Streamlined Contracting with NGOs

Decision Support Tool User Guide

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Version 3.1

Contents

Introduction

The Decision Support Tool (DST) is a risk assessment tool developed as part of the <u>Streamlined Contracting with NGOs contracting framework</u>. The DST is intended to support and guide contract managers in identifying, evaluating and managing/mitigating risks associated with the provision of services by a non-government organisation (NGO) provider.

The DST should be used as the first step in the development of an outcome agreement and/or outcome agreement management plan with an NGO.

It is particularly important to note the DST is not designed for, and is not suitable for use in the evaluation or selection of an NGO provider to undertake a service. Accordingly it should not be used for that purpose.

As matter of good practice, the outcome of a DST assessment should be shared with the NGO.   Not only is it a useful aid in demonstrating a rigour and objectivity to the contracting and contract management approach being planned by the agency, it also provides the basis for an open and informed discussion with the NGO regarding the identified risks and the planned management actions or mitigations.

The Decision Support Tool

Introduction   The DST is an excel based tool that consists of four work sheets. These are:

- Decision Support Tool
- DST_Assessment,
- Risk_Assessment, and
- DST Scoring Guide.

You are able to move between these work sheets by clicking on the different tabs at the bottom of the screen

or

by using the navigation built into the tool. Navigation and functions within the DST are described in the following sections of this User Guide.

There are different approaches that may be taken when using the DST in practice, you can use the DST in different ways, particularly when looking to use it in a group situation. Some guidance on these different approaches and how to get the most out of the DST is provided in the section **Approaches to using the DST**.

Navigating within the Decision Support Tool

Introduction   The following buttons are used throughout this tool:

Action Button	Description
	Start Decision Tool button takes you to the first data entry window in the DST
	Print DST Scoring Guide prints an A3 copy of the scoring descriptors for each assessment area. The print button automatically prints to your default printer
	Edit Previously Completed Assessment Areas button takes you to the DST_Assessment sheet. Note: If you have previously undertaken an assessment your scores and comments will be shown
	Edit Previously Completed Risk Assessment button takes you to the Risk_Assessment sheet. Note: If you have previously undertaken a risk assessment the details will be shown
Next >>>	Next takes you to the next tab within the sheet you are currently completing
<<< Previous	Previous takes you to the previous tab within the sheet you are currently completing
Finish	Finish submits the data you have entered and closes the sheet
Visually Enhanced Version	Visually Enhanced Version button can be used for people who are visually impaired. Note: Some navigation functionality is lost when using this mode
Scoring Guide	Scoring Guide button provides you with a guideline on scoring your assessment
Evidence Guide	Evidence Guide button provides suggestions on source documents or prior knowledge that will support your assessment
Complete Risk Assessment	Complete Risk Assessment button takes you to the Risk Assessment window
Print Assessment Results	Print Assessment Results button prints a user friendly version of the sheet displayed
Edit Assessment	Edit Assessment button enables you to access and make changes to the sheet you are working on
View Initial Instruction Page	View Initial Instruction Page takes you to the Decision Support Tool front page
View Assessment Areas Page	View Assessment Areas Page takes you to the DST_Assessment sheet
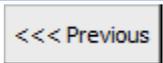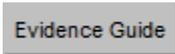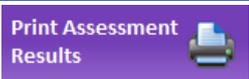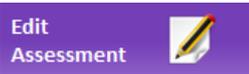
Getting started

How to access the DST

The DST can be downloaded from the Government Procurement website by clicking here. Prior to using the tool you must first save it onto your computer as a **xlsm** file. If you save it with other Excel formats it will affect the functionality.

It is also good practice to save each risk assessment as a new file prior to populating the fields in the DST. This provides you with a clean template to work with each time.

Completing a risk assessment

Steps

Follow these steps to complete a risk assessment for an NGO provider.

1. To commence a risk assessment, open the DST template document and click on the **Start Decision Tool** button in the **Decision Support Tool** sheet.
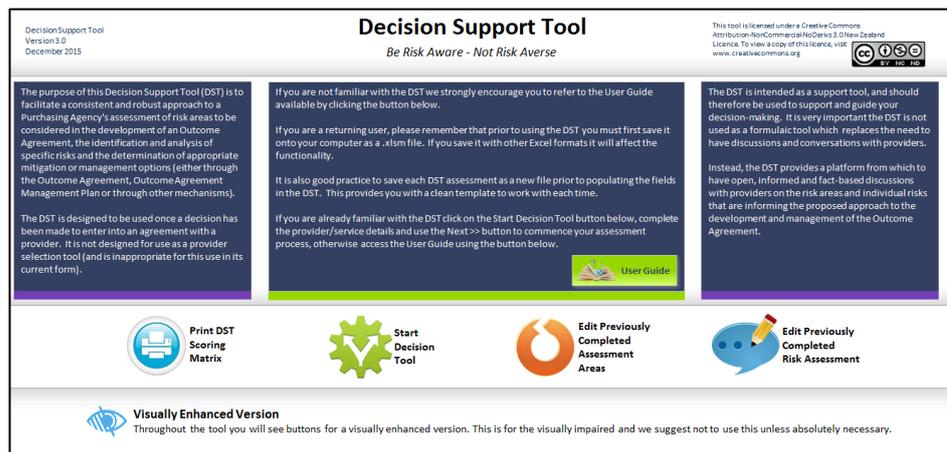
Result: The **Assessment Details** tab in the **Decision Support Tool** window is displayed.

2. Complete the following fields:

- Provider name

- Outcome agreement for

- Date of assessment

- Outcome agreement start date

- Term of agreement + renewals

- Outcome agreement value (initial term)

- Outcome agreement value (incl. renewals)

Continued on next page

Click the [Next >>>] button.

Result: The **Provider Assessment** tab of the **Decision Support Tool** window is displayed.

3.   For each provider statement select an initial assessment score and provide comments to support your score. To assist when completing click on the [Scoring Guide] and [Evidence Guide] buttons.

Click the [Next >>>] button.

Result: The **Provider Assessment Cont….** tab of the **Decision Support Tool** window is displayed.

4. For each financial and services statement select an initial assessment score and provide comments to support your score. To assist when completing click on the **Scoring Guide** and **Evidence Guide** buttons.

Click the **Finish** button.

Result: A **Microsoft Excel** dialog box is displayed.

5. Click the **OK** button.

Result: The **DST_Assessment** sheet is displayed.

6. Coloured indicators (**!** **X**) are used alongside the initial assessment scores to highlight possible (**!**) and probable (**X**) risk areas. Any assessment areas which scored 0-3 should be considered in the Risk Assessment section.

7. **Print** a copy of this sheet (**DST_Assessment** sheet) for referring to during the next step. To print click on the **Print Assessment Results** button.
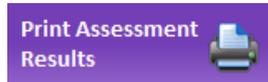
The print button automatically prints to your default printer.

8. Click the **Complete Risk Assessment** button.

Result: The **Risk Assessment - Provider Page 1** tab in the **Risk Assessment** window is displayed.

9. For each **Risk Area** complete the following:

    - **Include?** – select Yes or No from the drop-down box to specify whether this risk area is to be included in the assessment

    - **Risk Description** – type in the risk description including what might happen for that risk

        Note: The template contains example text to guide you in your structuring of the risk description. When describing a risk it is important to include the elements of **cause** (because of ….), **effect** (there is a risk that …) and **impact** (which results in ….) in your risk description

    - **Likelihood** – select the likelihood of the risk occurring from the drop-down box

    - **Impact** – select the impact of the risk from the drop-down box

    - **Risk Rating** – the risk rating (low, medium or high), is automatically calculated based on the *likelihood* and *impact* selected. Refer to the Risk Matrix Risk Matrix tab and the top of the window to see the full risk rating matrix.

    - **Mitigation/Management** in relation to the Outcome Agreement – specify the mitigation and management of the risk. These should be considered in more detail in the relevant sections of the OA, e.g. monitoring and reporting, payment preconditions, etc. A number of possible mitigations are included as a guide.

    - **Mitigation/Management** in relation to the Outcome Agreement Management Plan – specify the mitigation and management of the risk. These should be considered in more detail in the relevant sections of the OAMP, e.g. meeting agenda/frequency, communications plan, etc. A number of possible mitigations are included as a guide.

    Click the Next >>> button on completion of each risk area page.

    Result: The next **Risk Assessment** tab is displayed.

10. Repeat Step 9 for the remaining tabs.

    Note: The **Additional Risks** tab (highlighted below) enables you to add any further risks that are not covered in the predefined risk areas (e.g. intellectual property), or if you had a second risk associated with one of the predefined risk areas you would also add it here.

Click the [Finish] button.

Result: A **Microsoft Excel** dialog box is displayed.

Click the [OK] button.

Result: The **Risk_Assessment** sheet is displayed.

11. Save the Risk Assessment as a **xlsm** spreadsheet.

Printing the risk assessment

How to print the risk assessment

To print the *Assessment Areas* click on the **DST_Assessment** sheet tab and click on the **Print Assessment Results** button.

To print the *Risk Assessment* click on the **Risk_Assessment** sheet tab and click on the **Print Assessment Results** button

Print Assessment Results

The print buttons automatically print to your default printer.

If you wish to print to a PDF output, simply use the normal Excel print functions and select PDF as your printer option.

Approaches to using the DST

Using the DST as an individual

Using the DST in as an individual user would typically mean stepping through the assessment sheet, entering the information directly onto your PC.

The outputs of the assessment can then be printed as stand-alone documents or embedded into another document using standard Microsoft *copy* and *paste* commands.

Using the DST in a group setting

One of the key benefits of the DST is as a "thought alignment" tool when used with a group of agency personnel. This "thought alignment" comes from working through the assessment and risk analysis process in a structured and logical way, using objective and fact based information to form a collective view of the risks. Of course consensus cannot always be achieved, in which case suggested approaches for dealing with this scenario are at step 3 on page 12.

When using the DST with a group it is most effective when the facilitator or lead person has worked through the DST in advance and done some preliminary thinking on the assessment areas and some of the issues or views that are likely to be raised during the workshop.

Group approach guideline

The following is a suggested approach when working through the DST as a group:

1. Fill out the header information for the assessment, ensuring the remainder of the template is blank.

2. Print out the Assessment sheet and give a copy to each workshop attendee.

   Talk through the content of the header information, ensuring each attendee has a good understanding of the services, term, contract volumes and contract value.

   Note: This discussion is important because it provides the context for the assessment exercise.

3. Work through each of the assessment areas as a group, capturing comments and scores.

   Note: The facilitator's role here is to test and challenge comments, to ensure they are factual, objective and relevant. It is also important the facilitator looks to draw out comments from quieter members of the workshop. The facilitator should also test the currency of comments, e.g. are they based on a 5-year old experience or more recent experience?

   Once the discussion on each assessment area has been concluded a score can be allocated. This should be done on the master sheet held by the facilitator (either using a hard copy or, if available, a pc/laptop and data projector).

   - When initially asking for scores, use statements such as "what would be your starter score? This sends the message that the score is not a 'stake in the ground' (from which people can be reluctant to move), but just a starting position, from which movement is expected.

   - If you are not able to reach a consensus then record the majority score in the score section and note the non-consensus score in the comments section, along with the relevant supporting comment. If the scoring position is evenly split, then enter the lowest score, recognising the lower scores are a prompt for more detailed consideration of applicable risks, i.e. a low score is not in itself 'bad' or 'a problem'.

   - It is also important the word picture in the comments section aligns with the allocated score.

   Note: This step would typically take about 30 minutes to work through.

4. Identify and agree those assessment areas/scores which require more detailed analysis of risks. (This is where the data projector helps, as you can quickly key in the scores and show the graph.)

5. Using a whiteboard, workshop the risk descriptions, likelihood, consequence overall risk ratings and mitigations/management options.

   Note: The facilitator should be familiar with the range of mitigation/management options that exist, e.g. frequency of monitoring, reporting, auditing, reporting detail, payment profile, additional conditions, etc and be prepared to propose these mitigations/management options where appropriate. A library of possible mitigation and management options is on page 15.

   Remember, when looking to describe a risk you should include the three elements of ***cause***, ***effect*** and ***impact***. One simple way to do this is to write your risk descriptions as follows:

   > ***Because of ……. there is a risk that ……… which results in ……..***

6. At the end of the workshop your whiteboard output can be written into the DST for saving/printing and circulation to each attendee for their records.

Sharing your DST analysis with the NGO Provider

Why you should share the DST analysis with the NGO Provider

Once you have used the DST to lead you through the assessment of risks and intended management or mitigation options you are strongly encouraged to share the output of the DST analysis and the resulting influence on the content of the outcome agreement and outcome agreement management plan with the NGO Provider.

Sharing the output of the DST analysis will demonstrate the rigour and objectivity the agency is taking to the contracting and contract management approach being planned. It also provides the basis for a more open and informed discussion with the NGO Provider regarding the identified risks and the planned management actions or mitigations. Having these discussions and the results of them should deliver a better shared understanding of the risks and opportunities and more effective service delivery.

User Tips

Planning the Assessment process

Think about both the information you already hold and what information gaps you might have before you go into the assessment process. If there are gaps that might be relevant, for example you do not know about the financial management or financial soundness of a provider who will be undertaking a high value, high profile service, it would be desirable to collect that information before you go into the DST assessment workshop.

Use the Assessment Sheet scoring guide as a 'guide'

It is important not to over analysis the scoring process. The Assessment Sheet scoring process is designed to provide a robust, logical and defensible rationale for the identification of the specific risks you address in the Outcome Agreement and/or OAMP. It should also be an efficient process to work through. To that end don't over complicate the process by looking for exact word matches with your scenario and the scoring guide descriptors. Simply working with the three colours in the scoring guide matrix might be sufficient, for example:
- green = good – no material risk factors
- orange = possible risk factors, and
- red = risk factors present.

If you do prefer to work with the numbers then remember the difference between a 4 or 5 is not material, and similarly the difference between a 0, 1 or 2 is not material. 0, 1 or 2 all mean risk factors are present and will generate a red flag.

Bias or very strong views expressed by a group member

It is important that all participants in the DST assessment workshop have the opportunity to offer their views and observations; however it is also important that apparent bias or overly strong views by an individual group member do not negatively influence the objectiveness of the assessment process and subsequent risks that are identified. The facilitator's role is therefore very important in managing the input of individuals, including ensuring apparent bias or overly strong views are tested for objective evidence to support them. Using the comments section to record both the views and the holder of the views can also be a useful technique to help ensure objectively, particularly if the Assessment Sheet is kept as part of the formal project documentation.

In any case, if there are strong or outlier views it is much better these come out at this part of the process and any required 'alignment' conversations are held

before entering into contract.

Portfolio Approach	In some programmes there will be contracts with multiple providers for delivery of the same services, often in different geographic areas. In these cases it may be appropriate to complete the Services assessment areas just the once and then just look at the Provider and Contract Value assessment areas on a provider by provider basis. To do this, undertake the Services assessment and Services risk assessment and then save the DST with a unique file name (e.g. *Service_Y_DST_Assessment*). You can then open and save this DST file as a new name (using the standard Excel "save-as" command), e.g. *Provider_A_Service_Y_DST_Assessment*. Repeat this process for each individual provider you wish to assess. You can then open each individual provider DST file and complete the Provider and Contract Value assessment and Provider and Contract Value risk assessment, noting the Services assessment and risk assessment will already be populated.
	You may also choose to complete the Provider assessment areas for all the providers together (i.e. just complete one DST assessment for all the providers of a service). To do this, select the lowest applicable score on each of the Assessment areas and use the comments field to record the name of the provider(s) that this relates to and the relevant details. The risk assessment can be completed as per normal, noting the provider name(s) where the risk is specific to a specific provider/sub-set of providers.
Inter-relationship between Assessment Areas	When thinking about the risks that are identified following the Assessment process it is important to also think about the interrelationship between relevant assessment areas. For example, if the high contract value triggers an orange or red flag in the assessment process then, as part of thinking about the probability of a particular risk event occurring, consider the scoring of other assessment areas such as financial management of the provider, governance and financial soundness.
Copying the completed risk assessment to your own risk register	Once you have finished your risk assessment you may wish to transfer the output to your own project or contract risk register for ongoing use. To do this simply navigate to the Risk Assessment worksheet (screen shot below), select the rows or cells you require and use standard Microsoft Office copy and paste commands to copy the relevant details to your own risk register.

Library of Risk Mitigation and Management Options

This section provides a library of possible risk mitigation and management options you might choose based on different risks identified during the Assessment scoring.

Assessment Area	Possible risk mitigation and management options
Historical performance in delivery of services (not necessarily these services)	• Monitoring and Accreditation frequency and focus areas • Frequency and scope of reporting • Timing of payments (post service delivery)
Historical performance in delivery of same/similar services	• Monitoring and Accreditation frequency and focus areas • Frequency and scope of reporting • Timing of payments (post service delivery)
Trust - the provider is accountable and responsible; they demonstrate integrity and can be relied upon to do what they say they will do	• Accreditation frequency • Level and frequency of monitoring (both formal and informal) • Meeting frequency, agendas, and attendees • Request copies of internal meeting minutes • Frequency and scope of reporting • Timing of payments (post service delivery)
History of open and constructive relationship/ engagement with the Ministry or Sector (incl. relationships and networks across the sector (where relevant))	• Particular focus on the relationship management aspect of the engagement (documented in the OAMP) • Consider meeting frequency, agenda and attendees • Consider clarity of service specifications and any deliverables, including reporting • Clarity on ownership of any IP developed
Reputation of Provider - within media and broader community	• Early development of communications plans and key messages • Specific requirements relating to early notification of events that might give rise to enhanced public/ media/political interest • Frequency of service reviews
Reporting - is it meaningful, and accurate? Is it delivered on time and in the agreed format? Does the provider suggest improvements from time to time?	• Consider frequency and scope of reporting • Payment pre-conditions (reporting as a pre-condition)
Governance - capability and track record at governance, i.e. Board, level.	• Accreditation frequency • Level and frequency of monitoring (both formal and informal) • Meeting frequency, agendas, and attendees • Request copies of relevant meeting minutes
Management - capability and track record of senior leaders, i.e. chief executive and senior leadership team levels	• Monitoring and Accreditation frequency and focus areas • Add Outcome Agreement Conditions relating to provider personnel (qualifications or training, recruitment, etc)
Provider capability - capability of less senior management and personnel on the ground, amount of experience, capacity to take on more work, track record	• Monitoring and Accreditation frequency and focus areas • Add Outcome Agreement Conditions relating to provider personnel (qualifications or training, recruitment, etc) • Frequency and content of reporting
Financial management - systems and track record	• Monitoring and Accreditation frequency and focus areas • Add Outcome Agreement Conditions relating to provider personnel (qualifications or training), independent 3rd party support (e.g. expertise engaged to support development of

	appropriate systems)
Financial soundness/viability of provider	• Smaller and more frequent payments to assist with cash flow. Prompt payments e.g. 7 day terms. • Liaison with other funders to ensure awareness of the financial position and the potential impact of uncoordinated decisions relating to ongoing funding. Frequent checking of financial soundness as part of monitoring. • Request copies of financial reports • Development of a 'Plan B' and service transition plan should the provider not be able to continue providing the services.
Consortium/collective - history of successfully working together (if applicable)	• Consider evidence of clarity of roles and responsibilities. Consider evidence of process and structure for effective working together. • Monitoring and Accreditation frequency and focus areas

Value of the contract	• Monitoring and Accreditation frequency and focus areas:
	   – Financial soundness
	   – Financial management systems and track record
	   – Key personnel
	
	• Timeliness of payments by funder (increased risk to financial soundness from slow payment)

Complexity of Services and strategic importance to agency	• More detailed service specification • Frequency of monitoring and reporting • Frequency of service reviews
Are the services new or standard and are there implementation challenges - is this something that has been done before and can be replicated in this environment with little risk?	• More detailed service specification • Require more detailed implementation / transition plans • Frequency of monitoring and reporting
Client Vulnerability	• Monitoring and Accreditation frequency and focus areas • Outcome Agreement Conditions relating to level of Accreditation to be held
Public/media/political interest in service	• Development of communications plans and key messages with the provider • Specific requirements relating to early notification of events that might give rise to enhanced public/ media/political interest • Frequency of service reviews