FOLLOW UP OF THE AUDITOR-GENERAL'S PERFORMANCE AUDITS OCTOBER 2011 - MARCH 2012

Organisation: NSW Ministry of Health

Name: Dr Mary Foley

Position: Director General

Date Received: 17/05/2013

Performance Audit: Managing IT Services Contracts

PERFORMANCE AUDIT – Managing IT Services Contracts

IMPLEMENTATION OF RECOMMENDATIONS

	RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
4.1	Prepare a risk based contract management plan for all new services contracts entered into after June 2012	Accepted	NSW Health advises that all new contracts over $900k have a contract management strategy prior to execution which incorporates the following key elements, including risks: • Performance Indicators • Milestones • Services / Deliverables • Resourcing • Risks and Issues • Escrow / Source Code • Variations / Change Control	June 2012	*Status: Completed* Contract Execution Guidelines, Process and Contract Summary template developed to ensure all new contracts over $900k have a contract management strategy prior to execution. All contracts over $900k entered into since October 2011 have a contract management strategy prior to execution. The contract management strategy incorporates the following key elements: • *Performance Indicators* • *Milestones* • *Services / Deliverables* • *Resourcing* • *Risks and Issues* • *Escrow / Source Code* • *Variations / Change Control* Current contract management system upgraded to assist with development of contract management and generate plans.	HealthShare NSW

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4.2	Ensures it has structures in place to effectively manage all services contracts, including purchases through State contracts	Accepted	June 2012	**Status: Completed** The NSW Health 5 year Strategic Procurement Plan addresses all the issues raised in the audit. These structures include: o A review of procurement governance arrangements. o A review of procurement policy and process (which will include contract management documentation). o The acquisition of a NSW Health wide contract lifecycle management system. NSW Health Goods and Services Procurement Policy Manual is under review by Business and Asset Services, NSW Ministry of Health. NSW Health Delegations Manual has been amended to reflect changes resulting from the formation of Local Health Districts and Accreditation status. Procurement Risk Management Checklist is in use. Procurement and Risk Management Principles training conducted by the Ministry of Health has been attend by HealthShare NSW staff responsible for ICT Contracts. Upgrade contract management system to include contract management functionality to assist with contract lifecycle management and create contract management document templates. Acquisition of an additional 12 concurrent user licenses for the contract management system to be deployed to Local Health Districts has occurred. Representatives from various Local Health Districts, Ambulance NSW and Sydney Children's Hospital Network attended training and access has been provided.	HealthShare NSW
4.3	Complete a risk assessment of existing services contracts and prepare contract management plans for those contracts identified as high risk.	Accepted in principle	December 2012	**Status: Completed** HealthShare NSW advises that all current service contracts over $900k will have a contract management strategy identified which incorporates the following key elements, including risks: All current contracts entered into prior to the audit in October 2011 and over $900k to have a contract management strategy prior to execution. Current contract management system upgraded to assist with development of contract management and generate plans.	HealthShare NSW

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