

THE NDIS PROVIDER TOOLKIT

A self-assessment of organisational capability to operate under the National Disability Insurance Scheme





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ndis National Disability
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The Sector Development Fund (SDF) was established by the Australian Government and is administered by the National Disability Insurance Agency to assist the disability services sector (including people with disability, their families and carers) to transition to the new NDIS arrangements.

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INTRODUCTION

The Australian disability sector is experiencing the most significant reforms in its history. Gradual state and territory shifts towards individualised funding and support models for people with disability have been accelerated by the introduction of the National Disability Insurance Scheme (NDIS) and actions documented in the National Disability Strategy 2010-2020.

The NDIS will give people with a disability greater control and choice over the services they receive. It will also fundamentally change the way disability care and support is provided in Australia, leading to substantial growth, restructuring and transformation. To facilitate the formation of a well-designed scheme, the NDIS is being rolled out in stages. Full scheme roll out is scheduled from July 2016.

National Disability Services (NDS) is helping disability service providers develop the organisational capability to operate in an NDIS environment. The Provider Toolkit (the Toolkit) has been developed to support organisations intending to become a registered service provider of the NDIS.

The Toolkit puts the various implications of the NDIS reform into a business excellence framework. This framework is structured around seven business domains that we encourage you to use in your approach to positioning your organisation for the NDIS.

You might find the domains useful in board or staff meetings, and especially as an introduction to completing the self-assessment tool.

DOMAIN	QUESTION
Strategy	How does our strategy allow us to be agile, flexible and responsive to the changes in our sector?
Corporate governance	Do our decision-making processes allow us to effectively manage the key risks, challenges and opportunities facing our business?
Clients and market focus	How will we differentiate ourselves to retain and attract clients in an increasingly competitive market?
Financial sustainability	What impact will individualised funding have on our business and the way our services are costed, priced and funded? What changes do we need to make?
People and capability	How will we attract, recruit and retain staff with the right values, skills and capabilities to support the changing needs of our clients and our business?
Information and knowledge management	Do we have the right information systems in place to respond to the reforms? How will our systems support the necessary changes to our business, clients, operations and finances over the next decade?
Safeguarding, quality management and improvement	How do our systems, processes and people help us to maintain and improve our safety, quality and performance? How will we know when we are doing well, or at risk?

THE TOOLKIT

The first version of the Toolkit was launched during 2013 to assist providers entering the first NDIS trial sites. The current version has been updated to ensure it remains responsive to business practices that have been identified as being important since the introduction of the NDIS.

The Toolkit is geared to organisations whose primary business is disability (including psychosocial disability), but is also applicable to multi-service providers. It has been developed with the needs of small to medium sized providers in mind, but many of the practices are universal and relevant to organisations of all sizes.

The Toolkit assumes that organisations have a moderate level of knowledge of management practices. A glossary is provided, however, jargon has been avoided as much as possible.

THE TOOLKIT

WHAT IS IN THE TOOLKIT

The time you need to complete the two components of the Toolkit will vary depending on your organisation's size and any prior planning already undertaken.

TOOLKIT COMPONENT	WHAT IS IT?	HOW LONG WILL IT TAKE TO COMPLETE?
The Self-Assessment Tool	A core component of the Toolkit, this allows you to assess and rate your organisation's current state of transition toward the NDIS and plan for where it needs to be.	The self-assessment will take one person between one and four hours to complete, depending on the complexity of your service and your existing level of preparedness. If the Tool is completed as a group (preferable), allocate between three and six hours.
The Key Financial Ratios Tool	These ratios will give you an insight into your organisation's current disability revenue concentration, liquidity, debt and sustainability.	Completing these ratios should take one person no more than thirty minutes. Depending on your results, group discussion of the implications of your results could take an hour or more.

HOW DO I ACCESS THE TOOLKIT?

The Toolkit can be accessed at www.readiness.nds.org.au

WHY IS THE TOOLKIT ONLINE?

Completing the Toolkit online will allow you to automatically generate:

- A gap analysis that measures the distance between your current practice and the state of practice you think your organisation will need to operate under the NDIS;
- A benchmark report that allows providers to periodically compare their state of NDIS transition to the average result for all others that respond, and filter by state, turnover, region, service type and client type;
- Key financial ratios with accompanying commentary on how to interpret them; and
- A development plan that captures the organisational priorities you have identified for action, timelines and who is responsible.

THE KEY FINANCIAL RATIO TOOL

HOW IT WORKS

Financial ratios are commonly used by organisations to assess performance and identify where the business is underperforming.

Monitoring figures closely allows the organisation to maximise efficiency and minimise waste, which will help during transition to the NDIS.

Financial risk for organisations is increased under the NDIS because most organisations will move from block funding paid in advance to individual payments made in arrears. In this context it is critical to monitor and manage activity levels and cash flow. Further, where block payments end, your organisation will no longer earn interest from investing payments made in advance.

The Toolkit uses high level ratios that can be calculated from the annual reports of most organisations.

The table on the next page describes the ratios and what they measure.

RATIO	WHAT THIS RATIO EXPLAINS
Revenue concentration	This ratio identifies the percentage of your income which comes from disability service provision. The higher the percentage, the greater the potential impact the NDIS could have on your organisation. A diversity of major revenue sources is sometimes considered to be more desirable. However, this depends on your organisational strategy.
Liquidity ratio: month of spending	This ratio establishes the number of months of cash available to cover expenditure. This may indicate whether your organisation can make the transition from payments in advance to payments in arrears. As a rule of thumb, 3 months or more of spending is recommended.
Liquidity ratio: current	This ratio measures your organisation's ability to meet its financial commitments in the next 12 months. A ratio of less than 1.5 is concerning, while a ratio of less than 1 indicates that your organisation should seek accounting and legal advice as it is possibly trading while insolvent. A very high current ratio might indicate opportunities for the more effective use of cash funds. This is because you might have more money in operating accounts than you need.
Debt ratio: debt to total assets	This ratio measures the extent to which assets are funded by debt. The preferred result is low, towards 0.00. Higher ratios may indicate an organisation's inability to service its debts.
Sustainability ratio: surplus margin (profit margin)	This ratio explains the rate at which your organisation currently builds reserves from revenue. These reserves can be used for working capital, for future service delivery, for investment in the organisation's infrastructure or for investment in revenue-generating activities. The preferred result for both periods is a positive figure. An organisation which regularly has negative returns will not be viable in the longer term. Boards and management teams might establish a target level of surplus (profit) margin.
Sustainability ratio: return on assets	This ratio is an indicator of the organisation's effectiveness in managing its assets to generate a surplus (or profit). It is an indicator of efficiency. The preferred result is higher than the annual rate of inflation.

THE SELF-ASSESSMENT TOOL

HOW TO USE THE RATING SCALE

The self-assessment tool is based on the principle of organisational maturity, which is the degree to which business practices in your organisation are fully optimised.

You can rate your organisation's state of maturity on a scale of 1 to 5. This involves thinking across practices at two levels: 'essential' and 'advanced'.

To calculate your rating for each issue, read the 'essential practices' for being effective under the NDIS:

- If your organisation has none of the essential practices in place, rate your organisation at 1.
- If you have some of the essential practices, rate your organisation at 2.
- If you have all the essential practices, your organisation is rated at least 3.

Once you have all the essential practices in place, you can check if you have any of the advanced practices.

- If you have all of the essential practices but none of the advanced practices, rate your organisation at 3.
- If you have all of the essential practices and a minority of the advanced practices, rate your organisation at 4.
- If you have all of the essential practices and most of the advanced practices, rate your organisation at 5.

When using the rating scale, it is important to be honest in assessing your organisation's readiness. All of the essential practices are required to achieve a rating of 3, so do not overlook any of them as they may affect your capacity to exercise the advanced practices.

OPTIONS FOR CONDUCTING THE SELF-ASSESSMENT

It is up to your organisation how it completes the self-assessment. Generally, the more people you involve in the discussion, the greater the benefit to your organisation.

If your organisation is just beginning its transition to the NDIS, we recommend that you don't complete the self-assessment in one sitting, but work on it over two or three sessions. In micro and small organisations, sometimes it is only the manager and a few board members who will be in a position to complete the self-assessment.

STRATEGY

STRATEGY AND STRATEGIC PLANNING PROCESSES

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The strategic planning process is led by organisational leaders including board, and staff have input
- Vision is clearly aligned to the changing disability services environment and values are aligned to NDIS principles
- Strategy is informed by what the organisation is known for, its strengths and points of difference from other providers
- Strategic planning integrates vision, mission, values, goals and strategies, and is reflected in organisational practice
- Planning processes allow the organisation to respond quickly to new opportunities and risks
- Currently unsustainable services have been evaluated with improvement or exit plans in place

Advanced practices

- Strategic planning is guided by an awareness of the significant expansion of disability services and opportunity to take on a larger portion of addressable need
- Strategic plan priorities have been clearly communicated and are well understood by employees (and volunteers) throughout the organisation
- Scenario modelling is used to inform strategy (e.g. what if our number of clients for this line of service halved or what if our number of clients for another line of service doubled?)
- Target markets are well defined and analysed, and potential partners and competitors have been evaluated

BUSINESS PLANNING PROCESSES

In smaller organisations, strategic and business planning processes might be integrated. Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Business plans are aligned with the strategic plan and budget
- Business plans cover finances, human resources, marketing, communications, ICT, asset management, and risk management
- Business plans identify services and products in line with market opportunities and consumer needs and preferences
- Business plans involve relevant staff across all levels of the organisation
- Business plans include goals that are specific, measurable, assignable, realistic, and time-related

Advanced practices

- Business planning includes scoping of opportunities that respond to identified gaps in supports that people are seeking
- Business processes, from initial contact with prospective clients to service-delivery execution, have been mapped, designed and implemented
- Business plan performance indicators are in place and agreed to by the board and management and reviewed regularly
- Project management methods, including risk management, are used for major projects
- Asset replacement schedules are developed and implemented

IMPLEMENTATION OF STRATEGIC AND BUSINESS PLANS

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- There is clear allocation of responsibility for implementing plans
- Targets and timeframes are set
- Plans are used for budget and resource allocation
- Plans are used to structure management reporting processes
- Progress against plans is regularly reviewed at management and board levels
- Adjustments are made to plans following reviews

Advanced practices

- Scorecard-type tools or systems are in place
- Achievements against plans are recognised and communicated
- Plans are used as the basis for individual employees' performance goals

CORPORATE GOVERNANCE

CONSTITUTION

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The constitution is relevant and responsive to the organisation's purpose and needs
- The constitution complies with legislative requirements in the Corporations Act, ACNC Act (if a charity) and any other relevant legislation
- The constitution has been reviewed and, if needed, updated to ensure that it suits the new operating environment and is consistent with the organisation's strategy

Advanced practices

- The constitution contains contemporary language
- The rules of the constitution facilitate greater organisational transparency

ROLES AND RESPONSIBILITIES

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The responsibilities of board members are clear in relation to accountability, strategy, resourcing, advocacy and monitoring
- The particular roles of board members and the roles of staff, volunteers and members are well understood
- The particular roles of board members and the roles of staff, volunteers and members have been updated to reflect the changes in the operating environment
- Principles of corporate governance are applied¹ in establishing roles and responsibilities
- Delegations balance the need for agility and effective risk management

Advanced practices

- Roles, responsibilities and delegations are made clear, including for frontline staff, support person-centred, customer-oriented and outcomes-based practice²
- Directors work actively with the CEO to position the organisation for the NDIS environment
- Roles with responsibility for managing the transition to the NDIS have been identified and are clearly designated

¹ For example, the ACNC's Guide for Charity Board Members available at http://acnc.gov.au/ACNC/Edu/Tools/GFG/GFG_Intro.aspx and Corporate Governance Principles and Recommendations 3rd Edition (2014)

² For example, the tools discussed in: Stirk, Stephen and Sanderson, Helen. 2012. *Creating person-centred organisations: Strategies and tools for managing change in health, social care and voluntary sector*. Jessica Kingsley Publishers: London.

CLIENT AND STAKEHOLDER CONSULTATION AND FEEDBACK

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The organisation has a good understanding of the customer experience
- The organisation actively seeks clients' input in developing and reviewing services³
- Client engagement methods are responsive to diverse client needs, and support meaningful participation (for example, use of alternative and augmented communication tools where required)
- A complaint and incident management procedure is promoted, well understood and effectively utilised by clients and staff
- Complaints and incidents are reviewed and acted upon

Advanced practices

- Clients and their families are engaged through a board advisory committee or other formal mechanism
- Feedback is used to gain an understanding of other supports people are seeking which may inform business planning around identified gaps
- Clients participate in meaningful roles in the organisation, including paid roles
- Incident management software systems are in use to collect, store and analyse trends for continuous improvement

³ For example, through use of tools discussed in: Stirk, Stephen and Sanderson, Helen. 2012. Creating person-centred organisations: Strategies and tools for managing change in health, social care and voluntary sector. Jessica Kingsley Publishers: London.

RISK MANAGEMENT AND COMPLIANCE

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The organisation has a formal process for identifying, evaluating and responding to financial and other risks which may affect the organisation
- Risk management policies are implemented and regularly reviewed, including tolerance for different types of risks associated with the new operating environment
- Risk is a standing agenda item for management and the board for review
- Compliance obligations are documented and maintained, including those under:
 - Disability services legislation and standards
 - NDIA Terms of Business for Registered Support Providers
 - Carer Recognition Act/s
 - Disability Discrimination Act (including the Act’s requirement for an Action Plan)
 - any contractual obligations including to funding agencies
 - the Corporations Act and the ACNC Act (if a charity)
 - other relevant key legislation
 - key organisational policies and procedures

Advanced practices

- A comprehensive risk analysis has been completed of the impact of changes in government policy, legislation, and changing customer expectations on the organisation
- Risks concerning clients are managed in a way that maximise independence while meeting duty of care obligations
- Staff at every level of the organisation are supported to fulfil their risk management and compliance responsibilities
- Compliance audits are conducted periodically
- Risk management and compliance software systems are in use
- A Business Continuity Plan exists and is regularly reviewed and tested

POLICIES AND PROCEDURES

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Policies and procedures are:
 - developed and reviewed in conjunction with those affected by the policies and procedures
 - sufficiently comprehensive in scope
 - easy to understand
 - accessible to all users
 - consistent with the NDIS Terms of Business for Registered Service Providers
 - updated for relevant quality standards
 - documented using a standard template and style
 - effectively disseminated throughout the organisation

Advanced practices

- Policies and procedures are:
 - readily accessible using a single point of reference
 - regularly reviewed in light of the evolving NDIS
 - updated for new information about good practice approaches to service delivery

DECISION-MAKING PRACTICES

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The level at which decisions are made, documentation requirements and recording of decisions are all specified and recorded
- The level at which decisions are made is proportionate to the significance of the subject matter and associated risk, and allows timely decision-making
- Any key messages associated with decisions are identified and communicated with relevant stakeholders (board, staff and clients)
- Decision making practices concerning clients always presume capacity and enable supported decision-making

Advanced practices

- Standard templates are used to assist decision-making, for example, templates for board papers and for proposed policies
- Directors are aware of their rights to information and advice, to be heard and to delegate
- Criteria are established for making significant organisational decisions
- Decision making practices maximise employee engagement through effective delegation

BOARD PROCESSES

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Board processes:
 - are documented (for example, in a Board Charter)
 - help directors and the organisation to discharge their legal responsibilities
 - assist the board to balance compliance and performance roles
 - help the board to focus more on strategic issues than operational ones
 - include regular reporting about financial and non-financial performance
 - include a ‘closing the loop’ mechanism to ensure that the board’s decisions are implemented
 - are periodically reviewed

Advanced practices

- Board processes:
 - include a structured orientation program for new directors
 - are structured around organisational priorities
 - include measures of service quality aligned to person-centred and outcomes-focused practice
 - include evaluation of the board and individual directors
 - include an independent and qualified Company Secretary
- Board reporting allows comparison with strategic goals, historic performance, divisional comparison, or comparison to other organisations

BOARD MEMBER PERFORMANCE

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Directors in the organisation:
 - understand and comply with their duties
 - have core competencies of a director, including the ability to think strategically, work as part of a team, understand financial statements and possess business acumen
 - attend meetings on a regular basis
 - constructively engage in the business of the board
 - follow up on a timely basis on commitments made
 - declare and manage potential conflicts of interest
- The Chair and CEO have established a productive working relationship

Advanced practices

- Directors in the organisation:
 - link the company to important knowledge and resources in the community
 - can access learning and development for knowledge and capability gaps
 - actively engage with other information sources to increase their understanding of the NDIS and other disability reforms
 - have been exposed to external knowledge of good practice in other organisations that is relevant to the NDIS reform

BOARD STRUCTURE AND COMPOSITION

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The Board in my organisation:
 - has the necessary size and composition to carry out its responsibilities and duties, including to lead the organisation through the NDIS reform
 - includes a blend of relevant specialist knowledge, skills, experience and backgrounds, including lived experience of disability

Advanced practices

- Rigorous recruitment processes are used for targeting new directors
- The board has an active Governance Committee, or a similar mechanism, which supports its effectiveness and continuing development
- There are an adequate number of board sub-committees for managing the collective workload
- There is a structured board renewal process, including succession planning for key office-holders such as the Board Chair

CLIENTS AND MARKET FOCUS

UNDERSTANDING OF THE ORGANISATION'S CLIENTS AND COMMUNITIES

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Clients are actively involved in planning for their idea of a good life and are supported to advocate for themselves
- The organisation is well connected with the communities in which it operates
- Staff understand, promote and uphold the rights of the people they support
- The needs of clients and families are well understood and this is reflected in the support provided along with monitoring of any unmet needs
- Staff understand the NDIS planning process and keep up to date with developments in this area
- Each client's goals, and the organisation's roles in supporting the client to achieve those goals, have been documented
- Staff understand and respond to client diversity, including addressing potential barriers for specific groups such as Aboriginal and Torres Strait Islander people and people from culturally and linguistically diverse backgrounds

Advanced practices

- Clients and their families:
 - are regularly engaged and kept up to date about the transition to the NDIS (for example through use of communication plans or change management strategies⁴)
 - have been informed of the possibilities offered by the NDIS including potential to meet any unmet needs (within bounds of reasonable and necessary)
- The organisation:
 - uses a wide range of accessible communication and engagement methods
 - works in its local communities to create community inclusive spaces for people with disability
- Clients are supported to access advocacy and training, including independent advocacy
- Staff are culturally competent

⁴ Some change management resources include:

- Kotter's 8 principles of change management www.kotterinternational.com
- McKinsey & Co, The 7-S model http://www.mckinsey.com/insights/strategy/enduring_ideas_the_7-s_framework McKinsey & Co. http://www.12manage.com/methods_7S.html
- The ADKAR model <http://www.prosci.com>

MARKET RESEARCH, STRATEGIES AND PLANNING

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Information about the changing aspirations and support requirements of existing clients is gathered and acted on
- Marketing strategies and plans are devised and documented (in the strategic plan, business plan or a marketing plan) within an allocated budget
- The organisation:
 - understands what it could improve to ensure current clients are more likely to keep choosing supports from your organisation
 - has identified what would motivate potential new clients to choose its services over those of other providers
 - has identified its target market along with actual and potential competitors and partners

Advanced practices

- The organisation builds awareness of the value it can deliver with current and future clients, NDIA planners, Local Area Coordinators and other stakeholders
- Marketing targets are monitored and reviewed, such as client willingness to recommend the organisation to others
- Tailored marketing strategies exist for different individuals and groups
- Potential changes in clients' purchasing behaviours are anticipated by reviewing trends in other jurisdictions which have implemented similar reforms
- Detailed analysis of actual and potential competitors and partners is acted on
- Marketing strategies and plans are appropriately communicated within the organisation

MARKET PRACTICE

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The organisation strives to be a trusted, reliable and valued source of information about the NDIS for clients and carers
- The organisation understands how people currently find out about it
- Potential new clients are aware of your brand and service offerings
- Branding and communications are applied consistently
- The organisation’s website is designed from a client and carer perspective and meets web accessibility standards
- Information about supports provided by the organisation are available in alternative languages, accessible print and Braille
- Templates for service agreements with clients are completed, specifying the supports that will be provided, their cost and how they will be delivered
- Staff with responsibility for negotiating service agreements with clients have appropriate training, including knowledge of pricing options

Advanced practices

- Staff have the service and product knowledge, awareness and skills to promote the organisation positively to potential new clients and the public
- Social media presence is well managed
- Methods are used to understand new client experience of accessing the organisation’s services
- Peer marketing strategies are in place for supporting clients to recommend the organisation to others

FINANCIAL SUSTAINABILITY

FINANCIAL PROCESSES AND CONTROLS

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Financial processes and controls reflect the NDIA Terms of Business for Registered Support Providers including:
 - catering for all NDIS funding-administration options (that is, self-management, plan management, or NDIA management, and any combination of these)
 - timely payment claims at least within 30 days of service delivery
 - a service agreement that specifies the nature, quality and price of supports, consistent with NDIS pricing guidelines
 - provision of adequate notice prior to service withdrawal
- An assessment of client support requirements and expectations occurs before acceptance of a plan and is regularly reviewed
- A process for managing bad debts is in place
- A financial delegations policy exists and is applied
- Financial controls, appropriate to the organisation’s size and risks, are applied and include authorising payment, separation of duties, and checks for ensuring major purchases provide value-for-money
- An independent annual financial audit occurs
- Insurance is in place to protect the organisation, its assets, staff and services

Advanced practices

- Fee for service financial processes are user-friendly for clients and staff
- All financial policies and processes are documented and kept up to date
- Financial controls are embedded in the financial software systems
- Integrity of financial data and controls are regularly audited
- Capital value and financial requirements are reviewed annually⁵
- The organisation has implemented appropriate actions⁶ to contain costs and boost productivity

⁵ One element of capital formation is loan finance. The Loan Financing Tool assesses an organisation's readiness to use loans, www.adhc.nsw.gov.au/sp/sector_reform/financial_management/accessing-investment-and-finance

⁶ For example, reviewing the Healthy Cash Flow Pillars will provide specific strategies to improve organisation's capabilities with revenue growth, cost containment, cash flow levers and robust cash flow www.adhc.nsw.gov.au/sp/sector_reform/financial_management/managing-your-cash-flow

COSTING AND PRICING

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- There is a good understanding in the organisation of the difference between costing and pricing⁷
- An established unit costing method is used to accurately calculate the cost of services⁸
- The organisation’s approach to unit costing:
 - documents the assumptions for calculating key cost elements
 - is regularly reviewed to understand actual cost outcomes
 - is regularly reviewed to assess how costs will change with an increase or decrease in activity levels
- The price is based on the comprehensive cost of a unit of measure and includes a reasonable mark-up
- Cost modelling for delivering supports based on NDIA prices has occurred, and a plan is in place if the cost of delivering a support exceeds the maximum price set by the NDIA⁹
- Strategies for managing costs and increasing productivity are in place
- Service managers understand how prices are structured and billed and can communicate this to clients and their families

⁷ Refer to the *NDS Costing and Pricing Framework for Disability Services* undertaken by Curtin University

⁸ For example, The Unit Costing Toolkit supports NGOs to accurately calculate the cost of their services, and price them accordingly www.adhc.nsw.gov.au/sp/sector_reform/financial_management/costing-your-services

⁹ For modelling in relation to self-care and community participation, refer to the NDIS report: *Methodology for developing the efficient price*

Advanced practices

- A pricing strategy or policy has been developed and endorsed by the Board, covering both when prices are set by the NDIA and when prices are set by the market
- A robust quoting process applies consistently across the organisation
- Costing and pricing is regularly benchmarked against separate, similar organisations
- The organisation understands how to compete on quantity, quality and price
- Other:

FINANCIAL SOFTWARE

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Which of the following rating levels best applies to your organisation?

Not relevant	Relevant, but yet to be addressed	Started to address, but not all essential practices	Have all essential practices	All essential practices, and some advanced practices	All essential practices, and most advanced practices
N/A	1	2	3	4	5

I rate my organisation:

Essential practices

- Financial software will support both current and future business practice, including individual invoicing and claiming
- Staff are trained in the use of the financial software

Advanced practices

- Financial systems interface with the NDIA Portal, for example, 'bulk uploads'
- Financial software is integrated with other systems, for example, client relationship management, payroll and rostering systems
- Financial software allows the variances between budgeted and actual costs to be tracked using near real time data, with scenario analysis capabilities
- Staff are provided with handheld devices to enter information about service provision

BUDGETING

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Budgets:
 - are aligned with strategic and business plans
 - exist for income, operational expenses and capital expenses
 - document assumptions used as the basis for calculations
 - are periodically revised (for example, a mid-year revision of the budget)
- Cash flow is monitored at least monthly, and cash flow impacts of being funded in arrears rather than in advance are being managed

Advanced practices

- A long-term financial plan, aligned to the strategic plan, has been prepared and is updated at least annually
- Rolling budget processes are used
- Cash flow budgets are used and distinguish between cash flow, profit and building cash reserves, taking into account the impact of seasonality
- Budget scenarios are used to measure changes in activity levels (for example, no change, best case, worst case)
- Processes are in place to determine when additional resources are required to invest in infrastructure or facilitate business growth
- Strategies are in place to ensure that service quantity and quality matches what is purchased

FINANCIAL REPORTING AND MONITORING

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Financial reports:
 - are timely, compare actual performance against budgets and enable significant variations to be actively managed
 - include projections for individual service areas at all levels
 - are calculated and monitored over time
 - are reviewed at board and management team levels
 - are in forms that enable auditing with minimum difficulty

Advanced practices

- Visual displays, commentary and analysis are provided in financial reports to aid understanding
- Balanced Scorecard-type reporting is used, with clear linkages between financial and non-financial information

PEOPLE AND CAPABILITY

All references to staff include volunteers, so please adapt the practices below according to the relevant job role.

STAFF LEADERSHIP

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The management structure is well designed to support the organisation in its transition to the NDIS
- Senior managers develop and maintain a high degree of awareness, knowledge and understanding of changes in government policy, legislation and community expectations
- Senior and middle management staff:
 - can effectively communicate and implement the organisation’s strategic directions
 - are competent and confident in managing their own performance and the performance of their staff including employee development and conflict resolution
 - are closely aligned with each other and connected to the senior management team
- Frontline supervisors are closely aligned with and connected to the middle management team

CONTINUED OVER THE PAGE

Advanced practices

- Senior and middle managers are competent and confident in leading staff through significant change¹⁰
- Managers actively encourage staff to test ideas, observe and learn from the consequences for sharing throughout the organisation
- The performance of the leadership team is periodically reviewed
- Existing and future organisational leaders have access to leadership development programs
- Succession planning for leadership roles is in place

¹⁰ For example, the tools discussed in: Schalock and Alonso, 2012, *A Leadership Guide for Today's Disabilities Organizations*, Brookes Publishing, USA

HR STRATEGY AND WORKFORCE PLANNING

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Workforce planning is supported by a documented workforce plan, including:
 - current and projected workforce numbers
 - current and projected workforce capabilities
 - preferred workforce composition, such as full time, part time, casual and total Full Time Equivalent (FTE)
- Workforce planning has identified the numbers and capabilities arising from implementation of the NDIS, including the need for job role and organisation structure reviews
- Workforce planning includes succession planning for middle and senior management roles
- HR strategy is aligned with organisational strategy, and is responsive to government policy and legislation

Advanced practices

- The workforce is analysed using a range of indicators that inform HR strategy and workforce planning
- HR strategy and workforce planning processes can easily adapt to changing circumstances or fluctuations in demand
- The organisation is knowledgeable about how to optimise lawful flexible employment practices
- The cost of HR services is reviewed and controlled, for example, through partnerships with other organisations (e.g. shared employment arrangements)
- Strategies are in place to ensure the workforce is diverse enough to match participant characteristics
- Feedback from staff is valued, collected and acted on, and used to guide workforce planning

HR SYSTEMS, POLICY AND PROCEDURES

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The organisation complies with its industrial relations obligations, work health and safety responsibilities and any Working with Children and National Criminal Records checks requirements
- The organisation has adapted HR policies, procedures and templates to the requirements of the NDIS
- Staff responsible for HR have a sound understanding of the HR implications of the NDIS

Advanced practices

- HR data is used to monitor workforce trends and risks
- HR rostering allows efficient deployment of workers in response to fluctuating levels of demand
- HR IT systems are integrated with other systems, for example, client relationship management, rostering and invoicing systems
- Safeguards are embedded in HR IT systems, for example, that no one can be appointed to a position requiring a Working with Children check without current clearance
- HR systems are audited periodically

STAFFING, RECRUITMENT AND RETENTION

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Recruitment is based on the organisation's values and strategic direction
- Recruitment is timely and consistent with workforce planning¹¹
- The reasons for staff turnover are understood and used to guide strategies to increase retention rates
- Protocols about the employment of family members of clients exist

Advanced practices

- Frontline staff are selected on the basis of matching client needs and interests
- Clients are involved in recruitment and selection decisions and choice of support workers
- Strategies are being implemented to attract non-traditional labour sources (e.g. people with disability, young people, carers, unemployed and underemployed people, people from culturally and linguistically diverse backgrounds and Indigenous people)

¹¹ For example, vacancies can be advertised on www.carecareers.com.au

EMPLOYEE LEARNING AND DEVELOPMENT

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Staff have completed an induction program that is tailored to the requirements of the position
- A process is in place to ensure that employees have the required levels of literacy and numeracy appropriate to their job role
- Employees' development needs are regularly reviewed and responded to
- Staff receive regular information about the NDIS and what this means for their job roles, including being supported to deal with uncertainty and change

Advanced practices

- Employee qualifications are matched to skill or capability requirements
- Managers are regularly provided with development opportunities
- An organisation-wide learning and development plan exists, with matching budget allocation
- Employee learning and development is recognised and celebrated

EMPLOYEE PERFORMANCE PLANNING AND SUPPORT

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Employee performance management processes are in place that align to organisational goals
- Supervision is structured to suit different types of employees and the environment in which supports are delivered, and is provided more often when staff are working with clients who have complex needs
- Staff performance is regularly reviewed, both formally and informally, and appropriate timely action implemented
- Feedback from clients is actively sought and acted upon (in a way that allows any concerns to be raised without fear of retaliation)
- Guidelines and processes are in place to support staff if they require immediate support
- A process for inappropriate staff performance is promptly and actively managed within the relevant industrial relations framework

Advanced practices

- Staff (including managers) are trained in performance planning and support
- Achievements are recognised and celebrated

INFORMATION AND KNOWLEDGE MANAGEMENT

RECORDS AND DATA MANAGEMENT

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Procedures are in place for complying with Information Privacy Principles, which are user-friendly to both clients and staff
- Client and staff confidentiality is maintained
- Delegations and security access controls are in place
- Paper and electronic records are protected, with electronic records backed up regularly

Advanced practices

- IT systems are linked and allow automatic updating of data
- A records management system is used that is fit for audit
- A Business Continuity Plan, including for information and communication technologies, exists and is maintained
- Critical information and communication technologies are subject to disaster-recovery testing
- Retention and disposal schedules are in place and implemented
- Electronic devices enable staff to record their activity and verify it by the client, which can be automatically downloaded to inform multiple systems, for example, payroll and invoicing

STRATEGY FOR INFORMATION AND COMMUNICATION TECHNOLOGIES

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- An ICT plan has been developed to ensure the organisation has the capacity to support business practices required under the NDIS
- Staff have access to ICT equipment required for their role
- Staff have the appropriate skills to effectively use ICT (including computers, email and internet)
- Staff are appropriately supported with IT helpdesks, etc.

Advanced practices

- An ICT plan exists and is being implemented which:
 - is linked to the organisation strategic plan
 - includes consideration of required functionality, scalability of systems, asset replacement, and financing
- Clients have access to online information about their supports, and changes to scheduled support can be made online

SAFEGUARDING, QUALITY MANAGEMENT & IMPROVEMENT

QUALITY MANAGEMENT AND CONTINUOUS QUALITY IMPROVEMENT

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- Abuse, neglect and violence involving people with disability is prevented and responded to (at a minimum) through employee checking and screening, eliminating or reducing use of restrictive practices, and effective complaints handling systems¹²
- The organisation has achieved certification or external verification against relevant quality standards¹³

Advanced practices

- All staff, clients, carers and volunteers are engaged in continuous quality improvement
- Formal quality management systems or frameworks are in place
- The organisation is welcoming of review by external monitors
- The organisation's quality management system is being reviewed in anticipation of a new risk-based regulatory framework
- A research and service innovation program exists, with matching budget allocation

¹² For further information, refer to Zero Tolerance: <http://www.nds.org.au/projects/article/194>

¹³ For further information, refer to the National Disability Standards: https://www.dss.gov.au/sites/default/files/documents/12_2013/nsds_web.pdf

DATA COLLECTION AND STORAGE

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The data needed to inform clients, frontline workers, managers and the board has been specified, and is able to be collected
- Data collection systems are efficient and cost-effective
- Data is updated in a central and reliable system
- Roles and responsibilities for data collection are established
- Records for clients and staff are retained for the minimum compliance periods

Advanced practices

- Data requirements are periodically reviewed and updated
- Data collection is automated where possible
- Data sets are periodically audited to ensure their accuracy and completeness

DATA REPORTING AND USE

Which of the following ratings best describes how many essential and advanced practices your organisation has in place?

Practices not relevant	Practices not yet addressed	Addressing some essential practices	Addressing all essential practices	Addressing all essential practices, & some advanced practices	Addressing all essential practices, & most advanced practices
N/A	1	2	3	4	5

Essential practices

- The data for reporting to clients, frontline workers, managers and the board has been specified, with data reporting capability to match
- Key performance indicators have been established
- Appropriate internal comparators are used to report performance data
- Managers and the board regularly review performance data
- Data is used to identify and diagnose problems with organisational performance
- Decision-making is informed by data

Advanced practices

- Systems for data reporting and comparison are automated
- Data is presented with graphs and other visual displays to promote understanding
- Performance data is used interactively, to explore, review and revise organisational strategies
- External comparators for performance data such as benchmarking organisational performance against other organisations, are used
- Balanced scorecard-type reporting is used
- Non-financial data is periodically audited to assure integrity
- Reflection and learning strategies are used when performance does not meet goals

KEY FINANCIAL RATIOS

The key financial ratios in this tool are high-level ratios only, drawing on the organisation's Balance Sheet and Profit and Loss Statement. The ratios are calculated from your financial records at the date they were generated. Significant changes in your organisation's circumstances since that date will not be reflected in the key ratios and therefore need to be considered when analysing and responding to the results.

The results also need to be viewed in the context of your organisation's overall circumstances, including its strategy and financial history. Trends in the ratios across time can be important; however, the impact of changes under the NDIS might result in your pre-NDIS history being less relevant. As such, it is only an indicator of future performance. Further analysis can give a more complete understanding of your organisation's financial position.

The comments about preferred results are for guidance only.

HOW TO COMPLETE THE ANALYSIS OF KEY FINANCIAL RATIOS

You will need your latest audited Balance Sheet and Profit and Loss Statement. This is important because an audited Balance Sheet will account for unexpended grants. If you use a Balance Sheet that is yet to be adjusted for unexpended grants, the results are likely to overstate your financial position. In addition, the Profit and Loss Statement needs to be for the most recently completed financial year. If you use a Profit and Loss Statement for a part financial year, the Months of Spending result will not be correct.

Here's how to calculate your organisation's ratios:

1. Enter the relevant items from the Balance Sheet and Profit and Loss Statement in this form to calculate the ratios. Completing the ratios online will allow automatic calculation of figures.
2. Share the results with your board and your management team. They include vital information about the financial sustainability of your organisation.
3. If you need help in understanding the ratios, discuss the results with a staff or board member with financial expertise, or with your organisation's accountant or auditor.

REVENUE CONCENTRATION

DISABILITY REVENUE CONCENTRATION RATIO	
<p>Ratio</p> $\frac{\text{DISABILITY REVENUE SOURCES}^*}{\text{TOTAL REVENUE \%}} = \%$	<p>Your Organisation</p> $\frac{\text{DISABILITY REVENUE SOURCES}}{\text{TOTAL REVENUE \%}} = \%$
<p>* Disability revenue sources should include all current revenue sources for supports that are and will be included in the NDIS</p> <p>What this ratio explains</p> <p>This ratio explains the degree of potential impact that the NDIS could have on your organisation.</p> <p>The higher the percentage, the greater the likely impact.</p> <p>A diversity of major revenue sources is sometimes considered to be more desirable. However, this depends on your organisational strategy, and sometimes there are advantages in concentrating on one revenue source and one type of service. If this is the case, any risks to the revenue source need to be identified and managed where possible.</p>	

LIQUIDITY RATIOS

MONTHS OF SPENDING RATIO	
<p>Ratio</p> $\frac{(\text{CURRENT ASSETS} - \text{CURRENT LIABILITIES})}{(\text{TOTAL EXPENSES} - \text{DEPRECIATION})} \times 12 = \text{MTHS}$	<p>Your Organisation</p> $\frac{(\text{CURRENT ASSETS} - \text{CURRENT LIABILITIES})}{(\text{TOTAL EXPENSES} - \text{DEPRECIATION})} \times 12 = \text{MTHS}$
<p>What this ratio explains</p> <p>This ratio explains the number of months of cash currently available to cover expenditure.</p> <p>This indicates whether your organisation can make the transition from payments in advance to payments in arrears.</p> <p>As a rule of thumb, 3 months or more is preferred.</p>	

LIQUIDITY RATIOS CONTINUED

CURRENT RATIO (ALSO KNOWN AS LIQUIDITY RATIO)

Ratio

$$\frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES (includes unexpended funds)}} = ?$$

Your Organisation

$$\frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES (includes unexpended funds)}} = ?$$

What this ratio explains

This ratio explains the ability to meet financial commitments in the next 12 months. A ratio of less than 1.5 is concerning. A ratio of less than 1 indicates that your organisation should seek accounting and legal advice as it is possibly trading while insolvent.

However, very high current ratios might indicate opportunities for the use of cash funds. This is because you might have more money in operating accounts than you need. These are idle funds. It may also indicate a conservative approach to investment and financial risk. Remember though, your board should consider these issues and develop policies based on the organisation's context and needs.

DEBT RATIO

DEBT TO TOTAL ASSETS RATIO

Ratio

$$\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL ASSETS}} = ?$$

Your Organisation

$$\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL ASSETS}} = ?$$

What this ratio explains

This ratio explains the extent to which assets are funded by debt.

The preferred result is low, towards 0.00. Higher ratios are often an indication of an organisation's inability to service its total debts.

SUSTAINABILITY RATIOS

PROFIT MARGIN (ALSO KNOWN AS SURPLUS MARGIN)

Ratio

$$\frac{(\text{TOTAL REVENUE} - \text{CAPITAL GRANTS} - \text{TOTAL EXPENSES})}{(\text{TOTAL REVENUE} - \text{CAPITAL GRANTS})} = \%$$

Your Organisation – Most recent financial year

$$\frac{(\text{TOTAL REVENUE} - \text{CAPITAL GRANTS} - \text{TOTAL EXPENSES})}{(\text{TOTAL REVENUE} - \text{CAPITAL GRANTS})} = \%$$

Your Organisation – Previous financial year

$$\frac{(\text{TOTAL REVENUE} - \text{CAPITAL GRANTS} - \text{TOTAL EXPENSES})}{(\text{TOTAL REVENUE} - \text{CAPITAL GRANTS})} = \%$$

What this ratio explains

This ratio explains the rate at which your organisation currently builds reserves from revenue. These reserves can be used for working capital, for future service delivery, for investment in the organisation's infrastructure, or for investment in revenue-generating activities.

The preferred result for both periods is a positive figure. An organisation which regularly has negative returns will not be viable in the longer term.

Boards and management teams might establish a target level of surplus (profit) margin.

RETURN ON ASSETS RATIO

Ratio

$$\frac{\text{TOTAL REVENUE} - \text{TOTAL EXPENSES}}{\text{TOTAL ASSETS}} = \%$$

Your Organisation

$$\frac{\text{TOTAL REVENUE} - \text{TOTAL EXPENSES}}{\text{TOTAL ASSETS}} = \%$$

What this ratio explains

This ratio is an indicator of the organisation's effectiveness in managing its assets to generate a surplus (or profit). It is an indicator of efficiency.

The preferred result is higher than the annual rate of inflation.

CONCERNED ABOUT YOUR ORGANISATION'S RESULTS?

The following suggestions need to be considered in light of the organisation's circumstances and strategy. To some extent, the suggestions are related. For example, actions to reduce cost will increase surplus/profit and ultimately improve the organisation's current assets and total assets. Increasing profitability will improve liquidity, debt, and sustainability-related ratios. There are three broad strategies for improving your organisation's results:

1. improving profitability and sustainability;
2. making better use of any assets; and
3. reducing liabilities¹⁴.

HOW TO IMPROVE PROFITABILITY AND SUSTAINABILITY

Questions to consider:

- Can you do something to generate more income without disproportionately raising expenses?
- Can you generate more income by serving new clients?
- Can you provide more valued services to existing clients?
- Can you be confident that the additional income generated will exceed the additional expense?
- Even if you are confident that income will exceed expense, do you have access to the working capital to cover the additional expense, given that under the NDIS you will be paid in arrears?
- Can you increase service delivery for those service types which generate a greater surplus?
- Are you ensuring that you receive prompt and accurate payment for services delivered, for example, by having payment by credit card at the time of delivering services to clients who are self-managing their NDIS package?
- Are you effectively managing your debtors?
- Are you effectively managing your suppliers, for example, by negotiating favourable terms?

¹⁴ See Healthy Cash Flow Pillars, www.adhc.nsw.gov.au/sp/sector_reform/financial_management/managing-your-cash-flow

You might look for ways of **reducing or controlling expenditure**.

Questions to consider:

- Ways to reduce costs without unwanted impacts on quality. Can you reduce administrative overheads, for example, through expenditure reviews, outsourcing back office functions, or merging with another organisation?
- Providing services to clients that are not funded. If you are already doing so, what strategies could be used to fund these services, wind them back or stop them entirely?
- Are you providing more services than you are contracted to provide? For clients who have transitioned to NDIS, do the services you provide to the client exceed what the client is purchasing?
- Are there efficiencies that can be realised in staffing costs, for example, by improved rostering?

MAKING BETTER USE OF ASSETS

The other way of improving liquidity-related ratios is to make better use of assets. For example, an organisation might have low net current assets, but high net fixed assets. For example, your organisation might own property or vehicles, or reconsider the proportion of current to fixed assets, or generating income from the fixed assets.

Questions to consider:

- Could your organisation sell some of its fixed assets and increase the proportion of current assets to gain greater access to working capital?
- Could your organisation generate income from fixed assets, for example, by renting out facilities?

REDUCING LIABILITIES

- For organisations yet to transition to the NDIS, can you reduce annual leave liabilities now (while you are still block-funded) by encouraging staff to take any backlog of annual leave?

ACTING ON YOUR RESULTS

OK, you've finished the self-assessment. What's next?

Unless you are already very well prepared, you will probably identify areas where your organisation needs to do further work. These could include 'essential practices' you have not yet implemented, and include 'advanced practices' which are important to your organisation's strategy. The next essential steps are to plan, and then to act on your plan.

WHAT NEXT?

If you're entering your results online, the website will automatically generate the report.

If you do not wish to use the online version, you can complete the form on the next page. Record your current rating and your preferred rating. Identify the gaps between your current rating and desired rating. These are the issues your organisation needs to work on to be NDIS-ready.

You need to prioritise the issues that are urgent to address, and those that are not. You will then probably want to put the action items into some sort of plan. Depending on the number of items and the state of your organisation's planning, this might involve:

- preparing a Development Plan, just with the action items; or
- amending your Business Plan or Strategic Plan to include the action items.

If you want to prepare a Development Plan, a simple planning format is provided later in this section.

Whether you prepare a Development Plan or amend an existing plan, don't forget to answer the classic questions of 'Who?' has to do 'What?' and by 'When?' in relation to each of the action items.

TIPS FOR MICRO AND SMALL ORGANISATIONS

For micro and small organisations, identify the top priorities for action and work on those. Plan which issues you want to address in each quarter to help make the amount change more manageable.

SUMMARISING YOUR RESULTS

HOW TO COMPLETE THIS FORM

Step 1: Enter your current rating level from earlier in this Toolkit. This form follows the structure of the self-assessment, but you should also consider results from the key financial ratios tool.

Step 2: Determine your preferred rating at the end of 18 months. This time period is recommended as it allows you to focus on immediate and medium term priorities. Your organisation does not need to be a 4 or 5 on every issue.

Step 3: Identify the issues where there is a gap between your Current Rating and your Preferred Rating. Record 'Yes' or 'No' in the 'Gap?' column.

Step 4: If you have identified a Gap, determine the priority for action. Usually, the top priority will be those issues where your organisation is not yet at Level 3. A simple way of doing this is thinking of High, Medium, and Low (H/M/L) priorities.

Step 5: Now translate the results of this analysis to a plan, either by amending your Strategic or Business Plans, or preparing a Development Plan.

GAP ANALYSIS

DOMAIN	ISSUES	CURRENT RATING	PREFERRED RATING IN 18 MTHS	GAP? YES OR NO	PRIORITY H/M/L
STRATEGY	Strategy and strategic planning processes				
	Business planning processes				
	Implementation of strategic and business plans				
CORPORATE GOVERNANCE	Constitution				
	Roles and responsibilities				
	Client and stakeholder consultation and feedback				
	Risk management & compliance				
	Policies and procedures				
	Decision-making protocols				
	Board processes				
	Board member performance				
	Board structure & composition				

DOMAIN	ISSUES	CURRENT RATING	PREFERRED RATING IN 18 MTHS	GAP? YES OR NO	PRIORITY H/M/L
CLIENTS AND MARKET FOCUS	Understanding the organisation's clients and communities				
	Market research, strategies and planning				
	Marketing practice				
FINANCIAL SUSTAINABILITY	Financial processes and controls				
	Costing and pricing				
	Financial software				
	Budgets				
	Financial reporting and monitoring				
PEOPLE AND CAPABILITY	Staff leadership				
	HR strategy and workforce planning				
	HR systems, policy and procedures				
	Staff, recruitment and retention				

DOMAIN	ISSUES	CURRENT RATING	PREFERRED RATING IN 18 MTHS	GAP? YES OR NO	PRIORITY H/M/L
PEOPLE AND CAPABILITY	Employee learning and development				
	Employee performance planning and support				
INFORMATION & KNOWLEDGE MANAGEMENT	Records and data management				
	Strategy for Information and Communication Technologies				
QUALITY MANAGEMENT AND IMPROVEMENT	Data collection and storage				
	Data reporting and use				
	Quality management and continuous quality improvement				

DEVELOPMENT PLAN

If you're entering your results in the online version of the Toolkit, you can generate a copy of the Development Plan.

If you do not wish to use the online version, you can complete the following form. Simply transcribe the relevant information from your Gap Analysis, and then break down each issue into the action steps you need to take. It's important to allocate time frames. Here is an example:

DOMAIN	ISSUE OR GOAL	PRIORITY	WHAT?	WHO?	WHEN?	COMPLETE? YES OR NO
Staff, recruitment and retention	Clients are involved in recruitment and selection decisions	HIGH	Include client representative on selection panels for all vacancies <ul style="list-style-type: none"> • Discuss issue at next client meeting, ask for feedback and invite expressions of interest • Discuss issue at next staff meeting and ask for feedback • Offer client representative training in selection processes • Implement change 	Manager	<ul style="list-style-type: none"> • October 2015 	<ul style="list-style-type: none"> • YES

MONITORING YOUR PROGRESS

While analysis and planning are both important steps, taking action based on the plan is critical and should be prioritised. Here's how to stay on track:

- Review the list regularly, for example, at the start of each week when planning the week ahead.
- Set up regular (say monthly) reporting requirements on progress against the plan.
- Ensure these reports go to the board or management team, and are actively discussed. Active discussion helps ensure everybody understands the issues and their priority to the organisation.
- Establish timeframes for major reviews against progress, such as every three or six months.
- Seek coaching to help you keep on track.
- Acknowledge and communicate significant achievements against the plan, whether they be your own or those of others.

GLOSSARY

TERMS AND DEFINITIONS

Balanced scorecard

A scorecard of performance measures, typically balancing: client goals and organisational goals; financial and non-financial performance indicators; business process and outcome measures; and measures of past performance and measures that might be predictive of future performance. Ideally, the performance measures come from the organisation's strategy.

Budget scenarios

All budgets are based on assumptions (for example, about the amount of income an organisation might receive). Rather than using a single set of assumptions, budget scenarios consider the impact of different assumptions (for example, best case, average case and worst case).

Business continuity plan

A plan for continuing operations under adverse conditions (for example, during a natural disaster).

Capital expenses

Costs associated with buying fixed assets or adding to the value of an existing fixed asset with a useful life beyond the year of financial reporting.

Client choice and control

One of the objects of the National Disability Insurance Scheme Act is that people with disability are able to exercise choice and control in pursuing their goals and in the planning and delivery of their supports. The concept incorporates the principle that people with disability should be involved in decision-making processes that affect them, and where possible make decisions for themselves. See also 'person-centred practice'.

Closing the loop

Where a problem is detected, 'closing the loop' refers to completing the process of resolving the problem, including communicating to the parties concerned, and can include prevention of a future recurrence of a problem.

Code of Conduct

A set of values, principles and practices that assist directors in their practice of directorship.

Continuous improvement

This describes the ongoing effort of an organisation to improve services, systems and processes or products to maximise benefits for clients. The process of continuous improvement relies on evidence-based information to support the organisation's success in achieving its goals and outcomes.

Corporate governance

Refers to the systems and processes under which this delegation of authority takes place and the organisation is directed and controlled.

Data entry period

The period in which participating providers can enter their data into the online version of the Toolkit.

Disaster recovery testing

Testing the organisation's arrangement for the recovery of technology infrastructure and data after a natural or human-made disaster.

Diversity

The concept of diversity encompasses acceptance and respect. It means understanding that each individual is unique, and recognising our individual differences. These can be along the dimensions of race, ethnicity, gender, sexual orientation, socio-economic status, age, abilities, religious beliefs, political beliefs, or other ideologies.

Human rights

Universal legal guarantees protecting individuals and groups against actions that interfere with fundamental freedoms and human dignity.

Incident management

How an organisation manages an incident such as an accident or system failure. The activities of an organisation to identify, analyse and correct hazards to prevent a future recurrence.

Information and communication technology

The technologies an organisation uses for information management and communication, including issues of computer hardware, software, networks, data storage and data retrieval.

Person-centred approaches/practice

How an organisation discovers, acts on, and includes what is important to an individual. See also 'choice and control'.

Provider

Disability service provider

Readiness benchmarking reports

Benchmarking reports on the disability sector as a whole, or on parts of the disability sector.

Schedule of delegations

A document showing which decision-making authority has been delegated, to whom, in what circumstances, and with what controls or reporting requirements.

Scorecard

Refers to a document which records relevant information about a matter, often with the aid of graphs and diagrams.

Scenario planning

Refers to planning for different scenarios that might impact on an organisation. For example, what if the number of clients falls by 50%, or increases by 50%?

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