

# AUDITOR-GENERAL'S REPORT

## PERFORMANCE AUDIT

### Shared Corporate Services: Realising the Benefits

including guidance on better practice



The Legislative Assembly  
Parliament House  
SYDNEY NSW 2000

The Legislative Council  
Parliament House  
SYDNEY NSW 2000

In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Shared Corporate Services: Realising the Benefits, including guidance on better practice.**

R J Sendt  
Auditor-General

Sydney  
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## **Foreword**

Shared service arrangements are used in both the public and private sectors to reduce costs and improve productivity. These arrangements typically cover services such as human resources, finance, information technology and office support.

In 1996, the Government created the Central Corporate Services Unit (CCSU) as a first step in achieving these benefits.

In 2002, the NSW Government released a more wide-ranging *Shared Corporate Services Strategy*, recommending that agencies reduce costs and improve services by introducing shared arrangements.

Our audit provides a report card on savings to date and discusses any impediments to achieving the benefits from shared services. It also looks at what's happened with the CCSU.

Although we have estimated savings, it has not been possible to accurately report on all benefits gained from shared arrangements due to the absence of baseline data against which we could compare changes over time.

To help address this in the future, we have provided some guidance to agencies on how best to identify, measure, monitor and report benefits arising from these change programs.

Bob Sendt  
Auditor-General

November 2004



## Executive summary

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## **Executive summary**

The shared corporate services strategy is part of the NSW Government's commitment to refocus expenditure on the delivery of better services to the public. The strategy aims to achieve significant administrative efficiencies by consolidating human resources, finance, information technology and office services.

Our audit uses the first government provider of shared corporate services, the Central Corporate Services Unit (CCSU) as a case study to illustrate factors for success and issues requiring close management.

Planning for and managing "benefits realisation" has emerged as a key component in such reforms. For this reason we have included some guidance material on this issue in this report.

## **Audit opinion**

Under appropriate conditions, shared service arrangements are a proven method for obtaining significant cost savings from productivity improvements and economies of scale.

Benefits realised in NSW from shared services are significantly below what was expected. At June 2003 general government agencies had achieved savings of \$13.6 million, or 5 per cent, of projected accumulated savings of \$297 million to be achieved by 2006. Implementation costs are estimated to be \$79.4 million.

Most agencies had yet to fully implement the Government's shared services strategy supporting productivity and salary increases.

It is now recognised that the benefits from shared services could take at least another 2-3 years to realise, particularly in large agencies.

A number of factors have impeded progress and may restrict benefits.

Firstly, over 88 per cent of the estimated cost savings reside in large agencies that have been slow to implement the changes.

Secondly, information systems, processes and governance arrangements vary from one public sector organisation to the next. Systems are often incompatible and efficiency gains may be limited by the inability to standardise processes. This is exacerbated by limited investment funds to standardise systems, especially in large agencies.

A package of further sector wide reforms is to be rolled out over the next 3 years to help address some of these issues.

As a case study, the CCSU provides some important lessons as the first provider. Despite immediate savings, some of the implementation problems with consolidating systems and services from different agencies still exist today. Governance and contractual arrangements are still evolving eight years on and attention is on maintaining and developing a customer service culture.

Some of the problems faced by the CCSU in start up have been resolved over time, although possibly at a cost to its reputation as a quality service provider and putting at risk its viability as a provider of choice.

## Findings

In regard to the shared services reform program:

- the timeframe to complete corporate services reforms has been extended to June 2007 and the achievement of the savings target to 2005-06
- the Government's commitment to 'no forced redundancies' may limit achievement of the savings target if surplus staff cannot be redeployed
- it is not possible to accurately measure the benefits arising from shared arrangements as baseline data is incomplete and most agencies do not have systems in place to identify, measure and monitor benefits.

The CCSU experience demonstrates the principles critical to the success of shared arrangements such as:

- establishing services on a full cost recovery basis
- recognising the impact the varied and often incompatible systems, applications, processes, procedures and governance arrangements have on benefits
- maintaining service quality and customer satisfaction during transition
- establishing service level agreements that define service types, costs and timeframes
- being able to adapt to diverse customer needs and changes in customer profiles arising from mergers and restructures.

## Recommendations

Present arrangements allow agencies the choice of options; internal consolidation, establishing a cluster, or engaging CCSU. Our observations suggest that these models may not always bring about the best and most cost effective outcomes.

To address this, we recommend that the Department of Commerce:

- further assist agencies to maximise the gains from shared services by identifying the most cost effective shared service model(s) for the NSW public sector in light of the variability in systems, processes, and governance arrangements that exist
- facilitate agencies to select the best vendors or the best partnering arrangements to suit business needs.

We also observed that support for the reforms could be improved if all benefits generated by the reform program were captured and reported.

To address this, we recommend that the Department of Commerce:

- develop a framework for measuring, managing and reporting identified benefits at both the agency and program levels.

## **Response from the NSW Department of Commerce**

*Thank you for the opportunity to respond to the Performance Audit Report Shared Corporate Services - realising the benefits.*

*The NSW Government has been achieving administrative savings through the reform of the corporate services for the past nine years.*

*The shared corporate service strategy is but one of a set of initiatives that have made back office functions more efficient and released additional resources to front-line services in health, education, community services, transport and elsewhere.*

*Other actions that have reduced administrative costs and improved productivity include changes to government procurement, improvements to the management of workers' compensation, careful management of office accommodation and sensible use of information and communications technology.*

*The performance audit report only acknowledges savings for 2001-2002 and 2002-2003, rather than acknowledging the results also achieved under the Corporate Service Reform Initiative since 1995.*

*These have been described in the publications 'Reform and Redirection' in 1999 and 'Reforming the Public Sector' in 2001.*

*The report is based on results to June 2003. Since then much has been done to increase savings including consolidating corporate services in the new departments of Commerce, Infrastructure, Planning and Natural Resources, Environment and Conservation, Primary Industries and Tourism, Sport and Recreation. Information on the extent of the additional savings is currently being collected.*

*The report suggests that it will cost \$79 million to achieve savings of \$297 million by 2006. The implementation cost of \$79 million is somewhat misleading as it includes expenditure on scheduled or 'routine' system upgrades and periodic review of structures of corporate services as well as investments to achieve savings.*

*Measures already put in place by the Department of Commerce will implement the report's recommendations in the current financial year.*

**Recommendation 1: Share Corporate Service Models** - The Department of Commerce publishes information on the costs and benefits of different approaches to shared corporate services on a password protected internet site launched in June 2004. Fresh information being gathered from agencies about the effectiveness of different models will be analysed and published later this year.

**Recommendation 2: Help agencies to select the best vendors or the best partnering arrangements** - The Department of Commerce refers agencies to the best government suppliers of services and systems and regularly reviews software contracts to make sure they offer agencies what they need. Funding is made available to help agencies evaluate and take advantage of opportunities to consolidate their corporate services.

**Recommendation 3: Managing Benefit Realisation** - The Government regularly collects information about the effects of corporate services reforms and is improving its capacity to measure and monitor whether or not the measures provide benefits. The information gathered to date allows agencies to compare their performance. The guidelines proposed by the Audit Office will be added to the guidelines used by agencies to make sure their reforms provide benefits.

The case study of the Central Corporate Services Unit, while interesting, does not provide any significant new insights.

CCSU has already been reviewed by the Council on the Cost and Quality of Government and the Independent Pricing and Regulatory Tribunal. The principles established from those reviews - which are in line with Audit Office's own findings - already guide the Government's approach to getting savings and productivity benefits from sharing corporate services.

(signed)

Michael Coutts-Trotter  
Director-General

Dated: 21 October 2004

## 1. Introduction

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## 1.1 Background

Over 17,000 public sector employees provide corporate services to NSW general government sector agencies.<sup>1</sup> The cost of these services is estimated to be \$1.8 billion per annum.

In 2001, the Government introduced a number of strategies to achieve a 6 per cent increase in public sector productivity to cover wage rises. One was to further progress reforms in corporate services as some agencies were operating above the average cost.

In 1996, the Government established its first provider of shared services, the Central Corporate Services Unit (CCSU) from the merger of corporate services staff and assets in 11 agencies.

## 1.2 The reform strategy

In 1995, the Government adopted corporate service reform as a key priority for the public sector.

The Government released its Shared Corporate Services Strategy in 2002. The intent was for public sector agencies to significantly improve corporate services delivery, realise the benefits of new technologies and reduce costs in providing human resources, finance, information technology and office services through shared arrangements.

Expert services such as legal, public relations and marketing were omitted from the strategy.

## 1.3 Shared corporate services

Shared services are widely regarded in both the private and public sectors as an efficient and effective means of providing corporate services support.

<b>Figure 1: Examples of benefits of shared services</b>	
<b>Capture economies of scale</b>	<ul style="list-style-type: none"> <li>✓ Share services across unit boundaries</li> <li>✓ Eliminate redundancies</li> </ul>
<b>Leverage expertise across boundaries</b>	<ul style="list-style-type: none"> <li>✓ Capture economies of scope</li> <li>✓ Transfer best practice to provide higher levels of service</li> </ul>
<b>Establish customer based relationships</b>	<ul style="list-style-type: none"> <li>✓ Focus staff on service</li> <li>✓ Tailor services to meet customer needs</li> <li>✓ Create incentives for improvement through indirect competition</li> </ul>

Source: Booz-Allen Hamilton 1998; Audit Office analysis.

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<sup>1</sup> NSW Office of Information and Communications Technology, December 2002.

Service level agreements are used to define service types, cost and timeframes.

In NSW, agencies could choose between three provider models:

- cluster arrangements with other agencies
- internal consolidation
- the Government's Central Corporate Services Unit.

#### **1.4 The audit**

Our audit examined the management and realisation of benefits arising from shared corporate services.

In particular, the audit assessed the efficiency and effectiveness of:

- identifying and including benefits in the planning process
- the progressive measurement of benefits and related accountabilities
- accountability arrangements for the achievement of benefits.

We examined the Central Corporate Services Unit as a case study to illustrate best practice and pitfalls in implementing shared arrangements.

See Appendix 4 for more details on the audit.

#### **1.5 Acknowledgements**

The Audit Office acknowledges the staff of the Central Corporate Services Unit and those involved in the Shared Corporate Services Reform Program in the Department of Commerce who gave generously of their time and expertise to assist us.



## **2. The Central Corporate Services Unit**

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## 2.1 Introduction

The Central Corporate Services Unit (CCSU) was established on 1 July 1996 as the first shared service provider for the NSW public sector. It was formed from the merger of corporate services staff and assets of 11 agencies situated in or near the Governor Macquarie Tower in Sydney.

The CCSU currently operates on a commercial basis as a business unit of the Department of Commerce. It now has around 180 staff and serves 40 agencies located around the State, generating around \$27 million per annum in revenue.

Since its inception, the CCSU has been the subject of numerous complaints from clients regarding governance arrangements and the quality and the level of services delivered. It has also been the subject of numerous reviews to improve both its efficiency and effectiveness.

These reviews have led the CCSU to embark on an excellence program to position itself as the best value supplier of shared services to public sector agencies. The program commenced in 2001-02 and is underpinned by new systems and service improvements. The program is costing around \$15 million and was completed by July 2004.

## 2.2 Establishing the CCSU

The CCSU provides a case study to demonstrate some of the problems in implementing shared services.

### **Concentrating both strengths and weaknesses**

Both the CCSU's initial strengths and weaknesses were the result of the assets and practices it inherited from its founders. The CCSU brought together years of corporate service expertise and both disparate and sometimes incompatible business practices and processes.

Strategies were not developed in advance to manage the risk the various information systems and applications, manual and automated processes, different governance arrangements and customer expectations had on the achievement of benefits.

These matters are now being addressed as part of the sector wide shared services reforms and the specific CCSU excellence program.

### **An effective pilot**

As a pilot, the CCSU has effectively highlighted the implementation risks associated with shared service arrangements where more than one agency is involved. Many of the transition problems have been resolved over time by CCSU although possibly at a cost to both its reputation and its future viability as a service provider of choice.

It is difficult to state accurately the overall benefits achieved from the CCSU. A review found cost savings within the CCSU of \$2.3 million for the period 1996 to 1998.<sup>2</sup> However, during this time the CCSU ran at a deficit. The CCSU's initial price structure reflected agency costs prior to its establishment and Treasury policy at that time. This policy was adjusted in 2002-2003 to full cost recovery pricing.

And the CCSU's clients have not taken up the full suite of services. Only 18 out of 40 clients have signed up for the complete package. Founding agencies in particular have chosen to keep some functions in-house that could be undertaken by the CCSU.

The excellence program is being used to address some of the impediments to the CCSU's success as a service and price competitive business.

### 2.3 The lessons learned

In examining the CCSU as a case study we have identified a number of factors that impact on successful implementation.

Figure 2: Lessons learned	
Do	Don't
<ul style="list-style-type: none"> <li>✓ Build a case for change up front with accurate baseline data, benchmarks and internal surveys</li> <li>✓ Redesign the business not just consolidate the services</li> <li>✓ Start with transaction based services with early wins</li> <li>✓ Keep service agreements simple.</li> </ul>	<ul style="list-style-type: none"> <li>✗ View shared services as a cost cutting exercise only</li> <li>✗ Allow shadow services to develop</li> <li>✗ Let business units buy outside immediately; establish a period of grace</li> <li>✗ Forget that complete transformation will take years.</li> </ul>

Source: Booz-Allen & Hamilton 1998; Audit Office 2004

#### Predicting benefits

Consolidating transaction based activities from different agencies into the CCSU led to immediate cost savings. In excess of 90 per cent of these came from reduced staff numbers and accommodation costs.<sup>3</sup>

Overall, savings may be reduced if we take into account the amount spent by agencies on retaining staff to provide tailored services and liaise with CCSU.

<sup>2</sup> *Analysis of CCSU Costing Savings* Deloitte Touche Tohmatsu, August 1998.

<sup>3</sup> *ibid*

No detailed activity based costing or detailed benchmark reviews were undertaken during the CCSU's establishment phase. Following the 1996 review of savings within the CCSU, it has been difficult if not impossible for agencies or the CCSU to accurately predict or measure the benefits gained from shared arrangements. This has improved since 2003 as the CCSU has implemented an activity based costing model and is now a participant in benchmarking reviews, including the Corporate Services Reform benchmarking program.

**Pricing services**

Initially fees charged by the CCSU were based on historical costs, not on a commercial basis. Until 2002-03, the CCSU operated at a loss that was absorbed by the Department of Public Works and Services (now Department of Commerce).

These deficits totalled \$3.5 million.

Since 2003, the CCSU has operated on a full commercial recovery basis with a return on investment. The Independent Pricing and Regulatory Tribunal (IPART) has reviewed both the fees and pricing policy.

It is intended that the CCSU pricing policy will now become a benchmark for other providers.

**Service level agreements**

The CCSU negotiates service level agreements with client agencies to define responsibilities, service types, service levels and prices (although at the time of the audit most of the service level agreements with clients were not current).

The agreements are not sufficient to manage customer relationships. There are no bonus or penalty clauses if the CCSU fails to meet specified levels of service. Nor do the agreements include penalties for agencies where they fail to provide information to the CCSU that prevents it from meeting its obligations.

<b>Case study: Changes to the client base</b>
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There were a number of portfolio changes following the 2003 state election that resulted in agencies being merged into larger departments.
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One major client of the CCSU was affected by these changes and was merged with a group of agencies that had already set up a shared service arrangement.
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This new unit offered services at the same price as the CCSU and so the agency changed providers as there was no financial penalty imposed under its existing service level agreement with the CCSU.
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<b>Appropriate client number</b>	<p>There must be a minimum, and possibly maximum, number of clients or transactions required to take advantage of economies of scale. This was never defined for the CCSU and the CCSU has relied on agencies choosing the CCSU to build an adequate client base.</p>
<b>ICT assets</b>	<p>The CCSU has had to tailor services to meet the specific requirements of agency systems. This may have inflated unit costs.</p> <p>There is potential for further efficiency gains if the CCSU is able to have greater influence over the purchasing of information and communication technology (ICT) assets for its clients. This will complement existing policy for the CCSU to standardise and maintain ICT assets.</p> <p>CCSU estimates these gains represent at least five per cent of agency ICT operating costs.</p>
<b>Governance arrangements</b>	<p>The CCSU was set up as a business unit of the Department of Public Works and Services, and more recently the Department of Commerce.</p> <p>The CCSU is under the control of the Director-General of the Department of Commerce. Decisions regarding the CCSU are made on a commercial basis taking into account its service obligations.</p> <p>A Client Advisory Board was established for the CCSU. Its role is to provide a forum for client agencies to raise issues regarding service delivery. The Board does not have a role in guiding the business. Clients have complained that this Board is an ineffectual means of translating customer concerns into CCSU responses.</p> <p>In contrast, the shared corporate services strategy suggests a board be established to oversight both the strategic direction and operations of the shared service.</p> <p>In response to options identified by IPART, the Department of Commerce has established a steering committee to review governance arrangements for CCSU. It is expected recommendations will be considered by December 2004.</p>
<b>Reporting on performance</b>	<p>The CCSU reports against key performance indicators on a monthly basis to the Department of Commerce but not its clients. The suite of indicators used by the CCSU does not include staff turnover, customer and staff satisfaction and efficiency gains.</p> <p>Part of the excellence program is examining how best to measure the CCSU's performance and the type of information clients need.</p>

## 2.4 The future of the CCSU

Overall, agencies deciding between engaging the CCSU or other providers will be guided by value for money ie the highest quality service at the lowest cost.

In this regard, the CCSU may not be competitive in comparison to internal consolidation models or shared arrangements where compatibility is high. The CCSU may also be at a disadvantage as its prices may more accurately capture the true cost of services.

### **The shared excellence program**

The Government has recently invested around \$15 million in a program to improve the CCSU's cost effectiveness including changes to its business systems and removing remaining impediments to standardise processes.

One of the aims of the excellence program is to increase the CCSU's market share and ensure its future viability. Benefits from the capital investment in the program of \$12.6 million are estimated at \$15.7 million.

The excellence program targets three areas for reform:

- improved client relationships
- more cost effective business processes
- better use of technology.

In order to maximise the benefits from the excellence program the CCSU must convince its clients to:

- create seamless processes with CCSU rather than overlapping tasks
- know the base-line position so that improvements can be measured
- re-engineer processes to maximise efficiencies.

This may be difficult to achieve as the CCSU has very limited powers to influence customer behaviours. Were this a private sector outsourcing arrangement, the customer and the vendor would only engage with one another where there was sufficient compatibility to ensure mutual benefit.

### **Benefits realisation management**

The CCSU has also adopted benefits realisation management (BRM) in conjunction with the excellence program. BRM provides a discipline for defining benefits and establishing a mechanism to measure and monitor outcomes.

This approach will at least allow the CCSU to identify early any barriers to achieving benefits.

More details on the approach taken by the CCSU to plan for BRM are provided in appendix 3.

### **3. Current directions in shared services**

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### 3.1 The NSW approach

In NSW, shared corporate services consolidate basic transaction processing and expert advice provided by human resources, finance, information technology and office services into a single service outlet.

The Government in 2002 introduced a shared corporate service strategy directing agencies to review current arrangements and adopt a shared service model.

Public sector agencies were given the option of selecting one of three models. Agencies could:

- organise cluster arrangements with other agencies
- adopt an internal consolidation model or
- choose the provider model, which at the time was the Government's Central Corporate Services Unit (CCSU).

Choice was however, restricted by size. Agencies with less than 350 staff could only join a cluster or engage the CCSU. Agencies with between 350 to 1000 staff could choose any of the three options. Agencies with more than 1000 staff were guided towards internal consolidation.

A savings target was established at three per cent of employee related costs to be realised by December 2003 from the introduction of these reforms in 99 public sector agencies. A survey of agencies at the time indicated that savings of \$310 million were possible.

Some agencies were granted exemptions from the strategy or have since merged. Now 67 agencies remain potential participants.

### 3.2 The benefits

Significant benefits can be gained from shared services.

For the general government sector, the benefits to date are significantly less than what was expected. Agencies have been slow to implement the Government's shared corporate services strategy.

Shared service arrangements were one of several strategies to assist agencies to pay for the salary increases effective in 2002. The failure of the strategy to achieve savings targets has meant that part of the increase has been paid out of agencies' operating budgets.

Now agencies are to complete corporate services reforms by June 2007. The date for achieving savings has been extended to 2005-06 in recognition that corporate service reform is an ongoing process that cannot be addressed separately from other business strategies including the use of Information and Communication Technology.

In the June 2003 data collection, large and medium agencies identified actual savings of \$13.6 million and projected accumulated savings of \$297 million by 2006. Agency estimates of implementation costs to achieve the savings are \$79.4 million.

Initial agency estimates of implementation costs to achieve the savings were \$263 million. However, the Department of Commerce has advised that this figure included major operational projects proposed at the Transport, Attorney General's and Police portfolios with only some impact on corporate services delivery.

### **3.3 What has impeded progress?**

#### **Large agencies**

Around 88 per cent of the estimated savings from shared arrangements resides in 16 large priority agencies such as the Departments of Health, Education and Training, Commerce, Housing, Ageing, Disability and Home Care and NSW Police.

The Department of Commerce estimates that implementation of the strategy will take at least another 2-3 years particularly for large agencies and clusters.

#### **Baseline data**

Baseline data is collected annually from across the public sector on the cost of corporate activities.

Corporate services staff numbers and costs are collected at a functional level for human resources, finance, information and communication technology and office services in all agencies from 2004, and in large and medium agencies from 2002. Additional data on the performance of discrete transactions such as recruitment and accounts payable would help agencies better identify and measure benefits.

More recent reforms are directed at establishing benchmarking partners and activity-based costing to identify best practice in processing transactions, providing expert advice and service mix.

#### **The optimum number of providers**

In other jurisdictions, a number of agencies have been grouped together to establish shared services. For example, the Queensland Government grouped its agencies into seven clusters with each cluster having its own dedicated shared service provider.

In NSW, agencies are to develop shared arrangements consistent with the strategy. We estimate that this will leave NSW with around 22 providers serving agencies or clusters that vary in size from around 700 to over 20,000 employees.

The overall result may be that savings are not maximised, as some arrangements will be less cost effective than others.

**Technology and preferred systems**

Although there is no comprehensive inventory of corporate service applications a survey conducted in March 2003 demonstrates that large and medium agencies have purchased software through the Government Select Application Systems policy. This has reduced the number of systems used across the sector, however there is significant variation in the versions, and the extent of customisation.

The variety is a continuing dilemma for the consolidation and integration of systems and practices as significant investment is frequently required to achieve savings and service improvements.

One way to facilitate future savings is for agencies and shared service providers to adopt standard systems with procurement through preferred suppliers.

In support of this, the Department of Commerce is:

- reviewing business cases from agencies for purchasing corporate services software and systems
- encouraging joint decisions by agencies on the choice of replacement software
- reducing the number of current systems
- reviewing agency information technology and communication plans and proposals.

### **3.4 Maximising the benefits**

**Redeploying staff**

The Government is committed to redeploying staff, rather than forced redundancies, for anyone displaced as a result of the introduction of shared arrangements.

For an affected agency, this means that it must continue to pay the salary of displaced employees until they are redeployed to another position or accept voluntary redundancy.

As the most immediate and largest impact of shared arrangements comes from salary savings, this policy may impact on savings particularly arising from the introduction of shared arrangements in large agencies or those located in regional and rural areas.

**Managing  
implementation  
risks**

Until recently, methodologies such as benefits realisation management (BRM), used to predict and measure the outcomes of a project, have been applied exclusively to new technology projects.

Although introducing a shared service unit is a highly complex, multi-layered project that crosses functional and often agency boundaries, BRM has not been embraced by agencies.

The Department of Commerce considers BRM a useful project management tool to help ensure that benefits are achieved through identifying, measuring and monitoring outcomes.

### **3.5 Revitalising the program**

Responsibility for administering the shared corporate services strategy and the reform program transferred from the NSW Premier's Department to the Department of Commerce on 1 July 2003.

The program was to cease in July 2004. As implementation has been delayed and further reforms are required to maximise the benefits of shared arrangements, the program will continue until 2007.

The Department of Commerce has advised that the program will now adopt a more targeted approach to reform, such as:

- recognising diversity of government business and the need for different solutions to different issues
- providing resources and specialists to directly assist agencies and clusters
- collecting baseline data to enable informed decision making and shared learning
- benchmarking individual service lines to support streamlining and automation
- working with industry to develop government-specific, 'off the shelf' solutions.



## **4. Lessons in implementing shared services**

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## 4.1 Key factors for success

Shared service arrangements are a proven method for obtaining significant cost savings and benefits from avoiding duplication, increasing productivity and achieving economies of scale.

### Public sector impacts

One of the primary reasons why shared services are so successful in the private sector is that they occur within one organisation, minimising both transition and implementation risks. Systems, applications, procedures, processes and governance arrangements although possibly varying between business units are generally not incompatible. Service levels are tailored to meet the needs of the business units. Services that do not add value are rapidly eliminated.

Implementation of shared services in the public sector is different. In NSW, there have been some restrictions on the implementation of corporate systems, however, there is variation in how systems are applied. These variations mean that some shared service arrangements will be less cost effective than others, although new technology may provide more cost effective linkages.

There are a number of key factors that should be considered in order to maximise gains from shared arrangements (see figure 3).

### Dealing with risks

The approach chosen to implement government initiatives will also impact on success.

A review of the Commonwealth Government's IT outsourcing policy found that although there was general agreement that the initiative produced significant savings, the primary reason for delays was a lack of buy-in by senior managers.<sup>4</sup>

The reason for this lack of buy-in lay with the centralised approach to implementation.

Overall, the review recommended that agencies should be allowed to exercise their own discretion in how to approach the implementation of policy initiatives rather than have a solution imposed on them.

The shared service initiative possibly faces a similar risk. Agencies need to be able to determine a strategic reason to implement shared services and choose the approach that best suits the business.

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<sup>4</sup> *Review of the Whole of Government Information Technology Outsourcing Initiative*, R Humphry, December 2000.

<b>Figure 3: Key factors for successful implementation</b>	
<b>Making appropriate upfront decisions</b>	<p>The agency first needs to identify a strategic reason to implement shared services and then what types of services are to be shared. Options are transaction based services such as payroll and leave processing and accounts payable only or expert services such as legal, financial analysis or a combination of both.</p> <p>Where internal consolidation is not an option, agencies need to choose the best model (cluster or provider) taking into account the cost implications of incompatible systems, applications, processes, procedures and customer expectations.</p>
<b>Complete a feasibility study and develop the business case</b>	<p>The business case must be sound and analyse the short and long term risks, costs and benefits of implementing a shared service.</p> <p>The business case should address any costs associated with retaining capability to provide tailored support services, strategic advice and interface with the provider.</p> <p>If the agency is considering offering transaction-based services to others or establishing a cluster, it should consider any cost implications of tailoring services to meet specific customer requirements and determine the optimum number of transactions to maximise gains.</p>
<b>Develop service level agreements</b>	<p>A service level agreement should specify the services to be delivered, any specific requirements, unit and total costs, how costs will be charged and timeframes for service delivery.</p> <p>The agreement should allow a period of grace before agencies or business units can look at alternate providers.</p>
<b>Governance arrangements</b>	<p>The recommended governance model is a board composed of partners or business unit senior executives. The board provides strategic leadership and direction and resolves significant conflicts over compliance with service level agreements.</p>
<b>Consider approach to implementation</b>	<p>Agencies may implement shared arrangements first then redesign the services to meet customer needs or vice versa. Either way successful implementation relies on considerable front-end investment to standardise systems and redesign processes across the organisation. This becomes more problematic and expensive where the redesign process has to cross agency boundaries.</p>
<b>Establish a benefits realisation program</b>	<p>An explicit benefits realisation program will ensure that the shared service defines its impacts and identifies benefits and performance measures.</p>

Many of these issues have been addressed through guidance material, education and direct assistance from the NSW Premier's Department or more recently, the Department of Commerce.

**Guidance on planning for benefits realisation**

What has become increasingly apparent is the advantage of using tools such as benefits realisation management as a means of managing implementation risks and monitoring the achievement of benefits.

The CCSU as part of its excellence program has developed an approach to planning for benefits realisation management that establishes the necessary structures at the project planning stage.

The approach is worthy of consideration by agencies implementing shared arrangements or other major change programs to help manage implementation and transition risks.

A discussion of the approach used by the CCSU to plan for benefits realisation is provided at appendix 3.

## Appendices

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## Appendix 1      **What is Benefits Realisation Management (BRM)?**

Benefits realisation management monitors and guides actions taken to achieve outcomes. Steps in BRM are identifying potential benefits, planning and modelling those benefits, understanding baseline performance, estimating new performance, measuring performance, assigning responsibilities for review, and tracking the achievement of benefits over business life cycles.

BRM is an essential part of business change programs. It was developed to provide a framework to overcome problems experienced with poorly performing IT investments as IT projects were frequently more about changing the business than implementing IT capability.<sup>5</sup>

Generally the causes of project failure are:

- a lack of stakeholder commitment to benefits and their delivery
- a lack of focus on associated business changes required
- benefits are unrealistic
- a failure to identify the project's wider contribution
- poor recording and tracking of achievements
- an absence of clear links between the business case and on-going measurement.<sup>6</sup>

Successful BRM requires strong governance clear accountabilities, a continuous improvement culture, and investment in BRM processes, skills and resources.

### **Using BRM in agencies**

The Office of Information and Communications Technology, part of the Department of Commerce, has released two guides on BRM for technology projects.

The Benefits Realisation Register Guideline (March 2004) focuses on the identification and planning for benefits, and their business cases. The Benefits Management Plan Guideline (August 2003) provides a template for preparing plans.

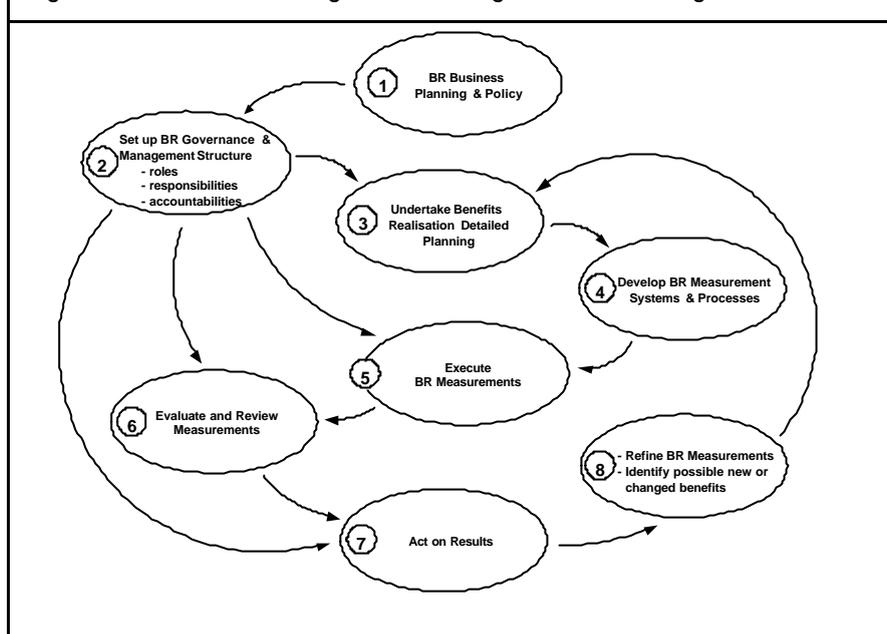
Benefits are identified and measured across the agency, or, if required, across government. Performance measures may be quantitative, for example, a price reduction, or qualitative such as client satisfaction. Measures are documented in benefits registers.

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<sup>5</sup> *IS/IT Investment Evaluation and Benefits Realisation Issues in a Government Organisation* Chad Lin & Graham Pervan, 2001.

<sup>6</sup> *Successful Delivery Toolkit: Benefits Management* Office of Government Commerce (UK) 2004.

Figure 4: Measuring and tracking benefits through BRM



Source: Audit Office research

The major steps in BRM are:

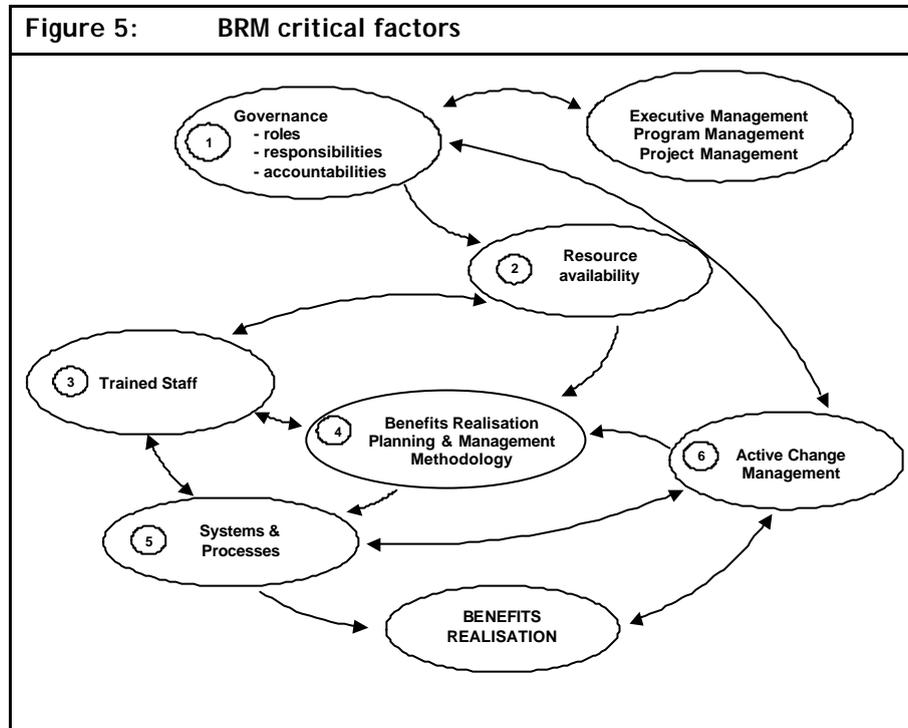
- ✓ **Plan and develop policy:** identifies benefits, aligns benefits with strategic plans and directions, determines contribution to business objectives, sets priorities, identifies beneficiaries, key stakeholders, etc.
- ✓ **Set up governance structure:** determines ownership, accountabilities, responsibilities, roles, functions
- ✓ **Prepare a detailed plan:** applies a methodology to identify benefits, map outcomes, and develop indicators, performance baselines, targets, measures and strategies
- ✓ **Develop measurement systems:** sets up data collection, monitoring, reporting and tracking mechanisms
- ✓ **Start measuring:** collect data, produce and distribute reports
- ✓ **Evaluate and review measurements**
- ✓ **Act on results:** use results to assist decision making and business improvement
- ✓ **Refine benefits and their measures:** refine measures and targets as required and capture new benefits.

#### Further guidance

Appendix 2 outlines the critical factors for successful BRM planning. A more detailed explanation of the approach taken by the CCSU is outlined in appendix 3. Further guidance material on BRM is also available from the Department of Commerce.

## Appendix 2 Critical success factors for BRM

The strength of benefits realisation management is its ability to ensure benefits gained from change programs and projects are aligned with strategic and operational directions.



Source: Audit Office research

### Steps to successful BRM

Six critical factors underpin successful BRM. These factors need to be addressed early in the planning stage before adopting a BRM approach.

#### 1. Clear definition of roles, responsibilities, accountabilities for all those involved in benefits realisation

Inherent in any change program or project is support for the objectives, strategic directions and plans.

Governance and accountability for benefits realisation must be actively undertaken. Ensuring the necessary changes take place to maximise the benefits arising from the program or project requires responsibility and leadership at executive, business unit and project levels.

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It is extremely important to obtain participation of management and stakeholders in the program to:

- develop a common understanding of the benefits realisation process and activities involved
- determine how governance of benefits realisation is to be applied throughout the project lifecycle including:
  - agreeing scope of accountabilities and responsibilities
  - assigning accountabilities, roles and responsibilities
  - determining the nature of participation
  - deciding governance arrangements
  - agreeing the management structure for BRM.

## **2. Commitment to and an availability of resources to develop and implement benefits realisation**

Resources to be applied to benefits realisation planning and management must be clearly identified and a commitment made to fund BRM over the lifecycle of the program or project.

## **3. Train participants in the process including benefits identification, planning, analysis and review techniques**

Benefits realisation requires the application of a rigorous methodology. Participants will need to have a basic understanding of the process. BRM requires some understanding of performance measurement and data analysis.

The benefits realisation process should not be over engineered. Identify a few meaningful benefits that are of real importance to the business and which can be measured. Revisit and refine benefits throughout the project lifecycle.

## **4. A practical methodology for benefits realisation planning**

Benefits realisation planning consists of several activities including:

- identifying benefits
- developing benefit maps (also known as results chains or logic models)
- determining indicators, baselines, targets, assumptions, risks, constraints
- developing ways to measure indicators.

All too often benefits realisation is tacked on as an after thought to a program or project, with little or no allowance made for the resources required for planning.

## **5. Systems and processes to measure, manage, review and act on the benefits realisation results**

Measurement systems and processes include the means to collect data, provide reports, and identify who is responsible for execution of these tasks, when they are to be carried out, where and how the information is to be recorded and distributed, and how it will be used.

Business stakeholders should be involved from the beginning, as they have a vested interest in the content of reports.

Benefits realisation often gets as far as the planning or business case stage with initial indicators and measurements identified. However, taking it to the next stage of monitoring benefits as a regular part of business operations is another matter. This is particularly the case where there has been limited performance accountability in the organisation.

## **6. Active change management**

Benefits realisation management is an integral part of a change management process. For example, a program, perhaps consisting of multiple projects, should provide benefits that align with new strategic directions.

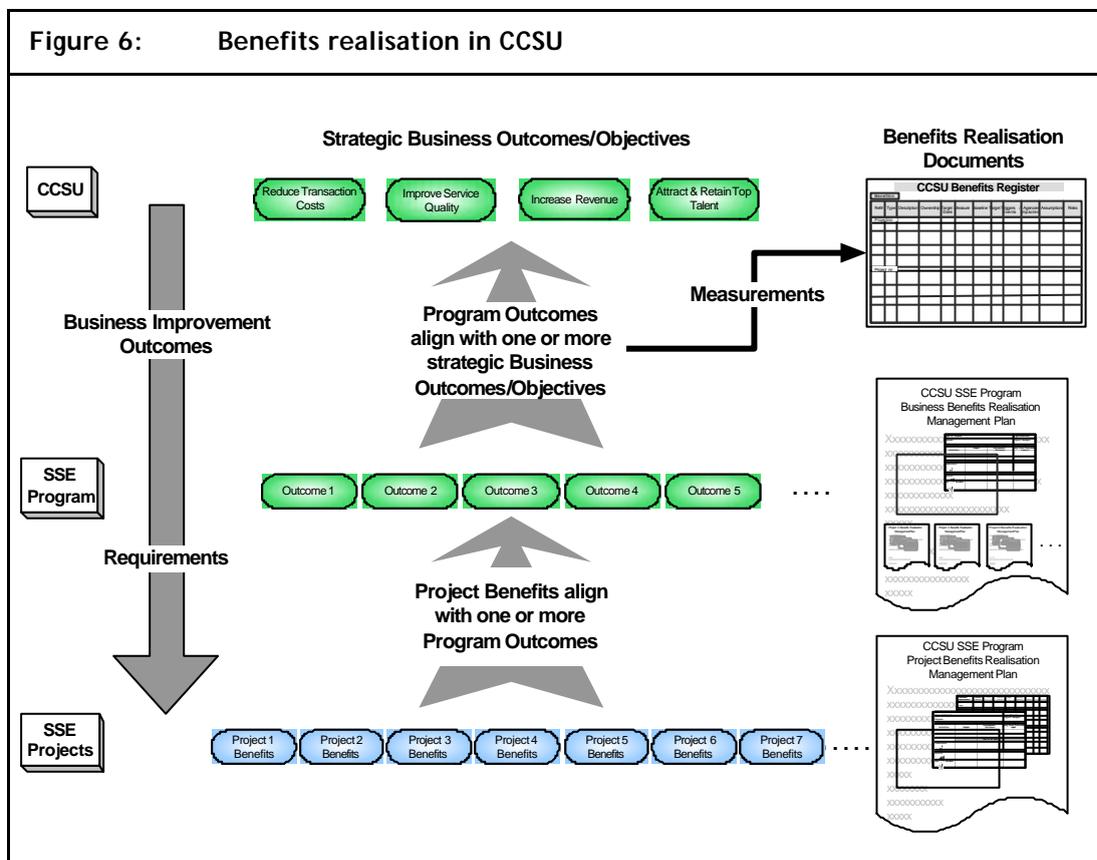
Communication strategies should ensure that all staff are aware of the purpose of the program or project and be kept informed of the benefits achieved.

### Appendix 3 A better practice example of benefits realisation planning

For shared corporate service units the challenge in using BRM is to maximise and capture the cross border benefits arising from the arrangements.

Figure 6 outlines the approach adopted by the Central Corporate Services Unit (CCSU) for its Shared Services Excellence Program (SSEP). It illustrates how multiple projects should align with strategic business objectives.

The strength of BRM is as a discipline to steer decisions and track changes.



Source: *Guidelines for Development of a Benefits Realisation Management Plan*, CCSU 2004

The CCSU has developed a methodology for planning BRM as part of its excellence program (SSEP).

The planning methodology for BRM consists of three steps:

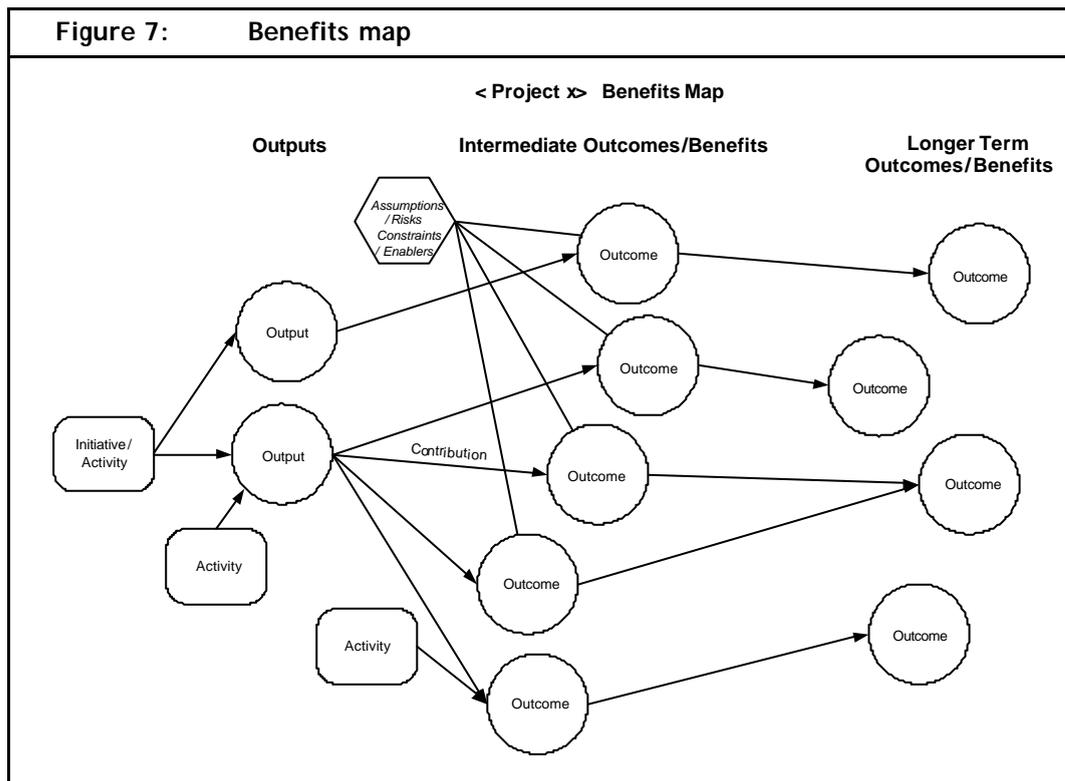
- mapping the benefits
- identifying performance measures
- measuring the benefits.

The benefits register is the end result of the planning process and lists the benefits to be achieved and records progress towards outcomes.

The BRM Plan should be kept updated with new information, any changes or additional benefits or any other matters that arise during the project lifecycle.

The planning process should bring together all stakeholders to identify the benefits, develop indicators, targets, risks and assumptions. Stakeholders include representatives from the business unit, the project team, the program area, customers and clients and executive management depending on the nature of the project and who is affected by the changes.

At this stage the project should be clearly linked to business objectives. It also assumes that benefits and their contribution to program outcomes and outputs have been clearly identified in the business case.



Source: CCSU Guidelines

### **Step 1: Mapping the benefits**

The Benefits map (also known as a Results Chain or Logic Model) provides a graphical representation of the activities, paths, assumptions, risks, and desired outcomes. It shows the chain of events connecting activities to outcomes and benefits and the steps required towards their achievement.

The benefits map:

- clarifies for managers and staff the links between activities, outputs and the expected outcomes of the program or project. It will clarify and distinguish the expected shorter term, intermediate and long term outcomes/benefits
- communicates the rationale, activities and expected results of the program or project
- tests whether the program or project "makes sense" and is logical
- provides the basis for measuring and evaluating strategies (ie defines what constitutes success).

Ideally, the benefits map is prepared at the beginning of the project during stakeholder workshops.

The aim of these workshops is to identify:

- activities that contribute to the achievement of the outcomes/benefits
- outputs of products, services and capabilities arising from the activities
- intermediate outcomes/benefits that represent the consequences of the activities. It is these outcomes that are measured to demonstrate benefits realisation. If the outcome cannot be measured for whatever reason (too difficult, too costly, cant be measured) it should not be included
- longer term outcomes/benefits
- assumptions and risks that may have an effect on the achievement of the outcome, or completion of the project.

Developing the benefits map will usually take a number of attempts until the benefits/outcomes are clearly and concisely described. Outcomes should be specific, measurable, achievable, and relevant and establish a time frame for achievement.

### **Step 2: Identifying performance measures**

The benefits management framework takes the outputs and benefits/outcomes identified in the map and provides further information by adding in indicators that will be used to show how the outputs and outcomes are being achieved.

Those affected by the outcomes are identified through the reach component of the framework.

**Figure 8: Benefits management frameworks**

Type of Project :		Project Duration :	
Purpose :		Project Budget :	
How?	What do we want ?		Why?
Activities	Outputs	Intermediate Outcomes	Long Term Outcomes/Benefits
- xxxxx - xxxxx - xxxxx - xxxxx - xxxxx	1. xxxxx 2. xxxxx 3. xxxxx 4. xxxxx	1. xxxxx 2. xxxxx	1. xxxxx
<b>How do we know ?</b>			
Indicators	1.1 xxxxx 1.2 xxxxx 2.1 xxxxx 3.1 xxxxx 4.1 xxxxx	1.1 xxxxx 2.1 xxxxx 2.2 xxxxx	1.1 xxxxx
<b>Who??</b>			
Reach 			
Assumptions & Risks 			

Source: CCSU Guidelines

Ongoing realisation of benefits is the responsibility of the business areas. It is essential to determine indicators in consultation with the relevant business units to determine what can be measured, monitored and evaluated.

**Step 3: Measuring the benefits**

Each indicator identified for an output or outcome/benefit requires a measurement strategy which defines the:

- type of data required (quantitative or qualitative data)
- data source
- methods / techniques for collection, reporting and distribution
- timing and frequency of collection and reporting
- roles and responsibilities for collecting data
- baseline and target measurements to establish the extent of change
- strategies for evaluation and review.

**Figure 9: Benefits measurement strategy**

PERFORMANCE MEASUREMENT STRATEGY	Performance Indicators	Data Sources	Collection Methods	Frequency	Measurement Responsibility	Baseline	Target	Timeframe
Longer Term Benefits								
1								
2								
Intermediate Benefits								
1								
2								
3								
Outputs								
1								
2								
3								
4								

Source: CCSU Guidelines

It is the business outcomes that are measured, not the project outputs. Any measurement strategies must be determined in consultation with the relevant business unit.

The development of performance measures and their measurement strategy should be guided by what is practical, reasonable and feasible to implement. The best measurement strategy will fail if it is impractical or resource intensive.

**The benefits realisation register**

The benefits realisation register is a reporting mechanism to track benefits achieved and monitor progress.

The register contains data on expected and actual outcomes, targets, accountabilities and records progress.

Where the register is used for a program consisting of multiple projects, outcomes should be grouped under higher order benefits to which they contribute.

**Figure 10: Benefits realisation register**

CCSU Benefits Register												
Benefit #/Name/Desc	Realisation Ownership	Measure	Sources of Measurement	Measurement Ownership	Baseline	Target	Target Timeframe	Triggers/ Events	Assumptions/ Risks/Comments	Actual		
										Date	Date	Date
Project nn												
Project nn												
Project nn												

Source: CCSU Guidelines

**Beyond planning**

The CCSU’s methodology covers the planning phases of the Benefits Realisation process. The next stage for the CCSU is to take benefits realisation through the entire program lifecycle.

For further information and guidance on BRM see the Department of Commerce website [www.commerce.nsw.gov.au](http://www.commerce.nsw.gov.au).

**Additional references**

Office of Government Commerce (UK) *Successful Delivery Toolkit: Benefits Management, Version 4.5* February 2004.

Office of Information and Communications Technology, NSW Department of Commerce *Benefits Management Plan* August 2003.

Office of Information and Communications Technology, NSW Department of Commerce *Benefits Realisation Register* March 2004.

S. Loch, & S. Chapman *Benefits Realisation: The Untold Story - Auditing Benefits Realisation* Information Systems Audit & Control Assoc. November 2001.

J. Thorp *The Information Paradox: Realizing the Business Benefits of Information Technology* McGraw Hill 1998.

C. Lin & G. Pervan *IS/IT Investment Evaluation and Benefits Realisation Issues in a Government Organisation* Proceedings of the Twelfth Australasian Conference on Info. Systems 2001.

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## Appendix 4      **About the audit**

**Objective**      The audit examined the management and realisation of benefits arising from the Government's shared corporate services strategy.

In particular, the audit assessed the efficiency and effectiveness of:

- the identification and inclusion of benefits in planning
- the progressive measurement of benefits and related accountabilities
- accountability arrangements for the achievement of benefits.

**Scope**      The audit's scope was the:

- implementation of the shared service strategy
- development and implementation of the CCSU's shared services excellence program.

The focus of the audit was the process of benefits realisation from identification and planning for benefits, through to their long-term measurement against targets.

**Audit criteria**      Whether corporate services benefits are:

- **planned** ie identified, measurable from a baseline position, included in benefits realisation registers, align with key objectives and success factors and included in life-cycle governance arrangements
- **delivered** ie measured and reported, progress in accordance with the approved plans, changes embraced by key internal and external stakeholders
- **achieved** ie milestones and performance targets met, key stakeholders achieving and recognising benefits, commitments and accountability arrangements maintained, revision in light of on-going operations.

**Audit approach**

- Interviews with key stakeholders - Department of Commerce (Office of Information, Communications and Technology) and selected agencies applying the Shared Corporate Services Strategy, CCSU and selected client agencies, NSW Premier's Department and NSW Treasury.
- Review and analysis of relevant documentation - corporate service strategies, benefit realisation management plans, benchmarking, savings estimates, client surveys, consultancy reports, periodic reporting to stakeholders.

- Knowledge of shared corporate services and benefits realisation management was acquired through extensive review of literature and discussions with practitioners in private enterprise. This was supplemented by the use of a consultant, throughout the audit, with current experience of the topics.

**Cost** Including printing and all overheads the estimated cost of this audit is \$350,000.

**Audit team** Our team leader for this performance audit was Chris Bowdler.  
Direction and quality assurance was provided by Jane Tebbatt and Stephen Horne.

## **Performance Audits by the Audit Office of New South Wales**

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## Performance Auditing

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### What are performance audits?

Performance audits are reviews designed to determine how efficiently and effectively an agency is carrying out its functions.

Performance audits may review a government program, all or part of a government agency or consider particular issues which affect the whole public sector.

Where appropriate, performance audits make recommendations for improvements relating to those functions.

### Why do we conduct performance audits?

Performance audits provide independent assurance to Parliament and the public that government funds are being spent efficiently and effectively, and in accordance with the law.

They seek to improve the efficiency and effectiveness of government agencies and ensure that the community receives value for money from government services.

Performance audits also assist the accountability process by holding agencies accountable for their performance.

### What is the legislative basis for Performance Audits?

The legislative basis for performance audits is contained within the *Public Finance and Audit Act 1983, Part 3 Division 2A*, (the Act) which differentiates such work from the Office's financial statements audit function.

Performance audits are not entitled to question the merits of policy objectives of the Government.

### Who conducts performance audits?

Performance audits are conducted by specialist performance auditors who are drawn from a wide range of professional disciplines.

### How do we choose our topics?

Topics for performance audits are chosen from a variety of sources including:

- our own research on emerging issues
- suggestions from Parliamentarians, agency Chief Executive Officers (CEO) and member of the public
- complaints about waste of public money
- referrals from Parliament.

Each potential audit topic is considered and evaluated in terms of possible benefits including cost savings, impact and improvements in public administration.

The Audit Office has no jurisdiction over local government and cannot review issues relating to council activities.

If you wish to find out what performance audits are currently in progress just visit our website at [www.audit@nsw.gov.au](http://www.audit@nsw.gov.au).

### How do we conduct performance audits?

Performance audits are conducted in compliance with relevant Australian standards for performance auditing and operate under a quality management system certified under international quality standard ISO 9001.

Our policy is to conduct these audits on a "no surprise" basis.

Operational managers, and where necessary executive officers, are informed of the progress with the audit on a continuous basis.

### **What are the phases in performance auditing?**

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team will develop audit criteria and define the audit field work.

At the completion of field work an exit interview is held with agency management to discuss all significant matters arising out of the audit. The basis for the exit interview is generally a draft performance audit report.

The exit interview serves to ensure that facts presented in the report are accurate and that recommendations are appropriate. Following the exit interview, a formal draft report is provided to the CEO for comment. The relevant Minister is also provided with a copy of the draft report. The final report, which is tabled in Parliament, includes any comment made by the CEO on the conclusion and the recommendations of the audit.

Depending on the scope of an audit, performance audits can take from several months to a year to complete.

Copies of our performance audit reports can be obtained from our website or by contacting our publications unit.

### **How do we measure an agency's performance?**

During the planning stage of an audit the team develops the audit criteria. These are standards of performance against which an agency is assessed. Criteria may be based on government targets or benchmarks, comparative data, published guidelines, agencies corporate objectives or examples of best practice.

Performance audits look at:

- processes
- results
- costs
- due process and accountability.

### **Do we check to see if recommendations have been implemented?**

Every few years we conduct a follow-up audit of past performance audit reports. These follow-up audits look at the extent to which recommendations have been implemented and whether problems have been addressed.

The Public Accounts Committee (PAC) may also conduct reviews or hold inquiries into matters raised in performance audit reports. Agencies are also required to report actions taken against each recommendation in their annual report.

To assist agencies to monitor and report on the implementation of recommendations, the Audit Office has prepared a Guide for that purpose. The Guide, *Monitoring and Reporting on Performance Audits Recommendations*, is on the Internet at [www.audit.nsw.gov.au/guides-bp/bpqlist.htm](http://www.audit.nsw.gov.au/guides-bp/bpqlist.htm)

### **Who audits the auditors?**

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards. This includes ongoing independent certification of our ISO 9001 quality management system.

The PAC is also responsible for overseeing the activities of the Audit Office and conducts reviews of our operations every three years.

### **Who pays for performance audits?**

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament and from internal sources.

### **For further information relating to performance auditing contact:**

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Assistant Auditor-General, Performance Audit  
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email: [stephen.horne@audit.nsw.gov.au](mailto:stephen.horne@audit.nsw.gov.au)

## Performance Audit Reports

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
64*	Key Performance Indicators	<i>Government-wide Framework Defining and Measuring Performance (Better practice Principles)</i> <i>Legal Aid Commission Case Study</i>	31 August 1999
65	Attorney General's Department	<i>Management of Court Waiting Times</i>	3 September 1999
66	Office of the Protective Commissioner Office of the Public Guardian	<i>Complaints and Review Processes</i>	28 September 1999
67	University of Western Sydney	<i>Administrative Arrangements</i>	17 November 1999
68	NSW Police Service	<i>Enforcement of Street Parking</i>	24 November 1999
69	Roads and Traffic Authority of NSW	<i>Planning for Road Maintenance</i>	1 December 1999
70	NSW Police Service	<i>Staff Rostering, Tasking and Allocation</i>	31 January 2000
71*	Academics' Paid Outside Work	<i>Administrative Procedures</i> <i>Protection of Intellectual Property</i> <i>Minimum Standard Checklists</i> <i>Better Practice Examples</i>	7 February 2000
72	Hospital Emergency Departments	<i>Delivering Services to Patients</i>	15 March 2000
73	Department of Education and Training	<i>Using Computers in Schools for Teaching and Learning</i>	7 June 2000
74	Ageing and Disability Department	<i>Group Homes for people with disabilities in NSW</i>	27 June 2000
75	NSW Department of Transport	<i>Management of Road Passenger Transport Regulation</i>	6 September 2000
76	Judging Performance from Annual Reports	<i>Review of Eight Agencies' Annual Reports</i>	29 November 2000
77*	Reporting Performance	<i>Better Practice Guide</i> <i>A guide to preparing performance information for annual reports</i>	29 November 2000
78	State Rail Authority (CityRail) State Transit Authority	<i>Fare Evasion on Public Transport</i>	6 December 2000
79	TAFE NSW	<i>Review of Administration</i>	6 February 2001
80	Ambulance Service of New South Wales	<i>Readiness to Respond</i>	7 March 2001

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
81	Department of Housing	<i>Maintenance of Public Housing</i>	11 April 2001
82	Environment Protection Authority	<i>Controlling and Reducing Pollution from Industry</i>	18 April 2001
83	Department of Corrective Services	<i>NSW Correctional Industries</i>	13 June 2001
84	Follow-up of Performance Audits	<i>Police Response to Calls for Assistance</i> <i>The Levying and Collection of Land Tax</i> <i>Coordination of Bushfire Fighting Activities</i>	20 June 2001
85*	Internal Financial Reporting	<i>Internal Financial Reporting including a Better Practice Guide</i>	27 June 2001
86	Follow-up of Performance Audits	<i>The School Accountability and Improvement Model (May 1999)</i> <i>The Management of Court Waiting Times (September 1999)</i>	14 September 2001
87	E-government	<i>Use of the Internet and Related Technologies to Improve Public Sector Performance</i>	19 September 2001
88*	E-government	<i>e-ready, e-steady, e-government: e-government readiness assessment guide</i>	19 September 2001
89	Intellectual Property	<i>Management of Intellectual Property</i>	17 October 2001
90*	Intellectual Property	<i>Better Practice Guide Management of Intellectual Property</i>	17 October 2001
91	University of New South Wales	<i>Educational Testing Centre</i>	21 November 2001
92	Department of Urban Affairs and Planning	<i>Environmental Impact Assessment of Major Projects</i>	28 November 2001
93	Department of Information Technology and Management	<i>Government Property Register</i>	31 January 2002
94	State Debt Recovery Office	<i>Collecting Outstanding Fines and Penalties</i>	17 April 2002
95	Roads and Traffic Authority	<i>Managing Environmental Issues</i>	29 April 2002
96	NSW Agriculture	<i>Managing Animal Disease Emergencies</i>	8 May 2002
97	State Transit Authority Department of Transport	<i>Bus Maintenance and Bus Contracts</i>	29 May 2002
98	Risk Management	<i>Managing Risk in the NSW Public Sector</i>	19 June 2002

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
99	E-government	<i>User-friendliness of Websites</i>	26 June 2002
100	NSW Police Department of Corrective Services	<i>Managing Sick Leave</i>	23 July 2002
101	Department of Land and Water Conservation	<i>Regulating the Clearing of Native Vegetation</i>	20 August 2002
102	E-government	<i>Electronic Procurement of Hospital Supplies</i>	25 September 2002
103	NSW Public Sector	<i>Outsourcing Information Technology</i>	23 October 2002
104	Ministry for the Arts Department of Community Services Department of Sport and Recreation	<i>Managing Grants</i>	4 December 2002
105	Department of Health Including Area Health Services and Hospitals	<i>Managing Hospital Waste</i>	10 December 2002
106	State Rail Authority	<i>CityRail Passenger Security</i>	12 February 2003
107	NSW Agriculture	<i>Implementing the Ovine Johne's Disease Program</i>	26 February 2003
108	Department of Sustainable Natural Resources Environment Protection Authority	<i>Protecting Our Rivers</i>	7 May 2003
109	Department of Education and Training	<i>Managing Teacher Performance</i>	14 May 2003
110	NSW Police	<i>The Police Assistance Line</i>	5 June 2003
111	E-Government	<i>Roads and Traffic Authority Delivering Services Online</i>	11 June 2003
112	State Rail Authority	<i>The Millennium Train Project</i>	17 June 2003
113	Sydney Water Corporation	<i>Northside Storage Tunnel Project</i>	24 July 2003
114	Ministry of Transport Premier's Department Department of Education and Training	<i>Freedom of Information</i>	28 August 2003
115	NSW Police NSW Roads and Traffic Authority	<i>Dealing with Unlicensed and Unregistered Driving</i>	4 September 2003
116	NSW Department of Health	<i>Waiting Times for Elective Surgery in Public Hospitals</i>	18 September 2003

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
117	Follow-up of Performance Audits	<i>Complaints and Review Processes (September 1999)</i> <i>Provision of Industry Assistance (December 1998)</i>	24 September 2003
118	Judging Performance from Annual Reports	<i>Review of Eight Agencies' Annual Reports</i>	1 October 2003
119	Asset Disposal	<i>Disposal of Sydney Harbour Foreshore Land</i>	26 November 2003
120	Follow-up of Performance Audits NSW Police	<i>Enforcement of Street Parking (1999)</i> <i>Staff Rostering, Tasking and Allocation (2000)</i>	10 December 2003
121	Department of Health NSW Ambulance Service	<i>Code Red:</i> <i>Hospital Emergency Departments</i>	15 December 2003
122	Follow-up of Performance Audit	<i>Controlling and Reducing Pollution from Industry (April 2001)</i>	12 May 2004
123	National Parks and Wildlife Service	<i>Managing Natural and Cultural Heritage in Parks and Reserves</i>	16 June 2004
124	Fleet Management	<i>Meeting Business Needs</i>	30 June 2004
125	Department of Health NSW Ambulance service	<i>Transporting and Treating Emergency Patients</i>	28 July 2004
126	Department of Education and Training	<i>School Annual Reports</i>	15 September 2004
127	Department of Ageing, Disability and Home Care	<i>Home Care Service</i>	13 October 2004
128	Department of Commerce	<i>Shared Corporate Services: Realising the Benefits, including guidance on better practice</i>	November 2004

\* Better Practice Guides

#### Performance Audits on our website

A list of performance audits tabled or published since March 1997, as well as those currently in progress, can be found on our website [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au)

If you have any problems accessing these Reports, or are seeking older Reports, please contact our Governance and Communications Section on 9275 7100.



THE AUDIT OFFICE  
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