

# ACT AUDITOR–GENERAL'S **PERFORMANCE AUDIT REPORT**

**Human Resources Information Management  
System (HRIMS) Program**

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The ACT Audit Office acknowledges and respects their continuing culture and the contribution they make to the life of this city and this region.

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The Speaker  
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Dear Madam Speaker

I am pleased to forward to you a Performance Audit Report titled 'Human Resources Information Management System (HRIMS) Program' for tabling in the Legislative Assembly pursuant to Subsection 17(5) of the *Auditor-General Act 1996*.

Yours sincerely



Michael Harris  
Auditor-General  
15 December 2023

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## SUMMARY

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As part of the *2017-18 ACT Budget* \$15.0 million was approved for the design and implementation of a new whole-of-government Human Resources Information Management System (HRIMS). The funding sought to:

... deliver an ICT solution that optimises payroll services' integration with effective Human Capital Management (HCM) for ACT Government. This will increase efficiency, improve service delivery and allow the ACT Government to assume a more strategic approach to managing its human capital.

Work commenced on the HRIMS Program in March 2017. The Program was estimated to take 29 to 39 months to complete.

The audit considered the effectiveness of the planning for, and management of, the HRIMS Program.

## Overall Conclusion

The HRIMS Program was a significant failure for the Territory.

At least \$77.63 million was spent on the HRIMS Program with only one module, the Learning Management System, being delivered.

Every aspect of the HRIMS Program, including its planning, governance and administration and management arrangements, was characterised by multiple failures at all levels.

## Chapter conclusions

### HRIMS PROGRAM HISTORY

The HRIMS Program was initially approved as part of the *2017-18 ACT Budget* at a total cost of \$15.0 million. Two subsequent Business Cases, as part of the *2019-20 ACT Budget* and *2022-23 ACT Budget*, increased the total approved funding to \$72.2 million.

In June 2023 work on the HRIMS Program stopped. The total cost of the HRIMS Program as at 30 June 2023 was \$77.63 million. This does not include significant costs incurred across directorates and agencies who were participating in, and assisting with, the implementation of the program.

A *2023-24 Budget Business Case* recommended a different approach for the Territory's human resources information management system requirements, at an estimated cost of \$65.12 million. The approach going forwards is smaller in scope and scale and predicated on using existing systems and infrastructure. The revised approach was agreed to and the *2023-24 ACT Budget* provides for

a total additional spend of \$34.53 million, of which an initial allocation of \$16.44 million is provided in the 2023-24 financial year.

### **PLANNING FOR THE HRIMS PROGRAM**

Planning for the HRIMS Program was poor.

The Territory failed to account for the complexities of the ACT Public Service industrial relations environment when developing and implementing the HRIMS Program. A key feature of the HRIMS Program was the harmonisation of HR management and payroll processes across the ACT Public Service. This was never achieved. The Territory never reached a point where it had a clearly defined, complete and accurate business model that was supported by directorate and agency stakeholders.

The Territory failed to finalise and endorse basic program management documents for the HRIMS Program. Two Program Plans were prepared, but were never finalised, approved or endorsed by relevant governance bodies. Complexities and key risks associated with harmonisation of HR and payroll systems across the ACT Public Service were therefore not appropriately planned for.

These failings contributed to a loss of control in the implementation of the HRIMS Program.

### **GOVERNANCE AND ADMINISTRATIVE ARRANGEMENTS**

Governance and administrative arrangements for the HRIMS Program were poor.

As the HRIMS Program progressed there were multiple redesigns of the Program's governance arrangements, including the roles and responsibilities of the two governance bodies (the Program Board and Steering Committee). This led to:

- confusion for governance body members with respect to their roles and responsibilities;
- a practical merging of responsibilities across the governance bodies; and
- a reluctance on the part of governance bodies to make critical decisions.

Program monitoring and assurance arrangements were poor, including quality assurance, program reporting and risk management activities. Although risks and issues were reported to governance bodies, the governance bodies did not appropriately recognise and manage the risks and issues.

The HRIMS Program was a complex program for the Territory; it was a significant cross-directorate initiative that involved harmonising and uplifting HR management capabilities across the Territory. The HRIMS Program was not effectively oversighted by the Strategic Board.

## CONTRACT WITH EY

The Territory's planning for, and management of, the contract with EY was poor.

The Territory engaged EY through an overarching Deed of Standing Offer (Head Agreement) and associated Work Order in April 2019. The value of the executed contract was \$18,009,920 (GST exclusive).

A Statement of Work identified a total of 21 Milestones and 74 Deliverables associated with the services. The Territory was identified as 'accountable' for 14 of the Deliverables and EY was 'accountable' for 60 of the documented Deliverables. Both the Territory and EY were equally 'responsible' for 56 (or 76 percent) of the Deliverables. Making each party 'responsible' meant that it was not clear which party was ultimately responsible for taking the lead on the Deliverable.

Contract management foundation documents, such as a Contract Management Plan or Risk Management Plan, were not finalised or endorsed. The Work Order, and Statement of Work, outlined high-level requirements for a Performance Management Framework but provided for its practical details to be subsequently developed. By not developing and agreeing the details of the Performance Management Framework at the outset, the Territory was subsequently hampered in its efforts to implement robust performance management practices.

## DELIVERY OF SERVICES

The Territory's processes for the review and acceptance of services provided by EY were poor.

Acceptance processes for the Program's Deliverables and Milestones were not documented in the Head Agreement or Work Order, but a Project Plan (prepared by EY, 'Accepted' by the Territory but not formally 'Endorsed' by the Program Board or Steering Committee) did identify an end-to-end Deliverable and Milestone Acceptance Process.

The Statement of Work described high-level Acceptance Criteria for Milestones but did not describe a process for the review and acceptance of the Milestones. The Project Plan allowed for the Senior Director (HRIMS Program) to 'accept' the Milestone and approve the payment of an invoice to EY after which the Milestone was to be 'reported to the Program Board and Steering Committee as accepted'. Such an arrangement did not allow for one or both of the HRIMS Program's governance bodies to have a role in formally approving the completion of Program Milestones.

The Territory also executed six (6) variations to the Work Order. These variations significantly altered the original terms, Deliverables, and value of the services to be performed. The multiple and ongoing changes to the services to be performed complicated the management of the contract with EY and the broader HRIMS Program.



A total of \$23.15 million was paid to EY for its services. Payments were made for Milestone acceptance and delivery (38 percent), ad-hoc / additional services performed (four percent) and to settle claims for delays incurred by EY and the termination of the contract (58 percent).

## Key findings

### HRIMS PROGRAM HISTORY

Paragraph

#### HRIMS modernisation feasibility studies

In July 2005 the Territory implemented the Chris21 system for payroll and HR services. Over time, capability and functional limitations of Chris 21 were identified. Three feasibility studies for a replacement system were conducted between 2011 and 2016. The first feasibility study was conducted in 2011 and estimated the cost of a replacement HRIMS to be \$15.1 million. The second feasibility study was conducted in 2013 and estimated the cost of a replacement HRIMS to be \$36.0 million. A third feasibility study conducted in 2016 identified four potential options for a replacement HRIMS, of which two were identified as preferred. The 2016 Feasibility Study Final Report did not recommend one option over the other to allow for flexibility in the process, but recommended the options be pursued through a 'market engagement process' at a cost expected to be in the order of \$13.2 million to \$14.6 million.

2.18

#### Budget Business Cases

Based on the information provided in the Feasibility Study Final Report, CMTEDD presented a *2017-18 Budget Business Case* to the Budget Committee of Cabinet. The overall estimated costs associated with a full HRIMS implementation was \$15.0 million, an equivalent of \$761.50 per employee at the time. The *2017-18 Budget Business Case* noted that the full-scale benefits would be contingent on directorates and agencies agreeing to re-engineer their business processes and implement workforce changes. The *2017-18 Budget Business Case* was agreed to and funding of \$15.0 million was approved.

2.33

A *2019-20 Budget Business Case* was submitted for supplementary funding for the HRIMS Program. The additional funding was identified as necessary due to adjustments to the initial budget estimates following the testing of early assumptions (from the 2016 Feasibility Study Final Report) against program planning, assurance activities and the inclusion of additional cost considerations. A key factor for the additional funding was 'planning activities that determined requirements to integrate with approximately 28 business systems across Directorates. The extent and complexity of this integration, including data cleansing and migration was not fully accounted for in the original business case'. Additional funding of \$49.59 million was agreed to which brought the total investment to \$64.59 million, an equivalent of \$2,633 per employee at the time. This included funding to engage an

2.45

Implementation Partner. EY were subsequently engaged as the Implementation Partner from April 2019.

In August 2021, the HRIMS Program Steering Committee acknowledged that the delivery of the HRIMS Program was significantly behind schedule and approved the commencement of a 'reset' to the Program. Following attempts to form an agreement on the way forward for the HRIMS Program as part of the reset, on 10 December 2021 the Territory issued a formal Notice of Termination for Convenience to EY as the Implementation Partner. The HRIMS Program 'reset' also included a review of the current state of the HRIMS Program, carried out by Deloitte Risk Advisory Pty Ltd and a review of the HRIMS solution design, carried out by SAP Services. 2.56

Following the completion of the reviews of the HRIMS Program, CMTEDD submitted a third Budget Business Case in 2022-23 to 'assess the progress made to date by the HRIMS Program and previous System Implementation Partner and to determine the scope of work remaining, including benefits validation, and the time and cost required to finalise and deliver the new HRIMS for the ACT Government'. The *2022-23 Budget Business Case* identified a 'high-level gap fit analysis' would be undertaken as well as a 'business process rationalisation body of work'. The approved cost of this work was \$3.7 million, bringing the total approved funding to \$68.29 million. 2.68

As a result of the work that was completed during the Program 'reset', a *2023-24 Budget Business Case* was prepared and presented to Cabinet for its consideration in May 2023. The *2023-24 Budget Business Case* presented three options for progressing the government's human resources information management system requirements. The preferred option recommended a stop to 'all work to implement the remaining SAP SuccessFactors modules as the replacement HRIMS for the ACT Government' and the '[closure] of the HRIMS Program and [establishment of] a Capability Sustainment Program with a refined scope that focuses on essential elements of HR capability only', at an estimated cost of \$65.12 million. The *2023-24 Budget Business Case* was agreed to, with the *2023-24 ACT Budget* providing for a total additional spend of \$34.53 million, of which an initial allocation of \$16.44 million is provided in the 2023-24 financial year. As of 30 June 2023, actual expenditure on the HRIMS Program was \$77.63 million (GST exclusive). The approach going forwards is smaller in scope and scale and predicated on using existing systems and infrastructure. 2.75

## PLANNING FOR THE HRIMS PROGRAM

Paragraph

### Program plan

Two Program Management Plans (Program Plans) were prepared for the HRIMS Program; the first in 2018 and the second in 2019. Neither plan was finalised, approved or endorsed by the relevant governance bodies, namely the HRIMS Program Board or HRIMS Steering Committee. The 2019 draft Program Plan was more advanced than the 2018 draft Program Plan and offered more detail and clarity in several areas, but was also deficient in other areas, e.g. resource management and risk management. By not having a finalised and approved Program Plan, the risk of 3.17

ineffective management, execution and control of the HRIMS Program increased significantly.

### Scope and objectives

Both draft Program Plans appropriately identified a series of broad streams of activity that were required to achieve the level of transformational change associated with the HRIMS Program’s overall vision. In doing so, the 2019 draft Program Plan provided greater detail and information with respect to the activities/outputs associated with the workstreams. 3.34

Throughout 2019 there was an increasing focus on the IT solution to the detriment of other projects and activities that were necessary for the HRIMS Program. As the Program progressed in 2019, it increasingly focused on the implementation of the IT solution and EY’s Deliverables. Projects that were identified in the 2018 draft Program Plan roadmap that were required to deliver against the HRIMS Program’s overall objective were not reflected in timeframes and schedules developed for the purpose of the 2019 draft Program Plan. The broad roadmap of projects that aligned with the Program’s objective was replaced by a generic two-year schedule for three releases of the IT solution. 3.35

The Territory currently has 18 Enterprise Agreements in place. The variation between the Enterprise Agreements is illustrated by the 5,213 payroll calculation rules and 11,009 leave type rules that are currently processed through the existing payroll system. The harmonisation of HR management and payroll processes across the ACT Public Service was identified as a feature of the HRIMS Program in both the 2018 draft Program Plan and the 2019 draft Program Plan. As part of planning for the HRIMS Program, the differences across Enterprise Agreements were identified as a risk, but the significance of the risk, and the level of effort required to reach a standardised blueprint across all directorates, was under-estimated. 3.43

The differences between the Territory’s 18 Enterprise Agreements were a contributing factor to the HRIMS Program’s inability to reach consensus on standardised HR management processes across all directorates when developing functional and non-functional requirements into a target blueprint for the desired future state. This was a key feature of the HRIMS Program, which was described as the ‘business process harmonisation and adoption’ project (according to the 2018 draft Program Plan) or the ‘HRIMS solution design and analysis’ workstream (according to the 2019 draft Program Plan). This component of the program was never completed. 3.55

Some progress was made, and harmonised business processes were identified in a series of ‘blueprint’ documentation for functional areas including *Payroll and Time, Recruitment and Onboarding* and *Workforce Administration* modules. However, the business processes identified in the blueprint documentation were not accepted by directorates and further consultations through 2020 and 2021 identified process variations in directorates that led to an update to the blueprints. The Territory never reached a point where it had clearly defined requirements or a complete and 3.56

accurate business operating model that was accepted by stakeholders and could be supported by the IT system.

The purpose of Change Control is to identify, assess and control any potential changes to the Program and its project baselines. In a governance sense, a Change Control process seeks to ensure that changes required to a project, product or Deliverable are assessed and introduced in a controlled and coordinated manner. Between 10 September 2019 and 23 November 2021, the HRIMS Program's Change Register recorded 88 change requests. 3.67

The HRIMS Program was characterised by poor Change Control. A fundamental premise of Change Control is to identify and establish change request priority levels. Change request priority levels were not defined in the Program Plans or associated processes. None of the approved change requests considered for the purpose of the audit had an identified priority level. There was evidence of approval for only 19 of 51 change requests (38 percent) shown as approved in the HRIMS Program's Change Register. The 19 change requests for which there was evidence of approval were approved by the HRIMS Program Director. These included change requests to defer contractual Deliverables and work products to future milestones, which would appear significant enough to warrant governance body approval. 3.68

### Benefits management

Benefits management is the identification, definition, planning, tracking and realisation of benefits associated with a program. Both the 2018 draft Program Plan and 2019 draft Program Plan identified an intention to practise benefits management for the HRIMS Program. However, the Territory's foreshadowed management of benefits with project management discipline did not occur. There was no Benefits Register, nor was a Benefits Realisation Plan prepared for the HRIMS Program. There was no reporting of benefits by the HRIMS Program team to the HRIMS Program Board or HRIMS Steering Committee. The lack of planning, management and monitoring of benefits, through a disciplined approach, meant that the likelihood of the HRIMS Program achieving its expected benefits was significantly reduced. 3.85

## GOVERNANCE AND ADMINISTRATIVE ARRANGEMENTS

Paragraph

### Program governance

The HRIMS Program comprised multiple projects or workstreams, each of which aimed to deliver specific outputs that each contributed to the program's overall vision. A Project Management Plan (Project Plan) was prepared by EY as a Deliverable under its contract in May 2019 and, following several iterations, was revised to version 1.01 in December 2019. The Project Plan was 'Accepted' by the Territory but not formally 'Endorsed' by the Steering Committee or Program Board. The Project Plan was not explicit as to what aspect of the HRIMS Program it related to, including how it aligned with the draft Program Plans. It is not clear which of the projects identified in the 2018 draft Program Plan or workstreams identified in the 2019 draft 4.12

Program Plan it related to, except to say that it related to ‘the activities of the solution’s implementation alone’.

There was no similar project management approach, including project management artefacts, for the HRIMS Program’s other projects or workstreams. This was particularly problematic for the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Plan. These activities were critical to the HRIMS Program, because a clearly defined desired target (future) state of HR management across the Territory and a clearly specified set of requirements describing how the system should support that state, were key dependencies for delivering an HR system capable of meeting the Territory’s needs. 4.13

The HRIMS Program’s governance arrangements changed over the course of the program. Between the commencement of the HRIMS Program in March 2017 and the program’s reset in August 2021 there were three different high-level governance arrangements and two different positions fulfilled the role of chairperson of the HRIMS Program Board, which was later known as the HRIMS Steering Committee. These positions were filled by five different individuals. Feedback provided to the Audit Office, by governance committee members, indicated that members themselves considered the governance arrangements ineffective for a variety of reasons. 4.33

In May 2019, the second set of governance arrangements for the HRIMS Program was implemented with a view to promoting more rapid decision making. The revised governance arrangements were ineffective in practice. By March 2021, attendance at the two key governance groups had shifted to the point where there was little practical difference between membership of the (top level) HRIMS Steering Committee and the (supporting) HRIMS Program Board. Discussions at one group often continued in the other; the two groups had become one, with an operational focus. At the (supporting) HRIMS Program Board, there were also ongoing changes in directorate representation, and it was difficult to reach consensus on operational matters and considerations. 4.34

The third set of governance arrangements was introduced in March 2021, in which the two key governance groups were amalgamated. A new HRIMS Steering Committee was implemented, which had both strategic and operational responsibilities. The HRIMS Steering Committee had responsibility for high-level strategic decisions relating to budget, benefits, policies, resourcing, assessing requests for change and ensuring effort and cost was appropriate, as well as operational responsibilities for ‘making design decisions consistent with the Program’s principles’. Under the third set of governance arrangements the HRIMS Steering Committee was attended by an average of 25 people and consensus was often unable to be reached. Attendees regularly sent papers back to the originating authors for additional information/clarification of decisions. These decisions were typically related to solution design matters. 4.35

A Quality Management Plan was drafted in June 2019 and, following several iterations, was revised to version 1.0 in September 2019. It is not clear who approved the document. There was no evidence that this document was reviewed and 4.60

endorsed by the HRIMS Program Board or the HRIMS Steering Committee. The Quality Management Plan provided information on *potential* program assurance activities.

Notwithstanding the lack of systematic program assurance activities for the HRIMS Program, there was evidence that limited assurance activities were undertaken, including a program assurance review of the HRIMS Program in December 2017 and a series of Gateway reviews. The outcomes from these activities were reported to the Senior Responsible Owner, but reports arising from these assurance reviews were not tabled at meetings of the HRIMS Program Board or HRIMS Steering Committee. There is no evidence that the reports of these reviews were shared with the Program's governance bodies. 4.61

Projects Assured was engaged as an 'assurance partner' in December 2019 for the HRIMS Program. The Work Order for the services briefly described the activities to be undertaken, but no further information on the nature and purpose of the 'assurance partner' role, the timing of assurance activities and the nature of deliverables that were to be provided was developed. A plan for Projects Assured's activities was not produced, including information on the nature and purpose of the 'assurance partner' role, the timing of assurance activities and the nature of deliverables to be provided. Over the course of its engagement, in 2020 and 2021, Projects Assured did not produce or provide any written reports. Projects Assured was paid a total of \$140,181 (GST exclusive) for its services. 4.62

### Program reporting

The HRIMS Program was a complex program for the Territory; it was a significant cross-directorate initiative that involved harmonising and uplifting HR management capabilities across the Territory. The HRIMS Program was not effectively oversighted by the Strategic Board. The Strategic Board received no formal advice regarding the HRIMS Program's performance between June 2019 and April 2021, a period in which the HRIMS Program on-boarded EY as the Implementation Partner and planned to deliver most of the activities set out in the draft Program Plans. The Strategic Board was not formally advised of the Program's performance or the revised governance arrangements that had been developed. Issues associated with the performance of the Program, the slippages experienced, and the challenges associated with business process harmonisation and adoption, were not formally reported to the Strategic Board until April 2021. 4.76

Both draft Program Plans described appropriate arrangements for performance reporting to the HRIMS Program's governing bodies. These arrangements included a standard format monthly program status report that was prepared by the HRIMS Program for the top-level governing body. The monthly program status report that was used to report HRIMS Program progress up to June 2019 was appropriate. 4.88

From June 2019 a modified monthly program status report was prepared. It was less informative. The modified status report included a single overall program status indicator to replace the eight performance criteria that was used previously. The modified monthly program status report presented financial information differently. 4.89

It provided a three-month view of actual vs planned expenditure but did not include information on the HRIMS Program’s overall financial position against approved funding year on year.

The modified monthly program status report was presented to the HRIMS Steering Committee on only four occasions in the two-year period between November 2019 and November 2021. For the other meetings a lengthy (four to six page) narrative status report was tabled, which was prepared by EY as the Implementation Partner. The narrative status report did not address all the topics and issues that would be expected of a program status report, and did not present information regarding benefits realisation, financial performance or performance indicators. The narrative status reports provided commentary regarding activity that involved EY but did not include commentary on workstream activity being undertaken by the Territory including, for example, the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Plan.

4.90

### Program risk management

The HRIMS Program’s risk management approach was generally consistent with accepted ACT Government risk management policy and practice. This included establishing, and maintaining, a risk register for the HRIMS Program that documented approximately 300 risks across all levels. However, the risk register provided to the Audit Office was not dated and it was not possible to ascertain when the risk register had last been updated. There were also duplicated risks across the register, which suggests that it was being updated by multiple people or functional areas.

4.98

### Program schedule management

Key risks to the HRIMS Program were regularly reported to the HRIMS Steering Committee and HRIMS Program Board as a standing agenda item. However, a review of governance meeting minutes showed that the risks were not discussed and systematically resolved by these bodies. Furthermore, the HRIMS Program did not classify its risks and issues by level; risks were aggregated into the register as they were identified. This limited the effectiveness of the register and made it difficult for users (including the HRIMS Steering Committee and HRIMS Program Board) to identify, and manage, risks that were relevant to them.

4.103

A well-defined high-level schedule was developed for the HRIMS Program at its commencement, which aligned with the HRIMS Program Roadmap that was identified in the 2018 draft Program Plan. However, this high-level program schedule was not supported by detailed schedules for each of the constituent projects, such as the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Management Plan. Other critical activities identified in the HRIMS Program Roadmap were similarly not scheduled, e.g. legacy system decommissioning. The absence of schedules for the Program’s other projects increased the risk of inadequate dependency management impacting overall delivery of the Program and benefits realisation.

4.116

## Stakeholder engagement

Stakeholders were engaged through a combination of HRIMS Program communications, program, and directorate-specific workshops. These workshops highlighted HR management process complexities within directorates that should have been considered in the HRIMS Program’s original requirements specification. Despite their identification, these issues were not revisited or addressed to stakeholders’ satisfaction. As a result, stakeholders reported not feeling heard and subsequently did not buy in to the HRIMS Program’s vision.

4.131

## CONTRACT WITH EY

Paragraph

### Contractual documentation

The Territory engaged EY through the execution of an overarching Deed of Standing Offer (the Head Agreement) (dated 17 April 2019) and a Work Order (dated 18 April 2019) that sought to define the work that was required and associated terms of engagement. The details of the Head Agreement and Work Order were reported in the ACT Government Contracts Register on 9 May 2019, although the Register erroneously identified the supplier as PLAUT IT Australia. The value of the executed contract was a fixed price of \$18,009,920 (GST exclusive).

5.12

The Work Order included a Statement of Work, as Annexure A, that further detailed the services that EY was to provide to the Territory. The Statement of Work included a Milestone Schedule (Clause 6), which identified a total of 21 Milestones. For each Milestone an indicative month for delivery was identified, as well as acceptance criteria, i.e. the conditions required for the milestone to be identified as satisfactorily completed. A Deliverables Matrix identified 74 Deliverables that were to be provided as part of the services. For each Deliverable, the Milestone to which it belonged was identified (with reference to each of the three releases) as well as acceptance criteria, i.e. minimum requirements for each of the Deliverables.

5.20

For each Deliverable, the role of the Territory and EY was also identified, as either: *Responsible, Accountable, Consulted or Informed*. The Territory was ‘accountable’ for 14 of the Deliverables and EY was ‘accountable’ for 60 of the documented Deliverables. However, both the Territory and EY were equally ‘responsible’ for 56 (or 76 percent) of the Deliverables. Although it is reasonable to expect that some of the Deliverables would require collaboration between the Territory and EY, making each party ‘responsible’ meant that it was not clear which party was ultimately responsible for taking the lead on the Deliverable. The ambiguity of such an approach placed the effective delivery of the services at risk.

5.21

Clause 12 of the Head Agreement provided for the payment arrangements for the services. Clause 12 provided for the Territory to pay EY ‘the relevant Charges as set out in Schedule 4 - Pricing or the relevant Work Order’. *Schedule 4 - Pricing* of the Head Agreement provided for a fixed price amount for the three releases of the system, as well as an amount for ‘business as usual support’. Clause 6 of the Statement of Work, which detailed the Milestones to be delivered, provided that

5.34



'each Milestone is attached to a Milestone Payment as set out in Schedule 4 – Pricing'. Clause 6 of the Statement of Work identified all but two of the Milestones (being the first and last) as relating to either: Release 1; Release 2; Release 3; or BAU Support.

### Governance and management of the contract

Two Contract Management Plans were drafted by a Territory official, for the management of the Head Agreement and the Work Order. However, neither document was finalised or endorsed. The development of a Contract Management Plan was identified as a Deliverable for which both the Territory and EY were 'responsible', but for which the Territory was 'accountable'. The Territory asserted that the documents were not finalised as the content of the documents could not be agreed upon with EY, specifically in relation to performance management. Regardless of the endorsement status, both documents were ineffective as they lacked sufficient detail for components that support successful contract management including risk management, performance management, delivery, and acceptance processes, reporting and contract governance. There was no evidence that the Territory had used either Contract Management Plan to guide the management of the contract. 5.50

Weekly contract management meetings were established and occurred between the Territory and EY. The meetings occurred between Territory and EY representatives between June 2019 and June 2021. During this time, of a maximum potential of 100 meetings only 40 occurred (or an equivalent of 40 percent). The agenda items outlined in the Project Plan were appropriately discussed at each meeting. There were no defined terms of reference for the meetings. Terms of reference would have been beneficial in providing clear guidance on the expected roles and responsibilities of attendees. 5.59

The Project Plan and draft Contract Management Plans were inconsistent in identifying who was specifically responsible for the management of the contract with EY. The Project Plan described the Territory's Executive Branch Manager (as well as EY's Engagement Partner) as being 'responsible for the overall Program and Project engagement and contract management' as the Program/Project Managers. The draft Contract Management Plans assigned the role of the Territory's Contract Manager to the Senior Manager ICT Contracts and Licensing. However, the Senior Manager ICT Contracts and Licensing was not responsible for managing performance and delivery under the agreement. They were not responsible for monitoring and management of Deliverables, establishing governance and meetings, or ensuring reporting covered all requirements. The draft Contract Management Plans described these as the responsibility of the Program/Project Managers. 5.67

A Risk Management Plan specifically relating to the contract with EY was not developed or documented by the Territory. A risk register was not established in relation to the contract with EY. Risks and issues that specifically related to the management of the EY contract were also not included in the program's risk register. Instead, provisions in the contract and contract variations were only documented as controls or treatments to program level risks. Given the complexity of the contract, 5.75

it would be reasonable to expect that a Risk Management Plan be documented, and that a risk register be documented and maintained to provide appropriate oversight and management of contract related risks.

### Contract performance management

The Work Order and Statement of Work outlined requirements for a Performance Management Framework 'to manage the contractual obligations of the Contractor'. The documents outlined the high-level requirements for a Performance Management Framework but provided for its practical details to be subsequently developed. By not developing and agreeing the details of the Performance Management Framework at the outset, the Territory was subsequently hampered in its efforts to implement robust performance management practices. 5.90

A Framework was initially established that involved monthly performance management meetings and assessment criteria that was used to assess EY's performance. The assessment of EY's performance was a two-step process; an initial self-assessment by EY, followed by an assessment by the Territory. Three monthly performance reviews were conducted between September and 2019 November. Increasing divergence between EY's self-assessed scores and the Territory's scores impacted the finalisation of the performance reviews. Over time, the continued divergence in scores contributed to increasing tension between the Territory and EY. In March 2020, a decision was made to revise the performance review process to: remove the scoring element and focus on the issues and proposed remedies; only require responses 'where required'; and remove the need to address all of the sub-elements of the Key Result Areas. The revised approach was used on a monthly basis from April 2020 to March 2021. 5.91

## DELIVERY OF SERVICES

Paragraph

### Contract requirements

The Statement of Work categorised the services that were to be delivered by EY as Deliverables, Work Products and Milestones. Acceptance processes for the Program's Deliverables and Milestones were not documented in the Head Agreement or Work Order, but the Project Plan did identify an end-to-end Deliverable and Milestone Acceptance Process. As discussed in paragraph 4.4, the Project Plan had been prepared by EY and 'Accepted' by the Territory but not formally 'Endorsed' by the Steering Committee or Program Board. 6.16

The Project Plan provided for a 'Responsible Preparer' to initiate the preparation of a Deliverable and a 'Responsible Owner' to review the Deliverable. The responsibilities and accountabilities of the 'Responsible Preparer' and 'Responsible Owner' were not defined in the Project Plan. These roles were also not documented in the Deliverables Matrix. The Project Plan erroneously asserted that Acceptance Criteria for Work Products and Deliverables were agreed and identified in the Statement of Work. This was not the case. Acceptance Criteria for Work Products were not documented, while Acceptance Criteria for Deliverables were described as being 'at a high level and the detailed requirements are expected to be further 6.17

agreed by the parties as part of the Plan and Prepare Phase’. This did not occur. There was a lack of clearly articulated and formalised arrangements for the review and acceptance of Deliverables.

For each of the Milestones identified in Clause 6 of the Statement of Work a high-level descriptor of an Acceptance Criterion was described. The Statement of Work did not describe a process for the review and acceptance of the Milestones, except to require that chronologically preceding Milestones needed to be accepted before a new Milestone could be accepted. The Project Plan provided information relating to a Milestone Acceptance Process. The Project Plan allowed for the Implementation Partner to ‘provide evidence to the ACT Government that the Milestone has been completed and for the ‘ACT Government [to] undergo a review of the Milestone Criteria and validate that all Deliverables, Work Products and activities related to the Milestone have been accepted and all issues related to the Milestone have been resolved’. The Project Plan allowed for the Senior Director (HRIMS Program) to ‘accept’ the Milestone and approve the payment of an invoice to EY. Following this, the Milestone was to be ‘reported to the Program Board and Steering Committee as accepted’. Such an arrangement placed a significant responsibility and accountability on the Senior Director (HRIMS Program) and did not allow for one or both of the HRIMS Program’s governance bodies to have a role in formally approving the completion of Program Milestones.

6.24

A ‘Deliverables Tracker – Deliverables Register’ (the Deliverables Tracker) was used by EY and Territory personnel as a source of up-to-date information on the progress of Deliverables and Work Products. The Deliverables Tracker included information on the status of Deliverables. For Deliverables to be provided by EY the Project Plan envisaged: acceptance was to be provided by a Territory official; endorsement would be provided by the Program Board; and approval would be provided by the Steering Committee. A review of the Deliverables Tracker as at December 2022 shows only three Deliverables had been ‘Approved’. One Deliverable was ‘Endorsed and seeking approval’, 26 Deliverables were ‘Accepted and seeking endorsement’ and eleven Deliverables were ‘Accepted with conditions’. This demonstrates the slow progress of the HRIMS Program and a lack of formal recognition or acknowledgement of Deliverables by the Program Board and Steering Committee.

6.32

The Deliverables Tracker included some information on responsibilities for the preparation, review, ownership, and acceptance of Deliverables. The Deliverables Tracker included information on timeframes for the provision and acceptance of Deliverables. A review of the Deliverables Tracker shows there was some information on the timeliness of only 38 Deliverables. Of these 38 Deliverables, only 26 Deliverables had complete information (due dates and actual dates for delivery and acceptance). This demonstrates the Deliverables Tracker had incomplete information for the ongoing management and oversight of the implementation of the HRIMS Program.

6.36

The monitoring and acceptance of Milestones was completed through Milestone Clearance Certificates. Milestone Clearance Certificates were used to provide documentary evidence that payment for each Milestone could be made. Each Milestone Clearance Certificate was co-signed by the Senior Director (HRIMS Program) and EY Program Director, indicating that the expected Milestone

6.54

Deliverable had been accepted by both parties. Six Milestone Clearance Certificates were signed off for a total of five Milestones (Milestones 1 to 5). A further 16 Milestones of the 21 Milestones initially planned were not cleared.

A review of the date of clearance of the Milestone Certificates shows that they were cleared considerably later than what was initially envisaged in the Statement of Work. This demonstrates the delays that the HRIMS Program was experiencing. For example, Milestones 2 and 3 were cleared in May 2020, up to seven months after initially envisaged (October 2019), while Milestones 4 and 5 were cleared in February 2021, up to eleven months after initially envisaged (March 2020). A review of the Milestones that were cleared also demonstrates that not all of the Deliverables associated with the Milestone were achieved. Some of the Deliverables were Conditionally Accepted and a number of Deliverables were Deferred to future Milestones. Notwithstanding initially envisaged Deliverables were not achieved, payments were made to EY for Milestone acceptance.

6.55

Decisions made in relation to the acceptance of Milestones therefore complicated the financial management of the HRIMS Program. Clause 6.1.1 of the Work Order required that chronologically preceding Milestones be accepted before a new Milestone could be accepted. However, on 9 December 2019 the Steering Committee approved EY to commence work on Milestone 3 and Milestone 4, despite Milestone 2 not yet being complete. This decision was a contributing factor to the cascading effect that occurred in relation to the amendment of Milestone dates for Milestones 2, 3 and 4.

6.56

### Contract variations

The Territory executed six (6) Work Order variations. These variations significantly altered the original terms, Deliverables, services and value of the Work Order. Deed of Variation 1 represented a significant change to the contractual arrangements and a shift from release-based payments to Milestone-based payments, which increased the financial risk to the Territory. Deed of Variation 2 removed the prerequisite for Milestone 2 to be completed and accepted prior to the commencement of Milestones 3 and 4. This effectively removed the only Go/No-Go decision point of the Program and increased the risk to the Territory. Four subsequent variations included amendments to the agreed Milestone dates, increases to the Work Order value and changes to critical contractual documentation including the Statement of Work, Deliverables Matrix and Work Order Charges. The multiple and ongoing changes to the services to be delivered, through variations to the Work Order, complicated the management of the contract with EY and the broader HRIMS Program.

6.77

The Contract Management Change Control Process that was described in the Project Plan included the requirement for the HRIMS Program to maintain a change register to track change proposals. This was implemented by the Program at the functional and operational level, but there was no change register implemented to track changes made to the Head Agreement or associated Work Order. According to the Project Plan, all material variances to the contract were to receive approval from the HRIMS Program Board and/or HRIMS Steering Committee. This process was not

6.83

followed. Deed of Variation 1 varied the payment schedule of Work Order 1 from a fixed price across four payments to Milestone payments with a 'fixed price cap'. This was a material variance that should have been considered and approved by the HRIMS Program Board and/or HRIMS Steering Committee. Instead, it was signed off by the Executive Branch Manager, Strategic Business, Shared Services ICT. Deeds of Variation 4, 5 and 5a were presented directly to, and signed off by, the Under Treasurer or Deputy Under Treasurer. There is no evidence these were approved by the HRIMS Program Board and/or HRIMS Steering Committee.

### Payments to EY

Between November 2019 and April 2022, 12 payments were made to EY totalling \$23.15 million. Payments were made for Milestone acceptance and delivery (35 percent), ad hoc / additional services performed (four percent) and to settle claims for delays incurred by EY and the termination of the contract (61 percent). The total amount paid to EY exceeded the initial value of the executed contract by \$5.14 million. 6.94

## Recommendations

### RECOMMENDATION 1 REPORT TO THE ACT LEGISLATIVE ASSEMBLY

The ACT Government should table a response in the ACT Legislative Assembly that provides a comprehensive plan that details the actions to be taken by the Territory to address the failures identified in this report.

## Agencies' responses

In accordance with subsection 18(2) of the *Auditor-General Act 1996*, the Chief Minister, Treasury and Economic Development Directorate was provided with the draft proposed report for comment. All comments were considered and required changes were reflected in the final proposed report.

In accordance with subsection 18(2) of the *Auditor-General Act 1996*, the Chief Minister, Treasury and Economic Development Directorate was provided with the final proposed report for comment. All comments were considered and required changes were reflected in the final report.

In accordance with subsection 18(3) of the *Auditor-General Act 1996*, other entities considered to have a direct interest in the report were also provided with the draft proposed and final proposed reports (or extracts thereof) for comment. These included:

- Ernst and Young (EY); and
- Projects Assured.

The following comments were provided by EY for inclusion in this Summary chapter.

## Ernst and Young

*EY welcomes the Auditor General's Report into the HRIMS Program. We recognise the importance of the Audit Office's assessment of the effectiveness of the planning for, and management of, the HRIMS Program.*

*The ACT Audit Office has conducted a thorough and comprehensive review into a complex program and we would like to thank the team for their diligent and methodical approach.*

*As the report notes, the HRIMS Program was led by the Territory's 'HRIMS Program Team'. The Territory was accountable for managing the broader program including program planning, program scheduling and reporting, program governance, benefits management, program communications, program assurance, business process harmonization, future state operating model definition, changes to legacy systems to support integration, integration testing and user acceptance testing.*

*We note that this audit examined the governance and administrative arrangements of the HRIMS Program and the contract management arrangements that were implemented for the contract with the Implementation Partner. The audit was therefore primarily focused on the activities of Territory entities in planning and managing the HRIMS Program.*

*As the Implementation Partner, EY's scope and accountabilities were mostly related to the delivery of the technology solution as defined in the Project Management Plan produced by EY and accepted by the Territory at an early stage of the program. While the scope of the audit did not include an assessment of the activities carried out by EY, we were pleased that the report acknowledges the findings of a detailed assurance review of the IT solution developed by EY, conducted independently by SAP, which concluded that 'there is a solid platform across the components of the HRIMS Program to proceed with the current solution'. We believe we fulfilled our role as the Implementation Partner and delivered a high-quality IT solution that met the defined requirements.*

*The findings of the report align with our experiences and observations. Clearly, the program was complex and ambitious. We agree with the conclusions of the report which emphasise the importance of:*

- Developing a clearly defined, complete and accurate business model supported by directorate and agency stakeholders.*
- Planning for the complexities and key risks associated with harmonisation of HR and payroll systems across the ACT Public Service.*
- Effective program monitoring and governance arrangements.*
- Effective planning for, and management of the contract with EY.*

*We were disappointed that we did not have the opportunity to complete the implementation of the solution. We hope that the findings and recommendations outlined in the report will be adopted to improve the outcomes in any future endeavours to modernize the ACT Government's human resources information systems.*

# 1 INTRODUCTION

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## ACT Government HR and payroll services

- 1.1 The Office of Industrial Relations and Workforce Strategy (Shared Services Human Resources/Payroll business unit) within the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) provides payroll and human resource (HR) services to over 28,000 ACT Government employees across eighteen directorates and agencies.
- 1.2 Although the Shared Services Human Services/Payroll business unit provides payroll and HR services, directorates and agencies are responsible for other aspects of HR management relating to their own workforces, such as workforce planning and capability development, recruitment and onboarding, performance management and rostering.

## ACT Government HR and Payroll System – Chris21

- 1.3 Since 2005 the Territory has used the Chris21 system to support its payroll and HR services. Chris21 assists with the management of employee records, organisation structures and payroll and leave management. The system provides a basic HR and payroll solution with limited functionality for broader HR management processes.
- 1.4 Capability and functional limitations were identified for the Chris21 system. As part of a *2017-18 Budget Business Case*, CMTEDD assessed that the risk of system failure was increasing and advised that:

... the complex technical architecture and system limitations has resulted in the need for high levels of manual intervention, resulting in significant process inefficiencies including double handling and manual data entry. Another unintended outcome has been the fragmentation of pools of workforce-related information which make it difficult to provide accurate, aggregated reporting and analysis.

## HR and payroll challenges

- 1.5 In providing HR services, there are several challenges arising from the size and complexity of the ACT Public Service operating environment. These challenges include:
  - a complex industrial relations landscape. Eighteen separate Enterprise Agreements (EAs) cover diverse workforces, occupations and employment conditions across the ACT Public Service. An additional 13 Remuneration Determinations (RDs) cover unique payroll terms for Executive staff, Public Office holders and Board members;
  - fortnightly payments to over 28,000 ACT Government employees, who are paid approximately \$127.0 million at 2,907 salary increment points provided for in the EAs and RDs; and
  - unique HR policies and practices within directorates and agencies, including:

- more than 11,000 leave processing rules across the Territory for 54 distinct types of leave and 21 classes of employee, at an average of 524 rules per employee class. For example, Medical Professionals have 782 leave rules;
- 1,074 common payroll processing rules and 4,138 directorate-specific payroll processing rules across the ACT Public Service. Each directorate has an average of 172 entity-specific rules with six directorates having more than 350 payroll rules each; and
- individual Directorates interpreting Enterprise Agreement rules differently and imposing varying tolerance levels for when rules are applied, e.g. recording absences.

1.6 Additionally, under the Chris21 system, most requests to vary employees' pay needed to be entered manually into Chris21. For the 2021-22 financial year 546,821 manual entries were made including:

- 122,863 manual timesheets;
- 371,184 leave transactions;
- 15,799 higher duties and temporary transfers;
- 6,441 appointments, promotions and permanent transfers;
- 10,317 temporary/casual contracts;
- 10,317 change of hours/roster changes; and
- 9,900 salary increments.

1.7 Of the requests to vary employees' pay, only leave transactions have a 'self-service' element in which ACT Public Service staff can enter their own requests (meaning that the processing of these requests in Chris21 is automated). In 2021-22 only 40 percent of leave requests were submitted in this way, leaving 222,710 to be entered manually across all categories by either directorate HR staff or DDTS staff.

#### *Chris21 add-ons - customised programs*

1.8 In response to business needs that evolved since 2005, the Territory developed customised programs called 'Rators'. These programs each perform a specific function associated with payroll processing, e.g. extracting, transforming and loading data from source systems. Functions performed by Rators were not available in the Territory's basic implementation of Chris21.

1.9 There are increasing levels of risk associated with the Rators as their scripting languages and underlying technologies are progressively retired by their vendors and the availability of technical skills to maintain them reduces year on year. There is also an inherent level of risk in using such programs as part of an end-to-end payroll process, because they often rely on manual processes to capture, reformat, validate and reconcile inputs.



### Additional HR systems

- 1.10 Since 2005 directorates and agencies have also implemented IT systems that have duplicated HR functionality. Various directorates use:
- *Capabiliti*, *CAD* and *Setting My Direction* as learning and development systems; and
  - *Kronos*, *HASTUS*, *ProACT*, *Banner*, *CRS* and *Sentral* as staff rostering systems.
- 1.11 The ACT Health Directorate also uses *Taleo* as a recruitment system and CMTEDD operates *SIMS* for case management.
- 1.12 *SalPac* is a whole-of-government salary packaging system and *RiskMan* is a whole-of-government work health and safety system.
- 1.13 These systems all interact with Chris21 either directly, with manual input or via a Rator.

## HRIMS Program

### Intention for modernisation and harmonisation

- 1.14 The evolution of directorate-specific HR processes and support systems created an environment that required significant cost and effort to keep pace with regulatory, policy and process changes. The Territory was further exposed to data quality and integrity risks, including potentially incomplete or inaccurate reporting impacting key workforce management decisions.
- 1.15 To resolve these issues, Shared Services identified an intention to improve the ACT Public Service's HR management practices and modernise and harmonise its HR systems. Multiple feasibility studies were commissioned, which ultimately led to the inception of the Human Resources Information Management System Program (HRIMS Program) to replace Chris21 and deliver a whole-of-government ICT solution.

### Feasibility studies

- 1.16 A preliminary feasibility study into a replacement HRIMS was completed by Noetic Consultants in 2011. This was followed by a subsequent feasibility study, completed by KPMG in 2013, that produced the following detailed analysis:
- a requirements document in consultation with directorates;
  - a market assessment through a Request for Information process;
  - a gap analysis of the current system; and
  - an Options paper.
- 1.17 The feasibility studies conducted by Noetic Consultants in 2011, and KPMG in 2013, estimated the cost of a replacement HRIMS to be between \$15.1 million and \$36.0 million.

Instead of proceeding with a replacement HRIMS, a decision was made to stabilise and expand on the existing system.

- 1.18 In 2016 the Territory engaged Hackett Group Australia Pty Ltd to develop another HRIMS feasibility study. The Feasibility Study Final Report described the Territory's HRIMS environment as fragmented, lacking functionality and at risk of failure. It further described that the HRIMS environment at the time did not meet the needs of ACT Government directorates and that these issues had contributed toward service delivery issues and an inefficient and costly transactional processing environment impacting both Shared Services and ACT Government directorates.

## Budget Business Cases

### 2017-18 Budget Business Case

- 1.19 The Chief Minister, Treasury and Economic Development Directorate (CMTEDD) used information from the 2016 Hackett Group Feasibility Study to support the development of a Budget Business Case in 2017-18. This included an estimated cost and a proposed solution.
- 1.20 A *2017-18 Budget Business Case* was presented to the Budget Committee of Cabinet. It requested a total of \$15.0 million. This included \$11.0 million in capital funding to design and implement a new whole-of-government human resources information management system (HRIMS) and \$4.0 million for software licence and subscription fees. It sought to:
- ... deliver an ICT solution that optimises payroll services' integration with effective Human Capital Management (HCM) for ACT Government. This will increase efficiency, improve service delivery and allow the ACT Government to assume a more strategic approach to managing its human capital.
- 1.21 The *2017-18 Budget Business Case* was subsequently approved, and work commenced on the HRIMS Program in March 2017. At that time, the HRIMS Program's duration was estimated to be between 29 to 39 months.

### 2019-20 Budget Business Case

- 1.22 Over time, additional work that was required to support system integration, data migration and change management activities was recognised and the original HRIMS Program timeline was extended by twelve months. In March 2019, a second Budget Business Case requesting further capital funding of \$51.81 million was submitted to the Budget Committee of Cabinet.
- 1.23 The Budget Committee of Cabinet requested further investigation of the capital expense funding be completed. A revised funding request totalling \$49.59 million was submitted and it was approved. This increased the total investment at that time to \$64.59 million (a 330 percent increase on the original budget).

### *Pause and reset – Deloitte and SAP reviews*

- 1.24 By August 2021 the HRIMS Program Steering Committee agreed that the HRIMS Program was not progressing as expected and approved the commencement of a ‘pause and reset’. To support the reset, the Territory engaged:
- Deloitte Risk Advisory Pty Ltd to review the current state of the HRIMS Program and produce key findings and recommendations; and
  - SAP Services to review the the overall system design.
- 1.25 On 28 February 2022, Deloitte delivered a report that outlined 34 recommendations, 18 of which were classified as ‘High’ impact. High impact recommendations were defined as those requiring implementation as a matter of priority.
- 1.26 SAP Services also delivered a report on 9 February 2022, which concluded:
- There is a solid platform across the components of HRIMS Program[me] to progress with the current solution. The project will be able to re-engage with confidence once the critical design decisions on Time and Absence management are finalised. This includes understanding what the integration gaps will be with the finalised design. Importantly, the solution will be able to leverage future functionality released by the cloud SuccessFactors half yearly software version updates.

### **2022-23 Budget Business Case**

- 1.27 The findings and recommendations from the Deloitte Risk Advisory and SAP Services Review Reports formed the basis of a third Budget Business Case that requested an additional \$3.7 million. This additional funding increased the total approved budget for the HRIMS Program to \$72.2 million, which represented a \$57.2 million increase on the original approved budget (a 381 percent increase on the original budget).
- 1.28 The *2022-23 Budget Business Case* requested these additional funds for:
- ... Phase One of a two-stage process to gain a greater understanding of the most effective and efficient way forward to build on the work undertaken to date, to achieve effective Human Capital Management (HCM) for the ACT Government.
- Phase One will include validating the benefits case, identifying the usability of the technical work completed to date and the remaining work required from a business process, user experience and technology perspective to achieve the outcomes of the HRIMS Program.
- 1.29 On 3 June 2022, funding was approved for the purpose of a review to ‘assess the progress made to date by the HRIMS Program and previous Implementation Partner and to determine the scope of work remaining’.
- 1.30 The *2022-23 Budget Business Case* for this funding identified an expected total cost for the HRIMS Program of \$78.38 million to the end of this review. This is a 423 percent increase on the original \$15.0 million approved budget for the HRIMS Program.

## Financial performance

1.31 A breakdown of appropriated HRIMS Program funding is shown in Table 1-2.

**Table 1-2 Appropriation for HRIMS Program**

Budget Papers	Amounts appropriated
2017-18 Budget	\$15,000,000
2019-20 Budget	\$49,593,000
2022-23 Budget	\$3,695,000
<b>Total Budget Allocation</b>	<b>\$68,288,000</b>
Indexation in 2021-22	\$1,863,000
Indexation in 2022-23	\$2,052,000
<b>Total as of 31 December 2022</b>	<b>\$72,203,000</b>

Source: ACT Audit Office, based on 2017-18 to 2023-24 Budget Papers.

1.32 The appropriated funding includes funds required for HRIMS Program resources and contracts that the Territory executed with suppliers.

### *Actual expenditure*

1.33 As of 30 June 2023, expenditure on the HRIMS Program has been \$77,632,000 (GST exclusive).

1.34 Actual expenditure on the HRIMS Program does not include all costs associated with the time and effort of directorates and their input into the HRIMS Program. These costs are not known with any certainty, as there has been no reliable mechanism for the HRIMS Program or the directorates to account for the costs. These costs have been absorbed by the directorates. In response to the draft proposed report the Chief Minister, Treasury and Economic Development Directorate advised 'some cost[s] for staff time was charged to the project. At 30 June 2023 \$0.58 million was paid to Directorates, according to DDTS financial records'.

## Roles and responsibilities

### Territory entities

1.35 The Office of Industrial Relations and Workforce Strategy (Shared Services Human Resources/Payroll business unit) within CMTEDD is responsible for the provision of payroll and HR services to ACT Public Service employees. Prior to November 2020, Shared Services was responsible for the delivery of the HRIMS Program.

1.36 In November 2020, the Office of the Chief Digital Officer and Shared Services ICT teams were merged to form the Digital, Data and Technology Solutions Group (DDTS). DDTS, led

by the Chief Digital Officer, is responsible for driving the Territory's digital agenda, leading the whole-of-government strategic direction for ICT including cyber security and providing technical, tactical, and transactional support for whole-of-government ICT. This includes management and oversight of the delivery of the HRIMS Program.

- 1.37 The Under Treasurer was the Executive Sponsor of the HRIMS Program and was responsible for the program of work.

## **Ernst and Young (EY) as Implementation Partner**

- 1.38 The Territory engaged Ernst and Young (EY) as the Implementation Partner to assist with the implementation of the HRIMS Program.

### **Procurement of the Implementation Partner**

#### *Identification of PLAUT IT Australia as Implementation Partner*

- 1.39 The Territory's selection process for the Implementation Partner involved a two-phased procurement approach:
- a Request for Expression of Interest process that occurred between August and November 2017; and
  - a Request for Proposal process that occurred between December 2017 and March 2018.
- 1.40 A *Request for Proposal Evaluation Report* was approved on 18 September 2018 and as a result, PLAUT IT Australia (PLAUT) was selected as the Implementation Partner for the HRIMS Program and contract negotiations commenced shortly thereafter.

#### *Acquisition by EY*

- 1.41 On 6 December 2018, PLAUT representatives met with the Territory and advised that PLAUT IT Australia was in the final stages of being acquired. PLAUT further advised that Equitable Yield Pty Ltd, an EY entity, had acquired PLAUT, and the new arrangements would commence on 24 January 2019. At this time, contract negotiations between the Territory and PLAUT had not been finalised.
- 1.42 Following this advice, and as part of ongoing contract negotiations, the Territory issued PLAUT with two requests for clarification:
- the first request for clarification was issued to PLAUT in late January 2019 and requested confirmation of the date that EY had acquired PLAUT and the nature of the acquisition; and
  - the second request for clarification was issued to PLAUT in February 2019 and related to structure and personnel, including foreseeable impacts on PLAUT's ability to provide services. This included, at a minimum, any expected changes to business

operations and internal governance, delivery methodology, proposed consortium and the negotiated position.

- 1.43 In response to the second request for clarification, in February 2019 PLAUT advised that its ‘... governance meetings and quality assurance will remain as per the original proposal with EY governance supporting their processes’.

#### *Probity advice*

- 1.44 The chair of the Tender Evaluation Team for the procurement process that led to the selection of PLAUT as the Implementation Partner sought probity advice from the ACT Government Solicitor’s Office.
- 1.45 On 28 March 2019, the ACT Government Solicitor’s Office provided detailed probity advice to the Chair of the Tender Evaluation Team, suggesting that the Territory would need to determine if the responses to the clarification requests were acceptable. It further recommended the following:

In the first instance I am of the view that it may be appropriate for the Evaluation Team to be re-formed to:

1. consider the responses provide by PLAUT;
2. if necessary, determine if additional material is required to consider the matter further; and
3. establish whether their assessment of PLAUT’s proposal (including its status as preferred respondent) would change in any aspect.

I appreciate that with the effluxion of time since PLAUT was identified as the preferred respondent and other time pressures associated with the Process this proposed approach may provide difficulties. As an alternative, if you form the view following review of:

1. material supplied by PLAUT;
2. this advice;
3. legal advice provided; and
4. the outcome of negotiations to date, that it is reasonably clear PLAUT’s response is not eroded by the proposed arrangements and that the value for money status of their response is either maintained or improved (overall proposition) you may choose to put that position before the delegate for consideration. I suggest your approach be informed by an assessment of the material and any outstanding potential exposures for the Territory subsisting following a review of the above.

- 1.46 On that same day, the Chair of the Tender Evaluation Team responded to the ACT Government Solicitor’s Office with the following response:

On reading through your advice, I am comfortable that the areas you raised have been considered in the course of the program’s due diligence. As discussed, the acquisition of PLAUT by EY rather than diminish the original offering, enhances the bid going forward.

#### **Contract with EY**

- 1.47 A contract (Contract No. 2019.28499.112.2) between the Territory and EY was executed for the ‘provision of SAP implementation services for the HRIMS’ by the Under Treasurer on

17 April 2019 in the form of a Deed of Standing Offer (Head Agreement) and an associated Work Order.

- 1.48 The value of the executed contract was a fixed price of \$18,009,920 (GST exclusive). The pricing details of the contract with EY is shown in Table 1-3.

**Table 1-3 EY contract price**

Description	Total price (GST exclusive)
Release 1 Payroll/Recruitment Onboarding	\$13,938,690
Release 2 Learning Management/Performance Management	\$1,711,430
Release 3 Talent/Wellbeing	\$1,669,800
BAU Support	\$ 690,000
<b>Total</b>	<b>\$18,009,920</b>

Source: Work Order 1 Fixed Price table (Table 2 of Schedule 4 - Pricing to the Head Agreement).

- 1.49 There were six subsequent variations to the contract, which increased the total value of the contract to \$27,681,975 (GST exclusive).

### Cessation of contract with EY

- 1.50 Following attempts to form an agreement on the way forward for the HRIMS Program as part of the reset, on 10 December 2021 the Territory issued a formal Notice of Termination for Convenience to EY.

- 1.51 Total payments of \$23,154,130.79 (GST exclusive) were made to EY consisting of:

- \$8,904,133.67 (GST exclusive) in milestone payments;
- \$795,451.67 (GST exclusive) in additional work payments; and
- \$13,454,545.45 (GST exclusive) in settlement payments.

- 1.52 Of the settlement payments made to EY, two settlement payments were made due to delays on the Territory's part and one settlement payment was made to terminate the contract by consent pursuant to a Deed of Termination and Release.

## Audit objective and scope

### Audit objective

- 1.53 The objective of the audit is to assess the effectiveness of the planning for, and management of, the HRIMS Program.

## Audit scope

- 1.54 The audit examined the planning and governance and administrative arrangements of the HRIMS Program and the contract management arrangements that were implemented for the contract with the Implementation Partner.
- 1.55 The audit primarily focused on the activities of Territory entities (initially Shared Services and subsequently the Digital, Data and Technology Solutions Group) to plan for, and manage, the HRIMS Program.
- 1.56 The activities of other ACT Government directorates and agencies were also considered to the extent that they were engaged as stakeholders in the development implementation of the HRIMS Program.

### *Program planning*

- 1.57 In examining planning for the HRIMS Program, the audit has considered whether:
- the program's scope and objective(s) were effectively articulated and relevant for the HRIMS Program;
  - program planning documents and artefacts were appropriate and relevant for the HRIMS Program; and
  - Benefits Management was planned for, and incorporated in, the HRIMS Program.

### *Governance and administration*

- 1.58 In examining the governance and administrative arrangements of the HRIMS Program, the audit has considered whether:
- program management and governance arrangements for the HRIMS Program, including governance and oversight forums, were effective;
  - monitoring and reporting arrangements for the HRIMS Program were effective; and
  - risk management arrangements for the HRIMS Program were effective.
- 1.59 A key feature of the audit was consideration of the stakeholder engagement and management arrangements for the HRIMS Program. This included consideration of whether:
- ACT Government directorates and agencies were effectively engaged in providing input to the delivery of the HRIMS Program and proposed system solution; and
  - stakeholder requirements were effectively recognised and accounted for as part of the HRIMS Program.

### *Contract management*

- 1.60 The audit also considered the contract management arrangements for the Implementation Partner. This included consideration of whether:



- contract services and Deliverables were effectively identified and documented; and
- management and administrative arrangements for the oversight of the contract were effective.

## Out of scope

1.61 The audit did not assess the:

- rationale for, or merits of, proceeding with a replacement HRIMS for the Chris21 system and therefore, did not assess the merits of any business cases that were prepared, including initial cost estimates associated with the HRIMS Program;
- effectiveness of any aspects of the HRIMS Program that have been developed and delivered including consideration of any project management methodologies that were used to manage the technical builds of individual modules; or
- the appropriateness of the decision made to pause the implementation of the HRIMS Program and undergo a 'reset' to enable ACT Government agencies determine an appropriate way to proceed.

## Audit criteria, approach and method

### Audit criteria

1.62 To form a conclusion against the objective, the following criteria were used:

- Was planning for the HRIMS Program effective?
  - Was an appropriate Program Plan developed for the HRIMS Program?
  - Were the HRIMS Program scope and objectives clearly articulated and managed?
  - Was Benefits Management planned for, and incorporated in, the HRIMS Program?
- Were effective governance and administration arrangements implemented for the HRIMS Program?
  - Were effective governance arrangements implemented?
  - Were effective reporting arrangements implemented?
  - Was there effective management of HRIMS Program risks and issues?
  - Was the HRIMS Program schedule documented and managed effectively?
  - Was stakeholder engagement effective for the implementation of the HRIMS Program?
- Was the management of the contract with the Implementation Partner effective?

- Was planning for the management of the contract with the Implementation Partner effective?
  - Did the contract with the Implementation Partner appropriately identify contract services and Deliverables?
  - Were management and administrative arrangements for the oversight of the contract with the Implementation Partner effective?
- 1.63 The audit was performed in accordance with *ASAE 3500 – Performance Engagements*. The audit adopted the policy and practice statements outlined in the Audit Office’s *Performance Audit Methods and Practices (PAMPr)* which is designed to comply with the requirements of the *Auditor-General Act 1996* and *ASAE 3500 – Performance Engagements*.
- 1.64 In the conduct of this performance audit the ACT Audit Office complied with the independence and other relevant ethical requirements related to assurance engagements.

## Audit approach and method

- 1.65 The audit approach and method consisted of:
- identifying and reviewing relevant ACT Government information and documentation including the governance and accountability frameworks, related policy and procedures, research documents, and relevant reports;
  - reviewing committee and board records;
  - reviewing relevant non-ACT Government literature, and work undertaken on the audit topic by other jurisdictions to identify better practices;
  - identifying and documenting internal controls and procedures used to give effect to the policies and guidelines and to ensure compliance and evaluating the effectiveness of these controls; and
  - interviews and discussions with current and former officials of CMTEDD, other ACT Government Directorates and agencies and the Implementation Partner.
- 1.66 Advizon Consulting was engaged as a subject matter expert to assist with the audit by:
- providing advice with respect to accepted practice and better practice approaches to Program and Project Management;
  - reviewing evidence gathered during fieldwork and identifying strengths, deficiencies, and gaps in evidence; and
  - reviewing written audit finding and conclusions.

## Disclosure of deliberative information

- 1.67 Subsection 20(1) of the *Auditor-General Act 1996* (the Act) allows the Auditor-General to report on ‘Executive deliberations and decisions’ if it is in the public interest to do so.

- 1.68 'Deliberative information' is defined in the Act as 'information that discloses a deliberation or decision of the Executive'.
- 1.69 Subsection 20(2) requires that the Auditor-General consult with the Chief Minister in deciding whether it is in the public interest to include deliberative information in an audit report.

#### *Reference to documents provided to Cabinet*

- 1.70 This audit report refers to, and includes information from, key documents that were provided to Cabinet in relation to the HRIMS Program, including the:
- *2017-18 Budget Business Case;*
  - *2019-20 Budget Business Case;*
  - *2022-23 Budget Business Case;* and
  - *2023-24 Budget Business Case.*

#### *Consultation with the Chief Minister*

- 1.71 On 19 October 2023 the Chief Minister was provided with information on the documents provided to Cabinet.
- 1.72 On 3 November 2023, the Chief Minister advised the Auditor-General:
- For the most part, the material you have provided in the extracts of the Draft Proposed Report (the Report) outline the information presented to Cabinet on the status of the project, proposed next steps, timelines, projects and benefits expectations through several Budget Business Cases. I note that as is often the case, the decision of Cabinet on the final amount funded is different to that presented in the Business Case. With this noted, I consider that there is no public interest reason to exclude from your Report the information which describes the requests for funding, objectives, risks and anticipated benefits of the project.

- 1.73 The Chief Minister also advised:
- It is a standard practice in the development of government budgets to withhold some figures from publication to ensure the commercial and financial interests of governments are maintained. A decision was made by this Government that the future spend which is contained within the initiative published in the 2023-24 Budget associated with future negotiations with suppliers was not for publication. I therefore consider that there are some figures which are not in the public interest to release.

#### *Reasons for including material*

- 1.74 The Audit Office notes the Chief Minister's comments relating to the information associated with the *2023-24 Budget Business Case*. The Audit Office considers that including this information in the report is necessary and in the public interest.
- 1.75 To this end, the Audit Office notes the information is not available from any other source and is evidence for some audit findings and conclusions and commentary in the report.

- 1.76 By virtue of paragraph 10(1)(a) of the *Auditor-General Act 1996*, one of the functions of the Auditor-General is 'to promote public accountability in the public administration of the Territory'. Including the information in the report, in support of some audit findings and conclusions and commentary, is in the public interest because it supports this function of the Auditor-General.

## 2 HRIMS PROGRAM HISTORY

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- 2.1 This chapter provides information on the development of the HRIMS Program including various feasibility studies, Budget Business Cases and reviews that have been conducted. The chapter also provides information on the current status of the HRIMS Program.

### Summary

### Conclusion

The HRIMS Program was initially approved as part of the *2017-18 ACT Budget* at a total cost of \$15.0 million. Two subsequent Business Cases, as part of the *2019-20 ACT Budget* and *2022-23 ACT Budget*, increased the total approved funding to \$72.2 million.

In June 2023 work on the HRIMS Program stopped. The total cost of the HRIMS Program as at 30 June 2023 was \$77.63 million. This does not include significant costs incurred across directorates and agencies who were participating in, and assisting with, the implementation of the program.

A *2023-24 Budget Business Case* recommended a different approach for the Territory's human resources information management system requirements, at an estimated cost of \$65.12 million. The approach going forwards is smaller in scope and scale and predicated on using existing systems and infrastructure. The revised approach was agreed to and the *2023-24 ACT Budget* provides for a total additional spend of \$34.53 million, of which an initial allocation of \$16.44 million is provided in the 2023-24 financial year.

### Key findings

Paragraph

#### HRIMS modernisation feasibility studies

In July 2005 the Territory implemented the Chris21 system for payroll and HR services. Over time, capability and functional limitations of Chris 21 were identified. Three feasibility studies for a replacement system were conducted between 2011 and 2016. The first feasibility study was conducted in 2011 and estimated the cost of a replacement HRIMS to be \$15.1 million. The second feasibility study was conducted in 2013 and estimated the cost of a replacement HRIMS to be \$36.0 million. A third feasibility study conducted in 2016 identified four potential options for a replacement HRIMS, of which two were identified as preferred. The 2016 Feasibility Study Final Report did not recommend one option over the other to allow for flexibility in the process, but recommended the options be pursued through a 'market engagement process' at a cost expected to be in the order of \$13.2 million to \$14.6 million.

2.18

## Budget Business Cases

Based on the information provided in the Feasibility Study Final Report, CMTEDD presented a *2017-18 Budget Business Case* to the Budget Committee of Cabinet. The overall estimated costs associated with a full HRIMS implementation was \$15.0 million, an equivalent of \$761.50 per employee at the time. The *2017-18 Budget Business Case* noted that the full-scale benefits would be contingent on directorates and agencies agreeing to re-engineer their business processes and implement workforce changes. The *2017-18 Budget Business Case* was agreed to and funding of \$15.0 million was approved. 2.33

A *2019-20 Budget Business Case* was submitted for supplementary funding for the HRIMS Program. The additional funding was identified as necessary due to adjustments to the initial budget estimates following the testing of early assumptions (from the 2016 Feasibility Study Final Report) against program planning, assurance activities and the inclusion of additional cost considerations. A key factor for the additional funding was 'planning activities that determined requirements to integrate with approximately 28 business systems across Directorates. The extent and complexity of this integration, including data cleansing and migration was not fully accounted for in the original business case'. Additional funding of \$49.59 million was agreed to which brought the total investment to \$64.59 million, an equivalent of \$2,633 per employee at the time. This included funding to engage an Implementation Partner. EY were subsequently engaged as the Implementation Partner from April 2019. 2.45

In August 2021, the HRIMS Program Steering Committee acknowledged that the delivery of the HRIMS Program was significantly behind schedule and approved the commencement of a 'reset' to the Program. Following attempts to form an agreement on the way forward for the HRIMS Program as part of the reset, on 10 December 2021 the Territory issued a formal Notice of Termination for Convenience to EY as the Implementation Partner. The HRIMS Program 'reset' also included a review of the current state of the HRIMS Program, carried out by Deloitte Risk Advisory Pty Ltd and a review of the HRIMS solution design, carried out by SAP Services. 2.56

Following the completion of the reviews of the HRIMS Program, CMTEDD submitted a third Budget Business Case in 2022-23 to 'assess the progress made to date by the HRIMS Program and previous System Implementation Partner and to determine the scope of work remaining, including benefits validation, and the time and cost required to finalise and deliver the new HRIMS for the ACT Government'. The *2022-23 Budget Business Case* identified a 'high-level gap fit analysis' would be undertaken as well as a 'business process rationalisation body of work'. The approved cost of this work was \$3.7 million, bringing the total approved funding to \$68.29 million. 2.68

As a result of the work that was completed during the Program 'reset', a *2023-24 Budget Business Case* was prepared and presented to Cabinet for its consideration in May 2023. The *2023-24 Budget Business Case* presented three options for 2.75

progressing the government's human resources information management system requirements. The preferred option recommended a stop to 'all work to implement the remaining SAP SuccessFactors modules as the replacement HRIMS for the ACT Government' and the '[closure] of the HRIMS Program and [establishment of] a Capability Sustainment Program with a refined scope that focuses on essential elements of HR capability only', at an estimated cost of \$65.12 million. The *2023-24 Budget Business Case* was agreed to, with the *2023-24 ACT Budget* providing for a total additional spend of \$34.53 million, of which an initial allocation of \$16.44 million is provided in the 2023-24 financial year. As of 30 June 2023, actual expenditure on the HRIMS Program was \$77.63 million (GST exclusive). The approach going forwards is smaller in scope and scale and predicated on using existing systems and infrastructure.

## HRIMS modernisation feasibility studies

- 2.2 In July 2005 the Territory implemented the Chris21 system for payroll and HR services. Chris21 is a software product that is provided by Frontier Software, a company that 'provisions Global or National HR/Human Capital Management (HCM) and Payroll software solutions'. Human Capital Management refers to practices and tools that are used to recruit, manage and develop employees.

### 2011 feasibility study

- 2.3 Over time, capability and functional limitations of Chris 21 were identified.
- 2.4 In 2011 a feasibility study into a replacement HRIMS was completed by Noetic Consultants. DDTS was not able to locate a copy of this study. Subsequent documents refer to this feasibility study estimating the cost of a replacement HRIMS to be \$15.1 million.

### 2013 feasibility study

- 2.5 In 2013 a *Replacement of ACT Government HRIMS Feasibility Study* was completed by KPMG. The following analysis was produced as part of the study:
- a requirements document for a replacement system, which was prepared in consultation with directorates;
  - a market assessment, which was prepared through a Request for Information process;
  - a gap analysis of the current system; and
  - an Options paper.
- 2.6 The KPMG feasibility study estimated the cost of a replacement HRIMS to be \$36.0 million.
- 2.7 Instead of proceeding with a replacement HRIMS, a decision was made to stabilise and expand on the existing system.

## 2016 feasibility study

- 2.8 Over time business processes evolved independently within directorates and agencies, leading to the continued introduction of unintegrated HR-related systems and processes. The manual workarounds required to coordinate and implement legislation, policy and process changes in the systems were reported to be increasing in effort, time and cost. There was also an increasing risk of incorrect data and reporting. Maintenance of the system environment was also reported as increasingly expensive, with directorates having to rely on limited specialist staff with unique skills.
- 2.9 On 9 May 2016, CMTEDD released a Request for Quote (RFQ) to ‘conduct a feasibility study and develop and articulate an HRIMS strategy for the ACT Government (Government)’:
- The successful Respondent will undertake a review of the current situation, develop an understanding of the strategic direction of Government and relevant agencies, and through a comprehensive consultation process, clearly articulate an appropriate HRIMS strategy for Government. The feasibility study will identify contemporary Human Capital Management (HCM) practices, and provide a number of properly costed options, enabling the Government to confidently approach the market to acquire a fit for purpose and value for money solution.
- 2.10 As a result of the RFQ the Hackett Group Australia Pty Ltd (the Hackett Group) was engaged. On 9 September 2016, the Hackett Group delivered the *Human Resources Information Management System (HRIMS) Feasibility Study Final Report* (the 2016 Feasibility Study Final Report). The 2016 Feasibility Study Final Report described that the objective of the study was to:
- ... develop a detailed understanding of the current state, develop an understanding of the ACT Government’s strategy and the ACT Directorates’ requirements, and through a comprehensive consultation process, clearly articulate an appropriate HRIMS for ACT Government.
- 2.11 The 2016 Feasibility Study Final Report described the Territory’s HRIMS environment as fragmented, lacking functionality and at risk of failure. It further described that the HRIMS environment did not meet the needs of directorates and that these issues contributed to service delivery issues and an inefficient and costly transactional processing environment impacting both Shared Services and directorates.
- 2.12 The 2016 Feasibility Study Final Report identified four potential future state HRIMS environment options. These options are shown in Figure 2-1.



Figure 2-1 HRIMS environment options (2016 Feasibility Study Final Report)

	Option A Stabilise current payroll + expand point solutions	Option B Best of breed payroll + expand point solutions	Option C Best of breed payroll + best of breed HCM	Option D Integrated Payroll & HCM
Core HR / Payroll *	Stabilisation and transformation of existing CHRIS21 application and architecture	Replacement of core HR / Payroll application with contemporary and functionally capable whole of government application		Implementation of whole of government comprehensive Core HR / Payroll and HCM application
Human Capital Management (HCM) *	Leveraging existing HRIMS applications & investments within individual directorates for whole of government use		Implementation of whole of government comprehensive HCM	
Service Delivery Transformation	<ul style="list-style-type: none"> <li>Service Deliver Transformation with focus on</li> <li>WhoG HRIMS Governance</li> <li>Process ownership</li> <li>Process standardisation</li> </ul>	Option A + focus on - <ul style="list-style-type: none"> <li>Transactional automation</li> <li>Service Design improvements for core HR / Payroll</li> <li>Consideration of Cloud/SaaS and/or BPaaS</li> </ul>	Option B + focus on - <ul style="list-style-type: none"> <li>Service Design improvements for all HR employee life cycle functions</li> </ul>	Option C+ <ul style="list-style-type: none"> <li>User experience focus</li> </ul>

Source: Human Resources Information Management System (HRIMS) Feasibility Study Final Report, Page 4.

2.13 High-level vendor implementation, licence and ongoing operational cost estimates were provided, based on environments with similar size and complexity. The estimated costs were based on the following assumptions:

- 2015-16 was considered year zero;
- 2016-17 was considered year one and assumed initial resource benefits would commence following implementation of core HR/Payroll;
- progressive benefits would be obtained following deployment of functional technology;
- external costs were spread across a five-year period; and
- a discount rate of 7 percent was used in Net Present Value and Internal Rate of Return calculations.

2.14 Cost estimates were provided for each option. These cost estimates are shown in Table 2-1.

Table 2-1 HRIMS options - estimated costs

	Implementation costs	Ongoing annual expenses	Annual benefits post-implementation
Option A	\$4,500,000	\$2,000,000	\$3,750,000
Option B	\$7,500,00	\$2,500,000	\$4,250,000
Option C	\$9,050,000	\$5,500,000	\$6,000,000
Option D	\$8,700,000	\$4,500,000	\$7,000,000

Source: ACT Audit Office, based on 2016 Feasibility Study Final Report.

2.15 Options A and B were not recommended as viable options for the Territory, predominantly due to:

- being restrictive in providing a platform for the future; and
- not reducing the risks associated with fragmented systems and vendors.

2.16 Whilst Options C and D were more costly to implement and maintain, the 2016 Feasibility Study Final Report identified that these options would generate greater benefits. The Report recommended pursuing either Option C or Option D through a 'market engagement process'. The Report did not recommend one option over the other to allow for flexibility in the process:

Following a preparation stage, ACT Government undertake a market engagement process to seek expressions of interest for the provision of a comprehensive HRIMS environment, inclusive of core HR / Payroll and HCM. Solutions may include independent best of breed core HR / Payroll and HCM applications (Option C) or a fully integrated solution (Option D).

By not prescribing either Option C or Option D, opportunities arise for the inclusion of a broader set of solution providers, and for a broader set of technical solutions to meet the requirements of the ACT Government.

2.17 The 2016 Feasibility Study Final Report described a roadmap for a staged approach to identify, select, procure and implement a future state HRIMS application. The roadmap suggested that investment in the preparation stage was key to ensuring that a sound market engagement strategy was developed and agreed with all stakeholders and that this approach would support the ACT Government to be well-informed to begin commencement with testing the market to identify possible solutions.

2.18 In July 2005 the Territory implemented the Chris21 system for payroll and HR services. Over time, capability and functional limitations of Chris 21 were identified. Three feasibility studies for a replacement system were conducted between 2011 and 2016. The first feasibility study was conducted in 2011 and estimated the cost of a replacement HRIMS to be \$15.1 million. The second feasibility study was conducted in 2013 and estimated the cost of a replacement HRIMS to be \$36.0 million. A third feasibility study conducted in 2016 identified four potential options for a replacement HRIMS, of which two were identified as preferred. The 2016 Feasibility Study Final Report did not recommend one option over the other to allow for flexibility in the process, but recommended the options be pursued through a 'market engagement process' at a cost expected to be in the order of \$13.2 million to \$14.6 million.

## Budget Business Cases

### 2017-18 Business Case

- 2.19 Based on the information provided in the 2016 Feasibility Study Final Report, CMTEDD presented a *2017-18 Budget Business Case* to the Budget Committee of Cabinet. Funding was sought to:

Deliver an ICT solution that optimises payroll services' integration with effective Human Capital Management (HCM) for ACT Government. This will increase efficiency, improve service delivery, and allow the ACT Government to assume a more strategic approach to managing human capital.

- 2.20 The *2017-18 Budget Business Case* recommended progressing Options C and D described in the 2016 Feasibility Study Final Report to an initial market engagement, with the aim of listing two preferred providers prior to undertaking full procurement. It also advised 'Options C & D represent best value for money due to their long-term viability and promise of cost recovery through benefits realisation'.

- 2.21 Both options suggested that the solution was expected to be cloud-based with vendor partnering (potentially SAP or Oracle) for both the payroll and HCM implementation. This was further justified by the following information:

It should be noted that the business case does not propose an upgrade to the existing system. Rather, moving to a new Cloud-based solution is necessary at this point in time because the current contract with Frontier Software (the Chris21 provider) will expire in mid-2018. Although the contract can be renewed and the Chris21 software upgraded, the continued investment in a system that does not meet the needs of the ACT Government is only a short-term, risk management measure and does not represent a long-term solution. Chris21 upgrades are costly and time-consuming due to the need to integrate the software with the Rators and it is becoming increasingly difficult to locate technicians with the appropriate expertise to undertake this work. Given that a HRIMS implementation is expected to take a minimum of 2 years, it is imperative that the ACT Government begins planning for the transition now.

### Business objectives

- 2.22 The *2017-18 Budget Business Case* identified business objectives:

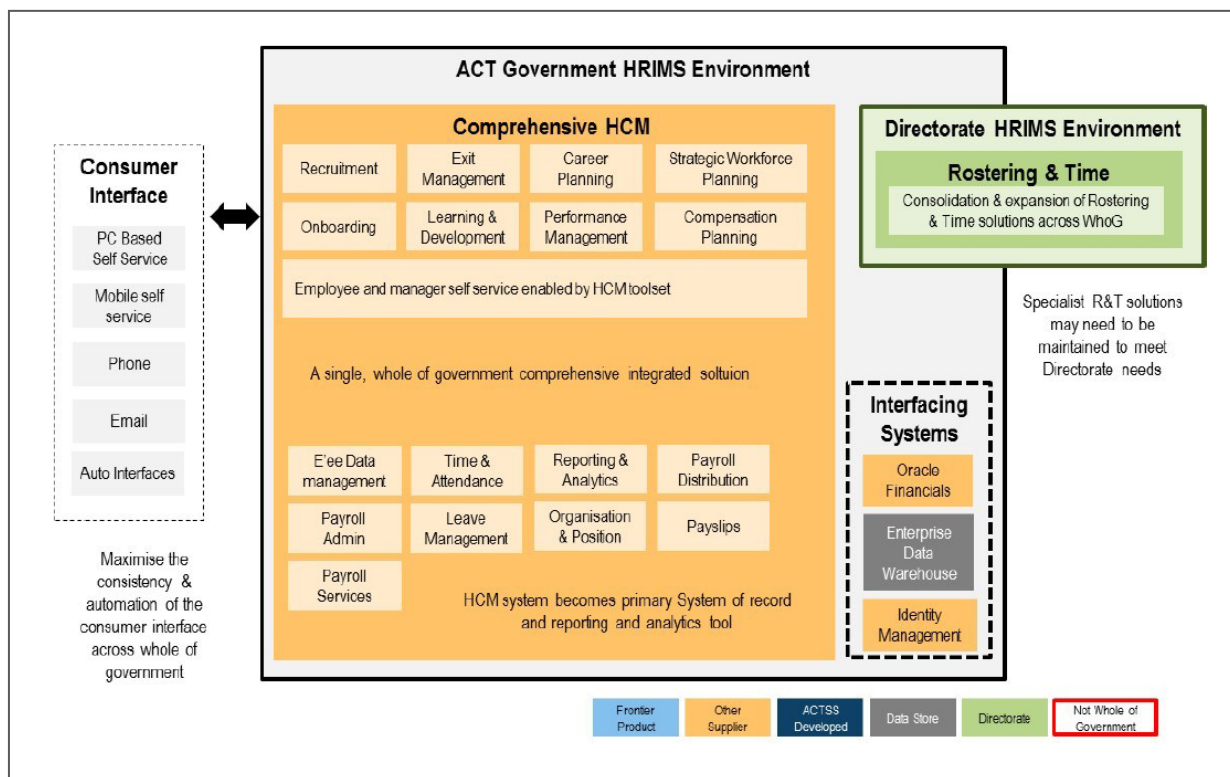
The HRIMS Project is intended to achieve the following business objectives:

- Reduced costs through the reduction of manual handling;
- A stable, accurate and efficient transactional processing environment/system;
- Enhanced HRIMS functionality for the ACT Government;
- Increased HR process standardisation and accuracy through automation;
- Increased self-service; and
- A comprehensive and integrated HRIMS solution that supports Directorates in taking strategic approaches to the whole workforce lifecycle (from attraction to retention).

- 2.23 The intended future state HRIMS environment was documented. This included a single, whole-of-government integrated solution for staff management, an expansion of rostering

and time systems across government agencies and the required interfacing systems. The intended future state is shown at Figure 2-2.

**Figure 2-2 Future state HRIMS environment**



Source: 2017-18 Budget Business Case, Page 10.

**Estimated costs**

2.24 The 2017-18 Budget Business Case advised that the overall estimated costs associated with a full HRIMS implementation were in the order of \$15.0 million. Costings in the Business Case were based on the more expensive option identified in the 2016 Feasibility Study Final Report (Option C). The costs included \$11.0 million in capital expenses and \$4.0 million for software licence and subscription fees.

2.25 According to the 2017-18 State of the Service Report, at the time that the 2017-18 Budget Business Case was developed, ACT directorates and agencies employed 19,698 people. Accordingly, the estimated cost of the project was equivalent to \$762 per employee.

2.26 The 2017-18 Budget Business Case noted that the costs (and savings) were based on those identified in the 2016 Feasibility Study Final Report:

The savings and costings contained within this proposal were generated in 2016 HRIMS Feasibility Study conducted by ‘The Hackett Group’. The total project costs have been estimated at \$11M, in accordance with the Hackett Group’s Feasibility Study.

2.27 The 2017-18 Budget Business Case noted that the full-scale benefits would be contingent on directorates and agencies agreeing to re-engineer their business processes and implement workforce changes:

The realisation of full-scale benefits will be contingent on Directorates agreeing to undertake business process re-engineering and implement workforce management changes.

### Key Deliverables and timeline

- 2.28 The *2017-18 Budget Business Case* included the implementation roadmap provided in the 2016 Feasibility Study Final Report. The estimated project timeline was based on the following:
- Stage 1 (Preparation): 2-3 months (February – April 2017)
  - Stage 2 (Market Scan): 3-6 months (April to August 2017)
  - Stage 3 (Implementation): 24-30 months (August 2017 to August 2019)
- 2.29 Stage gates were recommended between Stages 2 (Market Scan) and 3 (Implementation) so that costings and results of the market engagement could be validated, and a determination could be made by the ACT Government on whether the project should continue or not. It was suggested that this approach would ‘... place the ACT Government in a strong and informed position to better ensure that a sound investment decision is made, and the acquired solution is fit-for-purpose’.

### Risk identification and management

- 2.30 The *2017-18 Budget Business Case* identified risks for similar projects and noted several high-profile failures in the delivery of large HRIMS projects, including those that had occurred in the implementation of the Queensland Health payroll system project. It was noted that ‘... any failure to deliver aspects of the project may result in reputational risk to the Government’. For context and background, information on the implementation of the Queensland Health payroll system project has been provided at Appendix B.
- 2.31 Risks, including their probability, impact and overall risk rating were identified as part of the *2017-18 Budget Business Case*. They were summarised as follows:
- inability to continue business critical operations in the event of an incident or outage;
  - schedule and budget overruns due to exceeding initial effort projections pertaining to requirements gathering, data migration, systems integration and/or business process re-engineering;
  - failure to realise the full scale of intended resource benefits from greater process standardisation; and
  - legislative impediments preventing the move to a contemporary ‘as a Service’ delivery model.
- 2.32 The *2017-18 Budget Business Case* was agreed to and funding of \$15.0 million was approved.
- 2.33 Based on the information provided in the Feasibility Study Final Report, CMTEDD presented a *2017-18 Budget Business Case* to the Budget Committee of Cabinet. The overall estimated

costs associated with a full HRIMS implementation was \$15.0 million, an equivalent of \$761.50 per employee at the time. The *2017-18 Budget Business Case* noted that the full-scale benefits would be contingent on directorates and agencies agreeing to re-engineer their business processes and implement workforce changes. The *2017-18 Budget Business Case* was agreed to and funding of \$15.0 million was approved.

## 2019-20 Budget Business Case

2.34 CMTEDD submitted a second Budget Business Case in 2019-20 and sought funding for works with the same description as the *2017-18 Budget Business Case*.

### Estimated costs

2.35 A *2019-20 Budget Business Case* initially requested supplementary funding of \$51.81 million. This included \$46.94 million in capital expenses and \$4.87 million in operating expenses. An assessment of the Budget Business Case was completed by Treasury in early March 2019. The assessment recommended that the proposal come back for further consideration following investigation of costs in consultation with Treasury.

2.36 In late March 2019 a revised proposal was submitted for consideration, seeking a revised total of \$49.59 million. This included a reclassification of capital and operating expenses, with the expected capital expenses revised to \$33.71 million and operating expenses revised to \$15.89 million.

2.37 The additional funding was identified as necessary due to adjustments to the initial budget estimates following the testing of early assumptions (from the 2016 Feasibility Study Final Report) against program planning, assurance activities and the inclusion of additional cost considerations. The additional costs were attributed to:

- Increasing resourcing costs due to a 12-month extension of the implementation timeline proposed in the original business case; and
- Planning activities that determined requirements to integrate with approximately 28 business systems across Directorates. The extent and complexity of this integration, including data cleansing and migration was not fully accounted for in the original business case.

2.38 The *2019-20 Budget Business Case* asserted that the *2017-18 Budget Business Case* was formulated on a best-case scenario, which was found to be inadequate during the investigative and Request for Proposal (RFP) phases.

### Updated Deliverables and timeline

2.39 Two options for implementation were identified in the *2019-20 Budget Business Case*, with Option One described as the preferred option. The details of each option are shown in Table 2-2.

**Table 2-2 Implementation options**

Option	Description
1	<p>Conduct the implementation of the HRIMS in a phased approach of three releases over two years.</p> <p>Each release would contain a plan and prepare, explore, realise, deploy, and run phase. The proposed scope for each release is as follows:</p> <ul style="list-style-type: none"> <li>• <b>Release 1</b> Payroll, Core HR, Absence, Time &amp; Attendance, Recruitment and on boarding.</li> <li>• <b>Release 2</b> Learning &amp; Development, Performance Management.</li> <li>• <b>Release 3</b> Workforce Planning, Career Planning, Succession Planning, Health &amp; Wellbeing.</li> </ul> <p>Following detailed planning, a revised schedule and timeline would achieve a final operating capability in 2020-21.</p>
2	<p>Release 3 (Talent Management and Health and Wellbeing) removed with Health and Wellbeing included into Release 2. The revised Release are outlined below:</p> <ul style="list-style-type: none"> <li>• <b>Release 1</b> Payroll, Core HR, Absence, Time &amp; Attendance, Recruitment and on boarding.</li> <li>• <b>Release 2</b> Learning &amp; Development, Performance Management, with Employee Health and Wellbeing.</li> </ul> <p>A revised schedule and timeline would achieve a final operating capability in 2020-21. This option would meet 87 percent of the requirements issued to industry through the Request for Proposal.</p>

Source: ACT Audit Office – adapted from the 2019-20 Budget Business Case.

2.40 Key decision points for each release, which were not included in the *2017-18 Budget Business Case*, were also defined. These included:

- detailed design (business blueprint) sign-off;
- acceptance of entry criteria for Systems and Integration Testing (SIT);
- acceptance of exit criteria for each testing phase (i.e., SIT, user acceptance, and parallel Test/Pay testing);
- go/no go decision to proceed to deploy;
- go/no go decision to deploy to end users; and
- acceptance for decision to transition to support.

### Risk identification and management

2.41 Like the *2017-18 Budget Business Case*, the delivery failure of the Queensland Health payroll system project was highlighted. The *2019-20 Budget Business Case* noted that any failure to deliver aspects of the project may result in significant enterprise risk to the Territory.

2.42 Risks, including their probability, impact and overall risk rating were assessed as part of the *2019-20 Budget Business Case* and built upon those that were included in the previous Business Case. They were summarised as:

- the Program scope is not clearly defined, controlled, or effectively monitored;
- transformation effort consumes time and Program resources at a higher than planned rate;
- business requirements and proposed IT solution are not developed and accepted by the Business Owners;
- required capabilities/skills to design, deliver or embed the Program are not present or critical resources are not available in ACT Government;
- failure to produce one or more Program Deliverables and/or to obtain endorsement from governance bodies;
- cultural resistance to the shift to a digitally enabled workforce, including failure to adopt change to processes and systems; and
- unsuccessful data migration and/or poor data quality.

2.43 The revised *2019-20 Budget Business Case* was agreed to and additional funding of \$49.59 million was approved, bringing the total investment to \$64.59 million. This included funding to engage an Implementation Partner to deliver an IT solution for the HRIMS Program.

2.44 According to the *2019-20 State of the Service Report*, ACT directorates and agencies employed 24,529 people. The revised budget of \$64.59 million was equivalent to \$2,633 per employee. This was an increase of \$1,871 per employee from the estimated costs identified in the *2017-18 Budget Business Case*.

2.45 *A 2019-20 Budget Business Case was submitted for supplementary funding for the HRIMS Program. The additional funding was identified as necessary due to adjustments to the initial budget estimates following the testing of early assumptions (from the 2016 Feasibility Study Final Report) against program planning, assurance activities and the inclusion of additional cost considerations. A key factor for the additional funding was 'planning activities that determined requirements to integrate with approximately 28 business systems across Directorates. The extent and complexity of this integration, including data cleansing and migration was not fully accounted for in the original business case'. Additional funding of \$49.59 million was agreed to which brought the total investment to \$64.59 million, an equivalent of \$2,633 per employee at the time. This included funding to engage an Implementation Partner. EY were subsequently engaged as the Implementation Partner from April 2019.*

## HRIMS Program reset

2.46 In August 2021, the HRIMS Program Steering Committee acknowledged that the delivery of the HRIMS Program was significantly behind schedule and approved the commencement of a 'reset' to the Program.



- 2.47 Following attempts to form an agreement on the way forward for the HRIMS Program as part of the reset, on 10 December 2021 the Territory issued a formal Notice of Termination for Convenience to EY. The circumstances and outcomes of the termination of the contract are discussed further in Chapter 6.
- 2.48 The HRIMS Program reset also included a review of the current state of the HRIMS Program, carried out by Deloitte Risk Advisory Pty Ltd and a review of the HRIMS solution design, carried out by SAP Services.

#### *Deloitte - HRIMS Current State Review*

- 2.49 On 17 December 2021, Deloitte Risk Advisory Pty Ltd was engaged to review the current state of the Program and produce key findings and recommendations. The contract value for this work was \$214,049 (GST exclusive).
- 2.50 On 28 February 2022, a report was provided to the Territory, which outlined 34 recommendations, 18 of which were classified as 'High' impact. High impact recommendations were defined as those requiring implementation as a matter of priority.
- 2.51 At the time of the report, the Program's status was described as:

The Program's status is that Milestones 1 to 5 have been accepted, some with conditions. Milestone 6 still has some incomplete elements leading to the Territory withholding its acceptance. There are still several issues relating to the build acceptance, and relevant testing requirements that are yet to be completed before Go Live for Release 1 could be considered. Release 2/3 were initiated however, noting dependencies on Release 1 outcomes, this has now been paused.

The HRIMS Program is undertaking a reset to the Program. The intention of the reset is to re-baseline the Program structure and roles, commercial/contractual approach, system requirements and detail how business requirements will be met in the design and build.

As part of this reset, ACT Government Executive have requested a review to investigate what has occurred through the Program, and, seeking informed recommendations on the best approach to move the Program forward.

- 2.52 In response to the draft proposed report, EY advised:

It is important to note here the nature of the conditions on Milestones 1 to 5 (they in many instances related to dependencies on the Territory to agree the design with stakeholders or clarifications). The incomplete elements of Milestone 6 related to Territory Deliverables or realignment of Deliverables to better suit the revised delivery schedule.

- 2.53 The report produced by Deloitte also provided the following recommendation:

We recommend that as part of the reset, the Program business case is revised to incorporate adjusted estimates to accommodate the additional process work which is required, and to support dedicated business process ownership roles within the Program team to drive this work. A prioritised gap analysis will inform more detailed estimates for the additional timeline and resources require to complete delivery of the Program.

### *SAP Services – HRIMS Design Review*

2.54 In December 2021, SAP Services commenced a review of the overall HRIMS design and on 9 February 2022 a *Design Review Report* was completed with a series of key findings and recommendations. The report advised that the recommendations were:

... provided with the consideration that the time to ensure a successful go live and deliver a fully functioning HR and Payroll solution is of significant importance and to reset the project with a considered, pragmatic sense of urgency, to deliver an accurate, valuable HRIMS solution, as soon as practicable.

2.55 The report concluded with the following advice:

There is a solid platform across the components of HRIMS program[me] to progress with the current solution. The project will be able to re-engage with confidence once critical design decisions on Time and Absence management are finalised. This includes understanding what the integration gaps will be with the finalised design. Importantly, the solution will be able to leverage future functionality released by the cloud SuccessFactors half yearly software version updates.

...

The programme strategy and operating support model and ownership also need to be clearly understood.

2.56 In August 2021, the HRIMS Program Steering Committee acknowledged that the delivery of the HRIMS Program was significantly behind schedule and approved the commencement of a 'reset' to the Program. Following attempts to form an agreement on the way forward for the HRIMS Program as part of the reset, on 10 December 2021 the Territory issued a formal Notice of Termination for Convenience to EY as the Implementation Partner. The HRIMS Program 'reset' also included a review of the current state of the HRIMS Program, carried out by Deloitte Risk Advisory Pty Ltd and a review of the HRIMS solution design, carried out by SAP Services.

## **2022-23 Budget Business Case**

2.57 Following the completion of the reviews of the HRIMS Program, CMTEDD submitted a third Budget Business Case in 2022-23 for funding to:

... assess the progress made to date by the HRIMS Program and previous System Implementation Partner and to determine the scope of work remaining, including benefits validation, and the time and cost required to finalise and deliver the new HRIMS for the ACT Government.

2.58 The *2022-23 Budget Business Case* sought funding for:

... Phase One of a two-stage process to gain a greater understanding of the most effective and efficient way forward to build on the work undertaken to date, to achieve effective Human Capital Management (HCM) for the ACT Government.

Phase One will include validating the benefits case, identifying the usability of the technical work completed to date and the remaining work required from a business process, user experience and technology perspective to achieve the outcomes of the HRIMS Program.

- 2.59 The *2022-23 Budget Business Case* identified a ‘high-level gap fit analysis’ would be undertaken as part of Phase One:

A high-level gap-fit analysis of the current / target state needs to be undertaken, which will define the statement of work (SOW) for bidders to use to scope and cost the remaining design, build, test, and integration effort required in phase two.

- 2.60 The *2022-23 Budget Business Case* also identified a ‘business process rationalisation body of work’ would be undertaken as part of Phase One:

A business process rationalisation body of work will be undertaken ... by the HRIMS Program and program partner which will include professional change and stakeholder engagement experts, that will work towards reducing the level of unique requirements and customisation required to implement the HRIMS systems.

- 2.61 The *2022-23 Budget Business Case* stated:

Following completion of Phase One, the ACT Government will be presented with detailed costings and a clear work program for the completion of the HRIMS Program. This will give the government an opportunity to consider whether to invest further or cease the program at that point, depending on the scale of these estimates compared to the costs and risks of not proceeding.

If the government opts to proceed to full completion of the HRIMS program, the delivery partner would be engaged to undertake Phase Two of the work.

### Estimated costs

- 2.62 The proposed cost for the Phase One review was \$3.70 million.

### Key Deliverables and timeline

- 2.63 The *2022-23 Budget Business Case* stated:

The completion of the HRIMS program will require the selection of a new program partner – for a two-stage process. An approach to the market will be drafted with advice from the Government Procurement Board before finalising.

- 2.64 The *2022-23 Budget Business Case* identified both Phase One and Phase Two would be completed by October-November 2023:

Tender process and onboarding of a new program partner is anticipated for October 2022, and on this basis, the estimated completion of the Program (Phase One and Two) is anticipated to be October-November 2023.

### Risk identification and management

- 2.65 As many of the risks from earlier HRIMS Program business cases had been realised, the *2022-23 Budget Business Case* advised that the implementation of Phase One would serve as a mitigation strategy for addressing the risks associated with the completion of the HRIMS Program.

- 2.66 Generally, the documented risks linked to key findings and recommendations from the Deloitte Review. The *2022-23 Budget Business Case* also identified additional financial and

reputational, technical, operational and implementation risks that were considered in the development of the Phase One approach. It further acknowledged that additional focus on risk management during the development of the approach to market for the program partner.

- 2.67 The *2022-23 Budget Business Case* was agreed to and additional funding of \$3.70 million was approved, bringing the total investment to \$68.29 million.
- 2.68 Following the completion of the reviews of the HRIMS Program, CMTEDD submitted a third Budget Business Case in 2022-23 to 'assess the progress made to date by the HRIMS Program and previous System Implementation Partner and to determine the scope of work remaining, including benefits validation, and the time and cost required to finalise and deliver the new HRIMS for the ACT Government'. The *2022-23 Budget Business Case* identified a 'high-level gap fit analysis' would be undertaken as well as a 'business process rationalisation body of work'. The approved cost of this work was \$3.70 million, bringing the total approved funding to \$68.29 million.

## 2023-24 Budget Business Case

- 2.69 Phase One of the work contemplated in the *2022-23 Budget Business Case* was completed in November 2022. As a result of this work, a *2023-24 Budget Business Case* was prepared and presented to Cabinet for its consideration in May 2023.
- 2.70 The Budget Committee of Cabinet approved the *2023-24 Budget Business Case* in June 2023.
- 2.71 The *2023-24 Budget Business Case* presented three potential options for progressing the government's HR solution requirements:

**1) Continue HRIMS with SAP SuccessFactors**

This option involves the resumption of the current SAP SuccessFactors build – continuing the work undertaken earlier in the Program and addressing gaps and deficiencies in line with requirements identified during Phase One to complete the implementation of the HRIMS as originally scoped.

It is expected that this option would require three years to implement the solution and required the highest capital expenditure of the options. It was also considered high-risk 'given the lack of commitment to business transformation and level of change required to support the implementation.'

**2) Pivot to stabilise existing systems and implement a WhoG Time and Attendance System**

This option would stop all work to implement the remaining SAP SuccessFactors modules as the replacement HRIMS for the ACT Government. It would close the HRIMS Program and establish a Capability Sustainment Program with a refined scope that focuses on essential elements of HR capability only.

It is expected that this option would require three years to implement the solution and although this option was presented as best value for money, there is still a significant cost to the Territory.

### 3) Pivot to stabilise existing systems and design for future WhoG Time and Attendance System

This option would stop all work to implement the remaining SAP SuccessFactors modules as the replacement HRIMS for the ACT Government. It would close the HRIMS Program and establish a Capability Sustainment Program with a refined scope that focuses on essential elements of HR capability only; with a refined focus of the Program to upgrade existing payroll and HR systems and design for a future WhoG Time and Attendance System.

It is expected that this option would require two years to implement the solution and whilst this option was presented as the second most suitable, the capital cost is significant, and it does not address the risk that remains in relation to Time and Attendance.

- 2.72 The *2023-24 Budget Business Case* identified Option 2 as the recommended option, at an estimated cost of \$65.12 million.
- 2.73 The HRIMS Program, as identified and planned for in the three previous business cases, was stopped. The approach going forwards is predicated on using existing systems and infrastructure. The *2023-24 Budget Business Case* noted 'the revised scope of the recommended option is considerably smaller as it will not introduce new HR modules which are not already offered in existing solutions'.
- 2.74 The *2023-24 Budget Business Case* was agreed to, with the *2023-24 ACT Budget* providing for a total additional spend of \$34.53 million, of which an initial allocation of \$16.44 million is provided in the 2023-24 financial year. As of 30 June 2023, actual expenditure on the HRIMS Program was \$77.63 million (GST exclusive).
- 2.75 As a result of the work that was completed during the Program 'reset', a *2023-24 Budget Business Case* was prepared and presented to Cabinet for its consideration in May 2023. The *2023-24 Budget Business Case* presented three options for progressing the government's human resources information management system requirements. The preferred option recommended a stop to 'all work to implement the remaining SAP SuccessFactors modules as the replacement HRIMS for the ACT Government' and the '[closure] of the HRIMS Program and [establishment of] a Capability Sustainment Program with a refined scope that focuses on essential elements of HR capability only', at an estimated cost of \$65.12 million. The *2023-24 Budget Business Case* was agreed to, with the *2023-24 ACT Budget* providing for a total additional spend of \$34.53 million, of which an initial allocation of \$16.44 million is provided in the 2023-24 financial year. As of 30 June 2023, actual expenditure on the HRIMS Program was \$77.63 million (GST exclusive). The approach going forwards is smaller in scope and scale and predicated on using existing systems and infrastructure.

## 3 PLANNING FOR THE HRIMS PROGRAM

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- 3.1 This chapter discusses the planning that was conducted for the HRIMS Program. In doing so the chapter considers whether the planned program management arrangements were effective in supporting the successful delivery of the HRIMS Program.

### Summary

### Conclusion

Planning for the HRIMS Program was poor.

The Territory failed to account for the complexities of the ACT Public Service industrial relations environment when developing and implementing the HRIMS Program. A key feature of the HRIMS Program was the harmonisation of HR management and payroll processes across the ACT Public Service. This was never achieved. The Territory never reached a point where it had a clearly defined, complete and accurate business model that was supported by directorate and agency stakeholders.

The Territory failed to finalise and endorse basic program management documents for the HRIMS Program. Two Program Plans were prepared, but were never finalised, approved or endorsed by relevant governance bodies. Complexities and key risks associated with harmonisation of HR and payroll systems across the ACT Public Service were therefore not appropriately planned for.

These failings contributed to a loss of control in the implementation of the HRIMS Program.

### Key findings

	Paragraph
<b>Program plan</b>	
Two Program Management Plans (Program Plans) were prepared for the HRIMS Program; the first in 2018 and the second in 2019. Neither plan was finalised, approved or endorsed by the relevant governance bodies, namely the HRIMS Program Board or HRIMS Steering Committee. The 2019 draft Program Plan was more advanced than the 2018 draft Program Plan and offered more detail and clarity in several areas, but was also deficient in other areas, e.g. resource management and risk management. By not having a finalised and approved Program Plan, the risk of ineffective management, execution and control of the HRIMS Program increased significantly.	3.17

### Scope and objectives

Both draft Program Plans appropriately identified a series of broad streams of activity that were required to achieve the level of transformational change associated with the HRIMS Program's overall vision. In doing so, the 2019 draft Program Plan provided greater detail and information with respect to the activities/outputs associated with the workstreams. 3.34

Throughout 2019 there was an increasing focus on the IT solution to the detriment of other projects and activities that were necessary for the HRIMS Program. As the Program progressed in 2019, it increasingly focused on the implementation of the IT solution and EY's Deliverables. Projects that were identified in the 2018 draft Program Plan roadmap that were required to deliver against the HRIMS Program's overall objective were not reflected in timeframes and schedules developed for the purpose of the 2019 draft Program Plan. The broad roadmap of projects that aligned with the Program's objective was replaced by a generic two-year schedule for three releases of the IT solution. 3.35

The Territory currently has 18 Enterprise Agreements in place. The variation between the Enterprise Agreements is illustrated by the 5,213 payroll calculation rules and 11,009 leave type rules that are currently processed through the existing payroll system. The harmonisation of HR management and payroll processes across the ACT Public Service was identified as a feature of the HRIMS Program in both the 2018 draft Program Plan and the 2019 draft Program Plan. As part of planning for the HRIMS Program, the differences across Enterprise Agreements were identified as a risk, but the significance of the risk, and the level of effort required to reach a standardised blueprint across all directorates, was under-estimated. 3.43

The differences between the Territory's 18 Enterprise Agreements were a contributing factor to the HRIMS Program's inability to reach consensus on standardised HR management processes across all directorates when developing functional and non-functional requirements into a target blueprint for the desired future state. This was a key feature of the HRIMS Program, which was described as the 'business process harmonisation and adoption' project (according to the 2018 draft Program Plan) or the 'HRIMS solution design and analysis' workstream (according to the 2019 draft Program Plan). This component of the program was never completed. 3.55

Some progress was made, and harmonised business processes were identified in a series of 'blueprint' documentation for functional areas including *Payroll and Time*, *Recruitment and Onboarding* and *Workforce Administration* modules. However, the business processes identified in the blueprint documentation were not accepted by directorates and further consultations through 2020 and 2021 identified process variations in directorates that led to an update to the blueprints. The Territory never reached a point where it had clearly defined requirements or a complete and accurate business operating model that was accepted by stakeholders and could be supported by the IT system. 3.56

The purpose of Change Control is to identify, assess and control any potential changes to the Program and its project baselines. In a governance sense, a Change Control process seeks to ensure that changes required to a project, product or Deliverable are assessed and introduced in a controlled and coordinated manner. Between 10 September 2019 and 23 November 2021, the HRIMS Program's Change Register recorded 88 change requests. 3.67

The HRIMS Program was characterised by poor Change Control. A fundamental premise of Change Control is to identify and establish change request priority levels. Change request priority levels were not defined in the Program Plans or associated processes. None of the approved change requests considered for the purpose of the audit had an identified priority level. There was evidence of approval for only 19 of 51 change requests (38 percent) shown as approved in the HRIMS Program's Change Register. The 19 change requests for which there was evidence of approval were approved by the HRIMS Program Director. These included change requests to defer contractual Deliverables and work products to future milestones, which would appear significant enough to warrant governance body approval. 3.68

### Benefits management

Benefits management is the identification, definition, planning, tracking and realisation of benefits associated with a program. Both the 2018 draft Program Plan and 2019 draft Program Plan identified an intention to practise benefits management for the HRIMS Program. However, the Territory's foreshadowed management of benefits with project management discipline did not occur. There was no Benefits Register, nor was a Benefits Realisation Plan prepared for the HRIMS Program. There was no reporting of benefits by the HRIMS Program team to the HRIMS Program Board or HRIMS Steering Committee. The lack of planning, management and monitoring of benefits, through a disciplined approach, meant that the likelihood of the HRIMS Program achieving its expected benefits was significantly reduced. 3.85

## Program Plan

3.2 A Program Management Plan (Program Plan) is a foundation document for the management of a multi-faceted program of activity such as the HRIMS Program. It is a key control document that should:

- describe how the program of activity is expected to work; and
- set out the common approaches to program management that subordinate project management plans should align to.

3.3 A Program Plan should clearly:

- state the program's overall vision and objectives;
- identify the program's constituent projects;



- describe the program's governance and delivery structures; and
- outline the key management processes that are expected to control the program through its implementation.

3.4 The Program Plan should be approved by the relevant governance body and be maintained through the life of the program as program changes are approved.

#### *First Program Plan (2018)*

3.5 A Program Plan was first drafted for the HRIMS Program in June 2017. It was revised four times up to 30 May 2018 when the document reached version 0.4.

3.6 The document remained in draft and was not finalised. The document was not approved or endorsed by the relevant governance bodies, namely the HRIMS Program Board or HRIMS Steering Committee.

3.7 The 2018 draft Program Plan identified its purpose as follows:

The Program Management Plan (PMP) establishes the management approach and governance arrangements used for the Human Resources Information Management Solution (HRIMS). It aims to:

- provide a clear definition of the program scope, objectives and constraints;
- describe the types of resources required, their roles and reporting lines;
- show the planned program schedule and key milestones;
- explain the quality and risk management measures that are in place; and
- detail communication and stakeholder engagement strategy.

3.8 The HRIMS Program's objectives, as set out in the *2017-18 Budget Business Case*, were repeated in the 2018 draft Program Plan.

#### *Second Program Plan (2019)*

3.9 A second Program Plan was drafted in April 2019 and was revised to version 0.2 in June 2019. It had the same objectives as those outlined in the 2018 draft Program Plan.

3.10 The document remained in draft and was not finalised. The document was not approved or endorsed by the relevant governance bodies, namely the HRIMS Program Board or HRIMS Steering Committee. Notwithstanding that it remained in draft, it was more advanced than the 2018 draft Program Plan and offered more detail and clarity in several areas.

3.11 The HRIMS Program's objectives were refined and restated in the *2018-19 Budget Business Case*. These were reflected in the 2019 draft Program Plan:

- Implementation of a contemporary HCM (capability) accompanied by a tightly integrated program of business change, (which) will establish an opportunity for an improved and more efficient WhoG Service Delivery Model for Human Capital Management and Payroll across the Territory.

- The comprehensive HRIMS will provide an integrated HCM and Payroll system for the Territory's workforce; streamlined and harmonised business processes across all Directorates, Public Authorities and Territory Owned Corporations. This will lower total cost of ownership and enable the Territory to provide an improved and more targeted service for its workforce.
- In providing an authoritative source for workforce-related data, the HRIMS will support HR knowledge management, improved employee/manager self service and support Shared Services functions.
- Increased employee (and manager) self-service functionality and routine HR processes will be streamlined and automated. This will facilitate a significant shift for HR practitioners from a primarily transactional focus to include a more strategic HRM (focus) including business partnering activities, strategic workforce planning and talent management.

### *Content and features of the Program Plans*

3.12 Both draft Program Plans included relevant content for guiding program delivery, including:

- expectations for the management of risks and issues, stakeholders, scope, schedule and quality; and
- descriptions of the HRIMS Program's governance structures, roles and responsibilities.

3.13 However, the draft Program Plans were deficient by:

- not addressing the Territory's approach to resource management for the HRIMS Program, including Territory-wide resources and practices for financial management; and
- not sufficiently articulating a comprehensive approach to risk management. The Program Plans provided some insight into the HRIMS Program's risk and issues management strategies, including high-level responsibilities. However, there were gaps in these strategies, including not specifying:
  - what risk management activities would be undertaken throughout the Program;
  - how the HRIMS Program's risk management strategy would interface with the HRIMS Program's benefits management approach; and
  - how risk management information flows would work within the HRIMS Program.

3.14 Some expected content areas were present but referenced separate management plans, which themselves did not adequately address the topic. For example, a separate *HRIMS Program Quality Management Plan* was referred to as setting out aspects of the HRIMS Program's quality management. The *HRIMS Program Quality Management Plan* focused on actions to ensure quality in EY's services but failed to describe the HRIMS Program's approach to manage quality in the activities for which the Territory was responsible.

3.15 In response to the draft proposed report, EY advised:

... EY were not accountable for developing a program plan to describe the broader aspects of the program for which the Territory was accountable. The Program Quality Plan developed by EY was intended for the IT solution elements of the program for which EY had responsibility.

The HRIMS Program team were accountable for updating and expanding the plan to cover the broader program.

3.16 In response to the draft proposed report, EY further advised:

The 2019 draft Program Plan that EY produced was not deficient in areas related to the delivery of the IT solution, for which EY was largely responsible. The HRIMS Program team intended to use it as a basis to define areas of the broader program, for which the Territory was accountable. The 2018 Program Plan was produced prior to EY being engaged.

3.17 Two Program Management Plans (Program Plans) were prepared for the HRIMS Program; the first in 2018 and the second in 2019. Neither plan was finalised, approved or endorsed by the relevant governance bodies, namely the HRIMS Program Board or HRIMS Steering Committee. The 2019 draft Program Plan was more advanced than the 2018 draft Program Plan and offered more detail and clarity in several areas, but was also deficient in other areas, e.g. resource management and risk management. By not having a finalised and approved Program Plan, the risk of ineffective management, execution and control of the HRIMS Program increased significantly.

## Scope and objectives

3.18 The scope of a program should be explicitly identified and documented. A program's scope should define:

- goals and the activities required to achieve them; and
- the features and functions that are to be included in delivered products.

3.19 Scope management refers to processes to be undertaken to ensure the program's scope remains well defined and aligned with the business case over time and in the face of unexpected changes that impact the program. A well-defined scope is a key input to ensuring the program deploys sufficient resources to deliver expected outcomes.

3.20 The audit considered whether the HRIMS Program scope was clearly articulated and managed, including whether:

- the HRIMS Program's scope was clearly documented and approved by an appropriate governance forum or delegate; and
- any changes to the scope were appropriately managed, documented and approved.

## Business processes within scope

3.21 The 2019 draft Program Plan described:

- the functional program scope; and
- the non-functional program scope.

- 3.22 The functional program scope described nine high-level HR management and payroll business processes that were to be harmonised as part of the HRIMS Program:
- workforce analytics and reporting;
  - recruitment and on-boarding;
  - workforce administration;
  - time and payroll;
  - performance management;
  - learning and development;
  - talent management;
  - workforce planning and strategy; and
  - health and wellbeing.
- 3.23 The scope of the HRIMS Program, as described in the 2019 draft Program Plan, was more explicit, compared to the 2018 draft Program Plan. Both versions of the HRIMS Program's scope are shown in Appendix C.

#### *2018 draft Program Plan*

- 3.24 The 2018 draft Program Plan appropriately recognised that a series of broad streams of activity would be required to achieve the level of transformational change associated with the HRIMS Program's overall vision. Early iterations of the 2018 draft Program Plan included an overall HRIMS Program roadmap that reflected these.
- 3.25 The initial roadmap and workstreams identified in the 2018 draft Program Plan included six streams of work that were expected to occur across each financial year from 2016-17 to 2021-22. The documented workstreams were:
- 1) HRIMS ICT enablers;  
     'focuses on the technological aspects of the solution'
  - 2) Data Migration;  
     'accounts for the need to migrate data from existing courses to the new Solution'
  - 3) Business process harmonisation and adoption;  
     'represents the effort associated with the standardisation of business process'
  - 4) Change and communications;  
     'includes key activities and Deliverables relating to change and communication (inclusive of training and benefits realisation)'
  - 5) Organisational Design;  
     'anticipates the steps involved in developing, and transitioning to, a new Service Delivery Model'

## 6) Governance and Assurance.

‘includes audits and assurance activities, alongside routine governance processes’.

*2019 draft Program Plan*

3.26 The roadmap of projects was redefined and expanded on in the 2019 draft Program Plan. The projects were described as workstreams. The 2019 draft Program Plan identified 13 workstreams, as shown in Table 3-1.

**Table 3-1 2019 Program Plan workstreams**

Stream name	Scope
Integration and Applications	Leverage the HRIMS interoperability approach, to achieve an authoritative source for master and reference data and effectively manage transactional data.
Testing	Validate that the system and its interfaces are working correctly, are fit-for-purpose and contain all required data.
Data Migration	Undertake planning and execution of data migration, archiving and verification activities.
HRIMS Solution Design and Analysis	Deliver on three (3) key aspects associated with solution design and analysis: <ol style="list-style-type: none"> <li>1. Business Process Harmonisation and Adoption.</li> <li>2. HR / Payroll Business Rules Consolidation.</li> <li>3. HR Framework Consolidation.</li> </ol>
Change and Communications	Undertake change management, communications, training, benefit realisation activities.
Program Management	Undertake program management, contract management, risk management, reporting and related functions.
Organisational Design	Conduct planning, design and lobbying activities to drive organisational design to align with desired outcomes for the HRIMS Program.
Governance and Assurance	Undertake governance and assurance activities in support of the HRIMS Program.
Implementation Partner: Project Management	Manage the delivery aspects of the ACT Government engagement as per the HRIMS Services Agreement.
Implementation Partner: Functional and Technical	Provide critical functional and technical expertise for the design and implementation of the HRIMS.
Implementation Partner: Change and Communications	Provide change management, training and communications material and undertake associated activities.
Implementation Partner: Testing	Plan and manage system testing activities.
Implementation partner: Data Migration	Work with the data migration team to migrate data from source systems/applications to HRIMS.

Source: ACT Audit Office, based on the 2019 draft Program Plan.

3.27 The scope of each workstream was briefly described and a series of activities/outputs were identified for each workstream. Some of these activities/outputs were identified as a Deliverable under the contract with EY, as the Implementation Partner. These appeared in the workstreams explicitly assigned to EY, as well as the other workstreams.

**Increasing focus on IT solution**

3.28 Throughout 2019 there was an increasing focus on the IT solution to the detriment of other projects and activities that were necessary for the program. This is despite the fact there was greater detail and information with respect to the activities/outputs associated with the workstreams in the 2019 draft Program Plan, compared to the 2018 draft Program Plan.

3.29 As the HRIMS Program progressed in 2019, it increasingly focused on the implementation of the IT solution and EY’s Deliverables. Projects that were identified in the 2018 draft Program Plan roadmap that were required to deliver against the HRIMS Program’s overall objective were not reflected in timeframes and schedules developed for the purpose of the 2019 draft Program Plan.

3.30 In response to the draft proposed report, EY advised:

In status reports and service quality reviews, EY repeatedly raised risks and escalated issues in relation to this finding. For example, EY repeatedly raised risks relating to the lack of progress on business process harmonisation and a consistent operating model. This was a key dependency for EY and later became a major issue for the program.

3.31 Instead, the broad roadmap of projects that aligned with the Program’s objective was replaced by a generic two-year schedule for three releases of the IT solution. This is shown at Figure 3-1.

**Figure 3-1 HRIMS Program timeline (2019 draft Program Plan)**



Source: 2019 draft Program Plan.

3.32 There was an increasing focus on the IT solution, notwithstanding that the 2019-20 Budget Business Case had been approved, along with additional funding of \$49.59 million, in part because earlier program planning activities did not adequately recognise and account for the work associated with business process harmonisation and adoption activities:

Planning activities that determined requirements to integrate with approximately 28 business systems across Directorates. The extent and complexity of this integration, including data cleansing and migration was not fully accounted for in the original business case.

3.33 In response to the draft proposed report, EY advised:

In status reports and service quality reviews, EY repeatedly raised risks and escalated issues in relation to this finding. For example, the lack of progress by the Territory in preparing legacy interface systems to integrate with the new solution, was repeatedly identified by EY as a significant risk. This was a key dependency for EY and later became a major issue for the program.

3.34 Both draft Program Plans appropriately identified a series of broad streams of activity that were required to achieve the level of transformational change associated with the HRIMS Program's overall vision. In doing so, the 2019 draft Program Plan provided greater detail and information with respect to the activities/outputs associated with the workstreams.

3.35 Throughout 2019 there was an increasing focus on the IT solution to the detriment of other projects and activities that were necessary for the HRIMS Program. As the Program progressed in 2019, it increasingly focused on the implementation of the IT solution and EY's Deliverables. Projects that were identified in the 2018 draft Program Plan roadmap that were required to deliver against the HRIMS Program's overall objective were not reflected in timeframes and schedules developed for the purpose of the 2019 draft Program Plan. The broad roadmap of projects that aligned with the Program's objective was replaced by a generic two-year schedule for three releases of the IT solution.

## ACT Public Service HR landscape

3.36 The Territory currently has 18 Enterprise Agreements. A list of the Enterprise Agreements and their corresponding expiry dates is shown in Table 3-2.

**Table 3-2 ACT Public Service Enterprise Agreements**

<b>Whole of Government Enterprise Agreements</b>	<b>Expiry date</b>
Administrative and Related Classifications Enterprise Agreement 2023-2026	31/03/26
Health Professionals Enterprise Agreement 2021-2022	31/10/22
Infrastructure Services Enterprise Agreement 2023-2026	31/03/26
Legal Professionals Enterprise Agreement 2023-2026	31/03/26
Support Services Enterprise Agreement 2021-2022	31/10/22
Technical and Other Professional Enterprise Agreement 2021-2022	31/10/22
<b>Directorate-specific Enterprise Agreements</b>	<b>Expiry date</b>
Legislative Assembly Members' Staff Enterprise Agreement 2021-2022	31/10/22
Office of the Legislative Assembly Enterprise Agreement 2023-2026	31/03/26
Education Directorate (Teaching Staff) Enterprise Agreement 2023-2026	31/03/26
Medical Practitioners Enterprise Agreement 2021-2022	31/10/22
Nursing and Midwifery Enterprise Agreement 2020-2022	31/12/22

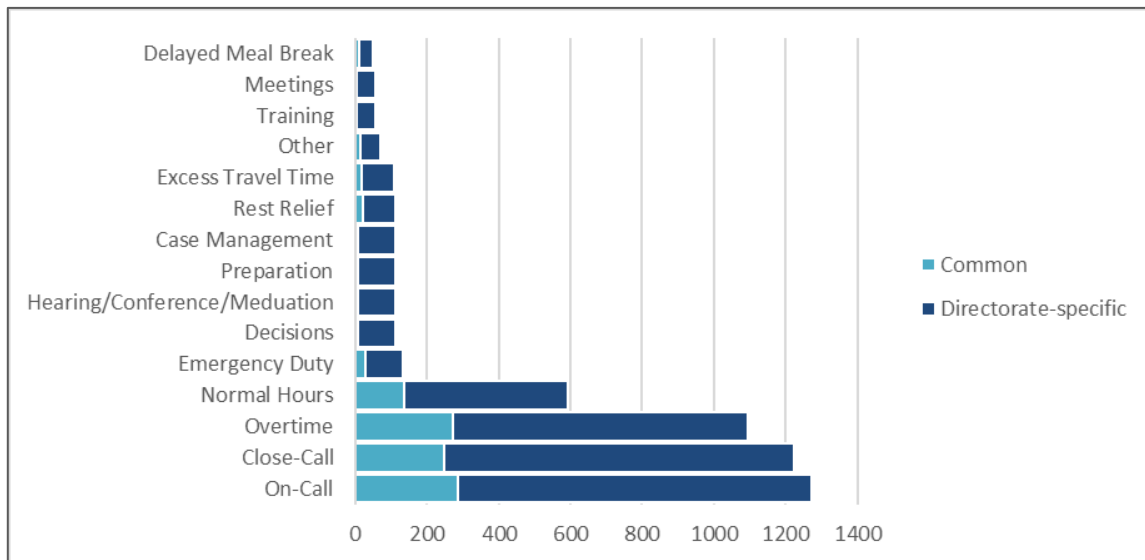
Whole of Government Enterprise Agreements	Expiry date
ACT Ambulance Service Enterprise Agreement 2021-2022	31/10/22
ACT Fire & Rescue Enterprise Agreement 2020-2024	31/05/24
Correctional Officers Enterprise Agreement 2023-2026	31/03/26
Transport Canberra Operations (ACTION) Enterprise Agreement 2021-2022	31/10/22
CIT (General Staff) Enterprise Agreement 2023-2026	31/03/26
CIT (Teaching Staff) Enterprise Agreement 2021-2022	31/10/22
Cultural Facilities Corporation Enterprise Agreement 2021-2022	31/10/22

Source: ACT Audit Office, based on information from ACTPS Employment Portal.

3.37 The number, variety and diversity of the Enterprise Agreements presented HR and payroll complexities and significant risks to the HRIMS Program.

3.38 The variation between the Enterprise Agreements is illustrated by the 5,213 payroll calculation rules and 11,009 leave type rules that are currently processed through the existing payroll system. Figure 3-2 and Figure 3-3 show a high-level distribution of these existing rules.

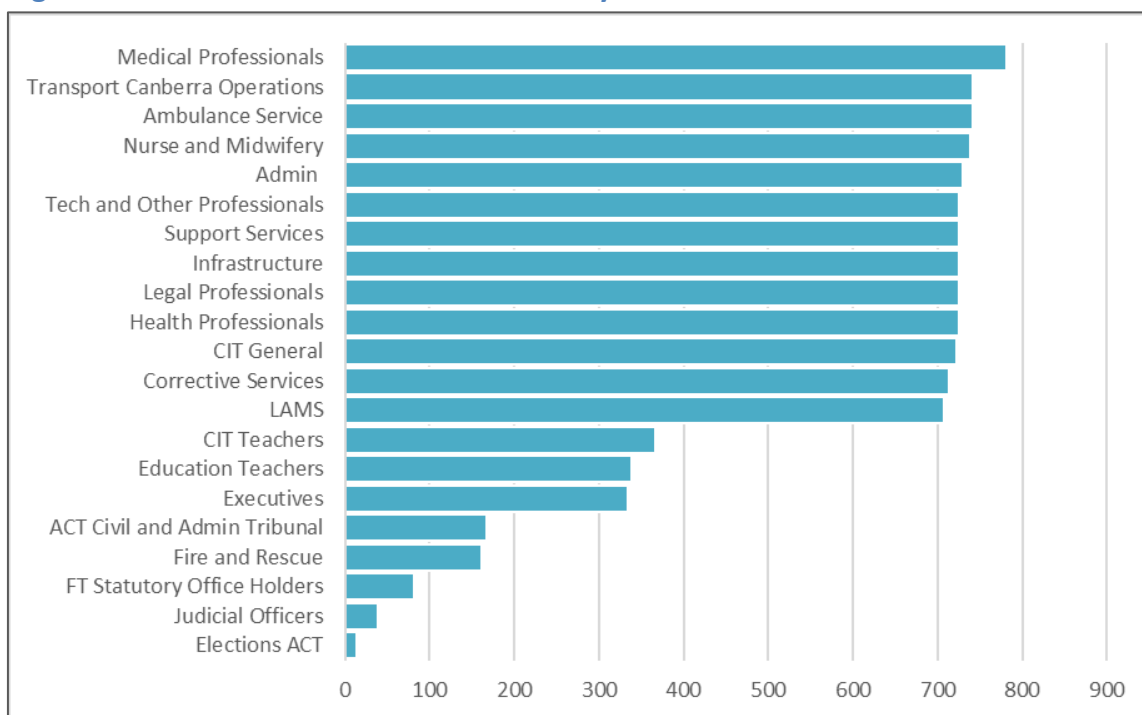
**Figure 3-2 ACT Public Service payroll calculation rules by type**



Source: ACT Audit Office analysis of data provided by CMTEDD Property & Shared Services.



**Figure 3-3 ACT Public Service leave rules by staff classification**



Source: ACT Audit Office analysis of data provided by CMTEDD Property & Shared Services.

3.39 The harmonisation of HR management and payroll processes across the ACT Public Service was identified as a feature of the HRIMS Program in both the 2018 draft Program Plan and the 2019 draft Program Plan.

3.40 This would have been a substantial undertaking. Not only are there thousands of directorate-specific payroll and leave rules, but there are also variances in how directorates interpret similar rules and apply tolerance levels to them. For example, one directorate tolerates up to seven minutes absence before requiring a leave code on the employee’s timesheet. Other directorates have a lower threshold. Such variety, when embedded in Enterprise Agreements, cannot be changed without amending the agreement as part of a formal process which requires cooperation and agreement between directorate management, staff, unions and other relevant stakeholders.

3.41 As part of planning for the HRIMS Program, the differences across Enterprise Agreements were identified as a risk, but the significance of the risk, and the level of effort required to reach a standardised blueprint across all directorates, was under-estimated.

3.42 In response to the draft proposed report, EY asserted:

...Territory directorates made it clear that they were not supportive of a whole of government approach to Time & Attendance at the inception of the HRIMS Program.

3.43 The Territory currently has 18 Enterprise Agreements in place. The variation between the Enterprise Agreements is illustrated by the 5,213 payroll calculation rules and 11,009 leave type rules that are currently processed through the existing payroll system. The harmonisation of HR management and payroll processes across the ACT Public Service was

identified as a feature of the HRIMS Program in both the 2018 draft Program Plan and the 2019 draft Program Plan. As part of planning for the HRIMS Program, the differences across Enterprise Agreements were identified as a risk, but the significance of the risk, and the level of effort required to reach a standardised blueprint across all directorates, was underestimated.

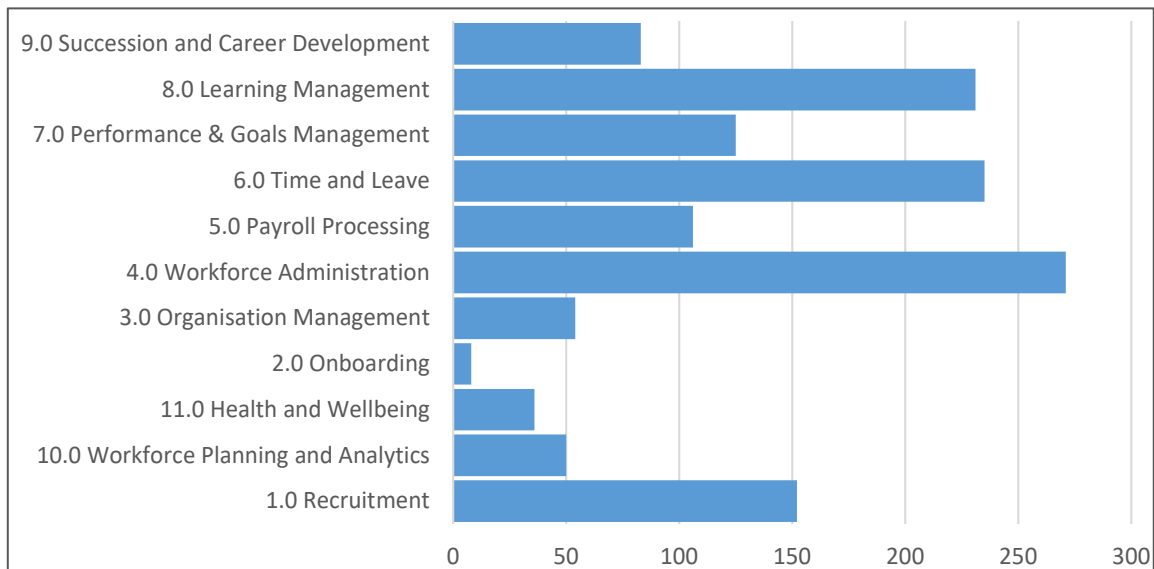
## Functional and non-functional requirements

3.44 A key feature of the HRIMS Program was the development of functional and non-functional requirements into a target blueprint for a desired future state. The differences between the Territory's 18 Enterprise Agreements were a contributing factor to the HRIMS Program's inability to reach consensus on standardised HR management processes across directorates for this purpose.

3.45 For the purpose of the HRIMS Program, the Territory identified 1,351 functional requirements across eleven HRIMS modules. A summary of these is shown at Figure 3-4. By way of example, statements of the level of detail included in the Territory's requirements included the ability to:

- indicate optional and mandatory on-boarding activities; and
- submit electronically signed Tax File Number declarations to the Australian Taxation Office.

**Figure 3-4** Number of HRIMS functional requirements by level 1 process



Source: HRIMS Requirements Traceability Matrix.

3.46 These high-level requirements were intended to be articulated by the Territory through the HRIMS Program's 'business process harmonisation and adoption' project (according to the 2018 draft Program Plan) or the 'HRIMS solution design and analysis' workstream (according to the 2019 draft Program Plan). The 'business process harmonisation and adoption' project was intended to:

- design ‘harmonised’ standard organisational business practices that supported whole of government HR management and payroll operations; and
- produce detailed process maps, business rules and calculation rules.

3.47 According to the 2018 draft Program Plan, the project was scheduled for delivery in 2017-18 and 2018-19. This project initially planned to reach a baseline for harmonised payroll, recruitment and ‘core HR’ processes in August 2018. This was subsequently revised and expected to be completed in January 2019.

3.48 The ‘business process harmonisation and adoption’ project (or the ‘HRIMS solution design and analysis’ workstream) was not completed.

#### *Harmonised business processes*

3.49 As the Implementation Partner, EY had a role to take the harmonised Deliverables and perform a ‘fit gap analysis’ to assess the IT solution's ability to support the harmonised processes.

3.50 Some progress was made, and harmonised business processes were identified in a series of ‘blueprint’ documentation for functional areas including *Payroll and Time*, *Recruitment and Onboarding* and *Workforce Administration* modules. These blueprint documents were an outcome of a series of process workshops that were carried out by EY and project team representatives and were expected to:

- Be used by the Program Team to confirm with the broader business that the proposed solution connects and integrates across solution components.
- Provide Business Sponsors with a clear and concise understanding of the end-to-end design and its related business and technical requirements.
- ... Provide information relevant for the deployment, and ongoing sustainability and operational capability of the functional, technical and process solution within the ACT Government and its Directorates.

3.51 The blueprint documentation was accepted by Business Assurance Leads, but the blueprint documentation was not accepted for implementation by directorates. Further consultations that occurred through 2020 and 2021 identified process variations in directorates that led to an update to the blueprints through a series of documented ‘Blueprint Addendums’. For example, the *Payroll and Time* blueprint failed to identify the business process for approval of time sheets where an alternate cost centre is being charged, as well as processes for managing scenarios where certain employee classes go into negative leave balances for a short period.

3.52 These variations, and other similar topics, were a source of contention over the life of the HRIMS Program and took up a significant amount of governance body time. The Territory never reached a point where it had a clearly defined, complete and accurate business model, supported by stakeholders, which could be supported by the IT system.

### Resourcing for business process harmonisation

- 3.53 The HRIMS Program incorrectly assumed that each directorate would undertake work to implement harmonised business processes as needed. Potential process improvements were planned to be:
- ... verified through consultation with functional working groups and Business Assurance Leaders (responsible owners) to agree to business improvements and accept responsibility and accountability for their delivery.
- 3.54 However, directorates were not funded to perform this work. In many instances proposed improvements put forward by the HRIMS Program were seen by directorates as adversely impacting the quality of HR services offered to their staff.
- 3.55 The differences between the Territory's 18 Enterprise Agreements were a contributing factor to the HRIMS Program's inability to reach consensus on standardised HR management processes across all directorates when developing functional and non-functional requirements into a target blueprint for the desired future state. This was a key feature of the HRIMS Program, which was described as the 'business process harmonisation and adoption' project (according to the 2018 draft Program Plan) or the 'HRIMS solution design and analysis' workstream (according to the 2019 draft Program Plan). This component of the program was never completed.
- 3.56 Some progress was made, and harmonised business processes were identified in a series of 'blueprint' documentation for functional areas including *Payroll and Time*, *Recruitment and Onboarding* and *Workforce Administration* modules. However, the business processes identified in the blueprint documentation were not accepted by directorates and further consultations through 2020 and 2021 identified process variations in directorates that led to an update to the blueprints. The Territory never reached a point where it had clearly defined requirements or a complete and accurate business operating model that was accepted by stakeholders and could be supported by the IT system.

## Scope changes

### Change Control

- 3.57 The purpose of Change Control is to identify, assess and control any potential changes to the Program and its project baselines. The objective of Change Control is to maximise the likelihood that a project will successfully deliver the required capability on time and within budget by minimising impact during delivery. Because requests for change to baseline elements such as scope, timeline and budget can come from any stakeholder, appropriate mechanisms are required to support their analysis, possible acceptance and implementation.
- 3.58 In a governance sense, a Change Control process seeks to ensure that changes required to a project, product or Deliverable are assessed and introduced in a controlled and coordinated manner. Under the Territory's PRINCE2-based projects delivery framework,

Change Control requires assessment of the impact of potential changes, their importance and cost and a judgment/decision by management whether they will be included in the project. A robust Change Control process reduces the possibility that unnecessary changes will be introduced that impact the scope, schedule, budget, quality or benefits of a project (and by extension the Program) and the Territory's interests.

3.59 Between 10 September 2019 and 23 November 2021, the HRIMS Program maintained a Change Register to log change requests. During this period, the register recorded 88 change requests.

3.60 A fundamental premise of Change Control is to identify and establish change request priority levels. This establishes a basis through which the relative importance and priority of a change request can be identified and assigned to the relevant decision-maker. The Change Control process set out in the draft Program Plans identified:

- the HRIMS Program Board and/or HRIMS Steering Committee was required to approve all 'high priority' change requests; and
- the HRIMS Program team may be delegated authority to approve other change requests.

3.61 Change request priority levels were not defined in the draft Program Plans or associated processes. None of the approved change requests considered for the purpose of the audit had an identified priority level.

### Scope change approvals

3.62 There was evidence of approval for only 19 of 51 change requests (38 percent) shown as approved in the HRIMS Program's Change Register. Change requests without evidence of approval included:

- CR29, which deferred delivery of a contract Deliverable (Cutover Plan) from Milestone 5 to Milestone 7; and
- CR42, which was anecdotally signed off in July 2021 under an amended change control process.

3.63 In response to the draft proposed report, EY advised:

... EY at no stage performed work on CRs without the approval of the Territory's HRIMS Program Director. CRs 29 and 42 were documented, followed the CR review and approval process, and were signed off by the HRIMS Program Director. All CRs with a financial impact were tabled at the Governance forum for approval.

3.64 Decisions to defer Deliverables to future milestones, such as the deferral of Deliverable *D12 - Knowledge Transfer Approach* from Milestone 1 to Milestone 4, was not associated with any change request. There was no evidence that these scope changes went through the HRIMS Program's Change Control process.

- 3.65 The 19 change requests for which there was evidence of approval were approved by the HRIMS Program Director. These included change requests to defer contractual Deliverables and work products to future Milestones. These were significant enough to warrant governance body approval, but they were not approved by the HRIMS Program Board and/or HRIMS Steering Committee.
- 3.66 The HRIMS Steering Committee specifically requested greater visibility of change requests in May 2021. A revised change process was documented in June 2021, which identified the Executive Group Manager, Digital Data & Technology Solutions or the Executive Branch Manager, Strategic Business Branch as the approving authority. Although the Change Register suggests that change requests were approved after this date, there was no evidence that either of these parties formally approved change requests after June 2021.
- 3.67 The purpose of Change Control is to identify, assess and control any potential changes to the Program and its project baselines. In a governance sense, a Change Control process seeks to ensure that changes required to a project, product or Deliverable are assessed and introduced in a controlled and coordinated manner. Between 10 September 2019 and 23 November 2021, the HRIMS Program's Change Register recorded 88 change requests.
- 3.68 The HRIMS Program was characterised by poor Change Control. A fundamental premise of Change Control is to identify and establish change request priority levels. Change request priority levels were not defined in the Program Plans or associated processes. None of the approved change requests considered for the purpose of the audit had an identified priority level. There was evidence of approval for only 19 of 51 change requests (38 percent) shown as approved in the HRIMS Program's Change Register. The 19 change requests for which there was evidence of approval were approved by the HRIMS Program Director. These included change requests to defer contractual Deliverables and work products to future milestones, which would appear significant enough to warrant governance body approval.

## Benefits management

- 3.69 A traditional approach to project management considered that projects were successful if the specified output was produced within an acceptable timeframe and at an acceptable cost. However, awareness has grown that major projects are not undertaken to produce outputs, assets or capabilities, but are undertaken to produce beneficial outcomes, otherwise known as benefits. Programs should be driven by the need to deliver benefits, which is achieved by projects creating outputs, build capabilities and then transition into outcomes that serve the purpose of realising benefits for the organisation.
- 3.70 Benefits management is the identification, definition, planning, tracking and realisation of benefits.
- 3.71 The Australian Government Department of Finance has produced guidance with respect to benefits management as a project management discipline. The guidance highlights the importance of identifying benefits early and then referring to them to help guide the

management of a project or program. The Australian Government Department of Finance's *Assurance Review Process - Lessons Learned - Benefits Realisation Management* guidance states:

During the delivery stage of a program, a clear understanding of the expected benefits helps focus on the delivery of the important things – the activities that will achieve the expected benefits. Some interim benefits may be achieved during this stage, which provide an excellent indicator for the ongoing viability of the program.

In addition, if changes occur that affect the scope of the program, any impact can be assessed against the existing benefits and the extent to which they are still likely to be achieved. This information can be used to inform an updated Business Case. This approach provides governance bodies with an excellent tool to manage and monitor programs, particularly those programs that are in the delivery stage for a number of years.

### Benefits planning

- 3.72 Benefits identification is a critical input to the business case and to program planning. Once benefits have been identified, programs should attribute responsibilities, validate that they are credible and plan for their delivery. Throughout the entire program, progress should be monitored to verify that benefits are being realised when expected and opportunities should be sought for potential improvements to the program that could enhance delivery of benefits.
- 3.73 A Benefits Realisation Plan should recognise the timing of program benefits realisation, and the program should design monitoring and measurement processes to verify that benefits are accruing as and when expected. To aid this process, program Deliverables should be mapped to expected benefits.

#### *2017-18 Budget Business Case*

- 3.74 The *2017-18 Budget Business Case* identified a series of benefits associated with the delivery of the program:

The implementation of this proposal would prove advantageous for both Shared Services and Directorates, by delivering a mix of quantifiable and non-tangible benefits.

- 3.75 The *2017-18 Budget Business Case* stated the 'non-tangible benefits will be experienced by ACT Government staff across all directorates' and to assist in the identification, management and evaluation of benefits a Benefits Register was identified and envisaged for the program. An example Benefits Register was included in the submission as an appendix.

#### *2019-20 Budget Business Case*

- 3.76 As part of activities undertaken for the HRIMS Program in 2018-19, a detailed Benefits Case was developed. The *2019-20 Budget Business Case* stated:

The Benefits Case has challenged the original baseline established for the program and has been developed using industry benchmarks and adopting a simplified and evidence-based approach, drawn on experience from NSW Shared Services and the NSW Department of Justice.

Careful attention has been paid to previous implementations and the lessons learned. Particular emphasis has been placed on:

- achieving a full range of tangible and measurable business performance benefits;
- implementation of benefits in a timely manner; and
- adoption of best practice across the board in the measurement, validation, and tracking of identified benefits.

The Benefits Case identifies savings of \$104.2 million over a ten-year period. The net return from the total investment of \$57.9 million is \$46.3 million over ten-years. The net return is the financial contribution the Territory would receive after a ten-year period after all the costs have been deducted.

3.77 The quantified benefits comprised:

- well-specified process efficiency savings associated with payroll processing, service desk activity, recruitment time savings, improved data management, a harmonised performance review framework, and more efficient staff on and off boarding; and
- well-specified financial benefits associated with decommissioning existing payroll, learning and recruitment systems.

3.78 The *2019-20 Budget Business Case* identified 47 expected benefits within the categories of business, technology, organisational, process, people and environmental. These were stated at a high level (such as 'reduced system failure risk') but were not quantifiable and measurable (such as 'reduction in likelihood of system failure from X% to Y%' or 'time to recover from system failure reduced from X hours to Y hours'). The Business Case stated:

These (the Program benefits) would be subject to further investigation once the Program commences, and the reporting functionality of the new solution is further explored.

...

The benefits workstream would be managed as a distinct work stream and adhere to best practice project management principles to ensure all work proceeds as planned.

...

Initially benefits would be reported on quarterly for two quarters to confirm their viability after which reporting would be biannual.

### *Program Management Plans*

3.79 The 2018 draft Program Plan identified an intention to practise benefits management for the HRIMS Program. It identified an intention to create a Benefits Register that would:

... detail the benefits and how they can be achieved. The Benefits Register will be an active register of benefits that must be maintained by the Program/Benefits Manager throughout the life of the Program. The Benefits Register will be presented to the Program Board and/or Steering Committee on a quarterly basis.

3.80 The 2019 draft Program Plan identified an intention to develop and implement a Benefits Program:

The Benefits Program will use a tried and tested end to end framework for benefits realisation management. It is based on the framework currently in use in the New South Wales Government



and several federal agencies with modifications to more appropriately suit the requirements of the ACT Government.

The Benefits Program will undertake a comprehensive engagement program with individual directorates to identify where benefits that specifically relate to their current environments and strategic direction can be identified and establish measurement mechanisms within the directorates.

### Benefits management for the HRIMS Program

- 3.81 The HRIMS Program's 'Change and Communications' work stream aimed to undertake change management, communications, training and benefit realisation activities. A Benefits Manager was identified as being part of the Change and Communications work stream delivery team. The work stream specified outputs relevant to benefits management including a Benefits Realisation Plan and a Benefits Schedule.
- 3.82 The foreshadowed management of benefits with project management discipline did not occur. There was no Benefits Register, nor was there reporting of benefits by the HRIMS Program team to the HRIMS Program Board or HRIMS Steering Committee.
- 3.83 A Benefits Realisation Plan was not prepared for the HRIMS Program. A 'HRIMS Business Improvement Plan' was produced, which described how the HRIMS Program intended to record, manage, and report on business improvement and change readiness activities. However, this plan did not include links to the HRIMS Program's benefits as defined in the *2019-20 Budget Business Case*.
- 3.84 A draft 'Benefits Realisation Operating Model' was presented to the HRIMS Steering Committee in September 2018, which specified better practice principles for benefits realisation. However, it did not have a number of key attributes of a benefits realisation plan, including:
- the HRIMS Program's anticipated benefits;
  - matching HRIMS Program outputs and outcomes to HRIMS Program benefits;
  - a schedule for benefits realisation; and
  - mechanisms and responsibilities for tracking and monitoring benefits as the HRIMS Program progressed.
- 3.85 Benefits management is the identification, definition, planning, tracking and realisation of benefits associated with a program. Both the 2018 draft Program Plan and 2019 draft Program Plan identified an intention to practise benefits management for the HRIMS Program. However, the Territory's foreshadowed management of benefits with project management discipline did not occur. There was no Benefits Register, nor was a Benefits Realisation Plan prepared for the HRIMS Program. There was no reporting of benefits by the HRIMS Program team to the HRIMS Program Board or HRIMS Steering Committee. The lack of planning, management and monitoring of benefits, through a disciplined approach, meant that the likelihood of the HRIMS Program achieving its expected benefits was significantly reduced.

## 4 GOVERNANCE AND ADMINISTRATIVE ARRANGEMENTS

- 4.1 This chapter discusses the governance and administrative arrangements for the HRIMS Program. The chapter considers:
- program management governance, including governance and oversight forums;
  - program monitoring and reporting; and
  - program risk management.

### Summary

### Conclusion

Governance and administrative arrangements for the HRIMS Program were poor.

As the HRIMS Program progressed there were multiple redesigns of the Program's governance arrangements, including the roles and responsibilities of the two governance bodies (the Program Board and Steering Committee). This led to:

- confusion for governance body members with respect to their roles and responsibilities;
- a practical merging of responsibilities across the governance bodies; and
- a reluctance on the part of governance bodies to make critical decisions.

Program monitoring and assurance arrangements were poor, including quality assurance, program reporting and risk management activities. Although risks and issues were reported to governance bodies, the governance bodies did not appropriately recognise and manage the risks and issues.

The HRIMS Program was a complex program for the Territory; it was a significant cross-directorate initiative that involved harmonising and uplifting HR management capabilities across the Territory. The HRIMS Program was not effectively oversighted by the Strategic Board.

### Key findings

	Paragraph
<b>Program governance</b>	
The HRIMS Program comprised multiple projects or workstreams, each of which aimed to deliver specific outputs that each contributed to the program's overall vision. A Project Management Plan (Project Plan) was prepared by EY as a Deliverable	4.12

under its contract in May 2019 and, following several iterations, was revised to version 1.01 in December 2019. The Project Plan was 'Accepted' by the Territory but not formally 'Endorsed' by the Steering Committee or Program Board. The Project Plan was not explicit as to what aspect of the HRIMS Program it related to, including how it aligned with the draft Program Plans. It is not clear which of the projects identified in the 2018 draft Program Plan or workstreams identified in the 2019 draft Program Plan it related to, except to say that it related to 'the activities of the solution's implementation alone'.

There was no similar project management approach, including project management artefacts, for the HRIMS Program's other projects or workstreams. This was particularly problematic for the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Plan. These activities were critical to the HRIMS Program, because a clearly defined desired target (future) state of HR management across the Territory and a clearly specified set of requirements describing how the system should support that state, were key dependencies for delivering an HR system capable of meeting the Territory's needs.

4.13

The HRIMS Program's governance arrangements changed over the course of the program. Between the commencement of the HRIMS Program in March 2017 and the program's reset in August 2021 there were three different high-level governance arrangements and two different positions fulfilled the role of chairperson of the HRIMS Program Board, which was later known as the HRIMS Steering Committee. These positions were filled by five different individuals. Feedback provided to the Audit Office, by governance committee members, indicated that members themselves considered the governance arrangements ineffective for a variety of reasons.

4.33

In May 2019, the second set of governance arrangements for the HRIMS Program was implemented with a view to promoting more rapid decision making. The revised governance arrangements were ineffective in practice. By March 2021, attendance at the two key governance groups had shifted to the point where there was little practical difference between membership of the (top level) HRIMS Steering Committee and the (supporting) HRIMS Program Board. Discussions at one group often continued in the other; the two groups had become one, with an operational focus. At the (supporting) HRIMS Program Board, there were also ongoing changes in directorate representation, and it was difficult to reach consensus on operational matters and considerations.

4.34

The third set of governance arrangements was introduced in March 2021, in which the two key governance groups were amalgamated. A new HRIMS Steering Committee was implemented, which had both strategic and operational responsibilities. The HRIMS Steering Committee had responsibility for high-level strategic decisions relating to budget, benefits, policies, resourcing, assessing requests for change and ensuring effort and cost was appropriate, as well as operational responsibilities for 'making design decisions consistent with the Program's principles'. Under the third set of governance arrangements the HRIMS Steering Committee was attended by an average of 25 people and consensus was

4.35

often unable to be reached. Attendees regularly sent papers back to the originating authors for additional information/clarification of decisions. These decisions were typically related to solution design matters.

A Quality Management Plan was drafted in June 2019 and, following several iterations, was revised to version 1.0 in September 2019. It is not clear who approved the document. There was no evidence that this document was reviewed and endorsed by the HRIMS Program Board or the HRIMS Steering Committee. The Quality Management Plan provided information on *potential* program assurance activities. 4.60

Notwithstanding the lack of systematic program assurance activities for the HRIMS Program, there was evidence that limited assurance activities were undertaken, including a program assurance review of the HRIMS Program in December 2017 and a series of Gateway reviews. The outcomes from these activities were reported to the Senior Responsible Owner, but reports arising from these assurance reviews were not tabled at meetings of the HRIMS Program Board or HRIMS Steering Committee. There is no evidence that the reports of these reviews were shared with the Program's governance bodies. 4.61

Projects Assured was engaged as an 'assurance partner' in December 2019 for the HRIMS Program. The Work Order for the services briefly described the activities to be undertaken, but no further information on the nature and purpose of the 'assurance partner' role, the timing of assurance activities and the nature of deliverables that were to be provided was developed. A plan for Projects Assured's activities was not produced, including information on the nature and purpose of the 'assurance partner' role, the timing of assurance activities and the nature of deliverables to be provided. Over the course of its engagement, in 2020 and 2021, Projects Assured did not produce or provide any written reports. Projects Assured was paid a total of \$140,181 (GST exclusive) for its services. 4.62

### Program reporting

The HRIMS Program was a complex program for the Territory; it was a significant cross-directorate initiative that involved harmonising and uplifting HR management capabilities across the Territory. The HRIMS Program was not effectively oversighted by the Strategic Board. The Strategic Board received no formal advice regarding the HRIMS Program's performance between June 2019 and April 2021, a period in which the HRIMS Program on-boarded EY as the Implementation Partner and planned to deliver most of the activities set out in the draft Program Plans. The Strategic Board was not formally advised of the Program's performance or the revised governance arrangements that had been developed. Issues associated with the performance of the Program, the slippages experienced, and the challenges associated with business process harmonisation and adoption, were not formally reported to the Strategic Board until April 2021. 4.76

Both draft Program Plans described appropriate arrangements for performance reporting to the HRIMS Program's governing bodies. These arrangements included a standard format monthly program status report that was prepared by the HRIMS 4.88

Program for the top-level governing body. The monthly program status report that was used to report HRIMS Program progress up to June 2019 was appropriate.

From June 2019 a modified monthly program status report was prepared. It was less informative. The modified status report included a single overall program status indicator to replace the eight performance criteria that was used previously. The modified monthly program status report presented financial information differently. It provided a three-month view of actual vs planned expenditure but did not include information on the HRIMS Program's overall financial position against approved funding year on year. 4.89

The modified monthly program status report was presented to the HRIMS Steering Committee on only four occasions in the two-year period between November 2019 and November 2021. For the other meetings a lengthy (four to six page) narrative status report was tabled, which was prepared by EY as the Implementation Partner. The narrative status report did not address all the topics and issues that would be expected of a program status report, and did not present information regarding benefits realisation, financial performance or performance indicators. The narrative status reports provided commentary regarding activity that involved EY but did not include commentary on workstream activity being undertaken by the Territory including, for example, the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Plan. 4.90

### Program risk management

The HRIMS Program's risk management approach was generally consistent with accepted ACT Government risk management policy and practice. This included establishing, and maintaining, a risk register for the HRIMS Program that documented approximately 300 risks across all levels. However, the risk register provided to the Audit Office was not dated and it was not possible to ascertain when the risk register had last been updated. There were also duplicated risks across the register, which suggests that it was being updated by multiple people or functional areas. 4.98

### Program schedule management

Key risks to the HRIMS Program were regularly reported to the HRIMS Steering Committee and HRIMS Program Board as a standing agenda item. However, a review of governance meeting minutes showed that the risks were not discussed and systematically resolved by these bodies. Furthermore, the HRIMS Program did not classify its risks and issues by level; risks were aggregated into the register as they were identified. This limited the effectiveness of the register and made it difficult for users (including the HRIMS Steering Committee and HRIMS Program Board) to identify, and manage, risks that were relevant to them. 4.103

A well-defined high-level schedule was developed for the HRIMS Program at its commencement, which aligned with the HRIMS Program Roadmap that was identified in the 2018 draft Program Plan. However, this high-level program schedule was not supported by detailed schedules for each of the constituent projects, such 4.116

as the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Management Plan. Other critical activities identified in the HRIMS Program Roadmap were similarly not scheduled, e.g. legacy system decommissioning. The absence of schedules for the Program's other projects increased the risk of inadequate dependency management impacting overall delivery of the Program and benefits realisation.

### Stakeholder engagement

Stakeholders were engaged through a combination of HRIMS Program communications, program, and directorate-specific workshops. These workshops highlighted HR management process complexities within directorates that should have been considered in the HRIMS Program's original requirements specification. Despite their identification, these issues were not revisited or addressed to stakeholders' satisfaction. As a result, stakeholders reported not feeling heard and subsequently did not buy in to the HRIMS Program's vision. 4.131

## Program governance

4.2 The audit considered the effectiveness of the HRIMS Program's governance arrangements including whether:

- planned and documented governance arrangements were in place that included:
  - clearly articulated terms of reference for governance forums;
  - clearly defined and communicated roles and responsibilities;
  - comprehensive representation at governance forums to support effective decision making;
- established governance arrangements aligned with planned and documented arrangements, were sufficiently attended, and supported effective decision making;
- governance forum documentation was produced in a timely manner and supported the delivery of the HRIMS Program; and
- reporting arrangements were appropriate.

### Constituent projects/workstreams

4.3 The HRIMS Program comprised multiple projects or workstreams, each of which aimed to deliver specific outputs that contributed to the program's overall vision. As discussed in paragraphs 3.24 to 3.35, the projects and workstreams were described differently between the 2018 draft Program Plan and the 2019 draft Program Plan.

#### *Project Management Plan*

4.4 A Project Management Plan (Project Plan) was drafted in May 2019 and, following several iterations, was revised to version 1.01 in December 2019. The Project Plan was prepared by

EY. The status of the document was that it had been 'Accepted' by the Territory but not formally 'Endorsed' by the Steering Committee or Program Board. HRIMS Program processes for the review, acceptance and endorsement of program Deliverables is discussed in Chapter 6.

4.5 The purpose of the Project Plan was described as follows:

This Project Management Plan (PMP) is an updated version after the completion of the Explore and Journey Design Phase. It defines how the implementation of the HRIMS Program will be executed, monitored, and controlled during the remaining lifecycle of the Program. It also provides a clear program management method to enable transparent and standard delivery processes for all workstreams for the rest of the Program's life. It enables the Integrated Program Team (IPT), comprised of both ACT Government personnel and the Implementation Partner's personnel, to establish a mutually agreed basis on which to deliver the project.

4.6 The Project Plan was not explicit as to what aspect of the HRIMS Program it related to, including how it aligned with the draft Program Plans. It is not clear which of the projects identified in the 2018 draft Program Plan or workstreams identified in the 2019 draft Program Plan it related to, except to say that it related to 'the activities of the solution's implementation alone'. In this respect, the Project Plan drew a distinction between the HRIMS Program as a whole and the project activities encompassed by the Project Plan:

The terms Project and Program are used throughout this document but are not interchangeable. In the context of this document, Program refers to the Human Resources Information Management Solution (HRIMS, Solution) Program which is inclusive of the ACT Government, Implementation Partner (Implementation Partner) and all third parties' activities related to the Solution's implementation.

Project refers to the activities of the Solution's implementation alone. This principally refers to the activities of the Implementation Partner but also includes the activities of the ACT Government and third parties in supporting implementation. Therefore, this Project Management Plan is solely focused on these activities. The guidance in the Project Management Plan is applicable throughout the Project's whole life cycle.

4.7 The Project Plan recognised the 2019 draft Program Plan that was simultaneously being prepared:

The ACT Government is also developing a HRIMS Program Management Plan which is broader in scope covering those aspects of the Program outside of the Project the Implementation Partner is delivering, particularly the activities preceding and following the Implementation Partner's contract.

#### *Other HRIMS projects*

4.8 There was no similar project management approach, including project management artefacts, for the HRIMS Program's other projects or workstreams.

4.9 This was particularly problematic for the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Plan. Key activities associated with the HRIMS Solution Design and Analysis workstream (as shown in Table 3-1) were activities associated with:

- Business Process Harmonisation and Adoption;

- HR / Payroll Business Rules Consolidation; and
  - HR Framework Consolidation.
- 4.10 These activities were critical to the HRIMS Program, because a clearly defined desired target (future) state of HR management across the Territory and a clearly specified set of requirements describing how the system should support that state, were key dependencies for delivering an HR system capable of meeting the Territory's needs.
- 4.11 In its response to the draft proposed report, EY advised:
- It should be noted these activities and the scheduling of them was a Territory responsibility – the Target (Future State) Operating Model was a Territory deliverable and a key contractual dependency for EY that was not met.
- 4.12 The HRIMS Program comprised multiple projects or workstreams, each of which aimed to deliver specific outputs that each contributed to the program's overall vision. A Project Management Plan (Project Plan) was prepared by EY as a Deliverable under its contract in May 2019 and, following several iterations, was revised to version 1.01 in December 2019. The Project Plan was 'Accepted' by the Territory but not formally 'Endorsed' by the Steering Committee or Program Board. The Project Plan was not explicit as to what aspect of the HRIMS Program it related to, including how it aligned with the draft Program Plans. It is not clear which of the projects identified in the 2018 draft Program Plan or workstreams identified in the 2019 draft Program Plan it related to, except to say that it related to 'the activities of the solution's implementation alone'.
- 4.13 There was no similar project management approach, including project management artefacts, for the HRIMS Program's other projects or workstreams. This was particularly problematic for the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Plan. These activities were critical to the HRIMS Program, because a clearly defined desired target (future) state of HR management across the Territory and a clearly specified set of requirements describing how the system should support that state, were key dependencies for delivering an HR system capable of meeting the Territory's needs.

## Program governance arrangements

- 4.14 The HRIMS Program's governance arrangements changed over the course of the program. Between the commencement of the HRIMS Program in March 2017 and the program's reset in August 2021 there were:
- three different high-level governance arrangements; and
  - two different positions which fulfilled the role of chairperson of the HRIMS Program Board, which was later known as the HRIMS Steering Committee. These positions were filled by five different individuals.
- 4.15 Figure 4-1 provides an overview of the changes in governance arrangements for the HRIMS Program since its commencement in March 2017.



**Figure 4-1 Overview of HRIMS Program governance arrangements**

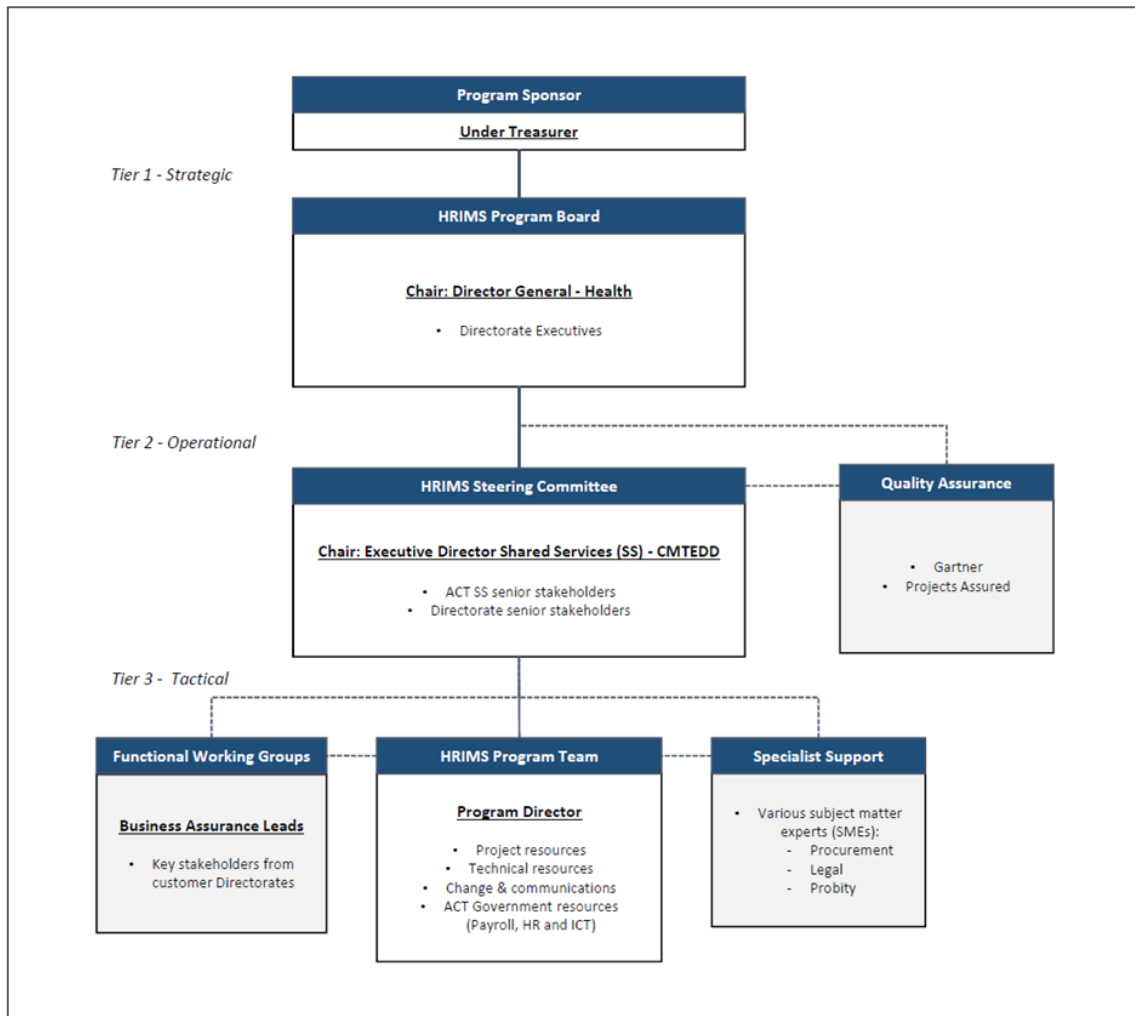
Chair 1	2	Chair 3	Chair 4	Chair 5
Governance arrangement A		Governance arrangement B		Governance arrangement C
Commencement	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O Reset
2017	2018	2019	2020	2021

Source: ACT Audit Office, based on HRIMS Budget Business Cases.

*First governance arrangements (commencement to April 2019)*

4.16 Figure 4-2 shows the governance arrangements for the HRIMS Program from its commencement in 2017 through to April 2019.

**Figure 4-2 HRIMS Program governance arrangements (commencement to April 2019)**



Source: HRIMS 2018 Draft Program Plan.

4.17 The HRIMS Program governance arrangements that were initially established in 2017 were appropriate and consistent with better practice. They included:

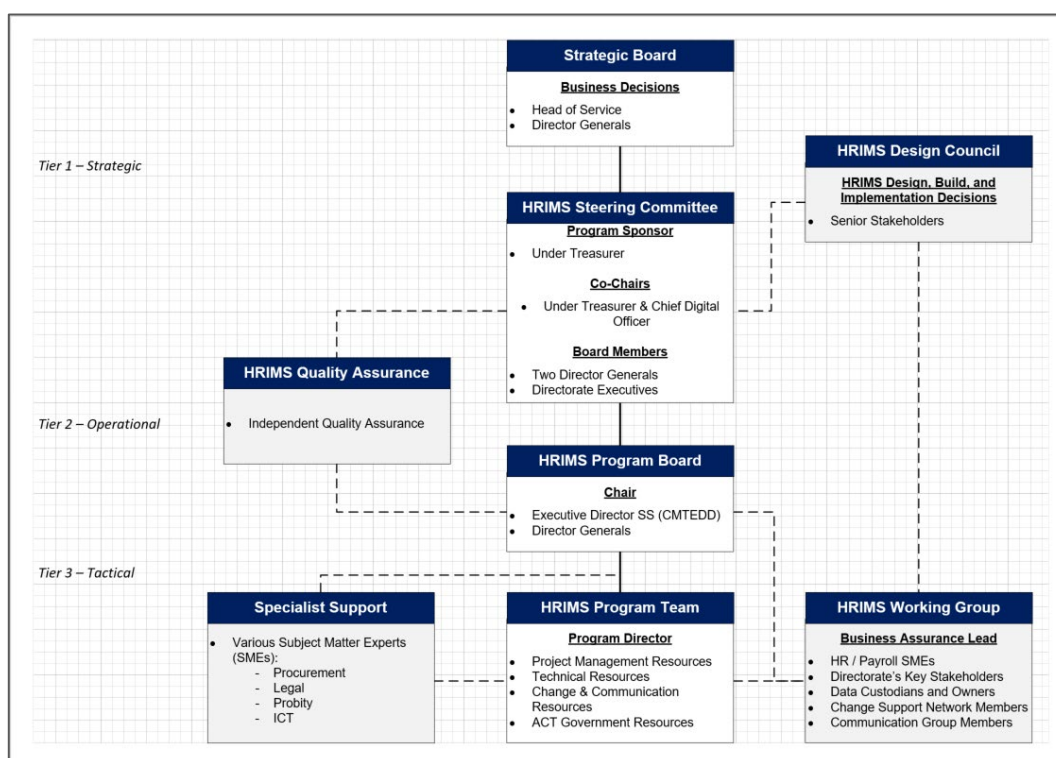
- identification of the Under Treasurer as the Senior Responsible Owner (the individual accountable for the success of the Program);
- appointment of a HRIMS Program Board to provide an ongoing role overseeing the HRIMS Program. The HRIMS Program Board was expected to focus on strategic matters and was chaired by the Director-General of ACT Health with Executive level representation from other directorates;
- identification of a HRIMS Steering Committee to support the HRIMS Program Board. The HRIMS Steering Committee was chaired by a senior Shared Services representative and had representation from senior HR stakeholders from each directorate. The HRIMS Steering Committee was focused on oversight of operational matters; and
- the appointment of a Program Director. The Program Director reported to the HRIMS Steering Committee. The Program Director oversaw the HRIMS Program's individual projects, each of which was supported by working groups chaired by Business Assurance Leads with responsibility for design decisions relevant to each HR area (payroll, recruitment etc).

4.18 In May 2019 the role of chairperson of the Program Board was changed from the Director-General of Health to the Under Treasurer.

*Second governance arrangements (May 2019 to February 2021)*

4.19 In May 2019, the governance arrangements for the HRIMS Program were reviewed and revised. The revised governance arrangements sought to promote more rapid decision making as the HRIMS Program worked through the detailed design of the ICT solution. Figure 4-3 shows the governance arrangements for the HRIMS Program between May 2019 and February 2021.

Figure 4-3 HRIMS Program governance arrangements (May 2019 to February 2021)



Source: HRIMS 2019 Draft Program Plan.

4.20 A key feature of the revised governance arrangements was the establishment of a Design Council, which comprised Senior Directors from directorate HR areas. New change management and data migration working groups were also established alongside the HRIMS Program's existing functional working groups.

4.21 Under the second set of governance arrangements, the Strategic Board was also identified as:

... a point of escalation for major issues of strategic importance to the organisation ... (which) ... should continue to appear in the HRIMS governance hierarchy. However, the Strategic Board must be used sparingly in this way, if it is not to impede the timely progress of the program.

4.22 The revised governance arrangements resulted in the 'rebranding' of the HRIMS Program's two governance bodies. The purpose of the rebranding was to rename the top-level governance group (previously the HRIMS Program Board) as the HRIMS Steering Committee, and its supporting group (previously the HRIMS Steering Committee) as the HRIMS Program Board. The titles of the HRIMS Program's two governance bodies were exchanged without any effect on either body's responsibilities. Governance body members spoken to as part of the audit advised that the rebranding caused confusion.

4.23 The Audit Office sought feedback from various directorate and agency stakeholders on the effectiveness of the HRIMS Program's governance arrangements. This included stakeholders from:

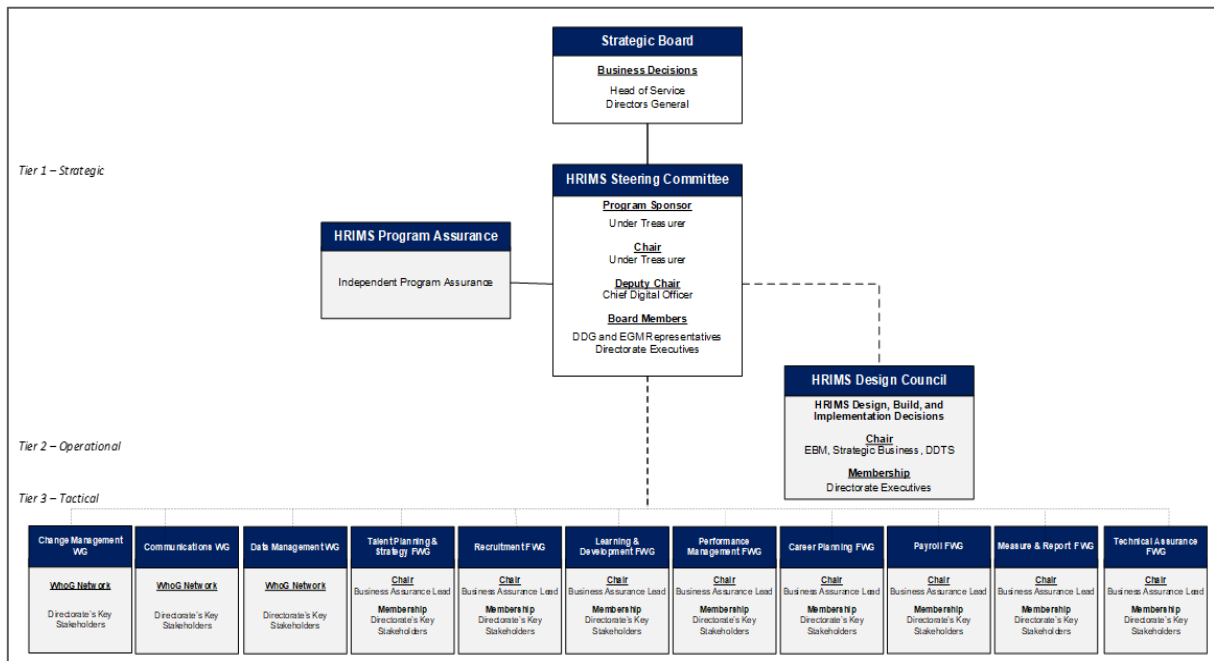
- Canberra Health Services;

- Community Services Directorate;
  - Justice and Community Safety Directorate;
  - Canberra Institute of Technology; and
  - Shared Services Payroll.
- 4.24 Feedback provided to the Audit Office, by governance committee members, indicated that members themselves considered the governance arrangements ineffective. This was for a variety of reasons including:
- members having an unclear understanding of their role in the relevant governance body and broader HRIMS Program governance structure as a whole;
  - a reluctance on the part of governance bodies to make critical decisions; and
  - meeting documentation was often provided to members at short notice with unclear agendas that resulted in discussions focusing on clarifying information rather than decisions being made.
- 4.25 By March 2021, attendance at the two governance groups had shifted to the point where there was little practical difference between membership of the (top level) HRIMS Steering Committee and the (supporting) HRIMS Program Board.
- 4.26 A review of meeting minutes of the two bodies showed that discussions at one group often continued in the other. It is apparent that the two groups had become one, with an operational focus.
- 4.27 At the (supporting) HRIMS Program Board, there were also ongoing changes in directorate representation. This led to significant discussions to revisit design decisions and reconsider individual directorate 'current state' process requirements. As a result, it was difficult to reach consensus on operational matters and considerations.

#### *Third governance arrangements (March 2021 to program reset)*

- 4.28 In March 2021, a third set of governance arrangements for the HRIMS Program was implemented. Figure 4-4 shows the governance arrangements for the HRIMS Program from March 2021.

**Figure 4-4 HRIMS Program governance arrangements (March 2021 to program reset)**



Source: Draft HRIMS Steering Committee Terms of Reference, dated 9 April 2021.

4.29 The key feature of the third set of governance arrangements was the merging of the HRIMS Program Board and HRIMS Steering Committee (into the Steering Committee). A single group was formed where senior directorate leadership and their operational representatives met in one forum.

4.30 A new Terms of Reference document for the HRIMS Steering Committee was drafted, which included both strategic and operational responsibilities. For example, the combined HRIMS Steering Committee had responsibility for high-level strategic decisions relating to budget, benefits, policies, resourcing, assessing requests for change and ensuring effort and cost was appropriate. It also had operational responsibilities for 'making design decisions consistent with the Program's principles'. The principles were appended to the Terms of Reference document.

4.31 Under the third set of governance arrangements the HRIMS Steering Committee was attended by an average of 25 people. A review of meeting minutes shows:

- it continued to have an operational focus; and
- consensus was often unable to be reached. Attendees regularly sent papers back to the originating authors for additional information/clarification of decisions. These decisions were typically related to solution design matters.

4.32 A review of the HRIMS Steering Committee's minutes showed that it did not fulfill all of its responsibilities according to its Terms of Reference. For example, there is no evidence of the Committee considering its responsibilities for:

- defining and realising benefits;

- managing program scope; and
- assessing requests for change.

4.33 The HRIMS Program's governance arrangements changed over the course of the program. Between the commencement of the HRIMS Program in March 2017 and the program's reset in August 2021 there were three different high-level governance arrangements and two different positions fulfilled the role of chairperson of the HRIMS Program Board, which was later known as the HRIMS Steering Committee. These positions were filled by five different individuals. Feedback provided to the Audit Office, by governance committee members, indicated that members themselves considered the governance arrangements ineffective for a variety of reasons.

4.34 In May 2019, the second set of governance arrangements for the HRIMS Program was implemented with a view to promoting more rapid decision making. The revised governance arrangements were ineffective in practice. By March 2021, attendance at the two key governance groups had shifted to the point where there was little practical difference between membership of the (top level) HRIMS Steering Committee and the (supporting) HRIMS Program Board. Discussions at one group often continued in the other; the two groups had become one, with an operational focus. At the (supporting) HRIMS Program Board, there were also ongoing changes in directorate representation, and it was difficult to reach consensus on operational matters and considerations.

4.35 The third set of governance arrangements was introduced in March 2021, in which the two key governance groups were amalgamated. A new HRIMS Steering Committee was implemented, which had both strategic and operational responsibilities. The HRIMS Steering Committee had responsibility for high-level strategic decisions relating to budget, benefits, policies, resourcing, assessing requests for change and ensuring effort and cost was appropriate, as well as operational responsibilities for 'making design decisions consistent with the Program's principles'. Under the third set of governance arrangements the HRIMS Steering Committee was attended by an average of 25 people and consensus was often unable to be reached. Attendees regularly sent papers back to the originating authors for additional information/clarification of decisions. These decisions were typically related to solution design matters.

## Program assurance

4.36 The 2018 draft Program Plan identified an intention for the HRIMS Program Board and HRIMS Steering Committee to provide advice and assurance to the Program Sponsor in relation to the program's progress, quality, governance and management:

The role of the Program Board and Steering Committee is to oversee the Program and the outcome of all Program Deliverables, including:

- a) providing advice to the Program Sponsor;
- b) ensuring the Program maintains its strategic direction, meets its objectives and realises the expected benefits;

- c) regularly monitoring the Program's progress against the schedule and approving corrective actions;
- d) regularly monitoring the way the program team deals with issues, risks and consultation and providing those directly involved in the program with guidance where necessary; and
- e) providing an escalation and resolution point for issues.

4.37 The 2019 draft Program Plan identified an intention for the HRIMS Program's quality assurance mechanisms to 'provide objective feedback regarding program processes, artefacts and performance with a view to driving improvements' and that this would be performed by 'independent advisors who periodically assess and report on the program's methodology and performance'. It also identified that this would occur 'at critical junctures of the Program – i.e. Stages/Gates'.

### HRIMS Quality Management Plan

4.38 A *HRIMS Quality Management Plan* (Quality Management Plan) was drafted in June 2019 and, following several iterations, was revised to version 1.0 in September 2019. The Quality Management Plan was prepared by EY as a Deliverable under its contract. The status of the document was that it had been 'Accepted' by the Territory but not formally 'Endorsed' by the Steering Committee or Program Board. HRIMS Program processes for the review, acceptance and endorsement of program Deliverables is discussed in Chapter 6.

4.39 The purpose of the Quality Management Plan was described as providing 'standardised quality management processes' for both Territory and EY personnel:

The purpose of quality management in the HRIMS Program (Program) is to drive a successful Program outcome. It also establishes risks management discipline over the lifecycle of the Program and promotes the alignment of the Solution to the needs of users and stakeholders, both internal and external. This will be achieved by conducting all project management processes in a quality manner and by developing and agreeing quality criteria for the outputs of the Program (quality control). 2.1.2. The QMP defines what quality is for the Program, how it will be controlled and how it will be accepted. It seeks to provide clear, transparent and standardised quality management processes for the Integrated Program Team (IPT), comprised of both personnel from the Territory and Implementation Partner.

4.40 The scope of the Quality Management Plan was similarly described as applying to all participants in the Program:

The guidelines in this document will be used throughout the life of the Program.

This document applies to all parties involved in the Program, including the Territory, the Implementation Partner and all third parties that are involved in its implementation.

4.41 Responsibility for the Quality Management Plan was described as follows:

The Program Management workstream is responsible for updating the QMP in consultation with the whole IPT and reviewed by the Quality Partner of the HRIMS Implementation Partner.

### Program assurance

4.42 The Quality Management Plan provided information on *potential* program assurance activities. The Quality Management Plan stated:

Program assurance is provided as a value-added function for the HRIMS Steering Committee and Program Board. The assurance function will involve the assessment of specific aspects of the HRIMS Program to generate confidence that the Program is being managed effectively and is on track to realise Program outcomes and benefits.

4.43 The Quality Management Plan stated:

The Territory may engage independent parties to undertake formal quality reviews of the Program. These parties will be external to the Program and provide the IPT with:

- a. Health checks of the Program's performance and progress.
- b. Quality reviews conducted of the Program, for example with gateway reviews.
- c. Support to a post-implementation review as part of formal Program Evaluation (post Program closure).

4.44 The Quality Management Plan stated:

Program health may be assessed throughout the Program through Internal Audit Gateway Reviews as outlined in the Department of Finance Audit Framework.

4.45 The Quality Management Plan identified that a Gateway 3 Review 'was completed during the procurement phase of the Program' and that future Gateway Reviews 'which may be conducted' include:

- Gateway 4 Review - 'This readiness for service review will take place after all testing has been completed, including business integration and assurance testing, and before roll-out or release into production'; and
- Gateway 5 Review – 'This benefits realisation review is held six to twelve months after commissioning of the product(s) or introduction of the service, when evidence of the benefits is available. The review focuses on assessing the Program's delivery of benefits and value for money identified in the business case and benefits realisation plans'.

4.46 The Quality Management Plan stated:

The Internal Audit Gateway Reviews if undertaken may be arranged and managed by Chief Minister, Treasury and Economic Development Directorate (CMTEDD) Internal Audit Manager. The reviews may be performed by external consultants selected via a tender process. The final report produced for each Gateway Review may include findings, suggest solutions and make recommendations for improvement. The report may be delivered to the Senior Director HRIMS Program and accepted by the Executive Group Manager, Shared Services. Audit recommendations may be managed in an Audit Recommendation Register which is owned by the Internal Assurance and Audit branch of Shared Services.



### *EY quality assurance*

- 4.47 The Quality Management Plan referred to a Service Quality Assurance Executive (SQAE) for EY:

The SQAE is independent of the engagement delivery team and supports the Engagement Partner by providing independent advice on the Project's Deliverables and service quality management.

- 4.48 The Service Quality Assurance Executive was a senior member of EY but was not involved in the program as a member of the delivery team.

- 4.49 The Quality Management Plan stated:

The Implementation Partner will deploy its ASQ to facilitate a consistent, standardised, objective assessment of its performance by the Territory. The ASQ is designed to be an independent conversation during a standalone meeting that allows the Territory to express how the Implementation Partner team have performed or are performing against their expectations. It allows the Implementation Partner to identify potential risks and determine additional opportunities in which they can serve the client. The real value in conducting an ASQ is developing an action plan based on the feedback and embedding the voice of the Territory into all its work. The 'look and feel' of the action plan is a function of the nature of the feedback and, for example, could consist of changes to standing meeting's agenda, additional meetings, revised ways of working, governance forums attendance, training, changes in resources etc. The action plan's initiatives will be discussed and agreed with Territory.

The ASQ will be conducted by the SQAE, or another Implementation Partner executive independent of the engagement team, after each Milestone.

- 4.50 There is evidence of two written reports being produced during the EY contract period; one in August 2020 and another in July 2021.

- 4.51 ASQ reviews from EY's Service Quality Assurance Executive do not represent a strong quality assurance mechanism for the Territory, despite it being portrayed as such in the Quality Management Plan. ASQ review activities were performed by a member of EY, and represented a quality management activity over EY's service delivery team to:

- verify that company methodologies and processes were being followed;
- gauge the Territory's satisfaction with the service delivery team; and
- identify areas to improve service quality.

- 4.52 The ASQ reviews did not provide sufficient quality assurance over the management and implementation of the HRIMS Program in its totality. They only related to those elements for which EY had responsibility.

### *Other assurance activities*

- 4.53 Notwithstanding the lack of systematic program assurance activities for the HRIMS Program, there was evidence that limited assurance activities were undertaken. These included a:

- program assurance review of the HRIMS Program in December 2017;

- Gateway review against the Department of Finance's Gate Three criteria (investment decision) in 2018; and
- Gateway review against Gate Four criteria (readiness for service) undertaken in May 2020, November 2020, March 2021 and June 2021. Each of these reviews concluded that the criteria had not been met.

4.54 The outcomes from these activities were reported to the Senior Responsible Owner. However, reports arising from these assurance reviews were not tabled at meetings of the HRIMS Program Board or HRIMS Steering Committee. There was no evidence that the reports of these reviews were shared with the Program's governance bodies.

4.55 The third independent Gate Four review report (March 2021) raised concerns that recommendations from earlier reports with the potential to impact benefits delivery had not been actioned. There was no evidence that recommendations raised through these reports were accepted or subsequently monitored by the HRIMS Program.

#### *Quality assurance provider*

4.56 All three iterations of the HRIMS Program's governance arrangements identify the existence of a 'quality assurance' or 'program assurance' provider. Projects Assured was engaged as an 'assurance partner' to deliver the December 2017 review of the HRIMS Program. Projects Assured was subsequently re-engaged two years later in December 2019 to provide ongoing program assurance. The Work Order for the services identified the following activities:

Services sought ... include:

- Engagement of an independent adviser to the HRIMS Steering Committee, Program Board, Design Council and relevant Working Groups.
- Ongoing evaluation of the overall status and health of the program and assessment of its ability to achieve set objectives. This includes provisioning recommendations for improvement and course-correction (if/where required).

Program areas that are to be assessed include (but are not limited to) compliance against schedule and objectives; reasonableness of proposed mitigation strategies to manage delays or issues, critical dependencies across projects, performance of financial and governance controls.

Due diligence activities may include reviews of existing or proposed plans, team structures and program organisation, current performance, resourcing and change dependencies.

4.57 There was no further information on the nature and purpose of the 'assurance partner' role, the timing of assurance activities and the nature of Deliverables that were to be provided.

4.58 The 'assurance partner' attended every HRIMS Steering Committee meeting in 2020 and 2021, which is consistent with the first activity identified above. However, a plan setting out the assurance partner's ongoing evaluation activities including information on the nature and purpose of the 'assurance partner' role, the timing of assurance activities and the nature of deliverables to be provided was not produced. Over the course of its engagement, in 2020 and 2021, the 'assurance partner' did not produce or provide any written reports. Projects Assured was paid a total of \$140,181 (GST exclusive) for these services.

4.59 In its response to the draft proposed report, Projects Assured advised that the services it was to provide were sufficiently clear:

... no reports were provided during the ongoing assurance stage of the services, as these were not requested by ACT [Government] Executive or Governance Committees.

Steering Committee attendance (including pre meeting briefings), and verbal advice to the Executive and Committees were the services sought in accordance with the contract.

4.60 A Quality Management Plan was drafted in June 2019 and, following several iterations, was revised to version 1.0 in September 2019. It is not clear who approved the document. There was no evidence that this document was reviewed and endorsed by the HRIMS Program Board or the HRIMS Steering Committee. The Quality Management Plan provided information on *potential* program assurance activities.

4.61 Notwithstanding the lack of systematic program assurance activities for the HRIMS Program, there was evidence that limited assurance activities were undertaken, including a program assurance review of the HRIMS Program in December 2017 and a series of Gateway reviews. The outcomes from these activities were reported to the Senior Responsible Owner, but reports arising from these assurance reviews were not tabled at meetings of the HRIMS Program Board or HRIMS Steering Committee. There is no evidence that the reports of these reviews were shared with the Program's governance bodies.

4.62 Projects Assured was engaged as an 'assurance partner' in December 2019 for the HRIMS Program. The Work Order for the services briefly described the activities to be undertaken, but no further information on the nature and purpose of the 'assurance partner' role, the timing of assurance activities and the nature of deliverables that were to be provided was developed. A plan for Projects Assured's activities was not produced, including information on the nature and purpose of the 'assurance partner' role, the timing of assurance activities and the nature of deliverables to be provided. Over the course of its engagement, in 2020 and 2021, Projects Assured did not produce or provide any written reports. Projects Assured was paid a total of \$140,181 (GST exclusive) for its services.

## Program reporting

4.63 The audit considered the effectiveness of reporting arrangements undertaken to support the HRIMS Program, including whether:

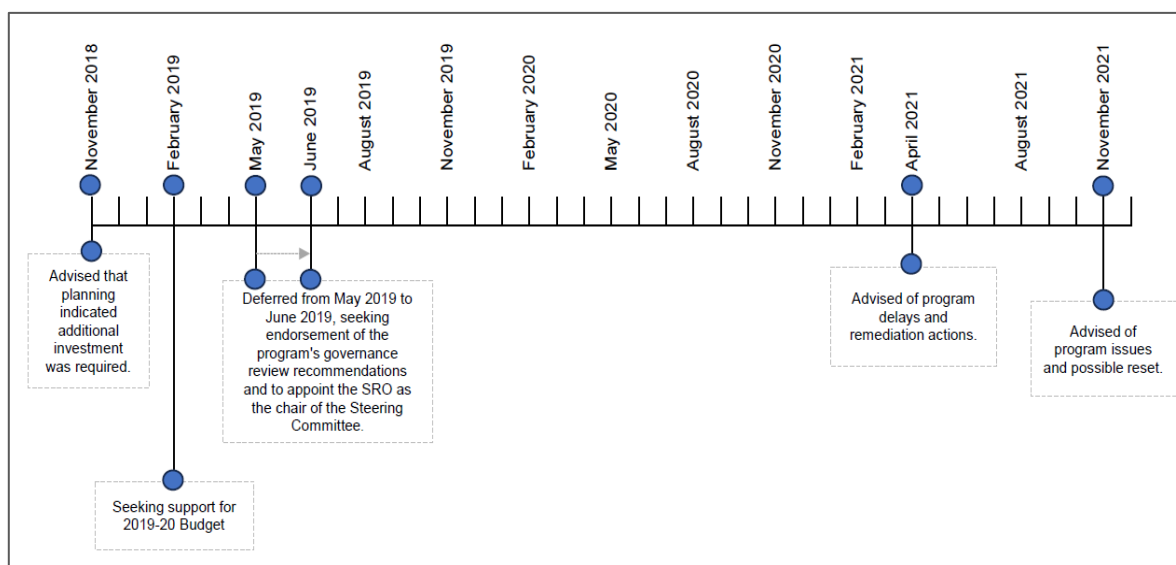
- planned and documented reporting arrangements were in place;
- actual reporting arrangements aligned with planned arrangements;
- reporting arrangements supported effective decision making; and
- reports were provided in a timely manner that supported the implementation of the HRIMS Program.

- 4.64 The HRIMS Program Board (up to May 2019) and HRIMS Steering Committee (from May 2019) were expected to provide the highest level, or strategic level, of governance for the HRIMS Program.

### Reporting to the Strategic Board

- 4.65 The Strategic Board is chaired by the Head of Service. It is:
- ... the peak ACT Public Service forum that leads the delivery of cross-directorate and strategic issues. The Strategic Board provides whole-of-government leadership and strategic direction to the ACT Public Service, including leading the digital transition. This Board comprises all Directors-General and other whole-of-government roles, including the Deputy Director-General, Workforce Capability and Governance; the Deputy Director-General, Policy and Cabinet and the Chief Digital Officer.
- 4.66 The Strategic Board has a role to oversight the Territory's significant initiatives and investments. The HRIMS Program was a significant cross-directorate initiative. It involved harmonising and uplifting HR management capabilities across the Territory and was one of the most complex programs embarked upon by the Territory. The HRIMS Program was both a significant initiative and investment.
- 4.67 In May 2019, the HRIMS Program tabled a *Human Resources Information Management Solution (HRIMS) Program Governance Review* (HRIMS Governance Review) paper that provided the Strategic Board with a series of recommendations relating to an update of the HRIMS Program's governance structure.
- 4.68 The 2019 HRIMS Governance Review identified the Strategic Board as part of the program's governance arrangements, albeit a 'light touch' point of escalation. The Strategic Board was described as:
- ... a point of escalation for major issues of strategic importance ... [which] ... should continue to appear in the HRIMS governance hierarchy. However, the Strategic Board must be used sparingly in this way if it is not to impede the timely progress of the program.
- 4.69 As noted in Chapter 3, the HRIMS Program's strategic and operational governance bodies kept a strong focus on operational oversight matters, but progressively lost sight of higher-level governance of the program. The two governance bodies ultimately merged in March 2021 to form a single governance body. However, the HRIMS Program always retained the ability to escalate matters of significance to the Strategic Board when required.
- 4.70 In the three-year period between November 2018 and the HRIMS Program's reset in November 2021, the HRIMS Program submitted papers to the Strategic Board on six occasions, with one item deferred from May 2019 to June 2019, as shown in Figure 4-5.

**Figure 4-5 HRIMS Program advice to the Strategic Board (November 2018 to November 2021)**



Source: ACT Audit Office, based on Strategic Board meeting minutes.

4.71 The Strategic Board received no formal advice regarding the HRIMS Program's performance between June 2019 and April 2021. During this period, the HRIMS Program on-boarded EY as the Implementation Partner and planned to deliver most of the activities set out in the draft Program Plans. It did so without formally advising the Strategic Board of its performance or the revised governance arrangements that had been developed. It was during this period that slippage to the HRIMS Program became increasingly apparent.

4.72 In April 2021, the HRIMS Program formally reported to the Strategic Board for the first time since June 2019. The Strategic Board was advised that the program had experienced significant slippage and that a revised schedule had been developed, which showed implementation within the calendar year. The Strategic Board was advised that:

Significant delays have been experienced, largely associated with the build and testing of required integrations between the HRIMS and interfaced systems including the rostering systems. A large proportion of the total delay can be attributed to the complexity of the integrations and challenges in engaging third-party vendors.

The Program is currently challenged by several issues in finalising interdependent bodies of work associated with the completion of open design decisions, change requests, data migration and integration build and testing phases. Other factors that have contributed to the overall delay include the additional time taken to finalise the requirements and design documents, resolve design issues, and the complexity of the data migration.

4.73 In response to the draft proposed report, the Chief Minister, Treasury and Economic Development Directorate advised:

... it is not the role of the Strategic Board to oversight projects. No capital works or ICT projects report to Strategic Board. As in the case of the HRIMS project, they each have their own governance arrangements. To place Strategic Board over the top of these arrangements would risk duplication and confusion of roles.

The HRIMS project governance was brought to Strategic Board, not for Strategic Board to provide an overall governance role, but because Strategic Board comprises Directors-General

who were key stakeholders. As this project was to deliver a capability required by all directorates, in supporting each of the various employment arrangements across our diverse public services, decisions about any such compromises could be brought to the Strategic Board. These were decisions that “Program Board [was] not authorised to make of its own accord” (page 6, 2019 HRIMS Governance Review). It was in this very narrow context that escalation to Strategic Board was contemplated unlike for any other project.

- 4.74 In response to the draft proposed report, the Chief Minister, Treasury and Economic Development Directorate also advised:

... when the HRIMS Project was brought to Strategic Board it was not under the theme of ‘leading the digital transition’ but rather under the theme of ‘build an agile and engaged public service’. This is because it was brought to get feedback from Directors-General in relation to the impact on their responsibilities in leading and managing the public service of changes that might be made to the HRIMS project.

Furthermore, the responsibility for leading the digital transition sits with the Chief Digital Officer. Strategic Board identifies ‘Lead the digital transition’ as one of seven priority areas; these priority areas provide a mechanism for prioritising and grouping the presentation of papers for Strategic Board’s consideration. Within this context it should be clearer that Strategic Board does not have a role to oversight the Territory’s significant initiatives and investments.

- 4.75 Specifically with respect to the papers that were submitted to the Strategic Board by the HRIMS program, as outlined in Figure 4-5, in response to the draft proposed report, the Chief Minister, Treasury and Economic Development Directorate advised:

A review of the purpose of each of the papers brought to Strategic Board supports [the view that it was not the role of Strategic Board to oversight projects]. They were not brought in a governance capacity but to seek support from the Strategic Board in relation to the progress of the project. The November 2018, February 2019 and October 2021 papers were brought to Strategic Board in the context of budget proposals to Cabinet to seek the support of Directors-General for those proposals. The April 2021 paper was brought to the Strategic Board to seek the support of Directors-General to allocate staff to support the project. The May 2019 paper ... confirmed that if decisions were to be made that might adversely affect the functionality of HRIMS for their directorates such a decision would not be taken without being brought to Strategic Board.

- 4.76 The HRIMS Program was a complex program for the Territory; it was a significant cross-directorate initiative that involved harmonising and uplifting HR management capabilities across the Territory. The HRIMS Program was not effectively oversighted by the Strategic Board. The Strategic Board received no formal advice regarding the HRIMS Program’s performance between June 2019 and April 2021, a period in which the HRIMS Program on-boarded EY as the Implementation Partner and planned to deliver most of the activities set out in the draft Program Plans. The Strategic Board was not formally advised of the Program’s performance or the revised governance arrangements that had been developed. Issues associated with the performance of the Program, the slippages experienced, and the challenges associated with business process harmonisation and adoption, were not formally reported to the Strategic Board until April 2021.

### Reporting to program governance bodies

- 4.77 Both draft Program Plans described arrangements for performance reporting to the HRIMS Program’s governing bodies. These arrangements included a standard format monthly

program status report that was prepared by the HRIMS Program for discussion by the top-level governing body.

#### *Reporting to June 2019*

4.78 The monthly program status report that was used to report HRIMS Program progress up to June 2019 was appropriate. The format allowed for a performance rating against eight performance criteria:

- procurement;
- resourcing;
- schedule;
- quality;
- finance;
- scope;
- risks; and
- issues.

4.79 A three-tiered performance assessment system was defined with clear thresholds set between tiers. The format of the monthly program status report also allowed for the provision of high-level information on the Program's:

- key issues, risks, and mitigations;
- schedule and milestones; and
- achievements.

4.80 The monthly program status report also allowed for a financial overview of the Program, showing planned capital/operating expenditure and actual expenditure in each year.

4.81 As discussed in paragraph 3.82, the monthly program status report did not include commentary relating to the realisation of anticipated benefits. An indication as to the HRIMS Program team's assessment of the program's likelihood to deliver expected benefits would have strengthened monthly progress monitoring by governance bodies and potentially have identified shortcomings with respect to benefits realisation sooner.

#### *Reporting from June 2019*

4.82 From June 2019 a modified monthly program status report was prepared. It was less informative. The modified status report included a single overall program status indicator to replace the eight performance criteria that was used previously.

4.83 The modified monthly program status report also presented financial information differently. The modified status report provided a three-month view of actual vs planned expenditure. However, the reports omitted information on the HRIMS Program's overall

financial position against approved funding year on year. This meant that the HRIMS Program's top level governance body (at that time, the HRIMS Steering Committee) was no longer informed on forecast expenditure necessary to complete the program of activities. Such information is critical for governance bodies to assure themselves that adequate resources remain to complete the program and deliver its outcomes.

- 4.84 HRIMS Steering Committee meeting minutes show that the monthly program status report was tabled on only four occasions in the two-year period between November 2019 and November 2021. For the other meetings a lengthy (four to six page) narrative status report was tabled. The narrative status report was prepared by EY and presented jointly with the Executive Group Manager, Digital Data and Technology Solutions. The narrative status report did not address all the topics and issues that would be expected of a program status report. For example, there was no information presented in these reports regarding benefits realisation, financial performance or performance indicators.
- 4.85 The narrative status reports did not identify specific areas that warranted governance body focus and consideration. Rather, each reported activity presented a single list of achievements, risks and issues. Governance body members spoken to for the purpose of the audit indicated that the presentation, style and length of these narrative reports were difficult to engage with. Governance body members advised that it was often difficult to identify the important items that the HRIMS Steering Committee or HRIMS Program Board needed to discuss.
- 4.86 Not all HRIMS Program workstreams, as identified in the 2019 draft Program Plan, were included in the narrative status reports provided to the HRIMS Steering Committee or HRIMS Program Board. The narrative status reports provided commentary regarding activity that involved EY as the Implementation Partner but did not include commentary on workstream activities being undertaken by the Territory including, for example, the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Plan.
- 4.87 In response to the draft proposed report, EY advised:
- It should be noted that EY was reporting status only for those aspects of the program for which it was accountable or had Territory dependencies. EY was not accountable or in a position to provide a status report for the broader program. The HRIMS Program team were accountable for reporting and governance across the entire program. Many of the issues and risks raised by EY in relation to broader program activities upon which EY was dependent, were often omitted by the HRIMS Program team in status reports [to] governance forums.
- 4.88 Both draft Program Plans described appropriate arrangements for performance reporting to the HRIMS Program's governing bodies. These arrangements included a standard format monthly program status report that was prepared by the HRIMS Program for the top-level governing body. The monthly program status report that was used to report HRIMS Program progress up to June 2019 was appropriate.
- 4.89 From June 2019 a modified monthly program status report was prepared. It was less informative. The modified status report included a single overall program status indicator



to replace the eight performance criteria that was used previously. The modified monthly program status report presented financial information differently. It provided a three-month view of actual vs planned expenditure but did not include information on the HRIMS Program's overall financial position against approved funding year on year.

- 4.90 The modified monthly program status report was presented to the HRIMS Steering Committee on only four occasions in the two-year period between November 2019 and November 2021. For the other meetings a lengthy (four to six page) narrative status report was tabled, which was prepared by EY as the Implementation Partner. The narrative status report did not address all the topics and issues that would be expected of a program status report, and did not present information regarding benefits realisation, financial performance or performance indicators. The narrative status reports provided commentary regarding activity that involved EY but did not include commentary on workstream activity being undertaken by the Territory including, for example, the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Plan.

## Program risk management

- 4.91 At any point, there may be circumstances that adversely affect a program including the delivery of its outputs, the achievement of its outcomes and the realisation of its intended benefits. These circumstances are known as:
- **program risks:** uncertain events which, should they be realised, will have an effect on the achievement of objectives. These effects are not necessarily detrimental to the objectives and benefits of the program. That is, a risk can be either a threat (uncertain events that could have an adverse impact on program objectives or benefits) or an opportunity (uncertain events that could have a favourable impact on objectives or benefits); and
  - **issues:** unplanned events that require management actions. Risks, should they be realised, become issues.
- 4.92 To manage risks and issues effectively, complex programs typically establish a documented plan that describes the program's approach to risk and issues management including the specific management activities that will be undertaken. The plan should reflect the organisation's:
- risk policies and processes;
  - risk appetite; and
  - tolerance thresholds.
- 4.93 All program risks should be captured in a risk register, which is a repository used to capture information about risks in a consistent and structured manner.

## Documenting key risks and issues

4.94 On 9 August 2017, a paper on risks and issues reporting was tabled at the HRIMS Program Board for discussion. The HRIMS Program Board was informed that:

The risk reporting format will be based on the ACT Insurance Authority template as the endorsed standard for Risk Management in CMTEDD.

4.95 Risk and issue management documentation used by the HRIMS Program was broadly consistent with ACTIA's risk management policy documentation. However, there were some differences between the HRIMS Program's risk management artefacts and ACTIA's policy documentation. The differences related to the thresholds used for categorising risk consequence.

4.96 A risk register was established and maintained for the HRIMS Program from its commencement. The risk register contained approximately 300 risks across all levels.

4.97 A review of the risk register suggests that it was not effectively maintained. For example, there were duplicated risks across the register, which suggests that it was being updated by multiple people or functional areas. The risk register provided to the Audit Office was not dated and it was not possible to ascertain when the risk register had last been updated.

4.98 The HRIMS Program's risk management approach was generally consistent with accepted ACT Government risk management policy and practice. This included establishing, and maintaining, a risk register for the HRIMS Program that documented approximately 300 risks across all levels. However, the risk register provided to the Audit Office was not dated and it was not possible to ascertain when the risk register had last been updated. There were also duplicated risks across the register, which suggests that it was being updated by multiple people or functional areas.

## Reporting and management of risks

4.99 There was evidence that risks were not managed effectively for the HRIMS Program. Key risks with ACT Government Enterprise Agreements being renegotiated in 2021 were identified and brought to the attention of the HRIMS Program Board and HRIMS Steering Committee in 2018. However, these risks:

- were not discussed in detail by the HRIMS Steering Committee or HRIMS Program Board;
- remained classified as risks rather than issues;
- did not have appropriate and detailed mitigation strategies; and
- remained unresolved between 2017 to 2021.

4.100 Key risks were brought to the attention of governance bodies throughout the life of the Program. This was done via documents called 'summary papers' which highlighted the significant risks and issues for the Program. However, a review of governance meeting

minutes showed that the risks were not discussed and systematically resolved by these bodies. The risk and issues material that was presented to the governance bodies was often not discussed.

4.101 The HRIMS Program did not classify its risks and issues by level (e.g. strategic, program or project level risks). Risks were aggregated into the register as they were identified. By way of example, the register identified the following risks that were rated as High:

- ‘diversity and complexity of the ACT Government Enterprise Bargaining Agreement (EBA) landscape is not adequately represented in the HRIMS’. This is an example of a strategic risk;
- ‘the current Program timeline requires Detailed Change Impacts to be conducted prior to Process Map updates in order to allow time for identification and planning of Business Readiness activities’. This is an example of a program risk; and
- ‘provisioning of the SAP Analytics for Cloud instance required to deliver the Workforce Planning capability impacts the critical path to Go-Live’. This is an example of a project risk.

4.102 Reporting such a broad range of risks and issues to an audience limits the register’s usefulness, and it makes it difficult for users (including the HRIMS Steering Committee and HRIMS Program Board) to identify, and manage, risks that are relevant to them.

4.103 Key risks to the HRIMS Program were regularly reported to the HRIMS Steering Committee and HRIMS Program Board as a standing agenda item. However, a review of governance meeting minutes showed that the risks were not discussed and systematically resolved by these bodies. Furthermore, the HRIMS Program did not classify its risks and issues by level; risks were aggregated into the register as they were identified. This limited the effectiveness of the register and made it difficult for users (including the HRIMS Steering Committee and HRIMS Program Board) to identify, and manage, risks that were relevant to them.

## Program schedule management

4.104 A Program Plan would typically include an overall program schedule that identifies the relative sequencing of the program’s constituent projects. This would help control and track progress in the delivery of a program and its associated outcomes. A Program Plan should also address dependencies between projects by accounting for project input and output relationships.

4.105 The audit considered the HRIMS Program’s schedule management, including whether:

- an approved, documented schedule was in place which was managed and updated regularly;
- Milestones were clearly articulated and achieved;
- dependencies were well documented and managed; and

- variances were regularly and accurately reported to decision makers to enable accurate decision making.

### Planned scheduling

4.106 A well-defined high-level schedule was developed for the HRIMS Program at its commencement, which aligned with the HRIMS Program roadmap that was identified in the 2018 draft Program Plan. However, this high-level program schedule was not supported by detailed schedules for each of the constituent projects. Detailed schedules were developed for some aspects of the program but not others.

#### *Scheduling for the HRIMS ICT Enablers project*

4.107 Detailed scheduling and milestone information was prepared for activities associated with the HRIMS ICT Enablers project, as identified in the 2018 draft Program Plan. Key Milestone information supporting the HRIMS ICT Enablers project schedule was reported to governance bodies from 2018 in relation to:

- the procurement of the Implementation Partner, and thereafter in relation to the activities of EY as the Implementation Partner; and
- Deliverables and milestones associated with the IT solution implementation project.

#### *Scheduling for the IT solution implementation project*

4.108 EY delivered a detailed schedule for the IT solution implementation project as one of its contracted Deliverables. The detailed project schedule was consistent with its scope of activities. It was developed using recognised project management software and was baselined shortly after commencement in mid-2019.

4.109 The detailed IT solution implementation project schedule aligned with the HRIMS Program Roadmap outlined in the 2019 draft Program Plan. It was also consistent with the Project Plan developed by EY in 2019. The project schedule showed detailed activities, interdependencies, resources and timeframes for each planned activity for the initial release of the IT solution (with placeholder entries for planned future releases):

- **Release 1** sought to implement a whole of government payroll and recruitment solution that included employee self-service functionality as well as necessary interfaces to the Territory's existing staff rostering systems.
- **Release 2** planned to roll out a new Learning and Development solution.
- **Release 3** planned to implement workforce planning functionality including performance management, succession/development planning, and health and wellbeing functions.

4.110 It was initially planned that the implementation of Release 1 would be completed, and Release 2 and Release 3 activities would subsequently be completed largely in parallel. Each release was associated with a phased approach to design, build, test, deploy and sustain the

delivered functionality, with key Milestones identified to mark Territory acceptance of release Deliverables.

#### *Issues with integration with legacy systems*

- 4.111 The project schedule was adversely impacted by issues associated with the ability to integrate the IT solution with the Territory's legacy systems. This resulted in a re-baselining of the schedule in mid-2020. The schedule was also impacted by the length of time required to review Milestone Deliverables, as well as the volume of change requests coming out of stakeholder workshops and acceptance testing.
- 4.112 In March 2021, it was recognised that extended delays in EY's project schedule verification phase had impacted overall timelines. The project schedule was updated to allow for early commencement of Release 2 and Release 3 activities, such that all the IT solution implementation project's planned activities were effectively occurring in parallel.
- 4.113 In August 2021, the HRIMS Program team recognised that revised November 2021 delivery dates for the IT solution were not achievable because of ongoing delays in integration and acceptance testing, and the schedule again required re-baselining. The HRIMS Program reset occurred before the schedule was updated.
- 4.114 A Master Scheduler position was initially included in the HRIMS Program team. The individual left the program in the period that the IT solution implementation project was being implemented. The Implementation Partner provided a support resource to the HRIMS Program team in the short term. However, the Master Scheduler role was not filled by the Territory before the HRIMS Program reset in November 2021.

#### *Scheduling for other projects*

- 4.115 Detailed project schedules for the Program's other projects (such as the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Plan) were not prepared or reported to governance boards. Other critical activities identified in the HRIMS Program Roadmap (as per the 2018 draft Program Plan) that were outside of EY's scope of responsibility were similarly not scheduled, e.g. legacy system decommissioning. Activities to decommission the Chris21 system, the 'Rators' and other legacy systems were crucial to the HRIMS Program's ability to realise the benefits described in the HRIMS Program's Budget Business Cases. The absence of schedules for the Program's other projects increased the risk of inadequate dependency management impacting overall delivery of the Program and benefits realisation.
- 4.116 A well-defined high-level schedule was developed for the HRIMS Program at its commencement, which aligned with the HRIMS Program Roadmap that was identified in the 2018 draft Program Plan. However, this high-level program schedule was not supported by detailed schedules for each of the constituent projects, such as the HRIMS Solution Design and Analysis and Organisational Design workstreams identified in the 2019 draft Program Management Plan. Other critical activities identified in the HRIMS Program

Roadmap were similarly not scheduled, e.g. legacy system decommissioning. The absence of schedules for the Program's other projects increased the risk of inadequate dependency management impacting overall delivery of the Program and benefits realisation.

## Stakeholder engagement

4.117 In order to achieve desired program outcomes, stakeholders affected by a program should be engaged so that they are:

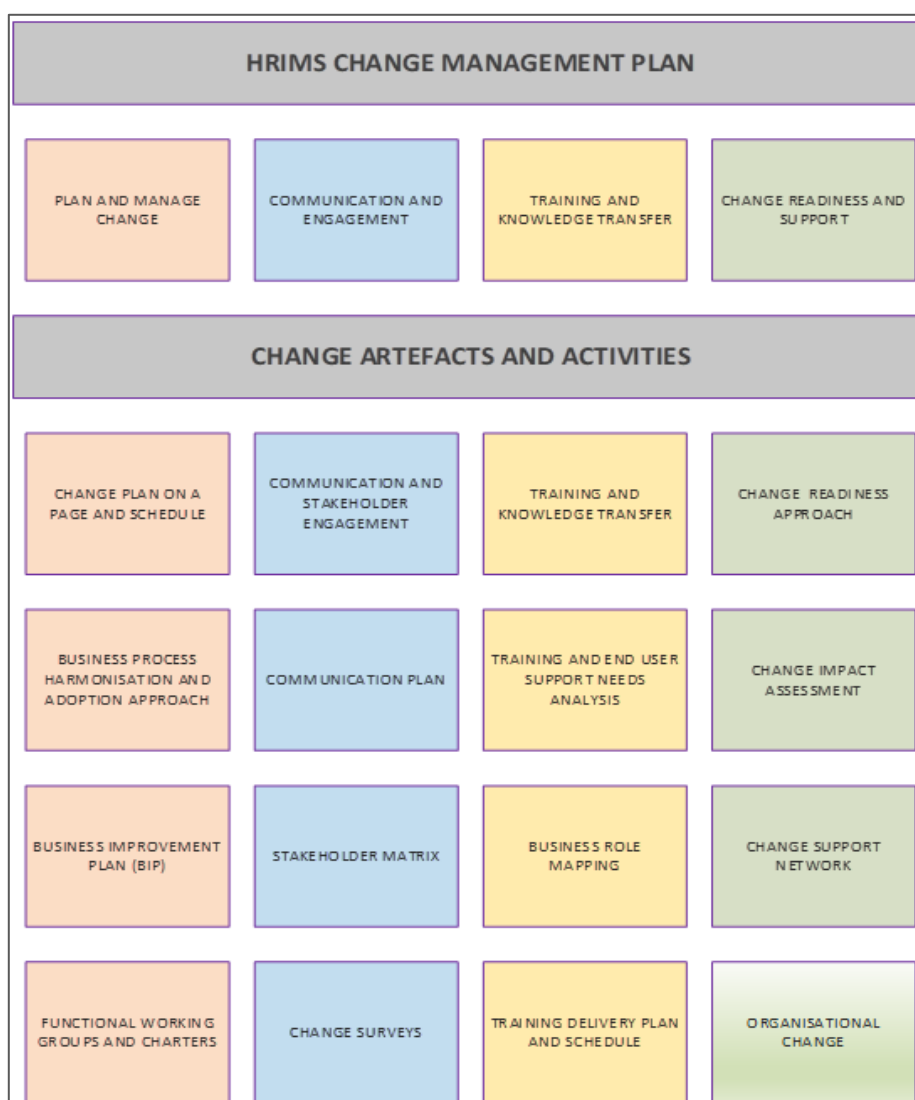
- aware of the desired future state and how it will benefit them directly; and
- prepared to undertake the transitional activity required to move from the current to the desired future state.

4.118 Where a program's component projects have a need to engage with their own stakeholders, the program must control this to ensure that communication is consistent, clear, timely and accurate. Programs typically develop and promulgate overarching stakeholder engagement strategies that projects can align to when developing subordinate stakeholder engagement plans.

### HRIMS Change Management Plan

4.119 A *HRIMS Change Management Plan* was developed throughout 2018 and approved by the Program's governance bodies early in 2019. The plan set out a structured approach to stakeholder engagement and organisational change management under a four-streamed approach, which is shown in Figure 4-6.

Figure 4-6 HRIMS Program planned approach to stakeholder engagement



Source: HRIMS Change Management Plan V1.0.

4.120 Stakeholders were represented at all levels of the HRIMS Program’s governance structure, including:

- Shared Services HR and Directorate HR Executives and DDTS Executives in the strategic governing body;
- Directorate and Shared Services Senior HR Directors in the operational governing body; and
- Shared Services and Directorate HR staff in tactical groups and bodies.

4.121 Senior CMTEDD/Shared Services Executives also regularly engaged with whole-of-government forums including the Quality and Measurement Advisory Committee (QMAC) and the Joint Council (a group established under the *Public Sector Management Act 1994* which brings together officials from unions and the ACT Government for the purpose of consulting on whole of government matters and other issues with service-wide implications).

## HRIMS Change Team

4.122 The HRIMS Program included a HRIMS Change Team that was responsible for managing and delivering change outcomes for the HRIMS Program. The *HRIMS Change Management Plan* described that:

It is critical for the overall success of the HRIMS change process that the Directorates are accountable and responsible owners for the delivery and adoption of the change. The HRIMS Change Team will work closely with identified business stakeholders to provide guidance and support in the delivery of agreed change actions. The HRIMS Communications Manager will also consult with key stakeholders in the development of communications and broader stakeholder engagement campaigns.

4.123 The HRIMS Change Team consulted extensively with directorates to define HRIMS Program benefits from each directorate's perspective, develop change impact assessments and facilitate directorates' change readiness.

4.124 In accordance with the *HRIMS Change Management Plan*, the HRIMS Change Team undertook several whole-of-government communication campaigns. Whole-of-government messages were issued in June and November 2020, and in January and June 2021 for the purpose of ensuring ACTPS staff were informed of intended changes associated with the HRIMS. An example of one of these messages from June 2021 is shown in Figure 4-7.


**Figure 4-7 Example of whole-of-government HRIMS Program message**

**ARE YOU GOING TO BE READY....**

**Will you be ready.....**

A program is underway to transform how HR and Payroll is managed for all ACT Government employees.

Why do you need to know? The Human Resources Information Management Solution (HRIMS) will change where and how you access manage your HR and Payroll information.

 Join us for a demonstration to find out how you will access your pay details, enter time and leave requests, update your personal data on-line and more and how you will be able access all this via the mobile application.

Register now for an HRIMS demonstration and find out more about what is coming your way. Login to [ACTGOV Learn](#) to register for a session. For more information access the [HRIMS SharePoint](#)

**HRIMS: Transforming how you access HR and Payroll information - anytime, anywhere!!**

*Authorised by Mat Rogers, Executive Branch Manager Strategic Business Branch, Chief Minister, Treasury and Economic Development Directorate*

Source: HRIMS Program messaging from June 2021.



### Communication with directorate stakeholders

- 4.125 Engagement occurred with stakeholders through a combination of HRIMS Program and directorate-specific workshops. Stakeholders that were interviewed for the purpose of the audit advised that they had an expectation that these workshops were aimed at requirements gathering and defining how existing business processes could be reflected in an IT solution for the directorate. However, it is apparent that the HRIMS Program team intended that these workshops would help demonstrate how a whole-of-government HR management solution would change and improve existing directorate HR capabilities.
- 4.126 This mismatch in expectations led to stakeholders raising requirements and highlighting perceived issues with the proposed system based on their existing processes. The HRIMS Program team's approach was to acknowledge these issues and place them into a 'parking lot' construct at the workshops with an intent to address them later. However, the issues were not revisited and were not addressed to stakeholders' satisfaction. The result was that stakeholders felt that the HRIMS Program:
- failed to fully understand their needs and expectations; and
  - had not listened to their concerns.
- 4.127 In some cases, stakeholders felt that the proposed system represented a backward step for their directorate. Overall, this negatively impacted the HRIMS Program's ability to generate stakeholder excitement and anticipation for a future that included a whole-of-government HR solution.
- 4.128 The workshops highlighted HR management process complexities in directorates that had not previously been identified. For example, business rules critical to the approval of timesheets with multiple cost centres had not been defined nor addressed by the proposed IT Solution.
- 4.129 Stakeholders felt that these process complexities, having existed in their directorate for a long time, ought to have been considered in the Program's original requirements specification. Furthermore, they were concerned that the nuanced processes could not be addressed by EY as the Implementation Partner without an approved Change Request, potentially posing the risk of additional expense to the Territory.
- 4.130 These concerns flowed into ongoing discussions at the HRIMS Program Steering Committee and were detrimental to stakeholder support for the program. Stakeholders interviewed for the purpose of the audit believed that these issues were attributable to a lack of ACT Government HR and payroll expertise in the HRIMS Program team that did not understand the nature and complexity of the Territory's HR landscape.
- 4.131 Stakeholders were engaged through a combination of HRIMS Program communications, program, and directorate-specific workshops. These workshops highlighted HR management process complexities within directorates that should have been considered in the HRIMS Program's original requirements specification. Despite their identification, these

issues were not revisited or addressed to stakeholders' satisfaction. As a result, stakeholders reported not feeling heard and subsequently did not buy in to the HRIMS Program's vision.

## 5 CONTRACT WITH EY

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- 5.1 This chapter discusses the Territory's planning for, and management of, the contract with EY as the Implementation Partner. The audit considered the planning and implementation of the contract against better practice identified in the Commonwealth Department of Finance's *Contract Management Guide – April 2019 (Contract Management Guide)*. The April 2019 version of this document was in place at the time that the contract with EY was executed.

### Summary

### Conclusion

The Territory's planning for, and management of, the contract with EY was poor.

The Territory engaged EY through an overarching Deed of Standing Offer (Head Agreement) and associated Work Order in April 2019. The value of the executed contract was \$18,009,920 (GST exclusive).

A Statement of Work identified a total of 21 Milestones and 74 Deliverables associated with the services. The Territory was identified as 'accountable' for 14 of the Deliverables and EY was 'accountable' for 60 of the documented Deliverables. Both the Territory and EY were equally 'responsible' for 56 (or 76 percent) of the Deliverables. Making each party 'responsible' meant that it was not clear which party was ultimately responsible for taking the lead on the Deliverable.

Contract management foundation documents, such as a Contract Management Plan or Risk Management Plan, were not finalised or endorsed. The Work Order, and Statement of Work, outlined high-level requirements for a Performance Management Framework but provided for its practical details to be subsequently developed. By not developing and agreeing the details of the Performance Management Framework at the outset, the Territory was subsequently hampered in its efforts to implement robust performance management practices.

### Key findings

Paragraph

#### Contractual documentation

The Territory engaged EY through the execution of an overarching Deed of Standing Offer (the Head Agreement) (dated 17 April 2019) and a Work Order (dated 18 April 2019) that sought to define the work that was required and associated terms of engagement. The details of the Head Agreement and Work Order were reported in the ACT Government Contracts Register on 9 May 2019, although the Register

5.12

erroneously identified the supplier as PLAUT IT Australia. The value of the executed contract was a fixed price of \$18,009,920 (GST exclusive).

The Work Order included a Statement of Work, as Annexure A, that further detailed the services that EY was to provide to the Territory. The Statement of Work included a Milestone Schedule (Clause 6), which identified a total of 21 Milestones. For each Milestone an indicative month for delivery was identified, as well as acceptance criteria, i.e. the conditions required for the milestone to be identified as satisfactorily completed. A Deliverables Matrix identified 74 Deliverables that were to be provided as part of the services. For each Deliverable, the Milestone to which it belonged was identified (with reference to each of the three releases) as well as acceptance criteria, i.e. minimum requirements for each of the Deliverables. 5.20

For each Deliverable, the role of the Territory and EY was also identified, as either: *Responsible, Accountable, Consulted or Informed*. The Territory was 'accountable' for 14 of the Deliverables and EY was 'accountable' for 60 of the documented Deliverables. However, both the Territory and EY were equally 'responsible' for 56 (or 76 percent) of the Deliverables. Although it is reasonable to expect that some of the Deliverables would require collaboration between the Territory and EY, making each party 'responsible' meant that it was not clear which party was ultimately responsible for taking the lead on the Deliverable. The ambiguity of such an approach placed the effective delivery of the services at risk. 5.21

Clause 12 of the Head Agreement provided for the payment arrangements for the services. Clause 12 provided for the Territory to pay EY 'the relevant Charges as set out in Schedule 4 - Pricing or the relevant Work Order'. *Schedule 4 - Pricing* of the Head Agreement provided for a fixed price amount for the three releases of the system, as well as an amount for 'business as usual support'. Clause 6 of the Statement of Work, which detailed the Milestones to be delivered, provided that 'each Milestone is attached to a Milestone Payment as set out in Schedule 4 – Pricing'. Clause 6 of the Statement of Work identified all but two of the Milestones (being the first and last) as relating to either: Release 1; Release 2; Release 3; or BAU Support. 5.34

### Governance and management of the contract

Two Contract Management Plans were drafted by a Territory official, for the management of the Head Agreement and the Work Order. However, neither document was finalised or endorsed. The development of a Contract Management Plan was identified as a Deliverable for which both the Territory and EY were 'responsible', but for which the Territory was 'accountable'. The Territory asserted that the documents were not finalised as the content of the documents could not be agreed upon with EY, specifically in relation to performance management. Regardless of the endorsement status, both documents were ineffective as they lacked sufficient detail for components that support successful contract management including risk management, performance management, delivery, and acceptance processes, reporting and contract governance. There was no evidence that the Territory had used either Contract Management Plan to guide the management of the contract. 5.50

Weekly contract management meetings were established and occurred between the Territory and EY. The meetings occurred between Territory and EY representatives between June 2019 and June 2021. During this time, of a maximum potential of 100 meetings only 40 occurred (or an equivalent of 40 percent). The agenda items outlined in the Project Plan were appropriately discussed at each meeting. There were no defined terms of reference for the meetings. Terms of reference would have been beneficial in providing clear guidance on the expected roles and responsibilities of attendees.

5.59

The Project Plan and draft Contract Management Plans were inconsistent in identifying who was specifically responsible for the management of the contract with EY. The Project Plan described the Territory's Executive Branch Manager (as well as EY's Engagement Partner) as being 'responsible for the overall Program and Project engagement and contract management' as the Program/Project Managers. The draft Contract Management Plans assigned the role of the Territory's Contract Manager to the Senior Manager ICT Contracts and Licensing. However, the Senior Manager ICT Contracts and Licensing was not responsible for managing performance and delivery under the agreement. They were not responsible for monitoring and management of Deliverables, establishing governance and meetings, or ensuring reporting covered all requirements. The draft Contract Management Plans described these as the responsibility of the Program/Project Managers.

5.67

A Risk Management Plan specifically relating to the contract with EY was not developed or documented by the Territory. A risk register was not established in relation to the contract with EY. Risks and issues that specifically related to the management of the EY contract were also not included in the program's risk register. Instead, provisions in the contract and contract variations were only documented as controls or treatments to program level risks. Given the complexity of the contract, it would be reasonable to expect that a Risk Management Plan be documented, and that a risk register be documented and maintained to provide appropriate oversight and management of contract related risks.

5.75

### Contract performance management

The Work Order and Statement of Work outlined requirements for a Performance Management Framework 'to manage the contractual obligations of the Contractor'. The documents outlined the high-level requirements for a Performance Management Framework but provided for its practical details to be subsequently developed. By not developing and agreeing the details of the Performance Management Framework at the outset, the Territory was subsequently hampered in its efforts to implement robust performance management practices.

5.90

A Framework was initially established that involved monthly performance management meetings and assessment criteria that was used to assess EY's performance. The assessment of EY's performance was a two-step process; an initial self-assessment by EY, followed by an assessment by the Territory. Three monthly performance reviews were conducted between September and 2019 November. Increasing divergence between EY's self-assessed scores and the Territory's scores

5.91

impacted the finalisation of the performance reviews. Over time, the continued divergence in scores contributed to increasing tension between the Territory and EY. In March 2020, a decision was made to revise the performance review process to: remove the scoring element and focus on the issues and proposed remedies; only require responses 'where required'; and remove the need to address all of the sub-elements of the Key Result Areas. The revised approach was used on a monthly basis from April 2020 to March 2021.

## Contractual documentation

5.2 The Territory engaged EY through the execution of:

- an overarching Deed of Standing Offer (the Head Agreement); and
- a Work Order that sought to define the work required and associated terms of engagement.

5.3 The Head Agreement established an order of precedence for contractual documents being the Head Agreement, Work Order(s) and then other documents as necessary.

### Head Agreement

5.4 On 17 April 2019, the Head Agreement was executed between the Territory and EY.

5.5 The Head Agreement was for a period of three years from the commencement date, with an option for two extension periods of one year each. The Head Agreement included nine Schedules, which were to be used as a basis to define specific components of the contract. A brief description of each Schedule is provided in Table 5-1.

**Table 5-1 Deed of Standing Offer (Head Agreement) Schedules**

Schedule	Schedule Title	Description
1	Contract Details	Provided basic contract information such as details of relevant Contract Officers, the term of the agreement and any extension periods and other information and conditions related to the Deed of Standing Offer.
2	Statement of Work template	Provided a template for the development of a Statement of Work, i.e. a means to identify the Territory's requirements for the provision of the Services. The Statement of Work was developed as part of Work Order 1.
3	Not used	Not applicable
4	Pricing	Provided: <ul style="list-style-type: none"> <li>• a 'rate card' for the hourly charge-out rates of Contractor personnel; and</li> <li>• a fixed price amount for the three releases of the system, as well as an amount for 'business as usual support'.</li> </ul>

Schedule	Schedule Title	Description
5	Performance Guarantee and Indemnity	Provided an agreement for the Contractor to provide guarantees and indemnities in respect to the performance of its' obligations under the Contract terms and conditions and all Work Orders entered into under the contract.
6	Applicable Requirements	Detailed the Territory's requirements as they related to applicable laws, work health and safety, records management, invoicing, anti-discrimination, freedom of information, policies, security, integrity, environmental and code of conduct requirements.
7	Cloud hosting of system	Detailed the Territory's requirements relating to system security, access and assistance, management of ICT security events and incidents, data protection, data ownership and hosting arrangements.
8	Deed of confidentiality	Detailed the Territory's requirements relating to access to, and management of, confidential information that may be acquired, directly or indirectly in connection with the Contract.
9	Work Order form	Provided a template for the establishment of Work Orders under the Contract including details of the services to be provided in accordance with the Statement of Work, Project Plan and forms an agreement on applicable charges for the work to be performed.

Source: Deed of Standing Offer between the Territory and EY, executed 29 March 2019.

5.6 The Head Agreement specified that 'the Contractor is not required to provide any Services under this Contract and is not entitled to the payment of any Charges unless the parties have entered into a Work Order for the Services'.

## Work Order

5.7 In accordance with the Head Agreement, Work Order 1 (the Work Order) was executed on 18 April 2019. The Work Order was executed in the form provided by *Schedule 9 – Work Order* of the Head Agreement.

5.8 The Work Order specified an initial term of 1 May 2019 to 1 May 2022, with two extension options of one year each.

5.9 The Work Order included four annexures, which were to be used as a basis to define specific components of the contract. A brief description of each annexure is provided in Table 5-2.

**Table 5-2 Work Order 1 annexures**

Annexure	Annexure Title	Description
A	Statement of Work	Identified the Territory's requirements for the provision of the Services.
B	Project Management Plan	Identified a requirement for the Contractor to prepare a Project Management Plan. Outlined the minimum requirements for the Plan.

Annexure	Annexure Title	Description
C	Rate Card	Provided a 'rate card' for the hourly charge-out rates of Contractor personnel'.
D	Glossary	Provided a glossary of terms relevant to the Deliverables associated with the Work Order.

Source: Work Order between the Territory and EY, executed 18 April 2019.

- 5.10 The Work Order outlined the 'charges relating to the performance of the Services' and provided that 'unless expressly stated in the Work Order, all terms and conditions of the Head Agreement were to apply as part of the Work Order'.
- 5.11 The details of the Head Agreement and Work Order were reported in the ACT Government Contracts Register on 9 May 2019. However, the ACT Government Contracts Register erroneously identified the supplier as PLAUT IT Australia. The value of the executed contract was a fixed price of \$18,009,920 (GST exclusive).
- 5.12 The Territory engaged EY through the execution of an overarching Deed of Standing Offer (the Head Agreement) (dated 17 April 2019) and a Work Order (dated 18 April 2019) that sought to define the work that was required and associated terms of engagement. The details of the Head Agreement and Work Order were reported in the ACT Government Contracts Register on 9 May 2019, although the Register erroneously identified the supplier as PLAUT IT Australia. The value of the executed contract was a fixed price of \$18,009,920 (GST exclusive).

### Statement of Work

- 5.13 The Work Order included a Statement of Work, as Annexure A, that further detailed the services that EY was to provide to the Territory. The Statement of Work stated:

The purpose of this SOW is to identify the Services that the Contractor will provide to the Territory for implementation of the Solution.

The Contractor will deliver all elements of the System Integrator Project which forms part of the overall HRIMS Program, as identified and agreed in Attachment C Deliverables.

- 5.14 The Statement of Work outlined, among other things:
- the objectives sought from 'the Solution';
  - the business outcomes sought from 'the Solution';
  - a functional scope for the services to implement 'the Solution';
  - design principles for the delivery of the services;
  - a 'high-level approach' to the implementation of 'the Solution' with reference to the three releases;
  - a high-level outline of the Contractor's 'implementation approach and methodology', which was 'to be further set out in the Project Management Plan';
  - an overview of the project phases for the releases of 'the Solution';



- a schedule of project milestones;
- the Contractor’s specified personnel for the project;
- the HRIMS Program’s governance structure (with reference to the governance committees and groups); and
- a Performance Management Framework ‘to manage the contractual obligations of the Contractor’.

5.15 The Statement of Work required EY to implement ‘the Solution’ in accordance with the Statement of Work and Head Agreement through three releases. Each release was to include:

- ‘change management, training and knowledge transfer and communications’; and
- ‘Data Migration – The Territory will prepare and present data in the agreed format and work with the Contractor to facilitate migration of data to the Solution’.

#### *Deliverables matrix*

5.16 Clause 4 of the Statement of Work identified Deliverables to be delivered as part of the services. The Statement of Work stated, ‘all Deliverables required under this Contract are provided in Attachment C – Deliverables Matrix’ (the Deliverables Matrix). The Deliverables Matrix identified 74 Deliverables that were to be provided as part of the services. For each Deliverable, the Deliverables Matrix identified:

- the phase to which it belonged;
- the workstream to which it belonged;
- the milestone to which it belonged (with reference to each of the three releases);
- acceptance criteria for the Deliverable, i.e. minimum requirements for each of the Deliverables; and
- the role of the Territory and EY.

5.17 The Deliverables Matrix indicated whether the ACT Government or EY was expected to be *Responsible, Accountable, Consulted or Informed* for each Deliverable. Definitions for each term are shown in Table 5-3.

**Table 5-3 Deliverables Matrix Terms**

<b>Deliverables Matrix Term</b>	<b>Definition</b>
Responsible	<p>The role, team or workstream responsible for performing the activities required to complete tasks.</p> <p>The degree of accountability for an item is defined by the Accountable (A) role.</p> <p>Responsibility (R) can be delegated and can also be assigned across multiple roles and/or teams.</p>

Deliverables Matrix Term	Definition
Accountable	Ensures that Deliverables and work products are delivered on time, within budget and to the required quality standard. Accountable for the Deliverables, work products and other technology aspects. Only one a can be assigned for a given item.
Consulted	Engaged by the Accountable (A) and or Responsible (R) role to provide input and assurance in the completion of a task. Those Consulted (C) are typically involved through the lifecycle of an activity, from planning to implementation. Consulted (C) can be assigned across multiple roles and/or teams.
Informed	Provided with information and updates by the Responsible (R) role. This activity will often be critical in informing the development, planning and validation of other activities. Feedback is not formally requested from those who are Informed (I). Informed (I) can be assigned across multiple roles and/or teams.

Source: Statement of Work, Deliverables Matrix (Annexure A to the Work Order).

5.18 A review of the Deliverables Matrix shows:

- the Territory was 'accountable' for 14 of the Deliverables and EY was 'accountable' for 60; and
- the Territory and EY were equally 'responsible' for 56 (or 76 percent) of the Deliverables.

5.19 Although it is reasonable to expect that some of the Deliverables would require collaboration between the Territory and EY, making each party 'responsible' meant that it was not clear which party was ultimately responsible for taking the lead on the Deliverable. The ambiguity of such an approach placed the effective delivery of the services at risk.

5.20 The Work Order included a Statement of Work, as Annexure A, that further detailed the services that EY was to provide to the Territory. The Statement of Work included a Milestone Schedule (Clause 6), which identified a total of 21 Milestones. For each Milestone an indicative month for delivery was identified, as well as acceptance criteria, i.e. the conditions required for the milestone to be identified as satisfactorily completed. A Deliverables Matrix identified 74 Deliverables that were to be provided as part of the services. For each Deliverable, the Milestone to which it belonged was identified (with reference to each of the three releases) as well as acceptance criteria, i.e. minimum requirements for each of the Deliverables.

5.21 For each Deliverable, the role of the Territory and EY was also identified, as either: *Responsible, Accountable, Consulted or Informed*. The Territory was 'accountable' for 14 of the Deliverables and EY was 'accountable' for 60 of the documented Deliverables. However, both the Territory and EY were equally 'responsible' for 56 (or 76 percent) of the Deliverables. Although it is reasonable to expect that some of the Deliverables would require collaboration between the Territory and EY, making each party 'responsible' meant

that it was not clear which party was ultimately responsible for taking the lead on the Deliverable. The ambiguity of such an approach placed the effective delivery of the services at risk.

#### *Work products*

- 5.22 Clause 5 of the Statement of Work identified Work Products to be delivered as part of the services. The Statement of Work stated, 'in addition to the Deliverables set out at Section 4, the Contractor will deliver to the Territory any additional Work Products that are created throughout the Term'.
- 5.23 A list of the Work Products was included as *Attachment E – Work Products Matrix*. The attachment identified a total of 31 numbered Work Products and a further eight 'New' unnumbered products to be delivered.

#### *Milestone schedule*

- 5.24 Clause 6 of the Statement of Work identified Milestones to be achieved as part of the services. The Statement of Work stated 'the Contractor is required to perform the Milestones by the Milestones Dates'.
- 5.25 A total of 21 Milestones were identified. For each Milestone the following was identified:
- Milestone title, e.g. M01, M02;
  - Milestone description, e.g. 'Prepare & Plan/High Level Design' for M01 or 'Release 1 – Exit of Explore Stage (Design)' for M02;
  - indicative month for delivery of the Milestone. These were identified with reference to the 28 months the services were expected to take, e.g. 'Month 3' for M01 and 'Month 5' for M02; and
  - acceptance criteria, i.e. the conditions required for the Milestone to be identified as satisfactorily completed.
- 5.26 The Statement of Work further stated:
- ... a prerequisite for the acceptance for each Milestone is that the chronologically preceding Milestones for that release have been accepted. Details of Deliverables that are required to be accepted as part of each Milestone are set out in Attachment C – Deliverables Matrix.

#### *Payment arrangements*

- 5.27 Clause 12 of the Head Agreement provided for the payment arrangements for the services. Clause 12.1 identified that the payment of invoices by the Territory was subject to:
- 'the Contractor's provision of the Services in accordance with the requirements of this Contract';
  - 'where Acceptance is required, the Territory providing an Acceptance Certificate Accepting each Deliverable to which the relevant Charges relate'; and

- ‘the Contractor continuing to otherwise comply with the Contract’.

5.28 Clause 12 further provided ‘following its receipt of an Invoice and otherwise in accordance with Clause 12, [the Territory] must pay the Contractor the relevant Charges as set out in Schedule 4 - Pricing or the relevant Work Order’.

5.29 As noted, Table 5-1, *Schedule 4 - Pricing* of the Head Agreement provided:

- a ‘rate card’ for the hourly charge-out rates of Contractor personnel; and
- a fixed price amount for the three releases of the system, as well as an amount for ‘business as usual support.’

5.30 Table 5-4 shows the Work Order fixed price table in *Schedule 4 - Pricing* of the Head Agreement.

**Table 5-4 Work Order fixed prices**

Description	Total Fixed Price (GST exclusive)
Release 1 Payroll/Recruitment Onboarding	\$13,938,690
Release 2 Learning management/Performance Management	\$1,711,430
Release 3 Talent/Wellbeing	\$1,669,800
BAU Support	\$690,000
<b>Total</b>	<b>\$18,009,920</b>

Source: Work Order 1 Fixed Price table (Table 2 of Schedule 4 - Pricing to the Head Agreement).

5.31 No further detail was provided in *Schedule 4 - Pricing* to the Head Agreement in relation to payment arrangements for the services.

5.32 Clause 6 of the Statement of Work, which detailed the Milestones to be delivered, stated:

Each Milestone is attached to a Milestone Payment as set out in Schedule 4 – Pricing.

5.33 As shown in Table 5-4, *Schedule 4 – Pricing* identified the total fixed price payable for each of the releases. Clause 6 of the Statement of Work identified all but two of the Milestones (being the first and last) as relating to either:

- Release 1;
- Release 2;
- Release 3; or
- BAU Support.

5.34 Clause 12 of the Head Agreement provided for the payment arrangements for the services. Clause 12 provided for the Territory to pay EY ‘the relevant Charges as set out in Schedule 4 - Pricing or the relevant Work Order’. *Schedule 4 - Pricing* of the Head Agreement provided for a fixed price amount for the three releases of the system, as well as an amount

for 'business as usual support'. Clause 6 of the Statement of Work, which detailed the Milestones to be delivered, provided that 'each Milestone is attached to a Milestone Payment as set out in Schedule 4 – Pricing'. Clause 6 of the Statement of Work identified all but two of the Milestones (being the first and last) as relating to either: Release 1; Release 2; Release 3; or BAU Support.

## Governance and management of the contract

5.35 The governance and management of the contract was considered with reference to:

- contract management planning;
- contract management meetings;
- contract management responsibilities; and
- contract risk management.

### Contract Management Plan

5.36 A Contract Management Plan is a useful mechanism by which to implement and manage a contract. According to the *Contract Management Guide*, a Contract Management Plan should:

- provide an overview of the governance of the Contract from an operational, financial and performance reporting perspective; and
- be a working document that assists an entity to manage the contract.

5.37 The *Contract Management Guide* states:

A contract management plan contains key information about how the contract will be managed over its life to ensure that value for money is achieved. It should be a working document that assists you to manage the contract. Your contract management plan should reflect the level of complexity and risk associated with your contract. Transactional and routine contracts may not need a written contract management plan. More complex or higher risk contracts would usually require a detailed contract management plan.

...

Your contract management plan should detail commonly referenced information about the contract. It should not replicate contract information but should provide references to that information (e.g. relevant contract clauses, location of registers or plans). This is to ensure that, should information change in the contract or other documents, it is not contradicted by the contract management plan.

5.38 According to the *ACT Procurement Values Guide*, Territory Entities should aim to have a Contract Management Plan finalised at the same time a contract is awarded.

5.39 As of February 2023, Procurement ACT had not published fact sheets or guidance documents that prescribed the requirements or expectations that Territory Entities should consider when developing a Contract Management Plan. Nevertheless, the *Contract*

*Management Guide* provides comprehensive guidance on the features and components of what could be expected in a Contract Management Plan. These are shown in Appendix D. Whilst not mandatory, the use of these components is considered best practice for complex, high-value strategic contracts.

### **Draft Contract Management Plans**

5.40 The development of a Contract Management Plan was identified as a Deliverable (Deliverable D07) under the Deliverables Matrix. The Deliverables Matrix identified:

- both the Territory and EY as ‘responsible’ for the development of the Contract Management Plan; and
- the Territory as ‘accountable’ for the development of the Plan.

5.41 Two Contract Management Plans were drafted:

- one was focused on the management of the Head Agreement; and
- one was intended to guide the management of the first Work Order.

#### *Head Agreement Contract Management Plan*

5.42 A Contract Management Plan for the Head Agreement was drafted by a Territory official and revised to version 0.2 in October 2019. The Contract Management Plan for the Head Agreement described its purpose was to:

... assist Program, Project and Contract Managers to properly manage and control the contract by addressing key processes, issues and approaches to Contract Performance Management and monitoring assisting both parties to fulfil their commercial and contractual commitments.

5.43 The draft Contract Management Plan restated much of the information in the Head Agreement and its associated documents. It provided little new information or insights beyond what was already documented.

5.44 For components considered critical to the success of contract management such as risk management, performance management, delivery and acceptance processes, reporting and contract governance, the document referred to supporting documents such as Work Order(s), the Statement of Work, Program Plan and Project Plan. For example, it included a single line in relation to risk management stating ‘the PMP [Project Plan] will provide all management of Risk and Issues for the program including Work Orders’.

5.45 The document remained in draft and was not finalised. The Territory asserted that the document was not finalised as the content of the documents could not be agreed upon with EY, specifically the information relating to performance management.

#### *Work Order Contract Management Plan*

5.46 A Contract Management Plan for the Work Order was drafted by a Territory official. It remained at version 0.1 and was not dated.

- 5.47 The draft Contract Management Plan for the Work Order described that its purpose was to ‘address the work and terms under Work Order 1’.
- 5.48 The document remained in draft and was not finalised. The Territory asserted that the content of this document could also not be agreed with EY, specifically around information relating to performance management.
- 5.49 The draft Contract Management Plan for the Work Order duplicated much of the information in the draft Contract Management Plan for the Head Agreement. It provided little new information or insights beyond what was already documented.
- 5.50 Two Contract Management Plans were drafted by a Territory official, for the management of the Head Agreement and the Work Order. However, neither document was finalised or endorsed. The development of a Contract Management Plan was identified as a Deliverable for which both the Territory and EY were ‘responsible’, but for which the Territory was ‘accountable’. The Territory asserted that the documents were not finalised as the content of the documents could not be agreed upon with EY, specifically in relation to performance management. Regardless of the endorsement status, both documents were ineffective as they lacked sufficient detail for components that support successful contract management including risk management, performance management, delivery, and acceptance processes, reporting and contract governance. There was no evidence that the Territory had used either Contract Management Plan to guide the management of the contract.

## Contract management meetings

- 5.51 In addition to the HRIMS Program governance group meetings (the HRIMS Steering Committee and HRIMS Governance Board), clause 11 of the Statement of Work provided for a series of meetings to occur between EY and the Territory. These are shown in Table 5-5.

**Table 5-5 Contract management meetings**

Meeting	Content	Output
Weekly Project status meeting	<ul style="list-style-type: none"> <li>- Review metrics to ensure day to day delivery &amp; consistency</li> <li>- Delivery review</li> <li>- Issue resolution</li> <li>- Process alignment</li> <li>- Value alignment</li> </ul>	<ul style="list-style-type: none"> <li>- Slide provided detailing project status</li> <li>- Update to Project Risks and Issues Register</li> </ul>
Weekly Contract management meeting	<ul style="list-style-type: none"> <li>- Risks, Issues</li> <li>- Deliverables</li> <li>- Dependencies</li> <li>- Timeframes</li> <li>- Pricing</li> <li>- Next steps</li> <li>- Actions</li> </ul>	<ul style="list-style-type: none"> <li>- Minutes of Contract management meeting to be provided by the Contractor and verified by the Territory</li> <li>- Update to Project Contract Risks and Issues Register</li> <li>- Update to Project IP Register</li> </ul>
Monthly performance review meeting	<ul style="list-style-type: none"> <li>- Contractor Performance Management Review</li> </ul>	<ul style="list-style-type: none"> <li>- Scorecard completed and approved by the Territory</li> </ul>

Meeting	Content	Output
	- Performance issues	
Monthly WRICEF management meeting	- WRICEF register - Tracking of total days of effort expended	- WRICEF register - Blueprints for approved WRICEF items

Source: ACT Audit Office, based on the Statement of Work.

5.52 The HRIMS Program team advised that:

- the weekly project status meeting occurred as planned. As this was a lower-level forum, meeting minutes were not expected nor produced; and
- the monthly WRICEF management meeting occurred as planned. As this was a lower-level forum, meeting minutes were not expected nor produced.

#### *Weekly contract management meetings*

5.53 The Statement of Work and Project Plan identified a weekly contract management meeting that was to occur between Territory and EY representatives.

5.54 A weekly 'Contract and Performance Management' meeting was subsequently established between the Territory and EY representatives to discuss:

- current and significant business;
- scope change requests and impacts;
- schedule tracking and the critical path;
- Deliverable and Milestone status;
- performance issues and management (monthly);
- risks and issues review; and
- any other business.

5.55 The first of these meetings occurred on 7 June 2019, with representatives from the Territory and EY in attendance. A review of the meeting minutes demonstrated that these meetings occurred between Territory and EY representatives between June 2019 and June 2021. During this time, of a maximum potential of 100 meetings only 40 occurred. The agenda items outlined in the Project Plan were discussed at each meeting.

5.56 There were no defined terms of reference for the weekly contract management meeting. Terms of reference would have been beneficial in providing clear guidance on the expected roles and responsibilities of attendees.



### *Monthly performance management meetings*

- 5.57 Every month, the weekly contract management meetings included an agenda item to facilitate the discussion expected to occur as part the monthly performance management meeting.
- 5.58 These are discussed in further detail in paragraphs 5.76 to 5.91.
- 5.59 Weekly contract management meetings were established and occurred between the Territory and EY. The meetings occurred between Territory and EY representatives between June 2019 and June 2021. During this time, of a maximum potential of 100 meetings only 40 occurred (or an equivalent of 40 percent). The agenda items outlined in the Project Plan were appropriately discussed at each meeting. There were no defined terms of reference for the meetings. Terms of reference would have been beneficial in providing clear guidance on the expected roles and responsibilities of attendees.

## **Contract Manager(s)**

### *Draft Contract Management Plans*

- 5.60 The draft Contract Management Plans identified the roles of:
- Contract Managers; and
  - Program / Project Managers.
- 5.61 Two Contract Managers were identified, one from the Territory and one from EY. Their role was described as:
- ... manage and maintain the Work Order as required by the Project Manager and this CMP. This will include ensuring they are up to date with any change requests variations, or deviations raised and agreed in appropriate forums.
- 5.62 Two Program / Project Managers were identified, one from the Territory and one from EY. Their role was described as:
- ... manage all performance and delivery under the agreement including the monitoring and management of Deliverables (delivery, review, update and approval), establishing governance and meetings (through the Project Management Plan), ensuring reporting covers all requirements (through the Project Management Plan).

### *Project Plan*

- 5.63 The Project Plan (refer to paragraphs 4.4 to 4.7) also identified roles and responsibilities for the HRIMS Program. It described the Territory's Executive Branch Manager and EY's Engagement Partner as being:
- Responsible for the overall Program and Project engagement and contract management.
- 5.64 No further detail was provided in the Project Plan as to what was envisaged by this.

- 5.65 The draft Contract Management Plans assigned the role of Contract Manager for the Territory to the Senior Manager ICT Contracts and Licensing. The Territory's Contract Manager was not responsible for managing performance and delivery under the agreement. They were not responsible for the monitoring and management of Deliverables, establishing governance and meetings or ensuring reporting covered all requirements. The draft Contract Management Plan described these as the responsibility of the Program/Project Managers.
- 5.66 In practice, the main role of the Territory's Contract Manager was to draft administrative documents relating to the contract. This was in addition to tasks related to their nominal role (outside of the HRIMS Program). The Contract Manager estimated that 10 to 20 percent of their full-time hours (0.1 - 0.2 FTE) was dedicated to the HRIMS Program. Whilst the Contract Manager contributed to the management and maintenance of the contractual arrangement, this was from an administrative perspective only.
- 5.67 The Project Plan and draft Contract Management Plans were inconsistent in identifying who was specifically responsible for the management of the contract with EY. The Project Plan described the Territory's Executive Branch Manager (as well as EY's Engagement Partner) as being 'responsible for the overall Program and Project engagement and contract management' as the Program/Project Managers. The draft Contract Management Plans assigned the role of the Territory's Contract Manager to the Senior Manager ICT Contracts and Licensing. However, the Senior Manager ICT Contracts and Licensing was not responsible for managing performance and delivery under the agreement. They were not responsible for monitoring and management of Deliverables, establishing governance and meetings, or ensuring reporting covered all requirements. The draft Contract Management Plans described these as the responsibility of the Program/Project Managers.

## Contract risk management

- 5.68 According to the *Contract Management Guide*, contract management planning should include details of risks that have been identified and how and by whom they will be managed. Good contract management includes the identification, management and minimisation of risk.
- 5.69 The *Contract Management Guide* describes some common sources and examples of contract management risk including:
- **Supplier performance** – failure to deliver contract Deliverables on time, to the agreed quality standards.
  - **Contract management capability** – insufficiently skilled and experienced resources available to effectively manage the contract.
  - **Stakeholder relationships** – differing and/or conflicting stakeholder expectations.

## Risk Management Plan

- 5.70 A Risk Management Plan specifically relating to the contract with EY was not developed or documented by the Territory. Given the complexity of the contract, it would be reasonable to expect that a Risk Management Plan be documented and maintained.
- 5.71 The Project Plan identified the Contract Management Plan as having a particular role in the management of contractual risks and issues:
- The Contract Management Plan (Deliverable D07) being developed will describe the Project's approach to contract management, contractual measures and adherence to contractual obligations. It will also cover contract management activities, and contractual risks and issues.
- 5.72 As noted in paragraphs 5.40 to 5.50, the two draft Contract Management Plans provided little new information or insights into the management of the contract (including risk management) and were otherwise not finalised.

## Risk register

- 5.73 A risk register was not established in relation to the contract with EY. Risks and issues that specifically related to the management of the EY contract were not included in the program's risk register. Instead, provisions in the contract and contract variations were only documented as controls or treatments to program level risks.
- 5.74 Of 65 risks identified during the planning phase of the program, 11 related specifically to the contract with EY. These should have been carried over into the program's risk register. Instead, provisions in the contract and contract variations were only documented as controls or treatments to program level risks.
- 5.75 A Risk Management Plan specifically relating to the contract with EY was not developed or documented by the Territory. A risk register was not established in relation to the contract with EY. Risks and issues that specifically related to the management of the EY contract were also not included in the program's risk register. Instead, provisions in the contract and contract variations were only documented as controls or treatments to program level risks. Given the complexity of the contract, it would be reasonable to expect that a Risk Management Plan be documented, and that a risk register be documented and maintained to provide appropriate oversight and management of contract related risks.

## Contract performance management

### Performance Management Framework

- 5.76 The Statement of Work outlined requirements for a Performance Management Framework 'to manage the contractual obligations of the Contractor'. The Statement of Work further stated:

The performance management requirements set out the key elements in assessing the performance of the Contractor. This performance management framework (**Performance Management Framework**) will operate in conjunction with the project governance as specified in the Project Management Plan.

5.77 The Statement of Work described a Performance Management Framework that was to include:

- monthly performance management meetings;
- assessment criteria to be used to assess EY's performance; and
- processes for the remediation of performance issues.

### Monthly Performance Assessment

5.78 The Work Order provided for monthly performance management meetings:

The Contractor's performance will be reviewed by Territory in the monthly Performance management meeting to assess the quality of Services delivered.

5.79 The Work Order outlined the monthly performance assessment process, including:

- a two-step process of review; and
- assessment criteria.

#### *Assessment process*

5.80 The Work Order required:

- EY to 'provide an initial self-assessment to the Territory for its review and consideration at least five (5) business days prior to the performance management meeting'; and
- the Territory to 'consider the self-assessment' and either;
  - 'approve the self-assessment report'; or
  - 'amend the self-assessment report and finalise and circulate the approved amended report'.

#### *Assessment criteria*

5.81 The criteria against which EY's performance was to be assessed were outlined in the Work Order:

- progress against Business Outcomes;
- feedback from business and program leads;
- collaboration by the Contractor;
- Deliverables acceptance and adherence to the Project Schedule;
- achievement of Critical Milestones; and
- value-add activities.

- 5.82 There were no defined Key Performance Indicators (KPIs) for the assessment criteria in either the Statement of Work or the Project Plan. However, the Project Plan envisaged that a 'scorecard [would be] completed and approved by the ACT Government'.
- 5.83 In practice, an HRIMS Performance Review template was developed and implemented. It was in the form of an Excel spreadsheet. It allowed for an assessment to be made against a series of 'Key Result Area categories':
- Deliverables;
  - Schedule management;
  - Collaboration – Integrated Teams;
  - Adherence to plan; and
  - Stakeholder Engagement – External.
- 5.84 Scoring measures were determined on a numerical scale of 1 to 5, in which the description for 1 was 'significantly below expectation' and 5 was 'met all expectations'. The spreadsheet allowed for EY to make an initial assessment and rating, followed by the Territory, and then for a final rating to be documented.

#### *Completion of Monthly Performance Assessments*

- 5.85 There is evidence of three monthly performance reviews being completed between September and November 2019.
- 5.86 In September 2019, EY's self-assessed score across all of the categories was matched by the Territory's score (and in some instances was exceeded by the Territory's score). In October 2019 and November 2019 there was increasing divergence between EY's self-assessed scores and the Territory's scores. The Territory was increasingly identifying a lower score and, in some instances, was identifying scores of '2 – Below expectations across several considerations'.
- 5.87 Increasing divergence between EY's self-assessed scores and the Territory's scores impacted the finalisation of the performance reviews. Over time, the continued divergence in scores contributed to increasing tension between the Territory and EY.
- 5.88 In March 2020, a decision was made to revise the performance review process to:
- remove the scoring element and focus on the issues and proposed remedies;
  - only require responses 'where required'; and
  - remove the need to address all of the sub-elements of the Key Result Areas.
- 5.89 The revised approach was used on a monthly basis from April 2020 to March 2021. It is not clear who formally approved the revised approach to the performance reviews.

- 5.90 The Work Order and Statement of Work outlined requirements for a Performance Management Framework 'to manage the contractual obligations of the Contractor'. The documents outlined the high-level requirements for a Performance Management Framework but provided for its practical details to be subsequently developed. By not developing and agreeing the details of the Performance Management Framework at the outset, the Territory was subsequently hampered in its efforts to implement robust performance management practices.
- 5.91 A Framework was initially established that involved monthly performance management meetings and assessment criteria that was used to assess EY's performance. The assessment of EY's performance was a two-step process; an initial self-assessment by EY, followed by an assessment by the Territory. Three monthly performance reviews were conducted between September and 2019 November. Increasing divergence between EY's self-assessed scores and the Territory's scores impacted the finalisation of the performance reviews. Over time, the continued divergence in scores contributed to increasing tension between the Territory and EY. In March 2020, a decision was made to revise the performance review process to: remove the scoring element and focus on the issues and proposed remedies; only require responses 'where required'; and remove the need to address all of the sub-elements of the Key Result Areas. The revised approach was used on a monthly basis from April 2020 to March 2021.

## 6 DELIVERY OF SERVICES

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- 6.1 This chapter discusses the implementation of the HRIMS Program with reference to the Deliverables and Milestones identified in the Statement of Work, as agreed between the Territory and EY in April 2019. The chapter also discusses administrative processes for contract variations as well as payments to EY for its services.

### Summary

#### Conclusions

The Territory's processes for the review and acceptance of services provided by EY were poor.

Acceptance processes for the Program's Deliverables and Milestones were not documented in the Head Agreement or Work Order, but a Project Plan (prepared by EY, 'Accepted' by the Territory but not formally 'Endorsed' by the Program Board or Steering Committee) did identify an end-to-end Deliverable and Milestone Acceptance Process.

The Statement of Work described high-level Acceptance Criteria for Milestones but did not describe a process for the review and acceptance of the Milestones. The Project Plan allowed for the Senior Director (HRIMS Program) to 'accept' the Milestone and approve the payment of an invoice to EY after which the Milestone was to be 'reported to the Program Board and Steering Committee as accepted'. Such an arrangement did not allow for one or both of the HRIMS Program's governance bodies to have a role in formally approving the completion of Program Milestones.

The Territory also executed six (6) variations to the Work Order. These variations significantly altered the original terms, Deliverables, and value of the services to be performed. The multiple and ongoing changes to the services to be performed complicated the management of the contract with EY and the broader HRIMS Program.

A total of \$23.15 million was paid to EY for its services. Payments were made for Milestone acceptance and delivery (38 percent), ad-hoc / additional services performed (four percent) and to settle claims for delays incurred by EY and the termination of the contract (58 percent).

#### Key findings

	Paragraph
<b>Contract requirements</b>	
The Statement of Work categorised the services that were to be delivered by EY as Deliverables, Work Products and Milestones. Acceptance processes for the Program's Deliverables and Milestones were not documented in the Head Agreement or Work Order, but the Project Plan did identify an end-to-end	6.16

Deliverable and Milestone Acceptance Process. As discussed in paragraph 4.4, the Project Plan had been prepared by EY and 'Accepted' by the Territory but not formally 'Endorsed' by the Steering Committee or Program Board.

The Project Plan provided for a 'Responsible Preparer' to initiate the preparation of a Deliverable and a 'Responsible Owner' to review the Deliverable. The responsibilities and accountabilities of the 'Responsible Preparer' and 'Responsible Owner' were not defined in the Project Plan. These roles were also not documented in the Deliverables Matrix. The Project Plan erroneously asserted that Acceptance Criteria for Work Products and Deliverables were agreed and identified in the Statement of Work. This was not the case. Acceptance Criteria for Work Products were not documented, while Acceptance Criteria for Deliverables were described as being 'at a high level and the detailed requirements are expected to be further agreed by the parties as part of the Plan and Prepare Phase'. This did not occur. There was a lack of clearly articulated and formalised arrangements for the review and acceptance of Deliverables. 6.17

For each of the Milestones identified in Clause 6 of the Statement of Work a high-level descriptor of an Acceptance Criterion was described. The Statement of Work did not describe a process for the review and acceptance of the Milestones, except to require that chronologically preceding Milestones needed to be accepted before a new Milestone could be accepted. The Project Plan provided information relating to a Milestone Acceptance Process. The Project Plan allowed for the Implementation Partner to 'provide evidence to the ACT Government that the Milestone has been completed and for the 'ACT Government [to] undergo a review of the Milestone Criteria and validate that all Deliverables, Work Products and activities related to the Milestone have been accepted and all issues related to the Milestone have been resolved'. The Project Plan allowed for the Senior Director (HRIMS Program) to 'accept' the Milestone and approve the payment of an invoice to EY. Following this, the Milestone was to be 'reported to the Program Board and Steering Committee as accepted'. Such an arrangement placed a significant responsibility and accountability on the Senior Director (HRIMS Program) and did not allow for one or both of the HRIMS Program's governance bodies to have a role in formally approving the completion of Program Milestones. 6.24

A 'Deliverables Tracker – Deliverables Register' (the Deliverables Tracker) was used by EY and Territory personnel as a source of up-to-date information on the progress of Deliverables and Work Products. The Deliverables Tracker included information on the status of Deliverables. For Deliverables to be provided by EY the Project Plan envisaged: acceptance was to be provided by a Territory official; endorsement would be provided by the Program Board; and approval would be provided by the Steering Committee. A review of the Deliverables Tracker as at December 2022 shows only three Deliverables had been 'Approved'. One Deliverable was 'Endorsed and seeking approval', 26 Deliverables were 'Accepted and seeking endorsement' and eleven Deliverables were 'Accepted with conditions'. This demonstrates the slow progress of the HRIMS Program and a lack of formal recognition or acknowledgement of Deliverables by the Program Board and Steering Committee. 6.32

The Deliverables Tracker included some information on responsibilities for the preparation, review, ownership, and acceptance of Deliverables. The Deliverables 6.36



Tracker included information on timeframes for the provision and acceptance of Deliverables. A review of the Deliverables Tracker shows there was some information on the timeliness of only 38 Deliverables. Of these 38 Deliverables, only 26 Deliverables had complete information (due dates and actual dates for delivery and acceptance). This demonstrates the Deliverables Tracker had incomplete information for the ongoing management and oversight of the implementation of the HRIMS Program.

The monitoring and acceptance of Milestones was completed through Milestone Clearance Certificates. Milestone Clearance Certificates were used to provide documentary evidence that payment for each Milestone could be made. Each Milestone Clearance Certificate was co-signed by the Senior Director (HRIMS Program) and EY Program Director, indicating that the expected Milestone Deliverable had been accepted by both parties. Six Milestone Clearance Certificates were signed off for a total of five Milestones (Milestones 1 to 5). A further 16 Milestones of the 21 Milestones initially planned were not cleared. 6.54

A review of the date of clearance of the Milestone Certificates shows that they were cleared considerably later than what was initially envisaged in the Statement of Work. This demonstrates the delays that the HRIMS Program was experiencing. For example, Milestones 2 and 3 were cleared in May 2020, up to seven months after initially envisaged (October 2019), while Milestones 4 and 5 were cleared in February 2021, up to eleven months after initially envisaged (March 2020). A review of the Milestones that were cleared also demonstrates that not all of the Deliverables associated with the Milestone were achieved. Some of the Deliverables were Conditionally Accepted and a number of Deliverables were Deferred to future Milestones. Notwithstanding initially envisaged Deliverables were not achieved, payments were made to EY for Milestone acceptance. 6.55

Decisions made in relation to the acceptance of Milestones therefore complicated the financial management of the HRIMS Program. Clause 6.1.1 of the Work Order required that chronologically preceding Milestones be accepted before a new Milestone could be accepted. However, on 9 December 2019 the Steering Committee approved EY to commence work on Milestone 3 and Milestone 4, despite Milestone 2 not yet being complete. This decision was a contributing factor to the cascading effect that occurred in relation to the amendment of Milestone dates for Milestones 2, 3 and 4. 6.56

### Contract variations

The Territory executed six (6) Work Order variations. These variations significantly altered the original terms, Deliverables, services and value of the Work Order. Deed of Variation 1 represented a significant change to the contractual arrangements and a shift from release-based payments to Milestone-based payments, which increased the financial risk to the Territory. Deed of Variation 2 removed the prerequisite for Milestone 2 to be completed and accepted prior to the commencement of Milestones 3 and 4. This effectively removed the only Go/No-Go decision point of the Program and increased the risk to the Territory. Four subsequent variations included amendments to the agreed Milestone dates, increases to the Work Order 6.77

value and changes to critical contractual documentation including the Statement of Work, Deliverables Matrix and Work Order Charges. The multiple and ongoing changes to the services to be delivered, through variations to the Work Order, complicated the management of the contract with EY and the broader HRIMS Program.

The Contract Management Change Control Process that was described in the Project Plan included the requirement for the HRIMS Program to maintain a change register to track change proposals. This was implemented by the Program at the functional and operational level, but there was no change register implemented to track changes made to the Head Agreement or associated Work Order. According to the Project Plan, all material variances to the contract were to receive approval from the HRIMS Program Board and/or HRIMS Steering Committee. This process was not followed. Deed of Variation 1 varied the payment schedule of Work Order 1 from a fixed price across four payments to Milestone payments with a 'fixed price cap'. This was a material variance that should have been considered and approved by the HRIMS Program Board and/or HRIMS Steering Committee. Instead, it was signed off by the Executive Branch Manager, Strategic Business, Shared Services ICT. Deeds of Variation 4, 5 and 5a were presented directly to, and signed off by, the Under Treasurer or Deputy Under Treasurer. There is no evidence these were approved by the HRIMS Program Board and/or HRIMS Steering Committee.

6.83

### Payments to EY

Between November 2019 and April 2022, 12 payments were made to EY totalling \$23.15 million. Payments were made for Milestone acceptance and delivery (35 percent), ad hoc / additional services performed (four percent) and to settle claims for delays incurred by EY and the termination of the contract (61 percent). The total amount paid to EY exceeded the initial value of the executed contract by \$5.14 million.

6.94

## Contract requirements

- 6.2 As discussed in paragraphs 5.13 to 5.34, the Statement of Work categorised the services that were to be delivered by EY as Deliverables, Work Products and Milestones.
- 6.3 The Statement of Work identified:
- 74 Deliverables to be provided as part of the services (Attachment C – Deliverables Matrix);
  - 31 numbered Work Products and a further eight 'New' Work Products to be provided as part of the services (Attachment E – Work Products Matrix); and
  - 21 Milestones to be met as part of the services (Clause 6).

## Acceptance Criteria and process

- 6.4 Acceptance processes for the Program’s Deliverables and Milestones were not documented in the Head Agreement or Work Order. The Project Plan did, however, provide information on acceptance processes. As discussed in paragraph 4.4, the Project Plan was prepared by EY.
- 6.5 The Project Plan identified an end-to-end Deliverable and Milestone Acceptance Process. The Project Plan identified three ‘main progressions’ for the acceptance of Deliverables and Milestones. These were:
- a. **Deliverable Acceptance.** Validates the format and content meets the acceptance criteria as outlined in the Deliverables and Obligations Register and the quality of the document is agreed.
  - b. **Deliverable Endorsement and Approval.** The Program Board and Steering Committee validate that the Deliverable meets stakeholder requirements and has undergone the approved Deliverable Acceptance Process; and
  - c. **Milestone Acceptance.** Provides confirmation that all activities have been performed, Deliverables have been agreed upon and all issues have been resolved.
- 6.6 Section 11.6 of the Project Plan stated:
- Acceptance criteria for all Work Products and Deliverables was agreed during contracting of the HRIMS in Attachment C Deliverables Matrix and Attachment E Work Products Matrix of the Statement of Work.
- 6.7 However, this was not the case. As discussed previously (in paragraphs 5.13 to 5.34):
- Acceptance Criteria for Deliverables were described as being ‘at a high level and the detailed requirements are expected to be further agreed by the parties as part of the Plan and Prepare Phase’ (Clause 4.2 of the Statement of Work); and
  - Acceptance Criteria for Work Products were not described in *Attachment E – Work Products Matrix*.
- 6.8 In contradiction to Section 11.6, the immediately preceding Section 11.5 of the Project Plan acknowledged there were no Acceptance Criteria for Work Products:
- While there is no specified acceptance criteria for the Works Products, the Implementation Partner will work collaboratively with the ACT Government to deliver Work Products that are fit for purpose, reflecting significant, relevant and timely feedback provided by the ACT Government or the Implementation Partner.

## Deliverable acceptance criteria and process

- 6.9 Clause 4.2 of the Statement of Work stated:
- The Acceptance Criteria for the Deliverables are set out in **Attachment C – Deliverables Matrix**. The Acceptance Criteria are at a high level and the detailed requirements are expected to be further agreed by the parties as part of the Plan and Prepare Phase.

6.10 For each of the Deliverables that were identified, the Deliverables Matrix included a high-level descriptor of the features of the Deliverable to be delivered. As noted in Clause 4.2, high-level Acceptance Criteria were identified. By way of example, the Acceptance Criterion for Deliverable 1 (the Project Plan) was:

Baseline Project Management Plan Document, which at minimum must include: -

- Project Objectives
- Project Background
- Project Methodology
- Document Management Conventions
- Quality Management Strategy
- Project Organisation and Governance Structure
- Project Scope
- Project Schedule Management
- Issue and Risk Management Processes
- Change Request Process

6.11 The Project Plan described a process for the review and acceptance of Deliverables. The Project Plan described the Deliverable acceptance process as applying equally to EY and the Territory:

The Deliverable Acceptance Process has been developed to be agnostic of whether the Implementation Partner or ACT Government is preparing the Deliverable. That is, for some Deliverables the Preparer will be the Implementation Partner and some will be the ACT Government. Similarly, the Acceptor could be either party.

6.12 The Project Plan discussed the responsibility of the 'Responsible Preparer' to initiate the preparation of a Deliverable and the 'Responsible Owner' to review. The Project Plan stated:

Where a Deliverable requires inputs from both the ACT Government and EY, both parties will actively engage with each other to provide their required input and drive the sections they are responsible for to completion within the agreed timeframe.

6.13 The responsibilities and accountabilities of the 'Responsible Preparer' and 'Responsible Owner' were not defined in the Project Plan. These roles were also not documented in the Deliverables Matrix (Attachment C to the Statement of Work) (refer to Table 5-3).

6.14 The Deliverable acceptance process described in the Project Plan allowed for a series of review activities to occur, with a view to resolving any differences between the 'Responsible Preparer' and 'Responsible Owner'. It allowed for the 'Responsible Owner' to accept, conditionally accept or provide further feedback on a Deliverable. If the issues could not be resolved it allowed for the 'Responsible Owner' to subsequently issue a notice of rejection, to which the Responsible Preparer had to prepare a remediation plan. The Project Plan provided for a course of action 'to resolve the remaining issues and accept the remediation plan' but provided no further insights into a resolution process should the remediation plan not be agreed and accepted:

The [Responsible Owner] has three days to accept or reject the remediation plan submitted by the Responsible Preparer. If the remediation plan is rejected, the ACT Government and Implementation Partner will hold a collaborative meeting within one business day of the rejection to resolve the remaining issues and accept the remediation plan.

The [Responsible Preparer] will accept the closure of the Remediation Plan once its requirements have been addressed.

6.15 The Project Plan further stated:

For Deliverables with an ACT Government Acceptor, once the Deliverable has been formally accepted by the Acceptor, the Deliverable will be sent as part of a Program status update to the Program Board for endorsement and then the Steering Committee for approval ... The Program Board and Steering Committee validate that the Deliverable meets stakeholder requirements and has undergone the approved Deliverable Acceptance Process.

For Deliverables with an Implementation Partner Acceptor, acceptance is sufficient and there is no requirement for the Deliverable to also be endorsed or approved.

6.16 The Statement of Work categorised the services that were to be delivered by EY as Deliverables, Work Products and Milestones. Acceptance processes for the Program's Deliverables and Milestones were not documented in the Head Agreement or Work Order, but the Project Plan did identify an end-to-end Deliverable and Milestone Acceptance Process. As discussed in paragraph 4.4, the Project Plan had been prepared by EY and 'Accepted' by the Territory but not formally 'Endorsed' by the Steering Committee or Program Board.

6.17 The Project Plan provided for a 'Responsible Preparer' to initiate the preparation of a Deliverable and a 'Responsible Owner' to review the Deliverable. The responsibilities and accountabilities of the 'Responsible Preparer' and 'Responsible Owner' were not defined in the Project Plan. These roles were also not documented in the Deliverables Matrix. The Project Plan erroneously asserted that Acceptance Criteria for Work Products and Deliverables were agreed and identified in the Statement of Work. This was not the case. Acceptance Criteria for Work Products were not documented, while Acceptance Criteria for Deliverables were described as being 'at a high level and the detailed requirements are expected to be further agreed by the parties as part of the Plan and Prepare Phase'. This did not occur. There was a lack of clearly articulated and formalised arrangements for the review and acceptance of Deliverables.

### Milestone acceptance criteria and process

6.18 For each of the Milestones identified in Clause 6 of the Statement of Work a high-level descriptor of an Acceptance Criterion was described. For example, for Milestone 1 'Prepare & Plan/High-Level Design' the Acceptance Criterion was described as:

- Acceptance of all Deliverables by acceptance certificate
- All Phase activities completed and accepted

6.19 The Statement of Work did not describe a process for the review and acceptance of the Milestones. However, Clause 6.1.1 required that chronologically preceding Milestones be accepted before a new Milestone could be accepted:

... a prerequisite for the acceptance for each milestone is that the chronologically preceding milestones for that release have been accepted. Details of Deliverables that are required to be accepted as part of each Milestone are set out in Attachment C – Deliverables Matrix.

- 6.20 The Project Plan provided some information relating to a Milestone Acceptance Process. The Project Plan stated:

The Milestone Acceptance Process is commenced by the Implementation Partner has validated whether they have met the Milestone's requirements. Upon validation the Implementation Partner will provide evidence to the ACT Government that the Milestone has been completed ...

The ACT Government will undergo a review of the Milestone Criteria and validate that all Deliverables, Work Products and activities related to the Milestone have been accepted and all issues related to the Milestone have been resolved ...

- 6.21 The Project Plan allowed for the payment of invoices to EY once approved by the Senior Director (HRIMS Program) 'as the representative of the Steering Committee':

Once all criteria are satisfied by the ACT Government, an invoice for the Milestone can be issued by the Implementation Partner and accepted by the Senior Director – HRIMS Program as the representative of the Steering Committee.

Following ACT Government Acceptance of the Milestone, the Implementation Partner can issue their invoice related to the Milestone to the ACT Government ... Payment for the Milestone is approved by the Senior Director – HRIMS Program as the representative of the Steering Committee ...

- 6.22 The Project Plan allowed for the reporting of Milestone achievements to the Program Board and Steering Committee after they had been accepted and payment agreed by the Senior Director (HRIMS Program):

Following ACT Government Acceptance of the Milestone, they will be reported to the Program Board and Steering Committee as accepted.

- 6.23 Milestone Clearance Certificates were completed for Milestones 1 to 5. These are discussed further from paragraphs 6.37 to 6.54.

- 6.24 For each of the Milestones identified in Clause 6 of the Statement of Work a high-level descriptor of an Acceptance Criterion was described. The Statement of Work did not describe a process for the review and acceptance of the Milestones, except to require that chronologically preceding Milestones needed to be accepted before a new Milestone could be accepted. The Project Plan provided information relating to a Milestone Acceptance Process. The Project Plan allowed for the Implementation Partner to 'provide evidence to the ACT Government that the Milestone has been completed and for the 'ACT Government [to] undergo a review of the Milestone Criteria and validate that all Deliverables, Work Products and activities related to the Milestone have been accepted and all issues related to the Milestone have been resolved'. The Project Plan allowed for the Senior Director (HRIMS Program) to 'accept' the Milestone and approve the payment of an invoice to EY. Following this, the Milestone was to be 'reported to the Program Board and Steering Committee as accepted'. Such an arrangement placed a significant responsibility and accountability on the Senior Director (HRIMS Program) and did not allow for one or both of

the HRIMS Program's governance bodies to have a role in formally approving the completion of Program Milestones.

### Monitoring and acceptance of Deliverables

6.25 A 'Deliverables Tracker – Deliverables Register' (the Deliverables Tracker) was used by EY and Territory personnel as a source of up-to-date information on the progress of Deliverables and Work Products. This was a key mechanism that was used to monitor the progress of Deliverables for the HRIMS Program.

6.26 The Deliverables Tracker included information on:

- the Deliverable (its relevant Phase and Workstream and Milestone);
- the format in which it needed to be delivered (e.g. Microsoft Word, Microsoft Project);
- Acceptance Criteria (as discussed in paragraphs 6.9 and 6.10);
- Responsible Preparer, Responsible Owner and Acceptor roles;
- dates for the delivery and acceptance of the Deliverable (including due dates and actual dates for delivery and acceptance); and
- a descriptor of the status of a Deliverable.

### *Status of Deliverables*

6.27 The Deliverables Tracker included information on the Status of Deliverables. The Status of Deliverables was described as:

- In progress;
- Under review (first, second or final).
- Accepted and seeking endorsement;
- Accepted with conditions;
- Amendments;
- Endorsed and seeking approval; and
- Approved.

6.28 A descriptor or definition for each status category was not specifically identified in the Deliverables Register or the Project Plan. However, for Deliverables to be provided by EY the Project Plan envisaged:

- acceptance was to be provided by a Territory official;
- endorsement would be provided by the Program Board; and
- approval would be provided by the Steering Committee.

## 6.29 To this end, the Project Plan stated:

For Deliverables with an ACT Government Acceptor, once the Deliverable has been formally accepted by the Acceptor, the Deliverable will be sent as part of a Program status update to the Program Board for endorsement and then the Steering Committee for approval ... The Program Board and Steering Committee validate that the Deliverable meets stakeholder requirements and has undergone the approved Deliverable Acceptance Process.

## 6.30 The Audit Office was provided with a copy of the Deliverables Tracker as at December 2022. Table 6-1 shows the status of Deliverables with reference to whether EY or the Territory was identified as 'accountable' as per the Statement of Work Deliverables Matrix (Annexure A to the Work Order).

**Table 6-1 Status of Deliverables (December 2022)**

	EY	Territory
Approved	3	-
Endorsed and seeking approval	1	-
Accepted and seeking endorsement	25	1
Accepted with conditions	11	-
Under review	2	3
Amendments	1	-
Submitted	1	-
In progress	3	3
Not started	11	7
Not Required	2	-
<b>Total</b>	<b>60</b>	<b>14</b>

Source: Audit office analysis of Deliverables Tracker (as at December 2022).

## 6.31 In its response to the draft proposed report, EY advised:

... EY's activities and ability to complete deliverables were dependent upon the ACT Government successfully completing those activities for which it was accountable or responsible (including timely reviews of EY deliverables).

## 6.32 A 'Deliverables Tracker – Deliverables Register' (the Deliverables Tracker) was used by EY and Territory personnel as a source of up-to-date information on the progress of Deliverables and Work Products. The Deliverables Tracker included information on the status of Deliverables. For Deliverables to be provided by EY the Project Plan envisaged: acceptance was to be provided by a Territory official; endorsement would be provided by the Program Board; and approval would be provided by the Steering Committee. A review of the Deliverables Tracker as at December 2022 shows only three Deliverables had been 'Approved'. One Deliverable was 'Endorsed and seeking approval', 26 Deliverables were 'Accepted and seeking endorsement' and eleven Deliverables were 'Accepted with conditions'. This demonstrates the slow progress of the HRIMS Program and a lack of formal



recognition or acknowledgement of Deliverables by the Program Board and Steering Committee.

#### *Delays to Deliverables*

- 6.33 The Deliverables Tracker included information on timeframes for the provision and acceptance of Deliverables. A review of the Deliverables Tracker shows there was some information on the timeliness of 38 Deliverables.
- 6.34 The Deliverables Tracker included information on:
- the due and actual dates for the provision of Deliverables; and
  - the due and actual dates for the acceptance of Deliverables.
- 6.35 The Deliverables Tracker shows:
- 26 Deliverables had complete information (due dates and actual dates for delivery and acceptance);
  - 10 Deliverables had incomplete information with respect to due dates for either delivery or acceptance; and
  - 2 Deliverables had incomplete information with respect to actual dates for either delivery or acceptance.
- 6.36 The Deliverables Tracker included some information on responsibilities for the preparation, review, ownership, and acceptance of Deliverables. The Deliverables Tracker included information on timeframes for the provision and acceptance of Deliverables. A review of the Deliverables Tracker shows there was some information on the timeliness of only 38 Deliverables. Of these 38 Deliverables, only 26 Deliverables had complete information (due dates and actual dates for delivery and acceptance). This demonstrates the Deliverables Tracker had incomplete information for the ongoing management and oversight of the implementation of the HRIMS Program.

#### **Monitoring and acceptance of Milestones**

- 6.37 The monitoring and acceptance of Milestones was completed through Milestone Clearance Certificates. Milestone Clearance Certificates were used to provide documentary evidence that payment for each Milestone could be made.
- 6.38 Each Milestone Clearance Certificate stated that 'Program Directors must assure acceptance of all Deliverables, and that all work products and phase activities are completed prior to initiating an invoice for a Milestone payment'.
- 6.39 Each Milestone Clearance Certificate was co-signed by the Senior Director (HRIMS Program) and EY Program Director, indicating that the expected Milestone Deliverable had been accepted by both parties.

### *Milestone Clearance Certificates*

6.40 Six Milestone Clearance Certificates were signed off for a total of five Milestones (Milestones 1 to 5). Milestone 2 Deliverables were split into two parts ‘to facilitate the part payment of Milestone 2 Deliverables to EY’. The Deliverables for Milestone 2 were therefore documented in Milestone Clearance Certificates 2 and 2a.

6.41 Table 6-2 shows the date of clearance for the Milestone Clearance Certificate, against the date identified in the original Statement of Work agreed to in April 2019.

**Table 6-2 Milestone Clearance Certificate due dates and clearance dates**

	Originally Due	Certificate Date
Milestone 1	August 2019 (Month 3)	19 November 2019
Milestone 2a	-	3 March 2020
Milestone 2	October 2019 (Month 5)	12 May 2020
Milestone 3	October 2019 (Month 5)	18 May 2020
Milestone 4	March 2020 (Month 10)	8 February 2021
Milestone 5	March 2020 (Month 10)	8 February 2021

Source: ACT Audit Office analysis, based on HRIMS Program documentation.

6.42 Table 6-2 shows there was considerable slippage against the timeframes originally envisaged and agreed in the Statement of Work.

6.43 In response to the draft proposed report, EY advised:

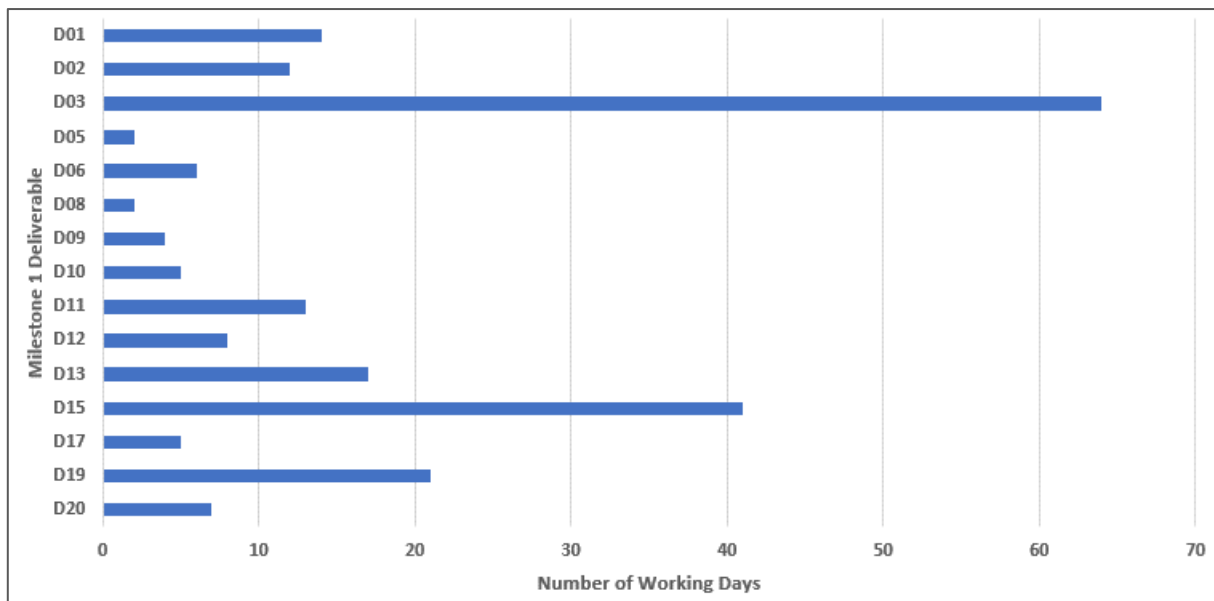
...achievement of milestones was dependent not only on EY but also upon the ACT Government successfully completing those activities for which it was accountable or responsible.

### *Timing of Deliverables*

6.44 Of 19 Deliverables for Milestones 1 and 2, all but one (Deliverable 29 – Data Readiness Pack) was delivered and accepted later than anticipated. The delivery and acceptance delays for Deliverables associated with Milestones 1 and 2 are shown in Figure 6-1 to Figure 6-4.

6.45 Figure 6-1 shows the delivery delays for Deliverables associated with Milestone 1. The analysis shows the number of working days (excluding weekends and public holidays) that they were delivered after their due date.

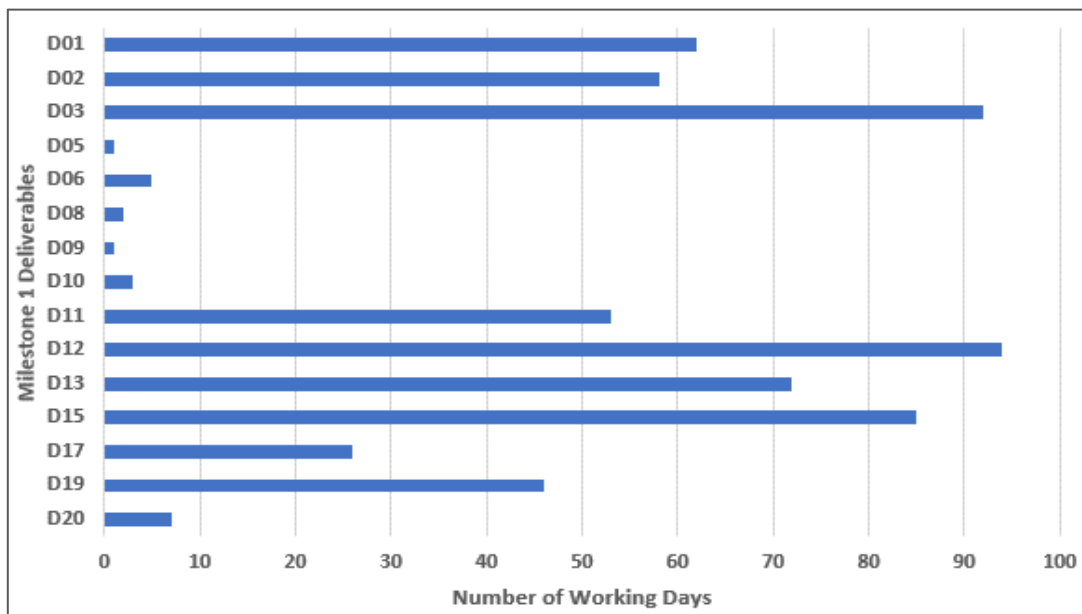
**Figure 6-1 Delivery delays for Milestone 1 Deliverables**



Source: ACT Audit Office analysis of the HRIMS Program Deliverables Tracker.

6.46 Figure 6-2 shows the timing of the acceptance of Deliverables associated with Milestone 1. The analysis shows the number of working days (excluding weekends and public holidays) that they were accepted after their due date.

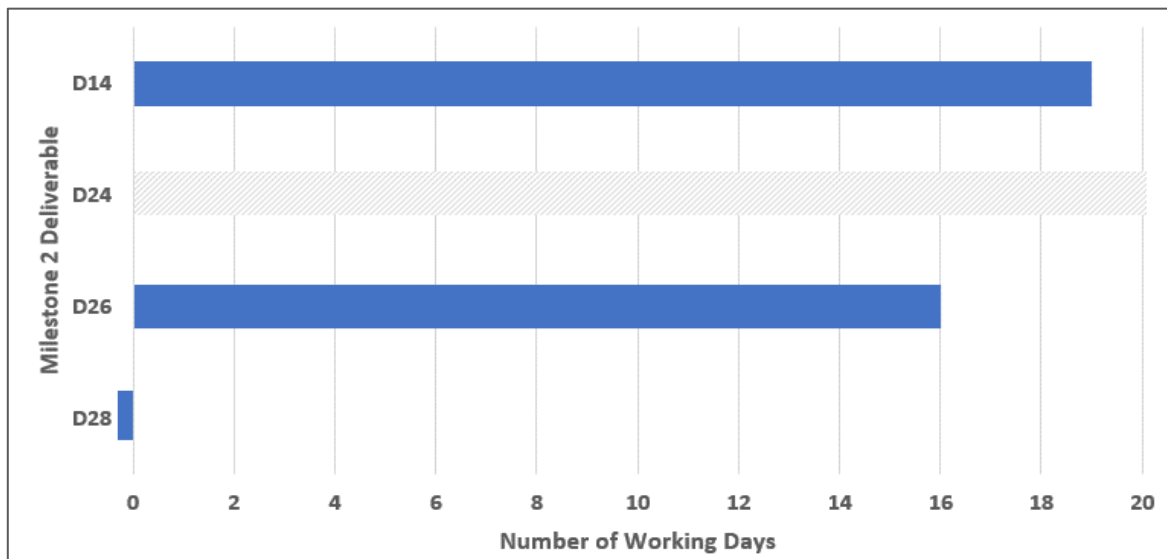
**Figure 6-2 Acceptance delays for Milestone 1 Deliverables**



Source: ACT Audit Office analysis of the HRIMS Program Deliverables Tracker.

6.47 Figure 6-3 shows the timing of delivery of Deliverables associated with Milestone 2. The analysis shows the number of working days (excluding weekends and public holidays) that they were delivered after their due date.

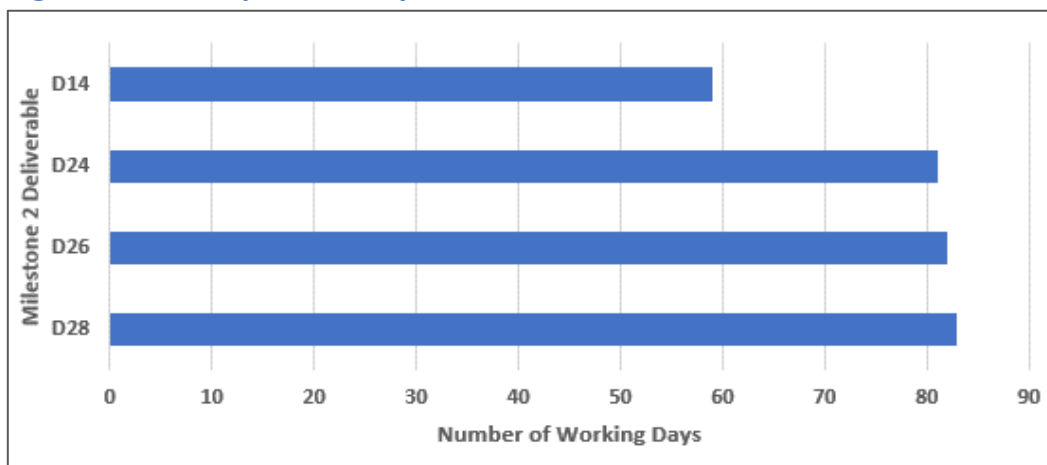
**Figure 6-3 Delivery delays for Milestone 2 Deliverables**



Source: ACT Audit Office analysis of the HRIMS Program Deliverables Tracker.

6.48 Figure 6-4 shows the timing of the acceptance of Deliverables associated with Milestone 1. The analysis shows the number of working days (excluding weekends and public holidays) that they were accepted after their due date.

**Figure 6-4 Acceptance delays for Milestone 2 Deliverables**



Source: ACT Audit Office analysis of the HRIMS Program Deliverables Tracker.

*Completion of Deliverables*

6.49 A review of the Milestone Clearance Certificates also show that the Deliverables associated with the Milestones were not achieved, as initially envisaged in the Statement of Work agreed to in April 2019.

6.50 A review of the Milestone Clearance Certificates and their associated Deliverables is shown in Table 6-3.

**Table 6-3 Milestone Certificate Deliverables status summary**

Milestone Clearance Certificate	Number of expected Deliverables	Deliverable status recognised in Milestone Clearance Certificate
Milestone 1	17	<ul style="list-style-type: none"> <li>- 10 Accepted</li> <li>- 5 Conditionally Accepted</li> <li>- 2 Deferred to a future Milestone</li> </ul>
Milestone 2a	4	<ul style="list-style-type: none"> <li>- 4 Delivered</li> </ul>
Milestone 2	4	<ul style="list-style-type: none"> <li>- 3 Accepted</li> <li>- 1 Conditionally Accepted</li> </ul>
Milestone 3	8	<ul style="list-style-type: none"> <li>- 6 Accepted</li> <li>- 1 Conditionally Accepted</li> <li>- 1 Deferred to a future Milestone</li> </ul>
Milestone 4	14	<ul style="list-style-type: none"> <li>- 10 Accepted</li> <li>- 3 Deferred to a future Milestone</li> <li>- 1 In Review</li> </ul> <p><b>Note:</b> Two Deliverables previously identified as 'Accepted' were identified as 'In Review' in this Milestone Clearance Certificate.</p>
Milestone 5	4	<ul style="list-style-type: none"> <li>- 2 Accepted</li> <li>- 1 Conditionally Accepted</li> <li>- 1 Deferred to a future Milestone</li> </ul>

Source: Summary of Milestone Certificates, ACT Audit Office.

- 6.51 The Territory sought to address delays in the delivery and acceptance of Milestones through a change process that amended the contractual terms to allow for the later completion of Deliverables. However, the Territory did not appropriately manage this. Milestone 2 was initially identified as a key Go-No Go decision-making opportunity. Contractual changes were made, which negated the opportunity this Milestone presented. The Program continued beyond Milestone 2 regardless of the delays and issues that were being experienced.
- 6.52 Decisions made in relation to the acceptance of Milestones complicated the financial management of the HRIMS Program. Clause 6.1.1 of the Work Order required that chronologically preceding Milestones be accepted before a new Milestone could be accepted. However, on 9 December 2019 the Steering Committee approved EY to commence work on Milestone 3 and Milestone 4, despite Milestone 2 not yet being complete. The decision log further documented that the Territory acknowledged that, 'should M02 not reach final Acceptance (being Acceptance of Deliverables) and/or Go-No Go decision does not approve proceeding with the Solution into the production environment, the Territory will make payment to the Contractor for work performed under M03 and/or M04 as appropriate'. This decision was a contributing factor to the cascading effect that occurred in relation to the amendment of Milestone dates for Milestones 2, 3 and 4.

6.53 In its response to the draft proposed report, EY advised:

The analysis presented in this section does [not] explicitly explain that EY's ability to deliver against contractual timescales was dependent upon the ACT Government successfully completing those activities for which it was accountable or responsible. ... in reality, the key issue was that the Territory was unable to complete the activities for which it was accountable.

6.54 The monitoring and acceptance of Milestones was completed through Milestone Clearance Certificates. Milestone Clearance Certificates were used to provide documentary evidence that payment for each Milestone could be made. Each Milestone Clearance Certificate was co-signed by the Senior Director (HRIMS Program) and EY Program Director, indicating that the expected Milestone Deliverable had been accepted by both parties. Six Milestone Clearance Certificates were signed off for a total of five Milestones (Milestones 1 to 5). A further 16 Milestones of the 21 Milestones initially planned were not cleared.

6.55 A review of the date of clearance of the Milestone Certificates shows that they were cleared considerably later than what was initially envisaged in the Statement of Work. This demonstrates the delays that the HRIMS Program was experiencing. For example, Milestones 2 and 3 were cleared in May 2020, up to seven months after initially envisaged (October 2019), while Milestones 4 and 5 were cleared in February 2021, up to eleven months after initially envisaged (March 2020). A review of the Milestones that were cleared also demonstrates that not all of the Deliverables associated with the Milestone were achieved. Some of the Deliverables were Conditionally Accepted and a number of Deliverables were Deferred to future Milestones. Notwithstanding initially envisaged Deliverables were not achieved, payments were made to EY for Milestone acceptance.

6.56 Decisions made in relation to the acceptance of Milestones therefore complicated the financial management of the HRIMS Program. Clause 6.1.1 of the Work Order required that chronologically preceding Milestones be accepted before a new Milestone could be accepted. However, on 9 December 2019 the Steering Committee approved EY to commence work on Milestone 3 and Milestone 4, despite Milestone 2 not yet being complete. This decision was a contributing factor to the cascading effect that occurred in relation to the amendment of Milestone dates for Milestones 2, 3 and 4.

## Contract variations

6.57 Clause 26 of the Head Agreement between the Territory and EY allowed for variations to the work to be performed stating 'the parties agree that this Contract may only be varied in writing and with the agreement of both parties. The parties must follow the change request procedure specified at Clause 22'.

6.58 Clause 22 of the Head Agreement required all change requests to be agreed through a defined Change Request Procedure involving a Change Request form. The Change Request form was to identify:

- the scope of the change;

- the impact (if any) of the change on the Deliverables and the timely performance of this Contract;
- the cost (if any) of the change (both for development and implementation); and
- any other impact on the Contract.

6.59 Documentation in support of the Change Request was also to be attached.

### Change Control Process

6.60 Section 10 of the Project Plan outlined a HRIMS Program Change Control Process that described the following activities:

- maintenance of a central change register to enable tracking of change proposals;
- an authorisation process by which the HRIMS Program Board and/or HRIMS Steering Committee was to approve all material changes; and
- facilitation of change discussions in the planned weekly Contract Management Meetings.

6.61 The Project Plan defined the change control process underpinning these activities and provided a Project Change Process Workflow Diagram to support the process. This included reference to the HRIMS Program Board and HRIMS Steering Committee approving proposed contract variations.

6.62 The Change Request Procedure described in Clause 22 of the Head Agreement applied if a change to the contract proposed by either party would have the effect of varying the terms of the contract or any other technical requirements of the Territory.

### Work Order variations

6.63 Milestone dates or criteria that required amendment were addressed through Deeds of Variation.

6.64 Six Work Order variations were executed, altering both the original terms, services and value of the Work Order. A summary of each variation is provided in Table 6-4.

**Table 6-4 Work Order Variation Summary**

Variation Number	Variation execution date (date signed)	High Level Description of Variation
1	2 November 2019	1) Added details to Contract Details, Item 4 – Contract Specified Personnel; 2) Reworded Contract Details, Item 12 – Charges; and 3) Replaced the existing Work Order 1, Annexure C – Work Order Charges with a revised version of Annexure C.

Variation Number	Variation execution date (date signed)	High Level Description of Variation
2	23 December 2019	<ol style="list-style-type: none"> <li>1) Agreement that milestones 3 and 4 were approved to proceed without the requirement for preceding milestones to be accepted.</li> <li>2) Inclusion of a condition that Milestone 2 must be completed by 28 February 2020.</li> <li>3) Limitation placed on Milestones 3 and 4 tasks until 28 February 2020.</li> </ol>
3	28 February 2020	<ol style="list-style-type: none"> <li>1) Amendment of Milestone 2 payment details: <i>from (as per Variation 2) '2B: Acceptance of M02 - \$752,689.26' to (as per variation 3) 'On the Effective Date of Deed of Variation No.3 to Work Order 1 - \$752,689.26'.</i></li> <li>2) Milestone 2 completion date condition was amended to 27 March 2020.</li> <li>3) Inclusion of a condition that Milestone 3 must be completed by 27 March 2020.</li> <li>4) Inclusion of a condition that Milestones 2 and 3 must be completed before the completion of Milestone 4.</li> </ol>
4	19 November 2020	<ol style="list-style-type: none"> <li>1) Deed of Variation 'effective date' was documented as 15 July 2020 (the date of effect was backdated).</li> <li>2) Increase to Work Order value by \$750,000 (GST Exclusive) as part of Milestone 5 in consideration of delays on the Territory's part.</li> <li>3) Inclusion of agreed milestones dates.</li> </ol>
5	1 September 2021	<ol style="list-style-type: none"> <li>1) Deed of Variation 'effective date' was documented as 19 April 2021 (the date of effect was backdated).</li> <li>2) Increase to Work Order value by \$3,000,000 (GST Exclusive) due to 'unavoidable delays' relating to Milestones 6, 7 and 8.</li> <li>3) Revision to agreed pricing.</li> <li>4) Revision of agreed milestone dates from Milestone 5 onwards.</li> <li>5) Amendment to service end date from 1 May 2022 to 1 May 2023.</li> <li>6) Update to Deliverables Matrix.</li> </ol>
5a	17 November 2021	<ol style="list-style-type: none"> <li>1) Deed of Variation 'effective date' was documented as 19 April 2021 (the date of effect was backdated).</li> <li>2) Replacement of Annexure A – Statement of Work.</li> <li>3) Replacement of Annexure C – Order Charges.</li> </ol>

Source: Summary of Work Order variations, ACT Audit Office.

#### 6.65 In response to the draft proposed report, EY asserted:

It should be noted that these variations were created to incorporate changes in scope sought by the Territory, which required more time to develop, or they were needed to provide the



Territory with more time to gain agreement with stakeholders on the proposed solution design.

### *Deed of Variation 1*

6.66 Deed of Variation 1 represented a significant change to the contractual arrangements. The key outcome of Deed of Variation 1 was to fundamentally alter the payment arrangements for the services.

6.67 Deed of Variation 1 included, amongst other things, the expansion of the wording used in Item 12 – Charges from ‘Refer to Annexure C’ to:

Within this Annexure C there is the following table of charges:

1. Milestone Payment Schedule (Table 1): providing the Milestone Payment amounts to be paid on successful completion of Milestones;
2. Rate Card (Table 2): for use on any Additional Services where it is applicable; and
3. Fixed Price (Table 3): details the fixed price caps on the different elements under Work Order 1.

6.68 As discussed in paragraphs 5.27 to 5.34, *Annexure C – Work Order Charges*, as originally agreed and included in the contractual documents agreed by the Territory and EY, provided for four fixed price amounts for the three releases and BAU Support. The revised *Annexure C – Work Order Charges* subsequently allocated payments to the Milestones that were set out in the Milestone schedule (Clause 6 of the Statement of Work). The newly established Work Order 1 Milestone Payment Schedule identified 21 Milestone payments that the Territory was liable to pay EY.

6.69 An Internal Minute seeking approval to execute Deed of Variation 1 was approved by the Executive Branch Manager, Strategic Business, Shared Services ICT on 5 November 2019. It was not appropriate for such a substantial change to be approved by an officer at the Executive Branch Manager level. The Internal Minute asserted that:

Work Order 1 is a milestone-based contract with payments being made on completion of Deliverables identified in the statement of work.

On review of Work Order 1 it was identified that while the milestones were identified in the statement of work, and the payment breakdown had been agreed during negotiation, it was not included in the version of the contract that was executed due to an error of omission.

6.70 There was no evidence that Milestone Payments had been negotiated and agreed during contract negotiations between the Territory and EY.

6.71 The shift from release-based payments to milestone-based payments increased the financial risk to the Territory. It removed the Territory’s ability to ensure EY delivered each release in its entirety prior to payment. This came at a time when there were delays to the provision of Deliverables and increasing divergence between EY and the Territory in relation to the Performance Management Framework.

### *Deed of Variation 2*

- 6.72 On 23 December 2019, Deed of Variation 2 was executed. It included changes to the agreed payment schedule for Milestone 2 by splitting Milestone 2 into two parts:
- Milestone 2a: Delivery of all M02 documentary Deliverables - \$1,129,034; and
  - Milestone 2b: Acceptance of M02 - \$752,689.
- 6.73 Deed of Variation 2 also removed the prerequisite for Milestone 2 to be completed and accepted prior to the commencement of Milestones 3 and 4. This allowed EY to commence work on Milestones 3 and 4 without Milestone 2 having been completed and accepted by the Territory.
- 6.74 An Internal Minute approved by the Under Treasurer in relation to Deed of Variation 2 stated that the changes sought would provide:
- ... a facility to pay EY for work delivered while maintaining the expectation for the 'go/no-go' decision for consideration on 28 February 2020.
- 6.75 Milestone 2 was the only 'go/no-go' decision point for the Program. By removing the prerequisite for Milestone 2 to be completed and accepted prior to the commencement of the proceeding Milestones, this effectively removed the 'go/no-go' decision point. This decision increased the risk to the Territory of non-delivery.

### *Subsequent Deeds of Variation*

- 6.76 Four subsequent Deeds of Variation were executed between February 2020 and November 2021. These included amendments to the agreed Milestone dates, increases to the Work Order value and changes to critical contractual documentation including the Statement of Work, Deliverables Matrix and Work Order Charges.
- 6.77 The Territory executed six (6) Work Order variations. These variations significantly altered the original terms, Deliverables, services and value of the Work Order. Deed of Variation 1 represented a significant change to the contractual arrangements and a shift from release-based payments to Milestone-based payments, which increased the financial risk to the Territory. Deed of Variation 2 removed the prerequisite for Milestone 2 to be completed and accepted prior to the commencement of Milestones 3 and 4. This effectively removed the only Go/No-Go decision point of the Program and increased the risk to the Territory. Four subsequent variations included amendments to the agreed Milestone dates, increases to the Work Order value and changes to critical contractual documentation including the Statement of Work, Deliverables Matrix and Work Order Charges. The multiple and ongoing changes to the services to be delivered, through variations to the Work Order, complicated the management of the contract with EY and the broader HRIMS Program.

## Change authorisations

- 6.78 The Project Plan required all material variances to the contract to receive approval from the HRIMS Program Board and/or HRIMS Steering Committee. This process was not followed. A review of Program Board and Steering Committee Meeting minutes identified that:
- the HRIMS Program Board did not discuss or approve any contract variations; and
  - only Deeds of Variation 2 and 3 were considered and approved by the HRIMS Steering Committee.
- 6.79 Deed of Variation 1 was signed off by the Executive Branch Manager, Strategic Business, Shared Services ICT. The Internal Minute associated with this Deed of Variation noted:
- It is considered that noting there is no change to the risk profile of the agreement, and there is no change to total pricing, or the work being conducted, that execution of this variation can be completed by the Executive Branch Manager.
- 6.80 As Deed of Variation 1 varied the payment schedule of Work Order 1 from a fixed price across four payments to Milestone payments with a 'fixed price cap', this was a material variance that should have been considered and approved by the HRIMS Program Board and/or HRIMS Steering Committee. It was not appropriate for Deed of Variation 1 to be approved at the Executive Branch Manager level.
- 6.81 Deeds of Variation 4, 5 and 5a were presented directly to, and signed off by, the Under Treasurer or Deputy Under Treasurer. There is no evidence these were approved by the HRIMS Program Board and/or HRIMS Steering Committee.
- 6.82 In its response to the draft proposed report, EY noted that 'EY was not accountable for obtaining approvals in governance forums [as] this was an HRIMS Program responsibility'.
- 6.83 The Contract Management Change Control Process that was described in the Project Plan included the requirement for the HRIMS Program to maintain a change register to track change proposals. This was implemented by the Program at the functional and operational level, but there was no change register implemented to track changes made to the Head Agreement or associated Work Order. According to the Project Plan, all material variances to the contract were to receive approval from the HRIMS Program Board and/or HRIMS Steering Committee. This process was not followed. Deed of Variation 1 varied the payment schedule of Work Order 1 from a fixed price across four payments to Milestone payments with a 'fixed price cap'. This was a material variance that should have been considered and approved by the HRIMS Program Board and/or HRIMS Steering Committee. Instead, it was signed off by the Executive Branch Manager, Strategic Business, Shared Services ICT. Deeds of Variation 4, 5 and 5a were presented directly to, and signed off by, the Under Treasurer or Deputy Under Treasurer. There is no evidence these were approved by the HRIMS Program Board and/or HRIMS Steering Committee.

## Payments to EY

6.84 Between November 2019 and April 2022, 12 payments were made to EY. The details of each payment, including the issue date, description of services and the amount paid are shown in Table 6-5.

**Table 6-5 Payments made to EY**

Issue Date	Description of services (as detailed on each invoice)	Amount (GST exclusive)
11/11/2019	Implementation Partner Milestone 1 services on the Human Resources Information Management Solution (HRIMS) Program.	\$627,241.05
02/03/2020	Invoice for Implementation Partner services to complete Milestone 2A on the Human Resources Information Management Solution (HRIMS) Program.	\$1,129,033.89
03/03/2020	Memorandum of Fees Invoice for Implementation Partner services to complete Milestone 2B on the Human Resources Information Management Solution (HRIMS) Program. Please note that the payment is as per the Payment Schedule contractually agreed (Annexure C in Deed of Variation 2).	\$752,689.26
30/04/2020	Memorandum of Fees Invoice for Implementation Partner services to complete Milestone 3 on the Human Resources Information Management Solution (HRIMS) Program. Please note that the payment is as per the Payment Schedule contractually agreed (Annexure C in Deed of Variation 3).	\$1,254,482.10
08/02/2021	Invoice for Implementation Partner services to complete Milestone 4 on the Human Resources Information Management Solution (HRIMS) Program. Please note that the payment is as per the Payment Schedule contractually agreed (Annexure C in Deed of Variation 4).	\$1,568,102.63
08/02/2021	Invoice for Implementation Partner services to complete Milestone 5 on the Human Resources Information Management Solution (HRIMS) Program. Please note that the payment is as per the Payment Schedule contractually agreed (Annexure C in Deed of Variation 4).	\$2,318,102.63
27/08/2021	From To Service date: 01.01.2021 to 27.08.2021 1) Settlement payment payable on the Effective Date of Deed of Variation No. 5 to Work Order 1 (\$3,000,000) 2) Payment Milestone 5A: On the Effective Date of DOV5 (\$1,254,482.10)	\$4,254,482.10
22/11/2021	From To Service date: 19.04.2021 to 12.11.2021 Fee for Test Coordinator from 19 April 2021 to 29 October 2021 totalling 94.4 days	\$211,280.00
22/11/2021	From To Service date: 07.06.2021 to 29.10.2021 Fee for Test Coordinator from 7 June 2021 to 12 November 2021 totalling 139 days	\$236,000.00
02/12/2021	From To Service date: 01.11.2021 to 30.11.2021 Fee for Test Coordinator from 1 November 2021 to 30 November 2021 totalling 20.5 days	\$51,250.00

Issue Date	Description of services (as detailed on each invoice)	Amount (GST exclusive)
20/12/2021	From To Service date: 01.12.2021 to 17.12.2021 Fee for Test Coordinator from 1 December to 18 December, totalling 12 days	\$30,000.00
24/01/2022	From To Service date: 13.12.2021 to 31.12.2021 Transition Out Cost	\$266,921.67
14/04/2022	From To Service date: 14.04.2022 to 14.04.2020 Payment term as per Deed of Settlement and Release, executed 06/04/2022	\$10,454,545.45

Source: ACT Audit Office analysis of financial data provided by the Chief Minister, Treasury and Economic Development Directorate.

6.85 Payments made to EY can be categorised into three broad categories:

- Milestone payments – payments that were made for work performed by EY for Milestones 1 to 5;
- ad-hoc/additional work payments – payments that were made for works completed outside of the agreed Milestone Deliverables that were required to progress the Program. These payments were calculated on an hourly basis; and
- settlement payments – payments that were made to EY due to delays experienced by EY, as well as the final severance of the contract.

6.86 Payments made to EY by category are shown in Table 6-6.

**Table 6-6 Payments made to EY by category**

Payment category	Payments made to EY (GST exclusive)
Milestone related payments	\$8,904,133.67
Additional work payments	\$795,451.67
Settlement payments	\$13,454,545.45
<b>Total</b>	<b>\$23,154,130.79</b>

Source: ACT Audit Office analysis of financial data provided by the Chief Minister, Treasury and Economic Development Directorate.

### *Settlement payments*

6.87 During the execution of the contract with EY, three settlement payments were made to EY. Two settlement payments were made due to delays on the Territory's part and one settlement payment was made to terminate the contract by consent pursuant to a Deed of Termination and Release.

6.88 In April 2020, EY raised concerns with the Territory in relation to challenges that were impacting the progress of the HRIMS Program. Following negotiations, Deed of Variation 4 was executed on 19 November 2020. The variation included an increase to the Work Order value by \$750,000 (GST exclusive) and an update to the Milestone Deliverables.

- 6.89 Over the coming months, the Territory and EY worked together to attempt to remediate issues that continued to delay integration testing and were placing the planned 21 November 2021 go-live date at risk. Following negotiations, Deed of Variation 5 was executed on 1 September 2021 and increased the contract by \$5,922,000 (GST exclusive), comprising:
- Delay settlement - \$3.0 million;
  - Milestone delay claims - \$2.5 million; and
  - Change requests - \$0.422 million.
- 6.90 The delay settlement amount of \$3.0 million was negotiated between the Territory and EY to account for issues that underpinned the delays that had occurred since 19 April 2021, and specifically mentioned that the delays had been caused by issues with roles within the HRIMS Program.
- 6.91 A Milestone delay claim amount of \$2.5 million was also included to incorporate additional costs into the contract relating to additional activities and engagement of additional resources that EY had forecasted would be required to meet the revised go-live date in light of the delays that had been experienced on the Territory's part. This was not considered a settlement payment, but rather a future consequence of the delays that had been experienced.

#### *Notice of Termination for Convenience*

- 6.92 On 10 December 2021, the Territory issued a formal Notice of Termination for Convenience to EY. EY acknowledged receipt and advised that Transition Out activities were in progress and that services would cease by the end of December 2021. At this time, EY was awaiting a response to an initial claim amount that had been provided to the Territory for consideration and a Draft Deed of Termination.
- 6.93 Following the Notice of Termination for Convenience, mediation proceedings ensued between the Territory and EY legal counsel to negotiate final settlement of the Contract. On 6 April 2022 the Deed of Termination was executed, terminating the Contract between the Territory and EY for the implementation of the HRIMS Program. The final agreed settlement payment of \$10,454,545 (GST exclusive) was subsequently paid to EY on 14 April 2022.
- 6.94 Between November 2019 and April 2022, 12 payments were made to EY totalling \$23.15 million. Payments were made for Milestone acceptance and delivery (35 percent), ad hoc / additional services performed (four percent) and to settle claims for delays incurred by EY and the termination of the contract (61 percent). The total amount paid to EY exceeded the initial value of the executed contract by \$5.14 million.

**RECOMMENDATION 1      REPORT TO THE ACT LEGISLATIVE ASSEMBLY**

The ACT Government should table a response in the ACT Legislative Assembly that provides a comprehensive plan that details the actions to be taken by the Territory to address the failures identified in this report.

# APPENDIX A: PROGRAM AND PORTFOLIO MANAGEMENT

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Programs are primarily focused on the delivery of outcomes/benefits and projects are primarily focused on outputs/products. A program includes constituent projects whose outputs each contribute towards the program's anticipated outcomes. Program managers should be concerned with monitoring constituent projects to confirm that:

- they are adequately resourced and on schedule;
- outputs are likely to be of acceptable quality; and
- risks and issues are being appropriately managed.

Consistent with better practice (Managing Successful Programmes®) program governance consists of nine themes:

- 1) Program organisation (management structure)
- 2) Vision
- 3) Leadership and stakeholder engagement
- 4) Benefits management
- 5) Blueprint design and delivery
- 6) Planning and control
- 7) Business case
- 8) Risk and issue management
- 9) Quality assurance and management

A Portfolio is a collection of programs and projects. Portfolio management should be focused on the overall contribution of each program's outcomes and each project's outputs toward the achievement of strategic objectives. Portfolio managers should be concerned with:

- ensuring that programs and projects within the entity portfolio remain aligned with strategic objectives;
- managing delivery at a collective level; and
- maximising benefits realisation.



## APPENDIX B: QUEENSLAND HEALTH PAYROLL SYSTEM IMPLEMENTATION PROJECT

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In June 2008, Queensland Health accepted a proposal to implement a replacement for its HR management system. Subsequent detailed planning revealed that the size, complexity and scope of the program had been underestimated and a reduced scope was agreed in August 2009 for the prime contractor to only implement a replacement payroll solution. The project was managed by the prime contractor and overseen by Queensland Government's shared services provider Corp Tech, which would ultimately manage and own the IT solution.

While numerous attempts were made to clarify roles and responsibilities, there still existed some tension between Queensland Health as Business Owner (owner of payroll data and business processes), and Corp Tech as the System Owner. Responsibilities in many areas were shared and it was not clear which Accountable Officer had responsibility for the overall governance and successful completion of the whole project. There was also disagreement within Queensland Health and Corp Tech relating to processes and supporting systems and interfaces. This caused confusion among stakeholders in relation to roles and responsibilities, accountabilities and coordination.

Queensland Health, as the Business Owner, was not adequately involved in key contract management decisions impacting the scope, cost or schedule of the project throughout the project's delivery. The project scope was not formally agreed to by Queensland Health. There were over 47 change requests raised throughout the project. In general, these were required due to business requirements not being clearly articulated and agreed to at the outset of the project. As a result, the solution deployed for user acceptance testing continued to fail test criteria, and there were delays in the project schedule. The total contract price had increased fourfold when the replacement system went live on 14 March 2010.

The Auditor-General of Queensland reviewed the project in their Report to Parliament No.7 for 2010. They found the arrangements led to complicated and ineffective governance structures, and potential conflict of interest with the prime contractor responsible for both managing the project and being the main supplier of services to the project (including establishing business requirements, developing project schedule, developing and configuring the system). The Auditor-General recommended that agencies wishing to replace their payroll system in future should:

- simplify award structures prior to implementing a new payroll system to remove complexities which will impact on the effectiveness and efficiency of the payroll process;
- establish clear lines of accountability and roles and responsibilities at the initiation of the project to ensure an end-to-end governance structure;
- ensure the full impact of system change is assessed on the end-to-end business process;

- identify all project and systems risks and have in place robust contingency plans and risk management strategies to address risks in the event of unexpected system issues; and
- ensure the ultimate decision to Go-Live is based on the readiness of the business and that the system's application within the business is fully tested.

## APPENDIX C: HRIMS PROGRAM SCOPE

### 2018 HRIMS Program Scope

Module	Business Process
Workforce Planning & Strategy	<ul style="list-style-type: none"> <li>▪ Workforce Strategy</li> <li>▪ Workforce Planning</li> <li>▪ Talent Strategy</li> <li>▪ Talent Planning</li> </ul>
Recruiting	<ul style="list-style-type: none"> <li>▪ Sourcing</li> <li>▪ Attract</li> <li>▪ Selection</li> <li>▪ On-boarding</li> </ul>
Learning & Development	<ul style="list-style-type: none"> <li>▪ Learning &amp; Development Strategy</li> <li>▪ Program Design</li> <li>▪ Needs Analysis</li> <li>▪ Learning Administration</li> <li>▪ Training Delivery</li> </ul>
Performance	<ul style="list-style-type: none"> <li>▪ Performance Cycle</li> <li>▪ Objective and Goal Setting</li> <li>▪ Competency Management</li> <li>▪ Performance Support</li> </ul>
Career Planning	<ul style="list-style-type: none"> <li>▪ Career Pathways</li> <li>▪ Manage Career</li> <li>▪ Succession Planning</li> <li>▪ Talent Pool</li> </ul>
Payroll & Administration	<ul style="list-style-type: none"> <li>▪ Payroll and Allowances</li> <li>▪ Workforce Administration</li> <li>▪ Superannuation</li> <li>▪ Leave Management</li> <li>▪ Exit Management</li> </ul>
Employee Health & Wellbeing	<ul style="list-style-type: none"> <li>▪ Health &amp; Welfare Administration</li> <li>▪ Injury Management</li> <li>▪ Rehabilitation</li> </ul>
Measure & Report	<ul style="list-style-type: none"> <li>▪ Workforce Information</li> <li>▪ Workforce Reporting and Analytics</li> <li>▪ Document and Record Management</li> </ul>

Source: Draft 2018 Program Management Plan, Page 6.

## 2019 HRIMS Program Scope

Module	Business Process
Workforce Analytics and Reporting	<ul style="list-style-type: none"> <li>▪ Operational Reporting</li> <li>▪ Statutory and Legislative Reporting</li> <li>▪ Reporting Dashboards</li> <li>▪ Ad-Hoc Reporting</li> </ul>
Recruitment & On-boarding	<ul style="list-style-type: none"> <li>▪ Manage Job Requisition</li> <li>▪ Manage Job Posting / Advertising</li> <li>▪ Manage Applicant Sourcing</li> <li>▪ Manage Applicant Screening &amp; Shortlisting</li> <li>▪ Manage Interview &amp; Test Scheduling</li> <li>▪ Manage Interview &amp; Test Evaluation</li> <li>▪ Manage Pre-Hire Activities</li> <li>▪ Manage Job Offer</li> <li>▪ Manage Employee On-Boarding</li> <li>▪ Applicant Self-Service</li> </ul>
Workforce Administration	<ul style="list-style-type: none"> <li>▪ Manage Organisational Development</li> <li>▪ Administer Workforce</li> <li>▪ Manage Employee Remuneration</li> </ul>
Time and Payroll	<ul style="list-style-type: none"> <li>▪ Manage Employee Bank Details</li> <li>▪ Manage Employee Tax Details</li> <li>▪ Manage Employee Superannuation Details</li> <li>▪ Manage Employee Recurring Earning/Deduction Data</li> <li>▪ Manage Employee Ad-Hoc Earning/Deduction Data</li> <li>▪ Process Time, Absence, and Payroll</li> <li>▪ Post-Payroll Processing</li> <li>▪ Manage End of Year Processing</li> </ul>
Performance Management	<ul style="list-style-type: none"> <li>▪ Define and Maintain Performance Document</li> <li>▪ Assign Goals and Objective</li> <li>▪ Track Individual Goals, capabilities and Accomplishments</li> <li>▪ Evaluate Employee Performance</li> <li>▪ Calibrate Performance Evaluation</li> <li>▪ Performance Reports and Analytics</li> </ul>
Learning & Development	<ul style="list-style-type: none"> <li>▪ Define Learning Objectives</li> <li>▪ Determine Learning Demand and Cost</li> <li>▪ Set Up Learning Environments and Learner Groups</li> <li>▪ Manage Learning Program</li> <li>▪ Manage Learning Content and Catalogue</li> <li>▪ Manage Learning Resources</li> <li>▪ Manage Learning Events</li> <li>▪ Manage Individual Learning Plans</li> <li>▪ Manage Learner/Instructor Information</li> <li>▪ Manage Enrolment</li> </ul>

Module	Business Process
	<ul style="list-style-type: none"> <li>▪ Learning Reports and Analytics</li> </ul>
Talent Management	<ul style="list-style-type: none"> <li>▪ Set Up Person and Non-Person Profile</li> <li>▪ Maintain Profiles</li> <li>▪ Manage Profile Approvals</li> <li>▪ Profile Management Reports and Analytics</li> <li>▪ Define and Maintain Job Architecture</li> <li>▪ Create Career Path</li> <li>▪ Create Career Plan</li> <li>▪ Review Career Progression</li> <li>▪ Manage Career Planning Self-Service</li> <li>▪ Career Planning Reports and Analytics</li> <li>▪ Setup Succession Plan</li> <li>▪ Create and Managing Succession Plan</li> <li>▪ Succession Planning Self-Service</li> <li>▪ Succession Planning Reports and Analytics</li> </ul>
Workforce Planning & Strategy	<ul style="list-style-type: none"> <li>▪ Review Current Workforce &amp; Capabilities</li> <li>▪ Establish Capability Strategies and Monetary Value</li> <li>▪ Identify Future Workforce</li> <li>▪ Develop and Implement Workforce Plan</li> </ul>
Health & Wellbeing	<ul style="list-style-type: none"> <li>▪ Define Health and Wellbeing Tracking Information</li> <li>▪ Record Employee Medical Exam Results</li> <li>▪ Manage Health and Wellbeing Supporting Officers</li> <li>▪ Create Health and Wellbeing Reporting Information</li> <li>▪ Manage Employee's Psychological Wellbeing</li> <li>▪ Health and Wellbeing Self-Service</li> <li>▪ Health &amp; Wellbeing Reports and Analytics</li> </ul>

Source: Draft 2019 Program Management Plan, Page 17.

## APPENDIX D: FEATURES OF A CONTRACT MANAGEMENT PLAN

Component	Description
Key activities	A summary of key activities to be completed (including Milestones/dates, contract expiry, notice periods, extension options, contract review timings and processes etc) and who is responsible for each activity.
Roles and responsibilities	A list of the main individuals involved in the contract, their positions, contact details and their responsibilities (for both the procuring entity and the supplier).
Risk management	Details of risks that have been identified and how and by whom they will be managed (for more complex contracts this may be a separate risk management plan).
Contract governance	Details of stakeholder engagement, contract oversight, process for the escalation of issues or disputes, internal reporting including content, frequency, and distribution of any reporting within the procuring entity, for example, monthly reporting to the senior management team.
Supplier reporting	The frequency and content of the supplier's reporting and timeframes for acceptance of reports including details of the reporting from subcontractors
Meetings	A schedule of meetings and any standing agenda items, the process for the production and agreement of minutes and turnaround times.
Performance management	Details of how performance will be managed, including the reporting of Key Performance Indicators (KPIs) or Service Level Agreements (SLAs), how data will be gathered, verified and calculated, details of remedies or withholds etc.
Delivery and acceptance	Details of the acceptance process or specifics around the delivery of goods or services including standards to be met and audit requirements around those standards, compliance certificates etc
Payment arrangements	Details of pricing including payment terms, Milestones payments etc
Specified personnel	Details of any specified personnel including position, supervisor, security clearances etc.
Supplier access and security	Detailing requirements for: <ul style="list-style-type: none"> <li>• access to facilities or information systems</li> <li>• access and storage of assets</li> <li>• access, recording or storage of information or data, including personal information (as defined in the Privacy Act 1988 (Cth))</li> <li>• security requirements, either personnel or cyber.</li> </ul>
Insurance and guarantees	Details of any insurance certificates, bank guarantees, indemnities or Statements of Tax Record provided by the supplier, any expiry or renewal dates and storage location details
Contract variations	Details of the process as defined in the contract for requesting variations to the contract and details of delegates.

<b>Component</b>	<b>Description</b>
Extension options or contract renewal	Details of options and information about review of the contract and the process for extending the contract as well as the lead-time needed for any re-tender or contract renewal.

Source: Commonwealth Department of Finance Contract Management Guide December 2020, Page 16.

## Audit reports

Reports Published in 2022-23	
Report No. 09 – 2023	2022-23 Financial Audits - Overview
Report No. 08 – 2023	Supports for students with disability in ACT public schools
Report No. 07 – 2023	Annual Report 2022-23
Report No. 06 – 2023	Implementation of the ACT Aboriginal and Torres Strait Islander Agreement
Report No. 05 – 2023	Activities of the Government Procurement Board
Report No. 04 – 2023	Procurement of a hybrid electric fire truck
Report No. 03 – 2023	Financial Management Services for Protected Persons
Report No. 02 – 2023	Management of Operation Reboot (Outpatients)
Report No. 01 – 2023	Construction occupations licensing
Reports Published in 2021-22	
Report No. 10 – 2022	2021-22 Financial Audits – Financial Results and Audit Findings
Report No. 09 – 2022	ACT Emergency Services Agency cleaning services arrangements
Report No. 08 – 2022	2021-22 Financial Audits - Overview
Report No. 07 – 2022	ACT Childhood Healthy Eating and Active Living Programs
Report No. 06 – 2022	Annual Report 2021-22
Report No. 05 – 2022	Procurement and contracting activities for the Acton Waterfront Project
Report No. 04 – 2022	Governance arrangements for the planning of services for Parkwood, Ginninderry
Report No. 03 – 2022	Taxi Subsidy Scheme
Report No. 02 – 2022	Fraud Prevention
Report No. 01 – 2022	Management of detainee mental health services in the Alexander Maconochie Centre

These and earlier reports can be obtained from the ACT Audit Office's website at <http://www.audit.act.gov.au>.