Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[1] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[2] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

[3] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [1] appearing where information has been withheld in a release document refers to section 9(2)(a).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.
The Treasury
Review of the Central Agencies
Shared Services Development Programme
1. Executive Summary

Introduction

1.1 Deloitte was engaged to undertake a review of the Central Agencies Shared Services (CASS) Development Programme (CADP). This review was undertaken in December 2012.

1.2 This engagement was performed in accordance with the terms contained within our engagement letter dated 14 November 2012. Where Deloitte has provided advice or recommendations to the Treasury, we are not responsible for whether, or the manner in which, suggested improvements, recommendations, or opportunities are implemented. The management of the Treasury, or their nominees, will need to consider carefully the full implications of each of these suggested improvements, recommendations, or opportunities, including any adverse effects and any financing requirements, and make such decisions as they consider appropriate.

Background

1.3 The Treasury, the State Services Commission (SSC) and Department of Prime Minister and Cabinet (DPMC) have collaborated to establish CASS to provide Finance, Human Resources, Information Technology and Information Management services to the respective Central Agencies.

1.4 CASS was established on 7 March 2012 with the bringing together of the three agencies functions and is part of the Central Agencies’ collective response to the Government’s challenge to deliver better public services for less and to better support front line staff.

1.5 To facilitate the establishment of CASS and its operations, the Central Agencies have agreed to the matters related to authority, governance, accountability, performance management and responsibility, funding, and dispute resolution within a Memorandum of Understanding.

1.6 The Central Agencies Development Programme (CADP) has been established within CASS as a Programme of work to bring together the technology, business processes and policies necessary to drive the efficiencies that are expected of CASS.

1.7 The Agencies have allocated to the Central Agencies Development Programme funding of $1.8m CAPEX and $0.6m OPEX for the year to 30 June 2013 to deliver specific benefits through the Programme.

Review Objectives

1.8 The objective of this review was to determine whether there were adequate plans in place for CADP to achieve its stated transition objectives. These are:

- Reduce the risk profile for the Agencies of CASS related functions.
Deliver $900k reduction in the CASS running costs for FY13/14.

1.9 The review examined the “establishment and management” aspects of CADP, including:

- Clarity of objectives, strategy, plan.
- Structure to measure progress and achievement of strategy/plan. In particular whether project mechanisms are in place to measure the achievement of benefits.
- Appropriate governance and programme/project management arrangements.
- Appropriate risk management approach.
- Adequacy of project resourcing.
- The adequacy of financial controls and the application, accounting for (traceability) and budgeting for the approved CADP expenditure.

Findings and Recommendations

1.10 With CASS being established in March 2012, CADP was put in place as a Programme to help CASS drive integration and standardisation.

1.11 As CADP has progressed, the understanding of where each of the agencies are at has improved and it has been discovered that the agencies were each at varying maturity levels in terms of capability, core systems and infrastructure. While such issues have been uncovered, we consider that the Programme has responded well to these unknowns. The Programme will need to remain flexible as it moves forward. Funding for CADP was approved in July 2012. Programme resources were then brought on board. Some initial planning had occurred during the early part of CASS’s existence. The CASS Director appointed a new Programme Manager in September 2012 and the Programme Manager’s initial set of tasks was to undertake a re-planning exercise in order to set some realistic expectations in terms of timeframes and what can be delivered within those timeframes. The re-plan was presented to the Governance Group in December 2012 and to the Partnership Board in February 2013 where it was approved. There will be some minor delays in the delivery (moving final implementation from June 2013 to September/October 2013) that will impact the realisation of the benefits and efficiency savings, but not significantly.

1.12 During these early days, the first tranche of smaller projects were also delivered which saw some quick wins achieved.

1.13 CADP is a large programme of work with a large number of constituent projects. Some of these projects are significant and foundational (such as core infrastructure, active directory and email integration) that are key to bringing the functions of the three agencies together. The scope of these projects appears to be clear, documented and well understood.

1.14 Our review found that CADP now has a pool of experienced resources leading it, including the recently appointed Programme Manager and has a well-conceived governance structure in place (the Governance Group with leaders from across the three agencies and the Partnership Board (at the CASS level).

1.15 With the re-planning exercise having occurred, realistic timeframes have now been set and agreed which allows CADP to be in a better overall position to deliver a successful outcome.
There are some improvements that the Programme Manager and CASS Director can make to the plans, artefacts and practices being used to manage and control CADP.

1.16 The re-planning exercise was necessary and it was a critical activity that needed to occur. Transparency has been provided to the Governance Group and Partnership Board who have since approved the plans and extensions to delivery timeframes. It has provided an opportunity to set the boundaries of what will and will not be delivered through CADP.

1.17 The plans appear achievable but close monitoring of these will need to occur at the Programme and Governance level and any deviations or issues will need to be dealt with as they arise. Taking a forward-looking approach and anticipating as much as possible the risks that could deviate the Programme’s course will be important and beneficial.

1.18 We found some strength areas as follows:

- There is clarity over what has to be delivered, when it needs to be delivered by, and the resources required to deliver successfully – in order to achieve the objectives.

- CADP appears to now be resourced appropriately with the key leadership in place, with an experienced Programme Manager and Project Managers now appointed to lead the various work-streams.

- The Governance framework that has been established (a combination of the CADP Governance Group and the CASS Partnership Board) with cross-agency representation is sensible and ensures there is adequate oversight and senior-level involvement.

- There is a strong focus on identification and management of risks.

- There appears to be good engagement from the respective agencies.

1.19 Shared Services, while not a new concept, has not always worked successfully, either within New Zealand or overseas. Research was undertaken from other jurisdictions about how to make a shared services model work and be successful. We are pleased to see effort being placed on this. Even though each jurisdiction is different and has its unique challenges there are lessons to be learned from others who have done it either successfully or not so successfully.

**Key Recommendations**

1.20 While appropriate resourcing appears to now be in place and the plans approved, we believe there are still a number of challenges and risks that need to be monitored and controlled closely.

1.21 There are some key improvements CADP can make to improve its ability to be controlled and deliver a successful outcome. The Programme Manager, CASS Director and governing bodies need to remain cognisant of these challenges and closely monitor these on a regular basis.

- CADP has been established to assist in meeting the financial savings targets that have been set at $900k in the first year. It is too early to determine achievability of this but it is important to establish baselines (which has been done) and reporting mechanisms to enable reporting to the Partnership Board indicating progress towards achieving these. We suggest that reporting should be underway as the Programme progresses.
While there appears to be appropriate resourcing in place, it is important that this remains a focus. There are a number of resources being drawn in from the business that are not dedicated to CADP. This in itself creates significant challenges and risks to the Programme as resources could be drawn onto other activities and not as dedicated to CADP as needed to deliver within the timeframes. For key roles, we would prefer to see dedicated resources with backfilling occurring. While this is not always possible, it does help to mitigate the resourcing risk.

It is important to ensure there is a strong focus on change management, particularly given there are a large number of individuals from the three different agencies that are affected by the changes from this programme. In addition, change management does not end when implementation is completed. It needs to be an on-going activity that is focussed on engaging with staff and management as CASS as a business unit moves forward.

Ensuring that as the Programme proceeds there is a better understanding of the issues and challenges that individual agencies are facing, acknowledging that there was not a very clear understanding in some quarters (e.g. DPMC) when CASS was established. There needs to be recognition that as issues are uncovered, plans may need to change in some instances.

There could be greater structures established to measure benefits on an on-going basis. There has not been much effort expended yet in establishing baselines, benefits, metrics, and timeframes for realisation of the benefits and this will be important as CADP moves forward, particularly to demonstrate that the expected savings and efficiencies are realised.

The Partnership Board and Governance Group should consider the appointment of an independent advisory member to each of these governing bodies. Many of our clients take this approach to ensure some independent expertise is brought in for advice. The skills needed may be different and it would be suggested for the Partnership Board, an individual with knowledge and experience in implementing shared service arrangements would be beneficial and at the Governance Group an individual experienced in advising complex Programmes and Projects would add value.

There are some key artefacts and controls that we would expect to see in place at this time, or under development. These include:

- A Change Management Plan to document the impact and the change effort needed, including a focus on any training of staff which can be further elaborated in a more detailed training plan
- A Quality Plan that stipulates the quality expectations of deliverables and quality processes, including acceptance criteria.
- Expanding the integrated schedule to incorporate a broader set of projects across the entire programme.
- Enhancing the reporting that is provided to the Governance Group, streamlining this and developing a dashboard approach and exception-based reporting
- Ensuring that the approach to stage gating used does not pose any risk to those projects that do not seek approval from the Governance Group and reporting upwards occurs for all projects approved to proceed outside of the formal stage gate process.

1.22 As part of this review, we also reviewed the adequacy of financial controls and while we did not find any major issues, we have recommended that refresher training occurs to ensure
Project Managers are accurately capturing costs so the "real" financial picture and costs of CADP are known regularly.

Overall Summary

1.23 In summary, we believe that CADP is now appropriately resourced and that the re-planning exercise that occurred was absolutely critical in order to set some achievable, transparent targets with these approved at the right level. Resourcing is an area that needs close attention as the Programme moves forward, given that a number of business resources are being used to fill Programme roles. Taking this approach can cause challenges and a heightened risk profile and resource utilisation and effectiveness will need a greater focus by the CASS Director and the Programme Manager.

1.24 In addition to the risk around resourcing, there are some additional significant challenges and risks that the Programme Manager, CASS Director and governing bodies need to be cognisant of, monitoring and controlling these closely. There are also a number of fundamental project management practices we would expect to see become a focus for the Programme as it moves forward. This will provide better control, ensure there is a focus on the right areas and ensure that reporting of progress is clear and concise with the impact of any potential delays to the "critical path" easier to identify.

- Section 2: Key Findings and Recommendations provides all findings and recommendations.
- Appendix A summarises all recommendations.

Management Response

1.25 We are pleased with the overall results of this review. While there are some good insights and ideas to generate discussion at all levels, including at the Partnership Board, the overriding conclusion is that the programme of work is in good shape and that the CADP model appears to be an appropriate approach for undertaking multiple projects utilising a discrete management and governance structure.

1.26 We agree that it would be beneficial to run refresher training to Project Managers and Finance staff to ensure consistent understanding of the project module developed to allow for budgeting, monitoring and reporting of project costs in Finance One.

1.27 Certain recommendations and comments, while appropriate when applied to programmes of different scope and focus, are considered less applicable in the current environment.

1.28 Responses to specific recommendations are provided in the Appendix.

Acknowledgment

1.29 We wish to place on record our appreciation of the assistance and cooperation received from the management and staff of CASS, The Treasury, State Services Commission and Department of Prime Minister and Cabinet.
Report clearance

1.30 The contents of this report have been discussed and agreed with Alastair MacKay (Director, Central Agencies Shared Services) and Kevin O'Shaughnessy (Programme Manager, Central Agencies Development Programme).

General Distribution Disclaimer

1.31 This report is provided solely for the exclusive use of the Treasury, State Services Commission and Department of Prime Minister and Cabinet (the Central Agencies) for the purpose of evaluating the recommendations we make in improving the project management environment. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence in relation to the factual findings expressed or implied in this report.

Statement of Responsibility

1.32 This engagement was performed in accordance with the terms contained in our Terms of Reference, dated 14 November 2012. Where Deloitte has provided advice or recommendations to The Treasury, we are not responsible for whether, or the manner in which, suggested improvements, recommendations, or opportunities are implemented. The management of the Treasury, or their nominees, will need to consider carefully the full implications of each of these suggested improvements, recommendations, or opportunities, including any adverse effects and any financing requirements, and make such decisions, as they consider appropriate.

1.33 The work performed did not constitute an assurance engagement in accordance with the New Zealand Institute of Chartered Accountants.

1.34 The matters detailed in our report are only those which came to our attention during the course of performing our procedures and did not necessarily constitute a comprehensive statement of all the weaknesses or issues that exist or actions that might be taken. Accordingly, management should not rely on our report to identify all weaknesses and issues that may exist in the systems and procedures discussed. The report should be read in the context of the scope of our work.

1.35 This report should not be relied upon as a substitute for actions that The Treasury should take to assure itself that the relevant controls are operating efficiently.

1.36 This report and all deliverables have been prepared solely for the use of the Treasury, and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

1.37 Suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.
2. Key Findings & Recommendations

Introduction

2.1 The following section outlines the key findings and recommendations from this review of the Central Agencies Development Programme (CADP). In line with the objectives of this review, we have separated our findings into the following core areas:

- Clarity of Objectives, Strategy, Plan and Measurement of Progress.
- Governance and Programme/Project Management Arrangements.
- Approach to Risk and Issue Management.
- Resourcing and Capability.
- Adequacy of Financial Controls.

Clarity of Objectives, Strategy, Plan and Measurement of Progress

Findings

2.2 In May 2011, the Chief Executives of The Treasury, State Services Commission (SSC) and Department of Prime Minister and Cabinet (DPMC) announced that they would bring their respective corporate functions (Finance, Human Resources, Information Technology and Information Management) together and establish the Central Agencies Shared Services (CASS) initiative. This was in response to the Government requiring agencies to deliver better and more efficient services. CASS was established in March 2012.

2.3 The primary goals of CASS was seen as follows:

- **Minimise Risk** through building greater resilience and strengthening capability.
- Develop **Better Services**, including both improving the capability to innovate, build job satisfaction and career development.
- **Lead by Example** by building strong corporate services which will deliver services that exceed the sum of their parts.
- **Value for Money** whereby the CASS model is more efficient and cheaper to run than what it cost for each agency to have their own corporate services functions.

2.4 In preparing to establish CASS, other jurisdictions were looked to, in order to see what lessons could be learned from other attempts to set up shared service functions. It is important to acknowledge the following:

- Realistic expectations need to be set with regards to the benefits.
- Setting baseline metrics is important to demonstrate improvements to stakeholders.
Establish strong programme and then operational governance.

Simplified, standardised and automated processes will drive the ultimate efficiency gains.

Success requires strong leadership on the basis of a clear and compelling case for change.

2.5 In the CASS Business Case, dated December 2011, critical success factors were identified (aligned to the outcomes desired). These critical success factors should underpin how the Programme of work is structured to deliver the outcomes:

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Critical Success Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimising risk</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Future-proofing corporate services.</td>
</tr>
<tr>
<td></td>
<td>• Maintaining financially sustainable corporate services.</td>
</tr>
<tr>
<td></td>
<td>• Delivering consistent services across the agencies.</td>
</tr>
<tr>
<td></td>
<td>• Understanding future needs of the three agencies.</td>
</tr>
<tr>
<td></td>
<td>• Detailed cost and benefit analysis and monitoring.</td>
</tr>
<tr>
<td></td>
<td>• In-principle agreement of standard service levels.</td>
</tr>
<tr>
<td>Delivering better services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Improving level and quality of services.</td>
</tr>
<tr>
<td></td>
<td>• Supporting and growing corporate services people.</td>
</tr>
<tr>
<td></td>
<td>• Delivering continuous improvement.</td>
</tr>
<tr>
<td></td>
<td>• Understanding of what quality service looks like.</td>
</tr>
<tr>
<td></td>
<td>• Sufficient scale to enable career development.</td>
</tr>
<tr>
<td></td>
<td>• Operating model enables continuous improvement culture, targets for improvements and demonstration of „quick wins“ from the programme.</td>
</tr>
<tr>
<td>Leading by example</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Enabling the three agencies to work together.</td>
</tr>
<tr>
<td></td>
<td>• Providing customer-focused services.</td>
</tr>
<tr>
<td></td>
<td>• Increasing the effectiveness of processes.</td>
</tr>
<tr>
<td></td>
<td>• Operating model enables closer working together.</td>
</tr>
<tr>
<td></td>
<td>• Understanding user needs.</td>
</tr>
<tr>
<td></td>
<td>• Simplification and automation of processes.</td>
</tr>
</tbody>
</table>

2.6 Measuring these critical success factors is not easy and the Programme should attempt to establish some measures so that stakeholders are in a position to know whether the Programme has been successful or not.

2.7 The CADP projects are being delivered through what is termed the “Transition” phase and are necessary before any major efficiency gains and significant cost savings can be realised. The Transition phase is seen as a first step in a multi-year journey.

2.8 The overriding objectives of CADP are to:

• Stabilise Environments, fix problems, reduce platform risk.

• Consolidate duplicate systems.

• Standardise applicable policies across Agencies.

• Standardise processes, some process improvement.
• Reduce/remove key person risk.
• Deliver sufficient efficiencies to release FT staff.
  – Establish medium term direction.

2.9 While there are a large number of initiatives within CADP to achieve the objectives and outcomes, the following have been identified as the significant projects with the largest impact:
• Core infrastructure enhancement.
• Integrated network and directory service.
• IT policies and procedures.
• Legacy system management and documentation.
• Integrated service desk.
• DPMC desktop refresh.
• Email integration project.
• DR-BCP project.
• File and print migration.

2.10 CADP has been set up as a structured programme with governance oversight and this is the most appropriate way to establish such a significant programme of work.

2.11 The anticipated efficiency savings and benefits can be realised if CADP is delivered within the timeframes. Extending the timeframes any further will obviously delay their realisation but we do not believe significantly. What is being delivered through CADP is foundational infrastructure, core systems, processes and policies and will set CASS up well for the future.

2.12 We note that there is buy-in from senior management and the Chief Executives. This is also critical to success. The Partnership Board that has been established, comprising senior executives from the three agencies, is overseeing CASS as a “partnership”.

2.13 It is also critical to provide an emphasis on people and culture aspects because a lack of a focus on these aspects can have an impact on the success of CADP.

2.14 While we believe there is clarity over what CADP is designed to achieve and what the outcomes are, and CADP has been set up in order to deliver against these, we feel that there could be greater structures established to measure this on an on-going basis. There has not been much effort expended yet in establishing baselines, benefits, metrics, and timeframes for realisation of those benefits. This is necessary in order to provide the evidence that CASS and CADP are and have delivered the savings. Establishing more formal rigour around this, in the form of a Benefits Realisation Plan is critical and this should be developed as early as possible.

2.15 We recognise there is good reporting of CADP progress to the Governance Groups and while this is important, in order to provide members confidence of delivery and progress, it is also important to focus on the outcomes that are expected and how it will be measured and
reported on that the savings and efficiency gains have been achieved. A “dashboard” approach may be useful in presenting this information to the governance bodies.

Recommendations

2.16 The following recommendations are made under this section:

- The Partnership Board and Governance Group should remain strongly focussed on the outcomes desired of CASS and CADP and ensure the Programme remains targeted towards these outcomes.

- Reporting should begin to occur to the Partnership Board outlining baseline measures and the progressive efficiency savings and benefits that will accrue and their predicted associated timeframes. The development of a benefits realisation plan would be useful to capture this information.

Governance and Programme/Project Management Arrangements

Findings – Governance

2.17 Upon establishing CASS and embarking on CADP, a conscious decision was made to establish formal governance structures and a programme/project structure for delivery, appropriately resourced. We discuss resourcing under Resource and Capability. The formal governance structures that have been established include the Partnership Board and the CADP Governance Group. Establishing formal governance and programme structures is critical to success.

2.18 A Memorandum of Understanding exists between the three agencies which document the authority and the governance mechanisms that will be established. The Partnership Board, at the most senior level within CASS, was established to oversee the CASS business unit and consists of members from the three agencies. The Partnership Board Charter is the guiding document that establishes the Partnership Board from 7 March 2012 (the establishment date of CASS). It sets out the purpose, roles and responsibilities of the Partnership Board.

2.19 The Partnership Board is intended to provide both strategic and tactical direction and support to CASS. The Chair of the Partnership Board is the Deputy Chief Executive of the Treasury. The CASS Director reports through to the Partnership Board, while he is an employee of the Treasury, having a line-reporting role to the Deputy Chief Executive of the Treasury.

2.20 The Partnership Board Charter outlines a raft of the roles and responsibilities (not an exhaustive list) as:

- The provision of strategic and tactical support to CASS.

- Ensuring effective communication between CASS and key stakeholders, both externally and within the three agencies.

- Provide input into establishing and on-going monitoring and reporting against key measures of success.

- Ensure alignment to each of the agencies strategic and operational plans.

- Ensure stakeholder expectations are being managed.

- Ensure appropriate controls (e.g. risk management) are in place.
• Approve major changes to service delivery and make key decisions that are escalated to it.

2.21 We believe that this level of governance is appropriate to ensure that all three agencies are working collaboratively together to achieve a common outcome. There is always a risk when agencies are asked to work together that each looks after its own agenda. Taking that approach will not contribute towards an overall successful outcome for Government and the three agencies that are part of CASS. It is critical therefore, that the Partnership Board promotes a collaborative working relationship that contributes towards a joint outcome.

2.22 There is a risk with The Treasury being the largest of the agencies and with CASS housed inside The Treasury that The Treasury will always be seen as the dominant player and have the controlling influence. The Partnership Board needs to play a role to ensure that all parties are seen as equal contributors to jointly demonstrate that operating a model such as CASS is possible and can be successful.

2.23 Within CADP, the next layer of governance is the Governance Group which has direct responsibility and oversight for CADP and the initiatives delivered through this programme.

2.24 The Governance Group also has a Charter outlining its purpose, roles and responsibilities.

2.25 The purpose of the Governance Group is to support the CASS Director in his leadership of CADP. Membership is also Cross-Agency to ensure that the interests of the three agencies are represented.

2.26 The Governance Group’s key responsibilities are to:

• Oversee the implementation of CADP and ensure its alignment to the Central Agencies strategies.
• Authorise Programme expenditure and set tolerances.
• Monitor and control the progress of the Programme at a strategic level.
• Design and appoint the wider Programme team based on advice from the Programme Manager.
• Ensure overall business assurance for the Programme.
• Secure the funding for the Programme.
• Make decisions on escalated issues with particular focus on continued business justification.

2.27 While we did not get an opportunity to attend a Governance meeting during our review to see it in action, we are comfortable that all members we interviewed understood their role and had experience operating at Governance level, understanding the distinction between their duties in a Governance role and in a line manager role.

2.28 The Partnership Board and the Governance Group receive regular progress reports indicating progress of the programme, key risks and issues, major milestones, commentary on any decisions required and any escalations.

2.29 The Programme is using PRINCE2 principles loosely to manage the work (such as Project Briefs, Stage Gates).
2.30 The reporting that is produced is extremely comprehensive and all-inclusive (the last Governance Group Progress Report we reviewed was 35 pages long). This is a significant amount of information for “busy” people to review regularly. PRINCE2 promotes “exception-based” reporting. It may be worthwhile considering employing these concepts for CADP. We recognise there is a capable Project Co-ordinator who takes a lead role in pulling the reporting together but it would still take considerable time to prepare and considerable time to read. From our review, it is quite difficult to know what to focus on. Employing exception-based reporting would focus the Governance Group on the things they need to worry about. The needs of the Governance Group should be discussed at the next meeting and the reporting aligned accordingly.

2.31 The Partnership Board updates are much more summarised and we believe that this is appropriate.

2.32 It is important that discussions at Governance meetings are documented so that decisions and actions are clearly articulated. Upon reviewing the minutes from both the Governance Group and Partnership Board meetings, it is clear that actions, discussion and decisions are documented.

Findings – Programme and Project Management Arrangements

Initiation/Establishment/Planning

2.33 The appointment of other key resources and a dedicated Programme Manager in September 2012 was a key turning point for the Programme, allowing it to move forward and make greater traction. It was clear to the Programme Manager on his appointment that it was not possible to deliver the scope of CADP in the original timeframes and budget envisaged so a re-planning exercise began to reset the timeframes and expectations.

2.34 There are two primary Business Cases, one for the overall establishment of CASS and a second for CADP. The CASS Business Case is quite comprehensive. The CADP Business Case is a slightly unusual presentation for a Business Case. However, the primary focus of the document was to seek agreement on the CADP option to implement and present the costs, risks and benefits of proceeding down this path. We believe, given CASS had already been established and had clear drivers and outcomes, that the CADP Business Case has served its purpose. However, the detailed planning really only occurred when the Programme Manager was appointed so the assumptions, costs and timeframes presented in the Business Case now differ. It is good practice to re-visit the Business Case and ensure that the objectives and deliverables will still be achieved.

2.35 The CADP Business Case outlines the proposed projects that should be implemented as part of CADP. The re-plan was presented to the Governance Group in December 2012 and was approved by the Partnership Board in February 2013.

2.36 While CADP could have made more progress by now and it took some time to get underway with the appointment of appropriately skilled resources, we believe the most appropriate action to take when the Programme Manager was appointed was to develop realistic, achievable plans and baseline these. This has now been done and CADP can work towards its re-defined milestones and timeframes.
Scope Management

2.37 The scope of CADP was clear amongst those we interviewed. CADP includes a suite of projects that are collectively expected to move CASS forward and the individual agencies to operating an efficient corporate centre providing services to each of the agencies.

2.38 There are a total of 28 projects that form CADP. The key ones which will provide the greatest efficiencies and have the greatest impact include:

- Project 1 – Core Infrastructure Enhancement.
- Project 2 – Integrated Directory Project.
- Project 4 – Legacy Systems Management and Documentation.
- Project 5 – Integrated Service Desk.
- Project 14 – DPMC Desktop Refresh.
- Project 15.1 – Email Integration Project.
- Project 16 – DR-BCP Project.

2.39 The scopes of the projects have been captured in individual Project Briefs. A good level of detail is also captured, detailing the major milestones required, costs, benefits, resources and risks.

2.40 We are satisfied that the Project Briefs sufficiently detail the project information needed. Although, some of the Project Briefs we examined did not appear to be fully complete and had some minor gaps. We would recommend that now that the plans have been approved, that these documents be updated to reflect the situation as it now stands. The scope, costs and timelines should be base-lined and any further changes to this managed through appropriate change control procedures.

2.41 Criteria should exist to state what the Programme Manager can alter without approval and what he needs to take to the Governance Group. This allows the Programme Manager to have some tolerance (in line with PRINCE2 principles) and anything outside these tolerances need to be appropriately approved.

2.42 While we believe there is an established process for managing scope changes, it does not seem to be documented anywhere. For a Programme of this size and complexity, in addition to the individual Project Briefs that provide specifics about each individual project, a Programme Management Plan or a Project Initiation Document at the higher level would be a useful document to have that captures overall Programme-level information such as agreed processes for managing changes to the scope.

2.43 It is noted in some of the Project Briefs that there will be a perception that some of the foundation projects do not provide any visible, tangible business benefits. Given the potential for this perception, there needs to be adequate communication protocols in place. The Integrated Directory Project is an example of one of these that need to be completed early as it is a foundation project and is required before the Core Infrastructure Enhancement Project.
2.44 Dependencies are also documented in each of the individual Project Briefs. However, within the Project Briefs there are no linkages to the other projects indicating when the actual dependency is needed and what the impact is if the dependency is not delivered on time.

**Time/Schedule Management**

2.45 With the re-plans now approved, we would expect these to now be base-lined and any further changes or amendments managed through appropriate change control procedures, as noted above.

2.46 Each of the individual projects has a schedule but an integrated schedule has only been created for those projects identified as “key” projects. This means dependencies and resources are not identified across the suite of projects. The remaining projects that form CADP are smaller and have not been placed into an overall integrated programme schedule. This does create a risk in that the critical path cannot be seen across the entire Programme and dependencies between these remaining projects and the core projects in the integrated schedule are not visible and transparent.

2.47 While we acknowledge that a Dependency Management process has been documented and a dependency matrix is in place, we suggest that the Programme Manager and CASS Director consider how assurance can be provided that the critical path and ALL dependencies across the Programme are captured and managed. Dependencies are captured in the Project Briefs and the Dependency Matrix but some projects are identified as “can’t proceed without this” so unless these are captured in some form of timeline or schedule, they will be more difficult to manage and ensure they are on track. In addition, the Dependency Matrix does not have any dates.

2.48 Stage Gates (a PRINCE2 concept) are being used to ensure key projects are approved by the Governance Group before they move forward. However, not all projects proceed through a formal stage gate before they move forward. Some of the lower profile initiatives or smaller, less complex or low cost initiatives are approved to proceed by a panel of individuals outside the Governance Group. While we have no concerns with this approach, there needs to be sufficient knowledge or adequate consultation having occurred to ensure there is sufficient information on which to base a decision to proceed. This is important given there is a smaller panel of individuals that are approving the project to proceed and the full Governance Group are not party to it and only receive the information after the fact.

**Quality Management**

2.49 A Programme of this size and complexity should have quality management processes and acceptance criteria documented, either in a dedicated Quality Plan or Programme Management Plan.

2.50 We did not see a Quality Plan and a Programme Management Plan does not exist, although some of the more significant projects have individual Project Management Plans. These do have a section for “Quality Assurance” for those particular projects but the information contained within these is very high level. We suggest that more detailed Quality Plans are developed for specific projects where they are needed that details the quality expectations, quality processes and acceptance criteria.

2.51 Stage gates are being used for key projects and this is a key element of quality to ensure projects have the right things in place before moving forward.
2.52 Our review is the first independent review of CADP that has been conducted and it was undertaken at an appropriate time just as the re-planning was being completed. We suggest a further review occurs in the next two or three months once some key milestones and projects have been delivered to provide confidence to the Governance Group and Partnership Group that CADP is still on track to deliver as scheduled and there are risk mitigations in place to ensure the outcomes are still achievable.

Communications/Stakeholder/Change Management

2.53 There are a large group of stakeholders that have an interest in the outcomes of CADP and that will be affected by everything that is delivered. Some of it not visible, but a number of projects will provide some visible, tangible changes for people (e.g. finance and payroll consolidation, DPMC desktop refresh).

2.54 Stakeholder groups exist within CASS itself, The Treasury, DPMC and SSC.

2.55 While our review was focussed on CADP establishment and delivery, the low engagement scores that were noted for CASS could have an impact on the success of CADP, so we do believe that there is some effort required in this area by CASS leadership and a focus on the culture and morale of CASS will be needed.

2.56 It is important that adequate communications and engagement occurs with all those affected by CADP. We note there is good regular communication happening, in the form of weekly newsletters and an Intranet site, and staff within each of the agencies are being involved and consulted where necessary.

2.57 A communications plan (draft) has been developed. This should be presented, finalised and implemented.

2.58 A Stakeholder Management Map also exists identifying the key stakeholders with an interest in, or affected by CADP.

2.59 We did not sight a Change Management Plan. Given the risk around change and culture, we believe that this would be an appropriate mitigating action and should be developed to detail the change management effort needed, including any target training that can be further elaborated in a more detailed training plan.

Recommendations

2.60 The following recommendations are made under this section:

- The Partnership Board and Governance Group should consider the appointment of an independent advisory member to each of these governing bodies. The skills needed for each of these governing bodies may be different and it would be suggested for the Partnership Board, an individual with knowledge and experience in implementing shared service arrangements would be benefits and at the Governance Group an individual experienced in advising complex Programmes and Projects would be beneficial.

- A detailed Quality Plan should be developed that captures quality criteria and describes how quality will be assured for core deliverables of CADP. This should include acceptance criteria and the processes that will be used for sign-off before
implementation occurs. Quality planning could be captured in an overall Implementation Planning document if CADP is to develop one.

- We commend the use of stage gates for CADP and believe that there is a good understanding of how stage gates can be used. We do have a caution over using a stage gate approval process that does not involve the Governance Group, but only involves a smaller subset of individuals and we recommend:
  - The Programme Manager and Director CASS ensure there is a clear understanding about how this will work to ensure all information is known before making a decision to proceed
  - All approvals that occur outside the Governance Group are summarised and presented back on a regular basis to ensure members are fully aware of progress. This will ensure transparency.

- A change management plan should be developed that ensures the implications for the business and the individual agencies are fully understood and the associated change implications are documented. This could include “end-user” training requirements which may be further elaborated in a more detailed training plan.

- While we acknowledge that an Integrated Schedule has been developed which details the timelines for the core projects, we suggest that the entire programme is mapped out (at least at a high level) so the impact of all projects can be seen at a glance. It does not need to be at the level of detail that the Integrated Schedule contains.

- While we recognise dependencies are clearly documented, without an overall programme schedule detailing the timeframes for critical dependencies it is difficult to determine when certain deliverables are required before others (in secondary projects) are impacted. We recommend the Programme Manager consider how dependencies can be better mapped out so the true impact can be seen if deliverables are late or are missed.

- While we were impressed with the level of detail being provided to the Governance Group, the approach that has been taken is an “all-inclusive” approach. PRINCE2 uses the concept of exception-based reporting and tolerances. We recommend the Programme Manager and CASS Director consider how the information can be better summarised, maybe through the use of a 1-page dashboard and whether exception-based reporting and tolerances should be introduced.

- A further review of CADP should be scheduled to occur in the next three to six months before critical milestones are scheduled to be delivered.

- To enhance the potential that CADP as an overall Programme will be successful, the leadership of CASS should unpick the areas where staff engagement needs focussed effort.
Approach to Risk and Issue Management

Findings

2.61 Risks have been identified and documented in the various business cases, project briefs and detailed risk and issues register.

2.62 Some of the key risks that have been documented and that came up through our discussions include:

- Resourcing and the potential for staff to be diverted from the Programme. The recent Ministry of Social Development Kiosk issue meant there was a directive from the Government CIO that assurances be given around security of information and this distracted some staff from CADP.

- The ability to deliver CADP within the originally established timeframes was a concern but with the re-planning that has occurred there is a greater level of comfort around his.

- While not a direct CADP issue, the engagement of staff across CASS will need a focussed strategy in place by CASS leadership as it could impact on the success of CADP.

- The risk around uncovering “surprises” within each of the agencies as the Programme was being implemented that could detract from successful delivery and delay progress.

- The risk around trying to do too much. This means that CASS should focus solely on what it needs to do in order to deliver the operational efficiencies and the savings. We believe that is clear what is needed to be done and our discussions with the Programme Manager and CASS Director identified that they are focussed on delivering the outcomes.

2.63 The CADP risk register we reviewed was very comprehensive, detailing risks at the Programme level and at the individual project level with owners assigned to monitor the risks and the treatments that had been identified appeared reasonable and logical.

2.64 Risks are reported regularly upwards and we suggest that risks be revisited to ensure they remain appropriate and that new risks are captured as CADP moves forward. An enhancement would be to hold mini-risk workshops with the Governance Group on a regular basis (maybe every 2-3 months) and internally within the Programme team, risks should be re-examined weekly and updated as necessary. An Issues Register exists that capture all open and closed issues and we are confident that the Programme Manager is dealing with issues promptly and efficiently. Issues are assigned owners who are tasked with resolution. Issues appear to be managed proactively as they arise and issues are escalated to the Governance Group if necessary.

Recommendations

2.65 The following recommendations are made under this section:

- We recommend that regular risk workshops be facilitated with the Governance Group, Programme Team and the Partnership Board (maybe less frequently) to ensure risks are updated regularly with the involvement of all concerned.
Resourcing and Capability

Findings

2.66 CADP is resourced with a combination of dedicated project resources and business as usual staff. The percentage of time required of staff is detailed in the Project Briefs.

2.67 Managing a programme of this scale and complexity becomes more challenging if it is reliant on the time of staff that also have their day jobs to contend with. It is often better to backfill wherever possible if the programme cannot live without those business skilled resources.

2.68 While the time required of individuals is captured in Project Briefs, we did not sight a Resource Plan that details the resources required, the effort and when they are needed. We believe this would be a good risk mitigation to ensure the resources that are needed are available at the right times.

2.69 A number of individuals we interviewed cited availability of resources as a key risk for the Programme. While the Programme Manager indicated to us, he has now got in place good skilled resources, he was still worried about the challenge of using business resources as well. We believe some effort needs to be placed in this area to mitigate the risk and a Resource Plan is a good way to provide visibility of this.

2.70 Having the experience and skills of a seasoned Programme Manager gives us confidence that delivery is possible within the timeframes. However, it is important that he surround himself with good capable people in other roles (e.g. project management, business analysis etc.) and he assured us that he has a good team involved in CADP.

2.71 As noted above, the resourcing mix is a cause for some concern. While there are a few dedicated resources, there are a large pool of resources from the business that need to work on CADP. This will need to be managed extremely closely to ensure that the Programme is getting the time necessary from these resources but that their “day-jobs” are still getting done. We reiterate that delivering a Programme can be extremely challenging when it is reliant on resources from the business.

Recommendations

2.72 The following recommendations are made under this section:

- We recognise resourcing can be problematic if business resources are being used on a Programme or Project. There is strong awareness of this risk but we strongly encourage the Programme Manager and Director CASS to actively monitor the resource needs and ensure the resources are available and committed when needed.
- Backfilling of key positions be considered if this is a more sure way of securing the resources that are needed for the Programme.
Findings

2.73 As part of our review, we were asked to examine the controls around financial processing to ensure that costs are being recorded appropriately and to ensure that Programme and Project actuals are able to be reported accurately.

2.74 CASS use Technology One’s Finance One Finance On e as its Financial Management Information System.

2.75 The original approved budget for CADP projects was approved by the Partnership Board as $1.845m Capital Expenditure (CAPEX) and $624k Operating Expenditure (OPEX) totalling $2.47m. These figures have since been revised as a result of the re-planning that occurred when the Programme Manager was appointed. The current forecast is $2.34m (a reduction). This has been agreed with the Partnership Board.

2.76 Budgets for operating costs for projects are recorded in the cost centres of the Project Sponsors. For Finance and Human Resources this is within their normal business as usual cost centre. For Information Technology, this is in a separate cost centre. The financial system does not have a separate component in its chart of accounts to allow for project reporting. To that end an interim solution has been established. A separate chart of accounts has been established to hold project numbers. When actual operating costs are incurred the costs are coded to the cost centres with a project reference code (as per the separate chart of accounts). When actual capital costs are incurred the costs are coded to the balance sheet with a project reference code (as per the separate chart of accounts). This system enables a matrix reporting whereby the costs and budget are included in the cost centre and against the project. The link only exists for recording actual costs and not for budgets or forecasts. This means that there is the potential for budgets and forecasts for operating costs not to agree unless this is monitored. The financial system at this stage is unable to overcome this until the chart of accounts can be revised to allow for a project component in the chart of accounts. A "Budget Reconciliation by Project" report was written to allow for this monitoring to be undertaken. At the time of review the Forecast to Proj End” column in the budgets showed a total project cost of $2.54m which does not tie to the "Budget Reconciliation by Project” report or the current forecasted budget. Finance has noted that the approved budget amounts do not tie to the “Budget Reconciliation by Project” report and the variance of $60,000 was still being investigated at the time of our review.

2.77 A budget pack for projects has been established for each project manager. When a new project is established, the project is set up in the budget pack by the Systems Accountants in accordance with the request made. The request will contain the project number, project name, the programme name (e.g. CADP), the agency (choose one of: TSY, SSC, DPMC, ALL, TSYSSC, TSYDPMC, SSCDPMC), the cost centre the project relates to (e.g. Finance, HR etc), the Output Project relates to (e.g. 78000 – All, 78001 - SSC), Output Class Project Relates to (e.g. 14 – Shared Services), Type of Asset created in Project (choose from HW - hardware, SWI – software inhouse, SWO – software off-the-shelf, NONE), Cost Centre Owner, Project Manager, Project Start Date, Project End Date, CAPEX Budget and OPEX Budget.

2.78 The budget is loaded by the Systems Accountants when the project is established and once loaded is available for Project Managers to phase. It is the Project Manager’s responsibility to ensure that the budgets loaded matches the approved level of funding. The budget pack also
enables Project Managers to record a revised budget, their forecast to year end and their forecast to project end. Project managers can insert descriptions on type of expenditure budgeted to record assumptions (i.e. software or payroll expense) within the CAPEX and OPEX categories. We noted that this is not consistently done by all Project Managers and there appears to be concern about accuracy of the originally budgeted amounts (different from Partnership approved budget by $60k; however, subsequent budget revisions have resulted in budgets now being lower than Partnership approved budget). The Project Managers have access to the system and are able to amend original budgets, revised budget, forecast to project end and forecast to year end and spread that forecast on a monthly basis.

2.79 Invoices are processed by the Project Co-ordinator and payroll expense is manually calculated by the Management Accountant based on information supplied by Project Managers about what projects have been worked on and stage of the project (e.g. if in initiation stages then operating or if in design and build stages then capital). If OPEX, the costs are coded to the cost centres with the reference code of the project number. If CAPEX then costs are coded to work-in-progress with a reference code of the project number. Project Managers are not consistently coding their invoices correctly. Treasury has a CAPEX policy, which Project Managers can reference when coding invoices. There had not been any significant CAPEX purchases at the time of the review. Finance One is set up to code CAPEX and it is the responsibility of the Project Manager to ascertain that the CAPEX and OPEX split by the Project Coordinator is accurate and this may not be done in all cases.

2.80 Finance One provides reports for budget-to-actual comparisons in various formats (i.e. by project or by responsibility centre for the period, year-to-date, full year or life-to-date). Project Sponsors and Managers have access to run reports at any time to analyse budget-to-actuals and reforecast budgets. Reports have been established in Finance One enabling a detailed report by responsibility centre showing all expenses coded to each responsibility centre to be run.

2.81 Project costs for OPEX are coded to cost centres and project costs for CAPEX are coded to work-in-progress. This means that running the project reports are the only way to obtain a complete project report.
Recommendations

2.82 The following recommendations are made under this section:

- Project Managers should code costs to the correct project numbers using a cost centre and expense type (i.e. software or payroll expense) for OPEX. CAPEX costs should be coded to the balance sheet as work-in-progress using the project number.

- For consistency and completeness of reports, all project costs should be assigned to the project cost responsibility centre, not to business as usual responsibility centre.

- All financial staff and project staff should be made aware of the CAPEX policy so it can be correctly followed before there are any significant CAPEX purchases.

- Refresher training should be provided to Project Managers and finance staff involved in the process so there is a consistent understanding of how to budget, monitor and report on their project costs using Finance One.
The following is a summary of recommendations from Section 2: Key Findings & Recommendations and the associated agreed management actions.

<table>
<thead>
<tr>
<th>Paragraph No.</th>
<th>Recommendation</th>
<th>Finding No.</th>
<th>Response</th>
<th>Management Action</th>
<th>Responsible</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.16</td>
<td>The Partnership Board and Governance Group should remain strongly focussed on the outcomes desired of CASS and CADP and ensure the Programme remains targeted towards these outcomes.</td>
<td>2.3</td>
<td>Noted</td>
<td>Ongoing area of focus for the PB and GG</td>
<td>Partnership Board and Governance Group</td>
<td>On-going</td>
</tr>
<tr>
<td>2.16</td>
<td>Reporting should begin to occur to the Partnership Board outlining baseline measures and the progressive efficiency savings and benefits that will accrue and their predicted associated timeframes. The development of a benefits realisation plan would be useful to capture this information.</td>
<td>2.7</td>
<td>Business benefits are updated monthly and are reported to the CADP Governance Board. A Draft Benefits realisation plan, aggregating the benefits is under development. It should be noted that a substantive portion of the programme’s projects result in benefits upon completion; i.e. do not produce measureable benefits sequentially, or progressively.</td>
<td>Table at Governance Group and Partnership Board when available</td>
<td>KOS</td>
<td>TBD</td>
</tr>
<tr>
<td>2.60</td>
<td>The Partnership Board and Governance Group should consider the appointment of an independent advisory member to each of these governing bodies. The skills needed for each of these governing bodies may be</td>
<td>2.18</td>
<td>To be raised for discussion at Partnership Board Meeting. This was discussed at the Governance Group April meeting with a view that this should be considered for future</td>
<td>Raise for discussion at Partnership Board Meeting</td>
<td>AM</td>
<td>n/a</td>
</tr>
<tr>
<td>Paragraph No.</td>
<td>Recommendation</td>
<td>Finding No.</td>
<td>Response</td>
<td>Management Action</td>
<td>Responsible</td>
<td>Completion Date</td>
</tr>
<tr>
<td>---------------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------</td>
<td>-------------------</td>
<td>-------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>different and it would be suggested for the Partnership Board, an individual with knowledge and experience in implementing shared service arrangements would be benefits and at the Governance Group an individual experienced in advising complex Programmes and Projects would be beneficial.</td>
<td>projects/programmes of work.</td>
<td>2.60</td>
<td>A detailed Quality Plan should be developed that captures quality criteria and describes how quality will be assured for core deliverables of CADP. This should include acceptance criteria and the processes that will be used for sign-off before implementation occurs. Quality planning could be captured in an overall Implementation Planning document if CADP is to develop one.</td>
<td>2.50</td>
<td>Quality assurance of the deliverables is being approached on a number of levels incorporating the basic tenets of Peer Review, Architecture Board Review and External Reviews of Designs as well as at a project methodology level through Stage Gate reviews etc. Project plans accommodate quality requirements to a level applicable to the scale of the project. The core projects’ deliverables will include specific implementation planning, which includes ensuring that quality expectations are met.</td>
<td>Refer management response - no additional action required</td>
</tr>
<tr>
<td>2.60</td>
<td>We commend the use of stage gates for CADP and believe that there is a good understanding of how stage gates can be used. We do have a caution over using a stage gate approval process that does not involve the Governance Group, but only involves a smaller subset of individuals and we recommend: The Programme Manager and Director CASS ensure there is a clear understanding about how this will work to ensure all information is known before making a decision</td>
<td>2.48</td>
<td>The decision to appoint ad-hoc Stage gate review panels, (which include the appropriate business owner of the project under review) was approved by the Governance Group as a practical and pragmatic approach to ensure project progress was not inhibited. This is specific to technical projects and smaller specifically subject area projects. The Governance Board is informed of all stage gate reviews both pending and</td>
<td>Done as per management response</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Paragraph No.</td>
<td>Recommendation</td>
<td>Finding No.</td>
<td>Response</td>
<td>Management Action</td>
<td>Responsible</td>
<td>Completion Date</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------</td>
<td>-------------------</td>
<td>--------------</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td>to proceed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>All approvals that occur outside the Governance Group are summarised and presented back on a regular basis to ensure members are fully aware of progress. This will ensure transparency.</td>
<td>completed and are encouraged to review approvals.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.60</td>
<td>A change management plan should be developed that ensures the implications for the business and the individual agencies are fully understood and the associated change implications are documented. This could include “end-user” training requirements which may be further elaborated in a more detailed training plan.</td>
<td>2.59</td>
<td>Change Management is integral to the Implementation planning deliverables and includes communication plans and specifically targeted training to prepare and inform all those impacted by the proposed changes/planning.</td>
<td>Refer management response</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2.60</td>
<td>While we acknowledge that an Integrated Schedule has been developed which details the timelines for the core projects, we suggest that the entire programme is mapped out (at least at a high level) so the impact of all projects can be seen at a glance. It does not need to be at the level of detail that the Integrated Schedule contains. While we recognise dependencies are clearly documented, without an overall programme schedule detailing the timeframes for critical dependencies it is difficult to determine when certain deliverables are required before others (in secondary projects) are impacted. We recommend the Programme Manager consider how dependencies can be better mapped out so the true impact can be seen if deliverables are late or are missed.</td>
<td>2.46</td>
<td>Dependency management is a key focus of the CADP. A comprehensive programme level plan, incorporating all of the projects that have dependencies, either internal or external to the programme, is the central artefact of the management of this programme.</td>
<td>No additional action required.</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Paragraph No.</td>
<td>Recommendation</td>
<td>Finding No.</td>
<td>Response</td>
<td>Management Action</td>
<td>Responsible</td>
<td>Completion Date</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>2.60</td>
<td>While we were impressed with the level of detail being provided to the Governance Group, the approach that has been taken is an “all-inclusive” approach. PRINCE2 uses the concept of exception-based reporting and tolerances. We recommend the Programme Manager and CASS Director consider how the information can be better summarised, maybe through the use of a 1-page dashboard and whether exception-based reporting and tolerances should be introduced.</td>
<td>2.30</td>
<td>The Governance Group (‘Programme Status’) report is clearly demarcated into an ‘Executive Summary’ section and a ‘Detailed’ section. Given the number of projects, CADP feel that the level of information per project (and summarised to programme summary extract) is appropriate for the complexity of the programme. Reporting is essentially by exception, particularly as presented to the GB and PB.</td>
<td>No additional action required. Though variations to streamline and condense reporting are presently tested and implemented where applicable.</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2.60</td>
<td>A further review of CADP should be scheduled to occur in the next three to six months before critical milestones are scheduled to be delivered.</td>
<td>2.52</td>
<td>The need to undertake a review of the CADP will be considered by the Partnership Board and has been discussed by the Governance Group in reviewing and evaluating the overall performance of CASS and its future requirements.</td>
<td>Refer management response</td>
<td>Partnership Board</td>
<td>TBD</td>
</tr>
<tr>
<td>2.60</td>
<td>To enhance the potential that CADP as an overall Programme will be successful, the leadership of CASS should unpick the areas where staff engagement needs focussed effort.</td>
<td>2.55</td>
<td>Staff engagement is being managed by the CASS management team.</td>
<td>Refer management response - no additional action required.</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2.65</td>
<td>We recommend that regular risk workshops be facilitated with the Governance Group, Programme Team and the Partnership Board (maybe less frequently) to ensure risks are updated regularly with the involvement of all concerned.</td>
<td>2.64</td>
<td>Noted: Currently this occurs at Programme Team level and is summarised to Governance Board Level. Generally on a ‘by exception’ basis to the latter. Programme Level risks are also escalated to CASS Senior Management as appropriate.</td>
<td>Is being undertaken by management..</td>
<td>KOS, AM,</td>
<td>September 2013</td>
</tr>
<tr>
<td>Paragraph No.</td>
<td>Recommendation</td>
<td>Finding No.</td>
<td>Response</td>
<td>Management Action</td>
<td>Responsible</td>
<td>Completion Date</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------</td>
<td>-------------------</td>
<td>-------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>2.72</td>
<td>We recognise resourcing can be problematic if business resources are being used on a Programme or Project. There is strong awareness of this risk but we strongly encourage the Programme Manager and Director CASS to actively monitor the resource needs and ensure the resources are available and committed when needed.</td>
<td>2.67</td>
<td>This is a problematic area and due to budget restraints and the requirement utilising existing environmental knowledge of the three CA’s; it has been mandated that BAU personnel are to be engaged in the core processes. This is being managed as effectively as is possible.</td>
<td>Requires ongoing scrutiny and management.</td>
<td>KOS, AM, Matt O’Mara</td>
<td>On-going</td>
</tr>
<tr>
<td>2.72</td>
<td>Backfilling of key positions be considered if this is a more sure way of securing the resources that are needed for the Programme.</td>
<td>2.71</td>
<td>Noted: Backfilling has occurred for portions of key positions with CASS IT. This only partially alleviates the stresses and conflicts that result from the requirement to utilise non-project dedicated resources.</td>
<td>Requires ongoing scrutiny and management.</td>
<td>KOS, AM</td>
<td>On-going</td>
</tr>
<tr>
<td>2.82</td>
<td>Project Managers should code costs to the correct project numbers using a cost centre and expense type (i.e. software or payroll expense) for OPEX. CAPEX costs should be coded to the balance sheet as work-in-progress using the project number.</td>
<td>2.78</td>
<td>All project managers can run a transaction report to review coding. Expenditure is currently monitored via Finance One at a CAPEX and OPEX level.</td>
<td>No additional action required.</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2.82</td>
<td>For consistency and completeness of reports, all project costs should be assigned to the project cost responsibility centre, not to business as usual responsibility centre.</td>
<td>2.77</td>
<td>Process will be adopted for future use. Not practicable to ‘retro-fit’ this functionality.</td>
<td>For Future Adoption</td>
<td>CASS Management</td>
<td>When occurs</td>
</tr>
<tr>
<td>2.82</td>
<td>All financial staff and project staff should be made aware of the CAPEX policy so it can be correctly followed before there are any significant CAPEX purchases.</td>
<td>2.79</td>
<td>Training will be provided to project staff on the CAPEX policy so that it can be correctly followed. Since the review, new Finance staff have been advised of this policy.</td>
<td>Training will be included in the refresher training on the project module.</td>
<td>KOS</td>
<td>May/June 2013</td>
</tr>
<tr>
<td>2.82</td>
<td>Refresher training should be provided to Project</td>
<td>2.80</td>
<td>A refresher course will be scheduled to</td>
<td>A refresher</td>
<td>KOS</td>
<td>May/June 2013</td>
</tr>
<tr>
<td>Paragraph No.</td>
<td>Recommendation</td>
<td>Finding No.</td>
<td>Response</td>
<td>Management Action</td>
<td>Responsible</td>
<td>Completion Date</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------</td>
<td>-------------------</td>
<td>-------------</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td>Managers and finance staff involved in the process so there is a consistent understanding of how to budget, monitor and report on their project costs using Finance One.</td>
<td></td>
<td>include recently developed reports.</td>
<td>course will be scheduled to include recently developed reports.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix B: Interviewees

The following personnel were interviewed during the review:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alastair Mackay</td>
<td>Director, Central Agency Shared Services</td>
</tr>
<tr>
<td>Kevin O'Shaughnessy</td>
<td>Programme Manager, Central Agency Development Programme</td>
</tr>
<tr>
<td>Sara Brownlie</td>
<td>Finance Manager, Central Agency Shared Services</td>
</tr>
<tr>
<td>Fergus Walsh</td>
<td>Chief Financial Officer, The Treasury</td>
</tr>
<tr>
<td>Vicky Robertson</td>
<td>Deputy Chief Executive, The Treasury</td>
</tr>
<tr>
<td>[1]</td>
<td>Systems Accountant, Central Agency Shared Services</td>
</tr>
<tr>
<td>Jenni Norton</td>
<td>Deputy Commissioner Performance Improvement Programmes Group, State Services Commission</td>
</tr>
<tr>
<td>Anne Clews</td>
<td>HR Manager, Central Agency Shared Services</td>
</tr>
<tr>
<td>Denise Amesbury</td>
<td>Business Development Manager &amp; Organisational Development, State Services Commission</td>
</tr>
<tr>
<td>[1]</td>
<td>Department of Prime Minister and Cabinet</td>
</tr>
<tr>
<td>Matt O'Mara</td>
<td>Chief Information Technology Officer (CITO), Central Agency Shared Services</td>
</tr>
<tr>
<td>[1]</td>
<td>Systems Accountant, Central Agency Shared Services</td>
</tr>
</tbody>
</table>
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte’s approximately 182,000 professionals are committed to becoming the standard of excellence.

Deloitte New Zealand brings together more than 900 specialists providing audit, tax, technology and systems, strategy and performance improvement, risk management, corporate finance, business recovery, forensic and accounting services. Our people are based in Auckland, Hamilton, Wellington, Christchurch and Dunedin, serving clients that range from New Zealand’s largest companies and public sector organisations to smaller businesses with ambition to grow. For more information about Deloitte in New Zealand, look to our website www.deloitte.co.nz