

Summary of Auditor-General's inquiry into Oranga Tamariki's procurement and contract management process circa 2023-2025

Social
Service
Providers

Te Pai
Ora o
Aotearoa



In July last year, Te Pai Ora SSPA sought an urgent intervention and called for an inquiry by the Auditor General into the procurement and contract management process of Oranga Tamariki. The findings of that inquiry have been released.

The findings are detailed and troubling. We summarise below our reading of the report, some key quotes from the report, and what we think needs to happen next.

We know that Oranga Tamariki's processes have placed enormous stress on you, your kaimahi and your communities. They have put children and whānau at risk. There is much work to be done to repair trust and reset our partnership with Oranga Tamariki, but we're up to the task for the benefit of children and whānau – Oranga Tamariki have indicated that they are too.

We thank the Auditor General and his staff for their thorough inquiry and detailed report and thank those who were part of informing the inquiry. This report clearly illustrates the vital importance of our independent institutions.

Our main takeaways

- The findings validate the serious concerns we raised numerous times with Oranga Tamariki, ministers and the Auditor General.
- It's clear that Oranga Tamariki lost sight of the children and whānau it is there to serve.
- The report puts the spotlight on unsound procurement and contract management processes.
- The report acknowledges the poor and sometimes unethical treatment of you as providers – both behind the scenes and in public.
- The report spotlights the failure to follow government contracting guidelines and best practice.

Notable quotes from the report

"Decisions made during the contracting round were not adequately informed by evidence of how they would affect children and their families and what they would mean for the social services sector's sustainability."

"Oranga Tamariki did not consistently demonstrate a culture of integrity, transparency, and accountability."

"Oranga Tamariki did not have robust procurement and contract management systems leading into the 2024/25 contracting round."

"We did not see evidence that Oranga Tamariki had a clear plan for the contracting round. It consistently pushed back time frames and reassessed its decisions, which left little time for considered decision-making."

"Oranga Tamariki did not consistently set out its aims or decision-making criteria for the 2024/25 contracting round. It had multiple formulations of what it was trying to achieve, and we could not see a settled, coherent vision to deliver on its strategic direction from the Minister."

"Oranga Tamariki was slow in, or resistant to, acknowledging responsibility for errors. At its worst, its public statements appeared to blame providers for a situation that was fundamentally its responsibility."

"We do not consider that pressuring providers into accepting contract variations or completing transitional plans by withholding payment for services that have been provided is an appropriate strategy."

"Taken as a whole, these failures have significantly harmed trust and confidence in Oranga Tamariki – in particular, from the social services sector, which Oranga Tamariki relies on to provide services to vulnerable children and their families."

The report puts the spotlight on a concerning list of poor practice

- Good foundations were not in place.
- Planning was inadequate and decisions were late.
- Decision-making criteria was inconsistent.
- Evidence to inform decisions was lacking.
- Decisions were not properly documented.

Many other aspects of procurement and contract management were not in line with good government practice

- Lack of market testing or opportunities for competitive tender.
- Performance measures were not linked to outcomes.
- Issues with performance monitoring and reconciliation practice.
- Unilateral approach to variations and lack of negotiation strategy.
- Oranga Tamariki did not consistently pay providers on time.
- Failure to adequately plan for the transition of services.
- No system for identifying or managing conflicts of interest in the contracting round.
- Communication and engagement were not open or timely.
- Failure to account for obligations to te Tiriti partners.

Auditor General's recommendations to Oranga Tamariki

1. Prepare and implement a clear strategy for procuring services from, and managing contracts with, social service providers
2. Engage with the social services sector to prepare and implement a standard process for contracting rounds, including consistent time frames for when it will make decisions about Outcome Agreements and notify providers
3. Ensure that, in future contracting rounds:
 - recommendations are informed by a detailed analysis of the likely effect on children, young people, and the sustainability of the social services sector; and
 - it records this analysis clearly in relevant decision-making documents; and
4. Urgently improve its contract management practice, including by:
 - linking performance measures to outcomes;
 - taking a consistent, predictable approach to performance monitoring and reconciliation;
 - routinely paying on time for services that have been provided;
 - anticipating and planning for the end of contracts to ensure a smooth transition;
 - communicating with providers in an open and transparent manner; and
 - taking commitments it has made to te Tiriti Waitangi partners into account in managing contracts.

Where to from here

As well as an apology that Oranga Tamariki gave to our sector in a meeting on 14 May, there are some key actions that we see are needed to repair trust and restabilise vital services for children and whānau.

No more carrying Government's debts.

We expect Oranga Tamariki to promptly pay all providers the amount it still legitimately owes them.

No risk to children or whānau.

We want an approach to social services investment that has a clear rationale and that has children and whānau at its centre.

No more flip-flopping decision-making.

We want a consistent and transparent contracting round that ensures decisions are informed by good evidence of the impact on children and whānau. We need to see a sound commissioning plan and process that gives everyone certainty, stability and clarity.

Work with the sector, not against it.

Oranga Tamariki has already made a commitment to do this and we are keen to reset the partnership, remove the distractions and focus on the work we do every day to turn around the lives of children and whānau.

We expect to see a fair, good faith commissioning process that protects vital lifelines for children and whānau with decisions that are informed by good evidence