

# Rapid Assurance Review: Commercial Management summary

## Proposal

This review provides advice for the Ministry of Disabled People – Whaikaha (MoDP) from Link Consulting on commercial management practices in MoDP’s Commissioning, Design and Delivery Group.

MoDP wanted to know if commercial management was being completed within its policies and procedures, and within good practice in the health and social services sector.

## Key observations from the review

### Contract Management

* Basic contracts admin is happening at MoDP.
* But contract management is not working well. There is some okay work, but our review shows weak or failing processes.
* Contract allocation is not clear or consistent enough.
* There are too many different pricing structures.

### People

* People are willing and want the system to work.
* It is good that new people have been hired in senior roles.
* Job descriptions for Portfolio Managers are okay and within good industry practice.
* But roles and responsibilities are not clear and may overlap. People have too many responsibilities.
* Portfolio Managers are subject matter experts in other areas too or have to spend time doing other work.

### Contractual Agreements

* Contracts are outdated, or not suitable anymore.
* People outside MoDP think that MoDP people:
  + do not understand contracts;
  + have too much work, or are not responsible and do not follow up to fix problems.
* Roles and responsibilities are not clear in a system that has outdated or poor processes, not good systems, and poor access to information.
* Many big contacts are about to end.

### System Landscape

* Not good enough systems, or access to systems, to allow staff to do their work well.
* Relevant policies need to be made or updated, and staff need to know about them.
* Decisions are not consistent, escalation processes are confusing, and problems are very slow to be fixed.
* Providers are very frustrated. Providers are stuck in a bad system, beyond their control, and this creates big cost risks and stress.
* Invoicing, paying and filing problems add lots of admin costs to MoDP and providers.

### Conclusions

MoDP have passionate staff and providers who want to do as much as they can for disabled people and whānau. We thank everyone involved for their honesty and comments.

We agree with MoDP’s first briefing that many issues are impacting commercial management practices.

Our review says that commercial management practices at MoDP are ‘Failing’. Practices are working below a minimum standard and getting worse.

Key issues include:

* No clear objectives, organisational direction and planning.
* Not clear enough roles and responsibilities.
* Over 50 percent of people’s time is taken away from a commercial management focus.
* Goals, decisions and parameters change regularly, and advice is inconsistent.
* Out of date or not good processes, systems and lack of access to information and systems.
* Policy and procedures need updates.

## Recommendations

### Critical, do right now:

1. Outstanding provider invoices must be fixed now. Providers are unfairly caught up in system issues, creating money and business burdens for everyone. This is a high-risk issue.
2. Make and introduce money responsibilities and controls for staff empowerment and role clarity. This is a high-risk issue.
3. Bring back access to Health New Zealand systems for relevant staff to allow them to see the information they need for contract management. This might be a short-term fix but allows time to consider Health New Zealand’s system initiatives instead of buying a new system.
4. Make and introduce governance structures for commercial management.

### Essential, do by December 2024

1. Policies and process frameworks need to be made and updated.
2. Make and introduce a clear end to end roles and responsibilities matrix. This must include separation of duties for Portfolio Managers, Contract Advisors, complaints, quality, subject matter experts and product managers.
3. Complete process mapping.
4. Get visibility and (where required) oversight over existing critical or high-profile procurements and contracts.
5. Complete high-level reviews on each of Priority 1 supply arrangements.
6. Make and introduce clear lines for issues escalation and resolution.
7. Regular strategic engagement at leadership level with Health New Zealand and the Ministry of Social Development about requirements, risks, and issues.

### Good practice, do by June 2025:

1. Make and introduce training and knowledge management for staff.
2. Work with Health New Zealand Sector Operations to make processes faster to ensure better transfer of information and issue resolution.
3. Review performance targets, service levels, and/or quality measures in provider agreements.
4. Do root cause analysis and proactive incident prevention.
5. Think about whether MoDP needs to separate from MSD faster and be a standalone organisation.

**We think that:**

1. A formal change project/programme should be made to apply Critical and Essential recommendations, leading into continued improvement to deliver the Good Practice changes.
2. Structured oversight by leaders will also be important to make sure the project remains on track and commercial management performance improves over time.

**End of information: Rapid Assurance Review: Commercial Management summary**

Link to full document: [LC WHA01 Commercial Assurance (beehive.govt.nz)](https://www.beehive.govt.nz/sites/default/files/2024-08/Commercial%20Management%20Assurance%20Report%20of%20Whaikaha.pdf) or <https://tinyurl.com/mr2sdzkv>

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