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| Due diligence checklist for organisations |
| Establishing a new service agreement |
|  |

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# Purpose

The purpose of this document (the checklist) is to gather information that demonstrates an organisation’s capacity to meet all the contractual requirements of a service agreement with the Department of Families, Fairness and Housing (DFFH) or the Department of Health (DH), collectively referred to as ‘the department’. This informs due diligence by the department to determine whether to proceed with establishment of a service agreement.

Definitions of terms used in this document are at Appendix 1 Glossary of terms.

## Objective

The objective of new service agreement due diligence is to undertake a proportional analysis of an organisation’s capacity to meet all service agreement performance, quality and compliance requirements and determine whether to enter into a service agreement with the organisation.

## Audience

This document is for use by:

* departmental contract managers
* organisations identified to deliver services that must be contracted through a service agreement.

# Background

A service agreement is a legal contract between the department and a person or organisation. The departments use a service agreement version of the Victorian Common Funding Agreement to fund organisations to deliver services.

For more detail including sample service agreements, see the [Service Agreements website](https://fac.dffh.vic.gov.au/service-agreement) <https://fac.dffh.vic.gov.au/service-agreement>

Service agreements are usually with a single organisation. The department can also contract two or more organisations jointly through a consortium service agreement.

Before allocating funds, the department must be confident that the organisation has governance, quality and risk management and operational arrangements in place to meet all these requirements.

# Principles

The department will apply the following principles when conducting its due diligence:

**Proportionality**

The level of detail to be assessed may vary depending on:

* the type of services, level of funding and volume of targets to be funded and associated risks
* the size, scope and level of experience of proposed new providers
* what the department already knows about the organisation.

**Aboriginal self determination**

Where proposed funding will be allocated to an Aboriginal Community Controlled Organisations or is for services specifically targeted to Aboriginal people, the due diligence process must consider self-determination guiding principles.

Further information is available at [*Self-determination reform framework*](https://www.firstpeoplesrelations.vic.gov.au/self-determination-reform-framework/about-framework) <https://www.firstpeoplesrelations.vic.gov.au/self-determination-reform-framework/about-framework>.

# Scope

This due diligence process applies to organisations proposed to be funded through a service agreement with the Victorian Government as represented by DFFH and/or DH.

This process does not apply to public health organisations required to be funded through a Department of Health Statement of Priorities.

Where an organisation requires a new service agreement as a result of a merger or acquisition, and a due diligence process has already been completed and approved in relation to that change proposal, this new service agreement due diligence process is not required.

# Due diligence domains

The checklist assesses information on legal registration; governance; financial position; insurance; assets and leases and ability to deliver quality services.

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# New service agreement due diligence checklist

This checklist includes instructions for organisations proposing to enter into a service agreement and departmental staff assessing the proposal.

**Departmental staff:** In Table 1 Method of provider selection, indicate the means by which the organisation was identified for funding.

Table 1 Method of provider selection

|  |  |  |  |
| --- | --- | --- | --- |
| # | Method of provider selection | Indicate: Yes or N/A | Additional detail |
| **1.** | Competitive funding submission process |  | *Indicate the name of the funding process and the division and branch that coordinated it.* |
|  | Organisation identified by department after being part of a client care team |  | *Indicate the divisional or area/branch team that identified the organisation and the program under which the organisation will be funded.* ***Do not*** *include any personal details that may identify a client.* |
| **2.** | Organisation previously delivered services via subcontracting or auspice arrangement |  | *Indicate the divisional or area/branch team that identified the organisation and the program under which the organisation will be funded. Include brief detail of the previous subcontracting or auspice arrangement.* |
| **3.** | Court order |  | *Provide brief detail.* ***Do not*** *include any personal details that may identify a client.* |
| **4.** | Election commitment or Ministerial directive |  | *Provide brief detail.* |
| **5.** | Other (provide detail) |  | *Provide brief detail.* |

**Organisation details**

**Organisations:** Fill in Table 2 Organisational details. Where relevant, in the Comments column, indicate if the organisation will be the lead or a non-lead partner in a **consortium** arrangement.

Indicate the primary organisational contact for the departmental contract manager coordinating the due diligence process. This contact will coordinate information provided by the organisations to inform the due diligence process.

Table 2 Organisational details

|  |  |  |  |
| --- | --- | --- | --- |
| # | Contact | Details | Comments |
| 1. | Name of organisation | Legal name:  Trading name/s: |  |
| 2 | Australian Business Number (ABN) or Australian Company Number (ACN) of organisation | ABN:  ACN: |  |
| 3. | Registered head office address | Street:  Suburb:  State:  Postcode: |  |
| 4. | Full name and title of organisation contact | Name:  Title: |  |
| 5. | Email address and phone number of organisation contact | Email:  Phone: |  |

**Checklist details**

**Organisations:** In Table 3 Checklist questions, links in the Resources column provide additional information on service agreement requirements. Fill in the ‘Indicate: Yes, No or N/A’ and ’Organisation comments’ columns and return checklist to the departmental coordinator along with supporting evidence.

Table 3 Checklist questions

| # | Question | Resources | Indicate: Yes, No or N/A | Organisation comments | Department comments |
| --- | --- | --- | --- | --- | --- |
| **1.** | **Legal registration** | [Service Agreement Requirements](https://fac.dffh.vic.gov.au/service-agreement-requirements-dffh-and-dh) <https://fac.dffh.vic.gov.au/service-agreement-requirements>  [Search Business Names Register (asic.gov.au)](https://connectonline.asic.gov.au/RegistrySearch/faces/landing/bn/SearchBnRegisters.jspx?_adf.ctrl-state=15luuga5yo_4)  <https://www.abr.gov.au/> |  | No response required, provided in Table 2 Organisation details. Department to check. | *Check Australian Securities and Investments Commission (ASIC) for organisation’s current Australian Company Number (ACN) and Australian Business Register (ABR) for current Australian Business Number (ABN) registration status.* |
|  | Is the organisation a registered not for profit? | [ACNC](https://www.acnc.gov.au/) <https://www.acnc.gov.au/> |  |  | *To confirm if the Organisation is Not for Profit (NFP), check the Australian Charities and NFP Commission (ACNC) website to confirm registration status. Check financial statements to identify if there has been any enforcement activity undertaken under ACNC Act.* |
|  | Is the organisation registered with Office of the Registrar for Indigenous Corporations (ORIC)? | [ORIC](https://www.oric.gov.au/) <https://www.oric.gov.au/> |  | No response required, department to check | *Check if the organisation is registered with Office of the Registrar for Indigenous Corporations (ORIC).* |
| **2.** | **Governance**  Outline your organisation’s governance structure (including primary contacts; board members; senior executive; roles and responsibilities). | [Community Services Quality Governance Framework](https://www.dffh.vic.gov.au/publications/community-services-quality-governance-framework) <https://www.dffh.vic.gov.au/publications/community-services-quality-governance-framework>  [Governance for community organisations - DFFH Service Providers](https://providers.dffh.vic.gov.au/governance-community-organisations) <https://providers.dffh.vic.gov.au/governance-community-organisations> |  |  |  |
|  | Provide a copy of your organisation’s constitution, charter or strategic work plan.  Provide a one-year plan for a small organisation and a three-year plan for large organisation. | [Governance for community organisations - DFFH Service Providers](https://providers.dffh.vic.gov.au/governance-community-organisations) <https://providers.dffh.vic.gov.au/governance-community-organisations> |  |  |  |
|  | Outline the board members’ industry expertise and knowledge.  Provide evidence of the board induction process and governance training.  **Note:** Clause 20 of the service agreement requires organisations to undertake background and probity checks on new Board members or people involved in the governance of the organisation. Further information on the types of checks organisations should undertake is provided in the Service Agreement Requirements. | [*Governance Capability Framework tool kit* (word)](https://dhhsvicgovau.sharepoint.com/sites/SAPUShared-DHHS-GRP/Shared%20Documents/General/Due%20diligence%20processes%20and%20resources/CURRENT%20VERSIONS%202025/Governance%20Capability%20Framework%20tool%20kit%20(word)) document at:  [Governance for community organisations](https://providers.dffh.vic.gov.au/governance-community-organisations) <https://providers.dffh.vic.gov.au/governance-community-organisations> |  |  |  |
|  | Briefly summarise your organisation’s Occupational Health and Safety (OH&S) systems in place, including monitoring and reporting systems. | [WorkSafe Victoria](https://www.worksafe.vic.gov.au/) <https://www.worksafe.vic.gov.au/> |  |  |  |
|  | Provide copies of your organisation’s policies for identifying and managing fraud and corruption and outline any related systems. | [Fraud and corruption](https://providers.dffh.vic.gov.au/fraud-and-corruption) <https://providers.dffh.vic.gov.au/fraud-and-corruption> |  |  |  |
|  | Identify if there are any conflicts of interest relating to the funding allocation. |  |  |  |  |
| **3.** | **Financial position**  Provide evidence of your organisation’s current financial position including assets (property/deeds), income and liabilities, as applicable, through:   * Financial reports (balance sheets and profit and loss statements) for the previous two financial years. * Financial analysis of the proposed entity (preferably by an independent third party) regarding the financial operations/projections over the forthcoming 12 months or more. | Assets and financial tab at:  [Service agreement](https://fac.dffh.vic.gov.au/service-agreement) <https://fac.dffh.vic.gov.au/service-agreement>  [Service Agreement Requirements](https://fac.dffh.vic.gov.au/service-agreement-requirements) <https://fac.dffh.vic.gov.au/service-agreement-requirements> |  | *Indicate which reports provided.* | *Seek analysis by your divisional finance team regarding the financial operations/projections over the forthcoming 12 months or more.* |
| **4.** | **Insurance**  Provide an insurance certificate of currency and full policy. | [Insurance | Victorian Managed Insurance Authority](https://www.vmia.vic.gov.au/insurance) <https://www.vmia.vic.gov.au/insurance> |  |  | *Consult with departmental Insurance Services team to consider eligibility for insurance cover under the Victorian Managed Insurance Authority and whether there is a requirement for additional child abuse insurance to cover activities flagged as ‘services to children’.* |
| **5.** | **Assets/leases** | [Asset Management Resources](https://fac.dffh.vic.gov.au/asset-management-resources) <https://fac.dffh.vic.gov.au/asset-management-resources> |  |  | *Where relevant, identify any department owned assets or lease arrangements for government owned properties that need to be transferred to the organisation. Indicate which organisation or departmental program they are being transferred from.* |
| **6.** | **Ability to deliver quality services**  Demonstrate your organisation’s ability to meet service agreement terms and conditions, and preparedness to support service delivery by the funding commencement date. | [Community Services Quality Governance Framework](https://www.dffh.vic.gov.au/publications/community-services-quality-governance-framework) <https://www.dffh.vic.gov.au/publications/community-services-quality-governance-framework>  [Sample Service Agreements](https://fac.dffh.vic.gov.au/dhhs-sample-service-agreement) <https://fac.dffh.vic.gov.au/dhhs-sample-service-agreement>  [Service Agreement Requirements (DFFH and DH)](https://fac.dffh.vic.gov.au/service-agreement-requirements-dffh-and-dh) <https://fac.dffh.vic.gov.au/service-agreement-requirements-dffh-and-dh> |  |  |  |
|  | Demonstrate your organisation’s ability to deliver agreed performance targets according to program policies and frameworks as outlined in program requirements and other service agreement applicable departmental policies. | [Sample Service Agreements](https://fac.dffh.vic.gov.au/service-agreement-requirements-dffh-and-dh) <https://fac.dffh.vic.gov.au/service-agreement>  [Department of Health website](https://www.health.vic.gov.au/) <https://www.health.vic.gov.au/>  [Department of Families, Fairness and Housing Providers website](https://providers.dffh.vic.gov.au/funded-agencies) <https://providers.dffh.vic.gov.au/funded-agencies> |  |  |  |
|  | Demonstrate your organisation’s capacity to meet the Victorian Charter of Human Rights and Responsibilities, including whether they are represented in the organisation’s Charter. | [Victorian Equal Opportunity and Human Rights Commission](https://www.humanrights.vic.gov.au/) <https://www.humanrights.vic.gov.au/> |  |  |  |
|  | **For proposed providers of DFFH Care Services** (out-of-home care for children and young people who are statutory clients)  Detail systems and processes in place to meet all Care Services program requirements. | [Children, youth and families](https://providers.dffh.vic.gov.au/children-youth-and-families) <https://providers.dffh.vic.gov.au/children-youth-and-families>  [Program requirements for out-of-home care services](https://providers.dffh.vic.gov.au/program-requirements-out-home-care-services) <https://providers.dffh.vic.gov.au/program-requirements-out-home-care-services>  [Looking After Children framework](https://providers.dffh.vic.gov.au/looking-after-children-framework) <https://providers.dffh.vic.gov.au/looking-after-children-framework> |  |  |  |
|  | **For proposed providers of all services in scope of the Reportable Conduct Scheme:**  Outline how your organisation will comply with the Reportable Conduct Scheme. | [CCYP | Reportable Conduct Scheme](https://ccyp.vic.gov.au/reportable-conduct-scheme/) <https://ccyp.vic.gov.au/reportable-conduct-scheme/> |  |  | *Review any past or current Reportable Conduct issues.* |
|  | Outline how your organisation will comply with safety screening requirements, including mandatory qualifications, for each funded activity.  Where applicable, discuss any proposed use of labour hire staff. | [Safety screening policy for funded organisations](https://providers.dffh.vic.gov.au/safety-screening-policy) <https://providers.dffh.vic.gov.au/safety-screening-policy>  [The Worker and Carer Exclusion Scheme](https://www.vic.gov.au/worker-and-carer-exclusion-scheme) <https://www.vic.gov.au/worker-and-carer-exclusion-scheme>  [Disability Worker Regulation Scheme](https://www.vdwc.vic.gov.au/) <https://www.vdwc.vic.gov.au/>  [Victorian Disability Worker Commission – Prohibition Orders](https://www.vdwc.vic.gov.au/prohibition-orders)  <https://www.vdwc.vic.gov.au/prohibition-orders>  [Labour Hire Authority](https://www.labourhireauthority.vic.gov.au/) <https://www.labourhireauthority.vic.gov.au/>  [Labour hire procedures for residential care services in Victoria](https://providers.dffh.vic.gov.au/labour-hire-procedures-residential-services-victoria) <https://providers.dffh.vic.gov.au/labour-hire-procedures-residential-services-victoria> |  |  |  |
|  | Outline your organisation’s systems, policies, processes and reporting mechanisms to manage client incidents, feedback, complaints and privacy incidents. | [Client incident management system](https://providers.dffh.vic.gov.au/cims) <https://providers.dffh.vic.gov.au/cims>  [Policy and funding guidelines for health services](https://www.health.vic.gov.au/policy-and-funding-guidelines-for-health-services) <https://www.health.vic.gov.au/policy-and-funding-guidelines-for-health-services>  [Complaints management policy for funded organisations](https://providers.dffh.vic.gov.au/complaints-management-policy-funded-organisations) <https://providers.dffh.vic.gov.au/complaints-management-policy-funded-organisations>  [Privacy Policy](https://www.dhhs.vic.gov.au/publications/privacy-policy) <https://www.dhhs.vic.gov.au/publications/privacy-policy> |  |  |  |
|  | ***Check for past quality issues*** | [OVIC home page - Office of the Victorian Information Commissioner](https://ovic.vic.gov.au/) <https://ovic.vic.gov.au/>  [CCYP | Reportable Conduct Scheme](https://ccyp.vic.gov.au/reportable-conduct-scheme/) <https://ccyp.vic.gov.au/reportable-conduct-scheme/> |  |  | ***For all organisations:*** *Check Office of the Victorian Information Commissioner (OVIC) and Victorian Ombudsman.*  ***DFFH funding only:*** *Where relevant, check external oversight bodies such as the Commission for Children and Young People (CCYP) for any reports relating to funded organisation/s.* |
|  | Outline your organisation’s systems and processes to meet the Victoria Protective Data Security Framework and Privacy Data Protection Act, including the Information Privacy Principles. | [Victorian Protective Data Security Framework - Office of the Victorian Information Commissioner <https://ovic.vic.gov.au/data-protection/framework-vpdsf/](https://ovic.vic.gov.au/data-protection/framework-vpdsf/)>  [Privacy Policy](https://www.dhhs.vic.gov.au/publications/privacy-policy) |  |  |  |
|  | Confirm there are systems and processes in place to meet Emergency Management requirements. | [Emergency management](https://providers.dffh.vic.gov.au/emergency-management) <https://providers.dffh.vic.gov.au/emergency-management> |  |  |  |
|  | **For accommodation and other bed-based services:**  Outline systems and processes in place to meet Fire Risk compliance requirements. | [Fire risk management procedures and guidelines](https://providers.dffh.vic.gov.au/fire-risk-management-procedures-and-guidelines) <https://providers.dffh.vic.gov.au/fire-risk-management-procedures-and-guidelines> |  |  |  |
|  | Outline systems and processes in place to apply the *Aboriginal Cultural Safety Framework* and support and embed Aboriginal self-determination. | [Aboriginal and Torres Strait Islander cultural safety framework](https://www.dhhs.vic.gov.au/publications/aboriginal-and-torres-strait-islander-cultural-safety-framework) <https://www.dhhs.vic.gov.au/publications/aboriginal-and-torres-strait-islander-cultural-safety-framework>  [Self-Determination background concepts](https://www.health.vic.gov.au/publications/self-determination-background-concepts) <https://www.health.vic.gov.au/publications/ self-determination-background-concepts> |  |  |  |
|  | Outline systems and processes in place to make services accessible to clients from culturally diverse backgrounds. | [Language Services Policy](https://www.dffh.vic.gov.au/publications/language-services-policy) <https://www.dffh.vic.gov.au/publications/language-services-policy> |  |  |  |
|  | Does your organisation intend to subcontract any proposed funding? If yes, provide details. | [Sample Service Agreements](https://fac.dffh.vic.gov.au/service-agreement) <https://fac.dffh.vic.gov.au/service-agreement> |  |  |  |
|  | **Regulation or registration**  Does the proposal include DFFH-funded services requiring registration with the Social Services Regulator or DH-funded services requiring registration under any other body?  If yes, indicate where organisation is up to in application process. | [Social Services Regulator](https://www.vic.gov.au/social-services-regulator)  <https://www.vic.gov.au/social-services-regulator>  [Department of Health Policy and Funding Guidelines](https://www.health.vic.gov.au/policy-and-funding-guidelines-for-health-services) <https://www.health.vic.gov.au/policy-and-funding-guidelines-for-health-services> |  |  |  |

# Appendix 1 Glossary of terms

| **Term** | **Definition** |
| --- | --- |
| **Activity** | Programs are funded via specific service types called activities. Each activity has an activity description that outlines its service, program and quality requirements, performance measures and reporting requirements. See also Program; Service. |
| **Competitive funding process** | Open provider selection process, usually a call for funding submission process advertised on the [Buying for Victoria](https://www.tenders.vic.gov.au/) website <https://www.tenders.vic.gov.au/> |
| **Consortium** | A group of two or more legal entities (organisations or sole practitioners) that will deliver a service as a group rather than being funded individually but working in partnership. One organisation acts as lead for the consortium. |
| **Contract manager** | The departmental staff member who monitors how an organisation delivers services contracted through a service agreement. |
| **Due diligence** | A risk assessment process that considers types and levels of risk relating to proposed funding and services. The due diligence process assesses how the organisation will identify, reduce and manage its strategic and operational risks. |
| **Financial delegate** | The departmental staff member authorised to approve the contracting of funding up to a set value. |
| **Program** | A broad category of services such as family violence or community health to be delivered by an organisation. The service agreement includes links to program guidelines, standards and frameworks. These detail program deliverables, quality expectations and reporting requirements. See also Activities; Service. |
| **Service** | A category of support funded through programs. Types of service include case management; allied health; counselling or supported accommodation. A service may be funded through one or more activities. See also Activities; Program. |
| [**Service agreement**](https://fac.dffh.vic.gov.au/service-agreement-requirements) | The legal contract between the department and a person or organisation. For further information see <https://fac.dffh.vic.gov.au/service-agreement > |
| [**Service Agreement Requirements**](https://fac.dffh.vic.gov.au/service-agreement-requirements) | A component of the Service Agreement that outlines the responsibilities, policies and obligations that all funded organisations must comply with. For further information, see <https://fac.dffh.vic.gov.au/service-agreement-requirements> |

To receive this document in another format, email [Service Agreement Communications](mailto:SAComms@dffh.vic.gov.au) <SAComms@dffh.vic.gov.au>.

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In this document, ‘Aboriginal’ refers to both Aboriginal and Torres Strait Islander people. ‘Indigenous’ or ‘Koori/Koorie’ is retained when part of the title of a report, program or quotation.

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