

**Submission
No 1**

**EXAMINATION OF THE AUDITOR-GENERAL'S
PERFORMANCE AUDIT REPORTS DECEMBER 2014
- JUNE 2015**

Organisation: NSW Department of Education
Name: Mr Greg Prior
Position: Deputy Secretary, School Operations and Performance
Date Received: 23 March 2016



Mr Bruce Notley-Smith MP
Chair, Public Accounts Committee
NSW Legislative Assembly
Parliament of New South Wales
Macquarie Street
Sydney NSW 2000

MT16/164

Dear Mr Notley-Smith

I write in response to your letter of 18 February 2016 regarding the request by the Public Accounts Committee of the NSW Legislative Assembly for an outline of the Department's response to the 2014 Auditor General's *Report on the Learning Management and Business Reform (LMBR) Program* and feedback on the effectiveness of the audit process.

The Auditor General's 2014 Performance Audit provided the Department with a valuable opportunity to reflect on the achievements of the LMBR program and focus on the lessons learned and areas for improvement as the program moved into its final stage. It also provided an opportunity for the Department to consider the recommendations from the point of view of other projects or programs.

The Audit Office engaged constructively with the Department to progress the audit. While it was a time consuming process, the audit recommendations were used by the Department to fine tune the Stage 3 business case.

The Department actively sought to address each of the recommendations as a matter of urgency following the report's release. I am pleased to advise that all of the 10 recommendations have been successfully completed.

Attached is a summary of the Department's response to each of the recommendations, along with their current status.

Thank you for the opportunity to provide the Public Accounts Committee with this update and feedback on the audit process.

Yours sincerely



Greg Prior
DEPUTY SECRETARY
SCHOOL OPERATIONS AND PERFORMANCE

18 March 2016

IMPLEMENTATION OF RECOMMENDATIONS

NSW Department of Education

Report on the Learning Management and Business Reform Program

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)	
The Department should by 31 January 2015 for the next LMBR program business case, and by 30 June 2015 for any other projects or programs managed by the Department:						
1a	ensure that business cases comply with all central agency requirements	Accepted	<p>LMBR Stage 3 Business Case to be prepared taking central agency requirements into consideration.</p> <p>Other programs and projects: Relevant business cases that are referred to the Department's Executive comply with central agency requirements where appropriate.</p>	<p>31/01/2015</p> <p>30/6/2015</p>	<p>COMPLETED</p> <p>The LMBR Stage 3 Deployment Business Case complies with central agency requirements.</p> <p>ON TRACK</p>	<p>LMBR</p> <p>Relevant program area</p>
1b	for large projects, work is segmented so that deliverables are achieved, and benefits commence accruing, within a three year timeframe	Accepted	Detailed deployment planning to allow a phased approach.	31/01/2015	<p>COMPLETED</p> <p>LMBR Stage 3 is due to be completed by the end of 2017. Deployment to schools will be segmented, with benefits to commence accruing for the first groups of schools from the end of 2016.</p> <p>ON TRACK</p>	LMBR

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
		Other programs and projects comply with the recommendation: In early 2015, the Department's Executive formally endorsed the adoption of the NSW Benefits Realisation Management (BRM) Framework for key change programs within the Department.	30/6/2015 (Ongoing)	Significant change programs will use this framework. The implementation is supported by the Department's Enterprise PMO (EPMO).	Relevant program area / EPMO
2	Accepted	<p>Program risks and mitigations to be included in the Stage 3 Business Case.</p> <p>Other programs and projects comply with the recommendation.</p>	<p>31/01/2015</p> <p>30/6/2015 (Ongoing)</p>	<p>COMPLETED</p> <p>The Stage 3 Business Case provides detailed advice on program risks and mitigations and the risk management approach and methodology for the program.</p> <p>ON TRACK</p> <p>The Department currently adheres to relevant central agency guidance (e.g. Treasury Circular NSW TC 12/19 Submission of Business Cases; and Treasury Circular: TC 14/29 Management of Contingency Provisions for Major Projects)</p>	<p>LMBR</p> <p>Relevant program area</p>

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)	
3	ensure that governance arrangements are not only robust, but also rigorously applied and monitored, and that there is effective financial oversight	Accepted	<p>Governance arrangements strengthened including a stable governance structure, robust committee terms of reference, and committee and member accountabilities.</p> <p>Other programs and projects comply with the recommendation.</p>	<p>31/01/2015</p> <p>30/6/2015 (Ongoing)</p>	<p>COMPLETED</p> <p>LMBR's governance has been strengthened. Subsequent independent reviews of the program have found this strengthened governance structure and implementation to be sound.</p> <p>ON TRACK</p> <p>Relevant line managers ensure that appropriate governance and monitoring processes are in place.</p>	<p>LMBR</p> <p>Line Manager / CFO / relevant program area</p>

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	apply its Program Management Office and frameworks for program management, and the Department's accredited procurement and contract management frameworks and ensure staff are adequately trained in applying these processes	Accepted	<p>A Program Delivery Office to be established.</p> <p>Program to recruit staff experienced in procurement and contract management processes.</p> <p>Other programs and projects comply with the recommendation.</p>	<p>31/01/2015</p> <p>30/6/2015 (Ongoing)</p>	<p>COMPLETED</p> <p>LMBR Stage 3 operates with a dedicated Program Delivery Office to coordinate program management in line with Departmental practices and PRINCE 2 methodology.</p> <p>Contract management plans have been established for contracts in accordance with the Department's contract management framework.</p> <p>ON TRACK</p> <p>The Department's EP MO supports other significant programs and projects. There is regular and ongoing training to support the Department's accredited procurement and contract management framework.</p>	<p>LMBR</p> <p>EP MO / Procurement Solutions Directorate</p>
5	ensure that there is specific accountability for achieving well-defined outcomes	Accepted	<p>LMBR governance structure and committee terms of reference to include clear committee and member accountabilities.</p> <p>Other programs and projects comply with the</p>	<p>31/01/2015</p> <p>30/6/2015 (Ongoing)</p>	<p>COMPLETED</p> <p>The LMBR program governance structure, including oversight by a multi-agency steering group, establishes clear accountability with member roles. The over-arching outcomes of the program are defined in the business case, with further detailed outcomes being built into program and project documentation.</p>	<p>LMBR</p> <p>Relevant program area</p>

	RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
			recommendation.		ON TRACK Relevant line managers ensure that appropriate governance and monitoring processes are in place.	
6	for the rollout of LMBR program to the remaining 2000 schools, require the Schools portfolio to take stronger responsibility for ensuring that schools are provided with the necessary support for successful implementation	Accepted	Schools Operations and Performance to take full ownership and leadership of the LMBR Program.	31/01/2015	COMPLETED The Schools Division assumed responsibility for the deployment in early 2015. Training support, logistical support, and deployment support to the local teams is provided centrally from the LMBR project team.	LMBR
7a	ensure a Benefits Realisation Register is developed.	Accepted	A dedicated benefits manager to be recruited to develop a Benefits Management Realisation Strategy and Plan including a detailed benefits register. Other programs and projects comply with the recommendation.	31/01/2015 30/6/2015 (Ongoing)	COMPLETED The LMBR program has adopted the NSW Government Framework and recast the program benefits into a newly created Benefits Register. The Department has formally adopted the NSW Benefits Realisation Management (BRM) Framework. The implementation is supported by the Department's Enterprise	LMBR

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)	
				PMO (EPMO) and for in-scope programs, a benefits register is developed.		
7b	that baseline and benefits measures are defined and validated by those responsible for realising the benefits.	Accepted	<p>The Benefits Realisation Management Plan to identify Executive benefit owners responsible for the measurement and realisation of their respective benefit(s).</p> <p>Other programs and projects comply with the recommendation.</p>	<p>31/01/2015</p> <p>30/6/2015 (Ongoing)</p>	<p>COMPLETED</p> <p>The Benefits Realisation Management (BRM) Strategy has been completed. The BRM Plan has been developed with baseline and benefit measures defined. Executive owners have been assigned and ownership agreed.</p> <p>The Department has formally adopted the NSW Benefits Realisation Management (BRM) Framework for key change programs.</p>	<p>LMBR</p> <p>Relevant program area</p>

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8 ensure that throughout a program's development and implementation its benefits are regularly reviewed, updated and that achievements are recorded and validated.	Accepted	<p>A revised framework to be established to regularly review, record and validate benefits with oversight provided by a dedicated benefits manager.</p> <p>Other programs and projects comply with the recommendation.</p>	<p>31/01/2015</p> <p>30/6/2015 (Ongoing)</p>	<p>COMPLETED</p> <p>During the life of the program, benefits will be managed by the LMBR Program Delivery Office, with responsibility for the realisation assigned to business owners, and responsibility for ongoing tracking, monitoring, review and validation being transitioned to the Department's Program Management Office at completion of the program.</p> <p>The Department has formally adopted the NSW Benefits Realisation Management (BRM) Framework for key change programs. The implementation is supported by the Department's Enterprise PMO (EPMO).</p>	<p>LMBR</p> <p>Relevant program area / EPMO</p>