DISABILITY SERVICES
Funding Accountability Guidelines

Business rules for Disability Services funding paid to non-government organisations under a Service Agreement

Version 3.0

Queensland Government

SECTION ONE: LEGISLATIVE AND ADMINISTRATIVE FRAMEWORK

1.1 Background

The Department of Communities, Disability Services and Seniors (the department) currently provides for a range of services for people with a disability in Queensland. Some services are delivered by the department itself while others are delivered by non-government organisations funded by the department (FNGOs).

From July 2010, in response to a demand for efficiency strategies to reduce administrative burden and streamline funding approaches to FNGOs, the then Disability Services Queensland moved to an output based service provision model and reporting.

This approach does not alter the limitation on the allowable uses of funding, which ensure Queenslanders with a disability receive the maximum benefit from funds allocated for the delivery of specialist disability services, or alter the requirement for all funding allocations to be used in accordance with the service agreement and applicable legislation.

FNGOs are required to comply with the provisions of applicable legislation. These Funding Accountability Guidelines are to be read in conjunction with the *Disability Services Act 2006,* the *Community Services Act 2007* and the Service Agreement – Standard Terms and Funding and Service Details (Disability Service).

1.2 *Disability Services Act 2006*

The *Disability Services Act 2006* (DSA) provides the legislative framework for the provision of specialist disability services in Queensland. The objectives of the DSA are:

(a) to acknowledge the rights of people with a disability including by promoting their inclusion in the life of the community generally; and

(b) to ensure that people with a disability have choice and control in accessing relevant disability services; and

(c) to ensure that disability services funded by the department are safe, accountable and respond to the needs of people with a disability; and

(d) to safeguard the rights of adults with an intellectual or cognitive disability including by regulating the use of restrictive practices by funded organisations in relation to those adults:
   - (i) only where it is necessary to protect a person from harm; and
   - (ii) with the aim of reducing or eliminating the need for use of restrictive practices.

The DSA recognises that -

- the State has finite resources available to provide services to people with a disability;
- there is a need to distribute the resources fairly having regard to the State's priorities.

1.3 *Community Services Act 2007*

The main objectives of the *Community Services Act 2007* (CSA) are to safeguard funding for the delivery of products or services to the community that:

(a) contribute to Queensland's economic, social and environmental wellbeing; and

(b) enhance the quality of life of individuals, groups and communities.

This is mainly achieved by providing clear and consistent investigative and remedial powers that safeguard funding provided to entities to deliver products or services, and that safeguard the delivery of products or services that are provided with the funding.

The Act is to be administered in a way that has regard to the following principles:

- the use of public funds for products and services should advance Queensland's social, economic and environmental wellbeing and respond to the diverse needs of individuals, groups and communities;
- the government should administer funding in a way that is efficient and transparent; and involves clear and timely communication; and promotes excellence in the delivery of products and services; and provides sustainable service delivery to communities;
- the contractual arrangements between government and funded entities should reflect a clear and common understanding of the purpose of the funding; and the results to be achieved from the funded products and services; and the intended recipients of the products or services;
- ensuring accountability in the delivery of funded products and services will protect the safety and interests of users of the products or services, including those who are at risk or are vulnerable; and help to maintain public confidence about the use of public funds;
- the government and funded entities should recognise each other's autonomy and accountabilities.

The CSA applies in relation to funding provided by a department that is the subject of a funding declaration. A funding declaration may relate to:

- funding provided, or available to be provided, under a program of funding administered by the department;
- funding provided, or to be provided, to an entity on a one-off basis.

The Chief Executive must keep and publish a list of funding administered by the department that is the subject of a funding declaration, and must notify funded entities about a declaration if it is made after a funding agreement is entered into.

The CSA does not limit:

- a remedy available to a chief executive under a funding agreement; or
- a chief executive's powers apart from the Act; or
- the powers that may be exercised in relation to a funded entity under another Act.

The CSA provides that, in administering the Act, regard must be had to the finite resources available to the State to provide as funding, and that there is a need to ensure the State's resources provided as funding are used properly to deliver funded products and services.

1.4 *Financial Accountability Act 2009* and *Financial and Performance Management Standard 2009*

The *Financial Accountability Act 2009* governs the use of public resources and establishes financial accountability obligations to demonstrate and justify the use of public resources to government, the Parliament and the community. Under the *Financial Accountability Act 2009* all State government agencies are required to meet financial and performance management standards as set out in the *Financial and Performance Management Standard 2009*.

The *Financial and Performance Management Standard 2009* (the Standard) provides a framework for an accountable officer of a department to develop and implement systems, practices and controls for the efficient, effective and economic financial and performance management of the department.

Funding provided to organisations and other recipients is a public resource and, as such, the department must have appropriate documentary evidence regarding the use of funding so that the department may meet its responsibilities under the Act.

1.5 Queensland Treasury Financial Accountability Handbook

The Queensland Treasury Financial Accountability Handbook has been designed to assist accountable officers and statutory bodies discharge their obligations under the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* (the Standard) and the *Financial Accountability Regulation 2009*.

Section 15(2) of the Standard states that ‘accountable officers and statutory bodies must have regard to the Financial Accountability Handbook published by the treasury department’. This means that agencies must comply with the Handbook processes when those processes are applicable to agency circumstances. The Handbook underpins legislative frameworks, including the *Disability Services Act 2006* and the *Community Services Act 2007*.

1.6 Queensland Procurement Policy 2018

The Queensland Procurement Policy is the government’s overarching policy for the procurement of goods and services. It establishes a framework that maximises the benefits that can be delivered through procurement. The policy aims to:

1. Focus on the economic benefit to Queensland.
2. Maximise Queensland suppliers’ opportunity to participate.
3. Support regional and remote economies.
4. Support disadvantaged Queenslanders.
5. Stimulate the ICT sector and drive innovation

To put the strategy into practice, the Queensland Government has also adopted a Queensland Procurement Policy.

The Queensland Procurement Policy principles centre on:

- putting Queenslanders first when securing value for money – recognising that value for money is more than the price paid;
- working together to achieve outcomes – providing a flexible procurement framework based on an agency-led procurement model;
- governance and planning – focusing on a category management approach with a strong governance framework and integrated planning;
- leaders in procurement practice – professionalising the procurement discipline and building procurement capability;
- integrity, probity and accountability – ensuring procurement is undertaken with integrity, that probity is appropriately managed, and that accountability for outcomes is maintained;
- advancement of government objectives – providing the procurement framework to advance economic, environmental and social objectives.

Procurement of specialist disability services on behalf of people living with a disability in Queensland follows systems, policies and procedures that are able to withstand public scrutiny and which preserve private and public sector confidence in the procurement process. This includes documenting procurement decisions to demonstrate a clear decision-making process.

Individualised Funding means that individuals have choice regarding who will be their preferred provider. A direct offer procurement process is applied in these situations enabling the individual to have choice and control of their situation.

1.7 Intergovernmental Agreements

The **National Disability Agreement** (2012) provides the national framework and key areas of reform for the provision of government support to services for people with a disability.

The Council of Australian Governments has committed to major reform of disability support through the National Disability Insurance Scheme (NDIS). On 8 May 2013, agreement was reached between the Commonwealth and Queensland Governments as to the process and commitments to establish the NDIS in Queensland, with the full scheme to be implemented in Queensland by 1 July 2019.

In March 2016, the Queensland Government signed the **Bilateral Agreement** for the full roll out of the **National Disability Insurance Scheme (NDIS)** with the Commonwealth Government. The Bilateral Agreement details the different aspects of Queensland's transition to the NDIS and specifies the details and dates for the phased transition by geographical locations as defined by Local Government Area (LGA) boundaries.

The Bilateral Agreement details key decisions agreed including the planned start dates for the NDIS rollout across Queensland areas and the agreed capped quarterly participant intake estimates for each year of the transition.

SECTION TWO: FINANCIAL EXPENDITURE

2.1 Intent of Output Based Funding

Under an output based methodology, a FNGO can flexibly use the total funding provided to deliver ALL agreed types and quantities of services, at or from the agreed service outlets, to the agreed service user or minimum number of servicer users or, cohort group as detailed in the Agreement and / or Output Schedules. The use of the funding, however, remains limited to the allowable expenditure types for the approved purpose/s.

Under an output based arrangement, an initial funding allocation is still determined on the basis of budgeted costs according to a funding formula, as are the minimum expected output quantity to be delivered from existing funding. As such, the allocation of funding for direct support costs and indirect support costs are not altered by an output based funding approach.

2.2 Funding Allocations

Funding is allocated in accordance with departmental funding limits. Limitations on the level of funding contribution that can be made by the department towards agreed outputs recognise that:

(a) the state has finite resources available to provide services to people with a disability; and
(b) there is a need to distribute resources fairly having regard to the state's priorities.

The department's funding limitations are based upon recognised 'typical' costs associated with the delivery of the relevant output types.

<u>Costs Recognised as 'Typical'</u>

The funding contribution for costs associated with funded outputs will be determined in accordance with:

- Direct support and coordination/management wage rates under the Queensland Community Services and Crisis Assistance Award (QCSCAA) and sleepover rates under the Disability Support Workers Award (DSWA);
- *Up to* an average of 30% of the funded direct support base wages for shift penalties;
- Superannuation will be calculated in line with the superannuation guarantee rate as a percentage of the funded base wages and funded penalties;
- *Up to* an average of 18% of the funded base wages of direct support employees only to cover typical operating overheads;
- 18% of base wages for direct support and non-support employees to cover leave entitlements and WorkCover insurance, as follows:

% of Base Salary Applicable	Salary On-cost	Comments
1.34%	Annual Leave Loading	Provided for 20 working days per year at 17.50%
9.58%	Annual Leave Relief	Provided for 20 working days per year at the base salary rate plus 25% loading for casual relief.
4.78%	Sick Leave Relief	Provided for 10 working days per year at the base salary rate plus 25% loading for casual relief.

2.3%	WorkCover accident insurance premium	WorkCover industry premium rate subsidy.

The level of position funded will be based on the characteristics, responsibilities and requirements of the job as set out in the relevant award or workplace agreement. Generally, the base level of a disability support worker will be Level 3.1. A higher level, representing additional skills and expertise, may be negotiated with the department with clearly identified reasons to justify the level requested. Written requests should be submitted to the departmental officer during negotiations for the support arrangement and must be approved prior to service delivery commencing.

2.3 Upper Limit of Funding

The upper limit of funding contribution is determined by the number of staff hours required to deliver the agreed outputs, within the parameters detailed in the table below.

Where individuals share support, the number of hours required to cover the approved model will be determined by considering the collective needs of all individuals and the timing and frequency of these needs.

Expense Types	Rate for Funding	Upper Limit
Direct Support	QCSCAA Level 3.1	The number of direct staff hours required to cover the approved support model. The quantity of hours will be determined according to the staff ratio for the agreed outputs, not the total outputs delivered. *The upper limit of support must not exceed 65 hours per week per person except in exceptional approved circumstances.*
Service Coordination / Other non-direct position	QCSCAA Level 6.1	***Up to*** a maximum of 2.5 hours per week per person supported. For centre base day and overnight activity / respite services and small levels of service provision per service user the allocation for coordination will be based upon the service model.
Sleepover	DSWA Sleepover rate	The exact number of sleepovers required for the approved support model.

It is important to note that respite services provided exceeding a period of 63 days (or equivalent) per person per year may affect the status of the carer. Carers should be referred to the Carer Payment or Age Pension Fact Sheet for further information.

2.4 Industrial Instruments

NGOs have in the past employed staff under a variety of industrial instruments, including the Queensland Community Services and Crisis Assistance Award (QCSCA), the Social and Community Services (SACS), Crisis Assistance Supported Housing (CASH) and Disability Services Workers Award (DSW) as well as certified workplace agreements.
From 1 January 2010, NGOs in Queensland are covered by the federal industrial relations system. Organisations may have a certified workplace agreement or be covered at least in part

(minimum conditions) by the new modern federal award "*Social, Community, Home Care and Disability Services Industry Award 2010*". The Australian Government has preserved the QCSCA and DSW award rates for some Queensland NGOs.

Information on the federal industrial relation system and the modern award is available from Fair Work Australia on www.fairwork.gov.au.

2.5 Allowable Staff Positions

The following staff positions are allowable expenses for the use of funding:

- staff involved in direct service provision;
- staff involved in daily supervision and coordination of staff;
- staff directly involved in administration of the funded services, for example administration officers, administrative assistants and bookkeepers;
- staff involved in the coordination and management of a range of services and supports for an individual in receipt of a funded service.

Expenditure for allowable staff positions needs to be within the departments upper limits of funding as well as proportional and directly related to the support model and characteristics of the service user.

2.6 Allowable Operating Costs

The following operating costs are allowable expenses for the use of funding from Disability Services incurred in the delivery of funded specialist disability services:

- utility costs (e.g. gas, electricity);
- telecommunications (e.g. Internet, WIFI, phone);
- administrative expenses (e.g. postage, stationery, printing, cleaning, book keeping/ financial audit costs);
- insurance costs including Public Liability insurance;
- minor building maintenance for established service provision outlets;
- for vehicles that are accepted as essential for the service delivery: vehicle operation costs, maintenance and/or mileage allowance, and leasing arrangements (it is expected that organisations will have undertaken an analysis with regard to the purchase/lease of vehicles to identify the most cost effective option);
- rates or rent;
- incidental expenses incurred by volunteers and staff in carrying out their duties;
- costs of supervision of staff by appropriately qualified persons, including meetings;
- training and skill development costs (including volunteer training).

Vehicle depreciation will not be considered for funding as an operational cost. Vehicle depreciation may be claimed by the organisation as a deduction for tax purposes and is considered a 'non-cash expense'.

Where the actual costs are less than the budget allocation provided to deliver the specified outputs, any excess funds are required to be:

- returned to the department; or
- subject to a capacity notification for additional temporary services of the same output type that the funds were provided for; or
- subject to a change of purpose approval (which may result in a capacity notification).

2.7 Goods and Services Tax

Under the Goods and Services Tax (GST) legislation, organisations will, according to the Service Agreement, be classified as a supplier and may therefore be required to pay GST to the Commissioner of Taxation.

Proposals or other requests for funding should be submitted exclusive of GST. GST will be added to funding immediately prior to payment.

Where a FNGO is registered for GST, funding payments will include an itemised GST component. FNGOs are responsible for using this information to fulfil the requirements of GST reporting.

For further information on GST compliance issues, it is recommended organisations contact the Australian Taxation Office.

2.8 Indexation

Indexation for recurrent funding is based on the availability of indexation in the State Budget process. It does not always occur annually and represents a contribution to assist FNGOs to meet increased costs. FNGOs will be advised in writing when indexation is applied.

SECTION THREE: ADMINISTRATION OF FUNDING

3.1 Service Agreement

The *Financial Accountability Act 2009* (FAA) requires that the 'accountable officer' of the department manages resources efficiently, effectively and economically, and is required to establish management systems for managing expenses and exercising controls over financial resources.

Every NGO is required to enter into a written agreement with the department before receiving recurrent, non-recurrent and/or one-off funding. The written agreement must outline the conditions under which the funding is provided and detail specifically what is to be delivered with the funding. FNGOs must comply with the terms and conditions specified in the written agreement.

Where the funding is provided for the delivery of specialist disability services, the written agreement will be the department's Service Agreement. A Service Agreement is a contract between the department and a FNGO for the provision of specialist disability services for people with a disability living in Queensland. Eligibility for ongoing funding payments requires an organisation to maintain a current Service Agreement with the department. A variation to a Service Agreement cannot increase the amount of funding to an organisation without approval from the appropriate financial delegate (section 76 of the FAA).

Where funding is provided for services or activities assessed as low risk, a Short Agreement *may* be affected.

Where the funding is provided for the purchase of an asset in excess of $5,000, a different agreement will be required.

The Service Agreement - Standard Terms and Disability Funding Service Details; and Short Form Agreement can be viewed at www.communities.qld.gov.au.

3.2 Variations to the Agreement

An approved allocation of additional funding to a FNGO with a current Service Agreement will require a Variation of the current Service Agreement. The department is unable to release any new funding allocations until a Variation to the Service Agreement to include the funding has been executed by both the FNGO and the department.

Where an individual transfers from one FNGO to another FNGO, the receiving FNGO will receive a formal variation to their current Service Agreement increasing funding and service provisions. The cessation of the funding with the exited FNGO will be in accordance with the requirements stipulated in the Service Agreement, and correspondence Varying the Agreement will be sent to the FNGO including the value and the date the funding will be reduced.

The department may make an Indexation increase of funding to a FNGO without a Variation to the Service Agreement.

Short term Variations to the Service Agreement may be allowable under specific approved circumstances. Please refer to s6.6 of these Guidelines for more information on the use of unspent funding.

As per the provisions of the Service Agreement, NGOs cannot assign or novate Agreements. All decisions regarding the movement or giving of funding are at the department's discretion.

3.3 Payment of Funding

Where a Service Agreement has been executed by both a NGO and the department, the initial payment of funding is made. Additional or ongoing funding is paid in accordance with the terms and conditions of the Service Agreement, with ongoing funding usually paid upon the receipt of a complete Directors Certification and the FNGO's complete NMDS reporting.

The method of making funding payments is through electronic transfer.

3.4 NDIS Transition

During transition to the National Disability Insurance Scheme (NDIS), the department will be making variations to the Service Agreements.

As people transition to the NDIS and have an approved plan, the departments' funding will reduce. Variations to reduce funding and services will be made in line with the Framework for the Reduction of Funding and Services through a Service Agreement.

There are provisions in the Service Agreement that enable the department to cease funding and services through a Service Agreement and, to short pay future payments due, to recover overpayments made.

Overpayments will occur where the department makes payments in advance, and, funded clients transition out of state funded support arrangements into the NDIS at different times.

As reductions are effected the department will give formal Notice under the Service Agreement including specific information about:

- the service user/s whose state funded service delivery has ceased and the date of cessation;
- the value of funding reduction;
- the type and quantity of output reduction;
- payment summary details (including short payment amounts and related funding cessation).

More information is available on the department website:
www.communities.qld.gov.au/disability/support-and-services/for-service-providers/funding/reduction-of-funding-during-ndis-transition

3.5 Capital and Asset Agreements

One-off funding for the purchases of portable and attractive items, including aids and equipment, assets or improvements (that are to remain the property of the FNGO) which are less than $5000 (exclusive of GST) per item, must have the details entered on a Funded Asset register maintained by the FNGO for review by the department if required.

SECTION FOUR: FINANCIAL ACCOUNTABILITY

4.1 Financial Accountabilities

In accordance with the Human Services Quality Framework and the Service Agreement, a funded non-government organisation is required to have:

- sound governance and management systems that maximise outcomes for stakeholders;
- accountable and transparent governance arrangements that ensure compliance with relevant legislation, regulations and contractual arrangement;
- management systems are clearly defined, documented and monitored and (where appropriate) communicated including finance, assets and risk.

4.2 Quarterly Reporting

Funding payments are made in line with the terms and conditions of the Service Agreement, generally quarterly in advance for ongoing funding and on the receipt of a complete Director's Certification and complete NMDS Reporting for the previous quarter. The department's requirement for reporting each quarter is specified in the Service Agreement as follows:

Quarter Number	Period	Statements Required by
1	1 July – 30 September	28 October
2	1 October – 31 December	28 January
3	1 January – 31 March	28 April
4	1 April – 30 June	28 July

4.3 Acquitting One-off Funding

All one-off funding must be acquitted by completing the one-off funding acquittal template provided by the department. Evidence of expenditure must be provided and attached to the acquittal; for example receipts for equipment and other items purchased and/or for the costs of holding funded events, or a motor vehicle bill of sale. Any unspent funds must be returned to the department and attached to the acquittal.

4.4 Annual Financial Reporting

Under the streamlined Service Agreement, organisations are considered by the department to be a 'Reporting Entity'. Organisations should refer to clause 7.1 of the Funding and Service Details of their Service Agreement regarding the specific reporting requirements.

SECTION FIVE: NON FINANCIAL ACCOUNTABILITY

5.1 Disability Services – National Minimum Data Set (NMDS)

FNGOs must collect and report the necessary data to enable performance management of the Agreement and, to support the department to meet its accountabilities in respect of the Disability Services NMDS. The Service Agreement sets out the prescribed times for collecting and reporting data.

FNGOs should only report on the activities provided with Disability Services funding within a Service Agreement (including any income derived from the operation of the funded service).

FNGOs should not report activities that they provide which are paid by the department on an invoice arrangement.

Refer to the DS NMDS Data Guide Items and Definitions on the Disability Services website for additional information.

5.2 Service Utilisation Reports

Monitoring is a key responsibility of funding bodies to safeguard products and services delivered with public funds and ensure the proper, accountable use of funding in accordance with Service Agreements.

Standard quarterly reports, Service Utilisation Reports, are produced by the department using the NMDS data reported by a FNGO and the contracted output type and quantity data from the Service Agreement. The Service Utilisation Reports provide an indicator of how the FNGO's service delivery levels for a single period compare with the contracted expected output activity for the same period.

The Utilisation Reports show over and under performance and therefore, potentially a breach of the Service Agreement.

5.3 Service Reports

The requirement of FNGOs to lodge Service Reports is limited to instances where the output measure is listed as a service report or where the department determines the existing method of data collection and reporting does not support performance reporting for the service delivery model or, actual services to be provided through the use of funding.

Where there is a requirement for a Service Report, this will be specified in the Agreement including the lodgement basis and due date.

5.4 Information Privacy Policy

The department must comply with the *Information Privacy Act 2009*. This legislation outlines requirements for the appropriate collection, storage, use and disclosure of personal information by Queensland Government agencies, as well as providing a legislative process for access and amendment to personal information by members of the public.

Section 35 of the *Information Privacy Act 2009* requires that, if the department enters into a service arrangement, it must take all reasonable steps to ensure that the organisation is required to comply with part 1 or 2 and part 3 of the *Information Privacy Act 2009*, as if it were the department, in relation to the discharge of its obligations under the arrangement. This requirement is reflected in the Service Agreement – Standard Term 18.1 Your privacy obligations.

For general privacy enquiries concerning privacy related matters, the department's Privacy Contact Officer can be contacted via phone on (07) 3224 2935 or via email to privacy@communities.qld.gov.au.

5.5 Right to Information

All documents and agreements created or held by the department are subject to the *Right to Information Act 2009*. Unless the release of the document/s is determined not to be in the public interest, it will be made available to the general public if requested under the *Right to Information Act 2009*.

5.6 Other general accountabilities

All organisations receiving departmental funds must comply with the following general requirements:

- new services for which funding has been provided must commence as soon as possible and no later than two months after the receipt of funding. The FNGO must seek written agreement from the department if services will not commence within two months of the commencement date of services as detailed in the Output Schedule or forfeit approval;
- notify the responsible Regional Director/Assistant Regional Director in writing of any assistance that is approved at any time by the Commonwealth Government or any other state department or authority towards meeting the cost of approved service for which a departmental funding allocation has been made;
- provide written notification of any change in key/principal office bearers, contact persons and details and changes of address of the organisation as per the contact details listed in the Service Agreement;
- provide any other pertinent information as requested by the department.

SECTION SIX: CHANGED CIRCUMSTANCES

6.1 Change in circumstances of service users

FNGOs must notify the department of a change in the personal circumstances of service users including:

- a service user passes away, within one business day (in line with the department's Critical Incident Reporting Policy);
- cessation or reduction of support to a service user, within 14 business days (in line with the Capacity Notification process).

6.2 Capacity Notification

The department is primarily responsible for service user intake, needs assessment and linking and referral to FNGOs with funded capacity. Some support services delivered by FNGOs have been determined by the department as not requiring capacity notifications; these services are called non-SAT services.

Where a FNGO is delivering support services that have been determined by the department to be non-SAT services, there is no requirement for the FNGO to notify capacity that becomes available through these services. For further information regarding non-SAT services, please contact your Contract Officer.

In all other instances FNGOs are required to notify the department of any changes to service delivery arrangements that will exceed a three month period within 14 business days. This may occur when a service user:

- passes away;
- moves interstate;
- permanently or temporarily no longer requires the current level of support;
- permanently or temporarily exits from the specialist disability service system and the individual was receiving any of the following service types:
  - Supported Accommodation
  - Community Access/Support Services
  - Respite
  - In-home Support.

FNGOs are required to notify the department of any permanent or temporary increase in service capacity that results from a change in service delivery model, a review of service delivery costs, carried forward unspent funds, or an underestimation of output capacity.

Capacity is to be notified by a FNGO (or a relevant departmental Contract Officer) using the online service capacity notification form available on the departmental website.

The department may request funds notified through the capacity notification process be returned to the department for reinvestment. This will automatically occur when notification is for the following:

- permanent individualised capacity;
- temporary individualised capacity;
- temporary block funded capacity.

Capacity must be notified throughout the NDIS transition period although, organisations are not required to notify capacity when the reason is the service user receives a NDIS Approved Plan.

6.3 Change of Funded Non-Government Organisation for Service Users with an Individual Funding Allocation

Where an individual's needs and/or preferences change, the department will consider a change of NGO.

The option to change service provider is a feature of the disability service system, regardless of whether a person has an individual funding allocation or not. However, the endorsement and timing of a change in FNGO will be in consideration of relevant factors by the department.

Where the department approves a change of funded non-government organisation, the exiting FNGO must return to the department any unspent funds held for service delivery for the transferring service user, including any unspent funding carried forward and funding paid in advance. The department will not provide funding for the payment of administration or other fees to FNGOs relating to the transfer of a funding allocation.

Payment will commence to the new organisation from the date of the transfer or, as otherwise agreed.

Individualised Allocations:
The department will consider the transfer request where:
- the receiving NGO meets all the necessary accountability requirements of the relevant legislation and the department; and
- the receiving NGO agrees to deliver an output type that is consistent with the individual's assessed need and is within departmental funding formula and service limits.

Block Funded Support Arrangements:
Where an individual requests a change of organisation and the existing supports are delivered through a block-funded arrangement, the department will consider the request where:
- there is existing funded capacity within the selected new provider and that capacity meets the assessed need of the individual; or
- a request to individualise the block funded arrangement from which the individual currently receives supports is approved. As a result, individuals will be able to change organisation according to the process for transferring an individual funding allocation as described.

6.4 Subcontracting

A FNGO must not, without the department's prior written consent, subcontract the whole, or any part, of their funded service obligations under the Service Agreement.

The department may require specific additional terms and conditions when approving subcontracting arrangements. The department may revoke the approval of a subcontracting arrangement on any reasonable ground at any time.

Where approval is granted by the department, the FNGO remains responsible for ensuring the suitability of a Subcontractor and for ensuring that any part of the services performed by the subcontractor meets the requirements of all applicable Legislation and the Service Agreement.

The FNGO must ensure that where services are provided under an approved subcontract arrangement, that the subcontract agreements contain clauses permitting the department and our nominated auditors to have access to the subcontractor's employees, premises and accounts, records, documents and papers to the extent provided for in the Service Agreement.

For further information on organisation's obligations in respect of subcontracting refer to the Service Agreement.

6.5 Unspent Funds

Funding received under a Service Agreement can only be used to deliver the agreed outputs as detailed in Schedule 6.1 of the Agreement. Through allowable or approved carried forward unspent funds, cost efficiencies, underestimation of output capacity or undelivered outputs, a FNGO may hold unused funding that has been previously paid to them by the department.

Any substantial portion of funding not utilised by a FNGO for the approved purpose is required to be returned to the department, unless the funds are approved to be retained. Any amount of funds in excess of 1/12th of the annual value of the Service Agreement is classified as a substantial portion of funding. The context of enabling providers to hold unused funds up to a maximum value of 1/12th of the annual recurrent allocation, without approval from the department, is to enable FNGOs to meet cash flow needs at the end of each quarter or, to meet the cost of future planned service provision for a service user. FNGOs may not reduce services to clients to purposefully accrue funds.

This is not a cumulative amount; as such, the maximum amount that can be held at any time without specific written approval, irrespective of the year in which the funds were accumulated, should not exceed 1/12th of the annual value of the funding allocation at that time. Furthermore, as funding is reduced, for example, throughout the transition to the NDIS, the value of the 1/12th allowed to be held reduces accordingly.

Funds classified as unspent that are in excess of 1/12th of the annual value of the Service Agreement are required to be:

- returned to the department; or
- subject to a capacity notification for additional temporary services of the same output type that the funds were provided for; or
- subject to a change of purpose approval.

The department is the decision maker in respect to the treatment of unspent funds. These options can be utilised at any time during the financial year.

To minimise the accumulation of unspent funds and ensure that all available funds are fully utilised for the benefit of people with a disability living in Queensland, the department requires:

- increasing the contracted level of output quantities, if the accumulation of unspent funding is a regular occurrence through ongoing cost efficiencies or underestimation of contracted output quantities; and/or
- notification of capacity to provide supports, if the accumulation of unspent funding is the result of permanent vacancies; and/or
- notification of additional capacity to provide time-limited supports, if the accumulation of unspent funding is the result of short term variations in service delivery costs; and/or
- managing short term fluctuations in support needs through the reassignment of unused outputs under the managing fluctuations clause of the Service Agreement.

Unspent funds held by a funded organisation are to be returned to:

Funding Services
Department of Communities, Disability Services and Seniors
GPO Box 806
BRISBANE QLD 4001

Where there is a known unmet need for the supports and services delivered by a FNGO, a Contract Officer may request that the FNGO submit a capacity notification form or a change of purpose request as an alternative to returning unspent funds.

A FNGO wishing to retain unspent funds should discuss the options with their Contract Officer.

All unused funds held by the FNGO at the cessation of the Agreement must be returned to the department.

6.6 Changing the Purpose of Unspent Funding

In certain circumstances, unspent funds held by a FNGO may be eligible for a change of purpose approval. A change to the purpose of funding (Change of Purpose) can only be approved by the department if:

- the funds identified for Change of Purpose are from recurrent funding; and
- the request for change of purpose is for an individual funding allocation; and
- the proposed recipient of a Change of Purpose is the individual in receipt of the funding allocation; and
- the funds will not be required for the original purpose, including accrued liabilities; and
- the proposed alternative use of the funds is not retrospective; and
- the proposed use of funding is for an allowable use of funding listed in these Guidelines.

Where a request to Change the Purpose of unspent funding is outside the above parameters, it may be considered in special circumstances; a FNGO should discuss options with their Contract Officer.

There is no funding source to replace funds that have been released for reallocation, which are later found to be needed for the original purpose.

Approval of eligible Change of Purpose requests is discretionary.

The timing of when the funds were accrued will be a consideration in confirming that the funds are not required for the original purpose.

6.7 Recovery of Overpayments

Overpayments are to be repaid to the department through Funding Services. When overpayments are identified the relevant contract officer will negotiate with the FNGO regarding the return of these funds.

6.8 Individualisation of Block Funded Support Arrangements

While the department supports the individualisation of block funded supports, requests to individualise block funded arrangements must be initiated by FNGOs.

The department will support a request to individualise block-funded support arrangements where:

- there is reasonable and just basis for individualisation; and
- the FNGO has confirmed that individuals will receive the same level of support consistent with their current service delivery model; and
- the individualisation of the funding does not represent a demonstrable risk to the continued service arrangement sustainability of the funded service delivery arrangements with the relinquishing FNGO.

SECTION SEVEN: FURTHER INFORMATION

7.1 Regional Contacts

Enquires about the Funding Accountability Guidelines can be addressed to the applicable Disability Services Regional Office. Disability Services Regional Office contact details are available from https://www.communities.qld.gov.au/disability/support-services/contact-us/disability-services-regional-offices

APPENDIX ONE: DEFINITIONS

Term	**Definition**
Input	What is invested i.e. staff, administration expenses, utility costs, money, time, materials, capital, equipment
Output	A product or service generated from the consumption of resources, for example, a workshop, counselling, bed night, training, hour etc. that is delivered. Outputs must be quantifiable i.e. must be able to be measured and exist to meet service user demand.
Output Measure	An output measure calculates or quantifies the results of service delivery, as part of assessing performance. Each service type or output is linked to a measure, i.e. hour or place. Where the quantity of the output cannot be readily represented in places or in hours of direct support to a service user, a Service Report will be required. A Service Report provides quantitative and qualitative information about the outputs provided.
Output reporting	Output reporting refers to the system of reporting by the FNGO against the agreed level of outputs as established in the Service Agreement.
Outcome	The result of change, including the impact of outputs, affecting real-world behaviours and/or circumstances; such as learning, attitudes, motivations, aspirations.

Funding Type	**Definition**
Recurrent	Funding provided to the FNGO on an ongoing basis, subject to the obligations of the Service Agreement. Sometimes referred to as ongoing funding.
One-off	Funding provided which is for a specific purpose i.e. Building Supportive Communities funding, specific funding for the delivery of an outcome at the end of completion. One-off funding is usually paid as a lump sum on return of the output schedule. One-off funding may have additional terms and conditions applied.
Non-recurrent	Funding provided usually for service delivery and usually for short term periods. Non-recurrent has a specified start and end date and can be provided until support needs stabilise i.e. Young Adults Exiting the Care of the State.

	Non-recurrent funding is usually paid over multiple payment dates and financial years for the period services are to be provided. Non-recurrent funding is subject to the same obligations stipulated in the Service Agreement as recurrent funding.

Funding Type	BIS Funding Subtype	Definition
Block	Unspecified	Funding given to assist a FNGO to achieve an identified service delivery outcome i.e. block funding to a day centre to provide learning and life skills outputs to groups of individuals.
Block	Specified	Funding given to a FNGO for a specified level and type of service response to identified individuals. The funding will specify the number of individuals to be supported and the names of the individuals who will receive the service.
Individual		Funding given to a FNGO for a negotiated service on behalf of a specified individual with a disability.
Individual	YLYC Host Provider	Funding given to a FNGO who is approved as a Host Provider under the Your Life Your Choice self-direct support framework. Host Providers will support people with a disability and their families to plan, purchase and select the supports and services that can be brokered with the person's funding.

Term	Definition
Upper limit of funding	The department's funding contributions consist of the typical and allowable expenses that the department considered in budgeting for an amount of funding to be given for the delivery of an output/s. The upper limit of allowable funding contribution is determined by the number of direct staff hours required to deliver the agreed outputs and recognises a service user's support across all output types. The upper limit of funding is a maximum of 65 hours of direct support per week and a maximum of 2.5 hours of coordination per week. Included in the upper limits is the exact number of sleepovers required for the support model – not exceeding 7 per week.
Overpayment	Funding which has been paid for service delivery that will not occur or has not commenced. This may include duplicate or erroneous payments, a delay in the commencement of service delivery, or non-recurrent or one-off funding which was paid and not fully expended.
Unspent Funds	Funds which have been paid to a FNGO and it has been identified that the recurrent funding will not be required in the foreseeable future for the approved purpose. Unspent funds can only be identified from recurrent funding that has been paid in previous quarters.
Capacity	For FNGOs, any available service capacity either permanent or temporary for a period of more than three (3) months. FNGOs are required to notify the department when a change occurs which affects existing service capacity and/or where there is a significant change in service delivery.
Indexation	A percentage increase to contribute to the maintenance of purchasing power after inflation for recurrent funding. Availability of indexation is reliant on the State Budget process and does not always occur annually. FNGOs will receive notification in writing of indexation being applied.
Service Agreement	A written agreement with the department outlining the conditions under which funding is provided and detailing specifically what is to be delivered with the funding. FNGOs must comply with the terms and conditions specified in the written agreement.
Funding formula	The departmental funding formula, consisting of typical and allowable expenses, which is used to determine the level of funding that can be provided.