Contracting 101: What NGOs need to know about the contracting process: obligations and expectations

(Or common sense, good faith and accountability)
• Previously services TO ‘clients’

• Now government emphasis on delivering on policy outcomes for variety of Strategies eg NZ Disability Strategy

• Strive to be ‘allies in emancipation’ shifting from notion of providing services to being of support
What is a contract?

• Agreement to exchange obligations often for money
Contracting
Central part of NZ health system

Pros
• Can clarify costs/services
• Opportunities for new providers

Cons
• Expensive process
• Complex legally
• Loss of relationships/institutional knowledge
• Some services not provided
• Service users’ needs overlooked

Competitive tendering

NGOs need to know

• Key criteria that decisions made on
• Show expertise in those areas
• Back up with research/data
Keys to successful contracting

• Building good relationships
• Good faith
• Good records and information
• Knowing what to do and doing it
• Dealing with problems early
• Keeping to time frame
• Reviewing and evaluating
Good faith

- Common sense good behaviour
- Honest and transparent including in records
- Acting fairly
- No surprises
- Listening and taking account of others
- Making agreement work
Principles of Good Contract Management (Treasury Guidelines)

- Contribute to Government objectives
- Reflect needs of service users
- Accountability for public money
- Value for public money
- Good quality service
- Good faith
- Govt agencies try to understand NGOs
Government wants good working relationship with the sector

- Relationships with the community organisations should reflect relationship Govt wants with community sector
  - Respect
  - Communication
  - Work constructively
  - Recognise responsibilities to stakeholders

www.treasury.org.nz/publicsector/ngo/default.asp
NGO specific issues

- Public money (never enough)
- Ethical considerations re target populations
- Power imbalance between contract parties
- Capacity, expertise and resources
- Assess and build in all costs eg tax
- Hidden costs eg CPI
- Keep learning and building expertise
Governance/Management

• Healthy contracting requires healthy governance/management of NGO
• Good communication - CEO reports and board members question
• Clear lines of delegation eg for media
• Up to date policies
• Regular self review
Dealing with Problems

- Non performance
- Communicate early
- Aggrieved party warns and sets up process
- Seek help and mediation, document attempts
- Contract can be terminated by aggrieved party
- Most contracts that end are by agreement – good relationship management
Where to go for help

• Each other, for example,
• www.community.net.nz Dept of Internal Affairs
• www.nzfvwo.org.nz NZ Federation of Voluntary Welfare Organisation
• www.angoa.org.nz Association of NGOs of Aotearoa
• www.charities.govt.nz Charities Commission
• Citizens’ Advice Bureaux
• Community Law Offices