

## NDIS Plan Management



For any organisation one of the most important, and often the most ignored, issues is financial management. Whether it be recording, control of costs or even just understanding what all the numbers mean, if it is ignored, there is no way of knowing where the biggest costs are, or where there is room for improvement.

As a CPA with 40 years experience in both the Public and Private sectors, in investment, business ownership and consulting for other businesses and with a special interest in procedures and internal control, it has long frustrated me that most organisations treat the accounting side of their operations as a necessary evil. rather a key part of managing their operations.

For the NDIS, as with any government sector, internal control and reporting are key. Plan Management and the pricing guide are the tools the NDIS has for this. Pricing control will only be discussed here as it relates to Plan Management, my full NDIS Reform Plan itself discusses some of the other issues around the NDIS as a whole.

The increasing costs of the NDIS are partly due to the growth of Participants, but is, in a large part due to a lack of control over the use of funds. NDIS Participants are increasingly feeling that Service Providers (SPs) see them as a cash cow, The ability to negotiate costs is almost non existent, and many providers have 2 prices, one for the NDIS and one for others. Even Service agreements are often one sided, and Participants have 2 choices, accept it, or go elsewhere. In regional areas, there virtually is no choice. On top of that, many Allied Health Professionals charge more than the guide, forcing Participants to pay the difference, they are, in my view, arrogant in their claims that their expertise is such that hourly rates of up to \$800 an hour are justified.

Participants also complain that some SP's overcharge or under service and if they complain, their support gets even worse, or totally ceases.

As a self managed Participant since 2017, I believe I am aware of the potential pitfalls of this method of management, and over the last few months, as I compiled my full Reform Plan, I have become even more aware of the issues around Agency and Plan management.

To set the scene, I have compiled a summary of the issues Participants and other stakeholders have raised, and at the end, I have provided my recommendations on the best way forward for the NDIS.

### **Agency Managed**

When funds are agency managed, the risk to the NDIS is virtually NIL, or so it appears. SPs enter their invoices and as long as they are within the guidelines, payment is made. The reality is, in most cases the NDIA actually don't know if the service/goods were supplied as invoiced. Internal control principles that apply to other government departments are ignored. The Participant is the only one that suffers, as I said, on the surface. The truth is, NDIS funds are being misused.

From what I understand, the current system allows Service Providers to 'quarantine' their funding, but this can mean that over provision is possible, leaving insufficient funding for other supports. A Participant is unable to manage this, reducing their 'choice and control' over services.

For the Participant, the biggest risk is when funds are overspent. While the NDIS Plan Management Guide outlines what is required of a Plan Manager, the NDIA do not hold themselves to the same

standard. There are numerous cases where funds have been overspent and the first the Participant knows is when the debt collectors come calling. Whilst they can see the issue if they log into the Portal, no one from the Agency contacted them to let them know, they just stopped paying the bills. Some Participants are happy to leave the NDIA to handle their funds completely, thinking they are safe. Overcharging by SPs is possible with no oversight. This blind trust in SPs is negligent of the NDIA as recent fraud findings have proved. As Operations Accountant for Superannuation Fund Investment Trust, I was responsible for the control of millions of dollars a day. Our internal control was vital and I had to think of every possible opportunity for misappropriation of funds and to close the gap. When viewing the NDIS, the gaps are both numerous and often glaringly obvious.

This at least needs to change. I was Agency Managed for my Support Coordination for a while at the start of my last Plan. On appeal, I was told it was an administrative error (a box wasn't ticked), but during that time, I could not access details of charges, all I could see was the amount used. I finally got the information, from my support Coordinator! I don't know if things have changed, but I hope they have.

I have also had problems with AT. The item arrived, it was not fit for purpose, but getting the supplier to fix the problem took a lot of effort and cost another 25%, they had their money already. I am not the only one. Admittedly, the same problem occurs when you are Self Managed, it is a problem the NDIA could fix easily, by saying they will pay 90% up front and the last 10% on successful supply/installation.

## **Plan Managed**

The Plan Management Guide (the Guide) issued by the NDIA is a well constructed, comprehensive guide. Unfortunately, from what I have heard, many Plan Managers either have not read it, or choose to ignore it.

The problem with it, however, is that the level of expertise required to follow this guide is not commensurate with the amount of money the NDIA are prepared to pay Fund Managers. I had outlined the problem in my presentation to the Executive Leadership Team in 2021, but the following extract from my NDIS Reform Plan explains it.

*The next major failure in this area is the fact that the funding for Plan Management is unrealistic and makes the most basic mistake in financial management. By funding a minimal monthly fixed rate for this function and then allowing an hourly rate that is less than that charged by most bookkeepers (let alone Accountants), for assisting the Participant with their plan management, the skill level of the staff involved in the process is guaranteed to be unacceptable. It is the equivalent of paying a GP the same amount as the receptionist and expecting the skills of a medical specialist.*

*When the most important issue of the NDIS as a whole, from a financial point of view, is the cost blowout and where it is generally accepted within NDIS circles that cost management within the Scheme has major issues, this seems to be the first and most important place that control must be tightened, or one could argue, actually introduced.*

*The flat fee of around \$100 month to pay SPs and provide monthly reports and oversight of spending (as required by the NDIS Plan Manager Guide and pricing guidelines), REGARDLESS OF THE PLAN SIZE, there are few Plan Managers who would actually be prepared to take on a large plan. In most cases, this has meant that Plan Management is provided by SPs. THIS CREATES IS A CLEAR CONFLICT OF INTEREST.*

I have had discussions with stakeholders around Plan Managers saying expenditure is not allowed, when it is clearly outlined on the NDIS website as acceptable. I assume that this, at best is a result of inexperienced and/or underqualified people who do not have time to research whether something is already identified as 'reasonable and necessary' or at worst, it is negligence.

For a Service Provider, the best way to ensure that the costs of Plan Management can be covered, is to ensure that it is also acting as an SP for other services, or only working with where some other financial arrangement has been made. I am aware of at least one small SP where the fund manager convinced (coerced) a Participant to change to another provider because their long standing SP was not 'on the list' of the new plan manager. Many large SPs also offer Plan Management. I will never be convinced that where an SP is responsible for providing the majority of the services in a Participant's Plan, there is not a clear conflict of interest with the functions of Support Coordinators and Plan Managers (again see my Reform Plan).

While ever these three supports are not independent, neglect and abuse are possible. My Reform Plan outlines a simple solution, the concept of Plan Support. This offers protection for both the Participant and the NDIS. It ensures, not only that responsibility for oversight of Plan spending rests with those responsible for each Plan, but also guarantees that the Participant is properly supported. A win/win, which is hard to find anywhere at the moment.

I also believe that there is an issue with the qualifications of some current Plan Managers, mainly as a result of the insufficient funding already outlined. I recommend that the NDIA rely on the accounting sector for support in this area. A certain amount of the Fund Management funding should be assigned for an Industry qualified Accountant to Review each plan. This need only be for the same support as would be expected from a Financial controller, for the highest levels of responsibility in the NDIS Plan Manager guide. Not for assistance in plan management currently outlined in pricing guidelines, but for the oversight of those providing the support, for the creation of procedures, high level spending decisions and review of reports, not their compilation.

Registration should be based ONLY on this qualification, not requiring the additional cost of review and audit by NDIA qualified sub contractors, just the provision of membership of recognised Accounting bodies would be required. This would then mean that qualified Accountants, regardless of size, could be registered by the NQSC only, making it possible for the smallest provider to be registered and thus making it possible for ALL fund managers to be Registered Providers.

Thus, the NDIS can rely on the protection of these bodies. Where funds are not properly spent, or any Service Provider is guilty of fraud, there is an Accountant who can be reported to that body for negligence. The ethical requirements of those bodies can be relied on to ensure that their professional standing is at risk. I have little doubt that arrangements could be made with those bodies to ensure that those Accountants found to be in breach of NDIS Legislation would have their membership cancelled. This could easily be used to address the conflict of interest issues outlined above.

This would obviously require an allowance of hours funded at current rates for Accounting services, not the existing \$100 flat fee. It would be related to the Plan size. Funding for Accountant oversight and an assistant accountant to compile quarterly reports for quarterly upload to the Portal.

## **Self Managed**

At the moment, this is the lowest cost option for the NDIS. The time spent to manage a plan is covered by the Participant. The risk however all rests with the NDIS. The only way to know if plans are properly managed is through audit.

At the moment, the NDIA seems to be going through a major campaign of moving self managed Participants back to Agency managed when there is confirmed, or even suspected, misuse of funds. There are many appeals to the AAT that include this issue. While the NDIS website states that this choice is with the Participant, for these appellants, the risk has been transferred to them, along with all the other disadvantages outlined above. Their 'choice and control' in this area has been removed.

I believe there is a simple solution to this. It is used by the ATO on a regular basis, with religious bodies and charities. By funding the same amount outlined for the oversight by a registered (qualified) Plan Manager in plan managed Plans, self managed Participants could be required to undergo an audit by a Registered (qualified) Accountant.

As I have said, I am self managed. While I am able to produce a statement of Funds Use (with the appropriate supporting documentation) at the end of each Plan, I have never been asked. This will only occur if/when I am audited. The risk to the NDIS would be significantly reduced if each Plan was audited each year. In the case of Professional Accountants, like myself, this would not be necessary, the fiduciary duty remains, and my qualifications are still at risk. This requirement would ensure that self managed Plans offered the same guarantees of funds use as that offered by Plan Management.

This MUST come with a requirement for completion of a training module developed by the NDIA. It should be a requirement for Plan Managers (instead of the current NDIS support worker process).

My Plan Support Team concept, if adopted, would see this module extended to include Support Coordination, thus ensuring that any Plan Support Team member (including both Plan and self managed Participants) was aware of their responsibilities and those of other members of the team. I also believe that if a Participant wished to change those in either of these positions, it would require the support of the other and even their wider network to do so. This would prevent Participants from changing for extraneous reasons, and would require sufficient justification.

Ideally, this should then be supported by an expert Team within the NDIA, who could provide the same guidance and approval of specialised and individual questions, as the ATO do for taxpayers now. Access to this team would be open to Plan Managers, Self Funded Participants, NDIA staff and Plan Support members.

Plan Managers would be able to provide NDIA rulings to refuse requests for purchases that did not meet NDIS requirements and self managed Participants could obtain rulings which would support purchases where NDIA staff may question them.

Rulings should also be used in Plan Reviews, with their findings being available to both Participants, Delegates and the initial documentation in Appeals to the AAT.

**In Summary, I believe that the funds of every NDIS Plan can be better protected by the following changes to Plan Management.**

#### **Agency Managed**

- **The NDIA follow the NDIS Plan Management Guide (the Guide) for these Plans**
- **A mechanism be written into the Plan, clearly outlining the Participant's nominee for the responsibility of ensuring the following is done - Plan Support Team/SC or someone else**
  - **Quarterly Reports (per The Guide) once available on the Portal**
    - **Transactions be easily accessed on the Portal Plan Support Team/SC or Participant**
  - **Payments are not made for services not received/properly performed, or are reported to the NQSC if not stopped before payment.**

#### **Plan Managed**

- **Plan Managers be Industry qualified (eg CPA, ACAA etc) or Compulsory Registration based on qualification only (not requiring current audit requirements)**
- **Funding for oversight be at market rates**
- **Current NDIS support worker requirements be replaced by new plan management requirements**

#### **Self Managed**

- **Training be available along with NDIA expert advice**
- **Auditing by qualified Plan Managers**
- **Current changes from self to agency management be returned to self funded with new audit requirements unless audit has already found misuse of funds.**

#### **Overall**

- **AT payments to be 90% up front and 10% on delivery, fit for purpose.**
- **Implementation of the Plan Support Team, or at least its principles in regard to Plan Management.**
  - **Plan Support Training Module/s to include**
    - **Fund management**
    - **Support coordination**
    - **Plan Support**
    - **Conflict of interest**
    - **Participant support requirements**
    - **Other ethical issues**
  - **Registration of Fund Managers and Support Coordinators**
  - **Compulsory for**
    - **Plan Managers**
    - **Support Coordinators**
    - **Participant Team Members**
      - **Self Funded Participants to elect a 3rd member**
    - **NDIA staff involved in Plan approval and administration (including LACs)**

- **At least recommended (if not compulsory) for**
  - Self Funded Participants
  - Other NDIA staff involved in Plan support (NCC)
- **Minimum 12 month implementation**
- **Available to all Participants (or representatives)**
- **Expert Advice and Ruling Team**
  - **available to**
    - anyone who has completed Plan Support Training
    - Self Managed Participants
    - Agency Managed Participants
    - Anyone involved in AAT Appeals
    - Possibly all Participants
  - **To publish appropriate rulings and FAQ'S not already on the NDIS website**