

**Submission  
No 4**

**EXAMINATION OF AUDITOR-GENERAL'S PERFORMANCE AUDIT  
REPORTS MAY 2017 - DECEMBER 2017**

**Organisation:** Roads and Maritime Services

**Date Received:** 13 July 2018

## IMPLEMENTATION OF RECOMMENDATIONS

### Roads and Maritime Services

#### Sydney Region Road Maintenance Contracts

RECOMMENDATION		ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
1	Roads and Maritime Services should consider whether to incorporate stronger sanctions in the Stewardship Maintenance Contract (SMC) if the contractor provides incorrect performance or financial data to Roads and Maritime, when:	1a) Considered and rejected	a) Negotiating the commercial reset for the next works period with the Sydney region south and west zone contractors due in July 2018.	Sep 2017	Review completed and not accepted - September 2017 The team reviewed the current contract terms and after validating the findings with Roads and Maritime Internal audit and Legal team, it was agreed that the current contractual terms cover this in detail and will be carried forward as part of the Commercial Reset process commencing on 1 July 2018.	Sydney Maintenance
		1b) Accepted	b) Finalising a new SMC contract for the Sydney region north zone, due to commence in October 2018.	Oct 2018	Completed - June 2017 A contract extension was successfully negotiated with the current provider to June 2021. The refreshed contract terms (remained as a Performance Specific Maintenance Contract (PSMC) with SMC attributes) guarantees efficiency savings, with the new benefits accruing from 1 October 2017. This contract extension has the additional benefit in that it now aligns the north zone with the south and west Sydney Stewardship Maintenance Contracts.	Sydney Maintenance

2	Roads and Maritime Services should, by September 2017 review its contract management framework for SMCs to ensure that all authorities and accountabilities of contract managers are clearly defined, including:	Accepted	a) Accountability and procedures for exercising all operational clauses in the SMC where Roads and Maritime may opt to, or be required to intervene, or make a decision.	Dec 2017	Completed - December 2017 Following discussions with Internal Audit team the Contract Framework document has been updated and now includes an accountability framework and is a live document and covers the accountabilities of Sydney Maintenance. With the integration of the OneRMS model this document will continue to be reviewed as part of this process. This has been shared with the Providers of the SMC who have agreed that it aligns with their understanding.	Sydney Maintenance
			b) Authority to approve or initiate the interventions Roads and Maritime is required to, or may, exercise under the SMC	Dec 2017	Completed - December 2017 An Accountability Framework document has been developed that includes all the contractual clauses with responsible parties, persons and timescale for the clauses. This has been tested and agreed with the current two Providers.	Sydney Maintenance
			c) The audits that Roads and Maritime will conduct to systematically validate the performance and financial data that the SMC contractors provide.	Dec 2017	Completed - December 2017 An Accountability Framework document has been developed that includes all the contractual clauses with responsible parties, persons and timescale for the clauses. Sydney Maintenance have also developed a Concept of Operations document which contains a Responsible, Accountable, Consulted and Informed (RACI) for the SMC's.	Sydney Maintenance
			d) The accountabilities of Roads and Maritime contract managers to systematically review audits and quality reviews that the SMC contractors must conduct to demonstrate compliance with their service plans.	Dec 2017	Completed - December 2017 The roles, responsibilities and accountabilities of the Sydney Maintenance (SM) Branch have been reviewed as part of the Sydney Maintenance Business model review and the operation of the SMCs. The review of audits and Service Provider quality reviews by SM Contract Managers has been defined within the roles. For example the team has reviewed	Sydney Maintenance

					all of the Environmental Management Systems in place with the Providers as part of an annual review with Roads and Maritime and driven these findings as part of an overall improvement plan to ensure that they remain relevant and up to date.	
			e) The accountabilities of Roads and Maritime contract managers to check that the monthly and annual reports provided by SMC contractors do not contain errors, omissions or inaccuracies.	Dec 2017	Completed - December 2017 The roles, responsibilities and accountabilities of Sydney Maintenance Branch were reviewed, as were the operations of the SMCs. The monthly review process has been refined, and the monthly reports are now formally approved by the CRM and Providers. The reports are no longer issued until jointly agreed by both parties. Off track items require remedial actions to be recorded and actioned.	Sydney Maintenance
3	Roads and Maritime Services should, by September 2017 improve its management of benefits realisation by:	Accepted	a) Initiating a further benefits realisation review and record the benefits delivered against those estimated following the tender process, including the one-off transition costs.	Mar 2018	Completed - March 2018 A Benefits Realisation Framework has been developed and submitted to the Executive for endorsement. This framework was developed through client surveys of the benefits they need to create and then workshops with the Sydney Division clients, Roads and Maritime internal partners, current SMC and Informed and Intelligent Transport Systems Maintenance Contractor (ITSMC) and PSMC Providers to ensure that the framework has validity and then we aligned it with the current Roads and Maritime Corporate Plan 2018/2021. See attachment A.	Sydney Maintenance
			b) Identify any benefits, including savings, not yet attained and develop strategies to address any short-falls.	Mar 2018	Completed - March 2018 The SMC's have a number of financial and non-financial benefits that are being realised as efficiency savings under the delivered programs of works and locked into the current	Sydney Maintenance

					Roads and Maritime Efficiency program. Savings have already been achieved in the current year across all three zones and are being tracked. The teams will continue to validate these benefits (with the Roads and Maritime Finance team) and demonstrate them against Roads and Maritime's Efficiency saving program.	
			c) Establish a tool to track the ongoing realisation of benefits.	Mar 2018	Completed - March 2018 The team have developed a Benefits Realisation Framework and identified areas of focus of network outcomes and efficiency. A project plan has been established to take the next steps and develop these with a project timeline of completion by end of FY18. These will be used in the current contracts and run in parallel with the current performance score process for robustness and this will also assist with the development of the new form of the contract and we will link in with the research project being undertaken by Sydney Division for the next generations of contract.	Sydney Maintenance