Australian Government Performance Framework for Regional NRM Organisations

2017 Implementation Manual V1.0

Under the Regional stream of the National Landcare Programme (NLP), regional natural resource management (NRM) organisations have greater autonomy in decision making for NRM activities, including identifying the best ways to achieve local NRM priorities and deliver on the NLP Strategic Objectives and Outcomes.

Autonomy is balanced by accountability for NRM outcomes and community participation. Regional NRM organisations are expected to monitor their performance and governance, be accountable for and transparent in decision making, and identify measures to achieve continuous improvement in both the delivery of NRM outcomes and in organisational performance.

In 2014, the Australian Government developed the *Performance Framework for Regional NRM Organisations* (Performance Framework), which was intended to enable a move to a more mature, third sector delivery model where the Australian Government moves away from detailed contract management towards performance and capacity monitoring. The aim of this approach is:

- to make it simple for regional NRM organisations to meet their funding agreement obligations;
- to encourage regional NRM organisations to identify improvements in their capacity to comply with funding agreement obligations; and
- to encourage regional NRM organisations to identify performance strengths and promote these to other regional NRM organisations.

As a part of the Performance Framework, the Australian Government introduced five performance expectations, allowing the Australian Government to monitor the performance and capacity of regional NRM organisations, support them to continuously improve and engage in peer learning with other regional NRM organisations to improve the overall performance of the sector. The Australian Government undertook a revision of the 2014 Performance Framework and the 2016 revised performance expectations and their expected practices, developed in consultation with the NRM sector, these are available at http://www.nrm.gov.au/regional/regional-funding.

This *Implementation Manual* is a companion to the *Performance Framework for Regional NRM Organisations - 2016 Revision* and provides guidance to regional NRM organisations and the Australian Government on:

- what the performance expectations are and the types of supporting evidence that may be requested to show how an expected practice has been met;
- the annual self-assessment process on governance, project delivery performance and compliance with funding agreements, including identifying any predicted or emerging gaps and risks to be addressed; and
- the performance review and audit process by the Australian Government.

Contents

1.   The performance expectations

The five performance expectations and their related expected practices outline standards of organisational and programme delivery performance that is expected of regional NRM organisations. The purpose of the performance expectations is fourfold:

- to provide assurance to the Australian Government that its expectations are being met with respect to how regional NRM organisations operate;
- to ensure regional communities are appropriately involved in the delivery of NRM outcomes in their regions;
- to engender continuous improvement in organisational performance; and
- to allow responsiveness to emerging issues.

They are intended to complement and draw on existing governance requirements and performance frameworks, including statutory and contractual obligations as well as voluntary governance review processes. If applicable and appropriate, a regional NRM organisation may choose to use an existing governance and performance review mechanism that has already been undertaken and is still current (e.g. the Organisational Performance Excellence Framework) as a source of evidence in demonstrating performance against the relevant performance expectations.

The purpose of the five performance expectations are:

✓ *Performance Expectation 1 - Organisational governance;*

Strong organisational governance is fundamental to sound decision-making and managing and using resources efficiently to ensure that the highest possible level of performance is achieved, including how risk is monitored and assessed. It allows the Australian Government to be confident that its NRM investment is being delivered by highly capable organisations.

✓ *Performance Expectation 2 – Financial governance;*

Strong financial governance is important for good governance and financial stability. It allows the Australian Government to be confident that its NRM investment is being delivered by a financially competent and capable organisation.

✓ *Performance Expectation 3 – Regional NRM plans;*

A comprehensive regional NRM plan has an important role in aligning national, state and regional NRM priorities while also providing linkages to other regional priorities, including the priorities of local communities. It allows the Australian Government to be confident that its NRM investment and priorities are being appropriately and strategically delivered. Comprehensive regional NRM plans are strategic, based on best available scientific, economic and social information and provide a blueprint for future NRM activity.

✓ Performance Expectation 4 –Local community participation and engagement;

Regional NRM organisations play an important role in engaging and supporting their local community in prioritising and delivering NRM activities across their NRM region, including assisting them through partnerships and cooperative arrangements. It allows the Australian Government to be confident that the local community, including the Indigenous community, is participating in the

planning and delivery of priority NRM and sustainable agricultural activities and contributing to wider social and economic benefits.

✓ Performance Expectation 5 – Monitoring, Evaluation, Reporting and Improvement.

> The Australian Government is committed to accountability and demonstrating that its NRM investments achieve desired NRM outcomes. Regional NRM organisations are expected to manage projects consistent with the principles of Monitoring, Evaluation, Reporting and Improvement (MERI). MERI provides a model for designing outcomes based projects and assessing progress with project delivery, program performance and the change over time in resource condition against stated outcomes. It provides opportunities to adaptively improve program and project design and delivery and to reorient investment at key decision points.

Each performance expectation has a number of expected practices that all regional NRM organisations are expected to be demonstrating or have strategies in place to meet the expected practice. Regional NRM organisations may also have additional practices in place, which may include compliance with industry accepted standards that are over and above statutory/incorporation, legal and financial obligations. Where this is the case, the additional practices are to be of benefit to the organisation and the Australian Government and cannot be considered 'business as usual'.

2. Evidence required to support expected practices

To assist regional NRM organisations make an assessment on how they meet each expected practice, the *2017 Performance Expectations for Regional NRM Organisations - Supporting evidence required V1.0* document has been developed to provide guidance and clarity on why each expected practice is important and the types of supporting evidence that may be required to demonstrate how it has been met. The document is available at http://www.nrm.gov.au/regional/regional-funding.

The supporting evidence covers a range of reporting, documentation and compliance areas. Utilising its various reporting mechanisms, the Australian Government will be able to provide some of the suggested evidence, such as evidence of regular input of project data into MERIT as projects progress. However, on the whole, it is the responsibility of the regional NRM organisation to provide any supporting evidence when requested.

The following provides some supporting information to further clarify what may be required by supporting evidence:

General

- In recognition of the jurisdictional, geographical and organisational differences across the many regional NRM organisations, where a regional NRM organisation's policies and practices differ from the listed supporting evidence, the regional NRM organisation should describe how their specific policies and practices meet the requirements of the expected practice.

- Exception to the rule – there may be cases where a regional NRM organisation is not able to meet an expected practice or provide the supporting evidence. Where a regional NRM organisation believes this is the case, the regional NRM organisation should provide a description justifying why the expected practice cannot, or will not be met. An example of this is Kangaroo Island, where there has not been any Aboriginal occupation for 6,000 years, so the organisation can justify why they cannot meet any Indigenous related expected practices.

- Many regional NRM organisations undertake voluntary governance review processes, usually related to their organisational and financial performance. Where these have been undertaken and are still current, a regional NRM organisation can use the review as a source of evidence in demonstrating performance against one or more of the performance expectations. The regional NRM organisation should describe how the findings from the review are relevant to meeting an expected practice. For example *the review focused on financial governance mechanisms and noted that the organisation is complying with financial responsibilities according to its statutory and legal obligations*.

- Where existing governance requirements, including statutory and contractual obligations, are being reported on and met, a regional NRM organisation can use this as a source of evidence in demonstrating performance against one or more of the performance expectations.

Organisational governance

- When a regional NRM organisation is required to publically report on its operations and decisions, the Australian Government will ensure that findings of all performance reviews or audits, and reporting on progress with addressing these, are made public in a manner which does not compromise a regional NRM organisation's confidentiality requirements and commitments.
- Where regional NRM organisations has met legislative annual compliance obligations at the jurisdictional level, the Australian Government will accept this evidence.

Regional NRM plans

- An NRM plan should be updated within the timeframe identified either in the plan or in organisational policies. Supporting information could include: description of how experts or peers were involved in developing the scientific, economic and/or social aspects of the plan; and the appropriateness of the model used for the plan (e.g. asset based approach, system based approach).
- In some cases, a regional NRM organisation may have frameworks or strategies that form a part of the regional NRM plan but are not included within the plan itself. Where this is the case, the regional NRM organisation should describe the relationship between the various documents and how this relationship meets the requirements of the expected practice.

Local community participation and engagement

- There may be cases where the local community, including the Indigenous community, have provided feedback or advice to the regional NRM organisation that results in the organisation not being able to meet an expected practice or supporting evidence. For example, the local Indigenous community may advise the regional NRM organisation that an Indigenous Reference Group is not required. Where this is the case, the organisation should provide a description justifying why the expected practice cannot, or will not be met. Note – supporting evidence of the justification may be required on request.

3.   What is the local community?

There are a number of expected practices that include the local community. In the context of the National Landcare Programme and these performance expectations, it is recognised that the composition of the local community will likely differ between NRM regions. Depending on the NRM region, this might include stakeholders such as:

- ✓ identified landcare groups and other 'care' groups such as bushcare, coastcare, rivercare etc.;
- ✓ 'friends of' groups and other community environment groups;
- ✓ farmer/producer groups and individuals;
- ✓ Indigenous people, communities and organisations; and
- ✓ individual land managers working in the landcare/NRM sector.

4.   Regional NRM organisation annual self-assessment

Regional NRM organisations are required to complete an annual self-assessment of their performance against the expected practices to allow regional NRM organisations to monitor and reflect on their own performance and identify strengths and opportunities for improvement. The self-assessment also allows the collection of comparative data over time and to promote continuous improvement.

The self-assessment requires regional NRM organisations to make an assessment as to whether each expected practice has or has not been met and to provide a short description on how and why this assessment has been reached. It is important to take into account whether supporting evidence validates the assessment and is available on request. It is important to note that any supporting documents are not required to be provided at this stage and cannot be attached to the self-assessment.

Once the assessment against each expected practice has been satisfactorily completed, an overall assessment of each performance expectation will be calculated using the following scale:

✓ Still to meet all expected practices
✓ Meets all expected practices; and
✓ Meets all expected practices and has additional practices.

Regional NRM organisations are encouraged to consult with their local community in undertaking relevant areas in the self-assessment. Best practice would be to consult widely in completing the self-assessment.

It is recognised that with the 2017 revised performance expectations, perhaps not all regions will meet the expected practices in their 2017 self-assessment. Regional NRM organisations are encouraged to identify these areas in the 2017 self-assessment as a demonstration of commitment to continuous improvement.

5. Using the self-assessment form in MERIT

The annual self-assessment will be available under each regions *'Organisation page'* in MERIT. To access the page the authorised person completing the self-assessment will need to be registered as a page Administrator. To check if you have appropriate access select the "My Organisation" button on the MERIT toolbar. If no organisation is listed, see example below, please contact MERIT@environment.gov.au to be provided access.
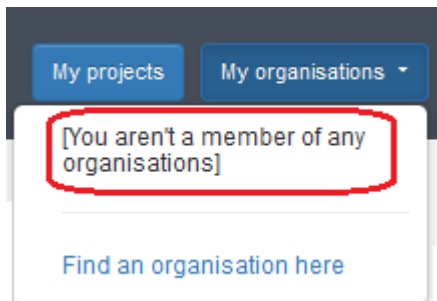
5.1 Accessing your Self-assessment form

Once you have accessed the Organisation page the self-assessment form can be found on the reporting tab, see below. The reporting tab will be populated with 3 self-assessment forms for the periods:

✓ 2015-16
✓ 2016-17
✓ 2017-18

To access the relevant report, click the hyperlink under the 'Report' heading, see red arrow below.

Please note that future reports and approved reports are hidden by default. If you wish to see them, deselect the ticks under *Date Due* and *Status*.

Further reports can be added in the future by selecting the [+ New Report] button.

5.2   Completing your Self-assessment form

- ✓ As word limits apply to each performance expectation response *(up to 2,000 characters including spaces)* please keep you statements brief and where possible list evidence by dot points.

- ✓ All dropdown cells must have either 'YES' or 'NO' selected and all text boxes must contain information in order to submit the assessment. The only instance 'NA' is available for selection, is for Kangaroo Island who are not required to meet any expected practices relating to Indigenous participation.

- ✓ Ensure adequate supporting evidence of your regions alignment to each practice is cited to avoid repeat submissions being required. Supporting evidence covers a range of reporting, documentation and compliance areas and examples can be found in the document *"2017 Expected Practices for Regional NRM Organisations - Supporting evidence required V1.0".*

- ✓ It is recommended you save regularly to avoid data loss should your internet connection temporarily go off line.

- ✓ If your region has completed a performance audit in the last 12 months, you can refer to the audit findings for each of the expected practices that were audited, including how any non-compliances or auditor observations are being addressed. All other expected practices will need to be addressed by detailing the activities and range of evidence that validates the self-assessment rating.

- ✓ Where the previous 2016 response in your self-assessment was considered acceptable by the State Team Grant Manager and there has been **no changes** since then, simply reply with 'No Change' and rate the practice as 'YES'.

- ✓ There is no need to copy and paste information from your 2016 self-assessment. Just respond with 'As Per 2016 Response plus...' and report any extra activities that demonstrate you meet the expected practice and list any new or updated evidence in the 2017 self-assessment response.

5.3   Submit your Self-assessment form

Submission of the form to the Department is done via the Reporting tab. Submissions can only be made after the opening of the reporting window on the 15 June 2017.

5.4   Confirmation of your Self-assessment form

The Department will undertake a review of the submitted self-assessments to ensure they have been satisfactorily completed and whether further information is required. This review will be based on the Department's understanding of the regional NRM organisation and the evidence cited to support each self-assessment rating.

Once reviewed by the Department regional NRM organisations will receive an email from MERIT notifying you that the self-assessment rankings have been 'confirmed' or, that 'more information' is required to allow confirmation.

Note that the self-assessments have not been verified by the Australian Government and may be amended after a performance audit. Further details on performance audits is available in Section 6.

6.   Performance Audits

Performance audits will be conducted annually by the Australian Government for a sample group of regional NRM organisations. These will validate a regional NRM organisations' self-assessment and help the Australian Government to identify key learnings from high performing regional NRM organisations that could be shared to assist other regional NRM organisations to improve. To assist this, reviews and audits will include both high performing regional NRM organisations and those who have identified that they require assistance. An audit will be undertaken by a team comprising Australian Government officers and may include a regional NRM officer nominated by NRM Regions Australia as an observer.

A rolling schedule for performance audits will be developed and communicated to regional NRM organisations. The schedule will be determined using information including but not limited to:

- ✓ the annual self-assessment of performance/compliance against the performance expectations;
- ✓ a regional NRM organisations' compliance performance to date, including the timeliness and quality of reports;
- ✓ the Australian Government's annual risk assessment of regional NRM organisations Regional stream delivery ;
- ✓ relevant information about a regional NRM organisation's delivery of Regional stream funding, such as third party stakeholder feedback where this can be verified as credible and relevant; and
- ✓ regional NRM organisations reporting a high level of success on an ongoing basis.

Regional NRM organisations may also express a desire to be audited.

There will be two types of audits undertaken each year. These are:

- *Desktop audit; and*
- *Onsite audit.*

6.1   Desktop Audit

A desktop audit aims to confirm a self-assessment by reviewing a sample of cited supporting evidence and publically available documents for at least ONE expected practices in each performance expectation category for all regional NRM organisations, and up to FIVE randomly selected expected practices across all performance expectations. While a desktop audit cannot replace the depth and robustness of an onsite audit, it aims to provide the Australian Government with a level of confidence that a regional NRM organisation's self-assessment is a true reflection of the regional NRM organisation's capability.

A desktop audit may be a precursor to an onsite audit or to seek further information where a regional NRM organisation has identified that it has additional practices.

6.2   Onsite Audit

The Australian Government will contact the regional NRM organisation at least 20 business days prior to the planned audit date to confirm arrangements and who will be attending. This will also allow the regional NRM organisation time to ensure they have all the information available at the time of the audit. It is anticipated that an onsite audit will take 1-3 days depending on the scope of the audit.

Where a regional NRM organisation is undertaking a similar independent review or audit, such as an Organisational Performance Excellence review or a NSW Natural Resource Commission audit, the Australian Government will seek to undertake its audit at the same time to take advantage of evidence documents being available.

7.   Annual reporting arrangements

As a component of the performance framework the Department has introduced changes to reporting arrangements for high performing regional NRM organisations that reflect the proportionality principle set out in section 9.4 of the *Commonwealth Grant Guidelines*. Under these changes, a regional NRM organisation may be eligible to take advantage of a change in the current reporting arrangement of two detailed reports at 6 month intervals to a single annual detailed report (including supporting evidence) and a small progress update at the mid-point of this annual report. This will be done through a streamlined stage report in MERIT.

In order for a regional NRM organisation to qualify for this annual reporting arrangements, they will need to meet the following conditions:

- ✓ Are able to demonstrate that they are meeting all of the expected practices against all five performance expectations;

✓ Do not have overdue reports to the Australian Government for any NRM projects being managed by their organisation (including Biodiversity Fund, NRM Planning for Climate Change, Local programmes, 20 Million Trees, 25th Anniversary Landcare Grants 2014-15, Sustainable Agriculture Small Grants etc.); and

✓ Are able to demonstrate a commitment to operate in the spirit of the arrangements of annual reporting by:

  ✓ regularly entering data in MERIT throughout the calendar year (minimum of every six months);
  ✓ maintaining regular contact with their Departmental Grant Manager to ensure that the detailed annual reports are comprehensive, accurate, supported by evidence, on-time and do not require significant revision and resubmission; and
  ✓ linking sites to activities, in turn allowing the Department to better understand where investment is being directed and outcomes are being achieved.

The implementation of this arrangement carries a number of risks, so for the Australian Government to effectively mitigate these risks and realise the benefits and efficiencies, regional NRM organisations will be required to operate in the spirit of annual reporting as set out above to ensure reporting is high quality, comprehensive, and on time.

Annual reporting is a privilege, not a right, and the Australian Government reserves the right to determine which regional NRM organisations are eligible to participate in the arrangements.

8.   Maintaining annual reporting arrangements

In order to maintain annual reporting arrangements a regional NRM organisation will be required to demonstrate maintenance of the conditions set out above.

Where a regional NRM organisation fails to maintain the required conditions for annual reporting arrangements, the regional NRM organisation will be notified of the Australian Government's concerns and the regional NRM organisation will be given the opportunity to explain any mitigating circumstances and provide a plan to the Australian Government, within 20 business days, outlining how they will address any issues and return to meeting the conditions within a six month timeframe.

Should a regional NRM organisation not provide a suitable reason or plan, or the Australian Government has reason to believe the regional NRM organisation cannot meet the conditions, the regional NRM organisation will return to full six monthly reporting until such a time it meets the conditions for a minimum 12 month period.