

Fully costing sustainable human service delivery

The Procurement ACT guidance material on Value for Money states:

“...pursuing value for money goes beyond financial considerations. Territory entities must consider ethical, environmental, economic, and social factors which can be achieved through a procurement...”

...Are there broader social or economic benefits to the supplier’s offers? (e.g., does the procurement offer opportunities to meet the Procurement Values such as employment or economic opportunities for marginalised or disadvantaged groups or incorporate sustainable environmental practices?)” (pp3-4 [Procurement-Better-Practice-Guide-Value-for-Money-Considerations.pdf](#)).

The ACT Government announced in February 2023 in principle support for these recommendations for improving the funding relationships between ACT Government and NGOs delivering human services:

Counting the Costs Report Recommendation 2: Review ACT funding streams to ensure full cost coverage

Adjusting the indexation formula will not rectify the gaps which are ‘baked into’ existing funding levels. Without boosting funding levels, under-resourcing will be perpetuated. Funding and contract duration should be sufficient to cover costs of:

- qualified staff recruited and retained at classification levels suited to job tasks
- professional development, supervision and other supports which develop quality and enable career progression
- reporting; administration; technology; innovation, planning and service improvement; auditing, legal and other necessary business activities, and infrastructure
- co-design and involving people with lived experience
- advocacy, consultation, and policy input
- evaluation.

(p.11 [ACT Government Response to the Counting the Costs report](#))

Information provided here provides guidance on factors relevant to incorporating full cost recovery into planning procurement of human services.

To ensure full cost coverage is incorporated into funding proposals evaluation teams should assess whether the proposal includes sufficient funding for sustainable delivery of services in the short-term, medium-term and long-term¹:

SHORT-TERM	MEDIUM-TERM	LONG-TERM
Able to operate as an entity throughout the entire funding period, be compliant with all legislative and regulatory requirements and maintain solvency	Able to continue to provide services that meet the quality, quality, availability and accountability requirements of the Program throughout the entire funding period	Able to replace assets and invest in organisation development to meet changing circumstances, ensure entity continues to be fit-for-purpose in the ACT context and to contribute to ongoing development of the human services system in the ACT

Funding proposals from community organisations should include allocations to the essential functions listed below and explained in more detail at Attachment A:

- Services/activities delivery
- Quality control and evaluation, including internal processes and systems and external accreditation
- Service improvement including systemic reform, improving equity of outcomes, contributing to policy reform, sector development and service model evolution
- Visibility and Communication
- Reporting and Evaluation
- Human Resources
- Technology, including hardware, software and capability
- Infrastructure, including facilities and transport
- Procurement
- Legal services
- Business development
- Auditing
- Governance, including Risk Management

¹ Based on material in: uwa.edu.au/schools/-/media/Not-for-profits-UWA/NFP-Finances/2020-CBA-Not-for-Profit-Balance-Sheet.pdf

Different human services provided in different contexts and with varying objectives require different combinations of functions and will have a different mix of costs to recover. Funders should not specify what proportion of the budget should be allocated to any specific function because the level of cost associated with each of the components and stages of services/activities delivery will differ depending on:

- The type of service being delivered
- Whether the funding program is new, evolving or continuing
- Complexity of the services/activities
- Regulatory and legislative requirements and compliance processes

The list of necessary functions should also not be used as an audit tool, it is a planning and education tool to inform both NGOs and Government ahead of human services investment activities including when developing proposals inside ACT Government, when seeking proposals from NGOs and when jointly negotiating funding arrangements.

Assessing the value for money in allocation of funds should include consideration of:

- Workforce recruitment, retention and development
- Regulatory compliance requirements
- Benchmarking advice provided to the ACT Government in 2025 by the University of Western Australia Centre for Public Value

HUMAN SERVICES FUNCTIONS – delivery of services/activities and governance of organisation	USUAL COSTS TO DELIVER THESE FUNCTIONS
Services/activities delivery	<ul style="list-style-type: none"> • Designing, planning, implementing, controlling, adjusting and monitoring the specific activities required to deliver the services/activities in safe and inclusive way, in line with community need and evidence of good practice • Staffing (paid and volunteer) to implement the services/activities • Staffing to oversee the services/activities and its operations and activities • Maintaining services/activities records • Supporting partners and monitoring their activities in relation to the services/activities
Quality control and evaluation	<ul style="list-style-type: none"> • Management and clinical supervision of the staff (paid and voluntary) implementing the services/activities • Staffing and ICT infrastructure to oversee and implement program policies and quality control activities • Evaluating the outcomes achieved by the services/activities • Building the evidence base that informs service delivery • Accreditation against standards (staffing, fees to accrediting entity, ICT infrastructure)
Service improvement, including systemic reform and improving equity of outcomes	<ul style="list-style-type: none"> • Developing and maintaining (or sourcing) staffing capacity to ensure cultural, disability, gender diversity and intersectional competency • Participating in research and evaluation in subsector and/or broader human service ecosystem • Participating in Human Services Commissioning Cycle • Contributing to development of Human Services Policy and Program outcomes frameworks • Contributing to Human Services Policy and Program data governance policy and procedures
Visibility and Communication	<ul style="list-style-type: none"> • Communicating and publicising the services/activities as appropriate • Reporting on the activities and achievements of the services/activities • Communicating and promoting the organisation and its services to stakeholders including potential and existing clients, potential and existing donors/funders, other potential and existing partners, allies, or stakeholders
Reporting	<ul style="list-style-type: none"> • Maintaining the plans, master budgets, and forecasts that enable delivery of specific services/activities • Maintaining the services/activities financial records • Monitoring services/activities partner finances • Preparing services/activities financial reports • Managing the grant(s) and other funding including: Administering and overseeing the services/activities finances, processing services/activities income, making services/activities payments, and reconciling services/activities accounts • Collecting performance and other data on the services/activities and governance of the organisation • Establish, maintain and renew ICT systems and staff capability to produce reports to meet legislative, regulatory, quality and funding requirements

HUMAN SERVICES FUNCTIONS – delivery of services/activities and governance of organisation	USUAL COSTS TO DELIVER THESE FUNCTIONS
Human Resources	<ul style="list-style-type: none"> • Planning, delivery and evaluation of human resource management and development in the organisation • Recruitment, onboarding, retention and development of appropriately skilled and qualified staff who are responsible for delivery of services/activities and governance of the organisation • Recruitment, onboarding, supervision and retention of Volunteers for services/activities and governance functions • Paying staff salaries, expenses and related costs for services/activities and governance functions • Reimbursing volunteers for costs associated with their volunteering
Technology	<ul style="list-style-type: none"> • Establishing, maintaining and upgrading IT systems and databases for the services/activities • Developing and maintaining (or sourcing) ICT capacity to build the evidence base for service delivery models • Establishing, maintaining and upgrading IT systems and databases for the governance of the organisation: record keeping; compliance monitoring; reporting to funders, regulators and the public • Establishing, maintaining and upgrading IT systems to meet cyber security obligations
Infrastructure – facilities and transport	<ul style="list-style-type: none"> • Procuring, monitoring, insuring, cleaning, ensuring security and maintaining facilities to accommodate delivery of services/activities and governing functions • Procuring, monitoring, insuring and maintaining any vehicles required for services/activities • Transporting goods, supplies, staff and service recipients • Storing and maintaining services/activities vehicles, equipment, goods, consumables and other supplies
Procurement	<ul style="list-style-type: none"> • Procuring goods and services required for the services/activities and governance of the organisation • Managing supplier arrangements and reporting on all goods and services procured • Purchasing equipment • Booking accommodation, venues, and catering
Legal	<ul style="list-style-type: none"> • Legal advice and services relevant to service/activity delivery and governance of the organisation • Governing and managing the agency and ensuring that it is appropriately directed and well controlled in accordance with all applicable laws, regulations, quality and funding requirements
Business Development	<ul style="list-style-type: none"> • Developing and maintaining (or sourcing externally) that capability and capacity to build the evidence base for service delivery models and achievements including: research and evaluation; outcomes frameworks; data governance, collection, systems, sharing, analysis, security; and communication of impact • Attracting funding to the organisation to deliver services and support in the community through fundraising, promotions, campaigns, preparing funding proposals, sponsorships, events

HUMAN SERVICES FUNCTIONS – delivery of services/activities and governance of organisation	USUAL COSTS TO DELIVER THESE FUNCTIONS
Auditing	<ul style="list-style-type: none"> • Auditing operations, finances and financial systems (both internal and external) • Auditing the services/activities operations, finance and financial systems (both internal and external audit) • Monitoring and auditing services/activities partner finances
Governance, including Risk Management	<ul style="list-style-type: none"> • Operating a governing body (eg a Board or Executive Committee) and servicing this body to fulfill its duties • Ensuring that the NGO can operate legally in the jurisdiction and that it complies with all relevant laws, regulations and jurisdiction specific requirements • Maintaining and applying the organisational frameworks and policies required to enable the agency to operate in the service ecosystem, including but not limited to: risk management policy and framework, the procurement policy, the financial control policies and frameworks, the employment policies, the due diligence framework, other necessary compliance policies, the quality control policies and frameworks • Developing and maintaining the global systems required to ensure the effective and efficient delivery of the agency’s functions e.g. the underlying organisation communications network, security and communications platforms • Establishing and maintaining the finance, procurement, payroll and administration policies, systems, controls and staff capabilities that enable delivery of the services/activities and governance of the organisation • Developing and maintaining the agency’s strategies, plans, financial models, master budgets, forecasting and reporting frameworks • Maintaining the plans, budgets and forecasts for individual services/activities • Ensuring the services/activities comply with specific legal requirements relevant to its activities • Ensuring that the services/activities comply with all funder requirements • Insuring the services/activities and the entity