: Table of actions	27
Appendix B. Progress of actions	31
Appendix C. <i>Audit Act 1994</i> section 16—submissions and comments	35

Auditor-General's comments



John Doyle
Auditor-General

Audit team

Andrew Evans
Acting Sector Director

Rosy Andalaro
Team Leader

Sophie Fisher
Analyst

Chris Sheard
*Engagement Quality
Control Reviewer*

Community sector or not-for-profit organisations play an important role in ensuring Victoria's economic and social prosperity. They are major providers of services such as health, education, aged care, and sport and recreational activities. The Office for the Community Sector (OCS) was established in 2008 as part of the then government's action plan to strengthen community organisations.

The Victorian Government's Action Plan: Strengthening Community Organisations was a four year \$13.8 million plan developed to strengthen the capacity and long-term sustainability of the community sector in Victoria. The action plan had two objectives:

- to ensure that, in its direct interactions with community and not-for-profit organisations, government acts in ways that are simple, easy to navigate and designed to optimise value to the community
- to create an environment for community organisations to invest in their own capabilities and long-term sustainability.

OCS was responsible for leading implementation of the action plan and coordinating whole-of-government activities. In this audit, I assessed the effectiveness and efficiency of the implementation of the action plan—essentially, how was it implemented, what it achieved and what aspects of implementation could be improved and applied to future activities.

My overall conclusion is that OCS has done a good job in delivering on the action plan and is able to demonstrate achievement of the main outputs. This includes the development of a Common Funding Agreement, a Standard Chart of Accounts and the Not for Profit Compliance Support Centre. These achievements are significant given the size of the office and the challenges of working with a large and diverse sector, and across government. In recognising the valuable role OCS had in connecting community organisations and coordinating activities across government, I have identified areas in planning and implementation where a more structured approach would benefit future programs' activities.

There were weaknesses with some aspects of planning, implementation and evaluation. The implementation plan should have included a well-developed risk, monitoring and reporting, and evaluation framework, describing the project outcomes and how these were intended to be measured and reported. The absence of these means OCS cannot demonstrate that the intended outcomes of the action plan were fully achieved or that the plan was implemented efficiently and effectively. OCS should improve its project planning and management practices to increase the likelihood of successful implementation of future initiatives and programs.

I acknowledge and thank the staff at the Office for the Community Sector for their assistance and cooperation during this audit and I look forward to receiving updates on their progress in implementing the recommendations.

A handwritten signature in black ink, appearing to read 'John Doyle', with a stylized, cursive script.

John Doyle
Auditor-General
October 2013

Audit summary

There are around 140 000 community organisations in Victoria. Community organisations deliver approximately \$3 billion in government programs funded through grants and service payments. They are a significant provider of health, education, aged care and social services, as well as sport and recreational activities. Community organisations play an important role in enhancing liveability, and promoting social inclusion and community life. A growing number of people are relying on community organisations to deliver important government programs.

As a result of two government commissioned reviews, which examined the challenges facing the community sector, the then government developed *The Victorian Government's Action Plan: Strengthening Community Organisations*.

Released in 2008, the four-year \$13.8 million action plan consisted of 25 actions across five themes. Its goal was to strengthen the capacity and long-term sustainability of the community sector in Victoria. The Office for the Community Sector (OCS) was established to implement the action plan.

This audit examined:

- whether the action plan was implemented effectively and efficiently, and achieved its intended outputs and outcomes
- the effectiveness of the ongoing activities of OCS.

Conclusions

OCS has made good progress in implementing the action plan and delivering its main outputs. It played a valuable role in connecting community organisations and coordinating activities across government, which assisted with sector engagement and delivering specific actions under the plan.

While the majority of actions and outputs under the plan were completed, there were weaknesses in some aspects of planning, implementation and evaluation. This means OCS cannot demonstrate that the intended outcomes of the action plan were fully achieved or that the plan was implemented efficiently and effectively. OCS should improve its project planning and management practices to increase the likelihood that its future initiatives and programs will be successfully implemented.

Findings

Major achievements

OCS delivered a substantial portion of the 25 actions in the plan. Across the 25 actions, there were 113 sub-actions, which included delivering specific outputs and monitoring and reporting activities. The audit assessed the extent of completion of the sub-actions as well as the views of community sector stakeholders involved. OCS can demonstrate eight of the 25 main actions have been completed in full, with 13 substantially completed, and three partially completed. Key achievements include:

- reforms to legislation affecting community organisations
- establishing the Not for Profit Compliance Support Centre
- developing a Common Funding Agreement
- developing a Standard Chart of Accounts for the sector
- developing a Workforce Capability Framework
- funding 12 community foundations.

Sector engagement

A key focus of the action plan was to strengthen the capacity of the community sector to improve its long-term sustainability and to make it easier for community organisations to deal with government. OCS established a sector reference group and specific reference groups with representatives from community organisations. These groups were integral to facilitating sector input and involvement in delivering specific actions under the plan.

Cross-government coordination

Effective consultation and coordination across departments was essential as some actions, such as the development of the Common Funding Agreement, directly affected several departments and required their collaboration for successful implementation. OCS established a number of interdepartmental working groups to oversee implementation of specific actions. The working group arrangements were successful in sharing information across departments and facilitating the delivery of actions requiring cross-government coordination and activity.

Implementation planning

OCS developed an implementation plan for the action plan but this did not adequately address time frames, resources, responsibilities, risks, monitoring, evaluation and reporting. OCS' sector engagement and cross-government coordination activities essentially drove implementation of the action plan. However, the lack of comprehensive implementation planning means that it is unclear how progress was to be monitored and reported, how outcomes would be evaluated and how emerging lessons would be captured and used to enhance the effectiveness of the action plan and future activities.

Governance arrangements

OCS established governance arrangements including reference and working groups to help implement the plan. While these groups were effective, there were shortcomings in the clarity of roles, documenting actions and reporting across the groups.

Risk management

OCS identified two high-level risks as part of developing the implementation plan but it did not develop a detailed risk management plan. Therefore, it is not clear how risks were identified or whether they were purposefully managed during the plan's implementation.

Monitoring and reporting

OCS used a combination of written reports and verbal briefings to monitor progress and report to stakeholders and government. However, this was not part of a structured and coherent approach to monitoring and reporting. OCS did not develop appropriate targets to measure the extent to which intended outcomes had been achieved. OCS did effectively manage the allocation and monitoring of grants provided to community foundations.

Evaluation

OCS did not develop or apply an appropriate framework to evaluate the outcomes of the action plan. As a result, it has never assessed the action plan's overall effectiveness and has not adequately evaluated its emerging impacts or the achievement of outcomes. Therefore it cannot demonstrate that the action plan fully achieved its intended objectives and outcomes.

Recommendations

Number	Recommendation	Page
	The Office for the Community Sector should apply the lessons learned in implementing <i>The Victorian Government's Action Plan: Strengthening Community Organisations</i> to its ongoing activities and any future programs by:	
1.	developing implementation plans that comprehensively address objectives and outcomes, roles and responsibilities, time frames and resourcing	26
2.	developing a robust monitoring, evaluation and reporting framework supported by relevant and appropriate performance measures and targets	26
3.	undertaking evaluations at the conclusion of programs with a focus on demonstrating the achievement of objectives and outcomes.	26

Recommendations – *continued*

Number	Recommendation	Page
	<p>The Office for the Community Sector should apply the lessons learned in implementing <i>The Victorian Government's Action Plan: Strengthening Community Organisations</i> to its ongoing activities and any future programs by:</p> <p>4. developing and applying a sound risk management framework that clearly documents how identified risks will be assessed, prioritised and managed.</p>	26

Submissions and comments received

In addition to progressive engagement during the course of the audit, in accordance with section 16(3) of the *Audit Act 1994*, a copy of this report was provided to the Department of Human Services with a request for submissions or comments.

Agency views have been considered in reaching our audit conclusions and are represented to the extent relevant and warranted in preparing this report. Their full section 16(3) submissions and comments are included in Appendix C.



1 Background

1.1 The role of community organisations

There are around 140 000 community organisations in Victoria delivering approximately \$3 billion in government programs funded through grants or service payments. They range from small organisations, relying predominantly on volunteers, to large organisations accounting for a large part of the service economy.

Community organisations are a significant provider of health, education, aged care and social services, as well as sport and recreational activities. They are also significant employers—making up 8 per cent of national employment—and contribute \$43 billion to Australia's gross domestic product. Community organisations play an important role in enhancing liveability, and promoting social inclusion and community life. A growing number of people are relying on community organisations for the delivery of important government programs.

Community sector and not-for-profit organisations have a variety of legal structures including cooperatives, Indigenous corporations, gift funds and trusts. Most are incorporated associations or companies limited by guarantee.

1.1.1 Policy context

The 2006–07 government initiative *Reducing the Regulatory Burden* committed Victoria to reduce the red tape imposed by regulation on the business and not-for-profit sectors.

The aims of the initiative were to:

- cut the existing administrative burden of regulation by 15 per cent over three years and 25 per cent over five years
- ensure the administrative burden of any new regulation is met by an offsetting simplification in the same or a related area
- undertake a program of reviews to identify the actions necessary to reduce compliance burdens.

The then government's *A Fairer Victoria* strategy acknowledged the contribution of community organisations in building stronger communities. It included a commitment from the Victorian Government to work with the Victorian Council of Social Service and other community sector, philanthropic and business leaders to improve the capacity of the community sector and to plan for the key challenges of sustainability and growth.

In 2007 the government commissioned the State Services Authority's (SSA) *Review of Not-for-Profit Regulation* and the *Stronger Community Organisations Project* (SCOP). Both of these projects examined the challenges facing the sector, including its future role, capacity, and relationship with government. Figure 1A summarises the aims and recommendations of these reviews. In response to the recommendations of SCOP and the SSA review, the then government developed *The Victorian Government's Action Plan: Strengthening Community Organisations*.

Figure 1A
Summary of the two government-commissioned reviews

Review	Aim	Recommendations
<i>Not-for-Profit Regulation</i> , State Services Authority, September 2007	Examine the impact of Victorian Government regulation and other contractual and accountability requirements on community organisations created by Victorian Government systems, processes, structures and functional relationships.	Twenty recommendations relating to: <ul style="list-style-type: none"> legislative reform streamlining service agreements and grants improving regulatory support.
<i>Stronger Community Organisations Project</i> , November 2007	Provide advice on the long-term sustainability of community organisations in the state.	Twenty-one recommendations relating to: <ul style="list-style-type: none"> the profile and recognition of community organisations building capacity fostering participation and inclusion improving collaboration and coordination both with government and within the sector.

Source: Victorian Auditor-General's Office.

1.2 *The Victorian Government's Action Plan: Strengthening Community Organisations*

1.2.1 Overview of the action plan

Released in 2008, the four-year \$13.8 million action plan was developed to strengthen the capacity and long-term sustainability of the community sector in Victoria. The action plan had two objectives:

- 'to ensure that, in its direct interactions with community and not-for-profit organisations, government acts in ways that are simple, easy to navigate and designed to optimise value to the community
- to create an environment for community organisations to invest in their own capabilities and long-term sustainability'.

To meet these objectives the action plan outlined a set of 25 actions under five themes:

- reducing regulatory burden (actions 1–11)
- building the capacity of community organisations (actions 12–16)
- supporting innovation and growth (actions 17–18)
- enhancing the role of community organisations in local community life (actions 19–22)
- improving cross-sector coordination (actions 23–25).

A complete list and summary of actions is contained in Appendix A.

Figure 1B shows the distribution of funding across the action plan.

Figure 1B
Distribution of funding

Activity	Amount (\$mil)
Department of Planning and Community Development	
Establish 12 community foundations	5.3
Establish a new Office for the Community Sector	4.9
Establish a Community Enterprise Catalyst	2.0
Develop organisational and support networks	0.4
Department of Human Services	
Set up a portable long service leave scheme	1.2
Total	13.8

Source: Victorian Auditor-General's Office based on Budget Paper 3, Service Delivery 2008–09.

1.2.2 Office for the Community Sector

The Office for the Community Sector (OCS) was established in 2008, in the then Department of Planning and Community Development, to lead the coordination and implementation of policy priorities affecting the community sector across the whole of government. In implementing the action plan, OCS worked across government departments and agencies such as Consumer Affairs Victoria and the Department of Human Services, and with organisations within the community sector including sports, arts, welfare and children's services organisations.

OCS was initially funded for three years under the action plan, from 2008–09 to 2010–11. A further \$4.6 million was provided to fund the office from 2011–12 to 2014–15 to continue to drive whole-of-government and community sector reforms, including further red tape reductions and easing regulatory compliance to:

- reduce the unnecessary duplication of service standards
- streamline reporting and data collection
- develop a Single Funding Agreement—one agreement between government departments and a funded community organisation covering multiple grants from different departments
- expand opportunities for community organisations to access broader funding sources including business, philanthropy and the social finance market

- support and promote new ways for community organisations to work and deliver services
- improve community organisations' governance practices and skill level
- work across government to develop the community sector workforce
- assess and respond to Commonwealth community sector reform proposals.

OCS currently has two key objectives:

- driving cross-government activity that reduces unnecessary accountability and compliance burdens
- strengthening the capacity and capability of community organisations.

1.3 Audit objective and scope

The audit assessed the effectiveness and efficiency of the implementation of *The Victorian Government's Action Plan: Strengthening Community Organisations*.

To address the objective, the audit examined:

- whether the action plan was implemented effectively and efficiently, and achieved its intended outputs and outcomes
- the effectiveness of the ongoing activities of OCS.

The audit examined OCS' role in implementing the action plan, including its role in leading the coordination and implementation of the action plan, and the extent to which current activities are achieving intended outcomes.

1.4 Method and cost

The audit method included interviewing staff from OCS, examining documentary evidence on the plan's implementation, and surveying community organisations that were involved in the plan's implementation.

To seek stakeholder views on the plan's implementation, an online survey was directed at community organisations involved in reference and working group activities related to the action plan. The survey included a set of questions about the development of the plan and its results—both outputs and outcomes. Survey questions allowed for rating scales as well as free text and open-ended comments.

Initially, the survey was pilot tested with four participants. Their feedback helped to refine questions asked of the broader participant group. An email sent to 125 stakeholders involved in the action plan invited them to participate in the online survey. Twenty-nine people responded to the online survey between 11 and 19 June 2013. The results of the four pilot tests were incorporated in the final results.

The audit was conducted in accordance with section 15 of the *Audit Act 1994* and Australian Auditing and Assurance Standards. Pursuant to section 20(3) of the *Audit Act 1994*, any persons named in this report are not the subject of adverse comment or opinion.

The cost of the audit was \$305 000.

1.5 Structure of the report

The report is structured as follows:

- Part 2 examines the action plan's achievements.
- Part 3 identifies lessons for program implementation and future activities of OCS.

2 Implementation and achievements

At a glance

Background

The Office for the Community Sector (OCS) was responsible for implementing *The Victorian Government's Action Plan: Strengthening Community Organisations* and leading the coordination and implementation of policy priorities affecting the sector across government. The plan had 25 actions under five themes and a number of departments were responsible for particular actions or activities.

Conclusion

OCS has made good progress in implementing the action plan and delivering its main outputs. This is significant given the diversity of the sector, the broad nature of the plan, the resources available and the challenges of coordinating activities across government. OCS played a valuable role in connecting community organisations and coordinating activities across government, which also assisted with engagement and the delivery of specific actions under the plan.

Findings

- A substantial portion of the plan was completed, with eight actions completed in full, 13 substantially completed and three partially completed.
- Key achievements included legislative reforms, establishing the Not for Profit Compliance Support Centre, developing a Common Funding Agreement to use with the community sector, a Standard Chart of Accounts, a Workforce Capability Framework and funding 12 community foundations.
- OCS used a program of consultation with community organisations and government to inform its implementation of the plan.
- Overall, survey responses from community organisations involved in the action plan's implementation were positive.

2.1 Introduction

The Office for the Community Sector (OCS) was responsible for implementing *The Victorian Government's Action Plan: Strengthening Community Organisations* and leading the coordination and implementation of policy priorities affecting the sector across government. A number of other departments were responsible for delivering actions or sub-actions, including the former Department of Planning and Community Development, Consumer Affairs Victoria within the Department of Justice, and the Department of Human Services.

Across the action plan's 25 actions, there were 113 sub-actions, which included delivering specific outputs as well as monitoring and evaluation activities. This Part examines progress and major achievements in implementing the plan, as well as OCS' approach to sector engagement and cross-government coordination.

2.2 Conclusion

Good progress has been made in implementing the action plan and delivering its main outputs. This included establishing OCS and the delivery of key outputs such as the Common Funding Agreement (CFA), legislative reform and funding of community foundations. These are significant achievements given the diversity of the sector, the broad nature of the plan, the resources available and the challenges of coordinating activities across government.

OCS played a valuable role in connecting community organisations and coordinating activities across government. Establishment of a sector reference group and working groups with representatives from community organisations and government departments assisted with sector engagement and the coordination and delivery of specific actions under the plan. The majority of community organisations surveyed by VAGO viewed the OCS' work in a positive light and acknowledged its important role in providing a link between the sector and government, and in coordinating government activity.

2.3 Progress in implementing the action plan

Our assessment of the action plan considered the completion of actions and sub-actions as well as the views of community sector stakeholders involved in implementing the action plan. Figure 2A summarises the status of the action plan.

Figure 2A
Summary of status of the plan's actions

Action	Not progressed	Partially completed	Substantially completed	Fully completed
Theme 1: Reducing the regulatory burden and streamlining interaction with government				
1. Reducing the burden of reporting				✓
2. Review of audit requirements				✓
3. Regulatory consistency			✓	
4. Amendments to trading and model rules				✓
5. Additional administrative reforms			✓	
6. Update of the <i>Fundraising Appeals Act 1988</i>			✓	
7. Enhancing regulatory awareness and engagement			✓	
8. Enhanced regulatory support		✓		
9. Ensuring service agreement consistency		✓		
10. Grants reform				✓
11. Inter-governmental collaboration and reform			✓	
Theme 2: Building the capacity of community organisations				
12. Investing in leadership and development			✓	
13. A Community Services Workforce Capability Framework			✓	
14. Community sector placement and mentoring		✓		
15. Increasing the skills and engagement of volunteers			✓	
16. Developing organisational support services and networks				✓
Theme 3: Supporting innovation and growth				
17. Building capacity for innovation and growth			✓	
18. Developing community enterprise			✓	
Theme 4: Enhancing the role of not-for-profit organisations in local community life				
19. Sharing facilities and infrastructure			✓	
20. Stronger role for community foundations				✓
21. Attracting more support to local sport and recreation organisations	✓			
22. Local government community planning and engagement				✓
Theme 5: Recognising community organisations and coordinating efforts across government				
23. Establishing the Office for the Community Sector			✓	
24. Facilitating dialogue and exchange between the sectors			✓	
25. Supporting a new representative body for community organisations				✓

Source: Victorian Auditor-General's Office.

OCS can demonstrate eight actions have been completed in full, with 13 substantially completed, three partially completed and one not progressed.

Some of the incomplete actions have outstanding sub-actions that are related to recent Commonwealth Government reforms that have occurred since the action plan was developed. For example, actions 3, 6 and 11—aimed at reducing the regulatory burden through legislative reforms—included sub-actions relating to working with the sector and the Commonwealth to develop a national regulatory framework and seeking national agreement of fundraising legislation between jurisdictions. OCS has fulfilled its obligations under the action plan relating to these actions. However, the completion of these is now tied to decisions and reforms being progressed through the Council of Australian Governments' agenda, which is beyond the control of OCS.

Other actions have incomplete sub-actions relating to activities that have not been undertaken. For example, action 23—establishing the Office for the Community Sector—has a component relating to reviewing the role and impact of OCS and this has not occurred.

Although OCS advised that some activity has occurred in relation to action 21— attracting more support to local sport and recreational associations—this could not be verified.

A summary of our assessment of the status of the plan's actions is included in Appendix B and some of the key achievements are outlined in Figure 2B.

Figure 2B
Implementation achievements

Achievement	Description
<p>Legislative reform (actions 1–8) Amendments to the <i>Associations Incorporation Act 1981</i> were consolidated in the <i>Associations Incorporation Reform Act 2012</i>. Amendments were also made to fundraising legislation, including the introduction of new regulations, to provide clarity and streamline registration practices for fundraisers.</p>	<p>Legislative reforms were led by Consumer Affairs Victoria with support from OCS. An interdepartmental working group and regulatory reform reference group were established to oversee the implementation of the actions.</p> <p>The actions for the reforms are part of Theme 1—Reducing the regulatory burden and streamlining interaction with government. This was achieved by abolishing, minimising or providing clarity around specific legislative requirements so that not-for-profit (NFP) organisations' resources and time are not taken up by administrative activities.</p>
<p>The Not for Profit Compliance Support Centre (actions 7, 8 and 16) An online portal was developed to reduce the regulatory compliance burden for NFP community organisations and increase productivity within the sector. It is a single point of entry for NFP organisations to access regulatory information, licences, forms and related compliance resources.</p>	<p>The Not for Profit Compliance Support Centre was designed to improve engagement between service providers and government on regulatory changes as well as provide additional regulatory support to the NFP sector. The portal was developed by OCS as a result of community sector consultation involving online forums, one-on-one interviews and website testing to ensure the new website is user-friendly and tailored to the special needs of the NFP sector.</p> <p>The portal was designed to save search time for regulatory and compliance information, make use of existing regulatory tools that are available, and increase NFP organisations' understanding about the benefits of compliance.</p>

Figure 2B
Implementation achievements – continued

Achievement	Description
<p>Common Funding Agreement (action 9)</p> <p>The CFA is one standard funding agreement for use by government departments that replaces more than 30 funding agreements between the department and NFP organisations. It was rolled out across all departments on 1 January 2013.</p>	<p>The CFA was developed by OCS in collaboration with the departments of Justice, Human Services, and Education and Early Childhood Development, in order to ease the administrative burden on community organisations by simplifying funding arrangements.</p>
<p>The Standard Chart of Accounts (SCoA) (action 10)</p> <p>The SCoA is an agreed list of account categories and a data dictionary for Australian governments to use when requesting financial information from NFP organisations.</p>	<p>OCS contracted a third party to develop the Victorian SCoA to provide a consistent accounting framework for bookkeepers and volunteers. Its goal was to reduce compliance and administrative costs.</p> <p>This Victorian model has since been used to develop the National Standard Chart of Accounts (NSCoA). It is mandatory in Victoria for all state departments, agencies and local government associations to use the NSCoA in future contracts with NFP organisations.</p>
<p>Workforce Capability Framework (action 13)</p> <p>This framework consists of a range of implementation tools—a set of Capability Framework Cards, a Capability Assessment Tool, a Learning and Development Tool, and seven workplace scenarios—to help NFP organisations build an effective, strong and sustainable community sector workforce.</p>	<p>This tool was developed by OCS, through consultation with the sector, to address workforce challenges including recruitment and retention of staff, managing limited resources, lack of agreed performance outcomes, and strengthening management and leadership skills. It was designed to:</p> <ul style="list-style-type: none"> • improve the quality and effectiveness of service delivery leading to improved client outcomes • provide professional development and learning • improve recruitment and retention.
<p>Funding for community foundations</p> <p>OCS funded 12 community foundations up to \$300 000 each to strengthen their local communities through supporting funds development.</p>	<p>Funding was intended to boost the prosperity of communities and increase business involvement in community life. OCS established a community foundations reference group to provide advice in implementing this action.</p> <p>The criterion for funding was based around:</p> <ul style="list-style-type: none"> • good governance, including fundraising ability and community engagement capacity • the foundation operating in an area where there is community need, evidenced by low socioeconomic profile • an opportunity existed to build on government investment including community-building and revitalising projects.

Source: Victorian Auditor-General's Office.

Survey data indicates that 61 per cent of respondents thought implementation of the plan delivered outputs extremely or very well. Respondents also commented on the usefulness of outputs achieved:

I was 'impressed with the professional conduct of the office. They have run good projects and consultations and clear and useful outputs. We have made use of lots of these'.

'Workforce Capability Framework was developed and taken up by organisations.'

'The program of encouraging community foundations to raise funds to match the Government's initiative with a matching grant has been very positive for the sector.'

'The challenge grant built our community fund and also built our confidence in fundraising. Community awareness and support increased as a result of the challenge grant.'

2.4 Sector engagement and cross-government consultation

OCS' role was to lead the coordination and implementation of the action plan across the whole of government. To achieve this, OCS expected to employ a staff of nine full-time equivalents. However, this did not eventuate due to departmental budget and restructuring constraints. Staff peaked at around 4.5 full-time equivalents, although external parties were engaged to assist with delivery of some actions or parts of actions. Sector engagement and cross-government consultation underpinned much of the plan's implementation.

2.4.1 Approach to sector engagement

A key focus of the action plan was strengthening the capacity of the community sector to improve its long-term sustainability and to make it easier for community organisations to deal with government. It was therefore critical to effectively engage the sector in its implementation to facilitate sector input and to increase the likelihood of success and take-up of actions.

OCS undertook a sector scan to identify key stakeholders from a cross-section of the community sector. Following this, a sector reference group consisting of representatives from different community organisations and peak bodies was established. The group's terms of reference were to:

- provide advice to OCS on the implementation of the government's action plan
- provide advice on sector representation on the other reference groups formed to support the implementation of the individual actions in the plan
- assist to strengthen a collaborative and partnership approach to the sector and government working together
- provide advice on future directions for the government's commitment to developing and supporting NFP organisations in Victoria.

The group met 11 times during the implementation of the action plan and continues to meet to provide advice to OCS on future directions in developing and supporting community sector organisations in Victoria. Working groups with community sector representatives were also established by OCS, and these are discussed in Section 2.4.3.

OCS also established an annual NFP summit as part of action 24—to facilitate dialogue and exchange between the sectors. This statewide event was first held in 2009, and provided an opportunity for government to engage with the NFP sector while facilitating networking among attending organisations. The summit explored a different theme each year through workshops, presentations, exhibitions and networking. Forums are still held annually.

Seventy-eight per cent of survey respondents rated the OCS' performance in involving the relevant stakeholders as excellent or good. Comments made by respondents also indicate OCS effectively engaged the sector:

I valued 'the enthusiasm of OCS ... the engagement with and listening to the sector ... and the fact that our concerns were heard'.

'There was good community engagement during the projects and ongoing engagement. It was not tokenistic. It was for the sector and by the sector. There was an understanding of our needs and results were delivered to meet those needs.'

2.4.2 Cross-government coordination

Effective consultation and coordination across departments was essential, as some actions, such as the development of the CFA, directly affected other departments and required their collaboration for successful implementation.

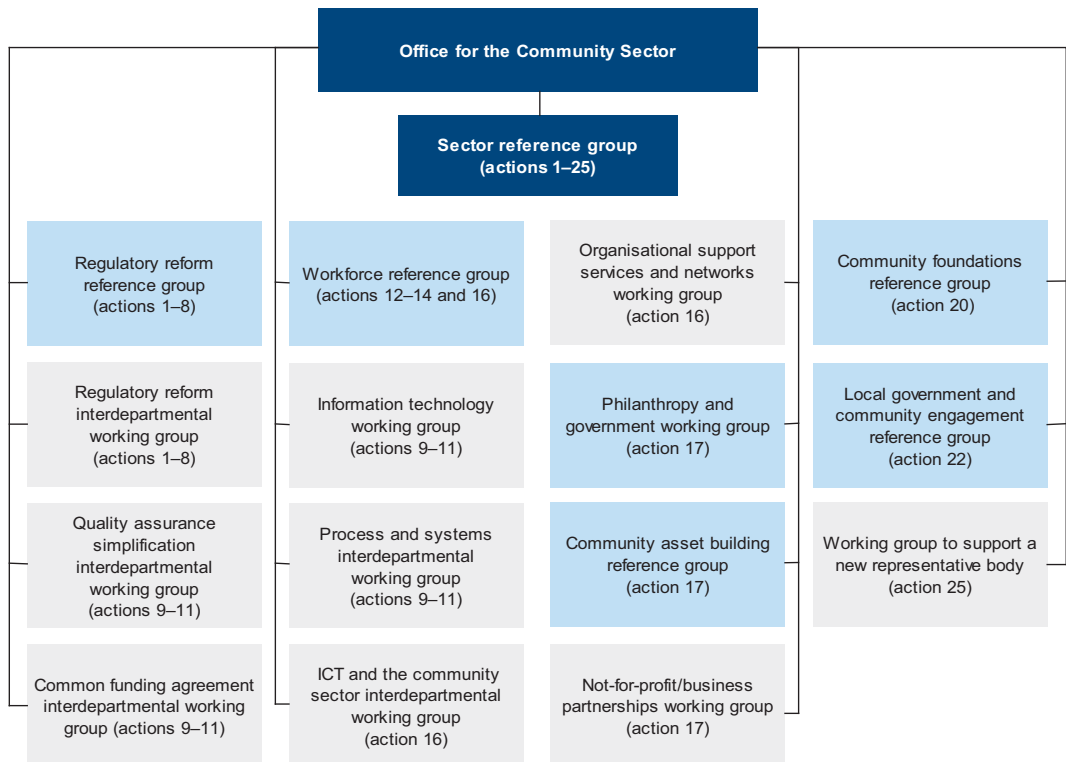
OCS established and chaired several interdepartmental working groups to oversee the implementation of specific actions that required cross-government coordination. For example, an interdepartmental working group was established to oversee the implementation of actions relating to Theme 1—Reducing the regulatory burden and streamlining interaction with government. This group had representatives from the Department of Planning and Community Development (through OCS), as well as from the departments of Justice (through Consumer Affairs Victoria), Human Services, Education and Early Childhood Development, Premier and Cabinet, and Treasury and Finance.

The working group arrangements were successful in sharing information across departments and delivering actions requiring cross-government coordination. They also assisted in building relationships between government and the community sector through OCS.

2.4.3 Framework for stakeholder engagement and cross-government coordination

The sector reference group and the various other reference and working groups established to help implement the action plan are illustrated in Figure 2C.

Figure 2C
Arrangements to implement the action plan



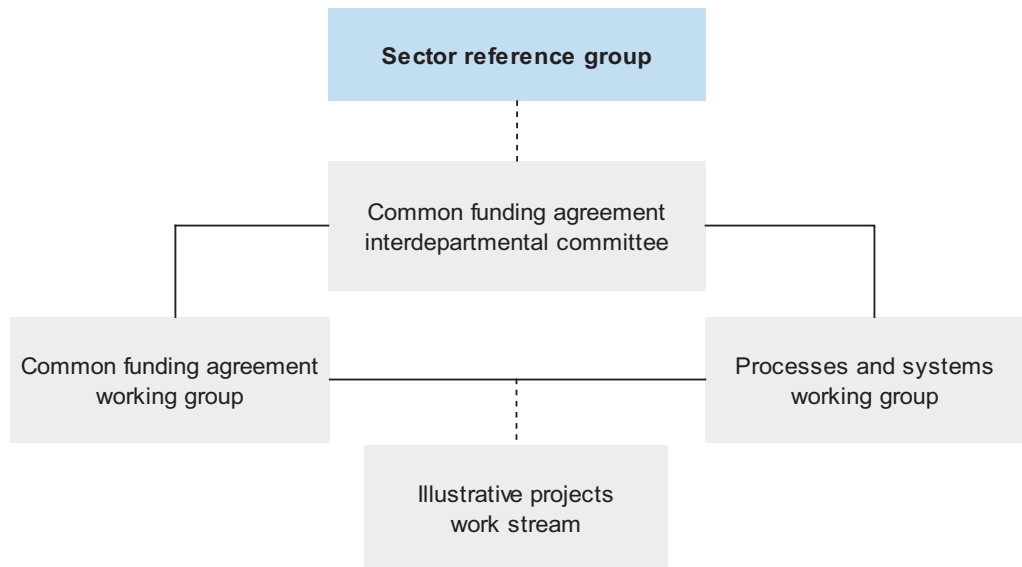
Note: Pale blue groups comprised of both government and community sector representatives.
Source: Victorian Auditor-General’s Office.

As well as the sector reference group, specific groups were established to deliver particular actions and, in some cases, more than one action. Several actions, such as those relating to service agreement consistency—action 9—had more than one group to assist in implementing different parts of each output. Joint meetings were also held between community sector representatives and government representatives to deliver specific actions.

The arrangements to develop the CFA included an interdepartmental committee with members from across government to oversee the project. Two cross-government working groups were established to develop the agreement template and review systems and processes. OCS also consulted an illustrative projects group consisting of representatives from community organisations on the development and implementation of the CFA.

Figure 2D demonstrates the structure in place for the delivery of the CFA relating to action 9.

Figure 2D
Arrangements for the common funding agreement



Source: Victorian Auditor-General’s Office.

The establishment of the sector reference group and working groups was useful because it meant that OCS frequently had access to a range of views and advice on delivery of the plan. Representatives of the community sector who were surveyed viewed the governance of the reference groups as positive. They commented on the benefit of discussions between sectors and the presence of government agencies, as well as the benefits for the community sector in having OCS work across government departments.

Around 76 per cent of survey respondents viewed the groups as extremely or very effective. Some respondents also provided comments around the frameworks established by OCS:

‘OCS’ performance was leading practice; as a whole OCS has demonstrated strong leadership and engagement with the community sector and government. Its ability to effectively use existing government expertise and materials has been limited only by the time frames required to convince other government departments to take the work of the community sector seriously.’

‘What worked well: the reference group was high performing and achieved some good outcomes for the sector. OCS was successful in championing the community sector in government. It initiated some whole of government projects. They were very successful and we were able to provide some good input...’

In fulfilling its role, OCS demonstrated an adaptive approach to implementation by focusing on cross-government and community sector engagement and consultation, and getting the right people together to drive implementation of the action plan. Comments made by survey respondents on outcomes of the plan and what worked well also demonstrate this. There are opportunities to leverage off this position:

‘OCS represents an important step forward in progressing government sector collaboration and the long-term vision for the sector.’

‘Government understanding of sector is much clearer and relationship is stronger. Sector more confident about approaching government.’

3 Lessons for program implementation

At a glance

Background

Effective and efficient program implementation is central to the successful delivery of plans and programs and to demonstrate the achievement of intended objectives and outcomes. This should be underpinned by robust planning and frameworks including appropriate governance and risk management and monitoring, evaluation and reporting arrangements.

Conclusion

The majority of actions and outputs under *The Victorian Government's Action Plan: Strengthening Community Organisations* were completed. However, weaknesses in some aspects of planning, implementation and evaluation mean that the Office for the Community Sector cannot demonstrate that it achieved intended action plan outcomes, or that the action plan was implemented effectively or efficiently.

Findings

- Implementation plans lacked sufficient detail on time lines, resourcing, risks, monitoring and reporting.
- Governance arrangements were generally effective, although some areas can be improved.
- An evaluation and performance monitoring framework was not developed and a final evaluation of the action plan was not undertaken as intended.

Recommendations

The Office for the Community Sector should apply the lessons learned in implementing the action plan to its ongoing activities and any future programs by:

- developing comprehensive implementation plans
- developing a robust monitoring, evaluation and reporting framework
- undertaking evaluations at the conclusion of programs with a focus on objectives and outcomes
- developing and applying a sound risk management framework that clearly documents how identified risks will be assessed, prioritised and managed.

3.1 Introduction

Effective and efficient program implementation is central to the successful delivery of plans and programs and to demonstrate the achievement of intended objectives and outcomes. Robust frameworks including appropriate governance, risk, monitoring, reporting and evaluation arrangements are important to demonstrate the effective use of public funds and to effectively implement and deliver government policy.

This Part examines the planning and implementation of *The Victorian Government's Action Plan: Strengthening Community Organisations*, evaluation of outcomes and how lessons learned can be applied to the future activities of the Office for the Community Sector (OCS). Key areas of implementation covered are planning, risk management, monitoring and reporting, evaluation and measuring outcomes.

3.2 Conclusion

There were weaknesses in some aspects of planning and implementation of the action plan. Implementation plans lacked sufficient detail on how the action plan would be implemented and contained inadequate information on key aspects such as risk management and monitoring, evaluation and reporting. Although the majority of actions and outputs under the action plan were completed, OCS did not plan for, develop and apply an appropriate evaluation and performance monitoring framework.

It is important that OCS improves its planning and establishes effective monitoring, evaluation and reporting systems and processes. This will assist with demonstrating the achievement of its intended objectives and outcomes and increase the likelihood that its future initiatives and programs will be successfully implemented.

3.3 Lessons for program implementation

Planning lays the foundation for the effective delivery of programs and projects. Adopting a structured approach to program planning and implementation increases the likelihood of success.

Implementation planning should address key elements such as governance, roles and responsibilities, resources, risk management, performance measures, monitoring and evaluation. Our assessment of the action plan's implementation and of survey responses from community organisations involved in implementing the plan indicate that there are opportunities for improvement in the way OCS plans and manages its activities and programs.

3.3.1 Implementation planning

Planning how an initiative will be implemented should address elements such as governance, time frames, milestones, roles and responsibilities and resourcing. Better practice implementation plans are realistic, flexible and have sufficient detail.

Implementation plans should:

- show a clear alignment between policy objectives and implementation, as well as make clear the long-term and short-term outcomes
- reflect adequate consideration of key risks and potential barriers to implementation throughout the entire implementation process—not just at the beginning—and how they will be dealt with
- provide a map of how an initiative will be implemented, covering time frames, roles and responsibilities of all those involved in implementation, resources—including funding and human resources—monitoring, reporting and evaluation requirements.

Planning for the action plan's implementation

An implementation plan was developed in June 2008, but this did not sufficiently address time frames, resources, responsibilities and risks, or monitoring, evaluation and reporting requirements. Consequently, it is difficult to assess whether the action plan was implemented efficiently and effectively.

OCS' sector engagement and cross-government coordination activities essentially drove implementation of the action plan. However, the lack of detailed implementation planning means that it is unclear how and when the plan was intended to be implemented, how progress was intended to be monitored and reported, how outcomes would be evaluated, and how emerging lessons would be captured and used to enhance the effectiveness of the action plan and future activities.

3.3.2 Governance arrangements

Governance is the set of responsibilities, policies and procedures which provide strategic direction, so that objectives can be achieved and resources can be deployed responsibly and effectively. A governance framework should consider the roles, responsibilities and accountabilities of those involved, the rules and procedures for decision-making, and the integration of the project governance arrangement within an agency's broader corporate governance framework.

Sound governance arrangements are fundamental to the success of program and policy implementation. The nature and complexity of governance arrangements should reflect the size and scope of the initiative. These factors will influence the degree to which senior managers need to be involved, and the formality of the arrangements.

Governance arrangements for implementing the action plan

OCS developed a framework to implement and monitor the action plan, and for its own operation. Reference and working groups with responsibilities for particular actions were established to help deliver the plan. While these groups were generally effective, there were some shortcomings in role clarity, documentation and record keeping, and performance monitoring and reporting.

Terms of reference were developed for the sector reference group, in consultation with the group members. These clearly described the group's primary role to advise OCS on the implementation of the action plan, including sector representation on the other reference groups formed to support the individual actions in the plan.

For 10 of the working groups there was evidence that terms of reference were developed or that the group's role was at least discussed. The roles of the remaining five groups were not documented and it was not evident for any of these how decisions were supposed to be recorded, followed through and progress reported.

Our survey results indicate that 60 per cent of respondents thought their role was either extremely clear or very clear. However, some respondents commented about the lack of clarity in the terms of reference and that the working groups had too many members:

'It was difficult to see how any views were incorporated in the work. They may have been but it wasn't obvious.'

'The reference group was very "fluid", i.e. no terms of reference, clear and consistent membership or clear agenda. I withdrew after the first couple of meetings.'

Other respondents commented that the governance arrangements were a positive aspect of the action plan's implementation:

'Inter-sectorial discussions, breaking down "silos" and talking with people who interact with government agencies in different ways ... the range of organisations involved ... and the cooperation and follow through that happened' was a positive.

While there may be a need for flexibility in how each group approached diverse actions, terms of reference for all groups should have been developed outlining, as a minimum:

- the role of the group and individual members
- procedures for recording information, such as formal minutes or notes and who should receive them
- how often the group would meet
- reporting procedures, such as documenting agreed actions and who is responsible.

Members of community organisations were not funded to participate in reference or working groups. Some survey respondents commented on the impact of this. OCS also recognised this was something it needed to consider for future programs:

'The plan produced great resources but it is up to you to get involved. We are a quite small organisation. An HR group in the sector got together about the capability stuff but there was no momentum from OCS. There were no implementation dollars to use the resources ...'

'There is a real problem around the viability of ongoing NFP engagement with a process like this. Engagement doesn't exist without funding. It takes a lot of time to attend meetings and read documents before and after meetings but it can't keep going on without some payment. None of the organisations involved received any funding for their input. It was all done at our expense.'

I find it 'sometimes difficult to keep linked into the reference group's actions and intentions given all my other workload and immediate demands.'

3.3.3 Risk management

Risk management involves the identification, assessment and prioritisation of risks, followed by their active monitoring or management, with the aim of reducing the likelihood of them occurring, or their impact, should they materialise. Effective risk management reduces the likelihood that unforeseen circumstances will jeopardise the achievement of objectives.

A risk management framework should be based on a clear understanding of the objectives and allow for processes that:

- identify and assess key strategic, operational and financial risks
- ensure appropriate responses are determined, and provide assurance that these are effective
- allow the monitoring of risks and public reporting of the effectiveness of the risk management system.

Initiatives that involve cross-portfolio collaboration face increased complexity of risk management, so it is important to ensure that there is a common understanding of the risks associated with shared implementation. This requires a clear and agreed identification of who carries which risks. This applies not only to identifying and assigning responsibility for risk, but also to actively managing, monitoring and reporting throughout implementation. Responsibilities should be clear and documented where organisations outside government are involved in risk management.

As implementation is usually a staged process, risks should be reviewed and actively managed at key stages to take into account changing circumstances through the various phases of implementation. Appropriate responses to emerging problems will be more manageable where robust contingency plans have already been developed as part of the risk management strategy.

Risk management under the action plan

The implementation plan developed by OCS identified two high-level risks—failure to establish OCS by the first quarter 2008–09 and failure to engage broadly with the community sector. Considering the complexities involved in working with a diverse sector and across government, it is likely that OCS dealt with many issues and risks as they arose. However, in the absence of a documented risk management framework, it is not clear whether risks were purposefully managed.

As part of this audit, OCS identified a number of lessons from implementing the action plan including:

- **getting the right tactical approach**—establishing clearly explained change management processes early in the project and balancing the use of high-level interdepartmental committees, reference and working groups to maintain buy-in and get the right people around the table so the project is a success
- **working constructively with the sector**—engaging the sector to make them see the benefits of participating, considering whether the engagement of the sector—and other departments—needs to be funded, and building and maintaining the perception within the sector that OCS is able to maintain broad and high-level focus on reform rather than on the details of service delivery.

These lessons indicate OCS saw aspects of engagement with the community sector as risks to implementation. Had a systematic approach to risk management been taken earlier, these risks may have been identified, and appropriate strategies put in place to manage them in the initial stages of implementation.

3.3.4 Monitoring and reporting

Monitoring and reporting supports effective program implementation and oversight. It underpins key activities, such as evaluation, by facilitating the collection of data required to measure and demonstrate the achievement of outputs as well as outcomes. It also allows stakeholders to assess progress, identify and address problems, and review the ongoing relevance of an initiative.

Monitoring and reporting practices should include the provision of timely and reliable status reports throughout implementation so that any risks to achievements are identified and dealt with. Where the implementation of initiatives is multi-staged, it is particularly important that the concerns or lessons from each stage are addressed and resolved before implementation progresses.

Performance measures and targets

Measuring performance is fundamental to accountability. It provides information on how effectively and efficiently agencies deliver programs, and how economically they use public funds. Effective performance measurement requires well expressed objectives that clearly articulate the outcomes to be achieved, and appropriate measures that demonstrate whether objectives and outcomes are being met.

Monitoring and reporting of the action plan

Working groups were the main mechanism used to monitor the progress of the action plan. OCS sat on each of the working groups and led progress reporting, preparing a combination of written reports and verbal briefings to stakeholders and government.

Written reports covered progress against actions, and working group minutes show that verbal briefings provided to stakeholders also covered this. However, this was not part of a structured and coherent approach to monitoring and reporting, nor was it supported by performance measures to enable an assessment of the effectiveness and efficiency of the action plan's implementation.

Progress reports generally provided an update on overall progress but did not:

- consistently report against all the plan's actions
- cover actions to the level of detail in the government's action plan, often providing a catch-all summary without covering the specific sub-actions of the published plan
- raise implementation issues or challenges together with details of how OCS planned to address these.

Survey respondents also indicated the need to improve monitoring and reporting of the action plan:

'Plan outputs and outcomes were very clear in their definition. But they were hard to measure and sometimes the reference group would get side-tracked.'

There is a 'need for annual published updates on implementation.'

As part of the audit, OCS identified a number of lessons related to monitoring and reporting, including the need to:

- develop an outcomes-based framework in order to secure increased social investment and reduce the reporting burden on community organisations
- build effective communications channels and provide regular, easy to understand information in a form that can be easily used to brief upwards.

This indicates that OCS recognised there were aspects of monitoring and reporting which require improvement for future programs.

Monitoring and reporting of grant recipients

Almost 40 per cent, or \$5.3 million, of the action plan's \$13.8 million in direct funding was allocated to action 20—a stronger role for community foundations. This action involved providing grants of up to \$300 000 to 12 community foundations that:

- were held in perpetuity by the local community to provide for locally determined needs into the future
- supported initiatives that build relationships between business, philanthropy and the local community
- ensured the community foundation had strong, locally connected governance
- developed the profile and capacity of the community foundation
- assisted communities of disadvantage within the area covered by the foundation.

The foundations approved for funding were provided an initial \$100 000 grant. If they matched this amount within 12 months, and met performance measures, they received another \$200 000. It is important that monitoring and reporting of individual grant recipients provides assurance that outputs are delivered as required.

Funding agreements with approved grant recipients should:

- contain appropriate reporting requirements that enable monitoring of the progress of projects and the use of funds
- require clearly defined outputs to be delivered by the recipients
- require evidence that agreed milestones and/or outputs have been met before payment is made.

To assess the effectiveness of OCS' management of grants we examined a sample of grant recipient project files. OCS managed grant funding effectively in terms of:

- documenting obligations in funding agreements
- monitoring that funding obligations were met prior to the disbursement of funds
- reporting on payments and achievements.

3.3.5 Evaluation

Evaluation planning is fundamental for effective performance measurement and for demonstrating the achievement of objectives and outcomes. An evaluation plan should establish the management practices and systems required for an effective evaluation including:

- clarification of evaluation questions, activities, roles, appropriate methods and ethics requirements
- ongoing data sources, systems and practices needed during the life of the program
- evaluation resource requirements in terms of budget and staff
- time lines for evaluation activities
- communicating results to relevant stakeholders.

A well designed evaluation should also demonstrate the link or contribution that program outcomes are expected to make to higher level departmental outcomes.

Evaluations should also aim to identify lessons that may help in the future to:

- improve policy design implementation and decision-making
- help resource allocation
- enhance accountability in terms of assessing what outcomes were achieved
- promote organisational learning and good practice.

Evaluation planning for the action plan

OCS did not develop or apply an appropriate framework for evaluating the outcomes of the action plan. The action plan's overall effectiveness was never assessed and consequently OCS cannot demonstrate whether intended objectives and outcomes were achieved. This was a significant weakness in the implementation of the action plan.

OCS did not establish methods for identifying and collecting data to monitor performance against the action plan. Relevant and appropriate measures and targets were not developed to measure the extent to which intended outcomes were achieved. As a result, the impact of the actions and outputs is unknown. There was, however, an interim evaluation and evaluations of some specific actions, which are discussed below.

The action plan interim evaluation

In February 2010, OCS engaged an external party to review the progress of the implementation of the action plan. The evaluation assessed value for money achieved as a result of the 25 actions in the plan in terms of:

- **appropriateness**—of reform objectives in meeting stakeholder needs and the extent to which higher level community and government priorities are addressed. The interim evaluation found OCS played a critical role in implementing the action plan, demonstrating the required versatility and understanding of government and the community sector. Stakeholder feedback from the review also indicated strong support for the government's commitment to strengthening community sector capability
- **effectiveness**—the extent to which objectives have been met and stakeholder satisfaction has been achieved. The interim evaluation found significant progress was made in achieving actions set out in the action plan. Stakeholders highlighted the cross-sector and cross-government collaboration on work to date as positive
- **efficiency**—by which inputs are converted to outputs and return on investment is achieved. The evaluation's estimates of efficiency were illustrative only, due to its limited scope and the challenges in measuring efficiency in the community sector. Based on indicative measures of the sector's economic contribution, the government's return on investment would appear to be justified.

While the interim evaluation covered the progress of actions under the plan, the lack of quantitative information meant that impacts and outcomes could not be assessed. The review identified the following limitations:

- Not all actions were completed.
- It was difficult to measure the achievement of objectives and stakeholder satisfaction without established performance indicators and measures.
- The assessment of appropriateness and effectiveness relied on qualitative data and provided no meaningful information on the impact of activities.
- Indicative estimates were used to measure efficiency of the action plan due to the lack of reliable data.

Despite these limitations, the review found an important factor in OCS' success was its focus on partnering with, and gaining the acceptance of, the community sector and government.

Advice from the then government on the interim evaluation recommended that a more robust and comprehensive evaluation be submitted to the relevant Cabinet committee prior to the end of 2010 in order to inform any future decisions about the action plan. OCS advised that due to the change in government following the 2010 election, and limited resources, it focused on reframing and refining its work to better align with the new government's policies rather than completing the final evaluation.

Evaluation of specific actions

OCS evaluated parts of five of the 25 actions under the action plan.

The following outputs were evaluated:

- the provision of grants to community foundations (action 20)
- the Standard Chart of Accounts (action 10)
- the Community Sector Workforce Capability Framework (action 13)
- the Community Enterprise Catalyst (action 18)
- the Volunteering Portal (action 15).

While none of these evaluations adequately assessed the extent to which the outputs contributed to the achievement of associated outcomes, the post-implementation reviews of actions 10, 13 and 15 provided some useful information:

- they demonstrated the efficiency outcomes in terms of prospective administrative savings for community organisations that adopted the Standard Chart of Accounts
- they showed that the Workforce Capability Framework could deliver wider economic benefits to community organisations that adopted it, although this information was high level
- the review of the Volunteering Portal looked at the extent to which the objectives of the portal had been met as well as areas for improvement.

Overall, OCS did not adequately evaluate the emerging impacts or the achievement of outcomes under the action plan, nor did it adequately prepare to do so by developing and then applying a structured and integrated approach to evaluation during its implementation planning stage. This means OCS did not undertake the necessary work to understand and track the longer-term benefits of the action plan.

Recommendations

The Office for the Community Sector should apply the lessons learned in implementing *The Victorian Government's Action Plan: Strengthening Community Organisations* to its ongoing activities and any future programs by:

1. developing implementation plans that comprehensively address objectives and outcomes, roles and responsibilities, time frames and resourcing
 2. developing a robust monitoring, evaluation and reporting framework supported by relevant and appropriate performance measures and targets
 3. undertaking evaluations at the conclusion of programs with a focus on demonstrating the achievement of objectives and outcomes
 4. developing and applying a sound risk management framework that clearly documents how identified risks will be assessed, prioritised and managed.
-

Appendix A.

Action Plan: Table of actions

Figure A1
Table of actions

Theme 1: Reducing the regulatory burden of reporting	
Action	Summary
1. Reducing the burden of reporting	The government will investigate options to streamline the process for community organisations to submit annual financial statements. Options may include the use of online technology.
2. Review of audit requirements	Consumer Affairs Victoria (CAV) will review audit requirements for not-for-profit (NFP) organisations, including setting out options for raising audit thresholds.
3. Regulatory consistency	The government will work with community organisations and the Commonwealth Government to develop a regulatory framework which is appropriate for both large and small NFPs.
4. Amendments to trading and model rules	Model rules under the Associations Incorporation Regulations 1998 will be simplified. The <i>Association Incorporation Act 1981</i> will be amended to provide greater operational flexibility to incorporated associations.
5. Additional administrative reforms	CAV will undertake a series of other amendments to the <i>Association Incorporation Act 1981</i> to further reduce administrative burdens on the sector. It will do so by improving internal grievance procedures, merging the roles of Public Officers and Secretaries and allowing small associations to apply for voluntary cancellation.
6. Update of the <i>Fundraising Appeals Act 1998</i>	Government will introduce a number of regulatory reforms to streamline and modernise the registration practices for NFP fundraising organisations. In addition, the definition of fundraising will be updated and CAV will lead efforts to identify current exemptions to fundraising registration requirements.
7. Enhancing regulatory awareness and engagement	This action is specifically designed to enhance engagement between service providers and government of changes to the regulatory environment.
8. Enhanced regulatory support	CAV, in consultation with the Office for the Community Sector, will investigate the provision of regulatory support to the sector.
9. Ensuring service agreement consistency	Departments will jointly explore opportunities to drive greater consistency in service agreements and accreditation systems by aligning quality and accountability requirements.
10. Grants reform	The Department of Treasury and Finance and the Department of Planning and Community Development will investigate the feasibility of streamlining the financial and accounting terms used in discretionary grant agreement reporting and will promote the use of a standard chart of accounts and a data dictionary by grant applicants.
11. Inter-governmental collaboration and reform	The government is strongly committed to national reform to harmonise legislation impacting the NFP sector. It will present to the Council for the Australian Federation an overview of proposed NFP regulatory reforms and seek agreement on priority areas of harmonisation of NFP regulation between jurisdictions.

Figure A1
Table of actions – continued

Theme 2: Building the capacity of community organisations		
Action		Summary
12.	Investing in leadership and development	To deepen the skills of those working or involved in the sector, the government will fund a feasibility study to determine the most effective means of developing leadership capabilities within the sector—and in particular the viability of a National Academic Centre of Leadership Excellence.
13.	A Community Services Workforce Capability Framework	The government will work with the sector—and other jurisdictions—to develop a framework, focusing on how to develop the skills and capabilities needed in the sector.
14.	Community sector placement and mentoring	The government will develop a placement and mentoring program to contribute to shared knowledge and understanding between government and community organisations.
15.	Increasing the skills and engagement of volunteers	The government will continue to assist community organisations so they are better able to attract, retain and train volunteers through the development of a comprehensive volunteer and participation strategy that will build on the work of the past three years.
16.	Developing organisational support services and networks	Government will commit to broadening and expanding the range of information and support services available to meet challenges of performance, long-term strategy and capacity development.
Theme 3: Supporting innovation and growth		
Action		Summary
17.	Building capacity for innovation and growth	The government will explore options to build capacity for innovation and growth in the sector through full or partial funding, engaging business and philanthropic organisations, and the use of the three-year service agreements.
18.	Developing community enterprise	The government will continue to strengthen the ongoing viability of community enterprises and provide support to existing and emerging enterprises in partnership with the private sector and philanthropic organisations.
Theme 4: Enhancing the role of NFPs in local community life		
Action		Summary
19.	Sharing facilities and infrastructure	To assist wider take-up of shared facilities, government will publish a best-practice guide that will help schools and their community partners develop effective ways to plan, develop and manage shared-use facilities. The Community Support Fund will continue to encourage multi-use facilities through its infrastructure stream. Government will also improve grant processes to make sure that the various sources of funds for shared-use projects are better coordinated.
20.	Stronger role for community foundations	The government will fund 12 local community foundations at sites with the right mix of community interest and need, in areas where the government has invested and the groundwork for success has been developed.
21.	Attracting more support to local sport and recreation organisations	The government will continue to improve the planning, coordination and provision of community facilities such as sports clubs in the growth areas.
22.	Local government community planning and engagement	The government will work with local government peak bodies and local councils to build the community planning knowledge and skills of councils, and communicate good practice.

Figure A1
Table of actions – *continued*

Theme 5: Recognising community organisations and coordinating efforts across government		
Action	Summary	
23.	Establishing the Office for the Community Sector	The Office for the Community Sector will implement this action plan and lead the coordination and implementation of policy priorities affecting the sector across the whole of the Victorian government.
24.	Facilitating dialogue and exchange between the sectors	Statewide forums will be established to discuss the issues addressed in the action plan. Events will also be held to address and discuss opportunities to enhance the involvement of business and the philanthropic sector in partnerships with government to strengthen community organisations.
25.	Supporting a new representative body for community organisations	The government will provide one-off facilitation funding to support the sector to consider the establishment of an appropriate representative arrangement.

Source: Victorian Auditor-General's Office based on *The Victorian Government's Action Plan: Strengthening Community Organisations*.

Appendix B.

Progress of actions

Figure B1
Progress of actions

Action	Status	Reason
1. Reducing the burden of reporting	Fully completed	Completion of all sub-actions verified.
2. Review of audit requirements	Fully completed	Completion of all sub-actions verified.
3. Regulatory consistency	Substantially completed	Both sub-actions relate to developing a regulatory framework which is now part of the Commonwealth agenda.
4. Amendments to trading and model rules	Fully completed	Completion of all sub-actions verified.
5. Additional administrative reforms	Substantially completed	Three of four sub-actions are complete. There is no evidence for how options to improve access to affordable, external dispute resolution mechanisms for community organisations were explored.
6. Update of the <i>Fundraising Appeals Act 1998</i>	Substantially completed	Three of five sub-actions relating to fundraising reform are complete. The remaining two are part of the Commonwealth agenda.
7. Enhancing regulatory awareness and engagement	Substantially completed	Two of four sub-actions are complete. Two sub-actions that relied on an evaluation of outcomes to demonstrate achievement are not complete.
8. Enhanced regulatory support	Partially completed	One of the three sub-actions is complete. One is being progressed and another relating to an audit and compliance component cannot be verified.
9. Ensuring service agreement consistency	Partially completed	Three of nine sub-actions are complete. A further three are ongoing activities relating to the Common Funding Agreement. We are not able to verify the status of the remaining three.
10. Grants reform	Fully completed	Completion of all sub-actions verified.
11. Inter-governmental collaboration and reform	Substantially completed	Two of three sub-actions are complete and the remaining action about harmonising not-for-profit regulation is part of the Commonwealth agenda.

Figure B1
Progress of actions – continued

Action	Status	Reason
12. Investing in leadership and development	Substantially completed	Four of the five sub-actions are complete. We cannot verify completion of an examination of business models to ensure ongoing viability.
13. A Community Services Workforce Capability Framework	Substantially completed	The main deliverable of a workforce capability framework was achieved. One-off funding was also provided to the Department of Human Services to establish a portable long service leave scheme, although this did not eventuate. We cannot verify how the capability framework achieved some of its sub-actions including improving service quality and effectiveness, increasing the capacity to provide professional development, providing better career paths and recognition, encouraging more flexible professional and management practice and improving recruitment and retention.
14. Community sector placement and mentoring	Partially completed	One of the two sub-actions was completed. However, we cannot verify completion of the other relating to enhancement of the Victorian Government Graduate Recruitment and Development Scheme.
15. Increasing the skills and engagement of volunteers	Substantially completed	The main deliverable of finalising a volunteer and participation strategy was achieved. However, we cannot verify how one sub-action requiring the views of the sector to inform the strategy was achieved.
16. Developing organisational support services and networks	Fully completed	Completion of all sub-actions verified.
17. Building capacity for innovation and growth	Substantially completed	Two of the five sub-actions are completed, however, we cannot verify progress for two sub-actions relating to a pricing framework and developing pricing principles to support this and completing price reviews to identify the full cost of services and to assess options for full and partial funding. The remaining sub-action has been progressed, however we cannot verify a component relating to more effective and efficient services.
18. Developing community enterprise	Substantially completed	Two of the three components of this action are completed, however, we cannot verify the register of industry and community bodies that was to create linkages and foster development partnerships.

Figure B1
Progress of actions – continued

Action	Status	Reason
19. Sharing facilities and infrastructure	Substantially completed	Four of the five sub-actions are completed, however, we cannot verify progress for exploring the possibility of sporting clubs opening facilities.
20. Stronger role for community foundations	Fully completed	Completion of all sub-actions verified.
21. Attracting more support to local sport and recreation organisations	Not progressed	The Office for the Community Sector (OCS) has advised some activity has occurred around the improvement of planning and coordination provision of community facilities, however, we cannot verify progress of this action.
22. Local government community planning and engagement	Fully completed	Completion of all sub-actions verified.
23. Establishing the Office for the Community Sector	Substantially completed	This action is substantially completed because OCS was established and has clearly played a coordinating role across government and with the sector. It is progressing most of the sub-actions such as promoting good practice, strengthening partnerships, fostering innovation and developing and promoting good funding principles across government and is working closely with the sector to implement the action plan. However, the role of OCS was not reviewed and we cannot verify how OCS had improved information about not-for-profit organisations and the trends affecting them, and developed sustainable mechanisms for providing cross-government policy advice in relation to not-for-profit organisations.
24. Facilitating dialogue and exchange between the sectors	Substantially completed	Most of the sub-actions (13 of 16) have been completed, however, we cannot verify completion of the sub-actions about how OCS encouraged industry community partnerships and considered establishing a broad sectorial body at its forums. The remaining sub-action relating to engaging local government and the business sector at forums is partially complete, as we cannot verify engagement of local councils at these forums.
25. Supporting a new representative body for community organisations	Fully completed	A new representative body was not developed, but we can verify completion as per the requirement in the action plan.

Source: Victorian Auditor-General's Office.

Appendix C.

Audit Act 1994 section 16— submissions and comments

Introduction

In accordance with section 16(3) of the *Audit Act 1994* a copy of this report was provided to the Department of Human Services.

The submissions and comments provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

RESPONSE provided by the Secretary, Department of Human Services



Department of Human Services

Secretary

- 4 OCT 2013

e3221543



50 Lonsdale Street
Melbourne
Victoria 3000
GPO Box 4057
Melbourne
Victoria 3001
Telephone: 1300 650 172
Facsimile: (03) 9096 9220
www.dhs.vic.gov.au
DX210081

Mr John Doyle
Auditor-General
Victorian Auditor-General's Office
Level 24, 35 Collins Street
MELBOURNE VIC 3000

Dear Mr Doyle

Thank you for the opportunity to comment on the proposed performance audit report on *Implementation of the Strengthening Community Organisations Action Plan* under section 16(3) of the *Audit Act 1994*. The Department of Human Services accepts all of the report's recommendations.

I am pleased that the report has highlighted the good progress made by the Office for the Community Sector (OCS) in implementing the action plan, as well as the valuable role that the OCS has played in connecting community organisations and coordinating activities across government.

These achievements represent a significant contribution to building the capacity and long-term sustainability of the community sector in Victoria, made by the OCS over the life of the plan.

As the department moves towards a more integrated and effective human services system in Victoria, future OCS activities and projects will have a primary focus on capacity and productivity of not-for-profit community service partner organisations.

Implementation of the recommendations in the performance audit report will enhance the ability of OCS to play a key role in the reform process being undertaken across the department.

In ongoing activities and future programs, OCS will apply the lessons learnt in implementing the Strengthening Community Services Organisations Action Plan, and will liaise with relevant expert areas of the department, including the Centre for Human Services Research and Evaluation, to strengthen its approach to planning, implementation and evaluation.



**RESPONSE provided by the Secretary, Department of Human Services –
continued**

The department's response to the recommendations is set out below.

Recommendation 1: Develop implementation plans which comprehensively address objectives and outcomes, roles and responsibilities, timeframes and resourcing – Accepted

Detailed implementation plans will be developed for all future OCS activities, based on investment logic principles to ensure clarity of the outcomes being sought from these activities. The plans will also provide a clear line from the outcomes being sought to:

- the objectives for each component of the implementation plan,
- the resources being allocated to each component activity, and
- timing and reporting requirements for each component.

In developing the plans, OCS will draw on principles for project development, implementation and monitoring articulated in relevant departmental project methodology documents.

Recommendation 2: Develop a robust monitoring, evaluation and reporting framework supported by relevant and appropriate measures and targets – Accepted

An overall evaluation framework will be developed for all future OCS activities, focussing on achievement of outcomes articulated in the implementation plans described above.

The framework will provide the basis for effective monitoring and reporting systems to be applied to each component activity of the implementation plan, and will also provide the foundation for the end-term objectives and outcomes evaluations as described in Recommendation 3 below.

Recommendation 3: Undertake end-term evaluations with a focus on demonstrating the achievement of objectives and outcomes – Accepted

End-term evaluations will be undertaken in the future for all major OCS activities, within the overall monitoring, evaluation and reporting framework above.

Recommendation 4: Develop and apply a sound risk management framework which clearly identifies how identified risks will be assessed, prioritised and managed – Accepted

The OCS will utilise the department's Enterprise Wide Risk Management Guide, which provides information and direction to all staff to support a consistent approach for risk management throughout the department. This Guide is aligned with the AS/NZS ISO 31000:2009 'Risk Management – Principles and guidelines'. It is to be used by all staff to identify, assess and manage risks, including as part of its business planning and performance monitoring activities.

I would like to thank you and your staff for your work with the department in facilitating this very useful report.

Yours sincerely



Gill Callister
Secretary

Auditor-General's reports

Reports tabled during 2013–14

Report title	Date tabled
Operating Water Infrastructure Using Public Private Partnerships (2013–14:1)	August 2013
Developing Transport Infrastructure and Services for Population Growth Areas (2013–14:2)	August 2013
Asset Confiscation Scheme (2013–14:3)	September 2013
Managing Telecommunications Usage and Expenditure (2013–14:4)	September 2013
Performance Reporting Systems in Education (2013–14:5)	September 2013
Prevention and Management of Drugs in Prisons (2013–14:6)	October 2013

VAGO's website at www.audit.vic.gov.au contains a comprehensive list of all reports issued by VAGO. The full text of the reports issued is available at the website.



Victorian Auditor-General's Office

Auditing in the Public Interest

Availability of reports

Copies of all reports issued by the Victorian Auditor-General's Office are available from:

- Victorian Government Bookshop
Level 20, 80 Collins Street
Melbourne Vic. 3000
AUSTRALIA

Phone: 1300 366 356 (local call cost)
Fax: +61 3 9603 9920
Email: bookshop@dbi.vic.gov.au
Website: www.bookshop.vic.gov.au
- Victorian Auditor-General's Office
Level 24, 35 Collins Street
Melbourne Vic. 3000
AUSTRALIA

Phone: +61 3 8601 7000
Fax: +61 3 8601 7010
Email: comments@audit.vic.gov.au
Website: www.audit.vic.gov.au