



Funding for results

What does the Auditor-General expect?

**Good Practice in Action
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Overview

- **What do we expect of the funding arrangement?**
 - **the public? NGOs? Auditor-General?**
- **Managing the tensions**
- **The “tests” of good management**
- **Gearing up for good management of public funding to NGOs**



What does the public expect?

(What's it all about, Alfie?)

- **Public wants to know that taxes deliver “value for money”:**
 - **Best possible outcome for the total cost**
- **Competence, integrity expected**



What do NGOs expect?

- **Partnership will be acknowledged**
 - **NGO objectives, capability and limitations will be acknowledged**
- **Will be treated fairly, with integrity**
 - **No surprises, agreements will be honoured**



What does the Auditor-General expect of the funding arrangement?

- **Based on principles of good management of public resources**
 - **Public resources for the public benefit: accountability, transparency**
 - **Equity and fairness**
- **Meets public standards of competence and integrity**

[While acknowledging Government's expectations of relationships with the sector –collaboration, partnership]



Value for money: efficient/effective resource use

- **Value for money may mean trade-offs of efficiency for effectiveness**
- **Real cost is failure to get the outcomes we need**
 - **What outcomes/impact do we want? How do we know we are achieving them?**
- **Realistic, risk-based approach:**
 - **Manage risks optimally - no amount of contract detail can negate all risk; too much could be onerous**



Managing the tensions

- **Accountability, transparency and fairness**
- **Partnership, trust vs accountability, compliance**
- **Delivery of outputs vs delivery of results**
- **Entity interests, wider Government interests, NGO interests**



First test:

Accountable to the public?

- **Clear to the public stakeholders what the procurement is meant to achieve, so that the benefit can be assessed, roll-over decided**
- **Agreed purpose, outcome as well as services**
- **Wider public benefit vs entity benefit**
- **May be benefits other than \$\$**
- **Benefits should exceed “costs” (“whole of life” costs, and risks)**



Second test:

A transparent process?

- **Type of arrangement “fit for purpose” (obtaining a service? maintaining a relationship? enhancing impact of policy?)**
- **Clear procurement plan (how do you intend to use the public resource – you will be held to it!)**
- **Clear record of decisions/arrangement, and of performance under it**
- **Do it right, be seen to be doing it right!**



Third test: **A fair process?**

- **Stick to the procurement plan**
 - Or, if you change, give adequate notice to all parties
- **Clear agreement on risk-sharing**
- **Sole provider procurement limits potential competition**
 - Should justify its use (& continued use)
 - Is it, in itself, restricting development of a viable market?



Fourth test:

Conduct, integrity above reproach?

- **Public expectations of behaviour with public resources**
 - **Funder/provider split – does it matter to the public? – following the money...**
 - **Waste, surplus and the perceptions of “profit”**
 - **Public sector standards of conduct – can’t pay others to do what you may not do yourself!**
 - **Conflicts of interest**
 - **“Front page of the Dom” test!**



Last test:

Are you performing competently?

- **NGO and public expect competent management – some of the public resource will be used to ensure this**
- **Have you got the right skill-base?**
 - **Relationship management**
 - **Complex negotiations**
 - **Supplier performance management**
 - **Strategic planning**
 - **Market analysis**
 - **Financial/legal skills**



Gearing up for good management of public funding to NGOs

- **Do you know what you need to achieve?**
- **Have you identified and acknowledged the capabilities and the risks in the relationship?**
- **Have you been upfront with the NGO about the requirements, the risks, the criteria for a continuing relationship?**
- **Will your management approach make good use of opportunities that may develop along the way?**



To sum up: principles, outcomes, risks, capability

- **Are your funding arrangements consistent with accountability/transparency/fairness considerations?**
 - Results, with integrity
- **Have you got policies and procedures in place that identify and manage the potential risks?**
 - Do you analyse? monitor? document? evaluate?
- **Have you got the capability to manage this complex relationship?**



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