



ACT
Government

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**THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY**

**Legislative Assembly Implementation Update on the
recommendations from the Auditor-General's *Report
No 5. Capital Works Reporting***

Presented By:
Andrew Barr MLA
TREASURER

Implementation Update

Recommendation 1 – Format of capital works reporting templates

The Chief Minister and Treasury Directorate should continue to review and streamline the templates for Directorate reporting on capital works progress to the Chief Minister and Treasury Directorate, Budget Committee of Cabinet and the public.

Implementation Update

Treasury, in consultation with Directorates, has re-designed the monthly capital works reporting templates. The new templates provide critical information required for the whole of government and Legislative Assembly capital works reporting.

The new monthly templates were introduced in November 2015. These have now become part of the regular government reporting framework.

Recommendation 2 – Negotiated Service Provision Agreements

The Commerce and Works Directorate's Shared Services Procurement and directorates should develop capital works service level agreements, or the equivalent, by 31 December 2014. These should specify reporting responsibilities.

Note: Commerce and Works Directorate's Shared Services Procurement is now Procurement and Capital Works (PCW) within the Chief Minister, Treasury and Economic Development Directorate.

Implementation Update

Procurement and Capital Works (PCW) is developing service level agreements with those directorates which have annual capital works programs over \$5 million. The draft framework for the agreements will be circulated for consideration in early May 2016 by the Capital Works and Procurement Committee. This framework will set the guiding principles, roles and responsibilities to inform the development of individual service level agreements for directorates.

Recommendation 3 – Capital Works Coordinators Group

The Commerce and Works Directorate's Shared Services Procurement should monitor the effectiveness of the Capital Works Coordinators Group.

Implementation Update

PCW convenes quarterly meetings of the Capital Works Coordinators Group (CWCG). The CWCG operates under terms of reference approved by the former Capital Works and Procurement Committee (CWPC) of the Strategic Board, which has been re-established as an inter-directorate committee, still named the CWPC and chaired by the Director-General, Economic Development. While it is not intended for the work of the CWCG to be formally evaluated, PCW is responsible for recording the minutes and action items of the CWCG meetings to ensure the forum continues to serve its purpose.

The meeting provides a forum for directorates to liaise on the operational delivery of capital works projects, including approaches to the implementation of Government policies, information on best practice for infrastructure planning and delivery, and industry matters.

Effectiveness has been discussed at the Group meetings.

Minutes from the CWCG are provided to the CWPC for information.

Recommendation 4 – Revision of guidance for capital works reporting to Budget Committee of Cabinet.

The Chief Minister and Treasury Directorate should revise its *Capital Works Program Bi-monthly Monitoring and Reporting to the Budget Committee of Cabinet Guidance Paper* to reflect the current purpose of reporting.

Implementation Update

New guidance material was provided to agencies with the new monthly capital works reporting templates in November 2015. The Chief Minister, Treasury and Economic Development Directorate (CMTEDD) obtained the agreement of Cabinet to introduce a quarterly reporting cycle (rather than bi-monthly) from June 2015. This change was made to streamline the reporting processes.

In March 2016 the Government further agreed to introduce a single quarterly reporting process that incorporates both the quarterly whole of government and the quarterly public reports. This arrangement was introduced in readiness for the reporting requirement under Section 30F, Clause 76 of the *Financial Management Amendment Bill 2015*. Section 30F states that the Treasurer will present a capital works report to the

Legislative Assembly at least once every six months within 60 days after the end of the period for which the report is prepared. This reporting requirement is to take effect from 1 July 2016.

Recommendation 5 – Timeliness of reporting

The Chief Minister and Treasury Directorate should consult with the Budget Committee of Cabinet to determine the timeliness of information it requires in reports provided to it. The results of this consultation should be reflected in a revised *Capital Works Program Bi-monthly Monitoring and Reporting to the Budget Committee of Cabinet Guidance Paper* (refer to Recommendation 4).

Implementation Update

The Government has considered and progressed to the following amendments to capital works reporting:

- the introduction of a Quarterly reporting cycle from 30 June 2015, streamlining the quarterly reporting cycle from 8 to 6 weeks;
- a consolidation of capital works reporting into a single quarterly reporting process incorporating both the quarterly capital reporting to Budget Committee of Cabinet and quarterly public capital reporting;
- the reconfiguration of existing capital reporting templates to streamline the information captured for the purpose of capital works reporting;
- the establishment of capital works reporting to the Legislative Assembly, introduced as part of the *Financial Management Amendment Bill 2015*; and
- a Request for Proposal for the introduction of a real time project management and reporting software, under Recommendation 7.

Recommendation 6 – Quality control

All Directorates should quality control information to be included in capital works reports to the Chief Minister and Treasury Directorate and the Budget Committee of Cabinet, and have documented quality control procedures.

Implementation Update

As stated in previous advice to the Legislative Assembly, Directorates have confirmed that quality control processes exist for capital works reporting. These processes are part of the broader frameworks for the management and quality control of financial information by Directorates. These frameworks are consistent with the relevant reporting requirements and standards including *the Financial Management Act 1996* and the *ACT Accounting Policy – Capital Works 2006*.

In addition to the above policy controls, the new capital works reporting templates incorporate a structure which facilitates early identification of variances in financial and delivery information against a project's baseline.

Further quality controls are to be introduced as part of the project management and reporting software system.

Recommendation 7 – Whole of Government project management information software system

The Commerce and Works Directorate's Shared Services should finalise procurement of its project management software system having regard to:

- a) re-engineering supporting processes and procedures, particularly those governing such things as payment methods and financial system functionality;**
- b) optimising the reporting module of the system to deliver reporting information to the Chief Minister and Treasury Directorate and Budget Committee of Cabinet; and**
- c) integration with/or (where cost effective) replacement of software in other directorates.**

Implementation Update

A Request for Proposal for the project management and reporting software has been released.

A Steering Committee has been established to oversee the procurement process. The Tender Evaluation Team has across government representation to enable the delivery of whole of government benefits and optimise value for money.

A decision on the extent of the software system's use across government will be made by the Strategic Board, depending on the suitability of the selected solution.

Recommendation 8 – Reporting on capital works delivery risks

The Chief Minister and Treasury Directorate should consult with the Budget Committee of Cabinet to confirm its information needs on project risks and associated mitigation strategies. The results of this consultation should be reflected in a revised *Capital Works Program Bi-monthly Monitoring and Reporting to the Budget Committee of Cabinet Guidance Paper* (refer to Recommendation 4).

Implementation Update

The new monthly reporting templates have introduced risk evaluations on the basis of variations of greater than 10 per cent between the original quarterly expenditure forecasts and agencies revised forecasts. Negative variance is an indicator of lower than predicted project progress. Agencies are to include an explanation for these variances.

The new template has also introduced milestone forecasting to assist in the assessment of program performance and risk.

Directorates provide quarterly updates to Budget Committee of Cabinet with their capital program risk assessment and outline management strategies to resolve risk within impacted projects.

Risk identification and management at the project and program level is an important element in the design of the new project management and reporting software being procured (Recommendation 7).