

**Auditor-General's Report to
Parliament No. 6 for 2012-2013 –
*Implementing the National
Partnership Agreement on
Homelessness in Queensland***

**Report No. 35
Health and Community Services Committee**

November 2013

Health and Community Services Committee

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Chair's foreword

This report summarises the committee's consideration of the Auditor-General's Report to Parliament No. 6 for 2012-2013 – *Implementing the National Partnership Agreement on Homelessness in Queensland*.

In this report, the committee has made recommendations that are relevant to all government agencies.

I commend the report to the house.

A handwritten signature in black ink, appearing to read 'T. Ruthenberg', with a stylized flourish at the end.

Trevor Ruthenberg MP

Chair

Committee recommendations

Committee recommendation 1

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The committee recommends that the government ensure that all departments ensure that their program targets are realistic, relevant and measurable, and do not impose unreasonable reporting burdens on funded bodies.

Committee recommendation 2

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The committee recommends that the government ensure that all departments:

- set and implement relevant performance measures, including the timeliness and quality of services provided, when funding non-government organisations to provide services, and
- analyse and make best use of the performance data provided by non-government organisations when monitoring and evaluating a non-government organisation's performance and the cost efficiency of service agreements.

1 Introduction

1.1 Role of the committee

The Health and Community Services Committee (the committee) was established by resolution of the Legislative Assembly on 18 May 2012, and consists of government and non-government members. The committee's areas of portfolio responsibility are: Health; Communities, Child Safety and Disability Services; National Parks, Recreation, Sport and Racing; and Aboriginal and Torres Strait Islander and Multicultural Affairs.¹

Section 94 of the *Parliament of Queensland Act 2001* provides that the committee is responsible for the assessment of the integrity, economy, efficiency and effectiveness of government financial management by examining government financial documents and considering the annual and other reports of the Auditor-General.²

1.2 Committee process

The Auditor-General's Report to Parliament No. 6 for 2012-2013 – *Implementing the National Partnership Agreement on Homelessness in Queensland* (the Auditor-General's report) was tabled in the Legislative Assembly on 12 February 2013, and referred to the committee on 13 February 2013.³

The committee has considered the Auditor-General's report and the response from the Director-General of the Department of Communities, Child Safety and Disability Services (DCCSDS). Representatives from the Queensland Audit Office, including the Auditor-General, briefed the committee on 6 March 2013.

The committee also considered the Commonwealth Auditor-General's report, *Implementation of the National Partnership Agreement on Homelessness* (the Commonwealth Auditor-General's report), which examines the effectiveness of the Department of Families, Housing, Community Services and Indigenous Affairs' administration of the National Partnership Agreement on Homelessness (NPAH).⁴

1.3 Role of the Auditor-General

The Auditor-General's role and functions are provided for in the *Auditor-General Act 2009*. The Auditor-General's functions include conducting performance audits of public sector entities.⁵ A performance audit evaluates whether an agency or government program is achieving its objectives effectively, economically and efficiently, and is compliant with relevant legislation. It does not consider the merits of government policy; rather, it focusses on how that policy is implemented.

The Auditor-General may prepare a report on any audit conducted under the *Auditor-General Act 2009* and table it in the Legislative Assembly. The Standing Rules and Orders of the Legislative

1 Legislative Assembly of Queensland, Standing Rules and Orders of the Legislative Assembly, available at <http://www.parliament.qld.gov.au/work-of-assembly/procedures>

2 *Parliament of Queensland Act 2001*, available at <https://www.legislation.qld.gov.au/LEGISLTN/CURRENT/P/ParliaQA01.pdf>

3 Queensland Audit Office, Auditor General's Report to Parliament No. 6 for 2012-2013 – *Implementing the National Partnership Agreement on Homelessness in Queensland* (Auditor-General's report), February 2013, available at <http://www.qao.qld.gov.au/files/file/RTP6for2012-13NPAHomelessnessWebPDF.pdf>

4 Australian National Audit Office, The Auditor-General - Audit Report No.31 2012-13 - Performance Audit – *Implementation of the National Partnership Agreement on Homelessness* (Commonwealth Auditor-General's report), May 2013, available at <http://www.anao.gov.au/~media/Files/Audit%20Reports/2012%202013/Audit%20Report%2031/Audit%20Report%20No%2031.PDF>

5 *Auditor-General Act 2009*, section 37A, available at <https://www.legislation.qld.gov.au/LEGISLTN/CURRENT/A/AuditGenA09.pdf>

Assembly require that the Committee of the Legislative Assembly refer an Auditor-General report to the relevant portfolio committee/s, as soon as practicable after it has been tabled.⁶

1.4 Auditor-General's performance audit

The performance audit on the implementation of the NPAH in Queensland was conducted between May and November 2012. The audit examined the performance of departments involved in the NPAH, primarily DCCSDS and the Department of Housing and Public Works.

The audit also assessed whether public funds provided to two non-government organisations (NGOs) had been applied economically, efficiently and for the purposes they were given.⁷

The Auditor-General's recommendations are at Appendix A of this report.

6 Standing Rules and Orders of the Legislative Assembly, SO 194B

7 Auditor-General's report, Appendix B, p.34

2 Homelessness policies and strategies

2.1 National Partnership Agreement on Homelessness

The Commonwealth and State and Territory governments signed the National Partnership Agreement on Homelessness (NPAH) in December 2008. The Commonwealth and Queensland Governments committed joint funding of \$284.6 million over five years (2008 to 2013) to reduce homelessness. Queensland's contribution was \$149.5 million (52.5%) over the five-year period.⁸

The NPAH focuses on three key strategies to reduce homelessness:

- prevention and early intervention to stop people becoming homeless
- breaking the cycle of homelessness, and
- improving and expanding the service response to homelessness.⁹

The NPAH set the following targets to be achieved in the five years to 2013:

- reduce overall homelessness by seven per cent
- reduce rough sleeping by 25 per cent, and
- reduce Aboriginal and Torres Strait Islander homelessness by 33 per cent.¹⁰

The NPAH was due to expire on 30 June 2013. In March 2013, a one-year transitional agreement up to June 2014 was reached. The transitional NPAH maintains the commitment in the White Paper on homelessness, *The Road Home — A National Approach to Reducing Homelessness*,¹¹ to halve the rate of homelessness and provide supported accommodation to all rough sleepers who seek it by 2020.¹²

2.2 Queensland Implementation Plan

In 2008, the then Department of Communities developed the Queensland Implementation Plan for the NPAH (the Implementation Plan). The Department of Communities was responsible for co-ordinating the implementation of the NPAH in Queensland until April 2012, when the Department of Communities, Child Safety and Disability Services (DCCSDS) assumed responsibility.

When the Auditor-General reported, the Implementation Plan included 31 new or expanded initiatives which fell within the NPAH's three strategies – early intervention, breaking the cycle and improving and expanding the service system.

The DCCSDS was responsible for 23 initiatives, 19 of which were delivered by NGOs – with a budget of \$140.97 million. The Department of Housing and Public Works (DHPW), Department of Community Safety, Queensland Health, the former Department of Employment, Economic Development and Innovation, and the Department of Justice and the Attorney-General were responsible for the other eight initiatives.¹³

The committee notes that since the Auditor-General's report, responsibility for homelessness has transferred to the Minister for Housing and Public Works.

8 Auditor-General's report, p.1

9 Department of Social Services, *National Partnership Agreement on Homelessness*, accessed 15 October 2013 from <http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/homelessness/national-partnership-agreement-on-homelessness>

10 Auditor-General's report, p.9

11 Department of Families, Housing, Community Services and Indigenous Affairs, *The Road Home — A National Approach to Reducing Homelessness*, 2008, available at https://www.fahcsia.gov.au/sites/default/files/documents/05_2012/the_road_home.pdf

12 Department of Social Services, *The Transitional National Partnership Agreement on Homelessness*, accessed 15 October 2013 from <http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/homelessness/the-transitional-national-partnership-agreement-on-homelessness>

13 Auditor-General's report, p.1

2.3 Homeless-to-Housing Strategy 2020

In June 2013, the Queensland Government published its *Homelessness-to-Housing Strategy 2020* (the Strategy). The Strategy includes initiatives in the Implementation Plan and additional reforms aimed at reducing homelessness in Queensland. The Strategy's two goals are, by 2020, to:

- halve the rate of homelessness in Queensland, and
- provide real and sustainable pathways out of homelessness and develop independence rather than ongoing dependence on high-cost, government-funded crisis accommodation services.¹⁴

14 Queensland Government, *Homelessness-to-Housing Strategy 2020*, June 2013, p.2, available at <http://www.hpw.qld.gov.au/SiteCollectionDocuments/HomelessnesstoHousingStrategy2020.pdf>

3 Summary of Auditor-General's key findings and recommendations

The Auditor-General's performance audit assessed whether DCCSDS was implementing the NPAH as intended, achieving planned outcomes, and realising expected benefits. The audit included auditing services delivered by two NGOs to assess DCCSDS' control over outsourced services.¹⁵

The Auditor-General's report focussed on DCCSDS' performance in implementing the NPAH in Queensland. However, the committee considers that the Auditor-General's key findings and recommendations are relevant to all departments that deliver services to Queenslanders, including those that are currently involved, or which may in the future be involved, in similar funding agreements.

The committee's recommendations in this report are not, therefore, limited to DCCSDS, but aimed at all departments providing services to the community.

3.1 Targets to reduce homelessness

The NPAH targets were to reduce:

- overall numbers of homelessness by seven per cent
- rough sleepers by 25 per cent, and
- Indigenous homelessness by 33 per cent by 2013.

The Auditor-General's report found that these targets were unlikely to be met. The Auditor-General reported that the prevalence of homelessness had decreased. Between 2006 and 2011, the rate of homelessness per 10,000 of the population fell by five per cent. However, the Auditor-General found that there were more homelessness people in Queensland in 2013 than six years earlier. Between 2006 and 2011, the number of homeless increased in absolute terms by five per cent.¹⁶

The Auditor-General considered that the number of homeless people is subject to many external influences and confounding variables, such as natural disasters, unemployment and housing affordability rates, which are outside of DCCSDS' control.¹⁷ The report concluded that the failure to meet the target was not for the want of action, but indicates either that not all the activities funded were effective, or that the original targets were unrealistic.¹⁸

3.2 Progress reports to the Commonwealth Government

The NPAH required the responsible department – for the purpose of the Auditor-General's report the DCCSDS – to report annually on expenditure of the funds, and achievements of the outputs, for all the initiatives to the Commonwealth Government.

The Auditor-General found that:

- DCCSDS did not track or report expenditure by funding source for the initiatives. DCCSDS was not, therefore, able to reliably report on expenditure of Commonwealth, State or base funds, and could not demonstrate that the State had matched Commonwealth funding, and
- errors in the 2008–09, 2009–10 and 2010–11 reports to the Commonwealth meant that Queensland's contribution to the NPAH was under-reported by \$65 million.¹⁹ DCCSDS' quality assurance and data validation processes had not identified these errors.²⁰

15 Auditor-General's report, p.1

16 *ibid.*, p.2

17 *ibid.*, p.2

18 *ibid.*, p.1

19 *ibid.*, p.3

20 *ibid.*, p.13

The Auditor-General reported that DCCSDS revised its figures and that, at the time of the Auditor-General's report, was reporting that Queensland was meeting its commitment to match Commonwealth funding.²¹

The Auditor-General recommended that DCCSDS report and track base spending, State-matched funding and Commonwealth Government funding separately in management reports for national partnership agreements (Auditor-General Recommendation 1).²²

The Commonwealth Auditor-General's report also identified problems with the financial reporting on the NPAH. The Commonwealth Auditor-General's report states that the lack of a requirement for State and Territory governments to report financial information limited the Commonwealth Government's ability to obtain assurances that jurisdictions were meeting their financial commitments.²³

Committee comment

The committee notes that DCCSDS responded to the Auditor-General's recommendations on 30 January 2013. The DCCSDS agreed to implement the Auditor-General's Recommendation 1 by 30 June 2014.²⁴

The committee supports the Auditor-General's Recommendation 1. The committee acknowledges that the transitional NPAH is due to expire in June 2014; however, it emphasises the importance of departments being able to reliably report on their use of public funds.

3.3 Queensland Implementation Plan – planning, monitoring and evaluation

The Queensland Implementation Plan (the Implementation Plan) includes 31 initiatives to reduce homelessness in Queensland, in partnership with NGOs. The Auditor-General noted that the 31 initiatives added to existing services and included new and innovative models.²⁵

The Auditor-General found that:

- DCCSDS' planning and documentation to support individual initiatives in the implementation plan were fit for purpose
- the monitoring of the outputs of the individual initiatives measured quantity and cost, but not quality and timeliness. The Auditor-General considered that this reduced DCCSDS' ability to assess whether initiatives are delivered effectively and efficiently, and
- DCCSDS had conducted evaluations of key initiatives, and planned to undertake longitudinal research to assess the NPAH's impact.²⁶

The Auditor-General recommended that the DCCSDS develop relevant and verifiable output performance measures for the quality and timeliness of services for each initiative (Auditor-General Recommendation 2).²⁷

The Auditor-General's findings are consistent with the Commonwealth Auditor-General's report, which found:

- a lack of clear focus on achievement and measurement of outcomes, the sustainability of outcomes, and the quality of services, and

21 Auditor-General's report, p.13

22 *ibid.*, p.13

23 Commonwealth Auditor-General's report, p.18

24 Auditor-General's report, Appendix A, p.33

25 *ibid.*, p.14

26 *ibid.*, p.13

27 *ibid.*, p.13

- that the absence of outcomes-based reporting limited the Commonwealth's capacity to make meaningful assessments of overall progress in each jurisdiction and the effectiveness of initiatives.²⁸

Committee comment

The committee notes that DCCSDS agreed to implement the Auditor-General's Recommendation 2 by 30 June 2014.

The committee supports the Auditor-General's Recommendation 2. The committee emphasises the importance of all departments setting realistic, relevant and measurable performance targets, particularly when outsourcing the provision of services to NGOs.

Committee recommendation 1

The committee recommends that the government ensure that all departments ensure that their program targets are realistic, relevant and measurable, and do not impose unreasonable reporting burdens on funded bodies.

3.4 Contract management of homelessness services

The Auditor-General's report identified that, of the 23 initiatives delivered by the DCCSDS, 19 were outsourced to NGOs. The Auditor-General found that oversight of service delivery by these NGOs was a significant activity for DCCSDS, and brought particular challenges and risks.²⁹

The Queensland Audit Office audited four initiatives delivered by NGOs: A Place to Call Home; HomeStay support; Safety upgrade program; and Breaking the cycle of domestic and family violence.

The Auditor-General found that:

- the service agreements (contracts) for the four audited initiatives clearly specified the service to be delivered and had performance measures and targets
- DCCSDS could not monitor the effectiveness or efficiency of the homelessness service agreements, because the NGO output reports measured quantity and cost, but not quality or timeliness
- the quarterly performance data provided to DCCSDS by NGOs was not being analysed as part of the grants payment process. The Auditor-General considered that this reduced DCCSDS' ability to monitor the cost-efficiency of the service agreements, and
- DCCSDS was developing and implementing a streamlined contract management approach. The Auditor-General found that the new approach was part-implemented, but was intended to reduce red tape and streamline DCCSDS' grant process.³⁰

The Auditor-General recommended that DCCSDS:

- strengthen the quality assurance framework for data collected and reported, for monitoring and accountability purposes (Auditor-General Recommendation 3), and
- collect and analyse consistent and comparable client satisfaction data to create benchmarks for service quality (Auditor-General Recommendation 4).³¹

28 Commonwealth Auditor-General's report, p.40

29 Auditor-General's report, p.21

30 *ibid.*, p. 21

31 *ibid.*, p. 21

Committee comment

The committee supports the Auditor-General's Recommendations 3 and 4, and notes that DCCSDS agreed to implement them by 30 June 2014.

The committee notes that each NGO is required to sign a service agreement, provide quarterly financial acquittals, and output and performance reports. However, the Auditor-General reported that output measures only cover quantity and cost, and not quality or timeliness.

The Auditor-General found that DCCSDS invested time and resources into an online acquittal database and the NGOs invest considerable time and effort into reporting. However, the quarterly funding instalments are released to NGOs based on an analysis of the financial reports only, and not of the output and performance reports. The Auditor-General noted that this meant that no checks were undertaken on outputs to confirm they were being delivered as agreed.³²

The Auditor-General also found that the risk-based approach adopted by DCCSDS was not supported by sufficiently close attention to performance and risk assessment, including making better use of data provided by NGOs, to assess whether their services were being delivered cost-efficiently and met the needs of clients.³³

The committee recommends that all departments set and implement relevant performance measures when outsourcing the provision of services to NGOs. The committee also recommends that all departments analyse and make best use of the performance data they receive from NGOs to monitor and evaluate a NGO's performance and the cost efficiency of the service agreement.

Committee recommendation 2

The committee recommends that the government ensure that all departments:

- set and implement relevant performance measures, including the timeliness and quality of services provided, when funding non-government organisations to provide services, and
- analyse and make best use of the performance data provided by non-government organisations when monitoring and evaluating a non-government organisation's performance and the cost efficiency of service agreements.

32 Auditor-General's report, p. 4

33 *ibid.*, p. 22

Appendices

Appendix A – Auditor-General's recommendations

It is recommended that the Department of Communities, Child Safety and Disability Services:

1. report and track base spending, state-matched funding and Australian Government funding separately in management reports for National Partnership Agreements
2. develop relevant and verifiable output performance measures for the quality and timeliness of services for each initiative
3. strengthen the quality assurance framework for data collected and reported for monitoring and accountability purposes
4. collect and analyse consistent and comparable client satisfaction data to create benchmarks for service quality.