

STATEMENT OF EXPECTATIONS



EVALUATION REPORT:

**QUALITY ASSESSMENT AND REGULATION
DIVISION 2018-20**

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1. GLOSSARY

Acronym/Abbreviation	Full Name
ACECQA	Australian Children's Education and Care Quality Authority
CCYP	Commission for Children and Young People
CSS	Child Safe Standards
Department	Department of Education and Training
DET	Commonwealth Department of Education and Training
ECECRRG	Early Childhood Education and Care Regulatory Reference Group
Evaluation Plan	Statement of Expectations Evaluation Plan
Evaluation Report	Statement of Expectations Evaluation Report
FDC	Family Day Care
GRPP	Good Regulatory Practice Plan
KPI	Key Performance Indicator
National Law	Education and Care Services National Law
National Regulations	<i>Education and Care Services National Regulations 2011</i>
NQA	National Quality Agenda
NQA IT System	National Quality Agenda IT System
NQF	National Quality Framework
NQS	National Quality Standard
RCS	Reportable Conduct Scheme
Regulatory Framework	Regulatory Framework in relation to Education and Care Services in Victoria
RIS	Regulatory Impact Statement
RPC	Regulatory Practice Committee
SOE	Statement of Expectations
SOE Guidelines	Guidelines for Evaluation of Statement of Expectations for Regulators
SOE Framework	Statement of Expectations Framework for Regulators
SOE Letter	Ministerial Statement of Expectations Letter
SOE Response	Regulator Response to the Ministerial Statement of Expectations Letter
QARD	Quality Assessment and Regulation Division of the Department of Education and Training

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Acronym/Abbreviation	Full Name
Victorian Law	<i>Children's Services Act 1996</i>
VBA	Victorian Building Authority
VRQA	Victorian Registration and Qualifications Authority
VIT	Victorian Institute of Teaching

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2. EXECUTIVE SUMMARY

The Quality Assessment and Regulation Division (QARD) of the Department of Education and Training (the Department) regulates early childhood services in Victoria. The Department has evaluated the performance of the QARD in implementing its Statement of Expectations (SOE) 2018-19 and 2019-20.

A summary of the outcome evaluation is provided below.

The QARD performed strongly in the following expectations:

- **Targeting resources to the area of greatest need** - providing tailored compliance guidance and support to 100% of National Quality Framework (NQF) services rated as 'Working towards National Quality Standard' (NQS) to improve performance. Of these services, approximately 70% received a higher NQS rating upon reassessment.
- **Assessing and rating all services** - applying a transparent risk-based approach to assessing and rating services in line with the NQS. Most Victorian services (85%) received a rating of Meeting NQS or above, indicating high quality of service.
- **Transparent and accountable decisions** - providing quality assurance to the public by reporting 100% (178) of high-risk enforcement actions and triaging high risk issues of non-compliance, incidents or complaints within seven days to prioritise the resolution of urgent risks.
- **Timeliness of decisions** – faster decision-making processes were implemented to avoid costly delays for services, with 90% of NQF providers utilising the NQA ITS portal and reducing the time taken to assign ratings to NQF services by approximately two weeks.
- **Consultation with regulated parties** - consulting with the sector, including 11 sessions on the regulatory reforms to the *Children's Services Act 1996* (Victorian Law) and 13 sessions on the NQF review.
- **Engagement with co-regulators** - engaging with co-regulators to promote child safety, including regular meetings on oversight of family day care, the Reportable Conduct Scheme (RCS) and Child Safe Standards (CSS).

The QARD could improve in:

- **Better use of technologies** – investing in more sophisticated IT systems and processes to save time for regulated parties and support the QARD to analyse data. The SOE Response outlined two activities that could not be completed in 2018-19, including investing in mobile devices for ratings and assessment audits and collecting new data in the NQA IT System on the number of incidents and complaints that were triaged within seven days.

The Department and the QARD could consider improving processes in future SOEs, such as:

- **Strategic alignment** - clearly aligning the Evaluation Plan to the SOE Letter and SOE Response and developing outcome performance measures. The three documents were developed independently, and closer linkages between expectations, activities and performance measures would have improved the coherence of the SOE and the evaluation. Many of the performance measures were based on outputs, rather than outcomes, and these outputs did not demonstrate the result of the QARD's actions.

- **Funded, realistic activities** - only activities that have been funded, are likely to be completed and can be reported within the evaluation timeframe should be included to enable the QARD to fully achieve the SOE. The QARD was mostly successful, able to implement all but two activities, due to the resourcing and budget constraints. One of these activities was achieved in an alternative way.
- **Comparable data** - comparing all data across the same timeframe, as the evaluation has a mix of financial year and calendar year data. The SOE is framed in the financial year, however calendar year data (in line with the kindergarten and school year) is most appropriate for performance reporting in the early childhood sector.

3. EVALUATION CONTEXT

STATEMENT OF EXPECTATIONS FRAMEWORK

The Minister outlined expectations for the QARD to promote greater efficiency in regulation in the SOE over two years.

The SOE Framework for Regulators (SOE Framework) process was followed, including:

- the Minister set priorities within an SOE Letter that was published on the regulator's website
- the QARD set activities to deliver the SOE (the SOE Response) that was published on the regulator's website
- The Department developed an SOE Evaluation Plan in consultation with the QARD
- the QARD reported publicly against the improvements and targets included in the SOE Letter and SOE Response in its annual report
- the Department evaluated the QARD's performance in implementing the SOE and published this report on the evaluation findings on the Department's website
- Better Regulation Victoria will review this evaluation report to identify areas of best practice across the regulation sector.

OVERVIEW - THE QUALITY ASSESSMENT AND REGULATION DIVISION

The QARD is responsible for the approval, licensing and regulation of approximately 4,500 early childhood services in Victoria. The QARD regulates early childhood services under two schemes:

- the *Education and Care Services National Law Act 2010* (National Law), comprising most services (93%), including long day care, kindergarten, outside school hours care and family day care
- the *Children's Services Act 1996* (Victorian Law), comprising a small number of services (7%), including all limited hours and short-term licensed services, occasional care, early childhood intervention, mobile services and some school holiday care programs.

The QARD's key regulatory functions included:

- approving early childhood providers and services to operate in Victoria
- assessing and rating services under the NQS
- conducting inspections of services to monitor regulatory compliance, undertaking enforcement action and applying sanctions for non-compliance

THE QARD SOE 2018-19

The Hon. Jenny Mikakos MP, Minister for Families and Children, Minister for Early Childhood Education and Minister for Youth Affairs issued the [QARD SOE letter for 2018-19](#) on 28 June 2018. The Secretary of the Department, in their role as the Regulatory Authority, issued the [QARD SOE Response](#) to the SOE letter 2018-19 on 16 July 2018 and published it on the QARD website. The SOE letter expired on 30 June 2019.

THE QARD SOE 2019-20

The Hon. James Merlino MP, Deputy Premier and Minister of Education issued the [QARD SOE letter for 2019-20](#) on 13 August 2019. The Secretary of the Department, in their role as the Regulatory Authority, issued the [QARD SOE Response](#) to the SOE letter 2019-20 on

26 September 2019 and published it on the QARD website. The nominal expiry date of the current SOE letter is 30 June 2020.

PURPOSE OF THE EVALUATION

The evaluation was designed to assist the regulator to improve performance and reduce costs on regulated parties.

Scope of the evaluation

The evaluation considered the QARD's progress in implementing the SOE, including around timeliness of business processes, targeting compliance activity to high risk services, providing clear compliance guidance, decision-making processes and strengthening engagement. The performance of the QARD was analysed against the SOE Evaluation Plan and the [SOE Framework](#). Other elements of the QARD's operations were out of scope, such as the Education State Early Childhood Reform Plan and incident and complaint management.

The SOE letter had a stronger focus on process improvements, and measured activity rather than outcomes in some areas.

The Department has evaluated two SOE's in this report (2018-19 and 2019-20). The Minister issued shorter term SOEs in response to the Commonwealth Government's decision to reduce its funding to the QARD. The Commonwealth Government discontinued the National Partnership on the National Quality Agenda (NQA) for Early Childhood Education and Care in its Budget 2018-19. Future SOE cycles will cover the full two-year period.

Evaluation team

Table 1: Relevant contacts involved in the evaluation of the QARD SOE.

Contact	Area of involvement
System Connection Team, Early Childhood and School Education Reform Division, Policy, Strategy and Performance Group, Department of Education and Training	The team within the department that conducted the evaluation.
Business Systems and Review Unit, Systems, Administration and Performance, Quality Assessment and Regulation Division, Early Childhood Education Group, Department of Education and Training	The team(s) within the regulator that collected the data and information on each improvement and target to inform the evaluation.

APPROACH TO THE OUTCOME EVALUATION

The outcome evaluation assessed the impact of the SOE in improving regulation.

Methodology

The QARD's performance was assessed in the outcome evaluation, including the:

- activities that delivered on the Minister's expectations, including NQF monitoring and quality assessment, enforcement of legislative non-compliance, governance, communications and engagement
- extent to which the selected elements of good regulatory practice from the SOE Framework were delivered, including risk-based strategies, accountability and transparency, timeliness, compliance-related assistance and advice, and stakeholder consultation and engagement.

Data collection

The Department reviewed internal and publicly available data to develop the evaluation report. A full list of references is provided in Chapter 6. The data and data sources for

performance measures follows the SOE Evaluation Plan and was mapped back to the SOE Letter and SOE Response.

Limitations

This evaluation covered the full timeframe for SOE 2018-19 (July 2018 to June 2019), and half of the timeframe for the SOE 2019-20 (July 2019 to December 2019), in order to inform the next iteration of the SOE. This was in line with the SOE Framework.

Quantitative data was provided where available. The early childhood sector operated on the school year, and performance monitoring and reporting covered a calendar year period rather than a financial year. It was a limitation to frame the SOE on the financial year, as the data did not cover the full reporting period as expected.

APPROACH TO THE PROCESS EVALUATION

The process evaluation assessed the effectiveness of the SOE process.

Methodology

The QARD's process of implementing the SOE was considered in the process evaluation, including the:

- SOE development: including the elements of good regulatory practice, self-assessment, Good Regulatory Practice Plan (GRPP) and SOE Letters
- SOE implementation: including the SOE Response, Evaluation Plan and Evaluation Report.

Data collection

The Department collected data to inform the process evaluation from officers within the QARD, a survey on the SOE process, the self-assessment and GRPP.

Limitations

The staggered advice from the Department of Treasury and Finance on the SOE Framework meant that the Evaluation Plan was developed after the SOE Letter and SOE Response.

The QARD was impacted by budget constraints that limited the QARD's capacity to undertake some new projects in the SOE, including investing in technology. For some projects, data collection was not possible within the timeframe.

4. OUTCOME EVALUATION

NQF MONITORING AND QUALITY ASSESSMENT – RISK-BASED STRATEGIES DATA

The data for the mandatory element of ‘risk-based strategies’ in the SOE Framework is outlined below. Risk-based strategies in this context referred to improving regulatory outcomes by strategically focusing on activities where the risks are greatest. The QARD committed to the following activities to meet the Minister’s expectation to improve NQF monitoring and quality assessment.

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
Apply best endeavours to assess and rate all eligible Victorian education and care services regulated under the National Law, and report to the Minister regularly on Victoria’s performance against this expectation.	For 2018-19 continue to meet the former National Quality Agenda performance benchmark of assessing and rating at least 15% of services per year and provide quarterly reports on progress against this expectation. ¹ For 2019-20 assess and rate 20% of eligible services and provide quarterly reports on progress against this expectation.	Meet internal KPIs for service visits and assessments to ensure sector compliance	Percentage of services rated and their results of that rating for the NQA	981 services (25%) were assessed and rated in 2018 ² . 85% of Victorian services with a quality rating received an overall rating of Meeting NQS or above (as at December 2018). ACECQA snapshot report and briefing provided to Minister quarterly. Data provided in the QARD’s Annual Report.	987 services (24%) were assessed and rated in 2019. 85% of Victorian services with a quality rating received an overall rating of Meeting NQS or above (as at December 2019). ACECQA snapshot report and briefing provided to Minister quarterly. Data provided in the QARD’s Annual Report.
Continue to review and embed risk-based approaches to its regulatory operations to ensure that risks to the health, safety and wellbeing of children are minimised by: <ul style="list-style-type: none"> targeting regulatory effort towards the highest risk activities managing serious and emerging sectoral compliance risks and responding effectively 	Services are monitored according to a risk-based framework.	Increase in number of services found compliant on review through targeted monitoring	Percentage of services with a ‘Working Towards’ rating improving on reassessment	71% of services with a ‘Working Towards NQS’ rating improved on reassessment (noting that this data is rated services that recorded an improvement at any time from 2012 to 2018).	72% of services with a ‘Working Towards NQS’ rating improved on reassessment (noting that this data is rated services that recorded an improvement at any time from 2012 to 2019). 15% of services with an NQS rating were rated as ‘Working Towards NQS’, and 0

¹ Baseline data is 15% of the number of education and care services as at 30 June 2015.

² The year 2018 means the calendar year, January to December 2018

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
<ul style="list-style-type: none"> ensuring services are adequately monitored. 				15% of services with an NQS rating were rated as 'Working Towards NQS', and 1 service was rated as Significant Improvement Required.	services were rated as Significant Improvement Required.
	Conduct at least 3,000 site visits per annum	Meet internal KPIs for service visits and assessments to ensure sector compliance	Number of service visits undertaken	3,966 visits in 2018	3,933 visits in 2019
	All new services are visited at least once in the first 12 months of operation	Meet internal KPIs for service visits and assessments to ensure sector compliance	Percentage of new services visited within 12 months	92% of services approved in 2017 were visited at least once in the first 12 months	93% of services approved in 2018 were visited at least once in the first 12 months

KEY FINDINGS FOR RISK-BASED STRATEGIES OF NQF MONITORING AND QUALITY ASSESSMENT

Achievement of Minister's expectations

The QARD applied best endeavours to meet the Minister's expectations to assess and rate all education and care services, monitor services, target regulatory effort to high risk services, and manage serious risks effectively to ensure the health, safety and wellbeing of children.

The QARD demonstrated excellence in improving regulatory outcomes, with approximately three quarters of services with a Working Towards NQS rating improving their performance on reassessment. The QARD promoted high standards of quality, with 85% of Victorian services achieving a quality rating of Meeting NQS or above.

The QARD exceeded the targets to assess and rate services and conduct site visits. The QARD supported new services, providing advice and conducting site visits before assessment and rating audits were required.

Achievement of standards set out in the SOE Framework

The QARD fulfilled all minimum and best practice standards of the SOE Framework³.

Risk assessment was informed by comprehensive data and tracking the service and compliance history of providers.

The QARD had a documented, consistent approach to assessment and rating in accordance with the National Law and National Regulations, that enabled stakeholders to achieve compliance and guided the effective administration of regulation.

Comprehensive and targeted monitoring, guidance and support was provided to support high-risk services improve performance and promote the safety of children (that is services with low quality ratings, serious incidents or complaints).

The QARD demonstrated a transparent approach to regulation, including providing resources on its website to guide services to comply with the assessment and rating process.

Overall comment

The QARD performed strongly in following a risk-based strategy, demonstrating a consistent regulatory approach to risk assessment. Manual data analysis affected the ability of the regulator to proactively identify risks. Services with low quality ratings raised their performance significantly where they had access to in-depth support and guidance from the QARD. This approach has increased the efficiency of regulation as it reduces the need for intervention over time.

³ The minimum standards referred to are those outlined in the SOE Framework.

ENFORCEMENT – RISK-BASED STRATEGIES DATA

The data for the mandatory element of ‘risk-based strategies’ in the SOE Framework is outlined below. Risk-based strategies in this context referred to improving regulatory outcomes by strategically focusing on activities where the risks are greatest. The QARD committed to the following activities to meet the Minister’s expectation to improve enforcement processes.

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
<p>Continue to review and embed risk-based approaches to its regulatory operations to ensure that risks to the health, safety and wellbeing of children are minimised by:</p> <ul style="list-style-type: none"> targeting regulatory effort towards the highest risk activities managing serious and emerging sectoral compliance risks and responding effectively ensuring services are adequately monitored. 	<p>For 2018-19 ensure risk management plans for all medium/high-risk rated services are regularly reviewed.</p> <p>For 2019-20 ensure compliance management plans for services are regularly reviewed.</p>	<p>Increase in number of services found compliant on review through targeted monitoring</p>	<p>Services assessed at or above medium risk have a compliance management plan, target 95%</p>	<p>100% of services identified as medium-high risk had compliance plans in place to support compliance improvement and mitigate risks. Services with compliance plans were periodically reviewed within a timeframe that was considered appropriate according to the risk level.</p> <p>The QARD is currently reviewing its compliance management processes to support continuous improvement in managing medium/high-risk rated services.</p>	<p>100% of services identified as medium-high risk had compliance plans in place to support compliance improvement and mitigate risks. Services with compliance plans were periodically reviewed within a timeframe that was considered appropriate according to the risk level.</p> <p>The QARD is currently reviewing its compliance management processes to support continuous improvement in managing medium/high-risk rated services.</p>

KEY FINDINGS FOR RISK-BASED STRATEGIES OF ENFORCEMENT

Achievement of Minister's expectations

The QARD met the Minister's expectation to embed risk-based practices, including targeting resources to high risk areas. Services classified as high risk received additional monitoring.

The QARD has met the response activity, ensuring that all medium-high risk services are supported and had compliance plans in place to improve performance, compliance and mitigate risks.

The QARD is currently progressing improvements to its a compliance management process, scheduled to be implemented in 2020-21. Key activities included updating the compliance management policy, introducing a compliance management plan template and management process to track additional monitoring activity.

Achievement of standards set out in the SOE Framework

The QARD met all minimum standards and the majority of the best practice standards of the SOE Framework.

Risk profiles have been developed to consistently assess each service, which guided compliance monitoring and enforcement activities and requests for additional data.

The QARD assigned more resources to support services that were non-compliant or at risk of non-compliance to improve quality.

Overall comment

The QARD supported all high-risk services effectively by providing targeted support through compliance plans to meet the needs of individual services and the community. The key risk was the ability of the QARD to identify emerging risks and address them in time to mitigate risks. The QARD works closely with stakeholders to manage risks and is continually improving its risk-based approach to enforcement, with further policy development that will target resources to higher risk services. The QARD had strong compliance management processes in place to address and review high risks in a timely manner.

ENFORCEMENT – ACCOUNTABILITY AND TRANSPARENCY DATA

The data for the suggested element of ‘accountability and transparency’ in the SOE Framework is outlined below. Accountability and transparency in this context referred to providing clear information on the administration of regulation and the regulator’s performance that is subject to public scrutiny. The QARD committed to the following activities to meet the Minister’s expectation to improve enforcement processes.

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
Further improve the transparency and accountability of its regulatory and decision-making processes by: <ul style="list-style-type: none"> developing more effective measures for the efficiency and effectiveness of application processes, decision-making processes, investigations and other internal processes and outcomes (including, for example, measures of timeliness). 	Continue to publish statutory sanctions on the Department website	Increased clarity to stakeholders about roles and responsibilities	Number of statutory sanctions published on the Departmental website	The QARD applied 85 statutory enforcement sanctions relating to serious non-compliances in 2018.	The QARD applied 93 statutory enforcement sanction relating to serious non-compliances in 2019.
	For 2018-19 publish further guidance about the QARD investigatory processes.	Increased clarity to stakeholders about roles and responsibilities	Published ‘Investigation Guidelines’	Guidelines published on the QARD website	n/a

KEY FINDINGS FOR ACCOUNTABILITY AND TRANSPARENCY OF ENFORCEMENT

Achievement of Minister's expectations

The QARD met the Minister's expectation to improve transparency by publishing advice on investigations and continuing to publish enforcement information to inform sector and community decision-making.

The QARD provided quality assurance and transparent information to the public by regularly publishing the details of all high-risk statutory sanctions in the enforcement action table on its website.

Accountability of the QARD's regulatory and decision-making processes was improved by publishing guidance for services on investigations.

Achievement of standards set out in the SOE Framework

The QARD fulfilled all minimum standards and the majority of the best practice standards of the SOE Framework.

The QARD was transparent and accountable for the standards required of regulated parties, the process of decision-making, and the reasons for enforcement activity.

The Annual Report was aligned with government priorities and included robust performance reporting information on its regulatory activities and the quality of the sector. The QARD published outputs-focused data, such as the number of enforcement sanctions and compliance visits.

The QARD collected information and evaluated complaints and survey data to measure its operational performance and identify opportunities for continuous improvement.

Overall comment

The QARD performed well in terms of its accountability and transparency, as stakeholders are well-informed, and the organisation is subject to an appropriate level of public scrutiny. Manual data analysis methods affected the regulator's ability to quickly assess compliance risks. The QARD is constrained by a lack of technology for case management that could support proactive data analysis. Notwithstanding, the QARD provided quality assurance to the public that appropriate enforcement action was taken to mitigate risks. This approach ensured the effective administration of regulation.

GOVERNANCE – TIMELINESS DATA

The data for the mandatory element of ‘timeliness’ in the SOE Framework is outlined below. Timeliness in this context referred to resolving regulatory decisions, issues and approvals in a timely manner, to avoid unnecessary administrative costs for regulated parties. The QARD committed to the following activities to meet the Minister’s expectation to improve governance processes and systems.

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
<p>Explore ways to reduce regulatory burden and improve the timeliness, efficiency and effectiveness of business systems and processes supporting its regulatory functions through:</p> <ul style="list-style-type: none"> better use of technologies ensuring consistent delivery of high quality services within prescribed timeframes 	<p>Work with the Australian Children’s Education and Care Authority (ACECQA) to improve the National Quality Agenda (NQA) IT System and increase the utilisation of information management technologies to:</p> <ul style="list-style-type: none"> simplify and standardise processes increase use of online forms to make it easier for services to provide required data through the online portal. 	Reduction of administrative delays through use of online systems and technologies.	Change in sector use of NQA ITS online application and notification forms – (Internal QARD data) % of providers with online portal account	90.6% of approved providers have registered in the NQA ITS as at 30 June 2018 (compared with a national proportion of 94.1%) ⁴ .	91.2% of approved providers have registered in the NQA ITS as at 30 June 2019 (compared with a national proportion of 96.1%).
		Reduction of time taken to assess service approval applications.	Proportion of new service applications assessed within 90 days (Internal the QARD data) #/100 or 0.##	64% of service approval applications submitted in 2018 were assessed within 90 days. ⁵	72% of service approval applications submitted in 2019 were assessed within 90 days (for applications finalised in 2019). ⁶
	Adopt new technologies such as mobile devices to complete the assessment and rating process within shorter timeframes by streamlining processes and information capture.	Reduction of time taken to complete administration processes	Decrease in time taken to send notice of rating at the end of the assessment and rating process. (Internal the QARD data) # of days	In 2018, the QARD took an average of 53 days to send notice of rating at the end of the assessment and rating process	In 2019, the QARD took an average of 44 days to send notice of rating at the end of the assessment and rating process. QARD achieved the improved timeliness through process improvement, rather than the adoption of

⁴ Table 3 of the 2017-18 ACECQA annual report

⁵ Applications are not valid until all prescribed information is received and is often paused while the QARD seeks additional information from the applicant. NQA IT System cannot accurately count the elapsed days and account for the pausing. The proportion of new service applications assessed within 90 days may not be an accurate count.

⁶ Refer to Footnote 5

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
					new technologies which was subject to budget constraints.
			Proportion of notifications of incidents and complaints triaged within [timeframe] #/100 or 0.##	New data collection methods for this measure were established from July 2019. The QARD is committed to responding to notifications within 7 days.	n/a

KEY FINDINGS FOR TIMELINESS OF GOVERNANCE

Achievement of Minister's expectations

The QARD has largely met the Minister's expectation to reduce the regulatory burden and improve timeliness for services.

Timeliness was improved by process improvement and promoting the use of the NQA IT system portal for providers to submit forms and provide feedback online. The QARD was able to assess new service applications and produce a rating for services in a shorter timeframe.

The QARD worked with the ACECQA to improve the operation of the NQA IT system portal. This included the development of new data collection methods to record the triage information for incidents and complaints for future performance reporting.

Achievement of standards set out in the SOE Framework

The QARD has fulfilled all minimum standards and largely met the best practice standards of the SOE Framework.

Services were able to submit applications, notifications, and assessment and rating documents through the NQA IT system portal, which saved time for the regulator and regulated parties.

The QARD provided guidance on the timing and scope of regulatory processes in the Regulatory Framework and works with services to resolve issues.

Some business processes, including case management and some aspects of compliance monitoring, are paper-based and would be more efficient within an IT system.

The QARD worked in partnership with ACECQA to streamline regulation, ensuring there was reasonable timeframes for services to meet legislative requirements and requests for information.

Overall comment

The QARD performed well in terms of increasing its timeliness, completing some key business processes faster and saving additional delay costs for regulated parties. The QARD has been unable to invest in new IT systems that would replace paper-based and workaround processes and continuously improve timeliness.

GOVERNANCE – RISK-BASED STRATEGIES DATA

The data for the mandatory element of ‘risk-based strategies’ in the SOE Framework is outlined below. Risk-based strategies in this context referred to improving regulatory outcomes by strategically focusing on activities where the risks are greatest. The QARD committed to the following activities to meet the Minister’s expectation to improve governance processes and systems.

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
Continue to review and embed risk-based approaches to its regulatory operations to ensure that risks to the health, safety and wellbeing of children are minimised by: <ul style="list-style-type: none"> targeting regulatory effort towards the highest risk activities managing serious and emerging sectoral compliance risks and responding effectively ensuring services are adequately monitored. 	For 2018-19 review current analytics and reporting of risk information to improve identification and responses to emerging risks.	Improved governance and assurance of performance	Framework reviewed. Changes made: established Regulatory Risk Committee in June 2018. The committee reviews internal risk information. Acquittal only	Acquittal	n/a

KEY FINDINGS FOR RISK-BASED STRATEGIES OF GOVERNANCE

Achievement of Minister's expectations

The QARD has met the Minister's expectation to embed risk-based approaches in its operations including identifying, monitoring, reporting and responding to risks.

A Regulatory Risk Committee provided for the good governance and oversight of risk management.

Achievement of standards set out in the SOE Framework

The QARD fulfilled all minimum and best practice standards of the SOE Framework.

A consistent and documented approach was applied to risk assessment, including defining risks according to the Risk Management Framework, maintaining the Risk Register, and defining the role of the Regulatory Risk Committee in mitigating risks.

The QARD assigned a risk level to each service to identify, monitor and control compliance risks. Risk assessment was consistently applied and informed by a combination of factors (i.e. incidents, complaints and legislative non-compliance notifications, compliance history). Risks were analysed, evaluated and triaged according to the perceived risks, with high risks resolved first.

Services were provided with transparent advice about the QARD's risk management processes, including through the Regulatory Framework and other online resources.

Overall comment

The QARD performed strongly in achieving risk-based strategies by prioritising high risks and promoting the safety of children. Manual data analysis affected the QARD's ability to quickly identify and assess risks. Classifying risks and targeting effort to high risk issues first has led to better, more efficient regulatory outcomes.

GOVERNANCE – ACCOUNTABILITY AND TRANSPARENCY DATA

The data for the suggested element of ‘accountability and transparency’ in the SOE Framework is outlined below. Accountability and transparency in this context referred to providing clear information on the administration of regulation and the regulator’s performance that is subject to public scrutiny. The QARD committed to the following activities to meet the Minister’s expectation to improve governance processes and systems.

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
Further improve the transparency and accountability of its regulatory and decision-making processes by: <ul style="list-style-type: none"> developing more effective measures for the efficiency and effectiveness of application processes, decision-making processes, investigations and other internal processes and outcomes (including, for example, measures of timeliness). 	For 2018-19 review current reporting frameworks and assess internal benchmarks on timeliness for administering regulatory processes to improve monitoring and reporting on risk and performance.	Better oversight by the QARD of sector performance through more efficient and effective investigation processes	Risks and performance are reported through the Regulatory Risk Committee Acquittal only	Acquittal	n/a

KEY FINDINGS FOR ACCOUNTABILITY AND TRANSPARENCY OF GOVERNANCE

Achievement of Minister's expectations

The QARD met the Minister's expectation to improve the transparency and accountability of regulatory and decision-making processes, through timely risk monitoring and performance reporting.

Performance reporting frameworks for risk and performance were reviewed and improvements were made to processes to support the timeliness of risk monitoring. The QARD reported high-level risks in the Risk Register, and risks were reviewed regularly by the Regulatory Risk Committee. The Department's Portfolio Strategy and Planning Division escalated relevant strategic risks to the Executive Board.

Achievement of standards set out in the SOE Framework

The QARD has fulfilled all minimum and best practice standards of the SOE Framework.

Performance reporting was regularly conducted to assess risk and operational performance and identify opportunities for continuous improvement. The internal Business Plan was developed and implemented, including the priorities related to the SOE. The QARD published outcomes focused data in the Annual Report, including the number of services with a 'Working Towards NQS' rating that improved on reassessment and stakeholder satisfaction from survey results.

Transparent advice about the regulatory approach was provided to services, including complaints, disputes and decision-making as well as general advice in the Regulatory Framework and on the QARD website.

Overall comment

The QARD performed strongly in achieving accountability and transparency by embedding strong risk management processes and systems in the oversight of service providers. Manual data analysis of risks affected the efficiency of the QARD in conducting timely performance monitoring and reporting. The QARD regularly reviewed performance reporting data to identify opportunities for continuous improvement.

COMMUNICATIONS AND ENGAGEMENT – COMPLIANCE-RELATED ASSISTANCE AND ADVICE DATA

The data for the mandatory element of ‘compliance-related assistance and advice’ in the SOE Framework is outlined below. Compliance-related assistance and advice in this context referred to providing effective guidance to regulated parties to support high rates of compliance with regulatory requirements. The QARD committed to the following activities to meet the Minister’s expectation to improve communications and engagement.

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
<p>Support early childhood education and care providers to comply with their requirements by:</p> <ul style="list-style-type: none"> providing clear and accessible guidance and advice to ensure service providers understand their legislative obligations providing advice to services that receive a rating of ‘Working Towards NQS’ to assist them to meet the Standard enhancing feedback systems to measure the effectiveness of the QARD’s compliance related assistance and advice. 	<p>For 2018-19 follow up directly with all services rated as Working Towards NQS to offer guidance and support through improvement notes included in each Assessment and Rating report to services.</p>	<p>BAU – report only for 2018-19</p>	<p>Overall quality ratings by jurisdiction (ACECQA)</p>	<p>92% of services received a quality rating in Victoria (3,904 services rated of 4,249)</p> <p>The QARD provided guidance and support to 100% of services receiving a Working Towards NQS rating.</p>	<p>n/a</p>
	<p>Develop feedback processes to measure quality of website guidance and information content for target audiences.</p>	<p>Establish wider channel for feedback</p>	<p>Conduct annual satisfaction survey of the sector. % of respondents who agreed that the QARD communicates simply using relevant formats and provides opportunities to engage with stakeholders. (Data from stakeholder satisfaction survey)</p>	<p>65% of respondents agreed that the QARD communicates simply using relevant formats and provides opportunities to engage with stakeholders (2018 Stakeholder Satisfaction Survey).</p>	<p>85% of respondents agreed that the QARD communicates simply using relevant formats and provides opportunities to engage with stakeholders (2019 Stakeholder Satisfaction Survey)⁷.</p>
	<p>For 2018-19 work with the Online Communications Branch to:</p> <ul style="list-style-type: none"> review the QARD website information architecture and redesign content to align with best practice communications principles (clear, appropriate and accessible). 	<p>Sector is informed of their legislative obligations with improved understanding of compliance obligations</p>	<p>Stakeholder satisfaction survey results – target 64% agree that the QARD uses effective IT solutions and the public portal is easy to use</p>	<p>64% agree that the QARD uses effective IT solutions and the public portal is easy to use (2018 Stakeholder Satisfaction Survey).</p>	<p>n/a</p>
			<p>Website traffic page view per month- 53%. Website traffic per source – search engine 70% and education.vic.gov.au 25%.</p>	<p>53% increase in website traffic, 70% website traffic from search engine, 25% website traffic from Department website (per month 2018-19)</p>	<p>n/a</p>

⁷ Scales for the questions used to derive this composite measure in the 2019 survey were different to those in the 2018 survey, so results are not comparable.

KEY FINDINGS FOR COMPLIANCE-RELATED ASSISTANCE AND ADVICE OF COMMUNICATIONS AND ENGAGEMENT

Achievement of Minister's expectations

The QARD applied best endeavours to meet the Minister's expectation to support regulated parties to achieve a high standard of compliance.

All services rated as 'Working Towards NQS' were provided with tailored, specific guidance and improvement strategies to lift performance.

The Stakeholder Satisfaction Survey was developed to provide regular feedback to QARD on its performance.

The QARD reviewed and updated its website to ensure that compliance information was clear and accessible to stakeholders.

Achievement of standards set out in the SOE Framework

The QARD fulfilled all minimum and best practice standards of the SOE Framework.

The sector has a high compliance rate. The QARD supported services effectively to achieve compliance, including services subject to enforcement action. Accessible and effective advice and online resources were provided to all types of regulated services.

The QARD invested resources in recommending improvement programs to improve the quality of service. The QARD evaluated the competence of services and reflected on its own performance supporting the sector, identifying key learnings to inform continuous improvement.

Overall comment

The QARD performed strongly in providing effective assistance and advice to increase compliance, by ensuring all services were supported with comprehensive guidance and an avenue to seek further support. A relatively low response rate to the recently introduced Stakeholder Satisfaction Survey (approximately 9% in 2018 and 21% in 2019) limited the regulator's ability to fully understand the needs and expectations of stakeholders. Over time, the survey is expected to support the QARD to continue to incorporate stakeholder feedback into improving compliance guidance and other regulatory activities. The QARD's approach has increased efficiency of regulation as it reduces the need for intervention over time.

COMMUNICATIONS AND ENGAGEMENT – ACCOUNTABILITY AND TRANSPARENCY DATA

The data for the suggested element of ‘accountability and transparency’ in the SOE Framework is outlined below. Accountability and transparency in this context referred to providing clear information on the administration of regulation and the regulator’s performance that is subject to public scrutiny. The QARD committed to the following activities to meet the Minister’s expectation to improve communications and engagement.

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
Publish an annual report on its activities as the Regulatory Authority for early childhood education and care services in Victoria as a way of ensuring public accountability and providing information about its regulatory work.	Publish the QARD Annual Report	Stakeholders informed of the QARD’s regulatory responsibilities	Annual Report published each year Acquittal only	Acquittal Annual Report 2018 published on the QARD website	Annual Report 2019 published on the QARD website

KEY FINDINGS FOR ACCOUNTABILITY AND TRANSPARENCY OF COMMUNICATIONS AND ENGAGEMENT

Achievement of Minister's expectations

The QARD met the Minister's expectation to publish an Annual Report, in order to provide transparent and accountable information to the public.

The Annual Report 2018 was produced and published on the website, including a new appendix of data tables to increase transparency. The QARD has been developing its Annual Report 2019, due to be published in late 2020 due to a delay following the diversion of resources to respond to the COVID-19 pandemic.

Achievement of standards set out in the SOE Framework

The QARD fulfilled all minimum and best practice standards of the SOE Framework.

Comprehensive and transparent information was provided to the community in the Annual Report, such as information about regulatory activities, reforms, initiatives and government priorities. Key output performance metrics reported included the number of ratings, assessment and compliance visits and enforcement sanctions. Key outcome performance metrics reported included the number of reviews of ratings and re-ratings and services improving on reassessment.

Regulatory practices, complaint processes and performance reporting data were regularly reviewed to ensure outcomes were achieved.

Overall comment

The QARD performed strongly in accountability and transparency, by providing data on the regulatory activities that keep children safe. Manual data analysis affected the efficiency of QARD's performance reporting processes. Monitoring, evaluation and performance reporting provided quality assurance to the public on the safety of early childhood services.

COMMUNICATIONS AND ENGAGEMENT – STAKEHOLDER CONSULTATION AND ENGAGEMENT DATA

The data for the suggested element of ‘stakeholder consultation and engagement’ in the SOE Framework is outlined below. Stakeholder consultation and engagement in this context referred to effective communication and engagement with stakeholders to facilitate better regulator performance and improve regulatory outcomes. The QARD committed to the following activities to meet the Minister’s expectation to improve communications and engagement.

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
<p>Promote greater cooperation, information sharing, regulatory coherence and efficiency with other regulators and key partners in order to improve compliance outcomes and identify opportunities for improved regulatory performance. This includes:</p> <ul style="list-style-type: none"> deepening its engagement with education and care providers and services and other stakeholders to inform the improvement of regulatory activities. continuing to work cooperatively with the Commonwealth Department of Education and Training (DET), ACECQA, and other relevant agencies to administer the National Law and address compliance issues associated with the family day care sector working closely with the Victorian Cladding Taskforce and the Victorian Building Authority (VBA) to identify and manage risks associated with combustible cladding that may exist on buildings where early childhood services operate. 	<p>Continue working with Commonwealth DET, ACECQA and other regulators by sharing relevant compliance information to effectively manage issues and risks associated with the regulation of the family day care (FDC) sector.</p>	<p>Consistent and coordinated approach to compliance in the FDC sector through information sharing with the Commonwealth</p>	<p>Number of new FDC services approved each year</p>	<p>17 new FDC services approved in 2018.</p> <p>QARD held regular meetings with Commonwealth, ACECQA and the Department to share information and discuss issues and risks. QARD participated in the Regulatory Practice Committee (RPC), Early Childhood Policy Group, Lead Assessors Network, Lead Investigators Network.</p>	<p>12 new FDC services approved in 2019.</p> <p>Regular meetings with Commonwealth, ACECQA and the Department to share information and discuss issues and risks. Participation in the Regulatory Practice Committee (RPC), Early Childhood Policy Group, Lead Assessors Network, and Lead Investigators Network. Executive Director of QARD the Chair of the RPC in 2019.</p>
	<p>For 2018-19 progress the targeted legislative review of the National Law as it applies to family day care.</p>	<p>Consistent and coordinated approach to compliance in the FDC sector through information sharing with the Commonwealth</p>	<p>Final policy item delivered to Early Childhood Policy Group on 7 August 2019. Acquittal only</p>	<p>Acquittal.</p> <p>National Report into the National Quality Framework Review delivered to Early Childhood Policy Group on 7 August 2019.</p>	<p>n/a</p>
	<p>Facilitate biannual stakeholder forums and engage in regional forums with early childhood providers, regional staff and other local providers</p>	<p>Policies and procedures incorporate sector feedback and concerns</p>	<p>Number of stakeholder forums</p> <p>Early Childhood Education and Care Regulatory Reference</p>	<p>Acquittal</p> <p>ECECRRG inaugural meeting held in October 2018</p>	<p>Acquittal</p> <p>ECECRRG meetings held in May and November 2019</p>

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
<ul style="list-style-type: none"> consulting with key stakeholders and service providers to provide opportunities for consultation about sector reforms supporting the Commission for Children and Young People (CCYP) in their implementation of recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse by supporting the RCS and assessing compliance with the CSS. 			Group (ECECRRG) established in 2018.		13 NQF review consultations in 2019
	Hold consultations with the sector about changes to the <i>Children's Services Act 1996</i> .	Services understand and comply with changes to the <i>Children's Services Act 1996</i>	Number of consultations Acquittal only	Acquittal 11 regional consultations were conducted in May and June 2019 with the sector about amendments to the <i>Children's Services Act 1996</i> .	Acquittal Online and face-to-face public consultation will be open during February 2020 on the Children's Services Regulatory Impact Statement (RIS) and proposed Regulations.
	For 2018-19 increase the publication of the QARD newsletter from 8 to 11 issues per year. For 2019-20 continue to publish the QARD newsletter.	Increased engagement with the sector by the QARD, improving stakeholder relationships.	11 newsletters sent to stakeholders per year. Number of opens [use monthly % of opens and click to open rate (CTOR)]	10 newsletters sent to stakeholders in 2018. On average, approximately 40% of email recipients opened the newsletter, with approximately 30% clicking through from the website.	12 newsletters sent to stakeholders in 2019. Data for percentage of email recipients opening the newsletter is unavailable in 2019.
	Work with the Victorian Registration and Qualifications Authority (VRQA), the Victorian Institute of Teaching (VIT) and the CCYP to protect children's safety and improve compliance of jointly regulated entities.	Safety and wellbeing of children is maintained	The QARD regularly liaises with stakeholders to improve children's safety.	Acquittal Regular meetings were held with the CCYP for the CSS and RCS. Meetings were held with the VIT to discuss issues pertaining to early childhood teachers. Meetings were held with the VRQA to discuss shared regulatory matters.	n/a

Expectation	Response Activity	Outcome	Measure	Result 2018-19	Result 2019-20
	Work directly with the Victorian Cladding Taskforce and the VBA to identify early childhood services with potential cladding issues. In conjunction with the VBA manage risks arising from audits or rectification works.			Acquittal Completed joint project to identify early childhood services with potential cladding issues.	n/a
	For 2019-20 inform the sector and respond to matters on to the RCS and CSS as required.	Services understand and comply with child protection reforms	The QARD regularly discusses policy implementation issues with CCYP and shares information about reporting obligations with the sector. Acquittal only	n/a	Acquittal Sector informed to be able to comply with the RCS and CSS through sector newsletters, forums and guidance available online.

KEY FINDINGS FOR STAKEHOLDER CONSULTATION AND ENGAGEMENT OF COMMUNICATIONS AND ENGAGEMENT

Achievement of Minister's expectations

The QARD applied best endeavours to meet the Minister's expectation to deepen its engagement with stakeholders to improve regulatory outcomes.

The QARD worked in partnership with co-regulators to improve the oversight of family day care services, including providing policy advice to a review of the National Law and sharing information and best practice.

Stakeholders were consulted on the future directions for the NQF and Victorian law. Reference groups and stakeholder forums were established to develop partnerships across the sector.

The QARD worked in partnership with co-regulators to streamline regulation and promote child safety, including mitigating the risks of cladding in buildings and clarifying roles and responsibilities for the RCS and CSS.

The sector was provided with comprehensive compliance advice and information about regulatory issues through additional newsletters.

Achievement of standards set out in the SOE Framework

The QARD met all minimum and best practice standards of the SOE Framework.

Stakeholders had opportunities to provide feedback and advice on regulatory design, including through consultations on legislative amendments, the Stakeholder Satisfaction Survey, complaints process, the QARD website and phone line. The QARD provided feedback to stakeholders on the outcome of consultations, through its website and newsletters, including links to ACECQA consultation reports on the NQF.

The QARD supported change management by providing support, including resources and training on the CSS and RCS.

Overall comment

The QARD performed strongly in following its stakeholder consultation and engagement strategy, by providing meaningful opportunities for stakeholders to contribute to regulatory policy and practice, including for the changes to Victorian law. A key ongoing risk for the QARD was addressing compliance issues associated with the family day care sector. The QARD worked closely with co-regulators to share information and best practice for mitigating and responding to risks. Engagement with stakeholders improved design of regulatory processes. This approach has increased the efficiency of regulation as the sector is better aligned with the regulator's agenda.

5. PROCESS EVALUATION

SOE DEVELOPMENT – SUMMARY OF FINDINGS

The Process Evaluation reviews the process followed to develop the SOE.

The SOE Framework sets out four key steps in the process for developing the SOE letter. The QARD and the Department's progress in fulfilling these steps are outlined below:

SOE Development	Progress 2018-19	Progress 2019-20
Identification of key elements of good regulatory practice	The QARD identified five elements of good regulatory practice under the SOE Framework (risk-based strategies, compliance related assistance and advice, timeliness, accountability and transparency and stakeholder consultation and engagement) that covered both SOEs	
A self-assessment against the elements of good regulatory practice being undertaken for each regulator in order to establish a 'baseline' of current performance	The QARD undertook self-assessment against the elements of good regulatory practice in 2018 that covered both SOEs	
A GRPP being developed for each regulator, focusing on elements identified in the self-assessment as having the greatest opportunity for improvement	The QARD developed a GRPP that outlined opportunities for improvements that covered both SOEs	
A Ministerial SOE Letter being issued to the regulator, taking into account the regulator's GRPP	Ministerial SOE Letter was developed by the Department and issued on 28 June 2018	Ministerial SOE Letter was developed by the Department and issued on 13 August 2019

Key findings

- The full SOE process was not completed for SOE 2019-20. The SOE 2018-19 was rolled over and therefore the full process of self-assessment and planning through the GRPP was not required for 2019-20.
- The SOE was issued for one year due to uncertainty from the Commonwealth Government's decision to discontinue funding the QARD in its 2018-19 budget. Budget constraints impacted on the QARD's ability to implement the SOE over the last two years.
- SOE Ministerial Letter was clear and understood by the regulator.

SOE IMPLEMENTATION – SUMMARY OF FINDINGS

The Process Evaluation reviews the implementation of the SOE, including if the activities were undertaken as planned, and if the regulator delivered its response on time and within budget. The SOE Framework sets out three key steps in the process for implementing the SOE. The QARD and the Department's progress in fulfilling these steps are outlined below:

SOE Implementation	Progress 2018-19	Progress 2019-20
SOE Response	SOE Response was delivered to the Minister from the Department (on behalf of the QARD) on 16 July 2018	SOE Response was delivered to the Minister from the Department (on behalf of the QARD) on 26 September 2019
Evaluation Plan	A combined Evaluation Plan was developed by the Department in consultation with the QARD after the SOE letter and response was published (in September 2019), to cover both SOEs	
Evaluation Report	It was agreed that there would be one Evaluation Report to cover both SOEs, evaluating the period from 1 July 2018 - 31 December 2019	

Key findings

- In general, the activities outlined in the SOE Response were undertaken as planned. Budget constraints affected a small number of activities that were not able to be completed within the timeframe.
- The SOE for both years was generally developed around business-as-usual activities that did not require additional action or continuous improvement.
- The annual reporting requirements were largely met and the process for implementation followed best practice. SOE activities were integrated into the QARD's Business Plan, which facilitated the implementation of the SOE.
- The Evaluation Plan was developed after the SOE letter and SOE Response, and data collection and performance measures were not adequately considered. Some of the measures that were created in retrospect were output-focused, rather than outcome-focused, and were not strong indicators of the QARD's performance.

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