



NSW Department of
Community Services

Costing Manual Cost Models - Frequently Asked Questions

FAQs - GENERIC

Q: The cost templates ask for the number of clients or families served "at any point in time". Shouldn't it be the number served in a year, given that annual expenditure is entered?

A: No. The number of clients served in a year depends on how long they stay in the program. If clients exit quickly, more can be served during the year. The ongoing capacity of the program is how many clients can be served "at any point in time". The length of time clients stay in a program can be hard to predict and is partly outside the control of agencies. Therefore it is difficult for agencies to predict how many clients they can serve in a year. However, capacity at any point in time is controllable and easier to measure. The cost templates assess the cost of a hypothetical client (C/YP and/or Family) that stays in the program for a full year.

Q: Do we include costs that have been paid for (or funded) by other agencies?

A: Yes. To develop indicative unit costs based on the true cost of service delivery all costs associated with service delivery, irrespective of funding sources, must be included in the cost template.

Q: Do we need to account for goods and/or services that have been donated and/or given to us at a discount?

A: Yes. To develop indicative unit costs for your service, annual operating costs should reflect the true cost of service delivery irrespective of funding sources. This means that the value of subsidised items such as rent, or donated materials such as equipment should be estimated at market values and included in the costing template where appropriate.

Q: How should I reflect capital purchases (eg. equipment, vehicles, land, buildings, etc) in the non-labour cost component? Should I simply input them as a lump-sum?

A: No. Annual costs, not initial acquisition costs or 'lump-sums' of capital purchases should be included. In other words, annual depreciation and any interest costs need to be included in the cost of services. This is because the capital asset is used every year after it is purchased until it has exhausted its useful life. Therefore, the asset is regarded as having a cost every year.

Often, the annual rate of depreciation is calculated simply as the total purchase cost divided by the lifespan of the asset. For example, if a motor vehicle was purchased for \$20,000, and the expected lifespan of the asset is 5 years, then the annual depreciation of the motor vehicle is \$4000 per year. That is, the cost of the motor vehicle is \$4000 per year.

If a service provider decides to lease capital assets, the leasing cost would be included as an operating expenditure

Q: What is the difference between annual and annualised?

A: Annual and annualised mean the same thing. Annualised is often used to indicate that something is presented as a full year cost when the service is not always provided for a year. For example, many clients stay in care for less than a year but the unit costs are presented as though placements run for a full year. This makes it easier to compare different placement types.

Q: In the “Non Labour Operating Costs” section, where should food expenses or any other non-identifiable expense items be entered?

A: Where possible, costs should be entered into the cost line item of best fit. However, the unit cost is not affected by the line which it is entered into and any line used will generate the same unit cost in the “Output” page.

Note: the non-labour operating cost line items are consistent with the *Standard Chart of Accounts for Non-Government Organisations Data Dictionary*. A full description of all cost line items in the data dictionary is available at: <http://www.mob.com.au/mob2007/COA.html>

Q: How do I calculate the Full Time Equivalent (FTE) numbers for staff that work part-time hours?

A: The FTE statistic represents the number of full-time employees that could have been employed if the reported number of hours worked by part-time employees had been worked by full-time employees. This statistic is calculated by dividing the "part-time hours paid" by the standard number of hours for full-time employees and then adding the result to the number of full-time employees.

For example, a staff member working part-time at 20 hours a week, while the standard number of hours for full-time staff member is 38 hours a week, the FTE for that staff member is $20/38 = 0.5$.

Q: My organisation operates several services with some staff working across services. How do I account for their FTE (full time equivalent) and Salary allocation?

Where a staff member works across a number of services or service types within a service, apportion their FTE allocation based on the time they spend in each service or service type (e.g. if a director [1 FTE] generally spends half their time in the preschool services and the other half in the occasional care service, 0.5 FTE needs to be allocated in the cost model for each service type.

FAQs – OUT-OF-HOME CARE

1. FOSTER CARE AND OTHER PLACEMENT TYPES MODEL

Q: The costing template asks for direct staff caseloads at any point in time. However, after entering the data the output page shows different caseloads. Why is this?

A: The output page automatically adjusts the relative caseloads based on the number of staff and clients. For example, if you enter an average caseload of 12 for general foster care and 6 for intensive foster care, but only have half the number of Caseworkers needed for this level of service, the output page will automatically double the caseloads to 24 and 12. The caseloads on the output page represent the caseloads that can actually be achieved given the number of staff and clients you entered.

Q: When you put decimals into the case-mix (eg: 1.5 clients), the template rounds this up. Does this affect the output calculations?

A: No. The decimal is still recorded and can be viewed by clicking on the cell you typed it into. The calculations use the exact number you type, not the rounded amount.

Q: On the "Output" page, the caseworker cost per client is not what I expected.

A: The caseworker costs are driven by the number of caseworkers, the number of clients and the average expected caseloads. The most likely error is that the average caseloads per FTE in cells B41 to B44 of the "INPUTS - Head Office" tab are wrong. These should record the average benchmark caseload per FTE for each service type, meaning the maximum number of these clients a Caseworker could manage at any one time. For example, if you have 8 intensive foster care clients and 1 independent living client and they all receive the same amount of caseworker attention, on average, then the average caseload would be 9 for each service type.

Q: In the Costing Model – "Annual Contingency Payments per CYP" would have to include all payments made for the types of items listed, including those paid out of program funding as well as those (currently) paid by DoCS as approved "contingencies" over and above funding. Is this correct?

A: Yes, you should consider the word "Contingency" as a broad definition. All contingency costs should be included irrespective of funding sources.

Q: Where are setup costs entered into the Cost Models?

A: The contingency item "Establishment & Housing Costs" should be used for placement setup costs. Where the item is a major piece of capital expenditure such as a building, the cost should be annualised and entered into the relevant "non-labour" cost line.

Q: Are carer allowance rates based on a weekly or fortnightly rate?

A: The carer allowance rates in the Costing Models are based on per child/young person per week basis.

Q: Are the respite, supervised contact with birth families and after care cost to be entered into the Costing Model?

A: Yes. All the costs for clients should be entered.

2. FAQs - RESIDENTIAL CARE MODEL

Q: Our residential service has Youth Workers that work with the clients as direct rostered staff. We do not have separate Caseworkers to put on the "INPUTS - Head Office" page so we have only put management staff on that page. Are we doing something wrong?

A: No. The "INPUTS - Head Office" sheet is for staff that work across more than one residential unit. Please ensure that only the portion of their FTE that supports this unit is entered into the "INPUTS - Head Office" page. For example, if a director spends half of their time working on this unit, their FTE would be 0.5. The direct staff on the "INPUTS - Head Office" will generally be Caseworkers that can work across several units.

If all staff (direct and indirect) associated with the residential accommodation being costed work in the one residential facility, then all labour and non-labour costs associated with the service delivery should be included in the "INPUTS - Res Accom" sheet.

Q: In the costing template "INPUTS - Res Accom" on line 16, what does "AVERAGE WEEKLY CLIENT LIVING ALLOWANCE" refer to?

A: The average amount per client of weekly allowances paid directly to clients for their everyday expenses.

Q: Where are setup costs entered into the Cost Models?

A: The contingency item "Establishment & Housing Costs" should be used for placement setup costs. Where the item is a major piece of capital expenditure such as a building, the cost should be annualised and entered into the relevant "non-labour" cost line.