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

TENTH ASSEMBLY

**Payroll Capability and Human Resource Management (PC-HRM) Program –
Project Delivery update – Assembly Resolution of 5 June 2024 – Government response**

**Presented by
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Special Minister of State
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ACT
Government

Payroll Capability and Human Resource Management (PC-HRM) Program – Project Delivery update

ACT Government Response to the Legislative Assembly Resolution of 5 June 2024

Introduction

On Wednesday 5 June 2024, the Legislative Assembly passed a resolution in relation to the Human Resources Information Management System (HRIMS) Program. The resolution included a call for the ACT Government to:

- (a) continue implementing reform to ICT project management and governance and capability uplift across the ACT Public Service;
- (b) table the SAP Design Review in the Assembly upon passage of this motion; and
- (c) provide the Assembly an update on the delivery of the new PC-HRM Program before the last sitting day of the Tenth Assembly.

This report addresses the requirement to provide an update on the delivery of the Payroll Capability and Human Resource Management (PC-HRM) Program to the Assembly.

Background

Through the 2023-24 Territory Budget, the ACT Government commenced the new PC-HRM program to upgrade essential human resource (HR) and payroll elements required by the ACT Public Service (ACTPS).

The PC-HRM Program will build on existing technology investments by upgrading selected existing payroll and HR systems and designing a new time and attendance solution.

The PC-HRM Program will deliver four projects:

- Close the HRIMS Program, to enable closure for stakeholders, allow a change in scope to focus on sustainment of existing investments, remediate contractual arrangements with current vendors and decommission the elements of the SAP SuccessFactors system that are no longer required.
- Program initiation, establishment and governance. The deliverables include building the program team, procurement of key vendors, establishing the governance, and development of program plans, benefits case and technical designs.
- Upgrade Chris 21 and HR21 to the agreed versions with increased functions to enable progressive decommissioning of the Rator systems.
- Design of a whole of government time and attendance system suitable for and used by all Directorates and integrated into Chris 21.

PC-HRM Program Progress Update

Planning and Governance

PC-HRM is being planned and implemented with strengthened governance, processes and procedures to ensure the success of the Program and ensure the delivery of a contemporary human resource and payroll function for the Territory that supports our diverse workforce operating across 18 enterprise agreements.

Planning the new PC-HRM Program

To support the delivery of the PC-HRM Program, key planning work has been completed to support efficient program management and ensure the program delivers its stated objectives. Work has been done to identify the key program outcomes that will shape the steps all those tasked with the delivery of the Program undertake. These include:

- Ending the HRIMS Program at minimal cost to the Territory through an efficient and effective decommissioning process that decommissions components not in use and finalises and appropriately retiree and archives HRIMS program documentation.
- Following best practice governance so that PC-HRM is established, governed, and managed to exemplify best practice and ensure successful delivery.
- Delivering stable, secure, and supported payroll and HR capability foundation systems through the Chris21 and HR21 upgrade.
- Ensuring ongoing reporting compliance with the Australian Tax Office and the Commonwealth Superannuation Corporation.
- Establishing additional payroll functionality, automated payroll processing and staff self-service options through the upgrade of Chris21 and HR21.
- Reducing risk profile and improving data integrity for payroll through the decommissioning of the Rator systems.
- Establishing an agreed new payroll capability operating model to take advantage of modern technology capability through the upgrade.
- Designing the whole of government time of attendance system within a timeframe that enables transition to a new system and creates efficiencies across the ACTPS and enables:
 - reduced manual effort for all staff including payroll processing teams,
 - realisation of ongoing savings,
 - modern integration into the Chris21 solution,
 - reduced security risks by hosting the system on Australian shores, and
 - reduced processing errors including under and over payments.

Similarly, several initiatives have now been put in place to support core planning work to mitigate the risk of project decisions being made with partial or incomplete information, and guard against a reoccurrence of this instance. Initiatives include undertaking analysis of the current 'as-is' state of the Payroll and Human Resource Management ecosystem while the future 'to-be' state is developed. Through this analysis, design of the PC-HRM Program is considering how processes,

culture, organisation, technology, infrastructure, information and data, and knowledge and learning will be integrated into the future state operating model.

The ACT Government is working comprehensively to cohesively consider individual directorate requirements in the design of the business processes and outcomes required to be delivered by the integrated solution, supported by a designated Committee that provides advice to the Business Outcome Owner for the Program. Work is also underway to further align the HR Systems team with the delivery of the PC-HRM Program. The HR Systems team provides whole-of-government HR and Payroll System Support for Chris21/HR21, Time and Attendance solutions, and the ACT Government Learning Management System. Aligning the team with the PC-HRM Program has provided opportunities to share knowledge, skills and build capability within the ACTPS.

An integrated master schedule has been developed that details all streams of work, for all entities contributing to the delivery of the PC-HRM Program. On completion of procurement activities all entities will formally commit to deliver the scope, resources, and timing outlined in the plan. The integrated master schedule was developed with the following principles:

- Define the scope of the program and projects: by outlining goals, objectives, and deliverables to ensure that all parties involved have a clear understanding of what needs to be accomplished.
- Create a work breakdown structure: to divide the program and project activities into smaller management tasks that the PC-HRM Program can assign to individual resources,
- Sequence the work breakdown structure, tasks and estimate the durations. This has allowed the PC-HRM Program to plan the order in which tasks need to be completed (and to consider dependencies) to ensure the timeframes are achievable.
- Assign tasks and resources: once all entities have committed to the delivery of scope, resources and timing outlined in the plan, the schedule will be used to allocate tasks and resources enabling the project to be completed on time and within budget.
- Monitor progress and adjust as required. The integrated master schedule is regularly reviewed and monitored to make necessary adjustments to keep the program on track. Any adjustments due to risks or new information that impact the schedule are socialised and submitted to the Program Board for consideration and approval.

To develop the integrated master schedule, each of the four projects was required to develop individual integrated schedules with this information rolling up to the program level where workshops were held to identify dependencies, risks and ensure realistic timeframes.

Supporting efficient and effective governance arrangements

The PC-HRM Program has also established new governance and administrative arrangements, including a new Program Board and Business Outcome Working Committee. To ensure the role and responsibilities of the Business Outcome Owner in the PC-HRM Program are clearly understood, the Program Board Terms of Reference includes a detailed definition outlining that the Business Outcome Owner is the Deputy Director-General of the Office of Industrial Relations

and Workforce Strategy (DDG OIRWS). The Business Outcome Owner is accountable to Government and the Special Minister of State for ensuring that the PC-HRM Program will meet the business needs of directorates.

The ACT Government has put in effect structural changes within the ACTPS to establish the Office of Industrial Relations and Workforce Strategy (OIRWS), with human resource management, policy and operational experts now merged into a single business unit. OIRWS provides the formal structure to lead the ACTPS industrial and employment agenda into the future. OIRWS supports an effective ACTPS – where strategy, industrial relations, WHS and employment policy and governance are developed and delivered in a consistent and collaborative manner. OIRWS is also the whole of government payroll capability service provider and the DDG OIRWS is the whole of government payroll capability service provider.

Further outlined for the PC-HRM Program, it is recognised that Directors-General are accountable for human resource management within their respective directorates and are reliant on the Chris21/HR21 and Time and Attendance systems to support their work. The Business Outcome Owner will ensure that the requirements of Directors-General are considered as part of the design and delivery of the system to achieve the required business outcome.

Overall, the Business Outcome Owner for PC-HRM will:

- validate that this Program meets the expected business outcomes,
- represent this Program across Government and provide strategic advice to the Program team,
- resolve Program issues and risks making business decisions (for example, on interpretation of legislation or practice), and
- control and prioritise business scope or change requests, ensuring limited resources (both staff and dollars) are spent on highest-value requests, within the tolerances of this Program.

The Territory has recruited experienced resources to form a dedicated multi-disciplinary Program team in alignment with the updated Guiding Best Practice and Delivery framework and the best practice program management framework Managing Successful Programs (MSP). It enables the work to be broken down into smaller, more manageable interacted projects.¹

The ACT Government is committed to implementing comprehensive and strengthened governance guidelines and advice that highlights the need for roles and responsibilities, and committee memberships, to be clearly identified during the planning phase, and the need to ensure that people in those roles understand their obligations.

To eliminate any confusion in the governance and administrative arrangements of the PC-HRM Program, new clear operating procedures informed by reviews have been included in the Program

¹ AXELOS. (2020). Managing Successful Programmes (5th ed.)

¹ AXELOS Consulting Partners (ACPs) are the only individuals or organisations accredited by AXELOS to provide consulting services relating to their best practice portfolio products including MSP®, PRINCE2® and PRINCE2 Agile®.

Board Terms of Reference, including:

- an outline of the purpose and authority;
- agreed program outcomes;
- key program roles and responsibilities; and
- the role of the PC-HRM Program Board and confirmation of the membership.

The key roles include:

- ***Business Outcome Owner***
Responsible for decisions on design or delivery issues that relate to policy interpretation or business practice, as outlined above.
- ***Chief Digital Officer***
Responsible for technology decisions and for ensuring the Program outcomes are delivered in alignment with industry best practice and whole of government digital strategies, including the efficient and effective use of technology resources.
- ***Senior Responsible Owner***
The senior official accountable for the Program delivering the stated outcomes. The Senior Responsible Officer (SRO) reports directly to the Under Treasurer and makes program delivery decisions considering advice and direction from the Under Treasurer, Business Outcome Owner, and CDO.
- ***The Program Director***
Responsible for the Program outcomes reporting to the SRO, and daily management of the Program throughout its lifecycle. The Program Director is responsible for defining the Program's operational governance arrangements, ensuring an appropriate Program framework is in place and incorporating appropriate assurance processes. The Program Director is responsible for the ongoing success and leadership of the Program in support of the SRO.

As outlined earlier, the Business Outcome Owner for the PC-HRM Program is the Deputy Director-General of the Office of Industrial Relations and Workforce Strategy and is accountable to Government and the Special Minister of State for ensuring that the Program delivered will meet the business needs of directorates.

The role of the PC-HRM Program Board is to drive the Program forward to deliver the outcomes and benefits. A Terms of Reference defining the parameters of the Program Board has been agreed by Strategic Board. The PC-HRM Program is recruiting an independent external Program Board member with experience in delivering large and complex human resource and payroll transformation projects.

The Program Board is responsible for:

- providing overall strategic direction for the Program;
- establishing the environment best suited to achieving Program objectives which includes;

- contributing resources to the multi-disciplinary team as appropriate;
- endorsing the Program plan;
- reviewing and baselining the Program schedule and milestone stage gates;
- setting and demonstrating the behaviours necessary to support the Program outcomes;
- providing top-level commitment necessary to implement the Program;
- oversight of the Program to ensure its stated outcomes are achieved;
- oversight of the design and delivery of each project stream, including approving delivery of Program milestones and stage gates;
- providing considered advice and input for material decisions that are escalated to the Program Board for consideration, focused on achieving the Program outcomes;
- providing considered advice and input for decisions that require trade-off between time, cost, and quality elements of the Program;
- agreeing, monitoring, and supporting the realisation of benefits for each project stream, including delivery of expected efficiencies;
- communicating and championing information about the Program or projects to organisations and stakeholder groups;
- identifying and treating Program-wide risks and issues;
- actively resolving any barriers to delivering the Program's outcomes; and
- ensuring the required resources are made available in accordance with the agreed schedule.

The PC-HRM Program Board has representation from across Government, including Canberra Health Services, Chief Minister, Treasury and Economic Development Directorate, Education, Justice and Community Safety Directorate and Transport Canberra and City Services. The Program Board meets monthly with the first meeting having taken place in March 2024.

In support of the effective and mature operation of the Board, an Accredited Training Organisation and AXELOS Consulting Partner (ACP)³ was engaged to provide Board members with an Executive Briefing on the MSP framework; specifically, how the Board will function and their role and delegated authority to drive delivery of outcomes for the Territory. Further briefings for other staff are planned, focusing on what is required to successfully adopt new capabilities and support the realisation of benefits.

The alignment of the Program Board's activities with the Terms of Reference will ensure clearer and more direct lines of accountability through the course of the PC-HRM Program, in line with findings from the Auditor-General and the Leeper review.

A Program Business Outcome Working Committee (BWC) has been established to cohesively consider individual directorate requirements in the design of the business processes and outcomes required to be delivered by the Program. The BWC is a sub-committee of the Program Board, chaired by the Business Outcome Owner (DDG OIRWS) and has representation from each directorate's nominated human resource management stakeholder. The BWC enables communication and consultation with all directorates about the PC-HRM Program to ensure

awareness and readiness of all directorates for Program implementation. It also enables advice and guidance from directorates to inform Program decision making by the Business Outcome Owner. The BWC will enable the Business Outcome Owner to make informed decisions about changes to business process based on outcome and risk. The BWC meets monthly (second week of each month) with the first meeting held on 10 April 2024.

The PC-HRM program has established a robust Program Assurance framework to ensure effective governance, risk management, and compliance throughout its lifecycle. This framework includes three levels of assurance: Corporate Governance Forums and Assurance, Internal Assurance, and External Assurance. The PC-HRM Program adheres to ACT Government Corporate Structures, ensuring alignment with strategic goals and regulatory requirements.

Internal assurance is provided by the new established Enterprise Project Management Office (ePMO). The ePMO ensures the Program is compliant with the MSP framework and Guiding Best Practice Design and Delivery through the following activities:

- Reviewing key delivery artefacts.
- Providing ongoing advice and support to the PC-HRM Program Board.
- Project management framework, tranche reviews and stage gate reviews.
- Engagement and contract management for external program assurance activities.

An Independent Assurance Partner is being sourced from outside ACT government to provide external assurance, reporting to the PC-HRM Program Board on:

- delivery confidence and compliance with recommendations from previous reviews (e.g., Deloitte Report, Leeper Review, Auditor-General Review);
- assessment of delivery approach and functions;
- recommendations for strategic alignment, benefits realisation, risk management, and readiness for subsequent tranches;
- reviewing program artefacts to measure progress, governance effectiveness, and ongoing viability of the Business Case;
- regular engagement with key stakeholders to ensure alignment and understanding of program progress; and
- holding Solution Implementation Partners and vendors accountable during complex system builds.

External Gateway Reviews will be conducted at key points throughout the program's lifecycle, as agreed with the Program Board. These reviews provide targeted assurance services to enhance delivery confidence and ensure alignment with program objectives. The Gateway Review framework provides a standardised approach to point in time assurance reviews with findings, recommendations and an overall delivery confidence rating based on document reviews and stakeholder interviews.

The PC-HRM Program has implemented a program reporting framework that focuses on clarity, accuracy and timeliness of information to key stakeholders including Program Governance structures. The PC-HRM Program reports primarily to the PC-HRM Program Board, and its Business Outcome Working Committee. In alignment with the Report, the PC-HRM Program has established a standard format for status reporting that reports on eight performance criteria including procurement, resourcing, schedule, quality, finance, scope, risks and issues. A robust risk and issue management framework which provides a clear process for identifying, analysing, evaluation, treating, monitoring and reporting risks and issues related to the PC-HRM Program. The status report, risk and issue register and Integrated Master Schedule are socialised and submitted to the Program Board for consideration.

Program Delivery

With strengthened and best practice planning and governance frameworks, the ACT Government has commenced steps to support program delivery, to undertake procurement activities and support effective and contemporary contract management. As identified earlier, the PC-HRM program has four key components:

- Close the HRIMS Program, to enable closure for stakeholders, allow a change in scope to focus on sustainment of existing investments, remediate contractual arrangements with current vendors and decommission the elements of the SAP SuccessFactors system that are no longer required.
- Program initiation, establishment and governance. The deliverables include building the program team, procurement of key vendors, establishing the governance, and development of program plans, benefits case and technical designs.
- Upgrade Chris 21 and HR21 to the agreed versions with increased functions to enable progressive decommissioning of the Rator systems.
- Design of a whole of government time and attendance system suitable for and used by all Directorates and integrated into Chris 21.

Closing the HRIMS Program

The ACT Government has made substantial process in closing the HRIMS Program which is near complete. To successfully and appropriately close the HRIMS Program, the Territory is required to undertake negotiations to remediate current contractual arrangements and finalise decommissioning activities.

Following significant negotiations, the ACT Government entered into a new contract with SAP. The new contract removes the SAP Services and infrastructure that are no longer required and maintains ongoing support for the continued use of the Learning Management System. The new contract substantially reduces ongoing costs to the Territory and mitigates further costs associated with the HRIMS Program. A HRIMS decommissioning plan has been approved and outlines how the Territory will proceed with removing data holdings and dependent infrastructure that were deployed as part of the HRIMS program and are no longer required.

Activities to decommission the infrastructure has commenced and are on track to be completed in the first quarter of 2024-25. On completion, a HRIMS closure report will be submitted to the Program Board.

Program initiation, establishment and governance

As detailed extensively above, PC-HRM has undertaken a range of substantial and comprehensive steps to support program initiation, establishment and governance project, including:

- The establishment of governance and administrative arrangements, including the Program Board and Business Outcome Working Committee.
- The development of program plans, benefits case, Integrated Master Schedule and technical designs.
- The establishment of a multi-disciplinary Program team in alignment with the updated Guiding Best Practice and Delivery Framework and the best practice program management framework MSP.
- Alignment of the HR systems team with the delivery of the PC-HRM Program to provide opportunities.

The procurement of key vendors will be finalised with all parties committed to the scope, resourcing and timeframes of the integrate master schedule. The benefits realisation plan and benefit profiles will be socialised and approved by the Business Outcome Working Committee and Program Board.

Upgrade Chris21/HR21

On 30 May 2024, the ACT Government entered into a 5-year Agreement with Frontier Software. The Agreement provides licensing for up to 33,000 ACT Government employees, ongoing access to the Chris21/HR21 product, and ongoing sustainment activities including upgrades to the latest versions of the system. With the establishment of the new contract, Frontier Software is working as part of the Territory's multi-disciplinary Program team to upgrade to the latest version of the payroll system.

Preliminary work is underway with the upgrade pathway being planned. This includes documenting the current 'as-is' state of the payroll and HR ecosystem and developing the upgrade schedule for inclusion into the Integrated Master Schedule. Once finalised, all entities involved in the delivery of the project will be asked to commit to the identified scope, resource requirements, and timeframes. Approval will then be sought from the PC-HRM Program Board.

Work has also commenced to document and assess the impact of turning on additional payroll and HR self-service options on ACTPS processes, technology, infrastructure, information and data and knowledge and learning. Directorate stakeholders are engaged to determine impacts on business processes and end users of upgrading the payroll system and turning on additional functionality. As part of this engagement, gap analysis, training needs analysis and business readiness

assessments are being developed and an implementation plan for the successful roll-out and adoption of the upgrade is being prepared.

Design Whole of Government Time and Attendance solution

The Territory has engaged a design partner (Nous Group) for the purpose of undertaking discovery and design services for a Whole of Government Time and Attendance solution. Nous Group has engaged with stakeholders via a series of design workshops with representatives from all Directorates to ensure that time, attendance and rostering needs of Territory staff are understood and documented. The focus of these workshops included documenting current state and the co-design of a high-level future state for a Whole of Government Time and Attendance solution.

Discovery efforts have identified opportunities for the Territory, including process rationalisation/automation, seamless user experience, and increased flexibility to support the complexities of the ACTPS HR and Payroll ecosystem. A Discovery Report (current state) and Design (future state/opportunities for improvement) has been developed by Nous Group. Directorates are reviewing the reports to prioritise and agree on system requirements. Recommendations will then be prepared for Program Board consideration in December 2024.

The Territory will consider if a single time and attendance solution can be adopted across Whole of Government or if multiple solutions will still be required due to disparate business needs. Where possible the Program will ensure that processes are standardised and streamlined across Directorates. The PC-HRM Program Board will provide further advice to Government ahead of the 2025-26 Budget Process.

Conclusion

The ACT Government is committed to delivering the PC-HRM Program with strengthened governance, a clear program plan and detailed objectives to deliver a comprehensive human resource and payroll system for the ACT Public Service. Through the steps outlined above, the PC-HRM Program is incorporating extensive and clear governance, roles, responsibilities, program plan and reporting rules, all of which include remediation or mitigation of risks. The ACT Government is committed to a transparent program delivery, developing human centred design, engaging inclusively with stakeholders and delivering best practice project and program management as part of the PC-HRM Program.