A. Full responses from agencies

As mandated in section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to Queensland Treasury and the Department of Housing and Public Works.

This appendix contains their detailed responses to our audit recommendations.

The heads of these agencies are responsible for the accuracy, fairness and balance of their comments.

Comments received from Under Treasurer, Queensland Treasury

Queensland Treasury

Our Ref: 04869-2019
Your Ref: 9194P

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
PO Box 15396
CITY EAST QLD 4002

Dear Mr Worrall

Thank you for your letter dated 17 January 2020 enclosing a copy of the Queensland Audit Office's proposed report, Effectiveness of the State Penalties Enforcement Registry ICT Reform. I appreciate you agreeing to conduct this performance audit following my referral of the matter to you in March 2019.

I acknowledge the report's conclusions and thank you for the recommendations the report makes to improve Queensland Treasury's governance arrangements. Queensland Treasury will implement each recommendation as it relates to Treasury as outlined in the enclosed *Response to Recommendations*.

Queensland Treasury also looks forward to working with the Department of Housing and Public Works and the Department of the Premier and Cabinet to implement recommendation number 3 to ensure that major ICT projects are established with appropriate governance arrangements before vendors are engaged.

Yours sincerely

Frankie Carroll
Under Treasurer

3 / 2 / 2020

Encl.

1 William Street
GPO Box 611 Brisbane
Queensland 4001 Australia
Telephone +61 7 3035 1933
Website www.treasury.qld.gov.au
ABN 90 856 020 239

Responses to recommendations

Queensland Audit Office
Better public services

Queensland Treasury

Effectiveness of the State Penalties Enforcement Registry ICT reform

Response to recommendations provided by Under Treasurer, Queensland Treasury, on 3 February 2020.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
We recommend that Queensland Treasury:			
6. updates its *Audit Committee Guidelines—Improving Accountability and Performance* for departments and statutory bodies to ensure audit committees are required to monitor and receive reports from management on risks for major ICT projects.	Agree	Third quarter 2019-20	A draft *Audit Committee Guidelines – Improving Accountability and Performance* dealing with monitoring major ICT projects will be released for consultation with departments and other relevant stakeholders (including the QAO) in early February 2020.
7. updates its own audit and risk management committee charter to ensure the committee monitors risks on Queensland Treasury's ICT projects, and reports its monitoring activities to Queensland Treasury's Executive Leadership Team.	Agree	Third quarter 2019-20	Queensland Treasury has consulted with the QAO and other stakeholders regarding a refreshed charter. Queensland Treasury's Audit and Risk Management Committee will consider a new charter at its next scheduled meeting.
8. reviews its governance structure to: • avoid conflicts of interest through duplicate memberships • clarify the difference for its statutory officers between their legislative and management responsibilities • ensure it has an appropriate mix of skills on its governance committees.	Agree	Third quarter 2019-20	Queensland Treasury has implemented a new organisational structure effective on 2 January 2020. Queensland Treasury will implement these recommendations as part of its current program of work to refresh its governance framework.

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Comments received from Director-General, Department of Housing and Public Works

Our Ref: HPW 00161-2020

Queensland Government

Department of
Housing and Public Works

2 4 JAN 2020

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
PO Box 15396
CITY EAST QLD 4002

Dear Mr Worrall *Brendan*

Performance audit on Effectiveness of the State Penalties Enforcement Registry (SPER) ICT reform

Thank you for your letter of 17 January 2020 regarding the proposed report to parliament which was provided to the Department of Housing and Public Works (DHPW).

Overall, DHPW supports the recommendations defined for the SPER reform. Further analysis will be needed however, to identify any practical limitations on the extent to which recommendations can be implemented. The enclosed attachment outlines DHPW's response.

If you require any further information or assistance with this matter, please contact Ms Irene Violet, Deputy Director-General, Customer and Digital Strategy, DHPW

Yours sincerely

Liza Carroll
Director-General

Encl.

Level 31 1 William Street
Brisbane Queensland
GPO Box 2457 Brisbane
Queensland 4001 Australia

Telephone +617 3008 2934
Website www.hpw.qld.gov.au

Responses to recommendations

Queensland Audit Office
Better public services

Department of Housing and Public Works
Effectiveness of the State Penalties Enforcement Registry ICT reform

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
We recommend that the Department of Housing and Public Works: 1. develops and implements a guideline to assist entities in establishing digital and ICT contracts (including software as a service contracts). This should include guidance on: • minimum vendor and product due diligence • clear contract milestones, break points, and pause options to 'stop and rethink' • minimum contract management requirements during implementation (including reviewing vendor performance) and post 'go-live'.	Agree	Q4 2019/20	The Department of Housing and Public Works will review the existing guidance and supporting tools for the Queensland Information Technology Contracting framework and improve guidance where necessary.
2. works together with the Public Service Commission on strategies to upskill staff within the public service in delivering and governing ICT projects.	Agree	Q4 2020/1	The Queensland Government Customer and Digital Group (QGCDG) in the Department of Housing and Public Works and the Public Service Commission will build on current digital capability programs, to include modules that support project delivery and project governance.

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Queensland Audit Office
Better public services

	Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
3.	works together with Queensland Treasury and the Department of the Premier and Cabinet to ensure that major ICT projects are established with appropriate governance arrangements before vendors are engaged. Project steering committees should: • be staffed with appropriate skills and experience • include whole-of-government representation where appropriate • include members who are independent of the entity • contribute to decisions about minimum assurance activities • integrate effectively with an entities' other governance groups and avoid duplication of membership across governance groups • understand the risks and benefits of alternative approaches to project delivery—iterative/agile versus large scale transformation and how to contract appropriately.	Agree	Q4 2020/1	The QGCDG will work with Queensland Treasury and The Department of the Premier and Cabinet to agree a process for joint oversight of the Start Up process of major ICT enabled initiatives, (those requiring CBRC consideration and Level 4 Assurance) ensuring appropriately skilled, independent and diverse governance capabilities are available to support initiatives.

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Queensland Audit Office
Better public services

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
4. revises its investment review and project assurance guidance to: • ensure project steering committee members understand that they are empowered to stop projects and rethink their position at every stage • enhance the availability of reporting of historic recommendations and lessons learned.	Agree	Q2 2020/1	The QGCDG will target capability building for those governing project steering committees to support best practice decision making at gates and project milestones based upon the recommended best practice within the QGEA *"directing a project"* Investigate options for an ICT specific board induction training to its suite of assurance products The lessons learned from, successful initiatives and those that have experienced challenges will be presented to inform assurance guidance, as well as capability building for project steering committees.
5. improves transparency of major ICT projects by requiring all departments to publish data on the digital projects dashboard, and a more detailed report to the Office of Assurance and Investment, for projects that end prematurely. At a minimum, the data to be published on the digital project dashboard should include the following information about the project: • project and department name • investment objectives • date the project started, key milestones, and significant project journey events such as scope change, cost re-evaluation and delivery delay events • reasons explaining why the project ended prematurely The report to the Office of Assurance and Investment should also include at a minimum:	Agree	Q2 2020/1	The QGCDG will program and plan for amendments to the dashboard as part of future releases. The QGCDG has commenced a process for formal closure review for Level 4 initiatives. This will be extended to include all projects that end prematurely.

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Queensland Audit Office
Better public services

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
• lessons learned			
• the impact of not achieving the intended investment objectives within the originally stated time frames			
• total costs incurred, broken down by sunk, capitalised and operational costs			
• benefits achieved while the project was in-flight and whether the department will use some of the project deliverables.			

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