



**Legislative Assembly for the  
Australian Capital Territory**

Standing Committee on Public Accounts

# **Inquiry into the Auditor-General's Report No. 1 of 2020: Shared Services Delivery of HR and Finance Services**

## **Report 3**

Legislative Assembly for the Australian Capital Territory  
Standing Committee on Public Accounts

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Approved for publication

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10th Assembly  
December 2021



# About the committee

## Establishing resolution

The Assembly established the Standing Committee on Public Accounts on 2 December 2020.

The Committee is responsible for the following areas:

- ACT Auditor-General
- ACT Ombudsman
- Office of the Legislative Assembly
- Accounts of the receipts and expenditure of the ACT and its authorities
- All reports of the Auditor-General which have been presented to the Assembly
- Treasury including taxation and revenue.

You can read the full establishing resolution [on our website](#).

## Committee members

Mrs Elizabeth Kikkert MLA, Chair

Mr Michael Pettersson MLA, Deputy Chair

Mr Andrew Braddock MLA

## Secretariat

Mr Samuel Thompson, Committee Secretary (from 29 August 2021)

Ms Annemieke Jongsma, Committee Secretary (to 29 August 2021)

Ms Lydia Chung, Administrative Assistant

Mr Nick Byrne, Administrative Assistant

## Contact us

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## About this inquiry

Under its resolution of establishment, the Standing Committee on Public Accounts examines all reports of the Auditor-General which have been presented to the Legislative Assembly. Specifically, the resolution requires the Committee to inquire into and report on reports of the Auditor-General which have been presented to the Assembly.

## Acronyms

Acronym	Long form
ACT	Australian Capital Territory
CMTEDD	Chief Minister, Treasury, and Economic Development Directorate
HR	Human Recourses
ICT	Information and Communication Technology
MLA	Member of the Legislative Assembly
QMAC	Quality and Measurement Advisory Committee

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# Recommendations

## Recommendation 1

The Committee recommends the ACT Government continue to remove duplication of services and increase efficiencies across government in the delivery of HR and finance services.

## Recommendation 2

The Committee recommends the ACT Government continue its work to reduce the cost of a payslip.

# **1. Introduction**

## **Preliminary**

- 1.1. Reports of the Auditor-General form a significant part of the Committee's work. The Committee has an important role to follow-up on the reports and recommendations of the Auditor-General.
- 1.2. Where the Committee determines a report of the Auditor-General requires further examination by the Committee, it may conduct a formal inquiry into the matter. This may include calling for written submissions, hearing from witnesses, and preparing a written report for presentation to the Legislative Assembly.

## **Acknowledgements**

- 1.3. The Committee acknowledges those who contributed to its inquiry, including the Auditor-General, the responsible Minister, and directorate officials.

## 2. Conduct of inquiry

### Referral and decision to further inquire

- 2.1. Auditor-General's Report No. 1 of 2020 *Shared Services Delivery of HR and Finance Services* (the Audit Report) was presented to the Legislative Assembly on 2 April 2020.
- 2.2. The Audit Report examined and considered the effectiveness of Shared Services' delivery of HR and finance services to ACT Government directorates and agencies.
- 2.3. In accordance with the resolution of establishment of the Standing Committee on Public Accounts (the Committee), the Audit Report was referred to the Committee for examination.
- 2.4. The Government Response to the Audit Report was presented to the Assembly on 18 June 2020.
- 2.5. On 11 May 2021 the Committee formally announced to the Assembly it would be undertaking further inquiry into the Audit Report.

### Conduct of inquiry

- 2.6. On 17 May 2021 the Committee received a briefing from the Auditor-General and his staff in relation to the Audit Report.
- 2.7. On 10 June 2021 the Committee heard evidence from the Special Minister of State Mr Chris Steel MLA, and senior officials of the Chief Minister, Treasury, and Economic Development Directorate responsible for Shared Services.
- 2.8. On 8 December 2021 the Committee met to consider the Chair's draft report on its inquiry.
- 2.9. On 8 December 2021 the Committee adopted the Report on its inquiry for presentation to the Legislative Assembly.



### 3. Audit background and outcomes

- 3.1. This chapter presents an overview of the Auditor-General's Audit Report No 1 of 2020: *Shared Services Delivery of HR and Finance Services* (the Audit Report) including its findings and recommendations.

#### Audit background

- 3.2. Shared Services is the ACT Government's provider of finance, human resources (HR), and information, communication, and technology (ICT) services. Shared Services is a part of the Chief Minister, Treasury, and Economic Development Directorate. It seeks to provide these services to directorates and agencies to allow them to focus on their core activities of policy advice, service delivery and regulation. Shared Services commenced in 2007 with the intention of achieving efficiencies, reducing duplication, and enhancing corporate services.<sup>1</sup>
- 3.3. The Audit Report considers the effectiveness of Shared Services' delivery of HR and finance services to ACT Government directorates and agencies.<sup>2</sup>

#### Audit conclusions

- 3.4. The Audit Report concluded that, in relation to governance arrangements for the delivery of services, 'arrangements for the oversight of Shared Services' delivery of HR and finance services to ACT Government directorates and agencies had not been effective. While a range of governance mechanisms had been put in place, they were not consistently applied or effective in their implementation.'<sup>3</sup>
- 3.5. The Audit Report found that a Services Partnership Agreement developed and agreed in October 2013 between Shared Services and the ACT Government Strategic Board,<sup>4</sup> setting out a basic framework for the delivery of services, was discontinued in May 2016 without sufficient explanation.<sup>5</sup> In the Agreement's absence, there had been no similar mechanism for the purchaser-provider relationship between directorates, agencies, and Shared Services.<sup>6</sup>

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<sup>1</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General's Report No 1, 2020, p 3.

<sup>2</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General's Report No 1, 2020, p 3.

<sup>3</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General's Report No 1, 2020, p 3.

<sup>4</sup> The Strategic Board is comprised of the Head of Service (as its Chair), all Directors-General, and other whole of government roles.

<sup>5</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General's Report No 1, 2020, p 3.

<sup>6</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General's Report No 1, 2020, p 3.

- 3.6. The Audit Report concluded ‘a series of governance and oversight bodies were also established, which were expected to have a key role in the governance and oversight of Shared Services and its delivery of services to ACT Government agencies’.<sup>7</sup> The Audit Report continued stating the Customer Council, considered a main forum for Shared Services’ accountability, was not operating effectively as a governance and oversight mechanism following the discontinuation of the Services Partnership Agreement.<sup>8</sup>
- 3.7. The Audit Report found ‘the Finance Collaboration Forum and HR Collaboration Forum were effective forums for Shared Services and directorates and agencies to discuss service initiatives and issues associated with service delivery’. The Audit Report states, ‘In July 2019 the Quality and Measurement Advisory Committee [QMAC] was established to replace the Customer Council.’<sup>9</sup> Arrangements put in place for the establishment and administration of the committee were, at the time of the Audit Report, expected to address shortcomings that were associated with the Customer Council.<sup>10</sup> The Audit Report found that in its short period of operation the QMAC had commenced some positive initiatives.<sup>11</sup>
- 3.8. The Audit Report concluded that, in relation to service delivery, ‘recent customer satisfaction surveys have shown mixed results including a continuing decline in satisfaction with HR services (since 2015) and an increase in satisfaction with finance services between 2018 and 2019’.<sup>12</sup> The most recent exercise, at the time of the Audit Report, to benchmark Shared Services’ performance, conducted in 2018 and reported in January 2019, did not in the Auditor-General’s view, provide sound and useful information on Shared Services’ performance.<sup>13</sup> The Audit Report found that ‘many of the measures against which Shared Services is benchmarked are not relevant and the reporting of results does not give an accurate view of its performance’ and ‘considerable attention needs to be given towards developing a robust methodology and reporting processes for future benchmarking exercises’.<sup>14</sup>

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<sup>7</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General’s Report No 1, 2020, p 3.

<sup>8</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General’s Report No 1, 2020, p 3.

<sup>9</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General’s Report No 1, 2020, p 3.

<sup>10</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General’s Report No 1, 2020, p 3.

<sup>11</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General’s Report No 1, 2020, pp 3–4.

<sup>12</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General’s Report No 1, 2020, p 4.

<sup>13</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General’s Report No 1, 2020, p 4.

<sup>14</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General’s Report No 1, 2020, p 4.

## Audit recommendations

- 3.9. A summary of Audit Report recommendations is provided in the table below. The right column of the table indicates the position the ACT Government adopted for the relevant recommendation in its response to the Audit Report.

Audit-Report Recommendation <sup>15</sup>	Government Position <sup>16</sup>
<p><b>R1</b>—Shared Services, in cooperation with directorates and agencies and under the auspice of the Quality and Measurement Advisory Committee, should develop and agree a services agreement (or similar document) with directorates and agencies which:</p> <ul style="list-style-type: none"> <li>a) identifies and documents respective roles and responsibilities;</li> <li>b) documents mechanisms that govern service delivery and assurance;</li> <li>c) performance management arrangements; and</li> <li>d) how often the agreement will be reviewed.</li> </ul> <p>The recently developed Draft Services Catalogue (August 2019) commissioned by the Quality and Measurement Advisory Committee could serve as a foundation for the agreement.</p>	Agreed
<p><b>R2</b>—In conjunction with Recommendation 1, Shared Services should agree and document with directorates and agencies how strategic human resources and finance teams:</p> <ul style="list-style-type: none"> <li>a) access Shared Services’ more complex services; and</li> <li>b) escalate and resolve complex service delivery issues.</li> </ul>	Agreed
<p><b>R3</b>—Shared Services should improve its risk management activities to ensure:</p> <ul style="list-style-type: none"> <li>a) risk assessments are comprehensive and accurate;</li> <li>b) treatments effectively address the risk and are assigned to a specific responsible individual or position;</li> <li>c) strategic and operational risk registers are clearly linked; and</li> <li>d) managers at all levels of the organisation can clearly understand the risk treatments they are responsible for and are able to evidence their risk management activity.</li> </ul>	Agreed

<sup>15</sup> ACT Audit Office, *Shared Services Delivery of HR and Finance Services*, Auditor General’s Report No 1, 2020, pp 11–12.

<sup>16</sup> ACT Government, *Government Response to the Auditor-General’s Report No 1 of 2020*, June 2020, pp 1–4 (tabled 18 June 2020).

<p><b>R4</b>—Shared Services, in cooperation with directorates and agencies through the Quality and Measurement Advisory Committee, should develop and agree an approach to benchmarking of its services that:</p> <ul style="list-style-type: none"> <li>a) uses measures that are directly relevant and focused on Shared Services, its activities and accountabilities;</li> <li>b) provides transparency in the nature of organisations and activities against which it is benchmarked; and</li> <li>c) makes qualified comparisons with commercial entities.</li> </ul>	<p>Agreed in principle</p>
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## 4. Committee comment

### Implementation of Audit Report recommendations

- 4.1. During its hearing on 10 June 2021 the Committee inquired into how the ACT Government had implemented the Auditor-General's recommendations set out in the Audit Report.<sup>17</sup> The Committee is pleased to have heard that, on the evidence provided to it, work has been undertaken to implement all the Auditor-General's recommendations. The Committee acknowledges this effort.

### Duplication of services

- 4.2. During its hearing on 10 June 2021 with the Special Minister of State and officials, the Committee inquired into the duplication of services between Shared Services and directorates.<sup>18</sup> The Committee views the role of Shared Services in removing duplication of services across government and improving the efficiency of service delivery to government as an important one. The Committee is of the view that the ACT Government should continue to prioritise the removal of services duplication within directorates to improve the efficiency of human recourse and finance services delivery to government.

#### Recommendation 1

The Committee recommends the ACT Government continue to remove duplication of services and increase efficiencies across government in the delivery of HR and finance services.

### Cost of payslips

- 4.3. During its hearing on 10 June 2021 with the Special Minister of State and officials, the Committee heard evidence making mention of the cost of a payslip.<sup>19</sup> The Committee subsequently inquired into the actual cost of producing and processing a payslip and received evidence stating that the cost is roughly \$18 per payslip; depending on how this is calculated.<sup>20</sup> The Committee is of the view that the ACT Government should continue to work to reduce the cost of a payslip, given the compounding benefits a reduction in this cost would continue to have over time.

#### Recommendation 2

The Committee recommends the ACT Government continue its work to reduce the cost of a payslip.

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<sup>17</sup> *Committee Hansard*, 10 June 2021, pp 6–10.

<sup>18</sup> *Committee Hansard*, 10 June 2021, pp 12–15.

<sup>19</sup> *Committee Hansard*, 10 June 2021, pp 10 and 16.

<sup>20</sup> *Committee Hansard*, 10 June 2021, p 17.

## 5. Conclusions

- 5.1. The Committee is of the view that the Auditor-General's report has shed light on key issues relating to Shared Services' delivery of HR and finance services. The Committee endorses the Auditor-General's recommendations to the ACT Government seeing each as needed to improve Shared Services operations.
- 5.2. The Committee, however, acknowledges Shared Services implementation of the Auditor-General's recommendations and commends the ACT Government's efforts made in relation to those recommendations to date.
- 5.3. The Committee is of the view that Shared Services must, however, continue to improve its delivery of HR and finance delivery services. This is particularly the case in relation to the duplication of services between Shared Services and directorates and allowing the cost of producing and processing payslips. It is for this reason that the Committee has made two recommendations in relation to its inquiry into the Audit Report.

Mrs Elizabeth Kikkert MLA

Chair, Standing Committee on Public Accounts

9 December 2021

# Appendix A: Witnesses

**10 June 2021**

## Special Minister of State Portfolio

**Mr Chris Steel MLA**, Special Minister of State

**Mr Stephen Miners**, Acting Under Treasurer

**Mr Shaun Strachan**, Deputy Under Treasurer, Commercial Services and Infrastructure, CMTEDD

**Mr Graham Tanton**, Executive Group Manager, Shared Services and ACT Insurance Authority, CMTEDD

## ACT Audit Office

**Mr Michael Harris**, Auditor-General

**Mr Brett Stanton**, Assistant Auditor-General, Performance Audit