

CONTRACT MONITORING AND REPORTING

1. MONITORING AND REPORTING BY AUSTRALIAN GOVERNMENTS

While sustainability reporting by Australian governments at all levels was considered to be in its infancy¹, in 2008, 68% of the top 100 Australian companies had published information on their sustainability performance.

Within the Australian local government sector, Victorian councils are advanced in the usage of triple bottom line reporting, with the City of Melbourne having been one of the first Australian councils to develop a triple bottom line toolkit in conjunction with the International Council for Local Environmental Initiatives.²

The Department of Planning and Community Development is currently working across government departments to develop a mechanism for measuring social procurement outcomes, this tool could be utilised by local government upon its completion.

2. MONITORING AND REPORTING

Costs and benefits that can be directly expressed in economic terms are readily quantifiable, and thus relatively straightforward to monitor and report.

However, social benefit outcomes are often qualitative, which are legitimate outcomes to monitor and report, but which are often difficult to quantify into costs and benefits. In a review of sustainable procurement practices, it was found that social indicators were the least successfully measured of all indicators, as most providers (and governments) do not have a consistent and considered approach for achieving or measuring social benefit.³

Some abstract costs can be quantified in monetary terms, for example travel time, where minutes saved can be converted into dollars of estimated savings.⁴

¹ Leeson, R., Ivers, J. and Dickinson, D. (2007) "Sustainability Reporting by the Public Sector: Practice, Uptake and Form"

² p. 4 "Triple Bottom Line Reporting for Local Government", 2004, prepared for Adelaide Hills Council, Alexandrina Council and the City of Salisbury by Jigsaw Services P/L

³ Barraket, J. and Weissman, J. (2009) "Social Procurement and its Implications for Social Enterprise: A literature review", Working Paper No. CPNS 48, Dec 2009, The Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology

⁴ "Cost Benefit Analysis Procedure Manual", Civil Aviation Training Authority,
<http://www.casa.gov.au/wcmswr/assets/main/manuals/regulate/acm/257r003.pdf>

3. TRACKING AND REPORTING OF SOCIAL PROCUREMENT OUTCOMES

With respect to social procurement, tracking and reporting serve to:

- determine the effectiveness of an organisation's social procurement initiatives
- inform decision-making about the existing and future project design and management, including lessons learned
- assist in the integration of sustainability into organisational operations, resulting in enhanced operating efficiency and cost savings
- drive and promote transparency and accountability and meet disclosure expectations
- reinforce organisational commitments and demonstrate progress to staff and stakeholders, thereby enhancing staff satisfaction, improving service quality and their overall confidence in the organisation
- improve internal governance
- facilitate the exchange of learnings between organisations
- enhance participation by various stakeholders in decision-making and governance.

As part of the contract management process, social procurement outcomes can be monitored and assessed at the same time as quality, delivery, service and price.

4. IMPEDIMENTS TO MONITORING AND REPORTING

Unfortunately, the monitoring and reporting of social outcomes have routinely been the weakest element of organisational accounting. For many organisations, social and sustainability reporting is often only “window dressing” or a marketing tool which may fail to reflect true social procurement activities.

Perceived impediments to monitoring and reporting of social procurement outcomes may include:

- a lack of critical commitment to social procurement
- a lack of knowledge and understanding of general reporting and monitoring processes and specifically social procurement reporting and monitoring
- the lack of reporting guidelines to assist local government in undertaking social procurement reporting
- resistance to data collection
- difficulties with communication across the relevant unit ‘silos’.

EXAMPLE COMMUNICATING ORGANISATIONAL SUSTAINABLE DEVELOPMENT PUBLIC AGENCY SECTOR SUPPLEMENT

The Global Reporting Initiative has developed the Public Agency Sector Supplement. The Supplement is designed for general use by public agencies operating in the three main tiers of government (national, state, local) and offers public agencies the opportunity to assess and communicate their organisational performance relating to sustainable development.

A number of mechanisms for evaluating and quantifying the outcomes of social procurement projects are provided in the cost-benefit paper of this toolkit.

4.1.1. External Reporting

External reporting sharpens the focus on performance and advises key stakeholders of the progress and achievements of an organisation's sustainability initiatives.

Outcomes and achievements of social procurement initiatives could be reported externally:

- in the annual report
- in a dedicated organisational sustainability report
- in organisational publications
- on an organisation's website
- via social media.

CASE STUDY REPORTING FRAMEWORK STOCKLAND AUSTRALIA

Stockland is one of Australia's most diversified property groups and a top 50 company listed on the Australian Stock Exchange. The organisation reports sustainability results via:

- an annual Corporate Responsibility and Sustainability Report
- an Annual Report
- a Shareholder Review

In this way the company continually provides a public integrated sustainability reporting framework.

4.1.2. Internal Reporting

Just as crucial as external reporting is the communication to all staff of an organisation's progress and achievements in implementing its social benefit projects.

Sustainability and social benefit outcomes and achievements represent a progressive vision that elicits staff enthusiasm and commitment. A 2007 survey of more than 200 human resource professionals found⁵ that:

- an effective and comprehensive corporate social responsibility program was good for an organisation's "bottom line" (87%) and generated a greater sense of employee pride and resulted in greater employee engagement (85%)
- more than seven out of ten respondents felt that corporate social responsibility should be a "top priority".

Mechanisms for reporting internally to staff include:

- the intranet
- staff publications
- presentations to staff by management.

⁵ Sirota Survey Intelligence: www.sirota.com