

Australian Government Department of Education

# **Financial Integrity Governance Board - Directions Paper**

This paper seeks the Board's decision on a nominated financial integrity matter, and is generally prepared following the Board's agreement to consider the nominated matter.

# Summary of Matter

tem Description			
Date	17 July 2023		
Matter name	Family Day Care (FDC) Capability Trial		
Matter Reference Number	#2023.6		
Purpose	The purpose of this paper is to bring to the Board's attention and seek the Board's decision on progressing the Family Day Care (FDC Capability Trial).		
Decision type	Project-specific FDC Capability Trial		
Key points	<ul> <li>The department is looking to engage with a suitable supplier with a national presence to support the development and implementation of a family day care (FDC) capability trial (the FDC trial).</li> <li>The FDC trial will use around \$750,000 in funding allocated to ECEC sector capacity building and engagement under the CCS Reform Integrity Package announced in the October 2022-23 Budget.</li> <li>The trial will provide: <ul> <li>Enhanced payment integrity capability building support for FDC Sector.</li> <li>Targeted support to approved FDC providers, services and educators to increase understanding of the Child Care Subsidy (CCS) administration and Family Assistance Law (FAL) obligations.</li> <li>Targeted compliance messages from the department to the FDC sector on the current compliance issues including risks. This will ensure consistent messages have impact on the learnings of the FDC sector.</li> <li>Support an increased FDC presence in areas of need and limited supply, providing quality care that is flexible and affordable.</li> </ul> </li> </ul>		



	<ul> <li>Support for new educators to provide quality, flexible care in areas of need and limited supply.</li> <li>Explore and present alternative models in the FDC sector, including options such as multi care type arrangements, corporate partnerships and place-based solutions.</li> </ul>
	The FDC trial will complement other initiatives in place such the Limited supply grant for Centre Based Day Care (CBDC) and FDC in identified areas of limited supply, the professional development subsidy, workforce measure and employment programs.
	If the Financial Integrity Governance Board endorses the FDC trial to proceed, the Board will have high level oversight of the project's establishment and implementation. The ICE team and the Board Secretariat will work together to give the Board this oversight and seek Board decisions on any major changes to FDC trial milestones or deliverables.
Matter owner	s 22
Relevant team(s)	Workforce Taskforce Branch Early Learning Programs and Youth, Child Care Access and Inclusion Branch Strategic Data and Management, Measurement, Assessment and Design
Integrity Risk Category	Medium
Sensitivities	ANAO focus on tenders and procurements will need to be considered in the process of engaging a supplier to deliver the FDC trial.
Recommendations	That the Board: 1. Agree to the Family Day Care Capability Trial

# Additional information to inform the Board

### Background

The CCS Reforms Integrity Package has a component for sector and community engagement. The aim of the FDC trial is to implement this component by partnering with a suitable supplier who will provide hands-on, practical community engagement and support to ECEC providers. This will increase the sector's understanding and acceptance of CCS changes and help them to improve their business practices while adapting to the changes, improve systems and governance standards.

Board Directions Paper 2



### Problem

This project has been evolving from not only sector capacity/capability building but also to be meeting ECEC supply needs in regional areas. There is a need for a balance between meeting a regional element versus a national element of capacity building in the whole sector.

The advantage of focusing on a small area of need and trialling new incentives, improved business practices, greater support and improved integrity is more measured and defined outcomes are more achievable. This is a shift from some of the details outlined in the initial integrity measure proposal however still will broadly meet the purpose of the integrity package by building capacity and capability in the FDC Sector.

#### Evidence

1. N/A

#### History

- 2. Family Day Care Australia (FDCA) have provided to the department a proposal for increasing supply in areas of need in particular rural and remote regions.
- 3. The FDC model is flexible and enables educators to provide quality ECEC to children in a home environment. FDC is the most used care type available nationally in regional areas.
- 4. This trial aims to investigate the potential of developing new ways of working that promotes integrity which in turn will increase investment in the FDC sector, to help meet the high demand for flexible ECEC.

## Attachments



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Program Logic – Family Day Care (FDC) Capability Trial Problem statement: The FDC model has a number of benefits that are not being fully realised due to systemic financial integrity risks, lack of educator oversight and outdated business practices over many years. This has seen the FDC sector experience reputational risk, increased scrutiny, and a decline in educator numbers, in particular limiting ECEC supply in regional areas. Program objective: The department is looking to trial and test approaches to inform potential systemic changes to the current FDC model to improve financial integrity. The Trial will be delivered over three years, aiming to provide much needed ECEC supply in the future, with a focus on SA2 regional areas. Medium-term Outcomes Proposal Inputs Short-term Outcomes Outputs Activities Targets Long-term

nputs	Activities	Outputs	Short-term outcomes	Medium-term outcomes	Long-term outcomes
Jone of the sector and Community Engagement SCE) Team SCE) Team SCE) Team SCE) Team SCE) Team SCE) Team SCE SCE SCE SCE SCE SCE SCE SCE	SCE Activities: Procurement Contract negotiation & management Supplier Activities: Deliver capability-building resources and supports. Attract, recruit, and retain educators new to the FDC sector or new to a regional area. Administer Business Service Support to eligible Trial participants. Support a centralised model of gap fee collection in Trial sites. Explore innovative models of FDC. Embedding integrity through technology by exploring digital solutions. Delivery of targeted compliance messages. Conduct baseline and ongoing surveys with participants. Investigate, analyse and report on emerging issues as they arise.	Currently approved FDC Providers (minimum of 10) to support educators in identified regional areas experiencing limited supply of ECEC places. Engaging with employers in regional areas requiring ECEC places for their employees. Refer and embed best practice with providers and educators by engagement and partaking in the Geccko LMS. Documented policies and procedures and guidance material on a range of topics including provider obligations under the FAL and administration of CCS. Governance, business support products and resources are developed and trialled. Lead and develop support to participating providers to build strong compliant business practices (refer to RFT – B.1.3) that lead to effective organisational governance and capacity. Promote and develop a strategy to attract, recruit and retain new educators to the FDC sector in SA2 regional locations in need and limited supply. Reporting and ongoing consultation, collaboration and sharing of information by the successful supplier to the SCE Team. Engagement with local government, corporate, not-for-profits, philanthropic organisations, and peak bodies to identify and realise potential partnerships, to explore options for a partnership; engage with regional communities to explore options for a partnership: engageme with caregional support improved compliance and research to present options on the weissting technology platforms could strengthen payment integrity by verifying children's real time attendance at care and trial with a minimum of three providers. Explore how technology can support improved compliance and business administration and trial with a minimum of three providers. All participants to use centralised gap fee collection model. Business Service Support administered in an efficient, effective and ethical economic maner, demonstrating value-for-money principles. Promote good news stories from the trial to assist with restoring confidence and he reputation of PDC, dispelling misconceptions. These can be communicated through various mediums such	Implementation of changed business practices- including all Trial participants implementing a centralised gap fee collection model. Providers supported to participate in the Trial, creating supply of ECEC places. Established relationships with partnering bodies – regarding technology-based innovative models of FDC. Supplier will identify resources and digital solutions that can be implemented following consultations with identified providers. Delivery of recruitment campaigns. Improved capability and capacity of FDC providers, displaying increased skills, knowledge, and confidence of the FDC sector promoting good governance and financial oversight. Formalised agreements with partnering organisations.	Trial participants demonstrate they are ensuring the financial integrity of CCS administration and Family Assistance Law (FAL) through improved payment accuracy. Increase in ECEC places, in the SA2 regional areas of need. Providers and educators participating in the Trial are retained in the sector, continue to provide cras, and express satisfaction with provider's governance and support. Delivery of reports on approaches tested in the Trial (technology-based integrity solutions and innovative models of FDC) are used to inform future actions to address systemic changes to the FDC model. The SA2 locations identified in the Trial have had a decrease in demands for ECEC. Innovative models of FDC in the Trial are adopted by non-Trial participants as best practice.	Results of the Trial will contribute to reforming the FDC model, based on the approaches tested as part o the Trial. These can be implemented more broadly across the whole FDC sector, strengthen financial integrity, and meet the need for quality, flexible ECEC in experiencing limited supply. Establishment of enhanced or new innovative models in the sector which will provide confidence in care type. Continued exploration of digital solutions to support payment integrity. FDC can be utilised to make ECEC more easily accessible in regional areas. Findings are showcased to begin to restore the reputation of FDC. Improvements in satisfaction with ECEC in the SA2 locations as part o the Trial. Informing future policy and legislative change to continue to strengthen payment integrity and as in-venue FDC, IHC and multi- care arrangements.

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Assumptions	External Factors
Currently, approved FDC providers willing to participate, educators new to the FDC sector or new to an identified regional area of need will	Changes to the number of currently approved ECEC services in the identified regional areas for the Trial.
be willing to participate and continue to operate their FDC business beyond the Trial.	Economic impact, affecting families - affordability.
A suitable supplier with the skillset to meet the scope of work, within budget, and deliver the Trial.	Number of new educators entering the market and accessing training through local Registered Training Organisations.
National regulations will support the Trial.	Changing regional demographics, changing regional employers and employment opportunities.
Families will utilise the ECEC places created through the Trial.	Number of new FDC providers being approved by the department.

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# Financial Integrity Governance Board – Actions and Outcomes

Meeting date: 27 July 2023

Time: 11:00-12:36 AEST attended in place of <sup>s 22</sup>

Apologies: \$ 22 , Co-Chair.

Secretariat/Observers: \$ 22

Proxy: \$ 22

Acting arrangements: \$ 22 \$ 22 and Co-Chair; s 22

and Co-Chair; s 22

Agenda Item	Notes
1. Introduction and Acknowledgement of Country	The Co-Chairs: • Agreed that <sup>\$ 22</sup> be invited on an ongoing basis as there is crossover between the work of his team and the work of the Financial Integrity Branch. <sup>\$ 22</sup> will be invited as a Standing Representative rather than a member with decision-making rights.

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Agenda Item	Notes			
<ol> <li>Review of Action and Outcomes from previous meeting</li> </ol>	<ul> <li>The Board:</li> <li>Endorsed the revised Actions and Outcomes from the Board meeting 19 June 2023 as circulated to members on 24 July 2023.</li> <li>Noted, there were two Action items from the first Board meeting that have been actioned. <ul> <li>190623.1, to update the ToR and Board Nomination paper template and circulate to members – item is complete. Members confirmed they endorsed the revised ToR and template as circulated to them on 24 July 2023.</li> <li>190623.2, Early Learning Programs and Youth Division (\$ 22 ) to be invited to provide a standing Divisional Representative – Secretariat confirmed that \$ 22 , s 22 , will join the Board at the next meeting - item is complete.</li> </ul> </li> </ul>			
<ol> <li>CCS Financial Integrity Strategy and Data Improvement Plan</li> <li>Agenda Paper 3.1 – Administrative paper (Ref #2023.4) – CCS Financial Integrity Strategy and Data Improvement Plan         <ul> <li>Attachment A – Child Care Subsidy Financial Integrity Strategy</li> <li>Attachment B – Child Care Financial Integrity and Data Improvement Plan – Final Draft</li> </ul> </li> </ol>	<ul> <li>The Board endorsed the:         <ul> <li>Child Care Subsidy Financial Integrity Strategy (Attachment A to the Agenda paper)</li> <li>Child Care Financial Integrity and Data Improvement Plan – Final Draft (Attachment B to the Agenda paper)</li> </ul> </li> <li>The Co-Chair noted next steps will be a legal review conducted to ensure the legislative context is documented appropriately in the Strategy. Deputy Secretary clearance will be sought and, later in 2023, in consultation with the Strategic Communications Team, a public facing version of the Strategy will be developed/released.</li> <li>The Board noted the public version of the Integrity Strategy would also be a useful resource internally and members should be consulted on its development.</li> </ul>			



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Agenda Item	Notes
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<ol> <li>Family Day Care (FDC) Capability Trial Agenda Paper 6.1 –Directions paper (Ref #2023.6) – Family Day Care (FDC) Capability Trial</li> </ol>	<ul> <li>The Board endorsed the agenda paper's recommendations, including endorsing the FDC Capability Trial to proceed.</li> <li>The Board noted:         <ul> <li>the Integrity Capability and Engagement Team is seeking the Board's agreement to use funding from the October 2022 Budget measure for sector-led capability building and community engagement to fund a focused capacity building trial with FDC services in selected regional and remote areas.</li> <li>The FDC Trial will look at systemic fixes for the FDC model to entertain future growth and help with regional supply growth.</li> </ul> </li> </ul>



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Agenda Item	Notes
	<ul> <li>o If the FDC Trial is successful, it will influence other areas of the business to adapt the same approach.</li> <li>o The Minister's Office has an interest in this work.</li> </ul>



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8. Other business	The Board noted the Secretariat provided a meeting schedule for the next 6 months based on a 5-week cycle and no conflicts were presented. Placeholder invitations for 'if needed' mid-point meetings will also be circulated and cancelled if no urgent decisions are required in each 5 weekly period. Invitations will be sent out after the meeting. The Co-Chair indicated his preference is Board members attend meetings wherever possible and send delegates/proxies by exception only.
9. Next meeting and meeting close	The Board noted the next meeting will be Monday 28 August 2023, time to be confirmed (likely following Director's meeting with short break between). Submission of papers will be due to the Secretariat by Wednesday 16 August 2023. The Secretariat will remind Board members of this timeframe when it calls for agenda items for the next meeting.

Owner(s)

Status

Deadline

### Open Action Items Number Action Item



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#### Closed Action and Outcomes Items

Number	Action Item	Owner(s)	Deadline	Status
190623.1	Item 2.1 Update Terms of Reference and Board Nomination Paper Template to include additional terms and content and circulate final versions of all documents and templates to Board Members	Secretariat	07/07/2023	Completed: Papers and documents circulated 20/7/2023.
190623.2	Item 2.2 Co-Chair, <sup>5</sup> 22 to discuss with s 22 s 22 if she or one of her divisional leadership team would like to participate in the FIGB as a Standing Divisional Representative.	Secretariat/ s 22	Prior to next Board meeting	Completed: 26/7/2023 – <sup>\$ 22</sup> nominated <sup>\$ 22</sup> s <sup>22</sup> who will join the Board at the meeting of 28 August 2023.

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