

**EXAMINATION OF THE AUDITOR-GENERAL'S  
PERFORMANCE AUDIT REPORTS FEBRUARY 2016  
– SEPTEMBER 2016**

**Organisation:** Service NSW  
**Name:** Rachna Gandhi  
**Date Received:** 14 March 2017

Ref: D17/4219

14 March 2017

Mr Bruce Notley-Smith MP  
Chair  
Public Accounts Committee  
Parliament of New South Wales  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Notley-Smith,

**Auditor-General's Performance Audit report: Realising the benefits of the Service NSW initiative**

Thank you for the opportunity to respond to your request dated 14 February 2017 in relation to the Auditor-General's Performance Audit report.

Our response has been prepared in accordance with the format as requested – refer **Attachment A**.

Please do not hesitate to contact the undersigned if you require any further information in relation to this matter.

Yours sincerely,



**Rachna Gandhi**  
Chief Executive Officer  
Service NSW



**Michael Pratt**  
Customer Service Commissioner

cc: Ms Margaret Crawford, Auditor-General, Audit Office of New South Wales

## Implementation of Recommendations

### Service NSW

#### Realising the benefits of the Service NSW Initiatives

	Recommendations	Accepted or Rejected	Actions to be undertaken	Due date	Status (completed, on track, delayed) and Comment	Responsibility (Section of agency responsible for implementation)
1.	<p><i>Submit a report to the Expenditure Review Committee (ERC) which:</i></p> <p><i>1.1 explains the changes made to the proposed scope, outputs, timing, benefits and savings of the initiative since the second business case was approved</i></p> <p><i>1.2 lists the outputs and the type and value of benefits and savings that will not be delivered from the second business case</i></p> <p><i>1.3 clearly defines the outputs, timing, benefits, savings and the approach to benefits management that will be delivered by 30 June 2017, and whether any funding adjustment is necessary</i></p> <p><i>1.4 re-assesses the cost benefit analysis and payback period for the initiative compared to the second business case</i></p> <p><i>1.5 requests the ERC's approval for the forward plan outlined in 1.3 above</i></p> <p><i>1.6 outlines an accountability process to gain approval for any further changes deemed necessary.</i></p>	Accepted	<p>An integrated Service NSW <i>Benefits Realisation Framework</i> along with an assessment of benefits realised to 30 June 2017 is scheduled to be tabled with ERC as part of a report back by the NSW Transactional Services Board (TSB) in May 2017. This report back will also address the recommendations of the Performance Audit report.</p> <p><b>Summary overview</b></p> <p>The Benefits Realisation Framework is to provide the following:</p> <ul style="list-style-type: none"> <li>a clear definition of the Service NSW initiative, the key strategic drivers of the initiative, the key principles for the approach to benefits realisation, and the identification of the whole of Government strategic and operational benefits;</li> <li>defines targets that are not only specific to underlying business case deliverables but also reflect the overall strategic imperatives of Service NSW, as determined by Government, the Minister, and other key stakeholders to ensure a holistic approach to performance measurement and benefits realisation;</li> <li>linkage of the target deliverables and benefits of each program, to a set of measures to inform the monitoring and reporting of benefits, including the identification of appropriate baselines, targets, and key performance indicators (KPIs); and</li> <li>strengthened accountability for individual program benefits through a governance and administrative framework for benefits management to enable Service NSW to effectively track, report and evaluate the achievement of the expected benefits from each business case deliverable.</li> </ul> <p>As noted in the NSW Government Guidelines, benefits realisation forms a critical stage of the investment cycle, and the proposed approach will objectively demonstrate the benefits of the Government's investment in the Service NSW initiative.</p> <p>The Benefits Realisation Framework captures and reports the achievements, outcomes and activities of Service NSW as a whole from inception on an ongoing basis. This includes the planned outcomes pursuant to specific reform programs and business cases, together with the ongoing strategic targets of Service NSW as an independent agency.</p> <p>The Service NSW initiative is a valuable asset for the NSW Government with enduring benefits accruing as the service delivery reforms continue to mature. A critical success factor for the realisation of whole of Government benefits will be the extent for which Service NSW and the Government can leverage usage of this asset.</p> <p><b>Governance and administration</b></p> <p>A key objective of the governance process will be to ensure that the Benefits Realisation Framework establishes clarity and co-ordination between the following levels of monitoring:</p>	<p>The target date was originally February 2017, however, TSB have advised that the current date available from ERC is May 2017.</p> <p>The final date is to be confirmed in light of recent Cabinet changes, with detailed work currently progressing and on track to be ready to table for ERC consideration in May 2017.</p>	<p><b>On track</b></p> <p>The Service NSW <i>Benefits Realisation Framework</i> has been prepared and is in the process of being reviewed for approval by the following stakeholders, in advance of being submitted to ERC:</p> <ul style="list-style-type: none"> <li>- Service NSW Executive Leadership Team (ELT);</li> <li>- Service NSW Strategic Roadmap Program Steering Committee (PSC); and</li> <li>- NSW Transactional Services Board (TSB).</li> </ul>	<p>Service NSW: CFO and Program Management Office (PMO)</p>

	Recommendations	Accepted or Rejected	Actions to be undertaken	Due date	Status (completed, on track, delayed) and Comment	Responsibility (Section of agency responsible for implementation)
			<ul style="list-style-type: none"> <li>enterprise level financial control and reporting;</li> <li>the monthly Benefits Scorecard linked to the Benefits Register; and</li> <li>detailed individual project reporting of deliverables, costs and benefits through the Program Status Reports of the Program Office.</li> </ul> <p>The governance processes established for the Service NSW initiative are consistent with the principles outlined in the NSW Government guidelines, specifically:</p> <ul style="list-style-type: none"> <li>Commitment and support at the senior leadership and executive level. Active support for the program will support and reinforce benefit ownership and realisation.</li> <li>Clear and active program sponsorship and accountability. Sponsorship of the program, together with accountability for the benefits realised reinforces the benefits realisation process and framework.</li> <li>Program management and responsibility for defining, measuring and reporting benefits.</li> </ul>			
2.	Develop a benefits realisation register to link its existing scorecard reporting to all the benefits and savings that SNSW is responsible for achieving, as approved by the ERC in recommendation 1.5.	Accepted	A Benefits Register has been established to align with the integrated Benefits Realisation Framework. The format, information captured and overall management of the Benefits Register is aligned with the relevant NSW Government Guidelines.	February 2017	Completed, subject to approval by relevant key stakeholders of the integrated Benefits Realisation Framework (refer Item 1).	Service NSW: CFO and Program Management Office (PMO)
3.	<p>The Customer Service Commissioner should, by June 2016:</p> <p><i>Define the whole-of-government benefits and savings expected to be achieved by the initiative since its commencement to 30 June 2017.</i></p>	Noted	<p>As noted in response provided by Service NSW and Customer Service Commissioner (CSC) in February 2016, this task is considered to be outside the responsibilities and authority of the CSC. Neither the CSC nor Service NSW has the resources, funding or authority to identify all whole-of-Government benefits arising from the Service NSW initiative and how they would be managed and realised.</p> <p>The Benefits Realisation Framework sets out the approach to identifying the expected benefits, including financial savings, on a whole-of-Government basis from the Service NSW initiative.</p> <p>The report to ERC, in conjunction with the TSB report back submission, currently scheduled for May 2017, will include a detailed report of the whole-of-Government benefits of the Service NSW initiative for the period from inception to 30 June 2017.</p>	May 2017	On Track	Service NSW CFO / Customer Service Commissioner

	Recommendations	Accepted or Rejected	Actions to be undertaken	Due date	Status (completed, on track, delayed) and Comment	Responsibility (Section of agency responsible for implementation)
4.	<p>The Customer Service Commissioner should, by June 2016:</p> <p><i>In conjunction with central agencies of government, clarify who should be monitoring and reporting on the achievement of whole-of-government benefits and savings, and communicate this responsibility to the nominated agency head/s."</i></p>	Noted	<p>The Benefits Realisation Framework proposes an approach to clarify the roles and responsibilities in relation to the monitoring and reporting of whole-of-Government benefits from the Service NSW initiative to deal with the above challenge.</p> <p>A key learning to date from the implementation of the Service NSW initiative, it is the responsibility of individual agencies (through the TSB and Treasury) to actually realise financial savings arising from a reduction in agency baseline costs.</p> <p>Service NSW do not have the resources or authority to adjust agency cost and funding structures. The role of Service NSW is to create value propositions for agencies and report details of benefits created through the TSB.</p> <p>The TSB was created in 2016 to ensure that Service NSW is positioned as the "default" provider of transactional services in circumstances where there is a positive value proposition for both Government as a whole and customers, reduced duplication of investment across government and/or improved customer satisfaction. The Framework outlines the primary role of the TSB to undertake the following:</p> <ol style="list-style-type: none"> <li>Working with agencies to identify future needs for physical or digital distribution of transaction services;</li> <li>Validation of agency cost to serve baselines by independent verification or application of reasonable and appropriate industry benchmarks for transactions to be on-boarded by Service NSW; and</li> <li>Review agency investment / capital expenditure proposals to ensure that proposed initiatives will not result in a duplication of assets developed from investment in the Service NSW initiative, for example: <ul style="list-style-type: none"> <li>- Service delivery footprint</li> <li>- Payments capabilities</li> <li>- Agency customer relationship management systems.</li> </ul> </li> </ol>	May 2017	On Track	Service NSW CFO / Customer Service Commissioner