Contract Performance Management Framework

# Purpose

The Contract Performance Management Framework (CPMF) provides a consistent approach, methodology and tools to support contract management.

The CPMF describes how the Department for Child Protection (DCP) will monitor, evaluate and reconcile the delivery of services as described in the contract between DCP and the service provider.

This approach will streamline reporting requirements for DCP’s contracted service providers and apply a consistent performance measurement and monitoring response across all DCP service contracts.

The CPMF will provide a methodical and evidence based approach to ensure:

* The contractual relationship between DCP and service providers is managed equitably, transparently and accountably by DCP
* A shared understanding of the obligations of both DCP and contracted service providers
* A shared understanding of roles, responsibilities and accountabilities of both DCP and contracted service providers
* Establishment of a rule based approach to performance measurement, monitoring and reporting. Early identification of both DCP and service provider non-performance and implementation of intervention strategies to restore performance
* Improved collaboration between DCP and service providers in the delivery of safe quality care to the children and young people in the Chief Executive’s custody or guardianship
* DCP service delivery contracts align to client, community and stakeholder expectations

# Scope

The CPMF applies to all non-government service providers that deliver services on behalf of DCP, as agreed through a formal procurement contracting process.

# Authority

## Legislative context

Not Applicable.

## Whole of Government requirements

* [South Australian Contract Management Policy](https://www.procurement.sa.gov.au/documents/Contract-Management-Policy.pdf)
* [Government of South Australia, Adequate Records Management Standards](https://archives.sa.gov.au/sites/default/files/documentstore/policies-guidelines/Standard/20131106_adequate_records_management_-_introduction_to_the_standard_final_v1_copy.pdf)

## DCP requirements

* DCP Strategic Plan
* [Contract Management Framework](https://www.childprotection.sa.gov.au/__data/assets/pdf_file/0005/107654/contract-management-framework.pdf)
* [Performance Measurement Specification](https://www.childprotection.sa.gov.au/service-providers/service-provision-requirements/contract-performance-management)
* Procurement Governance Policy
* Risk Management Framework

## Principles

* DCP and Service Providers will work together to support the delivery of safe quality care to children and young people in the Chief Executive’s custody or guardianship.
* The roles and responsibilities of DCP and service providers in delivering services through a contractual arrangement are clear and understood by all.
* Collaborative working relationships between DCP and service providers will be achieved through the use of open constructive communication and feedback.
* Clear systems and structures to support contract performance reporting, monitoring and management including management of non-performance.
* Performance issues and treatments are based on evidence and managed proportionate to the level of risk to clients and service delivery, DCP and or the service provider.
* Performance concerns are identified early, issues discussed and treatments put in place in a timely manner to prevent deterioration.
* Clear setting of performance and non-performance criteria, actioned by clearly documented processes to respond.
* Performance expectations are clear, transparent and applied consistently and equitably.

# Framework requirements

## Performance criteria

### Service specifications and service provision requirements

The executed agreement outlines the service specifications and service provision requirements to be provided by the service provider. This may include hyperlinks to web based contract content.

The service specifications set out the program requirements as to how services must be delivered by contracted service providers. These are the requirements necessary to ensure quality safe care is provided to children and young people under the guardianship or custody of the DCP Chief Executive or other order of authority.

The service provision requirements provide sources of reference as to how an element of a service should be delivered to ensure quality safe care is provided to the child or young person. They describe legislative or statutory requirements, best practice standards, or points of reference that provide guidance for service delivery.

### Performance measures

Performance measures may be outlined within the executed agreement, contract management plan, and/or the performance measurement specification. Performance measures are quantitative or qualitative measurements that help determine the extent to which contractual outcomes, outputs, quality of service, and compliance with legislative requirements have been achieved.

The performance measures ensure all parties use the same criteria to evaluate the service delivery, quality, and safety and provide a shared understanding of minimum levels of service delivery and performance required throughout the term of service.

Performance is measured over the life of a service agreement through the use of Key Performance Indicators (KPIs) which outline the measurable quality, the performance target, and performance thresholds.

Performance measures will be grouped into four performance domains:

1. Service delivery
2. Quality of service
3. Financial Viability
4. Compliance

### Performance targets and thresholds

KPIs will be grouped into Tier 1 and Tier 2 indicators.

Performance against Tier 1 KPIs will initiate intervention triggers known as performance management responses. Performance targets and thresholds will be allocated to each Tier 1 indicator as appropriate to reflect DCP’s performance expectations.

Tier 2 KPIs will be used as supporting evidence to assist in providing context to Tier 1 measures within the performance domain to assist the service provider to improve the provision of safe quality delivery of service to children and young people.

## Performance management response

Each Tier 1 KPI will be measured against the performance target and thresholds. Each performance threshold will initiate a performance response as outlined below.

| **Threshold trigger** | **Performance Level** | **Performance management response** |
| --- | --- | --- |
| Performance equal to or above expectations or targets. | Performance level 1:  Performing | Standard contract performance management monitoring continues.  Growth payments may be enacted for family based care agreements. |
| Performance under expectations or targets. | Performance level 2:  Under performing | Discussion of under performance at contract management meetings.  Issue tasks and treatments may be required as determined by the DCP contract owner after a review of the performance risk and any other factors. This will include timeframes for performance improvement. May involve enacting abatement if deemed appropriate by the DCP contract owner. |
| Performance well under expectations or targets. | Performance level 3:  Non-performing | Discussion of non-performance at contract management meetings.  Issue tasks and treatments may be required as determined by the DCP contract owner after a review of the performance risk and any other factors.  Performance recovery plan may be required as determined by the DCP contract owner after a review of the issue tasks and treatments and will be approved by the Chief Financial Officer (CFO). This will include timeframes for performance improvement and plans for performance management meetings if required.  May involve enacting abatement if deemed appropriate by the DCP contract owner. |
| Performance not improving within the timeframes set out in performance recovery plan. | Performance level 4:  Sustained non-performance | DCP contract owner will brief the CFO on all performance level 4 risks.  Performance management meeting will be held with the CFO in attendance.  CFO will review whether contract variation or contract termination is required in line with agreement terms and conditions and brief the DCP Chief Executive as required.  A breach notice may be administered to the service provider advising they are in breach of contractual obligations; and/or has failed to take action to remedy the breach as directed. |

### Changing a performance level

The DCP contract owner or CFO may at their discretion change a performance level after a review of the performance risk and any other factors that may have led to that outcome. Where a performance level has been changed, this will be recorded within the KPI record and the revised performance level and performance management response will apply.

### Performance recovery plan

Performance recovery plans are to include clear remedial treatments and tasks, set timeframes, and accountability for resolving performance concerns. Performance recovery plans will be monitored by the DCP contract manager and contract owner to ensure all actions and timeframes are met through to successful completion.

**Performance recovery plan** is developed in response to a high /extreme performance risk. Performance recovery plans are developed by the DCP contract owner in consultation with the senior management from the service provider agency and are approved by the DCP Chief Financial Officer.

## Performance monitoring

Service providers are required to provide performance data monthly, quarterly and annually to demonstrate performance against agreed measurements, targets and/or benchmarks. Service providers are responsible for the correction of any identified data errors and for notifying their contract manager of any non-compliance with the requirements of their contract outside of the regular data collection and assessment period.

Performance reporting frequency and responsibilities for each measure are specified within the executed Agreement, the contract management plan, or Performance Measurement Specification.

The Contract Management and Licensing System (CMLS) will be the primary collection point for reporting of performance data.

### Contract management meetings

The DCP contract management meeting is held quarterly following the quarterly report submissions. This meeting is the key reporting, monitoring, management, and decision-making forum for all contract related business including service provider performance against contracted obligations and agreed outcomes.

The contract management meeting may include the development of performance recovery plans as determined by the DCP contract owner. The plans will develop clear remedial actions and set timeframes for resolving performance concerns or issues and for monitoring implementation of actions and assessing performance improvement.

Additional performance management meetings may be scheduled if identified as part of a performance recovery plan.

The DCP contract owner may identify the requirement for additional meeting attendees from both DCP and the service provider organisation.

### Record keeping

All records created during the performance management process will be retained by DCP during the life of the contract.

Documents created and all related communications between contract managers and service providers will be recorded and securely stored in accordance with [Government of South Australia, Adequate Records Management Standard](https://www.archives.sa.gov.au/sites/default/files/20131218%20Adequate%20Records%20Management%20Final%20V3_Copy.pdf).

### Dispute resolution

A service provider may at any time exercise its right to resolve a performance related matter through the dispute resolution process as defined in the DCP Contract Management Framework.

# Compliance, monitoring and evaluation

As part of the Policy Governance Framework, this document will be reviewed and updated by Finance and Corporate Services in accordance with the review date shown at ‘Document Control’.

# Related documents

|  |
| --- |
| Related documents, forms and templates |
| [CMLS Guide: Issue Management](https://www.childprotection.sa.gov.au/documents/user-guide/cmls/cmls-guide-issue-management.pdf) |
| [CMLS Guide: Performance Management Reporting](https://www.childprotection.sa.gov.au/documents/user-guide/cmls/cmls-guide-performance-management-reporting.pdf) |

# Roles and responsibilities

| Role | Authority/responsibility for |
| --- | --- |
| DCP Chief Executive (CE) | The quality of care and services delivered to children and young people.  Ensuring DCP complies with the South Australian Funding Policy for the Not for Profit Sector and the South Australian Not-for-Profit Funding Rules and Guidelines (SANFRAG).  Approving contract termination requests by the DCP Chief Financial Officer, when evidence is provided that the service provider has breached contract conditions and DCP is at extreme risk. |
| DCP Chief Financial Officer (CFO) | Participating in contract management and performance meetings (as required).  Approve all performance recovery plans.  Administer breach notices to service providers.  Brief the DCP Chief Executive when a service provider breaches its contractual obligations and request approval for contract variation or contract termination.  Administering contract variation and contract termination (breach) of contract. |
| DCP Contract Owner | Reporting on the provision of services delivered by contracted service providers, to the DCP Chief Financial Officer. Achieved through the effective management of contract management systems and responses implemented by DCP. Including execution and ongoing development of the organisation’s contract performance management framework, associated tools, systems, procedures and guidelines.  Approve performance notifications to service providers.  Undertake risk reviews to identify if performance recovery plans are required.  Review performance risks and associated factors that may have led to underperforming or non-performing levels.  Reduce performance levels where indicated by risk review.  Oversee the development of issue tasks and treatments.  Identify the requirement for additional support at contract management and performance meetings.  Support the development of performance recovery plans.  Submit breach of contract requests to DCP Chief Financial Officer.  Coordinate information to DCP Chief Executive on behalf of the DCP Chief Financial Officer.  Manage service breach notifications to service providers. |
| DCP Contract Manager | Monitoring and reporting on the provision of services delivered by contracted service providers, to the DCP Chief Financial Officer via the Manager Service Contracts and Licensing.  Coordinating and participating in all contract performance meetings.  Work with service providers to remediate performance concerns or issues.  Coordinate the development and registration of performance recovery plans on the Contract Management and Licensing System (CMLS).  Coordinate breach notification to service providers. |
| Service providers | Participate in the delivery of all DCP contract performance management framework elements as per contract conditions. |

# Glossary

| Term | Meaning |
| --- | --- |
| Abatement | The process of reducing funding in the event of underperformance. |
| Breach notice | Official DCP correspondence to service provider’s Chief Executive Officer, advising breach of contractual obligations; and/or failure to take action to remedy the breach as directed. DCP intent to undertake a contract variation or contract termination. |
| CMLS | Contract Management and Licensing System – DCP owned system used for management of all contracts with service providers. |
| DCP | Department for Child Protection . |
| Issues treatments and tasks | Clear remedial treatments and tasks with set timeframes, that are aligned to a specific performance level issue within CMLS. |
| Performance level | Response level to performance achieved against agreed performance measures and includes a structured monitoring, reporting and improvement process. |
| Performance management | Performance management refers to the process of ensuring both parties to a contract meet their obligations as effectively as possible in order to achieve agreed outcomes. |
| Performance measure | Quantitative or qualitative measurements that help determine the extent to which agreed contractual outcomes, outputs, quality of service and compliance with legislative requirements have been achieved. |
| Performance recovery plan | A documented plan with clear remedial treatments and tasks, set timeframes and accountability for resolving significant performance concerns. |
| Performance target | Agreed level of performance to meet the Department for Child Protection’s performance expectations as set out in the contract. |
| Performance threshold | Defined upper and lower limits of desired performance around a target value. |
| Qualitative measures | Performance measurement objective that has a ‘descriptive’ characteristic. For example: Measuring customer satisfaction through surveys where the measures are based on subjective interpretation of opinion. |
| Quantitative measures | Performance measurement objective or goal with a measurable characteristic usually representative of a numeric value. |
| Service provider | Organisations funded by the Department for Child Protection through a service contract. Can be referred to as a supplier of services. |

# Document control

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Reference No./ File No. | |  | | |
| Document Owner | | | Lead Writer (name, position) | |
| Directorate/Unit: Finance and Corporate Services | | | Jessica Brodie, Senior Project Officer, Business Improvement | |
| Accountable Director: Joanne Male | | |
| Commencement date |  | | Review date | 3 years from commencement date |
| Risk rating  [**Risk Assessment Matrix**](http://dcpintranet.adds.cp.sa.gov.au/files/FactSheets/risk-assessment-criteria-matrix.pdf) | Consequence Rating | | Likelihood | Risk Rating |
| Moderate | | Possible | Moderate |

| REVISION RECORD | | |
| --- | --- | --- |
| Approval Date | Version | Revision description |
| September 2019 | 2.0 | Revision |
| 13 March 2019 | 1.0 | New document |