



NEW SOUTH WALES AUDITOR-GENERAL BETTER PRACTICE GUIDE

Implementing Successful Amalgamations
A guide for managing the amalgamation of
government departments



THE AUDIT OFFICE
OF NEW SOUTH WALES

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Foreword

Amalgamating a department is a challenge for executive management teams. The change creates uncertainties. Staff worry about job security or the location of their jobs. Clients are unsure about the level and accessibility of services.

It is the role of the executive management team to ensure the on-going delivery of services while implementing the change.

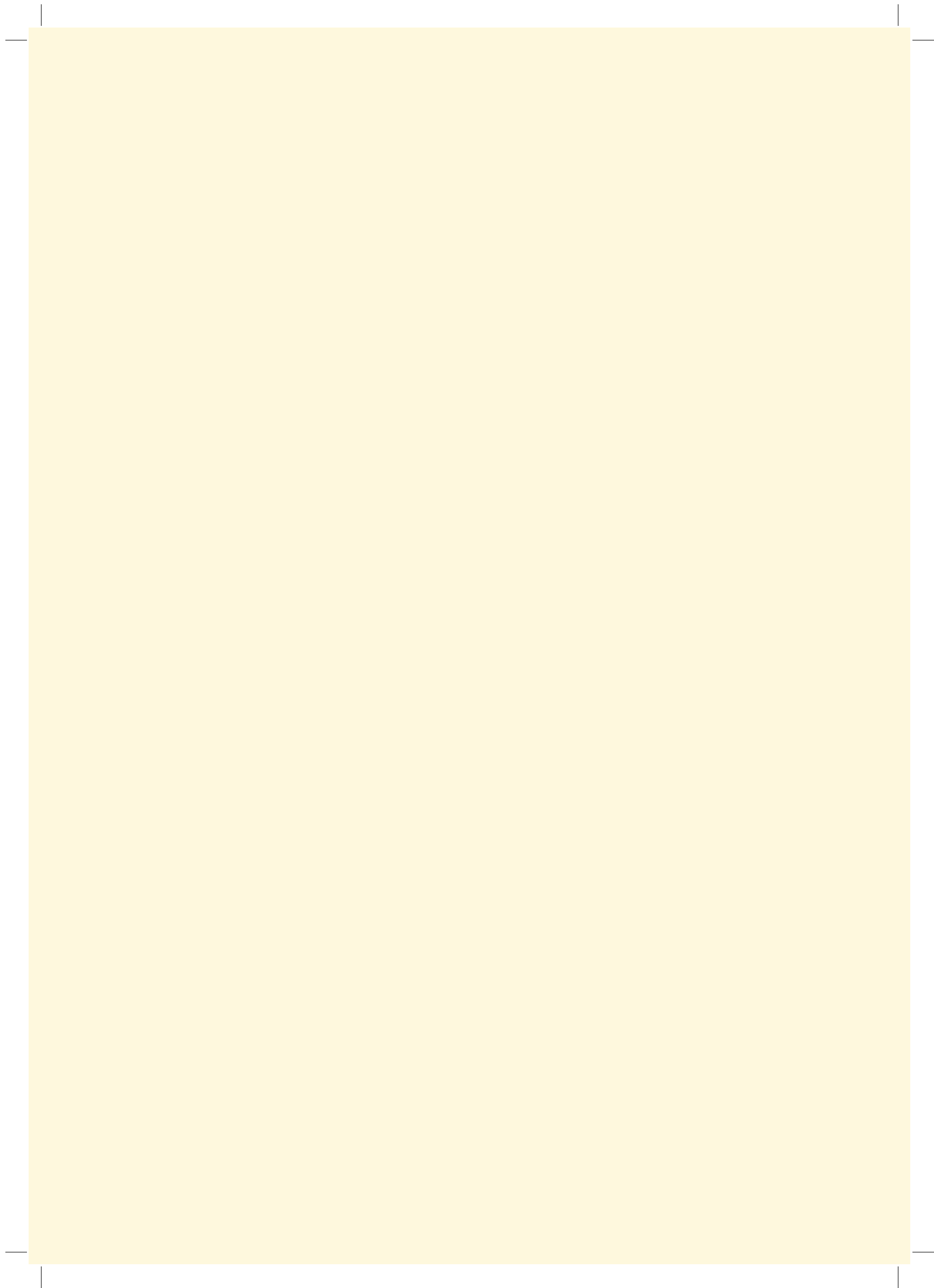
The purpose of this better practice guide is to provide guidance for those implementing an amalgamation. Our concurrent performance audit report *Managing Departmental Amalgamations - Department of Commerce and Department of Primary Industries* provided a number of lessons that have been incorporated into this guide.

The guide is designed to provide a practical checklist to assess if the amalgamation is on course.

As governments continue to use structural change to achieve efficiencies, I am sure the guide will prove to be a useful resource.

Peter Achterstraat
Auditor-General

March 2008



Aim of the Better Practice Guide

There are no handy references currently available for implementing an amalgamation of government departments. The Better Practice Guide (BPG) aims to fill this gap. Its production is supported by the Department of Premier and Cabinet.

The BPG provides a series of questions identifying what needs to be done to achieve a successful amalgamation following the formal announcement of the amalgamation and the Administrative Orders for the new arrangements being finalised.

The BPG's aim is to alert those managing an amalgamation to actions that should be considered. How the Guide is applied will depend on circumstances. A lot will depend on how clear the expectations of the amalgamation are and on how complex it is.

The BPG was a product of the performance audit *Managing Departmental Amalgamations - Department of Commerce and Department of Primary Industries* of March 2008. The report also included a checklist for the consultation process that occurs immediately after the Government's decision when allocations of functions and staff are finalised. The checklist is included at Appendix 1.

What is an amalgamation to achieve?

Typically amalgamations of government departments are intended to achieve:

- better co-ordination of activities resulting in improved services, and
- cost savings through reductions in duplication of roles and systems.

The benefits of amalgamations are largely achieved through the synergies of common clients and activities.

Are amalgamations significant?

Amalgamations are major projects. They must manage change to all levels of the new organisation: services to clients maintained, staff morale maintained during job uncertainty, and business systems consolidated.

An amalgamation follows a sequence of three major events.

- (i) Government determines the amalgamation objectives
- (ii) Management and staff achieve the amalgamation
- (iii) Business-as-usual continues.

The BPG focuses on (ii).

Are there common phases to achieving an amalgamation?

There are four phases common to achieving most amalgamations. The BPG poses its questions within the context of the four phases:

1. taking action early
2. developing formal plans
3. implementing the amalgamation
4. assessing results against objectives and targets.

Within the phases the following checklists cover such topics as:

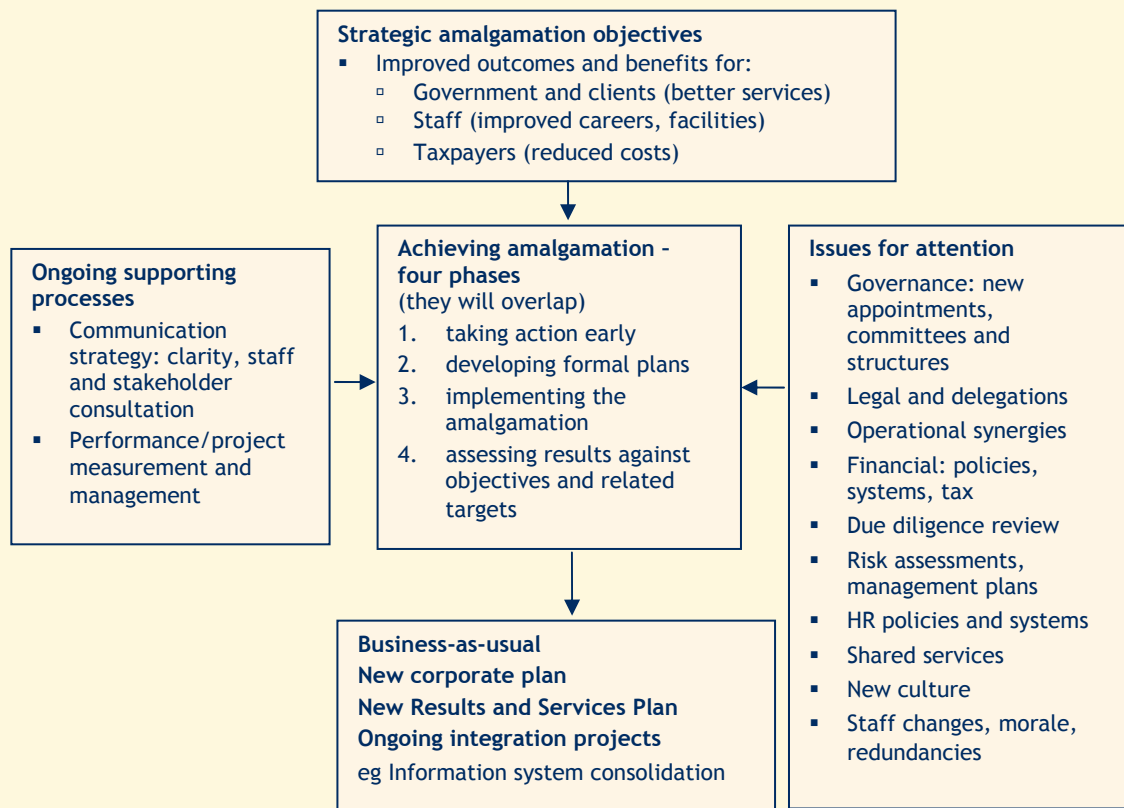
- governance arrangements
- due diligence
- people and communication issues
- integrating information systems
- financial and legal matters.

How long will an amalgamation take?

Experience indicates that large amalgamations will take at least 12 months - from initial action to putting new structures in place and settling down to business as usual. Completing the integration of cultures, positions, accommodation and systems, realising cost savings, and better coordination of activities is likely to take years, depending on the size, locations and infrastructure of the amalgamating departments.

Model for the Better Practice Guide

The following model is used as the basis of this guide. At its core is a mix of accepted management practices brought together in circumstances of significant change. The process of amalgamation is driven by strategic objectives. Communication and benefits measurement require continual attention. The myriad of structural and operational issues require differing levels of attention during the process. And once amalgamation is bedded down there are on-going integration projects.



Source: Audit Office of NSW research and UK National Audit Office report *The Creation of Ofcom* pages 23-28 - see references in Appendix.

Summary of the key actions for achieving successful amalgamations

Amalgamation objectives

- What are the strategic objectives provided by government?
 - Have targets for objectives and benefits been developed - for example, budget savings (including staff reductions) and service improvements?
 - Have target dates been set for achievement of objectives and benefits?
 - Is the direction of the amalgamation clear from initial consultation between amalgamating agencies and central agencies? (See checklist at Appendix 1 to assist this initial consultation.)
- Does the new department need to further develop strategies and targets to supplement the directions received from government?
 - Does the new department need to include this in the amalgamation timeline?

Achieving amalgamation - the four phases

The four phases are a logical sequence for the achievement of an amalgamation. Some activities will carry over to the next phase. The checklists in the following pages cover the activities of the four phases. They are summarised below.

1. Taking action early

- Is the senior executive of the new organisation driving the change and maintaining momentum from the start?
- Have key issues and risks been assessed without delay?
- Is the rationale justifying the amalgamation benefits clear?
- Can messages be communicated quickly outlining clearly the reasons for the amalgamation?
- Are the structures of the merging organisations compatible?
- Is there an accurate estimate of the costs of the amalgamation?

2. Developing formal plans

- Is it clear who has responsibility for developing the overarching amalgamation plan and its sub plans?
- Has a due diligence review, or equivalent, supported amalgamation planning?
- Do plans include what values and cultures are to be reinforced?
- Is funding of the costs of amalgamation agreed? (voluntary redundancies, office and information, communication and technology [ICT] modifications)
- Do plans include both managing amalgamation change issues and business as usual issues?
- Is a communication strategy in place?
- Are project teams and project management in place?

3. Implementing the amalgamation

- Is implementation being pursued with clear purpose and accountability?
- Are procedures in place for dealing with variations to plans?
- Is progress against plans regularly reviewed by the department's executive?
- Are employees involved in developing solutions?

4. Assessing results against objectives and related targets

- Has implementation produced the desired benefits at the right time?
- Is it possible to provide a comprehensive presentation of the benefits achieved by the amalgamation?

Checklists for achieving successful amalgamations - in support of the four phases

1. Taking action early

Governance

Executive leaders drive the transformation by taking initial actions quickly, creating and maintaining momentum from the start!

- Is the head of the new department appointed?
- Are other key executive appointments being made as quickly as possible?
- Are the functions of the new executive support group clear?
- Is it necessary to have an interim structure for the new department?
- Will existing business units operate autonomously in the short term?
 - Will this change later?
- Is one of the amalgamating departments best placed to support the leadership role?
 - If they are the largest agency, do they have a credible reputation and good management?
 - Is one of the smaller amalgamating agencies better able to take on leadership and governance roles?
 - Is it appropriate to give leadership roles to components of the amalgamating departments that are experiencing the most change?
- Are the structures of the merging organisations compatible?
 - Are there comparable jobs and numbers of staff at similar levels in similar jobs?
 - Are staff being brought together doing similar jobs but being paid at different rates?
 - Is a strategy to evaluate jobs being developed?
 - Are staff to remain in the same operational units or are they to be integrated into new units?
- Are the new department's structure and nomenclature consistent with the Administrative Order creating the new department and re-allocation of Acts?
 - Is it necessary to liaise with the Parliamentary Counsel's Office on any further amendments to Acts or regulations?
 - Have delegations been re-issued to conform with the Administrative Order and the new structure?
 - Are the delegations consistent across the new organisation?
 - Have new ABNs been registered with the ATO?
 - Has the new department been identified as an employer for superannuation benefits?
- Is the department represented on external committees? What adjustment is necessary?
 - For example, industry or ministerial advisory committees.

Due diligence

Due diligence helps identify and mitigate risks and assist decision makers in the merged organisations. It assists with deciding and managing priorities, and with estimating costs and benefits.

- Has sufficient due diligence analysis been undertaken to support planning?
 - Is there a good understanding of what is being brought together? - functions, cultures, issues, problems, opportunities, existing change programs, contractual commitments, types of ICT and other systems etc?
- Is the rationale justifying the amalgamation benefits clear?
 - What are the key issues to be addressed?
 - Have potential strategies been identified to achieve the amalgamation objectives and targets?
- Is financial, operational and corporate information crucial to understanding the amalgamating departments being brought together quickly?
 - Is pre-announcement research into the amalgamation accessible?
 - If information cannot be readily obtained, is it likely to impact the implementation?
 - Are there lessons to be learned from recent initiatives in any of the amalgamating departments?
 - Can consultants help with a speedy and accurate due diligence analysis?
- Have strengths and weaknesses of the amalgamating organisations been identified?
 - What opportunities are created by the amalgamation?
 - What similar roles and functions can be reduced?
 - What initiatives already identified in the amalgamating organisations can be continued?
- Have both the positive and potentially counterproductive aspects of the different cultures been identified?
 - Do you have a feel for the desired new culture?
- Are steering groups to be established to address potential opportunities and threats arising from the amalgamation as the new leadership settles in?
 - Is a change management manager to be appointed to oversee the amalgamation project and steering groups, or will this be a role for the executive team?
- Are all existing committees within the merging organisations relevant?
 - Is there duplication or overlap?
 - Are the new structure and roles and responsibilities clear? For example, the new organisation's board of management or equivalent, new division heads, change management group, surveys etc.
 - Have all significant and on-going issues raised at meetings of the previous entities been identified and carried forward? Have recent key reports or reviews about the previous entities been identified for discussion?
 - Are there to be independent members on the new audit committee?
- Is it necessary to issue some short term operating procedures to deal with administrative matters until new arrangements bed down?
 - Has the signing of major new contracts been delayed until the new or acting head of the department been appointed?
 - Do other delegations need to be revised to maintain business-as-usual?
- Is there a role for consultants filling skills gaps to plan and implement the amalgamation? For example, developing business plans, and managing staff surveys.

Communication

- Is it clear who is accountable for the various aspects of the amalgamation?
 - Who is responsible for communicating the critical issues to staff?
 - Is counselling available to staff?
- Can messages be communicated quickly outlining clearly the reasons for the amalgamation?
 - Is the message likely to satisfy the expectations of clients, stakeholders and employees?
 - How soon can email be connected to all components to help provide coverage, consistency and feedback?
 - Has rebadging commenced? For example, in the communications with staff.
- Is the electronic record system accessible by the major partners in the amalgamation, including the Minister's Office?
- Are arrangements in place for on-going consultation with unions and other stakeholders?
 - Is it necessary to consult with unions on the consolidation of awards?
- Have links been established with the Department of Premier and Cabinet and NSW Treasury?
 - Is there a need to liaise with Department of Commerce on physical relocations?

Finance

- Is there an accurate estimate of the costs of the amalgamation?
 - Are amalgamation costs to be absorbed by existing budgets?
 - Are some amalgamation costs likely to get Treasury funding?
 - Are systems being established to measure and report savings arising from the amalgamation?
- Have appropriate changes under financial legislation been agreed with Treasury?
 - Has the Treasurer made a determination to transfer appropriations to the new department in accordance with section 24 of the *Public Finance and Audit Act 1983*?
 - Have obligations under the *Public Finance and Audit Act 1983* and the *Public Authorities (Financial Arrangements) Act 1987* been reviewed and necessary change to regulations, delegations and schedules made?
- Has a new general ledger been set up for the new department?
 - Does this include all subsidiary ledgers? For example: accounts payable and receivable, payroll, and fixed assets.
 - Have accurate opening balances been processed into the new general ledger from the date the new department commenced?

Systems

- Are key information and corporate systems (such as financial, HR and email) compatible and can arrangements be put in place for these systems to operate from the first date of the new agency?
 - If not, what workable interim arrangements can be implemented from day one?

2. Developing formal plans

The devil is in the detail!

Governance

- Is sufficient and early effort being put into developing formal amalgamation plans?
- Do plans support decisive and quick implementation?
 - Do plans make clear the positive consequences for staff? For example, improved career opportunities, better office facilities, better co-ordination of services.
 - Do plans recognise the potential concerns of staff and put in place a communications strategy and risk management plan?
 - Do plans recognise the potential risks for maintaining service continuity and quality and include a risk management plan?
 - Do plans have the flexibility to adjust to concerns raised by staff and stakeholders?
 - Do plans include reporting on 100 day or three month wins?
- Do plans provide for managing both the amalgamation and business-as-usual?
- Is the management of key stakeholder and client concerns addressed in the plans?
- Do the plans anticipate the development of new corporate plans and strategies in the coming months, and their incorporation into a new Results and Services Plan?
- Are there issues that lend themselves to solutions by employee teams?
 - Are some solutions sought and developed internally likely to be more successful?
- Do plans include risk mitigation strategies for higher risk integration issues like shared corporate services, notably finance and HR?
 - Are there risk mitigation strategies to maintain business as usual?
 - Are there existing and potential OH&S issues?
- Is internal audit able to assist with assessing issues and reviewing performance?
 - Are there outstanding responses to internal and external audit reviews?
 - Are there significant audit reports and findings yet to be resolved?
- Has the Audit Office of NSW been consulted on external audit arrangements?
- Are there outstanding ICAC, Ombudsman or disciplinary investigations?

Baselines

- Have measures for amalgamation benefits been determined and baseline positions measured?
 - Are systems in place to continuously measure benefits for as long as necessary?
 - Will this system support future corporate plan and performance indicators?

People

Difficulties with cultural integration can lead to low morale and staff retention and performance problems.

- Do plans include what values and cultures are to be reinforced?
 - Does this include consideration of the size and differences of components being brought together and the concern that the smaller or less vocal components may fear being ‘taken over’?
 - Are staff from smaller organisations aware of how procedures in a larger organisation differ?
- Do the plans include actions to attract and retain key skills and staff?
 - Is there a high turnover of executives requiring recruitment action?
 - Is recruitment action based on assessments of the competencies required?
 - Is there a plan to retain key staff at least during the transition stage?
- Is it necessary to establish a knowledge and skills inventory for the new organisation?
 - Will this assist in managing the availability of skills and allow others to know who to contact?
- Is there a plan for managing excess staff?
 - Is there a program supporting the offering of voluntary redundancies? including selection process, likely numbers/locations and timing.
 - Are provisions of the *Public Sector Employment Management Act 2002* being complied with?
 - Are Department of Premier and Cabinet circulars on managing displaced employees and their web link to redeployment and relocation being consulted?

Communication

Question: What sort of communication strategy?

Answer: One that communicates, communicates, communicates!

- Do plans include regular communication supporting amalgamation strategies?
 - Will the updates reinforce transparency and accountability?
 - Have any of the merging organisations experienced difficulties with change programs in the past?
- Can communication be tailored to meet needs of different groups? - including staff, clients, suppliers, community and government.
 - Is a mix of mediums to be used? - email, intranet, face-to-face, meetings, website, hotlines?
 - Does the communication strategy consider numbers, types and locations of staff?

Finance

Two inherently risky areas are the integration of finance and information systems.

- Do amalgamation plans acknowledge any likely reductions in future budgets?
- Do plans recognise the costs of managing implementation, such as staff redundancies and transfers, consultants, office refurbishment and ICT infrastructure?

- Has review commenced of existing obligations from contracts, leases and litigation?
 - Are there opportunities to review and re-negotiate terms, contracts and industrial implements?
- Is there a strategy to produce a combined asset register and compile a new assets strategic plan as required by the Total Asset Management Manual?

Systems

- Has the planning process identified essential information systems and processes?
- Is action being taken to assess what information systems and processes need priority attention?
 - Is a working party considering options, costs and timescales?
 - Are there obvious and easier integrations?
 - Is the largest or most readily appealing solution necessarily the best one?
 - Have investment levels and timescales been assessed?
 - Have there been assessments of the age of systems?
 - Has the ease of data migration, conversion and merging been assessed?
- Is the compatibility of existing HR systems being reviewed?
 - What payroll system is the most capable?
 - How easy is it to transfer records to new systems?
- Is record storage being reviewed?
 - Are there consistent systems and practices?
 - Which records are to be retained?
 - What is the status of FOI requests?
 - What are the new FOI procedures?

Shared corporate services

- Are shared service arrangements in place in any of the amalgamated entities?
 - Do Service Level Agreements (SLAs) need to be re-negotiated?
 - Is there adequate oversight of the SLAs? For example, reporting requirements, responsibilities and protocols.
 - Do existing shared service arrangements provide value for money?
- What costs and benefits are there in changing existing shared service arrangements?
- What potential is there for shared corporate services in the amalgamated entity?
 - For example, HR, finance, records, accommodation, ICT etc.

Roll out

- Is the plan for amalgamation complete and ready to be rolled out?
 - Is the amalgamation plan co-ordinated with the business-as-usual plan?

3. Implementing the amalgamation

Governance

- Are implementation teams established to manage projects and conduct monitoring?
 - Are they directed by the executive board?
 - Do teams have the right balance? - project management skills and experience.
 - Do the members have positions to go to in the new organisation post amalgamation?
- Are the implementation teams supported by networks of 'change leaders' within the department's new divisions?
 - Will they require training in change management and leadership techniques?
- Is there a team to oversight the risk mitigation strategies mentioned in phase 2, Governance?
 - Will internal audit have a role in reviewing implementation of the amalgamation?
- Have the implementation goals, timeline and processes been made public?
 - Is there frequent reporting to government, stakeholders and staff on the implementation?
- Is there a process for ongoing and regular communication with staff and stakeholders about progress with the benefits of the amalgamation?
- Is progress towards objectives and targets being measured during implementation?

People

- Is there ongoing and regular communication with staff and stakeholders about progress with the benefits of the amalgamation?
- Are people and cultural issues being monitored?
- Are surveys of staff opinions being conducted?
 - Will adjustments be made to implementation based on feedback from employees?
- Is the administration of voluntary redundancies running to expectations?
- Is the staffing of the core HR functions stable and well qualified for the amalgamation period?
 - Is it likely that key staff and corporate knowledge will be lost?
 - What is the quality of HR management?
 - Is there a need to upgrade skills and competence of staff?
 - What is the compatibility of existing HR policies?
 - Any superannuation implications? Numbers in old schemes?
- Are actions underway to consolidate awards?
- Is there an opportunity to introduce a new performance management system?
 - Will it help align individual performance with the new priorities?
 - Will it help differentiate between performances and provide more effective feedback and rewards?

Systems

- Are the ICT system issues identified in the amalgamation plan being actioned?

Finance

- Is the need for staffing of the core finance functions to be well qualified and stable for the amalgamation period being addressed?
- Are policies, procedures, manuals and instructions being reviewed and updated?
- Are differences financial operations being assessed?
 - What are the main sources of revenue and expenses?
 - What is the level and type of capital expenditure?
 - What are the working capital requirements?
 - What are the types of assets and valuation methods?
 - What are the levels and types of investments, liabilities and commitments?
 - What are the levels of accounts payable?
 - What are the taxation implications of the amalgamation? (see Treasury Circular 05/08 *Machinery of Government Changes Application to GST and FBT Responsibilities* - 7 September 2005)
 - What are the recent year trends in key financial indicators?
 - What is the projected financial performance of the new department?
- Has a review and realignment of the chart of accounts commenced?
 - How long will the financial management of the new divisions continue to operate independently?
 - Are financial systems adequate?
 - Do systems need to be integrated?
 - How and when will handovers occur?
 - Are accruals correctly calculated?
 - How soon is it before will financial accounts have to be prepared?
 - Is capital work in progress correctly calculated?
 - Will new staff, roles and responsibilities ensure cut-offs are processed accurately and on time?

Property

- Are issues with the location, type and size of facilities and/or accommodation being addressed?
 - What is the length of leases, quality of facilities?
 - What is the extent of excess assets, leases?
 - Can facilities be further consolidated?
 - Are asset registers up-to-date?

Signage

- Have all stationery, signage and uniforms been identified for replacement?
 - Has a balance been struck between introducing the new and phasing out the old?

4. Assessing results against objectives and targets

Typical expected benefits of amalgamation are:

- ✓ *for stakeholders - better services with improved co-ordinated and lower transaction costs*
- ✓ *for staff - improved internal co-ordination, greater job satisfaction and new values in a larger culturally integrated organisation*
- ✓ *for taxpayers - cost savings - in salaries, accommodation and back office activities - with no significant drop in quality of service.*

Results

- Is the amalgamation performing as expected?
Can you readily rate the performance of key result areas on a scale of one to ten?
- Have all the changes identified at the outset been implemented?
- Have unexpected benefits been taken up and optimised?
- Are there any missed opportunities that can now be pursued?

Evaluation

- Is an evaluation regime in place that will periodically assess amalgamation against objectives and targets?
 - Is there a process to report periodically on outcomes and benefits to the board of management, government, stakeholders and staff?
 - Is the performance of the amalgamation included in the annual report?

Reporting

- How will the benefits of the amalgamation be presented?
 - Will the information come readily from corporate and project management information systems?
 - Is it possible to include tables or graphs presenting results of the amalgamation, such as reductions in budgets, staff numbers, property/accommodation costs and transaction costs to consumers?
 - Is evaluation of the amalgamation to be included in the department's annual reports?
- What lessons have been learnt from the amalgamation?
 - Has there been feedback to central agencies to improve the implementation of future amalgamations?

Corporate plan

Amalgamation can be complete but effective integration takes longer.

- Are all incomplete tasks carried over through corporate planning processes?
 - Are they clearly identified and their performance monitored and reported on?
 - Does this include the voluntary redundancy program?
- Does the new corporate plan allow for the monitoring and reporting of projects not finalised during implementation?

Appendix 1 Checklist - For finalising the allocation of functions and resources to new departments

Following the announcement of the Government's decision to amalgamate departments and the issuing of the Administrative Orders giving effect to the decision, there is a short period of consultation between CEOs and senior officers of affected agencies and central agencies to clarify the formalities. This checklist's questions are intended for use by those officers. The consultation is part of the initial planning process for implementing the amalgamation.

The consultation occurs directly after the government's decision and it has a big influence on the design and development of the amalgamation. Important in the process is the clarifying of the detail required in Administrative Orders and Public Sector Employment and Management (General) Orders drawn up following the government's decision.

The greater the clarity achieved in the steering group process, the greater the clarity of objectives and purpose taken into the new agency and integrated into amalgamation planning for the new agency; and later integrated into corporate plans and Results and Service Plans (RSPs).

This consultation process covered by this checklist can precede or run concurrently with the activities included in the BPG checklists that assist the leaders of the new department plan and implement the amalgamation.

Steering group direction

- Is it clear to the steering group what is the purpose of the Government's decision and what are the expected benefits?
- Is it clear to the steering group what it must achieve, and by when?
- Are there comparable amalgamation experiences for the steering group to draw from?
- Can the steering group's tasks be split into manageable steps, achievable within the required time?

Information for the steering group

- Is there sufficient understanding of what is being brought together?
For example: functions, structures, cultures, service programs, existing change programs etc
- Is there sufficient understanding of the efficiencies to be achieved?
For example: Treasury requirements, Ministerial requirements, reform agenda outcomes, etc
- Is there sufficient understanding of the costs of the amalgamation?
Including:
To what extent are amalgamation costs to be absorbed by existing budgets?
What amalgamation costs are to get Treasury funding?

- Does the steering group have sufficient appropriate information available to it?
- Is any analysis supporting the amalgamation decision accessible?

Understanding amalgamation benefits

- What are the key amalgamation benefits to be addressed?
For example: savings and budget targets, staff reductions, and back office consolidation.
- What are the new service synergies to be created?
Including consideration of:
What similar roles and functions are to (can be) consolidated?
Are there comparable jobs and numbers of staff at similar levels in similar jobs?
- What is the new structure likely to look like?

Steering group liaison

- Does the steering group involve all relevant stakeholders?
Including representatives of the Department of Premier and Cabinet (DPC) and NSW Treasury undertaking key roles in the steering group, and consideration of union views?
- Does the steering group have a clear line of communication to the Director General, DPC and Secretary Treasury for its recommendations?

Implications for government initiatives and services

- Will changes create risks for the delivery of State Plan priorities, or other key government initiatives?
- Can negative impacts of the amalgamation on the delivery of government services be kept to a minimum and positive impacts accentuated?

Administration Orders

- Is it necessary to fine-tune the Administrative Orders and Public Sector Employment and Management (General) Orders drawn up immediately following the government's amalgamation decision?
Including any amendments to the Orders on how activities and staff are allocated.
- Is the new department's structure and nomenclature consistent with the Administrative Order creating the new department and re-allocation of Acts?
- Is it necessary to liaise with the Parliamentary Counsel's Office on any further amendments to Acts or regulations?

Budget and financial management implications

- Have appropriate changes under financial legislation been agreed with Treasury?
- Is Treasury involved in the reallocation of budgets and assets/liabilities and any transfers under *Section 24 of the Public Finance and Audit Act (PFAA)* to be made by the Treasurer?
- Have obligations under the *Public Finance and Audit Act 1983* and the *Public Authorities (Financial Arrangements) Act 1987* been reviewed and necessary change to regulations, delegations and schedules made?
- At what stage in the annual budget cycle is has the new department been created?
If created soon after the March election departmental and portfolio budget details will need to be finalised quickly for the June Budget.

Steering group outcomes

- Are the objectives and benefits of the amalgamation clear to the leadership of the new department?
- Has the steering group confidence that implementation of the amalgamation by the new department will meet amalgamation objectives and deliver expected benefits?
- Are there any significant matters carried over from the steering group requiring the attention of the new department?
For example: further finetuning of the Orders, continuing budget negotiations.

Appendix 2 Approach to developing the Better Practice Guide

The BPG was produced in association with the audit of *Managing Departmental Amalgamations - Department of Commerce and Department of Primary Industries*. It builds on practices observed in the audit's two case studies and combines this with research and approaches taken in relevant reports and studies from Australia and world-wide. The audit's two case studies are the amalgamations creating the Department of Commerce in April 2003 and the Department of Primary Industries in July 2004.

The guide is released in conjunction with the audit report. The primary client for the BPG is the Department of Premier and Cabinet. The three departments and NSW Treasury were consulted throughout the audit and BPG project.

In developing the BPG we conducted:

- review of literature, using appropriate data bases - the literature, both on public sector amalgamations and private sector mergers, focuses on recurring issues such as strategies, best practice, due diligence checklists and managing changes in cultures
- detailed research into Interstate and overseas jurisdictions - in particular we acknowledge the insights provided by the following publications:

UK National Audit Office report *The Creation of Ofcom: Wider Lessons for public sector mergers of regulatory agencies* July 2006

US Government Accountability Office report *Results Orientated Cultures - Implementation Steps to Assist Mergers and Organisational Transformations* July 2003

Peter Frumkin (Harvard University) *Making Public Sector Mergers Work: Lessons Learned* published by the IBM Centre for Government Business August 2003

Queensland Audit Office *Checklist for Organisational Change - Managing MOG Changes* September 2006

Australian National Audit Office (ANAO) *Implementation of Programme and Policy Initiatives - Making implementation matter - Better Practice Guide* October 2006

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