

**EXAMINATION OF SELECTED AUDITOR-GENERAL'S FINANCIAL AUDIT
REPORTS 2021**

Organisation: Department of Customer Service

Date Received: 11 October 2022



Customer
Service

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Office of the Secretary

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Your reference: D22/51240*

Mr Greg Piper MP
Chair
Legislative Assembly
Public Accounts Committee

By email: pac@parliament.nsw.gov.au

Dear Mr Piper

Thank you for your letter dated 29 September 2022 seeking further information concerning the New South Wales (NSW) Auditor General's (AG) Financial Report on Customer Service Cluster 2021 (the Report) for Financial Year (FY) 2020-21.

The Department of Customer Service (DCS) recognises the need for strong governance and internal controls across all its systems and processes and has a proactive and positive relationship with the NSW Audit Office (AO), with actions to address any NSW AO observations implemented as quickly and thoroughly as possible. DCS welcome all opportunities to continually improve governance and internal controls in support of our offerings to the citizens of NSW and the NSW Public Sector.

In response to the questions outlined in your 29 September 2022 correspondence, Financial Statements and Audit Processes for Financial Year ending 2022 are still being finalised. DCS is happy to comment on the outcomes of FY2021-22 Financial Audits post release of the report by the NSW Audit Office. For all other questions please see supplementary information below:

Service Applications and Management (SIAM) Model:

The DCS ICT structure supporting the DCS GovConnect Service Integration and Management (SIAM) Model with an internal service management responsibility for the GovConnect Shared Service was implemented in August 2021. The primary objective of the SIAM environment is to coordinate, through a single point of responsibility, the integrated services of multiple suppliers (internal and external); to achieve the desired end-to-end service levels to support the goals of the business.

Under the model, the Service Integrator delivers a full suite of IT Service Management (ITSM) functions with accountabilities across end-to-end monitoring and reporting. In its first full year of operation, the SIAM model has seen improved service quality, delivery, and governance across the GovConnect Shared Service including a 93% performance rate against Service Level Agreements (SLAs) and a 99% performance rate against change management procedures. There has also been a reduction in the number of major incidents and the handling times of those incidents.

With a portfolio aligning to the GovConnect Service Catalogue, the SIAM model allocates services (including services provided by vendors) to service portfolios. Each of these service portfolios has a DCS ICT Service Owner, who has accountability for the end-to-end management of that service, including, accountability for vendor performance quality.

Governance and Management of Internal Control exceptions:

As outlined in the publicly available Annual Report, DCS has a well-defined governance and accountability framework that provides broad corporate oversight reflecting the following principles: clear roles and responsibilities; transparent, accountable, and ethical decision making; respect for legal and regulatory requirements; and high probity standards.

The DCS governance model includes a range of decision-making executive committees and executive sub-committees as well as an Independent Audit & Risk Committee each held with regular cadence throughout the Financial Year.

Further augmenting this framework, GovConnect operates a governance model for the shared service through various strategic, operational and workstream forums each with a unique Terms of Reference (ToR) and function. Members of these forums include the DCS Chief Operating Officer, Chief Information Officers (CIOs), Chief Financial Officers (CFOs), and Senior Executives from the GovConnect customer agencies. The Service Integration team actively engage at and through these forums on identified control exceptions, including seeking endorsement for plans of action to mitigate their risk.

The DCS Service Integration team also provides regular updates to both NSW Audit Office and DCS Internal Audit on control exceptions and actively seeks their feedback on strengthening its controls and assurance frameworks and processes in a culture of continual improvement. The DCS Service Integration team facilitates and coordinates the management of open audit action items through to resolution. This includes the end-to-end management of all control exception or deviations (vendor or Departmental) identified within the GovConnect ASAE 3402 reports.

In addressing exceptions, interim controls and manual checks are implemented whilst a formal treatment plan is agreed. Service Owners in partnership with Service Providers, implement the treatment plans, monitoring progress through to closure, managed through contractually agreed measures and processes. Progress is shared through regular reporting to various DCS, and GovConnect Governance forums and evidence of remediation is provided by the Service Integration team upon requested closure.

Controls are tested again through independent auditor processes during formal assurance and attestations process to verify whether control exceptions have been adequately addressed and the risk mitigated.

Significant improvements have been made since the implementation of SIAM including regular reporting of control exceptions and progress against remediation through GovConnect and DCS Cluster Management Assurance processes; increased frequency of internal audits; and early notification and remedy of control exceptions, resulting in an anticipated reduction in control exceptions for Financial Year 2021-22.

Unisys post transition review

The scope of the independent post implementation assurance review, completed in Qtr 2 Financial Year 2021-22 considered whether the lessons learned from the transition of GovConnect ICT services from Unisys had been considered and that plans for the ongoing improvements and enhancement of value, service, and performance were in place. The review assessed the final outcomes against the initial scope and plan. The review determined that the transition objectives were met in a low-risk manner and that the revised GovConnect delivery model should enable GovConnect to realise its intended outcomes and benefits.

I trust that the above provides the Committee with the necessary additional information and comfort in its examination of the AG's Report.

Should you have any further queries or seek additional information regarding this matter please do not hesitate to contact [REDACTED]

Yours sincerely

[REDACTED]

Scott Johnston
Acting Secretary
Date: 10/10/22