

**Submission
No 2**

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

Organisation: TAFE NSW
Name: Mr Peter Bourke
Position: Chief Information Officer
Date Received: 12 April 2016



The Hon Bruce Notley-Smith MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament of NSW
Macquarie Street
Sydney NSW 2000

SEC16/61
DOC16/187781

Dear Mr Notley-Smith

I write in response to your letter of 18 February 2016 to Mr Simon Smith, Secretary Department of Industry regarding the Auditor General's Report on the Learning Management and Business Reform Program. The Secretary has asked me to respond on his behalf.

TAFE NSW accepts all the recommendations in the Auditor General's report. A response to each recommendation is provided in the enclosed table.

Should you require further information please contact Emily Cotton, R/Professional Services Officer, TAFE Customer Services on 9244 5101 or at emily.cotton1@tafensw.edu.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Peter Bourke".

Peter Bourke
Chief Information Officer
TAFE NSW

8 April 2016



REPORT ON THE LEARNING MANAGEMENT AND BUSINESS REFORM PROGRAM – TAFE NSW IMPLEMENTATION OF RECOMMENDATIONS

RECOMMENDATION		ACCEPTED REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS	RESPONSIBILITY
1.	a) Ensure that business cases comply with all central agency requirements	Accepted	a) Business Cases for the LMBR Program were developed by the NSW Department of Education and Communities. While there was consultation with TAFE NSW as part of the Business Case development, it is the case that systems delivered under LMBR have not met TAFE NSW business requirements or expectations. TAFE NSW Business Cases are delivered using standard Treasury business case templates with accompanying checklists and a gateway process. Business cases are reviewed by project stakeholders and endorsed by the TAFE NSW Chief Information Officer prior to submission.	30 June 2015	Implemented	Business Case Owner and Chief Information Officer
	b) For large projects, work is segmented so that deliverables are achieved, and benefits commence accruing, within a three-year timeframe.		b) The Department of Education and Communities commenced LMBR in 2006. While the Department segmented the major components of the work, and some of those components have been delivered, the move into the more complex			

RECOMMENDATION	ACCEPTED REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS	RESPONSIBILITY
		<p>components of SALM for TAFE NSW consistently did not meet time, cost and quality requirements, and what has been delivered did not achieve expected benefits. In TAFE NSW large changes will be managed as a program to track benefits for new system enhancements. Any new business cases in TAFE NSW are being developed and approved based on a three year ROI.</p>			
<p>2. Ensure that, within the business case, the risk management approach quantifies the potential impact of risks and includes appropriate contingencies to manage them</p>	<p>Accepted</p>	<p>The initial timeframes for the implementation of many of the components of LMBR have not been met. In acknowledgement of the large-scale complexity of the LMBR Program numerous Business Cases for LMBR were developed. While each of these generally applied central agency requirements, they had gaps in terms of contingency plans for risks, and the costs of risk management and risk mitigation were not included. In TAFE NSW Business cases will quantify risks with a contingent liability in the estimate for new system enhancements. Any new Business Cases will include a risk assessment with cost assumptions to manage and mitigate identified risks.</p>	<p>30 June 2015</p>	<p>Implemented</p>	<p>Business Case Owner and Chief Information Officer</p>

RECOMMENDATION		ACCEPTED REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS	RESPONSIBILITY
3.	Ensure that governance arrangements are not only robust, but also rigorously applied and monitored, and that there is effective financial oversight	Accepted	<p>The Department regularly reviewed and changed its governance arrangements to manage the complexities of the LMBR Program. While governance was aligned with major system function streams, these arrangements were not always effective in the financial oversight of the Program. Since the end of the LMBR Program, TAFE NSW has transitioned the governance framework established under the LMBR Program into business as usual, with a view to implementing robust IT governance for TAFE NSW to ensure more effective financial oversight and collaborative processes for IT decision-making and an approach that engages business and technical specialists in the identification, specification and approval of IT requirements.</p> <p>This includes the establishment of a TAFE Program Board as well as the establishment of a SALM Applications Project Control Group to better support decision-making, the development of appropriate business cases, and clearly linking the priority of new system enhancements to strategic</p>	30 June 2015	Implemented	Chief Information Officer

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		business objectives.			
<p>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</p>	Accepted	<p>The Department did not have a Department-wide Project Management Office (PMO) in place for the duration of the LMBR Program. Since the end of the LMBR Program TAFE NSW has managed its programs using a formal Project Portfolio Management framework based on appropriate industry standards, with strong program governance and appropriate Project Control Group membership that clearly aligns each program and their associated projects with strategic objectives. TAFE NSW is currently enhancing its PMO function and structure to further strengthen project governance arrangements.</p>	30 June 2015	Implemented	Business Owners, Corporate / Program Management
<p>5. Ensure that there is specific accountability for achieving well-defined outcomes</p>	Accepted	<p>The LMBR Program had multiple versions of an organisational change management strategy as the Program evolved, but lacked sufficient support resources to adequately manage the business transformation required around the new system capabilities. Projects in TAFE NSW are established with Project Managers and Executive Sponsors. When appropriate working groups are set up to ensure appropriate outcomes.</p>	30 June 2015	In progress	Business Owners, Corporate / Program Management

RECOMMENDATION		ACCEPTED REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS	RESPONSIBILITY
			<p>Regular meetings are conducted with the Executive Sponsor and/or the Chief Information Officer to monitor progress. Regular reports are provided to the TAFE NSW Executive Leadership Team.</p> <p>Contracts with third parties include specific milestones, service agreements (where appropriate) and penalty clauses to ensure project delivery. Senior users (business owners) are engaged on Project Control Groups to identify benefits and intended project outcomes, and take ownership of the benefits review plan and ensure these are measurable.</p>			
6.	For the rollout of the LMBR program to the remaining 2,000 schools, require the Schools portfolio to take stronger responsibility for ensuring that schools are provided with the necessary support for successful implementation		Not applicable for TAFE NSW			Schools
7.	a) Ensure a Benefits Realisation Register is developed	Accepted	A benefits register was developed for LMBR, however the realisation of planned outcomes and benefits was not effectively managed by the Program and what has been delivered did not achieve expected benefits. While work is being undertaken to ensure that this	30 June 2015	In progress	Corporate / Program Management or Benefit realisation team

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			information is included in future TAFE NSW business cases, a central register has not yet been implemented.			
	b) That baseline and benefits measures are defined and validated by those responsible for realising the benefits		A benefits realisation register was developed for LMBR, however it did not validate those benefits with TAFE NSW or assign responsibility for achieving the benefits identified. TAFE NSW is working to ensure that business cases include a benefits profile, which are regularly reviewed and validated to ensure benefits are still to be delivered. Part of this process is to ensure benefit owners are clearly identified, aligning accountability with the owner, and to ensure project outcomes are clearly linked to benefits and are measurable. The Smart and Skilled Implementation Project is an example of a current TAFE NSW project that has commenced a benefit management process which includes creating a benefit profile, having owners clearly identified and regularly reviewing benefits realisation.			
8.	Ensure that throughout a program's development and implementation its benefits are regularly reviewed, updated and that achievements are recorded and validated	Accepted	While the LMBR Program established a benefits realisation strategy and plan, these were not fully adopted by TAFE NSW or monitored by LMBR during the Program. Since the end of LMBR TAFE	30 June 2015	In progress	Corporate / Program Management or Benefit realisation team

RECOMMENDATION	ACCEPTED REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS	RESPONSIBILITY
		NSW Projects are being monitored with regular dashboard reports produced and shared among the project managers and key stakeholders. TAFE NSW is currently enhancing its PMO function and structure to further strengthen project governance arrangements.			