



NEW SOUTH WALES

**DEPUTY PREMIER  
TREASURER**

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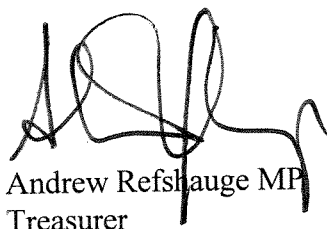
Dear Mr Brown

**Government Response to Public Accounts Committee Inquiry into  
the Infringement Processing Bureau**

I refer to the Public Accounts Committee's report that was tabled in Parliament on 15 September 2004.

Attached for appropriate attention is the Government's response to the report.

Yours sincerely



Andrew Refshauge MP  
Treasurer

## Public Accounts Committee Inquiry into the Infringement Processing Bureau

<b>PAC Recommendation</b>	<b>Government Response</b>
<p>1. Business cases, and the planning documents that are based on them, are only useful to the extent that they reflect reality. To ensure that they remain realistic, they should be regularly checked and updated. This is especially vital for projects that run over an extended period.</p>	<p>This recommendation is supported. Procurement Policy reforms introduced on 1 July 2004 require Gateway reviews (where proposals are reviewed by panels of experienced staff from independent agencies to check the robustness of business cases) and stepped up monitoring by Treasury of high value and high risk construction and ICT projects.</p>
<p>2. Where a business case is based on assumptions that are controlled by external parties, the agency responsible for the project should confirm with those external parties that the initial assumptions are valid, and that they remain valid until the project is implemented. This should be in writing and "signed off" by the relevant agency.</p>	<p>The recommendation that agencies check assumptions with external parties is supported. The Gateway process and monitoring by Treasury as referred to under recommendation 1 will assist in this regard.</p>
<p>3. Where a single business case is developed for a project that covers various areas of expertise (such as accommodation, and Information and Communications Technology) the business case should be broken down into components for the purpose of the approval process. The central agency that reviews ICT related business cases should review the ICT components, and the central agency that reviews accommodation related business cases should review the accommodation components. Overall approval authority should remain with NSW Treasury.</p>	<p>The recommendation that components of a project be checked by experts is supported.</p>
<p>4. Prior to implementing decisions to deviate from business cases, agencies must thoroughly analyse the impact of those decisions, not just in the short term, but also over the life of projects.</p>	<p>This recommendation is supported.</p>
<p>5. There should be clear lines of responsibility and accountability for business cases. Variations to business cases should not be implemented unless first approved by the same level of management that approved the original business case.</p>	<p>This recommendation is supported.</p>

<b>PAC Recommendation</b>	<b>Government Response</b>
<p>6. Where significant capital funding is involved, the agency should not materially deviate from the original business case without first obtaining the approval of NSW Treasury, as delegated by the Budget Committee of Cabinet. Before approval is given to the agency to deviate from the business case, NSW Treasury should review an updated business case including a financial and economic appraisal.</p>	<p>Any significant change in the nature of a capital project requires appropriate review. While Treasury has increased its monitoring of high value and high risk capital projects, responsibility for ensuring proper review and authorisation of changes in smaller scale and low risk projects rests with agency management.</p>
<p>7. For significant projects, and where cost effective, agencies should include:</p> <ul style="list-style-type: none"> <li>• Quality Management processes to ensure that project deliverables are of an appropriate quality, and</li> <li>• Benefits Realisation processes to ensure that the benefits forecast in business cases are realised.</li> </ul> <p>For very large or sensitive projects, NSW Treasury should appoint a Quality Manager to report back on Quality and Benefits Realisation progress.</p>	<p>The adoption of quality management and benefit realisation processes is supported. However, appointment of a Quality Manager by a central agency such as Treasury is not considered necessary because Treasury is already increasing its monitoring of major projects.</p>
<p>8. NSW Police or OSR should investigate whether the duplication of infringement data resulted from a contractor acting outside the scope of their contract with NSW Police. If the contractor did act outside the scope of their contract, the NSW Government should consider seeking financial compensation for the losses subsequently incurred.</p>	<p>The Government agrees that this matter should be investigated. Treasury will co-ordinate this process.</p>
<p>9. Material breaches of internal control should be fully investigated, so that Senior Management can have reasonable assurance that the internal control structure within their agency is operating effectively.</p>	<p>This recommendation is supported.</p>
<p>10. Senior Management needs to ensure that it has clear, concise and timely management reports that demonstrate the operational performance of its agencies. Senior Management must also ensure that it fully understands the content of these reports.</p>	<p>This recommendation is supported.</p>

PAC Recommendation	Government Response
<p>11. Agencies should not operate under the presumption that additional resources are unavailable for projects. Where additional funding is required, the appropriate Minister should formally approach the Treasurer with a request for additional funding, supported by an updated business case and financial and economic appraisal prepared in accordance with NSW Treasury's Guidelines.</p>	<p>This recommendation is supported.</p>
<p>12. The performance indicators for a successful project should include compliance with the requirements of central agencies and/or NSW Government Policy requirements, and the results of Quality Management and Benefits Realisation processes.</p>	<p>This recommendation is supported.</p>
<p>13. NSW Treasury produce a single document that:</p> <ul style="list-style-type: none"> <li>• Lists the steps agencies should follow when planning for and performing operational and office relocations, from the beginning to the end of the process,</li> <li>• Lists the source of the requirements or guidance applicable to each step (e.g. the appropriate section of the Total Asset Manual, or Guideline within the NSW Premier's Department),</li> <li>• Identifies the central agency available to assist agencies with each step, and</li> <li>• Distinguishes between office and operational relocations.</li> </ul>	<p>This recommendation is supported. Treasury and the Department of Commerce are currently finalising the development of a comprehensive internet based resource for use by Government agencies for the planning and implementation of office relocations and management of space.</p>
<p>14. Relevant central agencies should review the government policies and guidelines under their control to ensure that sufficient emphasis is given to agencies maintaining business cases and the documents that flow from them as current, realistic documents.</p>	<p>This recommendation is supported. Treasury is coordinating a review as part of developing the resource referred to in the response to recommendation 13.</p>

	<b>PAC Recommendation</b>	<b>Government Response</b>
15.	NSW Treasury amend the requirements and guidance applicable to capital funded projects, to emphasise that agencies should not materially deviate from approved business cases without first obtaining the approval of NSW Treasury. The requirements and guidance should also discuss the responsibility of agencies in emergency situations.	This recommendation is supported. Procurement Policy reforms and information supplied to Treasury through the enhanced monitoring regime and the Budget process will help ensure that major changes to projects will not take place without consultation.
16.	That, central agencies consider the development of template project planning documents to be regularly updated following feedback from post implementation reviews of major relocation projects. Ideally, the templates would cover people, facilities and technology issues.	Publication of illustrative case studies, rather than templates, is preferred. Case studies will be considered as part of development of the internet based resource (refer response to recommendation 13).
17.	NSW Treasury extend the requirement for quarterly reporting of ICT Projects, to those that are assessed by NSW Treasury or OICT as being of high risk. This would capture projects that may involve a low initial capital outlay (i.e. be less than \$10 million) but that, if not properly implemented, could have a significant impact on the ability of the agency to deliver key services.	This recommendation is supported. High risk ICT projects, as well as those with a total cost greater than \$10 million, require a quarterly report to Treasury.