

The Auditor-General
Audit Report No.1 2010–11
Performance Audit

Implementation of the Family Relationship Centres Initiative

Attorney-General's Department

**Department of Families, Housing, Community Services
and Indigenous Affairs**

Australian National Audit Office

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of Australia 2010

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Canberra ACT
15 July 2010

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Attorney-General's Department and the Department of Families, Housing, Community Services and Indigenous Affairs in accordance with the authority contained in the *Auditor-General Act 1997*.

Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled *Implementation of the Family Relationship Centres Initiative*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name and title.

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

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Contents

Abbreviations.....	7
Glossary	8
Summary and Recommendations	11
Summary	13
Introduction	13
Family Relationship Centres	13
Audit objective and scope	17
Overall conclusion.....	18
Key findings by chapter.....	21
Summary of agencies' responses.....	27
Recommendations	28
Audit Findings and Conclusions	31
1. Introduction	33
Background	33
Recent developments	37
Related audits	38
Audit approach	38
2. Governance Arrangements for FRCs	41
Introduction	41
AGD and FaHCSIA business arrangements	43
Departmental activities to plan and monitor the implementation of FRCs.....	44
3. Selection of FRC Locations and Service Providers	52
Introduction	52
FRC location selection process	52
Selection of service providers	57
4. Operation of the FRCs	65
Introduction	65
The objectives of FRCs.....	65
5. Administration of the FRCs	82
Introduction	82
Administrative activities.....	82
Quality assurance	88
Dispute resolution and complaints management.....	90
6. Performance Measurement, Monitoring and Evaluation.....	94
Introduction	94
Performance monitoring, reporting and evaluation responsibilities	95
Performance framework.....	96
Data storage and quality	100

External evaluation.....	105
Appendices	107
Appendix 1: Attorney-General's Department's response to the audit	109
Appendix 2: Departmental responsibilities for the FRC initiative under the BPA 2007-10	110
Appendix 3: Reports to be lodged by FRCs	111
Appendix 4: KPIs used until July 2009	112
Appendix 5: FSP Performance Framework	115
Index.....	117
Tables	
Table 3.1 Options for the number of FRCs per state and territory	55
Table 3.2 Location of first 15 FRCs	57
Table A 1 Departmental responsibilities for the FRC program under the BPA 2007-10	110
Table A 2 Reports to be lodged by FRCs as per funding agreement.....	111
Table A 3 KPIs used in the funding agreements 2006-09 (round one), 2007-09 (round two) and 2008-11 (round three).....	112
Table A 4 FSP Performance Framework Indicators Specific to FRCs	115
Figures	
Figure S 1 Departmental responsibilities for the FRSP and FRCs	16
Figure 2.1 Departmental responsibilities for the FRSP and FRCs	42
Figure 4.1 Filings to the Family Court, 2004–05 to 2008–09: total numbers and percentage variation	69
Figure 4.2 Family law filings to the Federal Magistrates Court, 2004–05 to 2008–09: total numbers and percentage variation.....	70
Figure 4.3 Cost of service per client for round one FRCs, 1 July 2008–20 May 2009	75
Figure 4.4 Cost of service per client for round two FRCs, 1 July 2008–20 May 2009	76
Figure 4.5 Cost of service per client for round three FRCs, 1 July 2008–20 May 2009	77
Figure 4.6 Proportion of unregistered clients, 1 July 2008–20 May 2009	78
Figure 5.1 Complaints handling and reporting processes	91

Abbreviations

ACU	Australian Catholic University
AGD	Attorney-General's Department
AHA	Australian Healthcare Associates
AIFS	Australian Institute of Family Studies
ANAO	Australian National Audit Office
BPA	Business Partnership Agreement
EIS	Early Intervention Services
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FDR	Family Dispute Resolution
FOFMS	FaHCSIA Online Funding Management System
FRC	Family Relationship Centres
FRSA	Family Relationship Services Australia
FRSP	Family Relationship Services Program
FSP	Family Support Program
KPI	Key Performance Indicator
PSS	Post Separation Services
STO	State and Territory Office

Glossary

Administrative Approval Requirements	Set of 15 standards intended to ensure a minimum level of quality in FRSP services and minimise the risk to client safety and organisational viability.
Annual Status (or Service) Report	Report that must be submitted by FRSP service providers to FaHCSIA for each financial year funded under the Funding Agreement. The report uses a template and must include information on service delivery, funding, staffing, and a Statement of Compliance against the administrative approval requirements.
Early Intervention Services	Services funded by FaHCSIA and delivered under the FRSP to couples and families to help them to build stronger family relationships.
Family Dispute Resolution (FDR)	Service assisting separating families to reach agreements and resolve their disputes related to family law issues outside of the court system.
FDR Certificate	Changes to the dispute resolution provisions of the <i>Family Law Act 1975</i> prescribe that where an individual wants to apply to the court for a parenting order they will first need to attend family dispute resolution, and obtain a certificate from a registered family dispute resolution practitioner confirming an attempt at family dispute resolution was made.
Family Relationship Centre (FRC)	Service funded by AGD and operated by not-for-profit organisations enabling families to access: information and referrals about family relationships to families at all stages of a relationship; and information, support, referral and family dispute resolution services to separating parents. Sixty-five centres operate across Australia.

Family Relationship Services Program (FRSP)	The FRSP (replaced in February 2009 by the Family Support Program) is the Australian Government's main program response to supporting positive family relationships. The program, funded jointly by FaHCSIA and AGD, aims to improve the wellbeing of families and children through prevention, early intervention and post-separation services. It comprises 18 sub-programs (or services), including the FRCs, delivered by not-for-profit community organisations.
FRSP Online	Secure, web-based application accessed through the Internet. FRSP Online captures client activity data (entered by FRC service providers) in order to generate reports to Government and FRSP service providers to assist in better managing and planning for FRSP services.
Outreach	Provision of services through out-posted locations to increase service capacity across the catchment area.
Parenting arrangements	Arrangements parents make for the care of their children after a separation or divorce. This includes arrangements about where the children will live, where they will go to school, their religious education, their medical care, and their after school activities.
Post Separation Services	Services funded by AGD and delivered under the FRSP to couples and families contemplating separation and/or experiencing separation and divorce.
Unregistered client	FRSP service recipient for which demographic information is not collected. Clients can be 'unregistered' because they refuse to provide their demographic information (they are still able to receive services), or because they are part of a one-off group activity where collecting individual details would be impractical.

Summary and Recommendations

Summary

Introduction

1. In June 2005, the Australian Government announced the new family law system reforms as part of its response to the House of Representatives Standing Committee on Family and Community Affairs' report, *Every picture tells a story*.¹ The reforms, described by the Government as 'the biggest investment in the family law system ever and the most significant changes to family law in 30 years', were designed to support a new approach that helped prevent family separation, but where separation did occur, encourage parents to agree on what was best for their children outside of the court system.²

2. In the 2005–06 Commonwealth Budget, \$397 million was provided over four years for the implementation of the new family law system.³ In addition to providing a range of new and increased services, the reforms included a number of changes to the *Family Law Act 1975*. Among the changes were the new presumption of joint parental responsibility and the requirement that parents attend family dispute resolution, such as mediation, before taking a parenting matter to court.⁴

Family Relationship Centres

3. A centrepiece of the Family Law Reforms was the establishment of 65 Family Relationship Centres (FRCs) across Australia. FRCs were expected to provide an entry point into the family law system, delivering services to families through the provision of:

- information and referral services on parenting and relationships to intact families; and

¹ House of Representatives Standing Committee on Family and Community Affairs, 29 December 2003, *Every Picture Tells a Story*.

² Commonwealth of Australia, *A new family law system: Government Response to Every Picture Tells a Story*, June 2005, p. 1.

³ Australian Government, *2005-06 Budget Paper No 2*, pp. 294-98.

⁴ Exceptions to this requirement include cases involving child abuse, violence, where a party is applying for Consent Orders, where a party is responding to an application, the matter is urgent, a party is unable to participate effectively, or where a party has contravened and shown a serious disregard to a court order made in the last 12 months.

- information, referral, advice, and dispute resolution services to separating and separated families to help them reach agreement on parenting arrangements without the need to go to court.⁵
4. FRCs offer couples access to pre-marriage education and assist families experiencing relationship difficulties with information and referral to family skills training and support, delivered through other government and non-government organisations. With regard to separating couples, parents have free access to information, advice and up to three hours of dispute resolution services with a family dispute resolution practitioner.⁶ Some FRCs are also funded to provide out-reach services to rural and regional areas and encourage Indigenous families to make use of the new system.
5. From the total funding provided for the new family law system reforms, \$199 million over four years was allocated to establish the FRC network. To provide national coverage and equitable access to families, 65 locations in metropolitan and regional areas were chosen for the new FRCs. Service providers to operate the FRCs were selected following three public tender processes in 2006 (15 centres), 2007 (25 centres) and 2008 (25 centres).
6. FRCs are operated by not-for-profit, community-based organisations, that in many cases also provide other Family Relationship Services Program (FRSP) initiatives. FRC providers are contracted for a period of three years. In 2009, the service providers selected in the 2006 and 2007 rounds had their contracts extended until 30 June 2011.⁷ Consequently, all service providers' contracts will now expire on the same date.

Departmental responsibilities for FRCs

7. The FRC initiative comes under the existing FRSP. The FRSP is the Australian Government's primary program addressing family relationship issues, and has been funded since the early 1960s. It includes 18 sub-programs, comprising Early Intervention Services and Post Separation Services. FRCs have characteristics of both Early Intervention Services and Post Separation

⁵ Australian Government, *2005-06* loc. cit., pp. 294-98.

⁶ Under changes announced in the 2010-11 Commonwealth Budget, persons earning more than \$50 000 per annum will be required to pay a fee of \$30 per hour for the second and third hours of family dispute resolution. This fee will not apply to parents with existing waivers, or to those parents experiencing financial hardship.

⁷ The terms of the contract between FaHCSIA (on behalf of the Commonwealth) and the FRC service providers allowed for the contract to be varied on the agreement of both parties (clause 27).

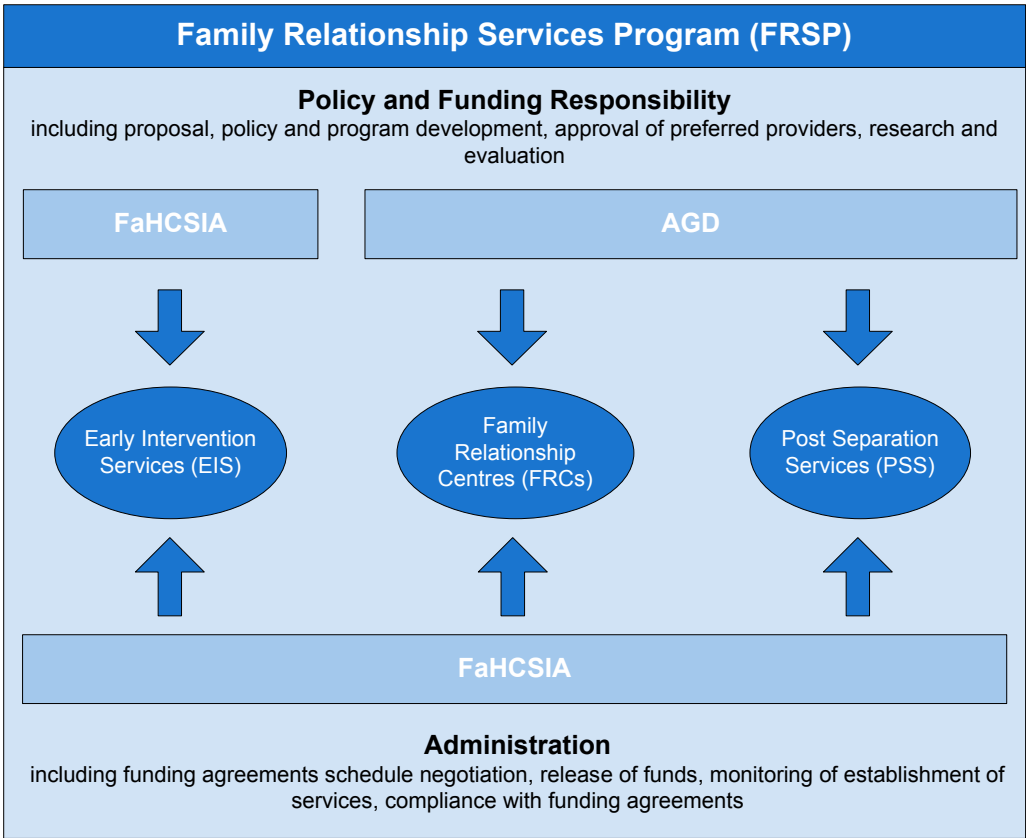
Services in that they act as an information and referral point for Early Intervention Services, and they provide Post Separation Services such as dispute resolution services.

8. The Attorney-General's Department (AGD) has policy and funding responsibility for FRCs. As part of the planning and implementation phases, AGD was also responsible for the location and service provider selection processes; and played a primary role in the roll-out of the centres during the three rounds staged between July 2006 and October 2008.

9. Prior to 1 July 2009, the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) was responsible for the overall administration of the FRCs and, through its State and Territory Offices (STOs), for the management of the initiative's day-to-day operation and the negotiation and management of the funding agreements with the FRC service providers. Figure S 1 shows the role of the two departments in relation to FRCs, within the broader context of the FRSP.

Figure S 1

Departmental responsibilities for the FRSP and FRCs



Source: ANAO

Recent developments

10. The roles, responsibilities and funding arrangements shared between AGD and FaHCSIA in relation to the FRSP were reviewed in late 2008 by the Department of Finance and Deregulation as part of the Expenditure Review Taskforce. As a consequence, from 1 July 2009, all contract management and program administration responsibilities, including FRCs, were consolidated within FaHCSIA, with AGD retaining policy and funding responsibilities for FRCs.

11. In February 2009, the Australian Government announced the establishment of the Family Support Program (FSP).⁸ The FSP brings together a number of existing family, children and parenting services, including all services delivered under the FRSP such as FRCs, with the aim of improving the alignment and linking of services and encouraging a collaborative approach. The transition to the FSP is expected to be completed in 2011.

12. In the context of the 2010–11 Budget, there were two changes to the FRC initiative announced:

- from 1 July 2011, there is an overall reduction in funding of \$3 million per annum; and
- from 1 July 2011, the initial three hours of family dispute resolution services that is currently free of charge will be means tested. If one parent earns more than \$50 000 per annum, the FRC will charge a \$30 fee per hour for the second and third hours. This fee will not apply to parents with existing waivers, or to those parents experiencing financial hardship.

Audit objective and scope

13. The objective of the audit was to assess the effectiveness of the selection, implementation, operation and monitoring of FRCs by AGD and FaHCSIA.

14. In examining the FRC initiative, the ANAO assessed whether AGD and FaHCSIA had effectively:

- planned and implemented the FRC initiative, including the FRC selection and funding processes;
- undertaken administration activities to guide the operation and progress of the FRC initiative towards meeting its objectives; and
- monitored, evaluated and reported on the performance of FRCs.

15. As the full effects of the July 2009 changes to the administrative arrangements and the implementation of the FSP could not be assessed at the time of audit fieldwork, this report does not examine their impact on FRCs.

⁸ The Hon. Jenny Macklin MP, 16 February 2009, speech to the 2009 National Investment For The Early Years and Centre for Community Child Health Conference - Melbourne Park Function Centre, Melbourne.

However, these changes have been taken into consideration when formulating audit conclusions and recommendations.

Overall conclusion

16. The FRC initiative was a centrepiece of the new family law system, attracting just over 50 per cent of the funding allocated to the reform package. FRCs represented a shift in the approach to assisting families and were designed to be a visible first port of call for those families seeking information, referral or dispute resolution services. In the event of separation, FRCs were expected to help avoid, where possible, the need for court intervention in reaching agreement on parenting arrangements.

17. With the Business Partnership Agreement (BPA) as its basis, AGD and FaHCSIA established a governance framework for the administration of the initiative; enabling the selection and roll-out of the 65 FRCs through three tender rounds between 2006 and 2008. FRCs commenced operations within the expected timeframes and overall funding parameters of the policy, with the centres from each round opening in July⁹ of the respective years. This achievement by both the departments and the providers was particularly significant given FRCs were a new initiative providing national coverage. The departments effectively assisted the FRC providers to meet the often tight establishment deadlines, as well as the policy's requirements for the layout, appearance and branding of the centres.

18. While the departments successfully initiated the establishment of the 65 FRCs, there were some notable gaps in the selection, implementation and ongoing administration and performance monitoring phases. These gaps, particularly in the performance monitoring component, have limited the ability to assess the success, or otherwise, of the FRC network in achieving its objectives and delivering a value-for-money outcome.

19. The processes supporting the selection of locations and providers were largely undertaken by AGD in consultation with FaHCSIA. Some parts of these processes could have been better documented to provide greater transparency around recommendations and decisions. This included outlining a clear methodology for the selection of FRC locations and detailing the relevant

⁹ The Broome FRC, which was part of the third round of funding in 2008, did not commence operations until October 2008 due to accommodation issues. This delay was anticipated by AGD and FaHCSIA.

funding information in the documentation provided to the Attorney-General on which the decisions for the selection of providers were based.

20. As part of the implementation phase, departments developed a plan to support the timely and successful roll-out of the centres. Within this, a risk management register was developed by AGD that identified key risks and mitigation strategies. The effectiveness of this register was limited, however, due to the absence of a program for the ongoing monitoring and assessment of risks and risk mitigation strategies.

21. FaHCSIA, as the department with primary responsibility for the day-to-day administration of the FRC initiative, has developed systems and procedures to support this role. These systems include a performance framework, based on the one used for other FRSP services, which was developed at the outset of the initiative and formed part of the funding agreements. The effectiveness of the administrative systems and procedures, including the performance framework, has been limited by a number of factors, including:

- the absence of a common approach to collection and storage of compliance and performance documentation;
- data integrity issues with the key data collection system, FRSP Online; and
- a lack of key performance indicators to measure the efficiency and effectiveness of FRCs in delivering services to families.

22. This has resulted in limited analysis by the departments of important matters such as the overall success of the initiative, and the demand for particular aspects of the FRC service offering (the importance of this analysis increases in circumstances where the available data demonstrates little correlation between the funding provided to an FRC and the number of client contacts¹⁰).

23. In June 2009, FaHCSIA issued revised guidelines for FRSP which included a new performance framework and KPIs.¹¹ Of the 16 KPIs identified

¹⁰ For example, two FRCs in round one (FRC A and FRC B) received similar levels of annual funding of \$977 000 and \$969 000 respectively. FRC A saw 1394 clients in the period 1 July 2008 to 2 May 2009, while FRC B saw 369 clients during the same period.

¹¹ FaHCSIA is implementing its new performance management framework incrementally, with full implementation expected to be completed in 2012-13.

for FRCs in the new framework, 13 are common to all services within FRSP, with the remaining three being FRC-specific. The new performance framework is a positive development in being able to assess the performance of individual FRCs. Nevertheless, the success of the new framework is reliant on the consistent and accurate collection of data, and the identification of data sources and definitions for each KPI. Prior to the introduction of the new framework, no training or guidance had been provided to the individual FRCs nor to FaHCSIA's STOs on how to administer the framework. It will be important for the future success of the framework that there is a common understanding of its application by service providers and STO staff.

24. Performance reporting and analysis has largely been at the FRSP level, rather than the FRC level. Public performance reporting on FRCs is limited to client contacts. AGD reported that in 2008-09, following the roll-out of the final 25 FRCs, there were 154 158 contacts with FRCs, an increase of seven per cent on 2007-08.¹² This data provides a high-level insight into the uptake of the service¹³ but does not provide for an assessment of whether FRCs have been a successful centrepiece of the new Family Law Reforms and have met their objectives, including reducing the need for court intervention and providing information, referrals and services to families.

25. The implementation of the new performance framework and the July 2009 changes to the departmental responsibilities supporting FRCs have the potential to improve the administration of the program, including its monitoring and review. The new performance information that will be garnered, supported by an analysis of expected community demand, will be an important consideration to inform the next round of contract negotiations or tender process, due following the expiry of all existing FRC contracts on 30 June 2011.

26. To assist AGD and FaHCSIA with the ongoing oversight and administration of FRCs, and address the gaps identified in the existing arrangements, the ANAO has made four recommendations. Three recommendations relate to the capture, storage, quality and use of compliance and performance data and the broader operation of the performance framework. The fourth recommendation relates to the complaints handling

¹² Attorney-General's Department *Annual Report 2008-09*, p. 46. Contacts include registered and unregistered telephone and walk-in clients.

¹³ Although no client number targets for individual FRCs or the collective have been established.

system to assist FaHCSIA to identify any systemic business or service delivery issues and areas for improvement.

Key findings by chapter

Chapter 2 – Governance arrangements for FRCs

27. FRCs operate within the broader FRSP framework which is based on the BPA between AGD and FaHCSIA. To provide further guidance on governance arrangements, the departments also developed a communication protocol to facilitate the arrangements between AGD, FaHCSIA National Office and FaHCSIA's STOs.

28. After experiencing some problems during the round one process concerning clarity of roles, steps were taken to improve the administrative arrangements. These included increased feedback mechanisms such as fortnightly teleconferences with STOs and post round reviews.

29. To support the introduction of the FRC initiative, AGD in collaboration with FaHCSIA, developed an implementation plan which supported the timely and successful roll-out of the new service. The departments also developed a risk management register that identified the key implementation risks and mitigation strategies. However, despite identifying risks and possible treatments, this has not been supported by sufficient follow-up work to monitor the effectiveness of the treatments in mitigating the risks.

Chapter 3 – Selection of FRC locations and service providers

Selection of FRC locations

30. The selection of the locations and providers for the 65 FRCs was undertaken through two separate processes, with the selection of locations taking place before the three tender rounds for providers.

31. The location of FRCs was critical to the success of the initiative as there needed to be national coverage which provided equitable access to families. The BPA outlined that AGD was responsible for the selection of FRC locations, with the final selection made by the then Attorney-General, having regard to advice from AGD. To support AGD's recommendations, FaHCSIA provided advice to AGD based on its own analysis and its experience in operating similar programs.

32. The analysis and methodology undertaken by AGD to identify the possible locations for the 65 FRCs was largely undocumented. A comparison of

the locations recommended by AGD and the 65 locations selected for FRCs shows that the majority either matched or were in the surrounding suburbs of the recommended locations. There were, however, three locations chosen by the then Attorney-General which varied significantly from AGD's recommendations and the analysis undertaken by FaHCSIA, namely: Brookvale (NSW); North Ryde (NSW); and Chermside (Qld). The reasons supporting the selection of these three locations were not documented.

Selection of service providers

33. The selection process for the FRC service providers took place over three rounds. Fifteen providers were selected for the 2006 round (which was managed by FaHCSIA), with 25 providers being selected for each of the remaining two rounds in 2007 and 2008 (which were managed by AGD). On completion of the tender assessment process, AGD provided advice to the Attorney-General,¹⁴ who made the final decision on the selection of the 65 FRC providers.

34. There was a lack of documented analysis supporting the assessment of applications for the 2006 funding round. While this was improved for the 2007 and 2008 funding rounds, there remained a lack of information in some cases that outlined how similarly rated tenders were distinguished in the final selection. There also remained risks in the process for assessing the financial viability of providers and addressing the service delivery risks of certain applicants identified during the assessment stage.

35. For each round, AGD prepared a ministerial submission that provided background on the tender processes and a recommendation for the approval of preferred applicants. In the submission, AGD also recommended that the Attorney-General note that funding was subject to reaching agreement with each of the preferred applicants. The Attorney-General agreed with the recommendations for each of the 65 FRCs.

36. Part 4 of the *Financial Management and Accountability Act Regulations 1997* outlines the financial framework as it relates to commitments to spend public money. As part of this process, spending proposals must not be

¹⁴ For the 2006 and 2007 rounds the Attorney-General was the Hon Phillip Ruddock MP. With the change of government in November 2007, the Attorney-General responsible for the selection of the 25 service providers for the 2008 round was the Hon Robert McClelland MP.

approved unless the approver is satisfied after reasonable enquiries that it would be efficient, effective, and in accordance with the policies of the Commonwealth. The ministerial submissions did not contain any information on the estimated funding for each centre or the overall quantum that was to be allocated through the round. The estimated funding levels for each FRC had been separately determined by AGD and were primarily based on the experiences with other FRSP initiatives, the expected uptake of FRC services and the corresponding staffing requirements. The absence of explicit funding information in each of the ministerial submissions did not assist the Attorney-General in performing his role, and limited the transparency of how an assessment was made that a particular applicant presented the best value-for-money option.

Chapter 4 – Operation of the FRCs

37. FRCs were designed to be an entry point into the family law system and were expected to provide support and services to: intact families, in the form of information and referrals; and to separating families, in the form of information, referrals and family dispute resolution services. Interviews with FRC managers and audit fieldwork confirmed that FRCs demonstrated a commitment to the objectives of the initiative. The evidence indicates that FRCs are primarily providing services to support separating or separated families. Limited analysis has been undertaken by departments to determine the demand for intact family information and referral services, and if FRCs are meeting the community need in this area.

38. An objective of FRC services was to provide an alternate pathway for reaching a parental agreement through family dispute resolution and focusing on the childrens' interest. Departments have not undertaken an assessment of the success or otherwise of FRCs in meeting this objective. One measure that could be used is the trend in the number of filings to the Family Court. Data on filings shows a downward trend that commenced prior to the introduction of FRCs. The decrease in recent times is most pronounced in 2006–07 and 2007–08, following the establishment of the first 40 FRCs. The extent of this decrease was not sustained in 2008–09, despite the final 25 FRCs commencing operations.

39. There was a significant variation in the service delivery models for the 25 FRCs visited during the audit. Key points of difference included the amount of time and resources dedicated to the various elements of an FRC's role, different approaches to developing connections with other FRSP and FRC

providers, and different approaches to servicing specific client groups. While FRCs were a national initiative, a degree of variation in the way centres operated was anticipated by the departments and was reflected in the FRC Operational Guidelines. The Operational Guidelines allowed for the delivery model to be responsive to the range of geographical and social situations and recognised the expertise of FRC providers in delivering services. This approach increases the importance of instituting appropriate performance monitoring mechanisms, so as to be able to assess whether the overall objectives of the initiative are being achieved.

40. There was also a notable variance in the caseloads of each FRC. Data relating to the number of client contacts, costs per service and numbers of unregistered clients, suggests that departments need to undertake further analysis to better understand the operating models and the outcomes achieved by FRCs.

Chapter 5 – Administration of FRCs

41. FaHCSIA, as the department with primary responsibility for the day-to-day administration of the FRC initiative, has developed systems and procedures for the administration of the FRSP, which includes FRCs. Adopting a central system has advantages, including: it is consistent and resource-efficient for FaHCSIA's STOs; it can reduce the administrative burden for service providers; and it allows STOs to be informed and to monitor the issues that are common across the family relationship services sector and across services delivered by the same provider. However, a central system increases the difficulty in assessing the performance of individual initiatives, such as FRCs, and how they are contributing to the overall program objectives.

42. Financial administration of the FRCs was primarily the responsibility of FaHCSIA's STOs. Operational payments are distributed to the FRCs on a semi-annual basis, and are triggered by the provision of performance and financial documentation by the FRCs. Once STOs acknowledge that they have received the necessary documentation, payments are then processed through FaHCSIA's Online Financial Management System (FOFMS). In some cases during the audit fieldwork the necessary documentation could not be found in either FOFMS or separate assurance files maintained by STOs. For assurance and audit purposes it is important that these documents are collected and stored appropriately in a common system.

43. There is a dispute resolution process and a complaints handling system in place for FRC providers and customers, and improvements were made to this system during the period of the audit. However, the system does not provide sufficient information to FaHCSIA on the nature of complaints and how they have been resolved by service providers. Further, information relating to feedback, other than complaints, provided to FRCs is not collected or analysed. Instituting a mechanism to capture and analyse customer feedback could assist FaHCSIA to identify systemic business or service delivery issues and areas for improvement.

Chapter 6 – Performance measurement, monitoring and evaluation

44. The introduction of FRCs aimed to deliver specific outcomes within the broader reforms of the family law system. Given the prominence of FRCs to the success of these broader reforms, effective performance measurement, monitoring and reporting on the FRC initiative is important.

45. The performance measurement framework implemented in 2006 contained indicators that were insufficient to measure the effectiveness and efficiency of individual FRCs or the contribution of FRCs collectively towards meeting the initiative's objectives, such as reducing the need for court intervention and providing information, referrals and services to families. The assessment of these indicators was also, in some cases, based on performance data that was unreliable and incomplete.

46. FaHCSIA has sought to address the limitations of the performance measurement and monitoring of FRC services through the development of a new performance framework for the FRSP.¹⁵ The new performance framework represents an improvement as for the first time since July 2007, the formal performance assessment of FRCs will be conducted. The KPIs under the new performance framework are a positive development in enabling the assessment of the performance of individual FRCs. Recognising the need to balance the reporting requirements placed on service providers with ensuring Commonwealth funds are used in an efficient, effective and ethical manner, the framework could be improved by the inclusion of KPIs to measure the efficiency of FRC services. These would help to provide an insight as to whether FRC services are delivering value-for-money outcomes.

¹⁵ FaHCSIA is implementing its new performance management framework incrementally, with full implementation expected to be completed in 2012-13.

47. The success of the new framework is also reliant on the consistent and accurate collection of data. Training or guidance had not been provided to the individual FRCs or FaHCSIA's STOs on how to administer the new framework prior to its trialled introduction. The new framework relies on FRCs to collect and report data to FaHCSIA, and on FaHCSIA's STOs to interpret this data in assessing FRC performance. It is therefore important that data sources and definitions for each KPI are outlined and commonly understood by service providers and STO staff.

48. At the time of audit fieldwork, external reporting on the performance of FRCs was limited to reporting the number of client contacts. This data provides a high-level insight into the uptake of the service¹⁶ but does not enable an assessment of whether FRCs have been successful in meeting their objectives. The implementation of the new framework provides the opportunity to enhance external reporting of FRC performance and give stakeholders greater information on the extent to which FRCs are contributing to the Family Law Reforms.

49. An evaluation of the family law reform package was completed by the Australian Institute of Family Studies in December 2009.¹⁷ While not examining the specific impact of FRCs, the evaluation found that overall, 'there is more use of relationship services, a decline in filings in the courts in children's cases, and some evidence of a shift away from an automatic recourse to legal solutions in response to post-separation relationship difficulties'.¹⁸

50. In areas that were considered as part of this audit, the evaluation confirms the audit findings, such as a large proportion of family services clients are families presenting complex issues (domestic violence, mental health problems, substance abuse issues), and that an ongoing challenge is to ensure that family services identify adequately situations where family dispute resolution should not be attempted.¹⁹

¹⁶ Although no client number targets for individual FRCs or the collective have been established.

¹⁷ Australian Institute of Family Studies, *Evaluation of the 2006 Family Law Reforms*, AIFS, December 2009.

¹⁸ *ibid.*, p. E4.

¹⁹ *ibid.*, p. 16-7.

Summary of agencies' responses

Attorney-General's Department

51. The Attorney-General's Department welcomes the ANAO's performance audit of the Implementation of the Family Relationship Centres Initiative. AGD accepts the ANAO's recommendations, some of which reflect work already underway. The Government remains committed to improving Australia's system of Access to Justice, including by developing alternatives to litigation and court, such as the Family Relationship Centres initiative. The findings of the performance audit will assist the Government to strengthen the management and operation of the FRC initiative going forward.

52. The Attorney-General's Department accepts and agrees with all recommendations. AGD recognises the need to develop and support ongoing improvement to the collection, storage, and analysis of performance and assurance information relating to the FRC initiative. AGD and FaHCSIA are already undertaking or developing a number of initiatives to address the above recommendations and will continue to work together to improve the ongoing management and oversight of this initiative.

53. AGD's full response appears in Appendix 1 of the report.

Department of Families, Housing, Community Services and Indigenous Affairs

54. The Department notes the audit report as an informative and constructive appraisal of the implementation of the Family Relationship Centres Initiative. Since the audit, the Department has developed and implemented a number of processes including the Community Program Data Collection Framework, the Quality Assurance Framework and a centralised complaints system, all of which build on the Common Business Model. These processes reduce red-tape and streamline reporting, consistent with the Government's National Compact with the Third Sector and Operation Sunlight.

55. The Department will work with the Attorney-General's Department, where appropriate, to implement these recommendations as the Attorney-General's Department is responsible for the policy, appropriation and funding levels of Family Relationship Centres.

Recommendations

Recommendation No.1

Para 4.37

The ANAO recommends that FaHCSIA undertake an assessment of the quality and integrity of cost and client data being provided by FRCs and use this information to inform an analysis of the value-for-money outcomes being delivered.

AGD response: Agreed

FaHCSIA response: Agreed with qualification

Recommendation No.2

Para 5.18

To improve the assurance over payments made to FRCs, the ANAO recommends that FaHCSIA adopt a common approach to the collection and storage of necessary performance and compliance documentation.

AGD response: Agreed

FaHCSIA response: Agreed

Recommendation No.3

Para 5.49

The ANAO recommends that FaHCSIA develop its complaints management system to allow for the timely and accurate collection of complaints data which can be used to identify significant trends in the nature and volume of complaints.

AGD response: Agreed

FaHCSIA response: Agreed

**Recommendation
No.4**

Para 6.39

To improve the effectiveness of the performance framework, the ANAO recommends that FaHCSIA:

- conduct regular data integrity checks to assess the accuracy and reliability of the data collected in FRSP Online, and implement measures to address identified inconsistencies;
- identify definitions and data sources for each KPI in the new performance framework;
- distribute guidance materials and provide training on the new performance framework to service providers and STO staff to promote a common understanding; and
- in conjunction with AGD, improve external reporting of FRC performance to provide information on the extent to which FRCs are achieving their overall objectives.

AGD response: Agreed

FaHCSIA response: Agreed

Audit Findings and Conclusions

1. Introduction

This chapter provides background on the new family law system and the role of Family Relationship Centres within the system. It also describes the audit approach, including the objective, scope and methodology.

Background

A New Family Law System

1.1 In 2003, the House of Representatives Standing Committee on Family and Community Affairs conducted an inquiry into child custody and in its report, *Every Picture Tells a Story*,²⁰ recommended a range of reforms to the law and family law system. In particular, it recommended in favour of shared parental responsibility and advocated the development of a system that would: assist both parents to remain involved in their children's lives; reduce the reliance on lawyers in resolving post-separation conflicts; and minimise the debilitating effect of conflict on children.²¹

1.2 In June 2005, the then Australian Government issued its response to the Committee's report—*A new family law system: Government Response to Every Picture Tells a Story*²²—which presented its strategy to develop and implement a new family law system. The new approach, aimed at helping prevent separation and assisting couples reach a parental agreement without litigation, was described as 'the biggest investment in the family law system ever and the most significant changes to family law in 30 years.'²³

1.3 In 2005–06, \$397 million was provided over four years for the implementation of the new family law system.²⁴ In addition to the provision of

²⁰ House of Representatives Standing Committee on Family and Community Affairs, *Every Picture Tells a Story, Report on the Inquiry into Child Custody Arrangements in the Event of Family Separation*, December 2003, Canberra.

²¹ Parkinson, P, *Family Relationship Centres: A new approach to resolving conflicts about parenting in Australia* in L Wardle & C Williams (eds.), *Family Law: Balancing Interests and Pursuing Priorities*, William S. Hein & Co: Buffalo, NY, 2007, pp. 611-620.

²² Commonwealth of Australia, *A new family law system: Government Response to Every Picture Tells a Story*, June 2005.

²³ *ibid.*, p. 1.

²⁴ Australian Government, 2005-06 *Budget Paper No 2*, pp. 294-98, available from <<http://www.budget.gov.au/2005-06/bp2/download/bp2.pdf>> [accessed 8 October 2008].

a range of new and increased services, the reforms included a number of changes to the *Family Law Act 1975* through the *Family Law Amendment (Shared Parental Responsibility) Act 2007*. Among the changes was a new presumption of joint parental responsibility and the requirement that parents attend family dispute resolution, such as mediation, before taking a parenting matter to court.²⁵

Family Relationship Centres

1.4 A centrepiece of the Family Law Reforms was the establishment of 65 Family Relationship Centres (FRCs) across Australia.²⁶ FRCs were expected to become:

...a front-door into the family law system, (...) a point of referral and information for families seeking help (whether or not they are separated). (...) the Centres will be a first port of call to help parents resolve disputes and establish arrangements that work for them and more importantly for their children.²⁷

1.5 The introduction of FRCs was designed to achieve three objectives:

- give intact families help with their family relationships and parenting through appropriate information and referral;
- give separating families help to achieve workable parenting arrangements (outside the court system) through information, support, referral and family dispute resolution services; and
- deliver high quality, timely, safe and ethical services.²⁸

1.6 These objectives were re-affirmed in 2009 by the Attorney-General:

... Centres have been enormously successful in providing a 'front door' to the Australian family law system, and providing information and referral to support intact families.²⁹

²⁵ Exceptions to this requirement include cases involving child abuse, violence, where a party is applying for Consent Orders, where a party is responding to an application, the matter is urgent, a party is unable to participate effectively, or where a party has contravened and shown a serious disregard to a court order made in the last 12 months.

²⁶ Commonwealth of Australia, op.cit., p. 1

²⁷ Attorney-General's Department, *Annual Report 2004-05*, p. 58.

²⁸ Attorney-General's Department, *Operational Framework for Family Relationship Centres*, p. 1.

²⁹ Attorney-General, the Hon Robert McClelland MP, address to the Second Annual Family Relationships Services Australia National Conference, Sydney, 26 November 2009.

1.7 FRCs provide information, advice, referral and family dispute resolution services. The centres deliver their initial services free of charge, including up to three hours of joint dispute resolution sessions (such as mediation).³⁰ If further joint sessions are needed families may continue at the centre for a fee that takes into account the family's capacity to pay, or accept a referral to another specialised service (such as specialised domestic violence counselling), outside of the FRC.

1.8 From the total funding provided for the new family law system reforms, \$199 million over four years was allocated to establish the FRC network. To provide a national coverage and equitable access to families, locations in 65 metropolitan and regional areas were chosen for the new FRCs. Service providers to operate the FRCs were selected following three public tender processes in 2006 (15 centres), 2007 (25 centres) and 2008 (25 centres).

1.9 FRCs are operated by not-for-profit, community-based organisations. Many of these organisations are also funded to provide other Family Relationship Services Program (FRSP) initiatives. FRC providers were initially contracted for a period of three years. In 2009, the service providers selected in the 2006 and 2007 rounds had their contracts extended to deliver their services until 30 June 2011.³¹ Consequently, all service providers' contracts will now expire on the same date.

1.10 The 65 FRCs are expected to operate as a 'network', sharing information and resources to contribute to the development of best practice service delivery. It was envisaged that centres in the first round would mentor those established at a later stage, and larger centres in metropolitan areas would assist smaller centres in regional areas with staff relief, training and supervision.³²

Integration of FRCs in the family law system

1.11 Two other new services, developed at the same time as the FRCs were:

³⁰ Under changes announced in the 2010–11 Commonwealth Budget, persons earning more than \$50 000 per annum will be required to pay a fee of \$30 for the second and third hours of family dispute resolution. This fee will not apply to parents with existing waivers, or to those parents experiencing financial hardship.

³¹ The terms of the contract between FaHCSIA (on behalf of the Commonwealth) and the FRC service providers allowed for the contract to be varied on the agreement of both parties (clause 27).

³² Attorney-General's Department, *Operational Framework for Family Relationship Centres*, op. cit., p. 22.

- Family Relationship Advice Line—a national telephone service that provides information, advice, referral and family dispute resolution services delivered over the phone; and
- Family Relationship Online—a website providing information about family relationship issues and services.

1.12 These services are expected to operate in conjunction with the centres, and carry the same specific FRC branding. The three different services (FRCs, Family Relationship Advice Line and Family Relationship Online) are expected to share information, referral and, when relevant, telephone advice services (within the boundaries of the privacy legislation).

1.13 In order to perform their function as access points to the family law system and to other family relationship services, FRCs were required to develop formal and informal reciprocal relations (Community Engagement)³³ with a large range of stakeholders, including:

- other FRSP service providers (referrals, subcontracting of services, training and exchange of information);
- other Australian Government agencies such as the Department of Human Services (including the Child Support Agency) and Centrelink (referrals, telephone advice, training and exchange of information);
- legal services (referrals and telephone advice); and
- other family relationship services providers (for example general practitioners and religious ministers), not funded under the FRSP.

The Family Relationship Services Program

1.14 All the services funded under the new family law system reforms, including FRCs, came under the existing FRSP. The FRSP is the Australian Government's key program addressing family relationship issues, and has been funded since the early 1960s. The aim of the program is to:

improve the wellbeing of families and children by supporting positive family relationships through prevention and early intervention services (EIS) and post-separation services (PSS). The services delivered under the FRSP include information, referral, advice, education and skills training, counselling,

³³ Attorney-General's Department, *Operational Framework for Family Relationship Centres*, op. cit., pp. 23-30.

changeover and supervised contact, problem solving and family dispute resolution.³⁴

1.15 Since 1998, the FRSP has been jointly funded by the Attorney-General's Department (AGD) and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), and administered by FaHCSIA State and Territory Offices (STOs). The relationship between AGD and FaHCSIA was governed by a Business Partnership Agreement (BPA). From 30 April 2010, the BPA was replaced by a Memorandum of Understanding between the two departments, as the main governance document.

Recent developments

Family Support Program

1.16 In February 2009, the Minister for Families, Housing, Community Services and Indigenous Affairs announced the establishment of the Family Support Program (FSP). The FSP brings together a number of existing family, children and parenting services with the aim of improving the alignment and linking of services and encouraging a collaborative approach.³⁵ All services delivered under the FRSP, including the FRCs, will be incorporated into the FSP, which is expected to be fully operational in 2011.

1.17 Given that the FRSP was the overarching program during the conduct of this audit, this report refers to the FRSP and not the FSP.

2009 changes to the administrative arrangements

1.18 The FRSP roles, responsibilities and funding arrangements shared between AGD and FaHCSIA were reviewed in late 2008 by the Department of Finance and Deregulation as part of the Expenditure Review Taskforce. As a consequence, from 1 July 2009, all contract management and program administration responsibilities, including FRCs, were consolidated within FaHCSIA, with AGD retaining policy and funding responsibilities for FRCs.³⁶

³⁴ FaHCSIA, *Family Relationship Services Program, Program Guidelines*, September 2008, p. 4.

³⁵ <Department of Families, Housing, Community Services and Indigenous Affairs, <http://www.fahcsia.gov.au/sa/families/progserv/familysupport/Pages/default.aspx>> [accessed 14 July 2009].

³⁶ Australian Government, *Budget Measures 2009-10, Paper No 2*, p. 230.

1.19 As the full effect of the July 2009 changes to the administrative arrangements and the implementation of the FSP could not be assessed at the time of audit fieldwork, this report does not examine their impact on FRCs. However, these changes have been taken into consideration when formulating audit conclusions and recommendations.

2010-11 Commonwealth Budget

1.20 In the context of the 2010-11 Budget, there were two changes to the FRC initiative announced:

- from 1 July 2011, there is an overall reduction in funding of \$3 million per annum; and
- from 1 July 2011, the initial three hours of family dispute resolution services that is currently free of charge will be means tested. If one parent earns more than \$50 000 per annum, the FRC will charge a \$30 fee per hour for the second and third hours. This fee will not apply to parents with existing waivers, or to those parents experiencing financial hardship.

Related audits

1.21 In 2000, the ANAO conducted an audit of the then Department of Families and Community Services' (FaCS) management of the Family Relationship Services Program.³⁷ The audit concluded that FaCS's mechanisms to manage the program were adequate and effective. The report made two recommendations in relation to developing a risk assessment of the FRSP and to enhancing the existing procurement and application assessment procedures for the FRSP.

Audit approach

Audit objective

1.22 The objective of the audit was to assess the effectiveness of the selection, implementation, operation and monitoring of FRCs by AGD and FaHCSIA.

³⁷ ANAO Audit Report No. 24 2000-01, *Family Relationship Services Program*, Canberra, 2000.

Audit criteria and scope

1.23 The three main criteria for this audit assessed whether AGD and FaHCSIA had effectively:

- planned and implemented the FRC initiative, including the FRC selection and funding processes;
- undertaken administration activities to guide the operation and progress of the FRC initiative towards meeting its objectives; and
- monitored, evaluated and reported on the performance of FRCs.

1.24 In considering the administrative and operational arrangements supporting the FRC initiative, the audit examined the ability of departments to assess the success, or otherwise, of the FRC network in achieving its objectives.

1.25 The audit did not examine:

- the operation of the Family Relationship Advice Line and Family Relationship Online other than to the extent to which they impacted on FRCs;
- the new family dispute resolution Accreditation Standards that came into effect on 1 July 2009;
- the grant process underpinning funding to FRCs;³⁸ and
- the other elements of the Family Law Reforms, such as the increased funding allocated to existing FRSP services and the changes to the *Family Law Act 1975*.

Audit methodology

1.26 The audit methodology was prepared to comply with the ANAO's Auditing Standards to ensure that there was sufficient and appropriate evidence to form a reliable audit opinion.

1.27 The audit methodology included:

- examining files and records kept by AGD; FaHCSIA National Office; and FaHCSIA State and Territory Offices (STOs);

³⁸ The ANAO has conducted two audits relating to FaHCSIA's grant administration in recent years (Audit Reports No.47, 2005-06 and No.39, 2006-07).

- interviewing staff from AGD, FaHCSIA's National Office, and all of FaHCSIA's STOs;
- visiting and interviewing staff from 25 FRCs and/or their parent organisations. The approach to these consultations allowed the coverage to include: all states and territories, locations in rural, remote and urban locations, centres operated by a range of different organisations, and centres from each of the three rounds; and
- seeking the views of relevant stakeholders, including non-government organisations.

1.28 The audit was conducted in accordance with the ANAO Auditing Standards at a cost of \$550 000.

Structure of the report

1.29 The report is divided into six chapters as follows:

- Chapter 1: Introduction;
- Chapter 2: Governance Arrangements for FRCs;
- Chapter 3: Selection of FRC Locations and Service Providers;
- Chapter 4: Operation of the FRCs;
- Chapter 5: Administration of the FRCs; and
- Chapter 6: Performance Measurement, Monitoring and Evaluation.

2. Governance Arrangements for FRCs

This chapter examines the business arrangements between AGD and FaHCSIA that underpinned the roll-out and administration of the FRC initiative.

Introduction

2.1 The provision of FRC services was aimed at delivering legal and social outcomes in the area of family relationships. In particular, they sought to improve family relationships through the delivery of referrals and information aimed at preventing conflict, and reduce the level of litigation arising from family breakdown by encouraging parents to reach agreement on parenting arrangements within the FRC environment.

2.2 The FRCs are part of the FRSP, and most of the governance arrangements applying to FRCs have been developed from the FRSP framework. The FRSP includes 18 programs funded by AGD or FaHCSIA depending on whether they are identified as:

- Early Intervention Services—supporting existing relationships; or
- Post Separation Services—supporting relationships during and after separation.³⁹

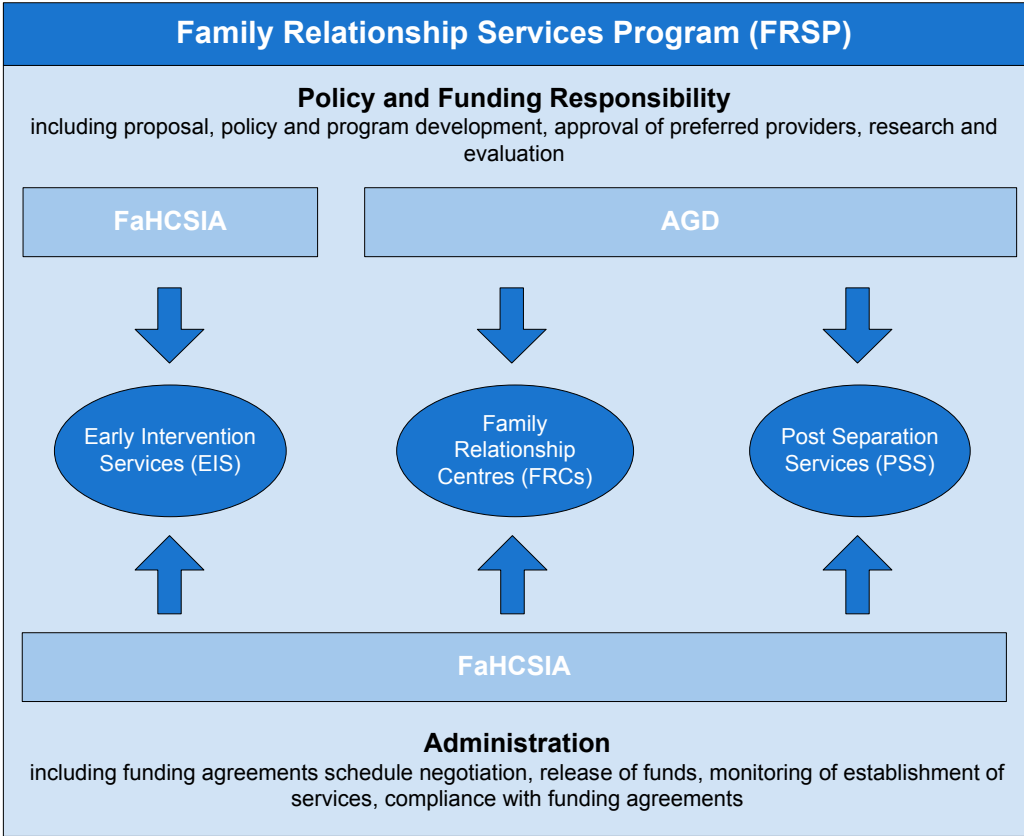
2.3 Each department typically has primary policy responsibility for the programs they fund. In addition, FaHCSIA has assumed program administration responsibilities (including the management of funding agreements) for all FRSP Services.⁴⁰ The two departments' responsibilities are illustrated in Figure 2.1.

³⁹ Family Counselling Services, used before, during and after separation, are jointly funded.

⁴⁰ This excluded the Family Relationship Advice Line and Family Relationships Online which were, until the 1 July 2009 changes to the administrative arrangements, under AGD's administrative responsibility.

Figure 2.1

Departmental responsibilities for the FRSP and FRCs



Source: ANAO

2.4 FRCs comprise elements of both Early Intervention Services and Post Separation Services in that they act as an information and referral point for Early Intervention Services, and they provide Post Separation Services such as dispute resolution services. Given the role of FRCs fall within the responsibilities of AGD and FaHCSIA, the departments assumed joint responsibility for the delivery of the initiative. While this meant that AGD had ultimate responsibility through its policy and funding role, FaHCSIA assumed day-to-day administrative responsibility for the operation of FRCs.

2.5 To mitigate the risks associated with the FRCs' operation across the two portfolios, AGD and FaHCSIA developed key documents which established the main governance principles for the FRCs. These documents are:

- the 2007-10 FRSP Business Partnership Agreement between AGD and FaHCSIA (the BPA); and

- the Communication Protocol between AGD and FaHCSIA, to facilitate communication relating to operational issues.

2.6 The ANAO reviewed these inter-agency agreements to identify whether:

- the agreements appropriately specified each department's role and responsibilities; and
- the business practices of AGD and FaHCSIA in administering the FRCs aligned with these agreements.

AGD and FaHCSIA business arrangements

Business Partnership Agreement

2.7 The departments identify the vision of the BPA as being a 'collaboration across portfolios in implementing a whole of government approach to provide support for Australian Families'.⁴¹ The BPA states that the relationship has three purposes:

- Enhance the delivery of a system of services for families.
- Improve coordination and implementation of policies and programs.
- Enhance transparency, accountability and effectiveness of program delivery and support services.⁴²

2.8 The BPA also identifies the three goals of the business relationship, namely: clarifying the roles of staff; generating agreement on processes and procedures; and generating communication processes and procedures.

2.9 The BPA sets out the distinct roles of each department, and in the case of FaHCSIA, the differing roles of its National Office and STOs. In relation to FRCs, AGD, as the lead policy agency, is responsible for the overall funding. FaHCSIA is responsible for the administration of the initiative, with STOs managing the day-to-day operation of FRCs, including contract management and negotiation of funding agreements.⁴³

⁴¹ AGD and FaHCSIA, *Business Partnership Agreement for the Family Relationship Services Program 2007-2010*, p. 10.

⁴² *ibid.*, p. 10.

⁴³ Refer to Appendix 1 for each department's responsibilities.

Communication Protocol

2.10 The Communication Protocol⁴⁴ was developed to facilitate communications between AGD, FaHCSIA National Office and STOs. Consistent with the overall administrative responsibilities, the Communication Protocol places FaHCSIA National Office at the centre of FRC governance arrangements. The protocol provides for STOs and AGD to forward all non-urgent issues to the National Office for action, while urgent issues, such as ministerial questions, can be handled by the relevant parties with subsequent advice to FaHCSIA's National Office. The system is designed to prevent duplication of work, enhance consistency in decision-making and provide a level of responsiveness proportionate to the issue.

2.11 ANAO interviews with STO staff conducted during audit fieldwork indicated that the Communication Protocol was not always implemented as intended, particularly during the roll-out period for each round of FRCs. This led to some situations where AGD or FaHCSIA National Office would deal directly with the FRC service providers, without the relevant STO being made aware. STOs also identified that, on occasion, FRCs would contact AGD, FaHCSIA National Office and the relevant STO on the same issue in seeking to achieve the most beneficial outcome.

2.12 In response, FaHCSIA National Office advised that FRCs were a new service with different management arrangements to other FRSP services and there was some confusion in roles during the roll out of round one services in 2005–06. To address this issue, the BPA was revised, feedback mechanisms such as fortnightly teleconferences with STOs were introduced, and after each funding round, STOs were invited to contribute to a post-round review.

Departmental activities to plan and monitor the implementation of FRCs

2.13 As part of the implementation activities conducted by AGD, an implementation plan and a risk management register to guide and monitor the implementation of FRCs were developed. The ANAO reviewed the implementation plan and risk management register used by departments to support the introduction of FRCs.

⁴⁴ AGD and FaHCSIA, January 2009, *Communication Protocols*.

Implementation plan

2.14 AGD developed, in collaboration with FaHCSIA, an extensive implementation plan in November 2005, which was subsequently updated as the roll-out of the initiative took place. The implementation plan contained appropriate consideration of key implementation issues, including timeframes, roles and responsibilities, funding, human resources, quality assurance, risk management, communication and stakeholder engagement.⁴⁵

2.15 The risk management matrix included in the implementation plan was complemented by a separate risk management register. The risk management register identified key risks associated with the implementation of the FRC initiative and outlined mitigation strategies. The risk management register was updated to include new risks and treatments that were identified as the implementation of the initiative was undertaken.

FRC risk management

2.16 The ANAO selected three risks identified in the risk register and examined the treatments and monitoring arrangements that were developed.

Conflict of interest

2.17 Client referral guidelines included in the FRC Operational Framework stress the critical position that FRCs occupy as ‘front doors to services that can assist families at all stages of their relationships’.⁴⁶ The document also provides guidance on how to implement effective referral practices.⁴⁷ However, FRCs are operated by organisations that also offer other family relationship services, and this could potentially provide organisations with an unfair advantage through prioritising FRC referrals to favour the services operated by related parties.⁴⁸

⁴⁵ ANAO-Better Practice Guide, Implementation of Programme and Policy Initiatives, October 2006, p. 27.

⁴⁶ FaHCSIA, *Family Relationship Service Guidelines*, Appendix C. (Operational Framework for FRCs), p. 38, June 2009.

⁴⁷ The Operational Framework for FRCs requires referrals from FRCs to be to the most appropriate service, and not based on any relationship the FRC has with the service (Operational Framework for Family Relationship Centres, Appendix 1).

⁴⁸ For the purpose of this audit, the ANAO has applied the AUASB definition of a related party, which prescribes that ‘a party is related to an entity if:

(a) Directly or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries, and fellow subsidiaries);

Footnote continued on the next page...

2.18 The ANAO undertook consultations with 25 FRC managers across Australia as part of its audit fieldwork. Around half reported referring clients to their parent organisation or to organisations that were members of the FRC consortium. ‘Internal referral’ was in these cases presented as being in the best interest of the client, who could then benefit from a seamless and appropriate referral.

2.19 Referring a client to a service provider within the same organisation can be a practical option both for continuity purposes and also because in some areas, particularly non-metropolitan, there are only a small number of providers. However, in those areas with multiple providers, ‘internal referral’ can contradict one of the key objectives of the centres, namely to be a gateway to the family relationship services system through information and referral to all services available.⁴⁹

2.20 Conflicts of interest could also arise when FRC service providers are expected to work as a network (sharing resources and processes), and then potentially find themselves competing in a future FRC tender process.⁵⁰ AGD and FaHCSIA advised that FRCs willingly took part in a number of activities initiated by the departments aimed at improving collaboration and information sharing (including Family Pathway Networks, training days and reference groups). However, the majority of service providers consulted by the ANAO reported that the competitive context of the three FRC funding rounds conducted between 2006 and 2008 hindered the capacity of the FRCs during that time to work collaboratively and share work practices, and therefore impeded the quality of the services provided.⁵¹

2.21 The risk management register identified risks relating to potential conflict of interest issues, including ineffective referral and transfer processes and the boycott of the centres by other service providers. Two types of strategies were developed to mitigate these risks:

(ii)	has an interest in the entity that gives it significant influence over the entity; or
(iii)	has joint control over the entity.’

⁴⁹ Attorney-General’s Department, *Operational Framework for FRCs*, July 2007, p. 5.

⁵⁰ FRC networks are discussed in Chapter 5.

⁵¹ The impact of the tendering process was confirmed in advice from the Australian Institute of Family Studies to FaHCSIA (AIFS, *First Impressions, Service providers’ accounts of the first phase of the Family Law Reforms*, April 2008, p.18), and reported in the *FRSA Submission to the Productivity Commission Project into the Contribution of the Non-Profit Sector*, May 2009, p. 24.

- (a) an increased focus on communication with providers; and
- (b) the measurement of referral practices in the performance monitoring system.

2.22 Despite identifying the risk and some possible treatments, departments have undertaken limited work to understand the effectiveness of the treatments in preventing the risk being realised. For example, the performance monitoring activities (discussed in Chapter 6) have not been conducted consistently or reliably. Consequently, there has not been an adequate assessment of whether the risk has materialised or the treatments identified have been effective mitigation strategies.

Inadequate management of high-risk clients

2.23 When determining the service best suited to a clients' needs, FRCs are advised to consider:

- the existence or likelihood of domestic and family violence and of harm to others;
- the risk of child abuse or abduction;
- the risk of self-harm; and
- the urgency of required action.⁵²

2.24 While centres should not decline to provide services, they are required to use their professional judgement to determine when some services, for instance family dispute resolution, are not appropriate and clients should be directly referred to specialised services or to court.

2.25 Most FRC managers and other stakeholders reported during the consultations conducted by the ANAO that complex cases (involving issues such as domestic violence, drug and alcohol abuse and mental health) represented the bulk of the work in most FRCs. This was supported by the findings of the AIFS Evaluation of the 2006 Family Law Reforms. The evaluation indicated that 62 per cent of FRC service professionals reported that half or more of the families they saw experienced violence or abuse.⁵³ The

⁵² Australian Catholic University (ACU), *Screening and Assessment Framework*, July 2008, p. 7 (first distributed in June 2006). The ACU was commissioned by AGD to develop a guide for staff in the FRCs undertaking screening and assessment.

⁵³ Australian Institute of Family Studies, *Evaluation of the 2006 Family Law Reforms*, AIFS, December 2009, p. 10-4.

evaluation also indicated that issues of mental health, use of drugs and alcohol, gambling and other addictions were reported by around half of the mothers and around one-third of the fathers using FRSP services.⁵⁴

2.26 The latitude given to centres to determine the appropriateness of service provision by relying on the providers' judgement, acknowledges the professionalism and expertise of the non-government organisations. It bears a risk, however, that services for high-risk clients may be provided rather than referring the client to a more appropriate specialised service or expedited to court, with possible adverse consequences including:

- producing parental agreements that are unworkable;
- delaying access to court; and
- exposing clients and staff to the risk of harm.

2.27 The risk management register, developed by AGD, identified the risks attached to the management of cases involving violence and developed a range of mitigation strategies, including:

- the requirement for centres to comply with safety procedures and with Standards 9 and 13 on staff and client safety in the Administrative Approval Requirements;⁵⁵
- instructions on how to conduct referrals, assess risk and decline service, in the Operational Framework⁵⁶, and in the week-long training received by round one and round two FRCs prior to their opening in 2006 and 2007;
- a critical incident protocol to cover communication, counselling, safety procedures and other actions to be followed in the event of a violent incident;
- the development of a detailed document titled Screening and Assessment Framework⁵⁷, presenting best practice assessment and screening guidelines and tools; and

⁵⁴ *ibid.*, p. 2-7.

⁵⁵ Administrative Approval Requirements are discussed in Chapter 5.

⁵⁶ Attorney General's Department, *Operational Framework*, *op. cit.*, Appendices E, F and I in particular.

⁵⁷ ACU, *op. cit.* in particular p. 34-36 and Attachment C.

- ongoing monitoring and review activities.

2.28 There has, however, been limited follow-up through monitoring and review activities to assess the extent to which this risk occurred,⁵⁸ and the effectiveness of the treatments in mitigating the risk.

Dilution of the FRC model and reduced accountability

2.29 The FRC initiative adopted a non-prescriptive approach to the definition of service delivery. Under this approach, the principles and objectives were developed by the departments, and the service providers were given the financial resources to achieve the desired outcomes. The means by which these outcomes were achieved was devolved to the FRC providers, who were selected for their expertise in delivering the services. This approach was evidenced by the decision to not require FRCs to reach client service targets (which was required for all other FRSP services).⁵⁹ It was also supported in the Operational Framework by the use of the conditional tense ('would', 'could', 'may') throughout the document.

2.30 If not supported by sufficient ongoing monitoring and guidance, a non-prescriptive approach to program management presents risks including:

- the service losing its focus and moving away from its original objectives; and
- reduced accountability, whereby the cost, quality and performance of the service become difficult to assess.

2.31 The ANAO's examination of the FRCs' operation, described in Chapter 5, identified a number of practices that could indicate that these risks have been realised including:

- some FRCs focused on the delivery of dispute resolution only, thereby delivering a similar service to another already existing FRSP service type, the Family Dispute Resolution Service;

⁵⁸ AIFS' Evaluation confirms that the risk has been, to some extent, realised: 'FRCs have also become a first point of contact for a significant number of parents whose capacity to mediate is severely compromised by fear and abuse, and there is evidence that FDR is occurring in some of these cases. This may reflect an inadequate understanding of the exceptions to FDR (...) by those making referrals.' AIFS, op. cit., p. 16-2.

⁵⁹ The performance monitoring regime for FRCs is further examined in Chapter 4.

- most FRCs are providing limited or no information to intact families; and some FRCs do not deliver the outreach services⁶⁰ included in the funding agreement; and
- there is little correlation between the funding provided to FRCs and the number of client contacts (refer Chapter 5, paragraphs 4.26 to 4.28).

2.32 The risk management register identified a risk of FRCs lacking consistency in meeting the initiative's objectives and a risk of FRCs being seen as 'divorce shops'.⁶¹ The register described the strategies to mitigate these risks, which included a clear communication strategy to the public and the family relationship services sector on the FRCs' objectives and operational framework, consistent signage and logos, training and induction sessions and performance reviews and monitoring activities.

2.33 Most of these strategies, in particular the communication strategy, were implemented and were well received by the centres. In addition, FaHCSIA undertook a number of activities aimed at FRSP providers in general (and therefore encompassing FRCs),⁶² which played an important role in supporting implementation, including:

- publishing a monthly newsletter, FRS Sector e-News;⁶³
- undertaking three working groups on workforce development, streamlining of contract and agreements and the development of a performance framework;
- conducting bi-annual 'CEO forums', with STO representation, to ensure that CEOs of community organisations delivering FRSP services were able to raise issues and were aware of pending changes; and

⁶⁰ Outreach services are services provided through a range of strategies to increase service capacity across the catchment area. The strategies include: outpost locations; work conducted in outpost population centres from a central location; brokerage of services or training of organisations or individuals in outpost locations.

⁶¹ The term 'divorce shop' is used colloquially in the Family Services Sector and refers to the service operating as a provider of inexpensive divorce arrangements for already separated families. The risk of operating as a 'divorce shop' is that FRCs would move away from their other objective of providing assistance to intact families.

⁶² Other activities have been developed for FRSP; however these are the ones that have the most significance to the FRC program specifically.

⁶³ Department of Families, Housing, Community Services and Indigenous Affairs, <http://www.facs.gov.au/sa/families/pubs/Pages/FRSP_e_News.aspx> [accessed 9 June 2009].

- offering a training course on FaHCSIA's data collection system, FRSP Online.

2.34 The monitoring activities that were scheduled in the risk management plan were not undertaken and therefore their success or otherwise in mitigating and managing the risk were not assessed.

3. Selection of FRC Locations and Service Providers

This chapter examines the processes supporting the selection of the locations and community-based organisations to operate the 65 FRCs.

Introduction

3.1 The location of FRCs was critical to the success of the initiative as there needed to be national coverage providing equitable access to all families. To meet this objective, FRCs were to be located in areas of highest need, and be easily accessible through transport infrastructure. The policy to outsource the operation of FRCs to third party non-government organisations, required the selection of appropriately qualified service providers.

3.2 The selection of locations and providers was undertaken through two separate processes, with the selection of locations taking place before the tender processes for providers. The ANAO examined the processes and decisions supporting the selection of FRC locations and providers to operate the centres.

FRC location selection process

3.3 The BPA outlined that AGD was responsible for the selection of FRC locations. The final selection was made by the then Attorney-General, on advice from AGD. To assist AGD, FaHCSIA provided advice to AGD based on its own analysis and experience in administering other FRSP services.

Methodology used to determine recommended FRC locations

3.4 The analysis undertaken by AGD to identify the possible locations for the 65 FRCs was largely undocumented. AGD relied on demographic data (such as the proportion of people divorced or separated in an area), advice from FaHCSIA, and the views of key decision-makers within the department. AGD also advised the ANAO that informing this process were accessibility considerations and the locations of other government services, particularly FRSP services. This was to enable, where possible, service providers to tender for the delivery of a number of FRSP services.

3.5 AGD informed the Senate, in response to questioning on the methodology used to identify suitable locations for FRCs:

It was not done in one document or one meeting or so on. We sat down with the Department of Family and Community Services and the analysis of the needs they had been working on for their whole program. At the same time we looked at population and accessibility issues and came to conclusions on which ones to recommend. I have to say also that there were a lot of options. It was not clear cut in many cases. There was no one formula that we used... It was all done as part of discussions rather than anything in writing.⁶⁴

3.6 Due to the absence of a documented methodology and analysis to support the location selection process (except for FaHCSIA's needs analysis model), AGD is unable to demonstrate how the recommended locations were selected and helped support the objectives of FRCs.

FaHCSIA's needs analysis model

3.7 FaHCSIA undertook a detailed analysis of possible locations for the establishment of the 65 FRCs using the needs analysis statistical model it had developed for the FRSP. The model ranked geographic locations by need and FaHCSIA then integrated the results with information relating to the distribution of government services, population and population growth rates, and advice from State and Territory Offices, to determine a list of possible locations.

3.8 The needs analysis model developed by FaHCSIA factored in a broad number of variables such as the availability of FRSP services; the number of families that had separated during defined periods (for example the previous three-year period); and the number of people receiving government payments by type. The needs analysis model was a documented process that underpinned FaHCSIA's advice on the areas that were in most need of an FRC and could link with other FRSP services.

3.9 A comparison between the locations recommended to the then Attorney-General by AGD and the advice from FaHCSIA, based on the needs analysis model, shows that in most cases there was agreement between the two departments, with departments sharing 57 common recommendations from the 65 locations.

⁶⁴ Australia, Senate, 2005, *Standing Committee on Legal and Constitutional Affairs, Hansard*, 31 October 2005, p. 11.

Selection of FRC locations

3.10 AGD's advice to the then Attorney-General on the locations for the 65 FRCs was contained in a submission developed in May 2005. AGD's advice highlighted the importance of FRCs being established in easily accessible locations where the maximum number of people could use the services, and suggested that if alternative locations were considered to be more appropriate, a minimum population of 30 000 people was regarded as necessary to support an FRC.

3.11 A comparison of the locations recommended by AGD and the 65 locations selected by the then Attorney-General shows that in the majority of cases they either matched or were in the surrounding suburbs of the recommended locations. There were, however, three locations chosen which varied significantly from AGD's recommendations and the analysis undertaken by FaHCSIA, namely:

- Brookvale (NSW);
- North Ryde (NSW); and
- Chermside (Qld).

3.12 In reviewing the selection of these three sites, the ANAO could not find evidence supporting their selection or identify a correlation between the objectives of the initiative and the locations in terms of demographics or infrastructure. The following case study illustrates the ANAO's findings.

Case study: Selection of FRC locations not recommended by AGD

North Ryde and Brookvale were chosen as locations for a FRC in round two and round three respectively. Neither of these locations were recommended by AGD in its advice to the then Attorney-General, or by FaHCSIA through its needs analysis model. Hornsby was recommended as the single location for the northern suburbs of Sydney by both departments due to it being identified as an area of high need and as a transport and service hub.

Further analysis identified that the North Ryde and Brookvale FRCs have recorded the lowest number of clients of all urban FRCs since opening, with North Ryde servicing 414 clients between 1 July 2007 and 2 May 2009 and Brookvale servicing 197 clients between 1 July 2008 and 20 May 2009. This compares to an average of 824 clients serviced by urban FRCs established in round two and an average of 657 clients serviced by urban FRCs established in round three during the same period.

Selection of locations for the first 15 FRCs

3.13 Due to FRCs being rolled out through three rounds, the location selection process also involved identifying where the first 15 centres to be established on 1 July 2006 would be located. In selecting the first 15 FRCs, AGD advised that there needed to be a balance between states and territories and between metropolitan and regional locations, and that at least two of the centres should be established in areas of high Indigenous populations. AGD's advice placed an emphasis on population and leveraging from the existing support of other local FRSP providers. AGD also raised that there was likely to be criticism if any state or territory received less FRCs than its population would justify, or if a particular state or territory were not to receive an FRC in the first round of 15 centres.

3.14 AGD developed two options for the location of the first 15 centres, based on the population distribution. These options did not specify particular locations, instead, grouping them on a state and territory basis. Table 3.1 details each option.

Table 3.1

Options for the number of FRCs per state and territory

Option One		Option Two	
State	No. of FRCs	State	No. of FRCs
New South Wales	5	New South Wales	4
Victoria	4	Victoria	4
Queensland	3	Queensland	2
Western Australia	1	Western Australia	1
South Australia	1	South Australia	1
Tasmania	1	Tasmania	1
Northern Territory		Northern Territory	1
Aus. Capital Territory		Aus. Capital Territory	1

Source: AGD

3.15 Under option one, all states except Tasmania would receive at least one FRC. One FRC would be established in either Tasmania, the Northern Territory or the Australian Capital Territory. Option two reduced the number of FRCs for New South Wales and Queensland, allowing at least one FRC to be located in each state and territory.

3.16 AGD advised the then Attorney-General that as the first 15 FRCs would be used to develop the service models which would provide a template for the establishment of the remaining FRCs, it was important that the first 15 centres contained some rural and Indigenous locations. AGD also identified several other criteria to guide the then Attorney-General in the decision-making process, including selecting:

- locations with a viable population base;
- multiple locations in large capital cities to meet demand, reducing the risk of creating long waiting lists; and
- locations where existing FRSP providers operated to allow for appropriate referral channels to be established.

3.17 Based on these criteria, AGD recommended 59 potential locations⁶⁵ for the 15 round one sites. AGD's advice did not short-list or prioritise the specific sites.

3.18 Option two (at least one FRC to be located in each state and territory) was chosen and Table 3.2 identifies the locations selected for the first 15 FRCs.

⁶⁵ Only 59 of the 65 possible locations were considered for the first 15 centres, as the remaining six were either too remote, or were in areas of expected extremely high demand which could have resulted in lengthy waiting lists.

Table 3.2**Location of first 15 FRCs**

State	FRC Location	Metropolitan/Regional
New South Wales	Penrith	Metropolitan
New South Wales	Lismore	Regional
New South Wales	Wollongong	Regional
New South Wales	Sutherland	Metropolitan
Victoria	Frankston	Metropolitan
Victoria	Ringwood	Metropolitan
Victoria	Sunshine	Metropolitan
Victoria	Mildura	Regional
Queensland	Strathpine	Metropolitan
Queensland	Townsville	Regional
Western Australia	Joondalup	Metropolitan
South Australia	Salisbury	Metropolitan
Tasmania	Hobart	Metropolitan
Northern Territory	Darwin	Metropolitan
Aus. Capital Territory	Canberra	Metropolitan

Source: AGD

3.19 While no supporting documentation outlining the basis for selecting option two and the 15 locations for round one is available, the locations selected do accord with the high-level criteria and considerations outlined by AGD in its advice.

Selection of service providers

3.20 The selection process for the FRC service providers took place over three rounds. Fifteen providers were selected in the 2006 round (which was managed by FaHCSIA), with 25 providers being selected in each of the remaining two rounds in 2007 and 2008 (which were managed by AGD). Potential applicants were invited to submit applications to operate FRCs in pre-determined locations through open tenders that were advertised by AGD in national and regional newspapers.

3.21 The application documentation was detailed and required the potential service provider to address four criteria:

- suitability of the organisation to deliver the services;
- ability of the organisation to achieve the proposed objectives and outcomes;
- capacity of the organisation to manage the FRC in the location; and
- the organisation's financial viability.

3.22 On completion of the each tender assessment process, AGD provided advice to the Attorney-General⁶⁶, who made the final decision on the selection of the FRC operators.

The 2006 FRC tender assessment process

3.23 The first funding round in 2006 was advertised in October 2005, with the selection of providers being finalised in April 2006.

3.24 FaHCSIA undertook the assessment of round one applications and adopted the same assessment framework used for selecting other FRSP providers. This framework applied an internally developed tool which recorded an applicant's scores against each of the first three criteria. The tool included guidance to the assessor on how to allocate scores to an application. An applicant who met the requirements of these criteria was then assessed for financial viability. Once an assessment against the criteria was complete, the applications were comparatively assessed by a committee consisting of AGD and FaHCSIA staff. The final recommendations of the committee were then provided in advice from AGD to the Attorney-General for consideration and a decision.

3.25 The ANAO's examination of the 2006 round assessment reports found that they did not sufficiently detail the reasons supporting an applicant's scores for each criteria or the overall assessment. Further, there was no documented analysis of financial viability. Subsequent to the 2006 round of funding, AGD commissioned an internal audit which found that:

...no issues were noted which indicated that the selection processes used for the first 15 FRCs by the [Attorney-General's] Department and FaHCSIA were not appropriate.

⁶⁶ For the 2006 and 2007 rounds the Attorney-General was the Hon Phillip Ruddock MP. With the change of government in November 2007, the Attorney-General responsible for the selection of the 25 service providers in the 2008 round was the Hon Robert McClelland MP.

3.26 However, the internal audit also noted a number of issues relating to incomplete documentation, and an apparent failure by FaHCSIA's assessment tool to correctly tabulate results.

3.27 AGD and FaHCSIA acknowledged the shortcomings in the selection process for round one and subsequently changed the process for rounds two and three, with AGD assuming the lead role for conducting a revised application assessment process, in consultation with FaHCSIA.

The 2007 and 2008 FRC tender assessment processes

3.28 The 2007 and 2008 FRC funding rounds were advertised in October 2006 and October 2007 respectively, with assessments of applications finalised in April 2007 and April 2008. The Family Pathways Branch of AGD assumed full responsibility for the assessment of applications, with FaHCSIA's STOs providing background information on applicants when requested.

3.29 Applicants were assessed against the same four criteria that were used for the 2006 round. Each applicant was assessed on a scale of one to ten against the first three criteria, and then rated as low, medium or high financial risk against the fourth criteria. Once the assessment was complete, applicants were given a rating of not suitable, suitable, or preferred. The application was then forwarded to the Comparative Committee⁶⁷ for final assessment and recommendations were then made to the Attorney-General for consideration and a decision.

3.30 The ANAO's examination of the selection processes for the 2007 and 2008 rounds found a significant improvement when compared to the 2006 round. The documentation of the assessment process for the first three criteria was more comprehensive and included written commentary to justify the numerical score.

3.31 The assessment of the financial viability of the applicant was also found to have improved. Assessment of financial viability was undertaken externally by a large accounting firm. The financial viability of the applicant was assessed against nine criteria including:

- appropriateness of financial management procedures;

⁶⁷ The Comparative Committee comprised members of AGD's Family Pathways Branch who were not involved in the selection process.

- financial management capability;
- appointment of an external auditor;
- short-term sustainability;
- medium-term sustainability;
- long-term sustainability;
- financial capacity to deliver services;
- directors' guarantee or established line of credit with a bank; and
- cash balance trends in the preceding 12 months.

3.32 From this analysis, a written report was prepared and a financial risk rating of low, medium or high was applied. While this was a more rigorous process than the one adopted during the first round, the financial assessments of consortiums could have been improved.

Assessment of consortium tenders

3.33 The use of consortium arrangements for the FRCs was encouraged by the departments.⁶⁸ Interviews with FRCs also identified that when applying for FRC funding, organisations entered into consortium arrangements with the expectation that their chances of successfully obtaining funding were improved.

3.34 Of the 65 FRCs, 63 of the successful tenders included a consortium proposal. Each consortium arrangement involves a Memorandum of Understanding between the parties and this documentation was provided to AGD at the time of application. The lead organisation for the consortium developed the application and was also the primary organisation responsible for operating the FRC. The consortium's ability to deliver the service was assessed against the first three criteria of the selection process.

3.35 When assessing the financial viability of a consortium, each member was required to submit financial details and was subsequently assessed under the nine criteria identified in paragraph 3.31. The financial viability of each individual member of the consortium was assessed, rather than the consortium

⁶⁸ Australia, Senate, 2008, *Standing Committee on Community Affairs, Estimates* 3 June 2008, Hansard, p.146.

as a whole. An overall rating was then assigned to the application based on the ratings of the individual consortium members.

3.36 Below is an extract from the tender evaluation report for a round two FRC. It outlines how the evaluation committee determined the financial risk rating for a consortium led by an organisation that was identified as being a medium financial risk.

Case study: Application of a financial risk rating to a consortium

“Although [the applicant] was considered to be a medium financial viability risk due to its decline, it is currently in an adequate financial position. As the [consortium partner] was considered a low financial viability risk, the consortium is assessed as a low financial viability risk.

Financial capacity to deliver was adequate for all members of the consortium. As the combined resources of the consortium are considered in the assessment, overall this consortium is assessed as having a strong financial capacity to deliver.”⁶⁹

3.37 This approach presented limitations in determining the actual financial risk of the consortium applicant. For example, assessing consortium members individually does not necessarily measure the consortium’s ability to continue as a going concern if one of the members, particularly the lead agency, was to become insolvent or cease operations.

3.38 In examining the financial viability assessments, the ANAO also identified other areas of concern including:

- two successful applicants being recorded as ‘low’ financial risks in the assessment reports when the actual assessment was ‘medium’;
- funding being awarded to an organisation which had submitted a qualified audit report; and
- funding being awarded to an organisation which submitted financial statements that did not comply with Australian Accounting Standards.

3.39 Of the 63 successful FRC applications that were based on a consortium arrangement, AGD advised the ANAO that only two are actually operating as a consortium; that is, more than one organisation is involved in the management and operation of the FRC. In the remaining cases, a lead agency is operating the FRC with other members of the consortium having little if any input into the operation.

⁶⁹ AGD, 4 December 2006, *Consortium Summary* for a round two preferred service provider, p. 1.

3.40 This was supported by interviews with FRC managers and stakeholder bodies which identified that consortium arrangements were developed for the specific purpose of improving the lead agency's chance of succeeding in the tender process. Consortium members, other than the lead agency, generally had no intention of contributing funds or resources to the FRC operation.

3.41 Therefore, the practice of applying a lower risk rating to a consortium tender did not necessarily address the underlying financial risk that the consortium may not be able to continue as a going concern in an event such as the lead agency becoming insolvent.

Selection of consortiums with the lead agency rated as a high financial risk

3.42 Three of the 65 successful tenders were led by an organisation that was assessed as a high financial risk. One of these consortia was allocated an overall high financial risk rating by the evaluation panel while the remaining two were classified as a medium financial risk. The funding of high financial risk providers increased the risk to the success of the initiative. An FRC which was no longer able to continue as a going concern would either require further financial assistance from the Commonwealth, or cease operation, creating a gap in the FRC network.

3.43 The ANAO identified one case where a consortium rated as a high financial risk was ranked as the preferred applicant when another tender ranked suitable with a low financial risk was passed over. This is illustrated in the following case study.

Case study: FRC service provider identified as a high financial risk

A regional-based consortium submitted a successful application to operate an FRC. The tender evaluation process rated the lead agency as a 'high' financial risk due to the financial statements accompanying the tender showing negative earnings and a negative cash position. Its consortium partner was rated as a low financial risk.

The applicant who had been ranked as suitable and was second in the process had a low financial risk rating. This applicant, who was already successfully operating an FRC from an earlier round also submitted an ongoing funding price that was 35 per cent lower than the consortium that was successful in the tender process.

The ANAO could not identify any justification within the tender evaluation documentation as to why a consortium led by an organisation assessed as a high financial risk was selected ahead of a suitable lower financial risk provider.

Tender outcome: selection of providers and negotiation of funding agreements

3.44 On completion of the tender assessment process for each round, applicants were rated⁷⁰ as either 'preferred', 'suitable' or 'not suitable', based on an overall assessment of the tender. This information was then used to inform the selection process.

3.45 The Attorney-General was responsible for selecting the providers to operate the 65 FRCs. For each round, AGD prepared a ministerial submission that contained background on the tender processes and included, amongst other information, a list of the relevant FRC locations for that round, a description of the applicants that submitted a tender, a summary of the panel's assessment of each applicant and a recommendation for the preferred applicant. In the submission, AGD recommended that the Attorney-General approve the preferred applicants and noted that funding was subject to reaching agreement with each of the preferred applicants.

3.46 The submission did not contain any information on the estimated funding for each centre or the overall quantum that was to be allocated through the round. Departments had separately determined the funding levels (capital and operating) for each FRC and applicants had been asked as part of the tender process to outline how they would deliver the services within that budget. The submission did, however, note that funding was being allocated

⁷⁰ By a combined panel of AGD and FaHCSIA staff for round one and by the Comparative Committee for rounds two and three.

as a result of the process and was available from the 2005–06 Budget measure—‘A New Family Law System’.

3.47 The Attorney-General approved the applicant recommended by AGD for each of the 65 FRCs and annotated this decision on the submissions. For each round, the Attorney-General then wrote to all successful applicants advising them that, subject to the negotiation of a funding agreement by FaHCSIA, they had secured funding to operate their proposed FRC.

3.48 The negotiation and finalisation of the funding agreement for each FRC was the responsibility of FaHCSIA’s STOs. The funding agreements were based on the standard FaHCSIA ‘Long Form’ funding agreement that was used for other FRSP services and were found to be in place for all 65 service providers.

3.49 Part 4 of the *Financial Management and Accountability Act Regulations 1997* outlines the financial framework as it relates to commitments to spend public money. As part of this process, spending proposals must not be approved unless the approver is satisfied, after reasonable enquiries, that the expenditure would be efficient, effective, and in accordance with the policies of the Commonwealth. In the case of the FRCs, the approver was the Attorney-General. Although the task of negotiating and finalising each funding agreement had been delegated to officers in FaHCSIA’s STOs, the delegates did not have the authority to:

- refuse or adjust funding to a service provider, or
- select a more suitable provider, if they did not consider the funding agreement presented value for money.

3.50 The absence of explicit funding information (such as the proposed funding, the funding period, or a comparative assessment of value-for-money) in the ministerial submissions for each funding round did not assist the Attorney-General in performing his role, and limited the transparency of how an assessment was made that a particular applicant presented the best value-for-money outcome. The ANAO suggests that similar future processes involving tender approvals clearly outline the relevant funding implications.

4. Operation of the FRCs

This chapter examines the operation of FRCs in the context of the Operational Framework.

Introduction

4.1 Governance, at an operational level, should be implemented through clearly defined and documented operational program objectives.⁷¹ The operational objectives for the FRC initiative are set out in the Operational Framework for FRCs; a document which forms part of the funding agreements.⁷² This document, developed by AGD, also describes the roles and responsibilities of FRC service providers. It constitutes the key reference for departments and FRC providers.

4.2 The ANAO examined the FRC initiative in the context of the Operational Framework and whether the departments have provided appropriate guidance and implemented monitoring arrangements to help FRCs achieve their objectives.

The objectives of FRCs

4.3 The Operational Framework states that the objectives of FRCs are to:

- give intact families help with their family relationships and parenting through appropriate information and referral;
- give separating families help to achieve workable parenting arrangements (outside the court system) through information, support, referral and family dispute resolution services; and
- deliver high quality, timely, safe and ethical services.⁷³

4.4 These high-level objectives are supported by three mission statements that are widely publicised in all FRC communication materials:

- strengthening family relationships;
- helping families stay together; and

⁷¹ ANAO, *Better Practice Guide Administration of Grants*, May 2002, p. 9.

⁷² Attorney-General's Department, *op. cit.*

⁷³ Attorney-General's Department, *ibid.*, p. 1. All references in this section are taken from this document, unless otherwise specified.

- assisting families through separation.⁷⁴

4.5 In accordance with the operational framework, FRCs are expected to deliver two types of services:

- services to people ‘at all stages of family relationships’—including providing information and helping families to access relationship services by identifying families’ needs and actively referring them to appropriate services (for instance by making an appointment on the client’s behalf or asking the other service to contact the client); and
- services to separated or separating families—including interviews with parents to help identify issues and options, group sessions to ‘help parents focus on children’s needs’, and family dispute resolution sessions to ‘help resolve conflict and reach a workable agreement on arrangements for the children’.

4.6 Another important aspect to the operation of FRCs is the requirement that each centre must operate as a member of a national network. This is reinforced through common branding that requires FRCs to adhere to strict badging requirements that include an FRC-specific symbol and the Commonwealth coat of arms.⁷⁵

4.7 The national network involved two key supporting initiatives. FRCs are required to develop referral arrangements with other family services organisations (including other FRCs) and agencies such as Centrelink and the Child Support Agency. This was to be complemented by a mentoring system, whereby larger or more established FRCs would provide assistance to other centres, ‘for instance with staff relief, training and supervision’.⁷⁶ The network principle was a key foundation of the initiative and was seen as essential to the success of the initiative.

Delivering services to all families

4.8 The Operational Framework sets out that FRCs will act as a ‘critical entry point or gateway to the broader family law and family support service

⁷⁴ <[http://www.familyrelationships.gov.au/www/agd/rwpattach.nsf/VAP/\(F6A8546F15C09260ED4A166FB5832F54\)-FRC_Brochure_May_2008.pdf/\\$file/FRC_Brochure_May_2008.pdf](http://www.familyrelationships.gov.au/www/agd/rwpattach.nsf/VAP/(F6A8546F15C09260ED4A166FB5832F54)-FRC_Brochure_May_2008.pdf/$file/FRC_Brochure_May_2008.pdf)> [accessed 23 July 2009].

⁷⁵ Attorney-General’s Department, *Family Relationship Centres Branding Guidelines*, August 2006.

⁷⁶ Attorney-General’s Department, *ibid.*, p. 23.

system.⁷⁷ Across all 25 FRCs visited by the ANAO during audit fieldwork, there appeared to be strong commitment to the objectives of the initiative. In particular, centres offered services that supported families through separation with a focus on children's needs; assisted families to discuss and solve issues (using additional services, such as counselling, if needed); and helped families reach an agreement on parenting arrangements through family dispute resolution.

4.9 The ANAO observed that the centres' work focused largely on issues relating to separation, with less emphasis on the other service type—the provision of information and referral services to intact families. Analysis of FRSP Online⁷⁸ data indicates that very few FRC clients are referred to other services. Between July 2006 and May 2009, across all FRCs, only 15 per cent of registered clients were referred to other services.

4.10 There was a consensus view amongst the executives of the 25 FRCs visited that centres generally focused on strengthening relationships for families going through separation rather than addressing the second mission statement 'helping families stay together'. The following provides some comments provided by FRCs in relation to this issue.

Interview comments: strengthening relationships for families going through separation

'We have become known in the community as a place where we discuss separation and kids' issues

There is such a need for separation-related services that anything to do with preventing separation is lacking. It comes down to capacity

People don't come to us for anything else But this doesn't mean that we do not work toward strengthening relationships. On the contrary, 100 per cent of our work is about strengthening relationships - when people go through separation. And this work is critical.

4.11 This finding was also supported by the Australian Institute of Family Studies evaluation of the Family Law Reforms which found that 12.8 per cent of FRC clients attended an FRC to support their relationship and 21.2 per cent to resolve relationship problems.⁷⁹

⁷⁷ Attorney-General's Department *Revised Operational Framework*, June 2009, p. 3.

⁷⁸ FRSP Online is the main data collection system used for the FRC initiative. FRC Online is administered by FaHCSIA and is examined in Chapter 6.

⁷⁹ AIFS, *Evaluation of the 2006 Family Law Reforms*, 2009, pp. 3-11.

4.12 FRCs were established to provide a broad range of family services (including the provision of information and referrals to other services). The evidence indicates that FRCs are primarily providing services to support separating or separated families. Limited analysis has been undertaken by departments to determine the demand for intact family information and referral services, and if FRCs are meeting the community need in this area. The ANAO suggests the departments undertake this analysis and use the information to inform considerations of the future role of FRCs in the context of the expiry of FRC contracts on 30 June 2011.

Helping separating families outside of the court system

4.13 One objective of FRC services was to provide an alternative pathway to the court system for reaching a parenting agreement through the use of family dispute resolution and focusing on the children's interest. FRCs were expected to reduce the court workload and improve outcomes for parents and children by offering a more amicable and affordable dispute resolution process. This aim was reinforced by the establishment of the compulsory family dispute resolution certificate, which prevents parents from accessing courts without having previously attempted family dispute resolution.⁸⁰

4.14 FRC managers interviewed during the audit indicated that, in their opinion, a large proportion of their clients would not have accessed the legal system in the absence of FRCs, due to a lack of financial resources. Instead, FRC managers believed that the services being provided were mostly reaching another type of client—separating parents who may not have attempted any type of dispute resolution previously. These clients have been attracted by factors including the wide publicity at the time of the launch of the FRCs and the three free hours of family dispute resolution services.

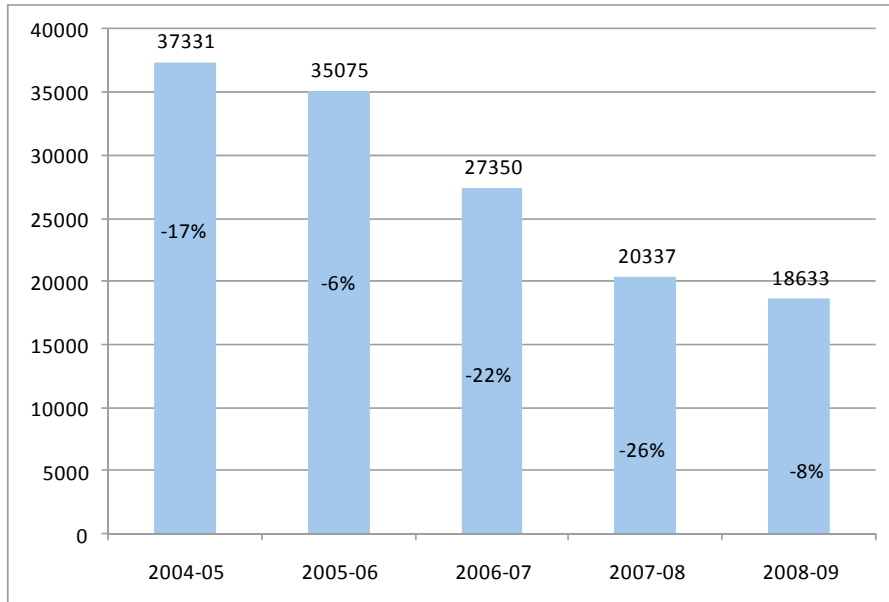
4.15 Departments have not undertaken any analysis to assess the success of FRCs in reducing the number of parents accessing the court system. One information source that could be used to inform such analysis is the change in the number of court filings. Figure 4.1 shows the number of filings to the Family Court has been trending down for the last five years. While this trend

⁸⁰ From July 2008, changes to the dispute resolution provisions of the *Family Law Act 1975* prescribe that, where an individual wants to apply to the court for a parenting order, they will first need to attend family dispute resolution, and obtain a certificate from a registered family dispute resolution practitioner confirming that an attempt at family dispute resolution was made. <<http://www.ag.gov.au/fdrproviders>> [accessed 9 September 2009].

commenced prior to the introduction of FRCs, the most significant decrease occurred in the year following the introduction of the first 15 FRCs.

Figure 4.1

Filings to the Family Court, 2004–05 to 2008–09: total numbers and percentage variation



Source: ANAO based on Family Court of Australia Annual Reports

4.16 The decrease in Family Court filings was most pronounced in 2006-07 (22 per cent) and 2007-08 (26 per cent). The 2007-08 Family Court Annual Report indicated that the large decrease in filings for that year could have been due to, among other factors, the impact of the FRCs.⁸¹ In 2008-09, however, despite the final 25 FRCs commencing operation, the decrease was only eight per cent. This indicates that the decrease in filings has not been sustained.

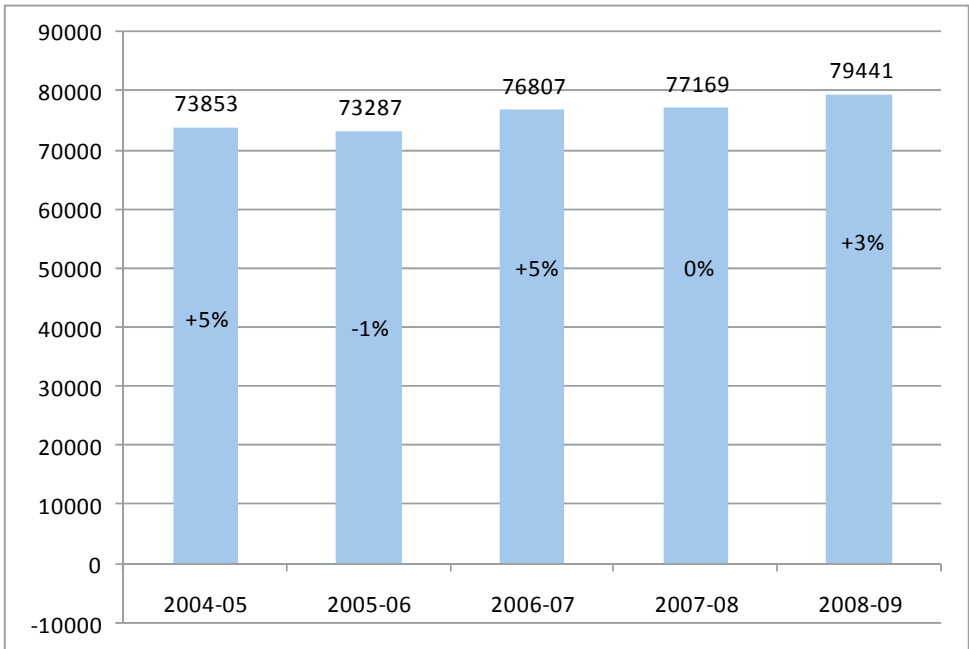
4.17 Figure 4.2 shows that family law filings to the Federal Magistrates Court, which is expected to deal with relatively 'simpler' cases⁸², have largely remained stable over the past five years, with small increases during the last three years.

⁸¹ Family Court *Annual Report* 2007-08, p. 43.

⁸² *ibid.*

Figure 4.2

Family law filings to the Federal Magistrates Court, 2004–05 to 2008–09: total numbers and percentage variation



Source: ANAO based on Federal Magistrates Court Annual Reports

4.18 Given one of the primary reasons for establishing FRCs was to provide an alternative to the court system for separating families, the ANAO suggests that departments undertake an analysis to assess the success of the centres in meeting this objective.

Working as a network with other FRCs

4.19 The 65 FRCs were expected to operate as an integrated network. The ANAO found examples of formal and informal networking arrangements including:

- in one state a formal network of FRC managers has been in operation since mid-2008;
- some established collaborations exist between centres belonging to the same parent organisation; and
- a level of informal collaboration has developed between some centres in the same geographical area or between those servicing a common

demographic (for instance centres with a large Indigenous or culturally and linguistically diverse population).

4.20 The referral and networking capabilities of FRCs have also been facilitated by the establishment of national Family Pathways Networks (FPN) by AGD. FPNs are coordinated networks for professionals operating within the Family Law system, including FRCs. There are currently 25 Family Pathways Networks across Australia. AGD advised that many of these networks cross multiple FRCs and are a vehicle to facilitate greater collaboration, not just between centres, but with other service providers in geographic regions.

4.21 Despite the role played by activities run by both departments to encourage collaboration, FRC staff advised the ANAO that they considered there was a generally low level of networking between FRCs. Difficulties FRCs had encountered included:

- a lack of support from other centres when developing their service delivery models;
- a lack of information sharing, such as better practice, lessons learned, and significant trends, between centres; and
- inconsistencies in approach when having to deliver services in conjunction with other FRCs.

4.22 The insights given by FRC providers indicate that there are possibilities for improvement in the networking model which could be explored by departments and potentially result in a more effective service offering.

Adapting service delivery to local needs

4.23 Each FRC provider is able to develop and implement their own service delivery model. The Operational Framework states that:

In adapting their services to meet local needs, centres must still remain within the objectives and guidelines set out in the Operational Framework.⁸³

4.24 The ANAO observed a significant level of variation in service delivery models between centres, which reflected local conditions and available resources. Key points of difference in service delivery models included:

⁸³ Attorney-General's Department, *op. cit.*, p. 23.

- varying amounts of time resources directed towards working with clients before starting a family dispute resolution (FDR) process. Some centres required clients to attend individual sessions with a family relationship adviser (to identify additional needs and assess the client's suitability for FDR), and then attend a group session on the impact of separation on children before initiating the FDR process. Others had a faster and more direct pathway to FDR;
- differing approaches to developing connections with other family relationship service providers and delivering information on family relationship issues to community organisations. Some FRCs invested a large part of their resources in this 'community engagement', as defined in the Operational Framework, and consequently provided a lesser proportion of services to individual clients, whereas others delivered most of their services directly to individuals; and
- some centres investing time and resources to address the needs of specific client groups, such as Indigenous clients, while others reached a more mainstream clientele that did not require services tailored to the same extent.

4.25 The differences in service delivery models reflected the design of the initiative and allowed FRC providers to draw on their expertise in delivering services and adapt their approach to meet local needs. However, having such a variance in delivery models creates an increased risk individual centres may concentrate on specific components of the services rather than the achievement of the overall objectives of the initiative. To mitigate this risk, effective performance and monitoring processes are required. Performance measurement and monitoring of FRCs is examined in Chapter 6.

Distribution and cost of service

Number of clients

4.26 FRSP Online data indicated that the total number of clients visiting an FRC varied by a factor of four to one.⁸⁴ A level of variation was to be expected as a result of factors such as a centre's location, the level of activity and length of operation. However, the ANAO observed that there was often no statistical

⁸⁴ The number of clients was extracted from FRSP Online on 20 May 2009, for the period 1 July 2006-20 May 2009. The number of clients refers to registered clients.

association between the amount of ongoing, annual funding (determined by, amongst other factors, the expected level of activity) and the number of client contacts. For instance:

- two FRCs in round one (FRC A and FRC B) received similar levels of annual funding of \$977 000 and \$969 000 respectively. FRC A saw 1394 clients in the period 1 July 2008 to 2 May 2009, while FRC B saw 369 clients during the same period;
- two FRCs in round two (FRC C and FRC D) received annual funding of \$1 667 000 and \$1 276 000 respectively. FRC C received the highest level of funding for the round and saw 414 clients in the period 1 July 2008 to 2 May 2009 while FRC D saw 1677 clients during the same period; and
- two FRCs in round three (FRC E and FRC F) received annual funding of \$860 000 and \$1 012 000 respectively. During the period 1 July 2008 to 2 May 2009, FRC E saw the lowest⁸⁵ number of clients of round three providers, 197, while FRC F saw 754 clients.

4.27 A linear relationship between funding and number of clients should not necessarily be expected as some of the fixed costs included in the funding calculation, notably accommodation costs, varied between regions. Also, as described in paragraphs 4.23 to 4.25, centres were given latitude to decide the proportion of resources to dedicate to direct client service as opposed to community development activities. Therefore a centre with a comparatively low number of clients may have invested most of its resources in ground work to establish relationships with community organisations and the legal sector, or in dealing with more complex cases.

4.28 Nonetheless, the range of variations observed using FRSP Online data indicates that, from an administrative perspective, it is difficult to assess whether individual FRCs are providing a value-for-money outcome for the services they deliver.⁸⁶

⁸⁵ This excludes the Broome FRC which opened in October 2008, three months after the other centres.

⁸⁶ Recommendation 1 addresses this issue.

Funding

4.29 Costing indicators are one effective means to assess the value-for-money of a service.⁸⁷ AGD and FaHCSIA recognised that ‘inadequacy, inequity and lack of transparency in funding allocations [for FRSP activities] may exist’.⁸⁸ Accordingly in 2005, in light of these concerns and the proposed changes to the FRSP program (including the establishment of the 65 FRCs), the departments commissioned an external project to gain a greater appreciation of the cost of service delivery in the FRSP sector.

4.30 The project’s original aim was to calculate standardised costs for FRSP service delivery through the development of an output-based cost methodology. However, due to the limited data availability, data integrity issues and systemic variations within the FRSP sector, the analysis was limited and the report concluded that it was not possible to develop a viable cost model.⁸⁹ For FRCs, these conclusions may also be valid to a varying extent, given the high level of unregistered clients,⁹⁰ and the range of service delivery models.

4.31 In order to gain an estimate of the cost of delivering FRC services, the ANAO used as a proxy indicator the ratio between the amount of ongoing funding and the number of registered clients.

4.32 Figures 4.3 to 4.5 indicate that for the period 1 July 2008 to 20 May 2009, the cost of service per client was related to how long an FRC had been operating. The median⁹¹ cost per client was \$1130 for round one centres, \$1430 for round two centres and \$2105 for round three centres. Figures 4.3 to 4.5 also demonstrate that the cost of service per client was at least three times higher for some centres than for others of the same round. For example, the cost of service per client:

⁸⁷ ANAO- Better Practice Guide, Performance Information in Portfolio Budget Statements, May 2002, p. 20.

⁸⁸ Ernst & Young, *Costing Methodology for the Family Relationships Services Program (A project conducted between May 2005 and June 2006)*, 2008, pp.1-2.

⁸⁹ *ibid.* p.1.

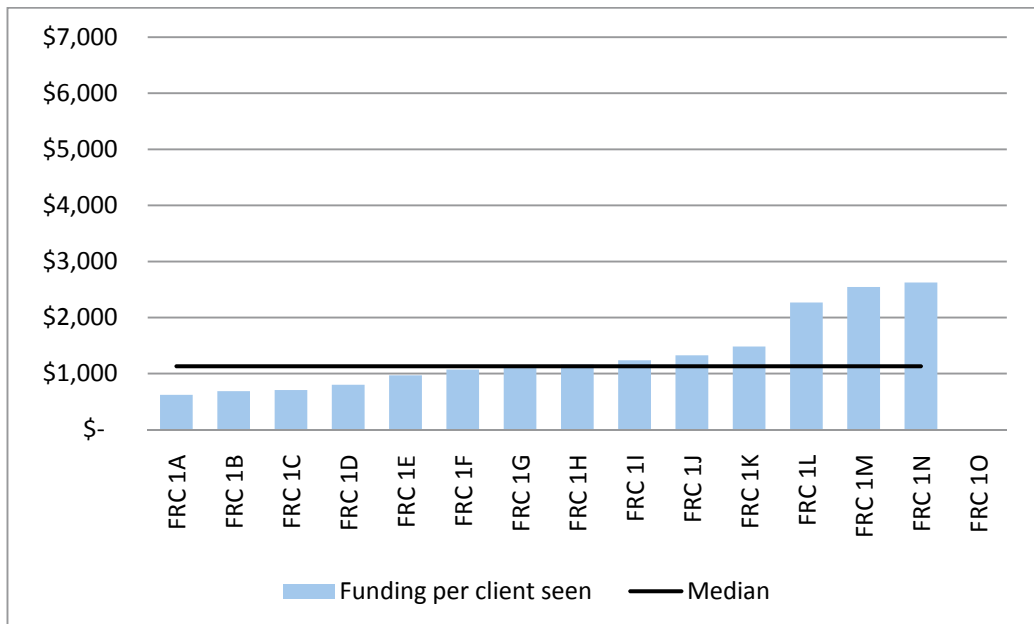
⁹⁰ Unregistered clients are those clients who have refused to have their personal information stored by the service provider and/or by FaHCSIA. These clients are recorded on FRSP Online as ‘unregistered clients’. See paragraphs 4.33 to 4.36.

⁹¹ The median is the middle value of a distribution in their ascending order. This measure is chosen in preference to the mean (average) as it offsets the influence of extreme values in a distribution.

- in round one was over four times higher for one metropolitan FRC (\$2626) than for another metropolitan FRC (\$620);
- in round two was almost six times higher for one metropolitan FRC (\$4027) than for another metropolitan FRC (\$692); and
- in round three was:
 - seven and a half times higher for one FRC located in a regional area (\$6447) than for another FRC located in a regional area (\$854); and
 - over three times higher for a metropolitan FRC (\$4365) than for another metropolitan FRC (\$1325).

Figure 4.3

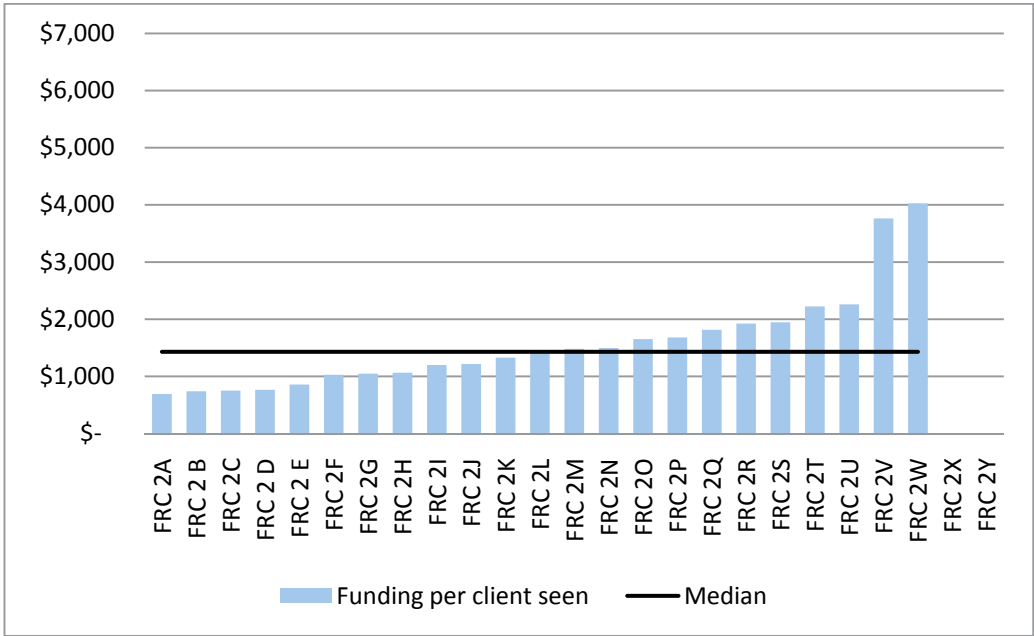
Cost of service per client for round one FRCs, 1 July 2008–20 May 2009



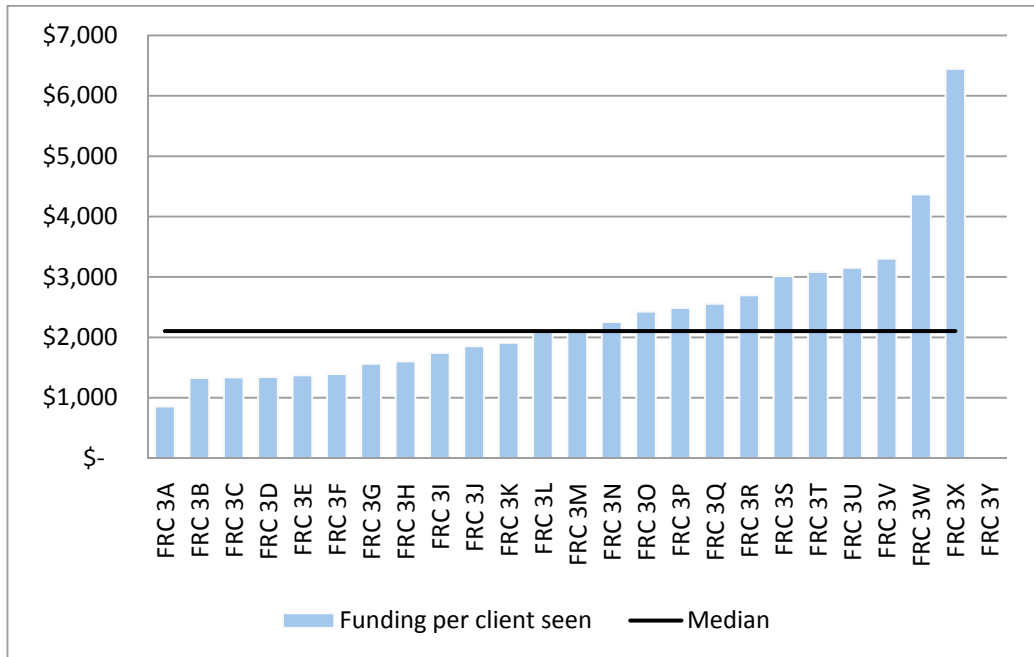
Source: ANAO. Data extracted from FRSP Online on 20 May 2009. Data missing for client numbers for FRC 1O.

Figure 4.4

Cost of service per client for round two FRCs, 1 July 2008–20 May 2009



Source: ANAO. Data extracted from FRSP Online on 20 May 2009. Data missing for client numbers for FRCs 2X and 2Y.

Figure 4.5**Cost of service per client for round three FRCs, 1 July 2008–20 May 2009**

Source: ANAO. Data extracted from FRSP Online on 20 May 2009. Data for FRC 3Y (Broome) was not included as the FRC opened three months after the other 24 FRCs in the round.

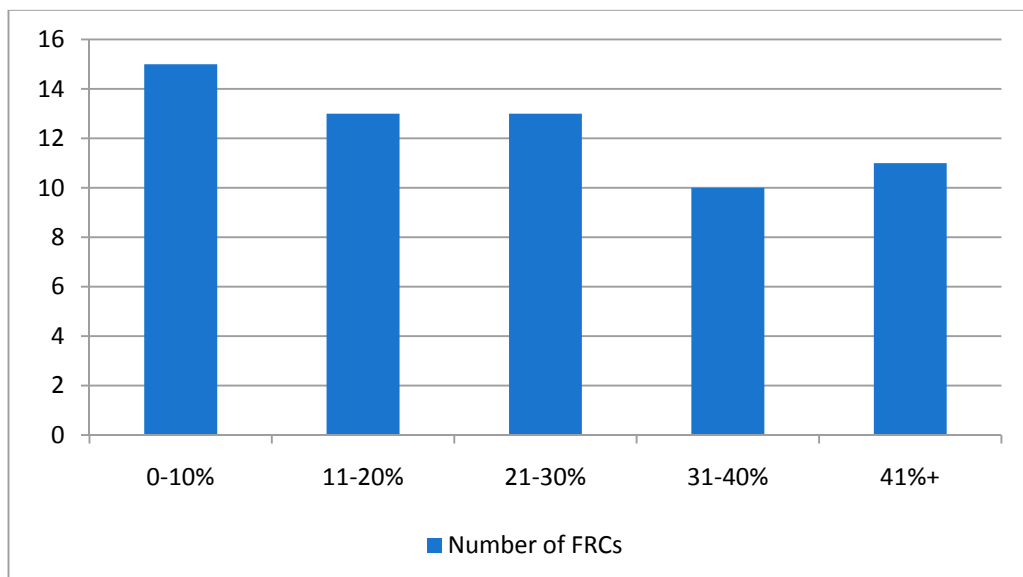
Proportion of unregistered clients

4.33 When accessing FRC services, clients are invited to fill in a form and provide some of their personal details. They can elect not to provide personal information or not give permission for it to be entered in FRSP Online, which means that these clients are then recorded on FRSP Online as ‘unregistered clients’. While providing a level of privacy for the customer, this also introduces risks for the integrity of performance information.

4.34 Across all FRCs in 2008–09, the percentage of unregistered clients was 26 per cent. Figure 4.6 below shows, however, that this percentage varied substantially between centres, with 15 centres reporting between 0 and 10 per cent unregistered clients and 11 centres reporting between 41 and 74 per cent.

Figure 4.6

Proportion of unregistered clients, 1 July 2008–20 May 2009



Source: FRSP Online. The graph includes information on 62 FRCs. Data on the remaining three FRCs was either incomplete or missing.

4.35 Undertaking work to understand the reasons for clients declining to provide personal information may help identify any systemic issues, for example:

- a higher proportion of unregistered clients may indicate that clients are uncomfortable with the questions asked. This issue resulted in FaHCSIA commissioning two reports to review FRSP Online's privacy impact⁹² and based on the findings the client forms were amended;
- clients who chose not to provide their personal details could be using FRC services repeatedly, either in the same centre or in different centres, in order to access the three free hours of family dispute resolution or to reach a particular outcome (for instance, the family dispute resolution certificate that will allow them to access the court system); and

⁹² Information Integrity Solutions, *Draft Privacy Impact Statement on FRSP Online*, February 2008 and *FRSP Online Privacy Impact Assessment*, Deacon, 2008.

- FRC providers could potentially register non-existent clients in order to artificially inflate their level of activity and improve their performance results.

4.36 Some variation in the proportion of unregistered clients is expected as, for example, FRCs service different demographic groups that may result in a systemic reason why a client may not provide personal details. However, the large discrepancies between centres indicates that:

- centres have different approaches towards inviting clients to provide their personal details;
- the risk that clients may be using FRC services repeatedly and/or that centres may be inflating their activity statistics may be realised;
- the lack of consistency in data recording practices considerably reduces the reliability of the data collected; and
- the departments have little information on client activity for the 11 centres recording the highest proportion of unregistered clients.⁹³

Recommendation No.1

4.37 The ANAO recommends that FaHCSIA undertake an assessment of the quality and integrity of cost and client data being provided by FRCs and use this information to inform an analysis of the value-for-money outcomes being delivered.

AGD response

4.38 Agreed.

FaHCSIA response

4.39 Agreed with qualification.

FaHCSIA will review its processes regarding the integrity of cost and client data as part of its development of the Community Program Data Collection Framework. As the Attorney-General's Department is responsible for the policy, appropriation and funding levels of FRCs, an analysis of the

⁹³ FaHCSIA advised that as of 1 July 2010, a new client data management system was implemented that allows clients to be registered in a unique, non-identifiable way. FaHCSIA anticipates that the de-identification of client information will increase the number of registered clients, as clients will be more inclined to provide information to service providers for transfer to the department.

value-for-money outcomes will be undertaken in conjunction with that Department.

- In accessing community services, clients can choose whether or not they wish to provide data to the Australian Government. This factor determines the completeness of the dataset collected through FRSP online.
- In selecting FRCs, demonstrating value in social service delivery was a principal selection factor. It was defined as the optimum combination of quality of services and cost with minimal risk to the Australia Government. Best value was not limited to monetary value alone or lowest cost.
- As noted by the ANAO, FaHCSIA commissioned Ernst and Young to conduct a costing exercise for the FRSP, *Ernst and Young – Costing Methodology for the FRSP*. Ernst and Young found that due to variations in service models, it was not possible to derive a single funding model for the service system. Flexibility, within social policy parameters, is essential as it enables providers to develop and implement service models that are appropriate to local community and/or individual needs. The proxy indicators used by the ANAO in its report define value for money in economic terms only and do not allow for the flexibility that is needed.
- The recent Australian Institute of Family Studies (AIFS) evaluation of family law reforms provides a comprehensive and valuable assessment of the impact of the family law reforms, of which FRCs are the centrepiece. The AIFS report concluded that FRCs are having a positive impact- there is more use of relationship services, a decline in filings in the courts in children cases, and a shift away from an automotive recourse to solutions sought through legal processes in response to post-separation relationship difficulties. These impacts were key policy objectives enacted through the role and functions of FRCs. Together with the new performance framework for Family Relationship Services, the departments will be able to assess whether the FRCs are meeting their policy objectives.

ANAO Comment

4.40 The ANAO has recommended that FaHCSIA undertake an assessment of both cost and client data and use this information to inform an analysis of the value-for-money outcomes being delivered. In making an overall value-for-money assessment the ANAO recognises that cost is only one factor to be considered.

5. Administration of the FRCs

This chapter examines FaHCSIA's administration of the FRC initiative.

Introduction

5.1 The Business Partnership Agreement (BPA) between FaHCSIA and AGD⁹⁴ indicates that FaHCSIA, through its State and Territory Offices (STOs), is responsible for the administration of the FRSP, including FRCs. This comprises:

- contract and financial management;
- service assessments and site visits; and
- relationship building.

5.2 The ANAO examined FaHCSIA's administration of the FRC initiative in the context of its BPA obligations.

Administrative activities

Contract and financial management

5.3 A key aspect of FaHCSIA's administrative role is the management of the 65 funding agreements between the Commonwealth and the FRC providers. Round one provider agreements covered three financial years to 30 June 2009. Round two provider agreements covered two financial years which also ended on 30 June 2009. Round three providers entered into agreements for three years that are due to expire on 30 June 2011.

5.4 In 2007, FaHCSIA undertook a review of all FRSP service providers' funding agreements, with a view to streamlining and simplifying the agreements so that:

- organisations providing several FRSP services are covered by a single contract;
- the reporting requirements are reduced; and

⁹⁴ FaHCSIA – AGD *Business Partnership Agreement for the FRSP, 2007-2010*.

- a single performance framework is adopted across all FRSP service providers.⁹⁵

5.5 To reflect the changes from the review, letters of variation were signed with the 25 centres from round three. In June 2009, to provide for consistency in the contractual arrangements across the 65 FRCs (including duration, reporting requirements and performance framework), the 40 funding agreements for round one and two providers were renewed and extended until 30 June 2011.⁹⁶ This also allowed the funding agreements for round one and two providers to be updated to incorporate the changes flowing from FaHCSIA's review.

5.6 The funding agreements (past and current) state the reporting requirements for FRCs and reflect FaHCSIA's responsibilities as outlined in the BPA. According to the funding agreements FRCs must:

- provide reports on their service delivery and financial activities;
- comply with administrative and legislative approval requirements;
- collect and provide data in accordance with FRSP Online protocols; and
- inform FaHCSIA of the performance against the Key Performance Indicators in an annual status report.

5.7 The collection, storage and use of the information contained in these reports formed part of FaHCSIA's key contract management responsibilities.⁹⁷ In 2005, FaHCSIA introduced the FaHCSIA Online Financial Management System (FOFMS). FOFMS is a web-based system that FaHCSIA uses to assist it to manage funding agreements. This includes uploading relevant documentation, such as reports or financial acquittals, to support claims for payment.⁹⁸

⁹⁵ Refer Chapter 6 for details on the new performance framework.

⁹⁶ Minister for FaHCSIA and Attorney-General, Joint Media Release, 100 million for Family Relationship Services, April 2009.

⁹⁷ The reports that had to be lodged by FRCs until 30 June 2009 are listed in Appendix 2.

⁹⁸ ANAO Audit Report No. 47 2005-06 *Funding for Communities and Community Organisations*. FaHCSIA advised the ANAO that 'the introduction of FOFMS is expected to provide FaCSIA with a strong capacity to provide accurate aggregated performance information relating to grants and funding agreements.'

5.8 The ANAO found that the FRC reports were not in FOFMS in most cases (see paragraphs 5.13 to 5.14).⁹⁹ Further, an ANAO examination of FRC hardcopy administration files within FaHCSIA's STOs found that the reports often could either not be located, or were not stored in the appropriate files. Instead, each STO adopted a locally-based administrative system, which in some cases prevented the staff responsible for FRC contract management from efficiently accessing the history, performance and the current status of FRC service providers. In particular, one STO was unable to provide the ANAO with any FRC performance reports.

5.9 Effective contract management involves being able to monitor the performance of service providers, and implement mechanisms to provide assurance that service providers are meeting their contractual obligations. The lack of the consistent capture and storage of key FRC contractual documentation (in FOFMS or general administrative files) limits the ability of FaHCSIA's contract managers to adequately monitor performance and compliance with the funding agreements they administer.

Financial management

5.10 As part of the administrative arrangements supporting the oversight of FRCs, AGD delegated to FaHCSIA the responsibility for making funding payments to the centres. Consistent with the delivery of other FRSP services, FaHCSIA's National Office delegated this responsibility to its STO network. FaHCSIA advised the ANAO that:

In 2004 responsibility for management of funding agreements for what was then the Family Relationship Services Program [was] devolved to State and Territory Managers. Therefore, responsibility for the day to day decision-making in relation to the release of payments, compliance and achievement against obligations under the agreement was passed to the State and Territory Managers. Ultimately it is the State Managers' responsibility to determine whether funding should be released.¹⁰⁰

⁹⁹ FaHCSIA STO staff interviewed during the audit generally acknowledged that they were required to store this information in FOFMS but resource constraints often prevented them from doing so.

¹⁰⁰ FaHCSIA advice, 17 December 2009.

5.11 Operational payments are distributed to the FRCs on a bi-annual basis, and are triggered by the provision of performance and financial¹⁰¹ documentation by the FRCs to the STOs. The STO then provides written assurance to FaHCSIA's National Office that the service providers have met the operational and performance requirements. This written assurance does not contain copies of the performance and financial information that has been provided by the FRCs.

5.12 Payments to FRCs are processed through FOFMS. STOs must acknowledge in FOFMS that they have received the performance and financial reports indicated as milestones in the funding agreement in order to trigger payment. FOFMS is also designed to be the repository of key documents, such as financial reports, acquittals and compliance certificates that support payments. Depending on how these documents are provided to STOs they are either scanned and attached to the record in FOFMS or, if received electronically, loaded against the FOFMS record. This process is designed to provide an audit trail and also allow the financial and compliance performance of providers to be monitored.

5.13 The ANAO examined the documents loaded on FOFMS for the 65 centres during September 2009 and found that:

- there were no documents, including acquittals, for 91 per cent of FRCs; and
- all required documents were present for only three per cent of centres.

5.14 FaHCSIA advised the ANAO that although documents were not being uploaded into FOFMS, they were being kept on separate assurance files within STOs and were subject to audit. ANAO examinations of the files in STOs for the 65 FRCs found that this was not the practice in all STOs. In some cases no such documentation existed and in others it was held on general operational files rather than assurance files.

5.15 Further, there was no evidence of National Office undertaking an independent audit process (such as random reviews) to confirm that the documentation existed and met the necessary requirements. While obtaining

¹⁰¹ The financial acquittals reports are examined to monitor that funds have been spent appropriately and that potential overspends or underspends are within an acceptable limit. Underspends are able to be deferred to the following year of activity as long as the funds are spent within the period of the funding agreement, and on activities that are in accordance with the funding agreement.

assurances from STOs before making funding for FRC payments available, FaHCSIA advised that they do not attempt to validate the information provided in the assurance.

5.16 FaHCSIA has recently been developing a quality and compliance framework under a common business model approach. As part of this process, FaHCSIA advised that a suite of actions including developing instructions and check lists for delegates and staff, and a program of compliance sampling, were being considered.

5.17 Performance and assurance documents which act as the trigger for the distribution of payments to FRCs should be collected and maintained through a common process (such as FOFMS) and be readily available. This would assist in providing an assurance that payments to FRCs are made only after the necessary documentation has been provided and assessed.

Recommendation No.2

5.18 To improve the assurance over payments made to FRCs, the ANAO recommends that FaHCSIA adopt a common approach to the collection and storage of necessary performance and compliance documentation.

AGD response

5.19 Agreed.

FaHCSIA response

5.20 Agreed.

FaHCSIA agrees with the recommendation and is developing mandatory record keeping processes in line with the Government's Operation Sunlight reform agenda and the National Compact with the Third Sector to enhance budget transparency, promote good governance practice, reduce red-tape and streamline reporting.

- FaHCSIA's mandatory record keeping processes will apply to policy development, selection and funding agreement compliance documentation, including submitted performance reports. The Family Support Program will follow Departmental policies and procedures.
- FaHCSIA conducted a quality assurance process of acquittals in each FaHCSIA State/Territory Office and National Office between November 2009 and May 2010.

- In May 2010, FaHCSIA issued quality checklists to assist with the creation, execution and finalisation of funding agreements. Quality checklists for the approval and release of funds are currently being developed. These processes are being developed as part of the Quality Assurance Framework under FaHCSIA's Common Business Model.
- The Department acknowledges the importance of a consistent approach to payments and the collection and storage of compliance documentation by its State and Territory Office Network. The Department is working towards a consistent approach with regard to these processes through the implementation of its Common Business Model.

Service assessments and site visits

5.21 Service assessments undertaken by STOs are an annual desktop review of providers' compliance against their funding agreement obligations and a review of previous risk assessments, performance issues and unresolved complaints.

5.22 The ANAO examined a sample of service assessments undertaken during 2007 and 2008. The information included in the service assessments related to all FRSP services provided by the service provider under the funding agreement. As information specific to the FRC was not separately identified, a specific assessment of FRC performance was not possible from this process.

5.23 Another monitoring mechanism undertaken by FaHCSIA is site visits to check the operation of the centres and discuss issues. It was planned that site visits would occur in the first year of operation for each new FRC, and then at least once during the term of the funding agreement.¹⁰² FaHCSIA did visit each FRC on at least one occasion during the first year of operation, often in conjunction with a visit from AGD. The number of subsequent visits varied and was determined by the program administrator, based on a risk assessment informed by FaHCSIA's other administrative activities.

Relationship building

5.24 An important aspect of the implementation and monitoring of FRCs is the information that STOs gather through meetings and conferences relating to

¹⁰² FaHCSIA, *Family Relationship Services Guidelines*, June 2009, p. 17.

family relationship services, site visits, reports, emails and telephone contacts. In most states and territories, these formal and informal contacts have allowed STOs to build and maintain a close relationship with service providers and gain a sound knowledge of the sector and the issues that are encountered. Feedback from FRCs was mostly positive on this aspect. In general, FRCs considered that STO program managers were informed, knowledgeable, reactive to issues raised and supportive.

Quality assurance

5.25 The two main mechanisms that influence the quality of service delivery in FRCs are:

- the administrative approval requirements—a set of 15 standards intended to ensure a minimum level of quality in FRSP services and minimise risks to client safety and organisational viability; and
- the legislative requirements prescribed in the *Family Law Act 1975* and its *Regulations*.

Administrative approval requirements

5.26 The standards set out in the administrative approval requirements apply to all FRSP services and are part of the funding agreement. They cover all areas of FRCs operations such as: leadership and governance; strategy, policy and planning; information and analysis; people; clients; processes, products and services; and organisational performance. The administrative approval requirements standards are currently under review by FaHCSIA, with a view to aligning them with the new performance framework being developed for all FRSP services.

5.27 The standards are monitored in two ways:

- prior to 2008, monitoring of compliance against the standards was conducted through a self-assessment process by the service providers and reported in the annual status report;
- since 2008, Australian Healthcare Associates Consulting (AHA) has been commissioned by FaHCSIA to conduct an independent assessment of all agencies delivering FRSP services against the 15 standards.

5.28 AHA had conducted 109 assessments as at 30 March 2010. Re-assessment will be conducted on a rolling schedule every three years. In

addition, providers continue to conduct the self-assessment and report the results in the context of the annual status report.

5.29 Under the self-assessment approach, the majority of FRCs reported full compliance with the administrative approval requirements.¹⁰³ These results, however, have not been supported by the findings of the independent assessment process.

5.30 The independent assessment conducted by AHA on behalf of FaHCSIA found that:

- 66 per cent (23) of the 35 FRCs assessed at 30 September 2009 were partially compliant or non-compliant with one or more standards;
- one centre was found non-compliant or partially compliant with 10 of the 15 standards; and
- 17 centres failed to meet between one and three of the standards.¹⁰⁴

5.31 The FRCs that were found partially or non-compliant were provided with a list of recommended actions for implementation to achieve full compliance. FaHCSIA advised that AHA re-assessments conducted to date have found that 100 per cent of FRC providers were compliant at the end of the re-assessment process.

5.32 Engaging an independent consultant to assess the administrative approval requirements on a regular basis has addressed the inherent risk of centres overestimating their performance through the self-assessment process.

5.33 The quality of service providers is also monitored through ensuring that FDR practitioners are registered on the FDR Register. FDR practitioners must apply to AGD to be accredited and are then recorded on the Register. In order to gain accreditation and registration, FDR practitioners must meet the minimum education and competency requirements.¹⁰⁵

¹⁰³ FRSP, 2008, *National Report 2007-08*, p.24.

¹⁰⁴ The standards that were most often failed were Standard 8 (Staff Appraisal); Standard 9 (Staff Safety); and Standard 13 (Client Safety). For each of these standards, at least nine centres had not met the requirements.

¹⁰⁵ To be accredited under the Accreditation Standards and registered on the FDR Register a person must:

- have completed the full Vocational Graduate Diploma of Family Dispute Resolution (or the higher education provider equivalent); or

Footnote continued on the next page...

Dispute resolution and complaints management

Dispute resolution between FRC providers, AGD and FaHCSIA

5.34 A number of avenues exist for FRC service providers to raise issues or concerns regarding contract administration with AGD or FaHCSIA. FRC funding agreements indicate that disputes between FaHCSIA and FRC providers should be solved in the first instance by direct negotiation and within 10 business days. If the dispute is not solved, the parties can engage in mediation or an alternative dispute resolution mechanism (within 15 business days), after which, if a resolution has not been reached, legal proceedings can be initiated.¹⁰⁶

5.35 In the annual status report, service providers are invited to describe issues they have encountered when delivering services. Although this feedback mechanism targets service delivery issues, it can also be used to report issues about their administrative relationship with the departments.

5.36 Family Relationship Services Australia (FRSA) is the national peak body, funded by the Australian Government, for family relationship services. FRSA's mission is 'to provide national leadership and representation for the development and delivery of quality relationship services and public policy relevant to individual and family relationships'.¹⁰⁷ As such, it is another avenue by which FRC service providers can resolve disputes with AGD or FaHCSIA.

5.37 Audit interviews conducted during fieldwork identified that the level of dispute is very low.

Complaints about service delivery

5.38 In accordance with Standard 11 of the administrative approval requirements (*Managing Client Feedback and Complaints*), FRCs must have in place internal feedback procedures which include complaints. These

-
- have an appropriate qualification or accreditation under the National Mediation Accreditation Scheme and competency in the six compulsory units from the Vocational Graduate Diploma of Family Dispute Resolution (or the higher education provider equivalent); or
 - have been included in the Family Dispute Resolution Register before 1 July 2009 and demonstrate competency in the three specified units of the Vocational Graduate Diploma of Family Dispute Resolution (or higher education provider equivalent). A person included in the Register before 1 July 2009 has until 30 June 2011 to achieve competency in the three units.

¹⁰⁶ FaHCSIA, *Multi Schedule Long Form Funding Agreement*, February 2007, p. 23.

¹⁰⁷ <http://www.frsa.org.au/site/About_FRSA.php> [accessed 13 May 2009].

procedures need to be prominently displayed at the centre as part of its service charter.

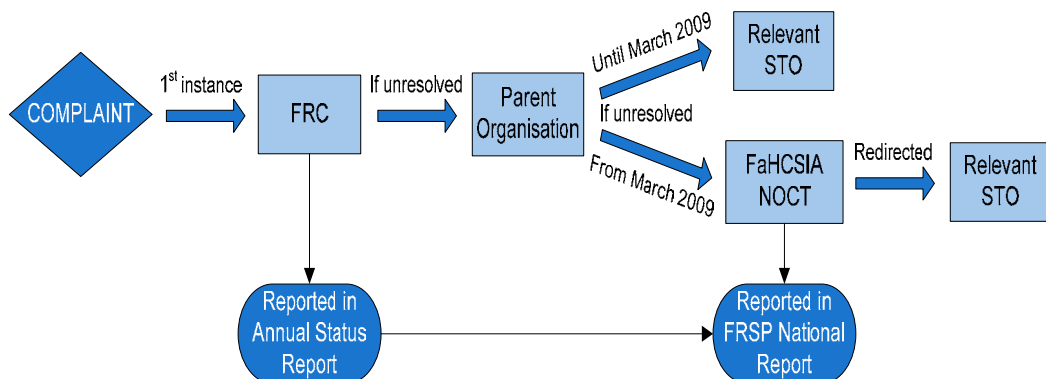
5.39 The procedures require all clients to be offered the opportunity to provide anonymous feedback on the service provided, or to make a formal complaint. Feedback from clients is provided directly to the FRC to enable a timely response to service delivery issues.

5.40 Complaints about FRC services are handled through a three-tier process. Complainants are invited to lodge their complaint, in the first instance, with the FRC manager. In the case of non-resolution, or if they prefer, complainants can also contact the FRC's parent organisation. In addition complainants are informed that they can contact FaHCSIA directly and complaints that remain unresolved at FRC or parent organisation levels are escalated to FaHCSIA by either the complainant or the FRC.¹⁰⁸

5.41 Until March 2009, complaints that were escalated to FaHCSIA were dealt with by the relevant STO. In March 2009, a new complaint process was developed for all FaHCSIA-funded services. The new system requires all customer complaints addressed to FaHCSIA to be directed to its National Office Complaints Team (NOCT) to ensure consistency in complaints handling. Complaints are recorded by NOCT, and then forwarded to the relevant STO for action. The process developed by FaHCSIA to handle and report on complaints is illustrated in Figure 5.1 below.

Figure 5.1

Complaints handling and reporting processes



Source: ANAO

¹⁰⁸ AGD, Operational Framework for FRC, June 2009, pp.46 48

Complaints handling processes

5.42 The Commonwealth Ombudsman has highlighted that effective complaints handling processes require the involvement of staff with appropriate skills.¹⁰⁹ FaHCSIA engaged a private firm to provide training to its staff in complaints handling. The training was conducted nationally in FaHCSIA's STOs. FaHCSIA advised that this training is not mandatory, however, it is recommended.

5.43 STO staff indicated that they felt adequately trained to deal with administrative and service operation issues of a routine nature. Complaints that have not been resolved at the FRC or parent organisation level, however, were reported by STO staff to be of a more complex nature, often involving customers with high levels of anxiety and distress. STO staff did not always feel sufficiently prepared or experienced to handle complaints involving distressed customers or those relating to FRC staff.

5.44 The centralisation of complaints has removed direct personal contacts between complainants and STO staff, thereby minimising the risk to the personal safety of staff who had previously sometimes given their name and direct telephone number to clients. The new system was implemented after the completion of the audit fieldwork and the ANAO has not reviewed how the system deals with the issues identified concerning staff training and handling more complex complaints.

Feedback and complaints information system

5.45 FaHCSIA does not collect information relating to client feedback provided to the FRCs. Such feedback can provide an important source of information for an organisation. An appropriate complaints information system and regular analysis of the information collected allows for the identification of systemic issues and areas for service delivery improvement. Complaints analysis is particularly important in the implementation and post-implementation phases of a new program.¹¹⁰

5.46 The number of complaints from FRC customers is reported by FRC managers in their annual status report to FaHCSIA. These reports are compiled

¹⁰⁹ Commonwealth Ombudsman, *Better Practice Guide to Complaint Handling*, April 2009, pp. 8, 17.

¹¹⁰ Commonwealth Ombudsman, *op. Cit.*, April 2009, p. 27-28.

and the total number of complaints received in FRCs is published in the FRSP National Report.

5.47 In 2007-08 (the most recent data available), 139 complaints were received in relation to FRC services. Although the number of complaints is low overall (less than 1 per cent of FRC clients), it is the third-highest for all FRSP services, and accounts for 19 per cent of all complaints made about FRSP services. By comparison, FRC clients represented 13 per cent of all FRSP clients.¹¹¹

5.48 FaHCSIA requires limited information (total number of complaints, number of complaints resolved and number of complaints outstanding) from FRC service providers about the complaints they have received. FaHCSIA does not collect information on complaints issues, timeliness of resolution, or remedies; and does not provide guidelines to service providers on how to record, track and monitor customer complaints.

Recommendation No.3

5.49 The ANAO recommends that FaHCSIA develop its complaints management system to allow for the timely and accurate collection of complaints data which can be used to identify significant trends in the nature and volume of complaints.

AGD Response

5.50 Agreed.

FaHCSIA response

5.51 Agreed.

FaHCSIA agrees with the recommendation and has identified the complaints management system for improvement.

- FaHCSIA implemented a centralised complaints area in early 2009 through which complaints concerning funded services, including FRCs, are received. Further enhancements are currently being considered.

¹¹¹ *FRSP National Report 2007-08*, March 2009, pp. 6, 21. The percentages provided here are calculated using the number of clients seen by FRCs (31 689) and the number of registered and unregistered FRSP clients (237 701).

6. Performance Measurement, Monitoring and Evaluation

This chapter examines the performance framework used by departments to measure, monitor and evaluate the performance of FRCs.

Introduction

6.1 Performance measuring and monitoring is an essential part of program implementation. It enables stakeholders to assess the implementation progress, identify and address problems and review the program's ongoing relevance and priority.¹¹² This process is particularly important when the policy involves a new service delivery model, as was the case for with the FRCs. Further, given that the FRC services were rolled out in a phased approach, departments were provided with a valuable opportunity for implementation review and improvement.

6.2 The performance measurement, monitoring and evaluation functions were originally shared between AGD and FaHCSIA. However, subsequent to a review by the Department of Finance and Deregulation (Finance) in 2008, FaHCSIA assumed sole responsibility for this role from 1 July 2009.

6.3 The ANAO examined the FRC performance framework including:

- AGD's and FaHCSIA's responsibilities for performance measurement, monitoring and evaluation;
- the implementation of the performance framework including the appropriateness of key performance indicators (KPIs);
- the quality of the performance data; and
- the results of external reviews.

¹¹² ANAO Better Practice Guide – Implementation of Programme and Policy Initiatives, October 2006, p. 51.

Performance monitoring, reporting and evaluation responsibilities

6.4 Performance monitoring, reporting and evaluation responsibilities are outlined in the BPA and were initially shared between AGD and FaHCSIA. Until 1 July 2009, AGD had three primary responsibilities in relation to performance monitoring:

- conducting the performance assessment of FRCs;
- overseeing an evaluation of FRC services as part of the evaluation of the Family Law Reform Package that the Australian Institute of Family Studies (AIFS) had been commissioned to undertake;¹¹³ and
- supervising the implementation of action research in FRCs.¹¹⁴

6.5 FaHCSIA has overall responsibility for administering the FRSP, including FRCs. This responsibility is shared between FaHCSIA National Office and STOs. FaHCSIA National Office's performance monitoring responsibilities include:

- the provision of data, information and support to meet the evaluation and administration requirements of both departments, including the collection of data through FRSP Online; and
- national reporting on the FRSP.

6.6 FaHCSIA's STOs are responsible for implementation and contract management. As such they:

- administer the funding agreements with service providers, including collecting KPI information through the reports provided by service providers;
- provide advice on service providers' performance to the National Office; and

¹¹³ FaHCSIA-AGD *Business Partnership Agreement (BPA) for the FRSP*, 2007-2010.

¹¹⁴ Action research is a process supervised by AGD whereby FRCs identify operational issues and implement a cycle of continual improvement in the centres. It is described as one of the mechanisms used by AGD to ensure 'that Family Relationship Centres provide high quality, appropriate services.' AGD, *Instructions for Action Research Reporting*, 2008, <[http://nationalsecurity.ag.gov.au/www/agd/rwpattach.nsf/VAP/\(CFD7369FCAE9B8F32F341DBE097801FF\)?~B_Action+Research+Instructions+and+Reporting+Template+2008.pdf/\\$file/B_Action+Research+Instructions+and+Reporting+Template+2008.pdf](http://nationalsecurity.ag.gov.au/www/agd/rwpattach.nsf/VAP/(CFD7369FCAE9B8F32F341DBE097801FF)?~B_Action+Research+Instructions+and+Reporting+Template+2008.pdf/$file/B_Action+Research+Instructions+and+Reporting+Template+2008.pdf)> [accessed 14 August 2009].

- contribute to, and implement, the performance framework and the evaluation of the FRSP.¹¹⁵

6.7 Following a review conducted by the Department of Finance and Deregulation as part of the Expenditure Review Taskforce, the Australian Government decided that all FRSP administrative activities (including the performance assessment of FRCs) would be consolidated within FaHCSIA, with AGD retaining the overall policy responsibilities for post-separation services and FRC services. The consolidation of these functions within FaHCSIA provides a clearer definition and approach to performance measurement, monitoring and evaluation for both the departments and FRCs.

Performance framework

6.8 Since its commencement, the FRC initiative has operated under two performance management frameworks. The initial framework (which operated from 1 July 2006–30 June 2009) required AGD to take the lead role in the performance assessment of FRCs. The current framework (which was scheduled to come into operation on 1 July 2009) requires FaHCSIA to undertake this lead role.

Operation of the initial performance framework

6.9 FRC funding agreements contain a set of KPIs that FRCs must report against to FaHCSIA. Performance monitoring was, however, seen by FaHCSIA as an AGD responsibility under the original performance framework.

6.10 Funding agreements also stated that AGD would assess, on an annual basis, each centre's performance against the KPIs and pay a performance bonus to those centres found to have met their KPIs and other indicators.

6.11 The first 15 FRCs (round one) were formally assessed against the original set of KPIs by AGD between October and December 2007. As a result of this assessment, eight of the centres received funding bonuses ranging from \$58 120 to \$145 390.

6.12 Following the payment of the bonus, AGD received feedback from Family Relationship Services Australia that performance payments for FRCs were 'inhibiting cooperation between centres and [were] a disincentive to

¹¹⁵ FaHCSIA-AGD, op. cit. p. 2.

sharing best practice'.¹¹⁶ In addition, this approach had proven resource-intensive for both AGD and the centres. Consequently, based on AGD advice, the Attorney-General ceased performance linked payments, and funding was returned to the FRCs through a payment of 5 per cent of a centre's base funding each year.¹¹⁷

6.13 In December 2008, AGD transferred the responsibility for performance monitoring to FaHCSIA after it discontinued the performance bonus scheme. The new performance management framework implemented subsequent to the 2008 review by Finance formalised this transfer of responsibilities.

Implementation of the new performance framework

6.14 The new performance management system for the FRSP was scheduled to be phased in from 1 July 2009, with an initial pilot involving voluntary participation from service providers. The implementation of the pilot was delayed due to the introduction of the new Family Support Program and was conducted during March to April 2010. Fifteen FRCs participated in the trial.

6.15 Adopting a trial period enabled FaHCSIA and the service providers to work through any implementation issues. FaHCSIA indicated that the performance indicators for the trial will only be used to test the effectiveness of the new framework, and data collected on FRC performance will not be reported. As the trial period was voluntary, and the collection of performance data collection was not mandatory, some FRCs will continue to operate without formal monitoring of their KPIs until the full implementation of the performance framework. Full implementation is expected to be completed in 2012-13.

6.16 FRC services are a key component of the overall reforms to the family law system and therefore the monitoring of the KPIs is important in assessing both the performance of an individual centre and the effectiveness of the initiative in contributing to achieving the desired reforms. Limited performance monitoring was undertaken in the first year of operation. Since 2007, FRCs have continued to provide the performance data required by their individual funding agreements, although there has been limited monitoring and analysis of this data by departments. This has resulted in departments

¹¹⁶ AGD letter to FRC managers regarding the removal of performance payments, 2 December 2008.

¹¹⁷ *ibid.*

being unable to comprehensively assess and report on the performance of individual FRCs and their collective contribution to the objectives of the Family Law Reforms.

Performance indicators

6.17 For the initial performance framework, AGD had in place a set of KPIs which aimed to measure the performance of the FRC service (see Appendix 3). These indicators were included in the funding agreements with individual service providers and, despite some minor differences between funding rounds, they were similar for all providers.

6.18 In June 2009, FaHCSIA issued revised guidelines¹¹⁸ for the FRSP, which included a new performance framework, and a new set of KPIs. The new performance framework (see Appendix 4) is intended to provide ‘a single, outcome-focused framework for Early Intervention Services, Post Separation Services and FRCs’.¹¹⁹ The guidelines are part of the new funding agreements signed with all service providers.

Adequacy of the original set of KPIs (2006–2009)

6.19 The original KPIs were based around the three key objectives of FRC services, namely: helping intact families with their relationships; helping separating families with their relationships; and providing quality family relationship services. The KPIs were limited in their ability to present a complete picture of the success or otherwise of the FRC service in meeting its objectives for reasons including:

- a data source and method for measuring the KPIs were not identified; and
- some KPIs were not clearly defined or interpretable, such as
 - KPI 1.1 (revised): ‘extent to which people access information about strengthening family relationships from the FRC’; and
 - KPI 2.3: ‘percentage of separating parents using the FRC who take up appropriate referrals to programs to help them stay together’.

¹¹⁸ FaHCSIA, *Family Relationship Services Guidelines*, June 2009.

¹¹⁹ FRS Sector e-News, Issue 21, December 2008 (this newsletter is published by FaHCSIA).

6.20 To support an effective performance monitoring framework, it is important that guidelines and/or training on the collection and use of KPI information is delivered to relevant stakeholders. During the audit fieldwork, FaHCSIA's STOs and FRC service providers indicated that they had not received any such guidance.

Adequacy of current set of KPIs (2009 onwards)

6.21 The new performance system for the FRSP integrates the 17 programs (including FRCs) under the same framework and includes a series of KPIs. Some of the KPIs are common across all FRSP services, while others are service-specific. The new performance framework has been in development for several years, using a consultative process involving service providers, Family Relationship Services Australia and both departments. FaHCSIA's STOs and service providers across the family relationship services sector have been regularly informed of the development of the new performance framework.

6.22 To support the new framework, FaHCSIA engaged a consultant in January 2010 to develop data collection tools and methodologies and training packages for service providers.

6.23 Of the 16 performance indicators for FRCs included in the new framework, 13 are common to all services within FRSP. The remaining three are service-specific, and are related to a reduction in harmful behaviour; the improvement of parenting arrangements; and a more effective resolution of complex family separation issues. When compared to other FRSP initiatives, all but one of the performance indicators¹²⁰ are similar to the Family Dispute Resolution and the Regional Family Dispute Resolution services and are the same as those used for the Parenting Orders Program.

6.24 The KPIs under the new performance framework are a positive development in assisting the assessment of the performance of individual FRCs. However, an absence of KPIs to measure the efficiency of FRC services limits the ability of the framework to provide an insight as to whether FRC services are delivering value-for-money outcomes.

6.25 The success of the new framework is also reliant on the consistent and accurate collection of data. Prior to the introduction of the new framework no training or guidance had been provided to the individual FRCs or FaHCSIA's

¹²⁰ This indicator is: 'Extent of linkages between FRC services and the family law system'.

STOs on how to administer the new framework. The new framework relies on FRCs to collect and report data to FaHCSIA, and on FaHCSIA's STOs to interpret this data in order to measure FRC performance. Therefore it is important that data sources and definitions for each KPI are outlined and commonly understood by service providers and STO staff.

Data storage and quality

6.26 Complementing the development of quality KPIs is the ability to access relevant and reliable performance data. The primary source of performance data relating to FRCs is FaHCSIA's electronic data collection system, FRSP Online.

6.27 FRSP Online was developed in 2006 to replace the previous application FaCSLink. FRSP Online was established so that 'reliable, nationally consistent information about FRSP would be available to FRSP program administrators, service providers, and other interested organisations'.¹²¹ The new application was implemented in a 12-month 'pilot phase' from December 2006, after a trial period in Brisbane and Melbourne STOs.

6.28 At the time of fieldwork, nine forms had been developed by FaHCSIA to support FRSP Online data collection.¹²² Providers are required to use these forms to manually collect information and enter it in FRSP Online within 28 days.

6.29 FRC service providers are also able to use their own data entry and client management systems. As of October 2008, 55 per cent of providers were using their own IT application,¹²³ while the others were using FRSP Online directly. For those providers using their own data entry and client management system, FaHCSIA had to ensure that the applications were compatible with FRSP Online.

6.30 The roll-out of FRSP Online and its full functionality were delayed by a number of issues including:

- a majority of FRC service providers using their own data collection systems, and the consequential adjustments that were necessary to

¹²¹ *FRSP Online Protocols*, FaHCSIA, July 2007, p. 10.

¹²² <<https://frsponline.facsia.gov.au/FRSPOnline/login.aspx?ReturnUrl=%2fFRSPOnline%2fDefault.aspx>> [accessed on 30 March 09].

¹²³ Senate Estimates, *Community Affairs Committee*, 23 October 2008, p. 162.

make these systems compatible with FRSP Online delayed the functionality of FRSP Online for these providers until the end of 2007; and

- the self-reporting function, whereby FRC service providers are able to generate reports about their organisation's performance directly from FRSP Online, was initially scheduled to be operational from December 2007 but was not launched until May 2008 due to IT delays. This self reporting function, however, only covers some of the data entered. For more comprehensive reporting, providers need to lodge a request with the FRSP Online support team.

6.31 One of the consequences of the delay in FRSP Online was that for the first six months of operation (until December 2006), the FRCs were asked to collect data manually. A one-off payment of \$300,000 was distributed across all FRSP providers (including FRCs) to off-set the expenses relating to entering the backlog data.¹²⁴

Data quality

6.32 Due to compatibility issues, FaHCSIA advised the ANAO that the data collected from FRSP Online was incomplete until early 2009, when all issues were resolved by the support team. FaHCSIA, however, does not conduct data integrity checks of the system. The ANAO's examination of FRSP Online for the 65 FRCs found that data remains incomplete, for example:

- data fields were missing for three FRCs;
- some data was missing for two FRCs; and
- data is likely to be incomplete for a number of FRCs because FaHCSIA does not enforce the requirement to enter data within 28 days of the activity.

6.33 Having an incomplete data set limits the ability to rely on the information obtained from FRSP Online and subsequently draw accurate conclusions about performance.

¹²⁴ The specific amount attributed to each FRC was calculated using a formula based on the number of clients seen for the previous six months divided by four (average number of client activities that can be entered in an hour) multiplied by 22 (data entry cost of \$22 per hour) (source: FaHCSIA correspondence to FRCs dated 23 April 2007).

6.34 Interviews conducted with FRC managers during audit fieldwork indicated that they found FRSP Online was unreliable and cumbersome to use. Providers advised the ANAO that FRSP Online had not been delivering information that was useful to their needs because until January 2009, FRSP Online did not allow comparison of a specific centre's performance against the other FRCs.¹²⁵

6.35 Interviews with FaHCSIA's STO staff also indicated that STOs made limited use of the system, due mainly to its delayed functionality and unreliable data.

6.36 Relevant, accurate and reliable performance data is integral to the development of an effective performance measurement regime. FRSP Online forms the main source of performance data for FRCs. Therefore, in order for the performance of both individual FRCs and the FRC collectively to be effectively assessed, FRSP Online must be able to produce performance information of sufficient quality.

External reporting

6.37 Currently, publicly available information on the performance of FRCs is limited to client contacts. AGD reported that in 2008-09, following the roll-out of the final 25 FRCs, there were 154 158 contacts with FRCs, an increase of seven per cent on 2007-08.¹²⁶ This data provides a high-level insight into the uptake of the service¹²⁷ but does not provide for an assessment of whether FRCs have been a successful centrepiece of the new Family Law Reforms and met their objectives, including reducing the need for court intervention and providing information, referrals and services to families.

6.38 The implementation of the new framework provides the opportunity to enhance external reporting of FRC performance and give stakeholders greater information on the extent to which FRCs are achieving their overall objectives. The new framework will provide access to a broader range of indicators and potentially provide a more comprehensive account of FRC performance.

¹²⁵ FaHCSIA advised the Senate Community Affairs Committee that since January 2009, providers have been able to benchmark their performance against the national or state average. Senate Estimates, Community Affairs, 26 February 2009, p. 80.

¹²⁶ Attorney-General's Department *Annual Report 2008-09*, p.46. Contacts include registered and unregistered telephone and walk-in clients.

¹²⁷ No client number targets for individual FRCs or FRCs collectively have been established.

However, in order for this to occur, the information underpinning any analysis needs to adequately cover all key aspects of FRCs' operations.

Recommendation No.4

6.39 To improve the effectiveness of the performance framework, the ANAO recommends that FaHCSIA:

- conduct regular data integrity checks to assess the accuracy and reliability of the data collected in FRSP Online, and implement measures to address identified inconsistencies;
- identify definitions and data sources for each KPI in the new performance framework;
- distribute guidance materials and provide training on the new performance framework to service providers and STO staff to promote a common understanding; and
- in conjunction with AGD, improve external reporting of FRC performance to provide information on the extent to which FRCs are achieving their overall objectives.

AGD response

6.40 Agreed.

FaHCSIA response

6.41 Agreed.

FaHCSIA agrees with the recommendation, noting:

- FaHCSIA acknowledges that during 2006-07, technical issues delayed some data entry into FRSP online and resulted in data being incomplete for that period. These issues have been resolved and there are no technical impediments to entering data onto the system.
 - FRSP online functionality will be enhanced from 1 July 2010 to increase the number of registered clients through a non-identifiable statistical linkage key.
 - FaHCSIA considers that there are sufficient controls in place to identify risks and apply remedial action. These include regular service assessments and site visits, review of activity data and

external audit processes against the FRSP Approval Requirements.

- FaHCSIA will review its processes regarding the integrity of client data as part of its development of the Community Program Data Collection Framework.
- Consistent with the Government's Operation Sunlight reform agenda, FaHCSIA is currently developing a Community Program Data Collection Framework for all FaHCSIA-funded programs. The new performance framework for Family Relationship Services has been informed by FaHCSIA's Community Program Data Collection Framework and developed in consultation with the Attorney-General's Department and service providers. The new performance framework for Family Relationship Services is currently being piloted and will identify how best to define and measure KPIs.
 - Any further work on defining KPIs and data sources for KPIs that involve post-separation services will be undertaken in conjunction with the Attorney-General's Department.
- Performance Framework Implementation Guidelines for the new performance framework for Family Relationship Services will also be developed as part of the current pilot, to assist service providers and the STO Network with the implementation of this framework.
- As outlined in response to Recommendation 1, the AIFS evaluation found that FRCs are impacting positively on families.
 - The new performance framework for Family Relationship Services will enable regular reporting by FRCs on high-level outcomes for clients.
 - FaHCSIA will continue to work with the Attorney-General's Department in assessing the extent to which FRCs are meeting their overall objectives.

External evaluation

Australian Institute of Family Studies Evaluation

6.42 An evaluation of the family law reform package was completed by the Australian Institute of Family Studies (AIFS) in December 2009.¹²⁸ The project aimed to evaluate the impact of the 2006 changes to the family law system. The evaluation was designed to draw upon a range of existing data sources and also undertake new research specifically developed to evaluate the impact of the Family Law Reforms.

6.43 The evaluation concluded that:

... the 2006 reforms to the family law system have had a positive impact in some areas and have had a less positive impact in others. Overall, there is more use of relationship services, a decline in filings in the courts in children's cases, and some evidence of a shift away from an automatic recourse to legal solutions in response to post-separation relationship difficulties.¹²⁹

6.44 The evaluation provides a comprehensive and valuable assessment of the impact of the Family Law Reforms. An overall assessment of the efficiency and effectiveness of the FRC initiative was not undertaken as part of the evaluation, rather, FRCs were one component of the reforms that were considered as part of the research. This information was then used to help inform the overall conclusions in the evaluation.

6.45 While it is often difficult to isolate the specific impact of FRCs, some conclusions indicated that FRCs are having a positive impact, for example:

At the post-separation level, over 70% of FRC and FDR [Family Dispute Resolution] clients said that the service treated everyone fairly (i.e., practitioners did not take sides) and over half said that the services provided them with the help they needed.¹³⁰

¹²⁸ Australian Institute of Family Studies, *Evaluation of the 2006 Family Law Reforms*, AIFS, December 2009.

¹²⁹ *ibid.*, p. E4.

¹³⁰ *ibid.*, p. E2.

6.46 In areas considered part of this audit, the evaluation confirms the audit findings, such as a large proportion of family services clients are families presenting with complex issues (domestic violence, mental health problems, substance abuse issues), and that an ongoing challenge is to ensure that family services adequately identify situations where family dispute resolution should not be attempted.¹³¹



Ian McPhee
Auditor-General

Canberra ACT
15 July 2010

¹³¹ *ibid.*, p. 16-7.

Appendices

Appendix 1: Attorney-General's Department's response to the audit

The Attorney-General's Department (AGD) welcomes the ANAO's performance audit of the Implementation of the Family Relationship Centres (FRC) Initiative. AGD accepts the report's recommendations, some of which reflect work already being undertaken by either AGD or the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).

The AGD notes the recognition provided in the report of the significant achievement successfully delivered by both AGD and FaHCSIA in the establishment and rollout of a new national initiative with tight timeframes across two portfolios. It should also be recognised that FRCs are still a new service, and as such are undergoing ongoing development in establishing themselves within the Australian community and as part of an integrated Family Law System.

The audit that is the subject of this report commenced in November 2008, only one month after the opening of the last of the 65 FRCs. As such the audit was undertaken within the context of a service type still in the rollout and establishment phase. In this context the findings of the performance audit will assist the Government to strengthen the operation and management of the FRC initiative going forward.

Prior to the ANAO performance audit, in 2007 the Government commissioned the Australian Institute of Family Studies (AIFS) to undertake a wide ranging Evaluation of the 2006 Family Law Reforms, including the FRC initiative. The AIFS report was delivered to Government in December 2009. The findings of the ANAO performance audit will also be considered in the Government's response to the AIFS Evaluation.

The Attorney-General's Department accepts and agrees with all recommendations. AGD recognises the need to develop and support ongoing improvement to the collection, storage, and analysis of performance and assurance information relating to the FRC initiative. AGD and FaHCSIA are already undertaking or developing a number of initiatives to address the above recommendations and will continue to work together to improve the ongoing management and oversight of this initiative.

Appendix 2: Departmental responsibilities for the FRC initiative under the BPA 2007-10

Table A 1 Departmental responsibilities for the FRC program under the BPA 2007-10

Primary responsibilities for key activities	AGD	FaHCSIA	
		National Office	STO Network
National policy direction and outcomes	✓		
Funding	✓		
Program development initiatives	✓		
Selection and approval of, and setting the terms and conditions of providers	✓		
Performance assessment	✓ (before 2009)		✓ (after 2009)
Development and implementation of competency standards for FDR practitioners, family counsellors, workers in Children Contact Services and FRCs	✓		
Program evaluation	✓		
Program development initiative relating to AGD's responsibilities for families	collaboration	collaboration	
Engaging with the FRSP Industry Representative Body	✓	✓	
Program administration including financial management, data collection development and implementation of performance framework (with AGD), QA, visits and contacts with service providers	collaboration	✓	✓
Maintenance of FRSP Website		✓	
Program implementation and management			✓
Visits and contacts with service providers	✓		✓
Participation in national initiatives such as selection processes, funding agreement negotiations and consultations			✓
Provision of advice to: <ul style="list-style-type: none"> National Office on stakeholder performance, emerging issues and state government program initiatives that impact on program; and directly to AGD on AGD- funded programs, under the agreed communication protocol 			✓

Source: FaHCSIA-AGD BPA 2007-10

Appendix 3: Reports to be lodged by FRCs

Table A 2 Reports to be lodged by FRCs as per funding agreement

Report	Description	Periodicity
Service Plan	Showing key events and timeframes against an indicative Budget. Including an implementation plan covering each financial year funded under this Agreement, safety and security plans and a floor plan (if requested).	Within 60 days of signing the agreement, and then by the 15 May each following year covered by the funding agreement
Service Plan Establishment Report	Showing outcomes and achievements from the start date to the 15 November of the first year of funding.	One-off, due on 15 November of the first year of funding
Annual Status Report	Containing a self-assessment against the Approval Requirements (Statement of Compliance) of the provision of service and a description of the strategies and partnerships developed to improve service delivery. Covering each financial year funded under the agreement.	First report after three months of operation (1 September), and then yearly (in 1 September)
Annual Audited Financial Report	Containing income and expenditure statements for each service type and showing any under or over expenditure for each service type. For each financial year funded under the agreement.	First report one year after operation (31 October) and then yearly (31 October)
Final Acquittal Report	Verifying that providers have spent the funding provided on the activity and in accordance with the funding agreement. Containing any other information that FaHCSIA notifies the provider.	31 October of the last year of funding
Action Plan for Advisers for Indigenous Service Delivery (where relevant)	Describing the work undertaken by the advisers in the previous quarter and the strategies developed by FRCs to address the issues identified by the advisers.	Quarterly, starting on 15 October of the first year of funding

Source: LFFA Schedule 2 as produced in FaHCSIA Request for Funding Application documentation

Appendix 4: KPIs used until July 2009

Table A 3 KPIs used in the funding agreements 2006-09 (round one), 2007-09 (round two) and 2008-11 (round three)

Round One	Round Two and Round Three
Objective 1: Helping intact families with their relationships	
KPI 1.1: Percentage of people in the catchment area who receive assistance from the FRC.	KPI 1.1: The extent to which people access information about strengthening family relationships from the FRC.
KPI 1.2: Percentage of families using the FRC who take up appropriate referrals to: <ul style="list-style-type: none"> • Pre-marriage education programs; • Programs that help them stay together; • Programs that help them with parenting; and • Programs that help them deal with other issues that impact on their family relationships (e.g. gambling or drug problems). 	KPI 1.2: As per PKI 1.2 round one
KPI 1.3: Percentage of intact families who found the FRC's assistance to be helpful.	KPI 1.3: As per KPI 1.3 round one
Objective 2: Helping separating families with their relationships	
KPI 2.1: Percentage of separating parents attending the centre (including those who have been to court) who agree on parenting arrangement without a court determination.	KPI 2.1: As per KPI 2.1 round one
KPI 2.2: Percentage of separating parents using the FRC who acknowledge an improvement in communicating with the other parent about post-separation parenting.	
KPI 2.3: Percentage of separating parents using the FRC who take up appropriate referrals to programs to help them stay together.	KPI 2.2: As per KPI 2.3 round one ['reconcile' instead of "stay together"]

Round One	Round Two and Round Three
KPI 2.4: Percentage of separating parents using the FRC who take up appropriate referrals to address: <ul style="list-style-type: none"> entrenched conflict; and/or other issues that impact on their relationships. 	KPI 2.3: As per KPI 2.4 round one
KPI 2.5: Percentage of parenting agreements made at the centre still workable after one year including those amended to meet changing circumstances.	KPI 2.4: As per KPI 2.5 round one
KPIs 2.6: Percentage of separating parents using the centre whose situation involves family violence who found the Centre's assistance to be helpful.	KPI 2.5: as per KPI 2.6 round one Percentage separating parents who have completed contact with the Centre who found the Centre's assistance to be helpful, and whose situation involves: <ul style="list-style-type: none"> family violence; and other issues that impact on relationships.
KPI 2.7: The average waiting time for separating parents to attend advice or dispute resolution sessions (taking into account adjustments for service loadings as identified below).	
Objective 3: Providing quality family relationship services	
In meeting the above objectives Centres need to deliver high-quality, timely, safe and ethical services. As a minimum they will be required to: <ul style="list-style-type: none"> comply with relevant legislative requirements and standards under the Family Law Act and the Regulations FRSP Approval Requirements, [as well as additional requirements set in the Operational Framework-Round two and 3 only] ; and ensure that family dispute resolution practitioners at the Centre meet the competency-based accreditation standards developed for the AGD by the Community Services & Health Industry Skills Council [meet any new accreditation standards approved by the A-G. Round two and three only]. 	

Round One	Round Two and Round Three
<p>Service Loadings</p> <p>Adjustment for service loadings on benchmarks relating to KPIs include:</p> <ul style="list-style-type: none"> percentage clients with complex cases, for example cases involving family violence, mental health and drug and alcohol issues, high conflict (noting that Centres should aim for a broad case mix and maintain a proactive role to help the majority of families); percentage cases in which children and other family members (e.g. grand-parents and new partners) are included in sessions; Individual location variables, for example the size of catchment area, regional or rural location; and percentage clients who are Indigenous, culturally or linguistically diverse persons. 	

Source: Long Form Funding Agreements as presented in request for tender selection documentation for Rounds 1, 2 and 3

Appendix 5: FSP Performance Framework

Table A 4 FSP Performance Framework Indicators Specific to FRCs

Program Logic	Indicator
<i>Intermediate outcome: did we make a difference in the longer term?</i>	
Improved family functioning	Percentage of clients with improved family functioning including child wellbeing
<i>Immediate outcome: did we make a difference in the short term?</i>	
Improved family relationships	Percentage of clients with improved relationships (parents/partners/ children/communities)
Improved knowledge and/or skills	Percentage of clients reporting improved knowledge and/or skills related to their presenting need
Improved parenting arrangements	Percentage of clients making parenting arrangements
	Percentage of clients reporting parenting arrangements are workable
Satisfaction with assistance received	Percentage of clients satisfied that the support service they received was relevant to their circumstances and needs
Improved access to the wider service system	Percentage of clients satisfied that they received adequate information and/or referrals
More effective resolution of complex family separation issues	Extent of linkages between services and (1) the courts, (2) legal assistance providers and (3) other family law system services to the benefit of clients
<i>Processes: how well did we do it?</i>	
Inclusive practices	Percentage of clients from priority groups
	Percentage of clients from priority groups satisfied with the appropriateness of the service for their background/needs
Integrated service delivery/ coordination	Percentage of referrals taken up
	Percentage of partner agencies reporting satisfaction with the contribution of the funding recipient to integrated service delivery/coordination
Service quality	Percentage of funding recipients that meet accreditation/approval requirements including safety

Outputs: how much did we do?	
Intake and assessment, information and referral, education and skills training, counselling, family dispute resolution, change-over and supervised contact, support, community development / access strategies, outreach and coordination.	Number of clients
	Number of services
	Number of referrals

Source: ANAO, based on *Family Relationship Services Guidelines*, Version 1, FaHCSIA, June 2009, p. 15

Index

A

Australian Healthcare Associates Consulting, 7, 88–89
Australian Institute of Family Studies, 7, 26, 46–47, 49, 67, 80, 95, 104–105, 109

B

Business Partnership Agreement, 6–7, 18, 21, 37, 42–44, 52, 82–83, 95, 110

C

Communication Protocol, 43–44
Complaints handling, 90–92
Consortiums' application for funding, 61–62

E

Early Intervention Services, 7–8, 14, 41–42, 98
Every Picture Tells a Story, 13, 33

F

FaHCSIA's National Office, 21, 39, 40, 43–44, 84–86, 91, 95, 110
FaHCSIA's Online Funding Management System, 7, 24, 83–86

FaHCSIA's State and Territory Offices, 15, 20, 21, 24, 26, 37, 39, 40, 43–44, 59, 64, 82, 84–87, 92, 95, 99–100, 102
Family Dispute Resolution, 7–8, 49, 72, 89, 105, 110
Family Law Reform, 13, 20, 26, 34, 39, 46–47, 67, 95, 98, 102, 105, 109
Family Relationships Online, 41
Family Support Program, 7, 17, 37–38, 115
FRC Locations, 57
FRC Operational Framework, 34–36, 45–46, 48–49, 65–67, 71–72, 91, 113
Funding agreements, 96

G

Governance, 21, 40–41, 65, 119

K

Key Performance Indicators, 7, 19, 25–26, 29, 94–100, 103–104, 112–114

P

Post Separation Services, 7, 9, 14, 41–42, 98

Q

Quality assurance, 5, 27, 87–88, 110

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