



**Department of Health and Human Services
Office for the Community Sector**

Development of an Integrated Financial and
Performance Framework

Community Sector Organisation
Consultations

Riley & Riley
Strategy Advisers

Welcome

Hello, my name is Kevin Riley.

Thank you for making time to discuss the ‘test driving’ of development of an integrated financial and performance framework.

Thank you

Our team would like to thank you for being here today. We would also like to thank organisations who allowed us to review funding agreements with them, with a view to test driving the proposed framework.

**Community Based Care South
Tasmanian Asthma Foundation, and
Risdon Vale Neighbourhood House.**

Test driving is a risky business

There are a lot of risks with a ‘test drive’.

But our approach has always focused on delivering value, and that means there must be some ‘net benefit’ of adopting an integrated and financial framework.

Remember our earlier discussion

Do we need an ‘Integrated Financial and Performance Framework’?

And the answer was “Yes”.

So what do you find in agreements?

- ✓ Outcomes, objectives, or program objectives or priorities.
- ✓ Outputs, services, service types are described with broad descriptions of standards – but services are not always quantified.
- ✓ In some instances, but not every one, activities are also described and quantified.

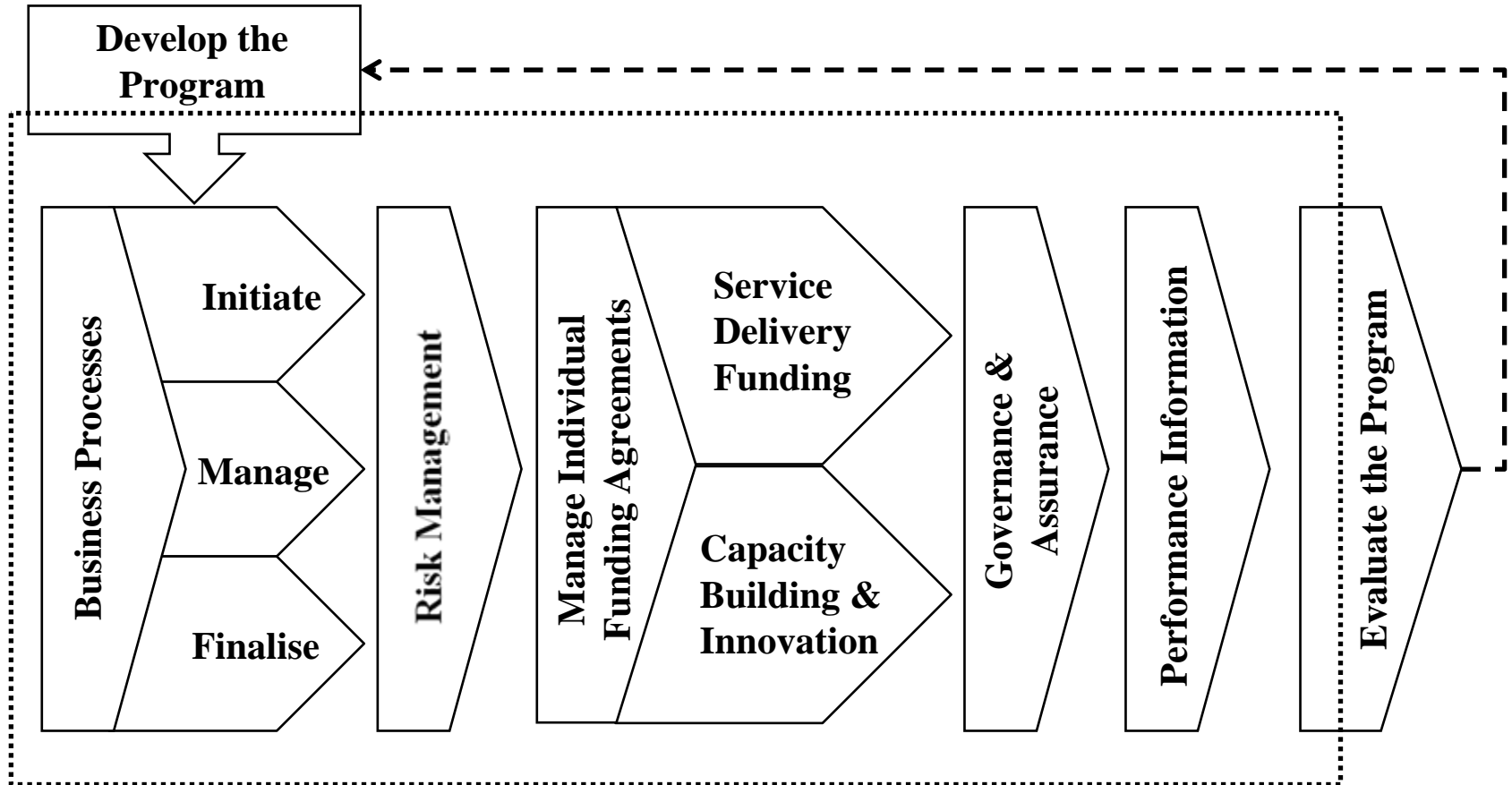
So what do you find in agreements?

- Funding is identified – but not related outputs or services or not analysed across activities.
- In some instances the activities are not cost drivers.
- Funding is not identified as ‘full funding’ or only contributing to CSO costs.

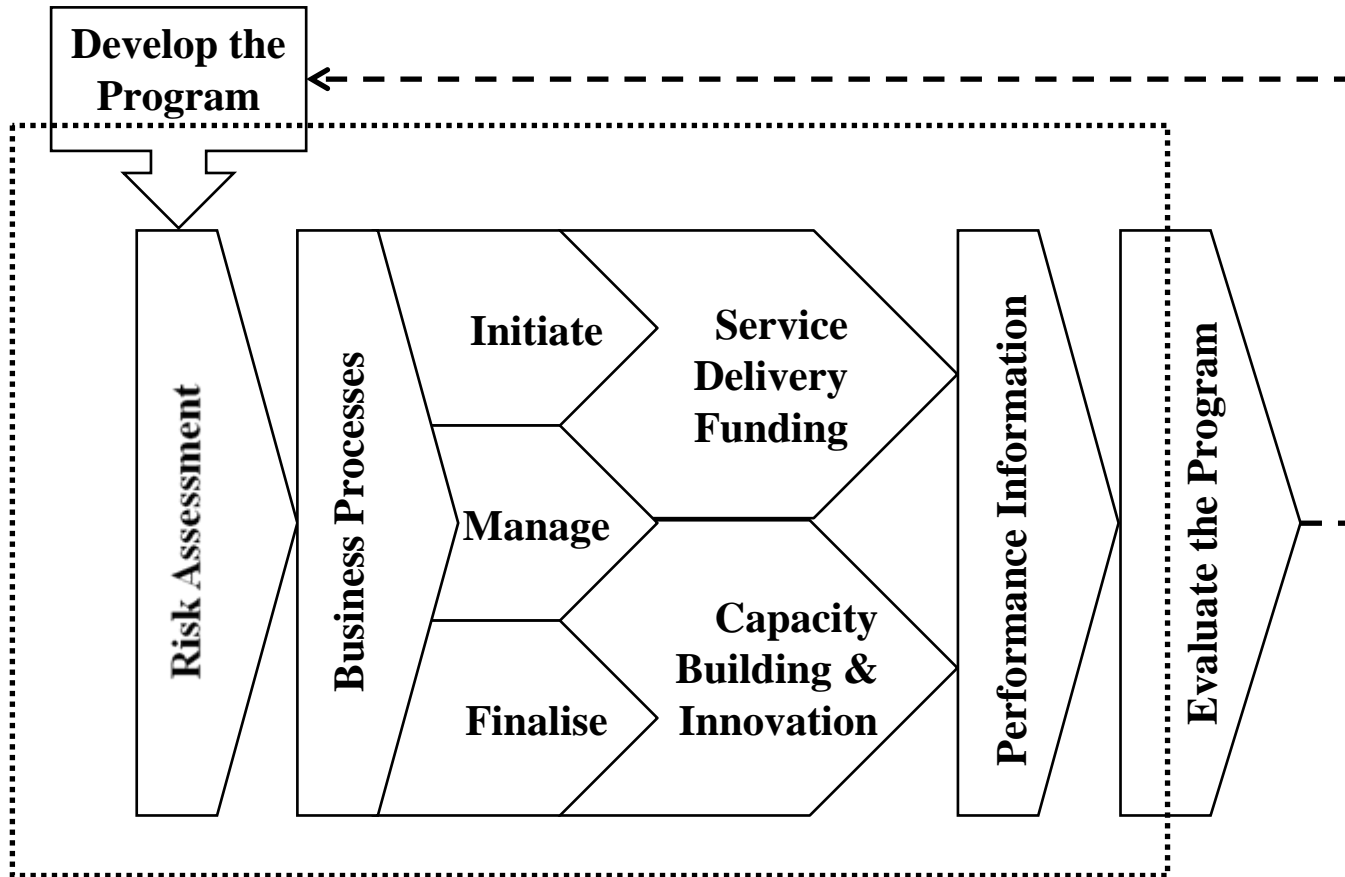
So what is an Integrated Framework?

The Integrated Financial and Performance Framework is based on a set of guiding principles, and provides a consistent, structured approach for planning and managing funding to Community Sector Organisations.

Initial framework elements

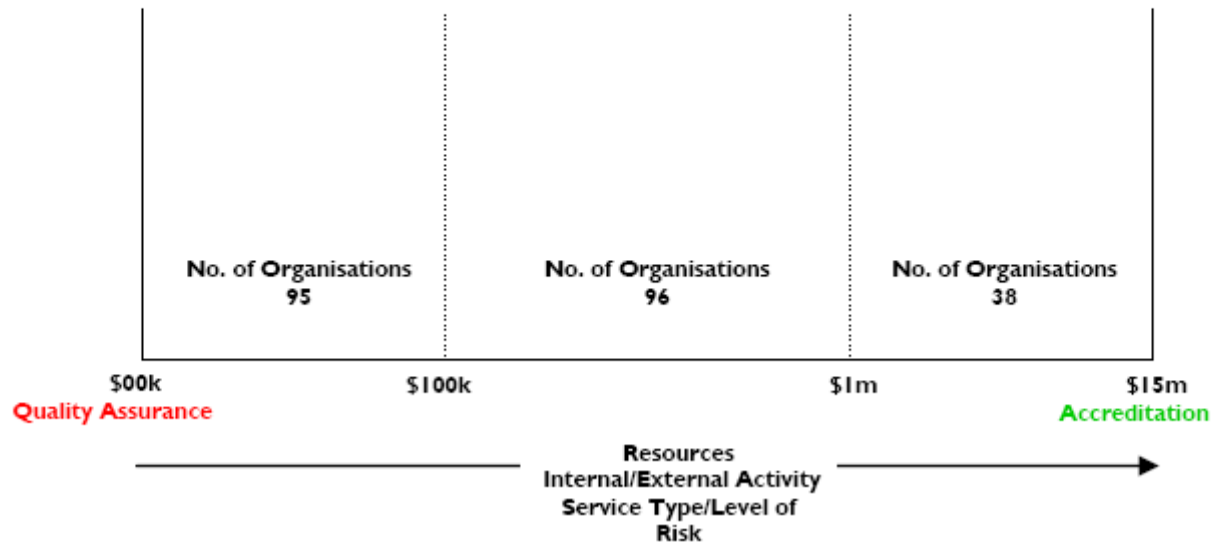


Refined framework elements



Why address risk?

Quality Continuum



Risk assessment – organisational risks

Organisational-wide Risk Issues

Service Type Risk Issues

Service Volume Risk Issues

Financial Risk Issues

- Governance, strategic and organisational planning
- Organisational legal status
- Safe environment for staff, clients and visitors
- Fire risk management
- Pre-employment and pre-placement checks and screening

Risk assessment – service type

**Organisational-wide
Risk Issues**

**Service Type
Risk Issues**

**Service Volume
Risk Issues**

**Financial Risk
Issues**

- Service complexity
- Highly vulnerable or statutory client groups
- Service performance, reporting and delivery
- Incident reporting and management
- Complaints management – management and frequency of complaints and incidents
- Consumer feedback
- Improvements against the organisation’s “core standards set
- Service innovation

Risk assessment – volume and capacity

**Organisational-wide
Risk Issues**

**Service Type
Risk Issues**

**Service Volume
Risk Issues**

**Financial Risk
Issues**

- Capacity of organisation to deliver services identified within the agreement
- Significance of the organisation in the delivery of services in a region or across the State
- Uncertainty of demand for services

Risk assessment – financial risks

**Organisational-wide
Risk Issues**

**Service Type
Risk Issues**

**Service Volume
Risk Issues**

**Financial Risk
Issues**

- Value of funding agreement
- Financial sustainability
- Financial accountability requirements, including reporting
- Asset register

Step 1

Consequence

	Staff	Visitors	Services	Financial	Environmental
Serious	Staff: Death of staff member related to work incident or suicide, or hospitalisation of 3 or more staff	Visitors: Death of visitor or hospitalisation of 3 or more visitors	Services: Complete loss of service or output	Financial: loss of assets replacement value due to damage, fire etc > \$1M or loss of cash/investments/assets due to fraud, overpayment or theft >\$100K	Environmental: Toxic release off-site with detrimental effect. Fire requiring evacuation
Major	Staff: Permanent injury to staff member, hospitalisation of 2 staff, or lost time or restricted duty or illness for 3 or more staff or pending or actual WorkCover prosecution	Visitors: Hospitalisation of up to 2 visitors related to the incident / injury or pending or actual WorkCover prosecution	Services: Major loss of agency / service to users, including cancellation of booked surgery more than twice	Financial: loss of assets replacement value due to damage, fire etc \$100K-\$1M or loss of cash/investments /assets due to fraud, overpayment or theft \$10K-\$100K	Environmental: Off-site release with no detrimental effects or fire that grows larger than an incipient stage
Moderate	Staff: Medical expenses, lost time or restricted duties or injury / illness for 2 or more staff	Visitors: medical expenses incurred or treatment up to 2 visitors not requiring hospitalisation	Services: Disruption to users due to agency problems	Financial: loss of assets replacement value due to damage, fire etc \$50K to \$100K or loss of cash/investments /assets due to fraud, overpayment or theft to \$10K	Environmental: Off-site release contained with outside assistance or fire incipient stage or less
Minor	Staff: First aid treatment only with no lost time or restricted duties.	Visitors: Evaluation and treatment with no expenses	Services: Reduced efficiency or disruption to agency working	Financial: loss of assets replacement value due to damage, fire etc to \$50K	Environmental: Off-site release contained without outside assistance
Minimum	Staff: No injury or review required	Visitors: No treatment required or refused treatment	Services: No loss of service	Financial: No financial loss	Environmental: Nuisance releases

CORPORATE CONSEQUENCE

CLINICAL CONSEQUENCE

Patients with **Death** unrelated to the natural course of the illness and differing from the immediate expected outcome of the patient management

or any of the following:

Sentinel Events reportable to Australian Council for Safety and Quality in Health Care

- Procedures involving the wrong patient or body part
- Suicide
- Retained instruments
- Unintended material requiring surgical removal
- Intravascular gas embolism resulting in death or neurological damage
- Haemolytic blood transfusion
- Medication error leading to death
- Maternal death or serious morbidity associated with labour or delivery
- Infant abduction or discharge to wrong family
- Requires notification under existing legislative reporting requirements

Patients with **Major permanent loss of function (sensory, motor, physiologic or psychologic)** unrelated to the natural course of the illness and differing from the expected outcome of patient management

or any of the following:

- Disfigurement as a result of the incident
- Absconded involuntary mental health patient
- Threatened or actual physical or verbal assault of patient or staff requiring intervention

Patients with **Permanent reduction in bodily functioning (sensory, motor, physiologic, or psychologic)** unrelated to the natural course of the illness and differing from the expected outcome of patient management

or any of the following:

- Increased length of stay as a result of the incident
- Surgical intervention required as a result of the incident

Step 3 Rating

Likelihood	Consequence				
	Serious	Major	Moderate	Minor	Minimum
Almost certain	1	1	2	3	3
Probable	1	1	2	3	3
Possible	1	2	2	3	4
Unlikely	1	2	3	4	4
Remote	2	3	3	4	4

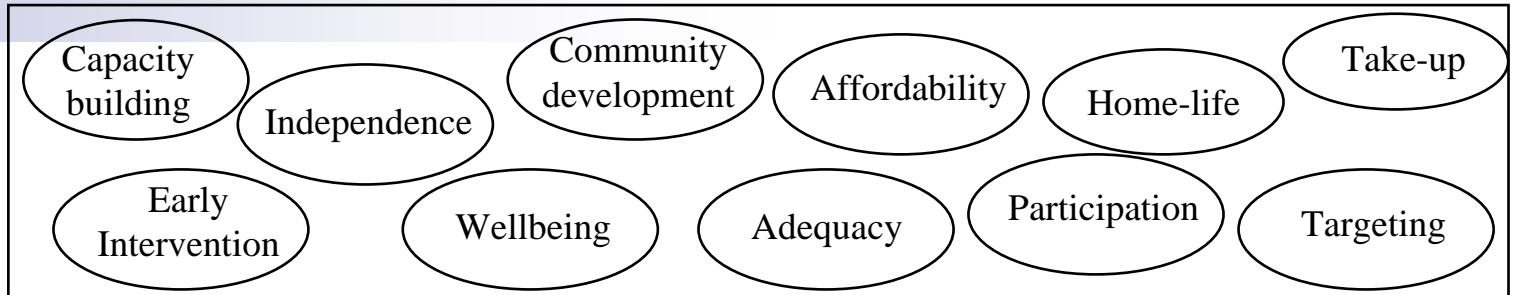
Likelihood

Step 2

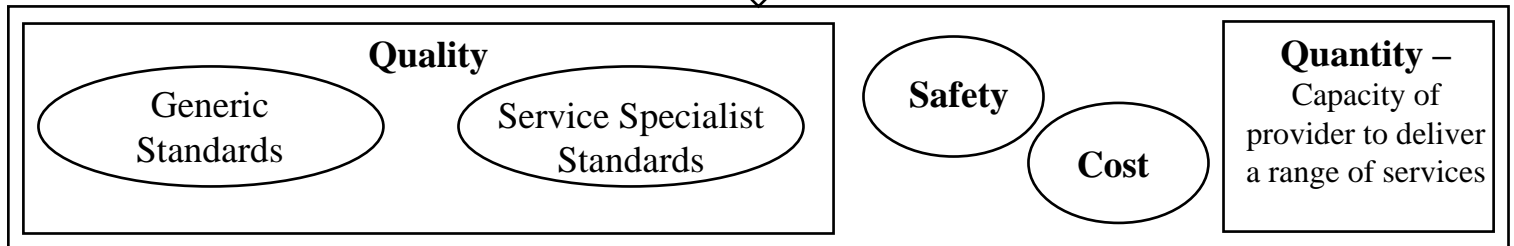
	Definition	Possible (Occasional)	
Almost certain (Frequent)	Is expected to occur / reoccur either immediately or within a short period of time (likely to occur most weeks or months)	Unlikely (Uncommon)	Possibly will occur / reoccur at some time (may happen every 1 to 2 years)
Probable (Likely to occur again)	Will probably occur / reoccur in most circumstances (several times a year)	Remote (Rare)	Possibly could occur / reoccur at some time in 2 to 5 years
			Unlikely to occur / reoccur – only in exceptional circumstances (may happen every 5 to 30 years)

Initial performance information

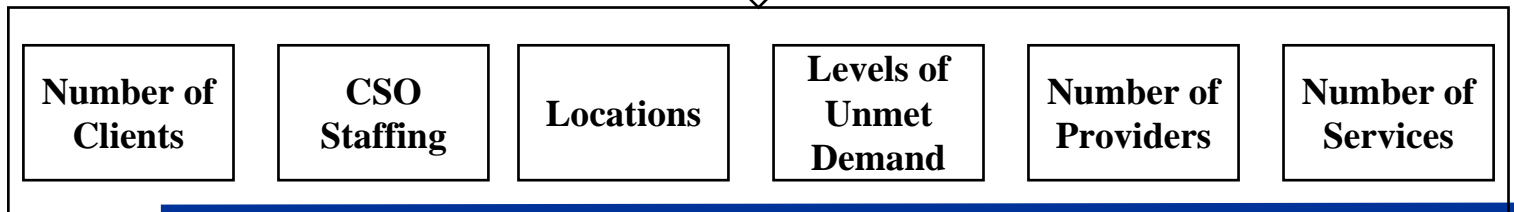
Outcome Effectiveness Indicators



Output Value for Money Measures



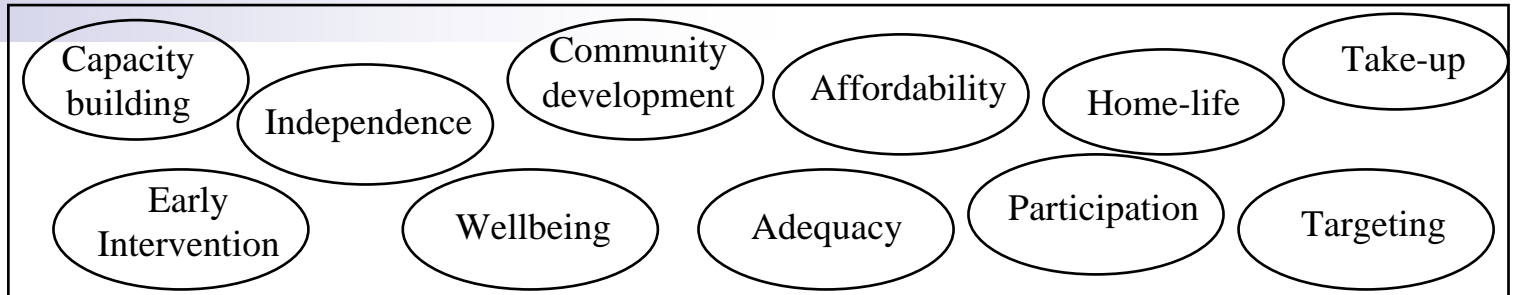
Service Workload, Demand and Activity Information



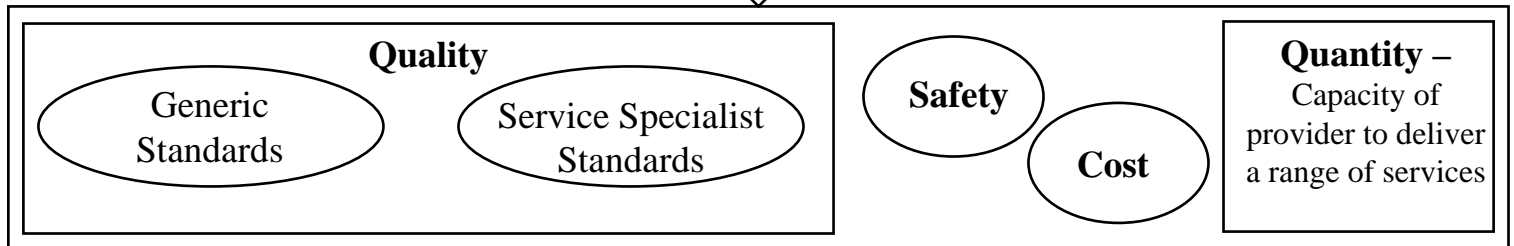


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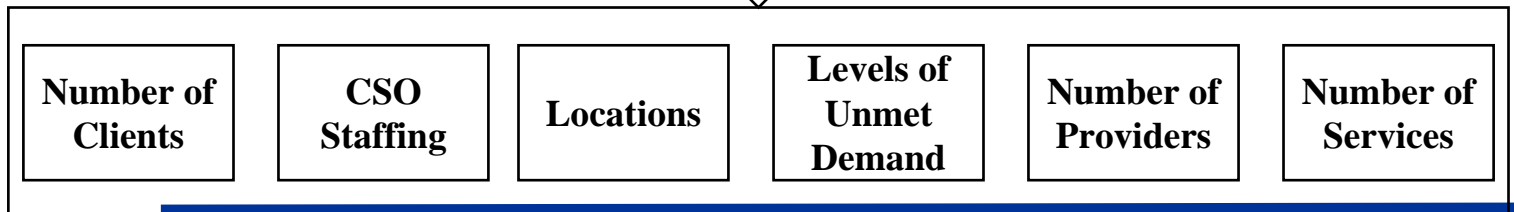
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Service Workload, Demand and Activity Information



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More questions?

Caitlin, Debbie and I welcome your point of view, comments or any questions now or after today's meeting.

Feel free to contact me on **1800 254 006** or us by e-mail at:

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