

# MEDIA STATEMENT



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## **SUPPORT PROGRAMS FOR VULNERABLE AND DISADVANTAGED WELL MANAGED: AUDITOR GENERAL**

In his latest reports tabled in Parliament today, Auditor General Colin Murphy found while some improvements needed to be made, the rollout of a \$374 million funding increase to not-for-profit community organisations was generally well managed and also that the Public Trustee was meeting its responsibilities in managing the financial affairs of an increasing number of vulnerable clients worth hundreds of millions of dollars.

In his first report, *'Sustainable Funding and Contracting with the Not-For-Profit Sector – Component I'*, Mr Murphy found the rollout of a 15 per cent funding increase to Not-For-Profit organisations (NFPO) was well planned although the tight timelines created challenges for some agencies in identifying eligible contracts and finalising contract variations.

"I was pleased to find that all selected agencies managed to rollout the funding in a timely manner and with reasonable accuracy," he said.

"Some errors were found in agencies' calculation of the funding entitlement of each NFPO, however these were identified and addressed during the rollout of funds."

Mr Murphy said the Not-For-Profit (NFP) sector was playing an increasingly important role in delivering a range of services to the community on behalf of government.

"In recent years government has recognised the need to ensure the ongoing sustainability of the sector and a key part of this is addressing an identified shortfall between the level of support provided to the NFP sector to provide community services and the cost of doing so," he said.

To address this shortfall, the government announced a range of funding and contracting reforms in its 2011-12 budget, which included a funding increase to the NFP sector of more than \$600 million over four years to be introduced in two phases:

**Component I** – a price adjustment of 15 per cent paid to eligible NFPOs from 1 July 2011

**Component II** – key contracting reforms to reduce administrative burden on the sector and to provide a further average 10 per cent funding increase.

"I am pleased to report that despite some challenging timeframes the agencies have worked well together to ensure that the Component I initiative has been successfully implemented," Mr Murphy said.

"Feedback from the NFP sector has been positive and it is encouraging to see the collaborative approach that has been taken by all the agencies involved to deliver these important reforms."

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In his second report, '*Public Trustee: Administration of the Financial Affairs of Vulnerable People*', Mr Murphy found that overall the Public Trustee (PT) was meeting its responsibilities in managing an increasing number of clients with complex needs.

The PT is responsible for managing the financial affairs of some of the most vulnerable people in our community. The State Administrative Tribunal (SAT) can appoint the Public Trustee as administrator to manage the financial affairs of people who are incapable of doing it themselves.

Mr Murphy said the number of clients referred each year to the PT by SAT had increased 42 per cent from 400 to 568 in the last four years.

"PT staff advised that community trends such as the prevalence of mental illness, drug abuse, and breakdown of family ties are reflected in the client population and their needs, with recent trends showing the PT is increasingly acting for young people, with drug and mental health issues," he said.

"We found that the PT was meeting its statutory responsibilities and generally performing key trust management tasks well, which includes developing a good understanding of client needs and managing their finances to meet these needs in the clients' best interests.

"Fees and charges for administration of client accounts were also accurately calculated and applied.

"We did however find some areas for business improvement, including the need for a more consistent approach to budgeting for client needs, more detailed checking of invoices for client services and greater transparency around procurement of contracted services.

"Greater focus on these areas will help to ensure the PT continues to meet the often challenging demands of its important role.

"My work across the public sector, including these two latest reports, indicates that the PT is not alone amongst public sector agencies dealing with the impact of a growing number of socially disadvantaged and at risk people in our community.

"Managing the causes of social disadvantage is a far more effective approach than treating the symptoms.

"This will be a continuing challenge not just for the government and its agencies but for the community as a whole."

The Auditor General's reports '*Sustainable Funding and Contracting with the Not-For-Profit Sector – Component I*' (Report 13 – September 2013) and '*Public Trustee: Administration of the Financial Affairs of Vulnerable People*' (Report 14 – September 2013) can be viewed and downloaded from the Office of the Auditor General website at [www.audit.wa.gov.au](http://www.audit.wa.gov.au)

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