Delivering Services to Citizens and Consumers
via Devices of Personal Choice:
Phase 1 – Interim Report

Delivering Services to Citizens and Consumers via Devices of Personal Choice: Phase 1 – Interim Report

The Hon. Bruce Atkinson MLC
President
Legislative Council
Parliament House
Melbourne

The Hon. Telmo Languiller MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my report on the audit *Delivering Services to Citizens and Consumers via Devices of Personal Choice: Phase 1 – Interim Report*.

This audit examined the effectiveness of governance arrangements for implementing the strategies for migrating services online via digital devices. This includes reviewing information and communications technology (ICT) governance framework arrangements and examining the delivery of the *Victorian Government Digital Strategy*. The audit also examined the digital engagement approach and transitioning of service transactions required to achieve a whole-of-public-sector approach to delivering services online via digital devices.

I have found a lack of control at a whole-of-public-sector level—particularly weak strategic leadership and ownership of ICT governance. As a result, a coordinated and effective whole-of-public-sector approach to digital service delivery has yet to be achieved.

I have made three recommendations to help strengthen ICT strategic leadership and governance across the public sector.

In an effort to improve technology outcomes within the Victorian public sector my office will continue to maintain vigilance across the ICT portfolio.

Yours faithfully

John Doyle
Auditor-General

10 June 2015

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John Doyle
Auditor-General

Every day Victorians routinely access information and conduct transactions via mobile devices such as smart phones and tablets. Digital service delivery is becoming an essential component of contemporary government. However, when surveyed in a 2014 independent global study, only 52 per cent of Victorians are satisfied with services provided by the Victorian Government online.

This audit examined the effectiveness of governance frameworks, monitoring and oversight processes, service transaction costing and digital engagement processes to ensure government departments and agencies are prepared and capable of delivering digital services.

Consistent with previous audits, including my recent *Digital Dashboard* audit which looked at the status of information and communication technology (ICT) projects and initiatives, I continue to find ineffective governance, weak strategic leadership and ownership of ICT across the public sector. Despite the clarity of purpose and responsibilities outlined in the *Victorian Government ICT Governance Framework* and strategies, those accountable for the engagement, oversight and implementation of digital service delivery still missed the mark. As a result, a coordinated and effective whole-of-public-sector approach to digital service delivery has yet to be achieved.

The Victorian Government's ability to provide a robust, secure and timely whole-of-public-sector approach to digital service delivery will continue to be undermined unless appropriate measures are taken to address the ownership and ICT governance issues. On that basis, I feel compelled to include a number of good governance principles and digital engagement characteristics within this report to help fill the gap evidenced to date.

I am encouraged by the recently announced review of the ICT portfolio and governance arrangements by the Department of Premier and Cabinet and particularly the launch of Service Victoria which will commence planning for a new whole-of-public-sector service capability.

I remain optimistic that vital governance and strategic leadership reforms will occur in the very near future. It is imperative, however, that these reforms embed effective ICT coordination, guidance and assurance processes across the public sector.

Audit team

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Michael Herbert

This audit highlights the need for my office to maintain vigilance across the ICT portfolio within the Victorian public sector. Despite being hampered by limited resources, and an outdated mandate which restricts me from examining public sector services and projects undertaken by the private sector, my office will continue to apply greater scrutiny and analysis of ICT projects and initiatives through the conscientious lens of independent enquiry on behalf of Victorian taxpayers.

John Doyle
Auditor-General
June 2015

Audit summary

Citizens and consumers are increasingly accessing services via digital devices, including smart phones, tablets and laptops. The *Victorian Government ICT Strategy* (ICT Strategy), as the overarching strategy, was released in February 2013 and updated in March 2014. It was intended to drive the migration of government services online via digital devices and provided high-level direction on the design and use of information and communication technology (ICT) to deliver better government services.

In response to the growing demand for digital service delivery, the *Victorian Government Digital Strategy* (Digital Strategy) was implemented in December 2013. It was an action outcome of the ICT Strategy and was designed to provide coordination, direction and encouragement for government departments and in-scope agencies to deliver current and new services digitally.

This audit examined the strategies in place to deliver services via digital devices, how these strategies were being implemented, and the extent to which services were already being provided.

As a result of the January 2015 machinery-of-government changes, this audit will be reported in two phases. The first phase will examine governance arrangements, including the *Victorian Government ICT Governance Framework* (ICT Governance Framework). The delivery of the Digital Strategy, digital engagement approach, and transition of service transactions online will also be examined.

The second phase will audit the implementation, monitoring and evaluation of service delivery by selected departments and agencies.

Conclusion

A coordinated and effective whole-of-public-sector approach to digital service delivery has yet to be achieved.

ICT governance and ownership arrangements remain in a state of change, and until they are effectively addressed, this will continue to undermine the establishment of any well-coordinated and integrated whole-of-public-sector approach to digital service delivery. Effective ICT governance through coordination, guidance and assurance processes is required to ensure the successful delivery and sustainability of a public sector approach to digital service delivery.

Findings

Effectively migrating to digital service delivery, and implementing the ICT Strategy and Digital Strategy, requires an appropriate governance framework, including effective strategic leadership, coordination, implementation, monitoring and reporting.

There was weak strategic leadership and ownership of whole-of-public-sector ICT governance. This was further exacerbated by ineffective coordination and implementation mechanisms and weak monitoring and accountability mechanisms in the Digital Strategy.

Departments and agencies faced challenges and difficulties in consistently mapping and estimating the types, volumes and costs of service transactions, as part of whole-of-public-sector efforts to transition them online.

Strategic leadership – ICT Governance Framework

Since 2013, responsibility for the whole-of-public-sector ICT portfolio has transferred twice—from the Department of Treasury and Finance to the former Department of State Development, Business and Innovation and most recently, to the Department of Premier and Cabinet.

The ICT Governance Framework was developed and implemented in September 2013 to deliver ICT-enabled government services. The scope of the ICT Governance Framework was limited to all Victorian government departments and 11 in-scope agencies. It did not apply to all Victorian government agencies.

The profiles and roles of key governance bodies, such as the Victorian Secretaries Board or Deputy Secretaries Leadership Group, as key authorising stakeholders for the ICT and digital agenda, should be further strengthened to increase the strategic governance leadership and influence on senior management of departments and agencies.

Delivery of the Digital Strategy

When the ICT Strategy was updated in March 2014, the Digital Strategy was integrated as action outcomes in the revised strategy. We focused on the delivery of the Digital Strategy in four key areas:

- **Coordination and implementation**—the Digital Strategy's action plan was not fully supported and implemented to date. Departments and agencies were not held accountable for the timely implementation of outputs.
- **Monitoring and reporting**—there were no appropriate performance measurements for monitoring and for collecting relevant or sufficient data from departments and in-scope agencies about progress on the Digital Strategy's action plans or on digital service standards.

- **Digital engagement**—there was an ineffective approach to digital engagement, without suitable digital readiness assessment or tools to drive digital readiness and monitor progress effectively.
- **Transitioning service transactions online**—there were challenges and difficulties in mapping and estimating the types, volumes and costs of service transactions, as well as a lack of a suitable cost attribution methodology to determine the service transaction costs to operate, including all the attributable cost components to deliver the services.

Recommendations

Number	Recommendation	Page
	That as part of its wider public sector reform agenda, the Department of Premier and Cabinet develops and implements:	
1.	fit-for-purpose governance structures, in line with industry better practice that incorporate:	21
	• strategic leadership and effective guidance to establish and deliver a whole-of-public-sector ICT approach, including defined roles and responsibilities, as part of a whole-of-public-sector service delivery strategy	
	• robust and effective monitoring and accountability mechanisms to regularly report on the development, adoption and benefit of ICT across the whole of public sector	
2.	a cost attribution methodology, to be used across the public sector, for determining the costs components of delivering services for a more effective and efficient transition of service transactions to online	21
3.	an integrated whole-of-public-sector digital engagement approach with effective engagement, coordination and assurance processes to drive digital readiness and service delivery using digital devices across departments and agencies.	21

Submissions and comments received

We have professionally engaged with the Department of Premier and Cabinet throughout the course of the audit. In accordance with section 16(3) of the *Audit Act 1994* we provided a copy of this report to the Department of Premier and Cabinet and requested their submissions or comments.

We have considered those views in reaching our audit conclusions and have represented them to the extent relevant and warranted. Their full section 16(3) submissions and comments are included in Appendix A.

1 Background

1.1 Introduction

The rapid growth in the use of digital devices in the community is challenging the public sector's ability to effectively engage with citizens and consumers when delivering services and providing information.

A 2014 independent global study on user satisfaction with digital government services suggests that about 52 per cent of Victorians are satisfied with government services online. However, there are increasing demands for government services to be delivered online and to be accessible anytime, anywhere, via any digital device.

1.2 Growth in digital service delivery

The adoption of digital devices, in particular the use of mobile devices, has steadily increased as smartphones, laptops and tablets have become more powerful and mobile internet connectivity has improved.

The Australian Communications and Media Authority's (ACMA) *Communications report 2013–14* suggests that there are 31.01 million mobile voice and data services utilised in Australia. Citizens and consumers are engaging more intensively online, downloading more data and making greater use of mobile handsets than in previous years. In the six months to May 2014, 68 per cent of internet users accessed the internet via three or more devices. Mobile phones and laptops were the most popular devices followed by personal desktop computers and tablets.

According to ACMA, existing mobile phone handsets are increasingly being replaced with smart phones, with 12.07 million people using a smart phone at May 2014, an increase of 8 per cent since May 2013. This has led to an increase in mobile phone internet subscribers—up by 5 per cent in the 12 months to June 2014, reaching 20.57 million subscribers across Australia.

ACMA reported increases in people accessing the internet and in the volume of data downloaded by mobile phones, as shown in Figures 1A and 1B.

Figure 1A

Percentage of people 18 years and over accessing the internet via mobile phones

Used the internet via a mobile phone

May-14	70
May-13	62
May-12	51

Source: Communications report 2013–14, Australian Communications and Media Authority.

Figure 1B

Volume of downloaded data (terabytes) via mobile phones

Mobile handset

Jun-14	38,734
Jun-13	19,636
Jun-12	9,943
Jun-11	3,695
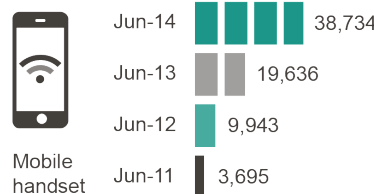
Source: Communications report 2013–14, Australian Communications and Media Authority.

This evidence suggests—and online service providers now recognise—that citizens and consumers are accessing the internet via mobile devices more than ever before.

In response to the growing demand for services that are accessible via multiple digital devices, governments such as the Australian Federal Government, United Kingdom, New Zealand, Canadian and Singapore governments are continuously rethinking their online strategies and moving to a more transparent and customer-focused digital service delivery model across departments and/or agencies.

Typical examples of government services being delivered via digital devices are:
- birth, death and marriage certificates
- driver license renewals
- vehicle registration renewals.

1.3 Governance and strategies for the government ICT portfolio

The Victorian Government established four key strategies and frameworks between 2013 and 2014. They were designed to provide high-level strategic direction on the design and use of information and communications technology (ICT) to deliver better government services, as shown in Figure 1C.

Figure 1C
Victorian government ICT governance framework and strategies
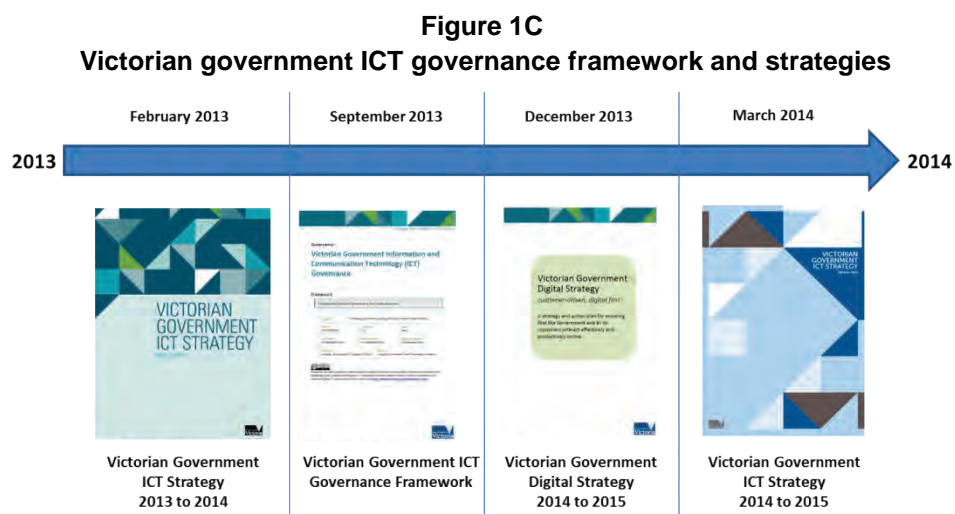
Source: Victorian Auditor-General's Office.

These four documents applied to all the Victorian Government departments and to 11 in-scope agencies—Victoria Police, VicRoads, the State Revenue Office, the Environment Protection Agency, Public Transport Victoria, the Country Fire Authority, the State Emergency Service, Ambulance Victoria, the Emergency Services Telecommunications Authority, CenITex, and the Metropolitan Fire and Emergency Services Board.

1.3.1 *Victorian Government ICT Strategy 2013 to 2014*

The *Victorian Government ICT Strategy* (ICT Strategy) was released in February 2013. It was a key government blueprint for driving the migration of government services online via digital devices and for strengthening technology policy, governance and planning fundamentals to set up greater collaboration. This was to create an impetus for reforming ICT procurement and management.

The ICT Strategy 2013 to 2014 included 50 actions categorised under the areas of engagement, investment and capability.

1.3.2 *Victorian Government ICT Governance Framework*

The *Victorian Government ICT Governance Framework* (ICT Governance Framework) was issued in September 2013 and clearly outlined the ICT roles and responsibilities, as well as guiding principles for establishing ICT governance within departments and in-scope agencies. The ICT Governance Framework was pivotal to the effective implementation of the ICT Strategy.

1.3.3 *Victorian Government Digital Strategy*

The *Victorian Government Digital Strategy* (Digital Strategy) was released in December 2013, to cover the period of 2014 to 2015, as a strategy and action plan for ensuring that the Victorian Government and all its customers interact effectively and productively online. The Digital Strategy also provided coordination, direction and encouragement to departments and in-scope agencies for their current and new digital activities.

The Digital Strategy was based on the following seven foundation principles:
- reduce customer effort
- engage customers through the digital channel first
- organise information and services by the customers' needs, not the agencies'
- make content and features convenient and easy to find, use and act upon
- improve productivity for customers and government
- interact with customers and learn from them
- provide an accessible and secure online experience.

1.3.4 *Victorian Government ICT Strategy 2014 to 2015*

The ICT Strategy was updated in March 2014 and adopted 10 principles to guide ICT decision-making. The first principle—policy and service delivery programs will use popular digital channels—focused on government continuing 'to make its information and services easier to access and use through digital channels, including popular consumer technologies such as smart phones, tablets and social media'.

The ICT Strategy 2014 to 2015 included 28 new actions, categorised under the areas of digital channels, data, infrastructure, new delivery models, security, standardised systems and processes, and deepen capability.

The separately developed Digital Strategy was integrated to become action outcomes of the revised strategy such as action items 4, 8, 9, 53, 55 and 56 which are detailed in Figure 2A of this report. Action items 8, 9 and 56 relate specifically to the Victorian Transactions Reform Project (VTRP).

1.4 ICT Governance Framework

Before the January 2015 machinery-of-government changes, the ICT Governance Framework identified the following stakeholders, from the highest levels across the departments and in-scope agencies as the owners and responsible bodies, accountable for the successful delivery of ICT-enabled government services:
- **Chief Technology Advocate (CTA)**—the CTA, formerly within the Department of State Development, Business and Innovation (DSDBI), was responsible for the ongoing development, implementation, monitoring and review of the ICT portfolio, including the ICT Strategy, Digital Strategy and ICT Governance Framework.

- **Digital Government Branch**—the Department of Premier and Cabinet's (DPC) Digital Government Branch, formerly within the Department of Treasury and Finance and the former DSDBI, played a critical supportive role in fulfilling the CTA's roles and responsibilities.
- **Chief Information Officer (CIO) Council**—the CIO Council consisted of representatives from all departments and in-scope agencies. Chaired by a senior agency CIO with support from the CTA, the CIO Council was the senior executive coordination and collaboration body responsible for ICT governance and management across the Victorian public sector, including ICT architecture, policies, standards and operational issues.
- **CIO Executive Council**—chaired by the CTA, the CIO Executive Council consisted of a smaller strategically focused group of departmental CIOs, and focused on developing ICT strategic policies which were difficult or unsuitable for consideration by the whole CIO Council.
- **Victorian Information and Communications Technology Advisory Committee (VICTAC)**—chaired by the CTA, VICTAC was the key strategic ICT advisory body to the then Minister for Technology from the previous Victorian Government and the CTA. Its membership consisted of selected private sector and selected departmental/agency CIOs.

Figure 1D
Victorian Government ICT Governance Framework
(before January 2015 machinery-of-government changes)
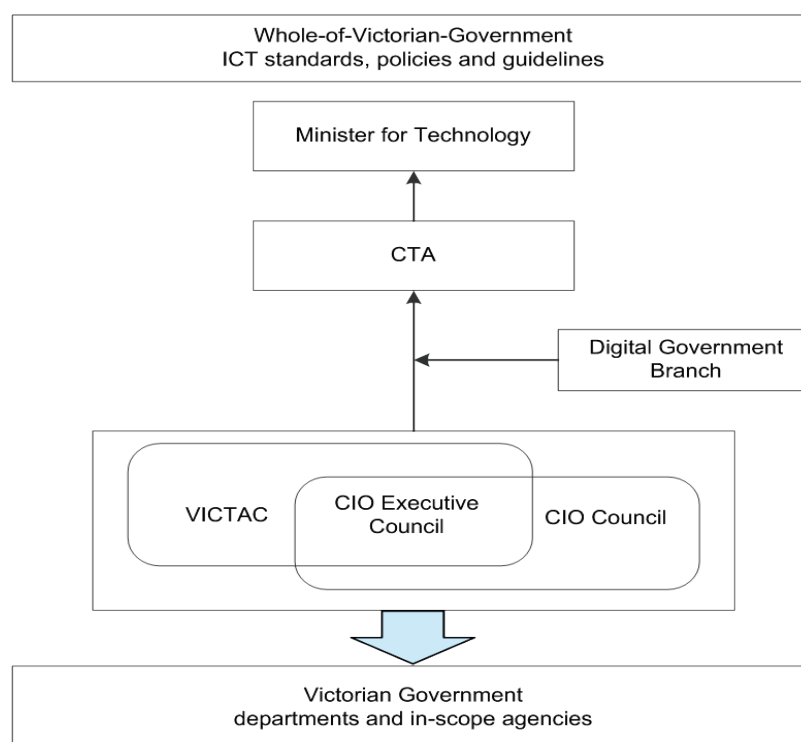
Source: Victorian Auditor-General's Office, based on the *Victorian Government ICT Governance Framework*.

The ICT Governance Framework, which detailed these roles and responsibilities, noted 'the success of delivering ICT-enabled government services relies on engagement in, ownership of, and accountability for the efficient, effective and acceptable use of ICT at the highest level across government'.

Following the January 2015 machinery-of-government changes, DPC now has responsibility for overseeing the use of ICT across the public sector. Shortly before the tabling of this report, DPC commenced a review of service delivery across the public sector. The outcomes of this review will impact current ICT governance arrangements, including the ICT Governance Framework and delivery of the Digital Strategy.

1.5 Victorian Transactions Reform Project

DPC is currently leading the whole-of-public-sector effort to migrate government services online via digital devices through the VTRP. The VTRP—jointly initiated and sponsored in December 2013 by DPC and the CTA of the former DSDBI—was to develop a business case to support investment in reforming service delivery across the whole public sector.

Together with strategic leadership oversight from departmental deputy secretaries and subject matter expertise from the business divisions of participating departments and agencies, the VTRP aims to integrate service delivery across the public sector and improve its efficiency and effectiveness.

This is now publicly known as Service Victoria which is the Victorian Government's push to streamline and enhance government service delivery.

1.6 Audit objectives and scope

The objective of this audit was to examine strategies for delivering services online via digital devices, how these strategies were being implemented, and the extent to which services were already being provided.

The audit examined:
- the implementation of underlying government strategies for migrating services online via digital devices
- approaches for determining which services would be delivered online via digital devices
- the ongoing monitoring of the effectiveness and public utilisation of digital service delivery.

As a result of the January 2015 machinery-of-government changes and the current DPC review of how business services are delivered across the public sector, this audit has been changed, and will now be reported on in two phases.

1.6.1 Phase 1

Phase 1 focuses on the governance arrangements for implementing the whole-of-public-sector strategies for migrating services online via digital devices, before the January 2015 machinery-of-government changes. It includes:

- reviewing ICT governance framework arrangements
- examining the delivery of the Digital Strategy including:
    - coordination and implementation
    - monitoring and reporting
    - digital engagement approach to drive digital readiness
    - transitioning of service transactions online.

Phase 1 also includes better practice guidance on ICT governance arrangements and digital engagement.

1.6.2 Phase 2

Phase 2 will examine in detail the agency approaches to determining which services will be delivered online via digital devices and the ongoing monitoring of the effectiveness and public utilisation of digital services.

The examination of service delivery implementation will include:

- analysis of the existing end-to-end service transactions by audited agencies, including common challenges, issues and inefficiencies faced by agencies in designing and delivering services online via digital devices
- case studies of service delivery by different agencies to highlight positive service delivery approaches.

The examination of the monitoring and evaluation of service delivery will look at:

- agencies' ability to monitor and analyse service delivery performance
- current public utilisation of government services via digital devices.

Phase 2 will be reported on in 2015–16.

1.7 Audit method and cost

This audit included an examination of documents and interviews with agency staff. Other official documents and published research were also used.

The audit team attended and observed back-end support operations for processing transactions at selected agencies during normal operating hours. The capability and functionality of applications currently delivering government services online via digital devices were also analysed.

The audit was performed in accordance with the Australian Auditing and Assurance Standards. Pursuant to section 20(3) of the *Audit Act 1994*, unless otherwise indicated any persons named in this report are not the subject of adverse comment or opinion.

The cost of the audit was $260 000.

2 ICT governance

At a glance

Background

This Part examines the Victorian Government's information and communications technology (ICT) governance, including the *Victorian Government ICT Governance Framework*, the delivery of the *Victorian Government Digital Strategy* (Digital Strategy), the digital engagement approach and the transitioning of service transactions online.

Conclusion

A coordinated and effective whole-of-public-sector approach to digital service delivery has yet to be achieved.

Findings

- There was weak strategic leadership and ownership of the whole-of-public-sector ICT governance.
- Coordination and implementation of the Digital Strategy was ineffective.
- Weak monitoring and reporting mechanisms resulted in departments and agencies not being held accountable for progress in delivering the Digital Strategy.
- Digital engagement to drive digital readiness was ineffective.
- Departments and agencies faced challenges and difficulties in mapping and estimating the types, volumes and costs of service transactions, as part of efforts to transition them online.

Recommendations

That the Department of Premier and Cabinet develops and implements:
- fit-for-purpose governance structures that incorporate:
  - strategic leadership and effective guidance to establish and deliver a whole-of-public-sector ICT approach
  - robust and effective monitoring and accountability mechanisms
- a whole-of-public-sector service transaction cost attribution methodology
- an integrated whole-of-public-sector digital engagement approach.

2.1 Introduction

Due to the growth in the use of smart devices and improved mobile internet connectivity, the public sector needs to continuously innovate its service delivery and the way it provides information and services, to effectively engage with citizens and consumers.

The transition to delivering services online via digital devices requires an effective information and communications technology (ICT) governance framework and ICT solution. ICT governance within the public sector is critical to the effective implementation of strategies and to effective stewardship. When implemented well, ICT governance not only delivers an essential oversight mechanism but also ensures that the underlying ICT strategies contribute positively to a whole-of-public-sector digital service delivery.

This audit examined whole-of-public-sector ICT governance, which included the *Victorian Government Information and Communication Technology Governance Framework* (ICT Governance Framework) and the delivery of the *Victorian Government Digital Strategy* (Digital Strategy), which aimed to achieve a whole-of-public-sector approach to delivering services via digital devices of personal choice.

2.2 Conclusion

A coordinated and effective whole-of-public-sector approach to digital service delivery has yet to be achieved due to weak strategic leadership and ownership of the whole-of-public-sector ICT governance. This issue was further exacerbated by the ineffective coordination and implementation of the Digital Strategy, together with weak monitoring and accountability mechanisms. There was also ineffective digital engagement to drive digital readiness. Departments and agencies faced challenges and difficulties in consistently mapping and estimating the types, volumes and costs of service transactions, as part of their efforts to transition them online.

As a result of the 2014 change of government and January 2015 machinery-of-government changes, the ICT Governance Framework and associated strategies are in a state of change and currently under review. This instability will continue to undermine the establishment of any well-coordinated and integrated whole-of-public-sector approach to delivering public services online effectively and efficiently.

2.3 *Victorian Government ICT Strategy 2014 to 2015*

The *Victorian Government ICT Strategy 2014 to 2015* (ICT Strategy) contained eight actions relevant to this audit. These are detailed in Figure 2A.

Figure 2A
ICT Strategy actions related to service delivery online via digital devices

Number	Title
4	Develop a Channel Strategy: channel selection; identify high volume transactions.
8	Agencies commence transition of key services online.
9	Agencies complete transition of frequent transaction services online.
38	Review and implement ICT governance and organisational structures.
43	Develop a whole-of-government ICT governance and guidelines framework.
53	Agencies to implement actions arising from the Victorian Government Digital Strategy at http://digital.vic.gov.au/policies- standards-guidelines/digital-strategy/.
55	Provide guidance to agencies to improve the user experience for citizens and businesses when engaging with government services—based on taking a 'customer in' point of view, research, community engagement and user-testing.
56	Develop and commence delivery of a strategy to identify and improve the highest volume interactions between government and citizens—in consultation with the Victorian community.

Source: Victorian Auditor-General's Office based on the *Victorian Government ICT Strategy 2014 to 2015*.

The audit focused on two documents which were key outputs of the ICT Strategy, namely the ICT Governance Framework and the Digital Strategy.

As a result of the 2014 change of government and the January 2015 machinery-of-government changes, the ICT Governance Framework and associated strategies are currently under review.

2.4 Government-wide ICT governance (before January 2015 machinery-of-government changes)

A whole-of-public-sector approach to delivering services via digital devices requires appropriate ICT governance for effective strategic leadership, coordination, implementation, monitoring and reporting.

2.4.1 Strategic leadership – ICT Governance Framework

The ICT Governance Framework was an output relating to two actions of the ICT Strategy, as shown in Figure 2B.

Figure 2B
ICT Governance Framework implementation status

ICT Strategy action	Deliverable output	Implementation status
38 Review and implement ICT governance and organisational structures	ICT Governance Framework	Completed
43 Develop a whole-of-government ICT governance and guidelines framework	ICT Governance Framework	Completed but with limited scope and applicability

Source: Victorian Auditor-General's Office based on the *Victorian Government ICT Strategy 2014 to 2015* and the *Victorian Government ICT Governance Framework.*

Action 38 – Review and implement ICT governance and organisational structures

Since 2013, the whole-of-public-sector ICT portfolio has transferred twice, from the Department of Treasury and Finance (DTF) to the former Department of State Development, Business and Innovation (DSDBI) and most recently, to the Department of Premier and Cabinet (DPC).

Prior to June 2013, the Technology Branch within the Government Services division of DTF was responsible for developing whole-of-public-sector ICT policies, standards and guidelines. However it did not provide the strategic leadership, monitoring or reporting role needed to drive the prioritisation of ICT across the public sector.

The Victorian Government, in its ICT Strategy 2013 to 2014—released in February 2013— acknowledged the gaps in ICT leadership and governance structure and highlighted the need for stronger senior executive business level sponsorship, to ensure successful ICT use across government.

In response, the Chief Technology Advocate (CTA) and Digital Government Branch were established within the former DSDBI. The CTA was assigned responsibility for providing strategic ICT leadership and was responsible for the ongoing development, implementation, monitoring and review of the ICT portfolio and its governance structure across the departments and in-scope agencies. The Technology Branch of DTF became the Digital Government Branch and moved to DSDBI in June 2013 to deliver the ICT Strategy actions and provide increased coordination, monitoring and reporting.

Action 43 – Develop a whole of government ICT governance and guidelines framework

The ICT Governance Framework was developed and implemented in September 2013. It aimed to deliver ICT-enabled government services through engagement in, ownership of, and accountability for the efficient, effective and acceptable use of ICT at the highest level across government.

The scope and applicability of the ICT Governance Framework was limited to Victorian Government departments and 11 in-scope agencies. It therefore did not apply to all Victorian Government agencies.

The CTA together with the Digital Government Branch was responsible for the implementation of the ICT Governance Framework. The Victorian Information and Communications Technology Advisory Committee (VICTAC), as a key strategic advisory body, provided strategic oversight and direction in the development and implementation of the ICT Strategy.

The ICT Governance Framework highlighted the role of the in-scope chief information officers (CIO) in supporting the respective departmental secretaries, deputy secretaries and agency heads.

The Victorian Secretaries Board (VSB)—a senior executive body comprised of all Victorian departmental secretaries—and the Deputy Secretaries Leadership Group (DSLG)—a key governance body that developed operational solutions to whole-of-public service policies and initiatives on behalf of the VSB—however, were not assigned to this key strategic governance role.

The VSB's involvement in the ICT Governance Framework was limited to supporting the ICT Strategy and noting the actions' progress status in the strategy's annual report. Similarly, the DSLG's involvement in the ICT Governance Framework was limited to noting the ICT six-monthly Information Security report.

The profiles and roles of key governance bodies such as the VSB or DSLG—as key authorising stakeholders for the ICT and digital agenda—should be further strengthened to increase the strategic governance leadership and influence on the senior management of departments and agencies.

This would enable improved strategic oversight and direction in developing key whole-of-public-sector ICT policy documents and ICT-related governance structures to drive business needs. This would also increase overall governance and oversight responsibility to support a whole-of-public-sector approach to ICT use and digital service delivery by authorising ICT standards, policies and strategies.

The ICT Governance Framework's limited scope and applicability across the whole of the public sector, combined with the lack of appropriate authorising stakeholders providing strategic governance, contributed to weak strategic leadership and ownership of the ICT governance across the whole of the public sector.

2.4.2 Delivery of the Digital Strategy

The Digital Strategy was released in December 2013 for the period of 2014 to 2015, and was clearly intended as a strategy and action plan for ensuring that the Victorian Government and all its customers interact effectively and productively online. The Digital Strategy was integrated as actions in the revised ICT strategy, released in March 2014. These actions are listed in Figure 2C. We found that these outputs were either not fully implemented, not yet due, incomplete or completed but ongoing.

Figure 2C
Delivery status of the Digital Strategy

ICT Strategy actions	Expected outputs from the Digital Strategy	Delivery status
4 Develop a Channel Strategy: channel selection; identify high volume transactions. Due date: September 2013	The Channel Strategy was expanded to become the Digital Strategy. It emphasised the need to review the use of traditional channels (e.g. telephone, mail, in person) to deliver government services and to preference digital channels (e.g. desktops, laptops, smartphones and tablets) as a more convenient and cost-effective method of delivering services to citizens and consumers.	Digital Strategy completed but not fully implemented
8 Agencies commence transition of key services online. Due date: April 2014	Ongoing responsibility at a whole-of-public-sector level resides with the Victorian Transactions Reform Project (VTRP).	Completed but ongoing
9 Agencies complete transition of frequent transaction services online. Due date: December 2014	Ongoing responsibility at a whole-of-public-sector level resides with the VTRP.	Incomplete
53 Agencies to implement actions arising from the Digital Strategy. Due date: October 2015	Outlines an action plan for departments and relevant agencies.	Not yet due
55 Provide guidance to agencies to improve the user experience for citizens and businesses when engaging with government services, based on taking a 'customer in' point of view, research, community engagement and user-testing. Due date: November 2014	The Digital Strategy outlined seven foundation principles and six critical success factors, and developed a range of tools to help departments and agencies begin or continue towards an advanced, customer focused approach to service delivery.	Incomplete
56 Develop and commence delivery of a strategy to identify and improve the highest volume interactions between government and citizens, in consultation with the Victorian community. Due date: September 2014	Ongoing responsibility at a whole-of-public-sector level resides with the VTRP.	Completed but ongoing

Source: Victorian Auditor-General's Office based on the *Victorian Government ICT Strategy 2014 to 2015* and the *Victorian Government Digital Strategy.*

We focused on the delivery of the Digital Strategy in four key areas:

- coordination and implementation
- monitoring and reporting
- digital engagement
- transitioning of service transactions online.

Coordination and implementation

The ICT Governance Framework clearly stated that the CTA, assisted by the Digital Government Branch, had overall responsibility for the ongoing development, implementation, monitoring and review of the ICT portfolio, including the Digital Strategy, across departments and in-scope agencies.

Despite the clarity of purpose in the ICT Governance Framework, there was ambiguity and uncertainty within the Digital Government Branch about their role in coordinating and implementing the Digital Strategy.

The Digital Government Branch functioned as a facilitator and advisor for departments and in-scope agencies rather than as the entity responsible for effectively coordinating and implementing the ICT and digital agenda.

Effective whole-of-public-sector coordination and implementation of the Digital Strategy requires a definitive direction through an action plan with implementable actions. The Digital Strategy's action plan was not fully supported and implemented to date as the Digital Government Branch believed the Digital Strategy was more of a guidance document. As such, departments and in-scope agencies were not held accountable for the timely implementation of outputs by the Digital Government Branch.

Monitoring and reporting

Although the Digital Strategy was a requirement placed on all departments and in-scope agencies as stated in the ICT Governance Framework, it was also a requirement of the CTA via the Digital Government Branch to monitor and review the implementation. While formal reporting was not due until October 2015, regular or periodic monitoring and reporting is still required to give assurance that the implementation of the Digital Strategy is on track.

There was weak central monitoring and reporting against the Digital Strategy on the departments and in-scope agencies. This was vastly different to the monitoring and reporting activities undertaken for the ICT Strategy, where the Digital Government Branch reported annually to the Victorian Government Cabinet. Progress against these actions was also posted publicly on the government's digital government website, www.digital.vic.gov.au.

The Digital Strategy lacked appropriate performance measures for the Digital Government Branch to collect relevant or sufficient data from departments and in-scope agencies about progress on the Digital Strategy's action plans or on digital service standards. This resulted in departments and in-scope agencies not being held accountable for reporting their respective implementation of the Digital Strategy.

Similar findings have been raised in previous VAGO audits, most recently the 2015 *Digital Dashboard: Status Review of ICT Project and Initiatives* report which found no central data gathering, monitoring or reporting on ICT spend across the public sector.

Digital engagement

Action 55 of the ICT Strategy stated the need to provide guidance to agencies to help them improve the user experience for citizens and businesses when engaging with government services.

Guidance was provided through the website www.digital.vic.gov.au which was designed to demonstrate and promote the use of ICT for service delivery. The Digital Government Branch also provided guidance on good website practices and developed tools to understand and evaluate users' digital experience.

However, collaboration and coordination by the Digital Government Branch was ineffective when it came to digital engagement with departments and in-scope agencies. An effective digital engagement approach involves discovery, prioritisation, collaboration and cooperation among departments and agencies for greater acceptance, readiness and integration with the whole-of-public-sector approach to service delivery online via digital devices.

Digital readiness assessment

The Digital Government Branch provided key department and in-scope agency CIOs with a survey to assess their level of digital readiness and capability. However, audited departments and agencies reported that the survey instrument was not helpful and did not provide any value on assessing their level of digital readiness.

The survey process was poorly implemented and was subsequently discontinued due to resource constraints. This resulted in the Digital Government Branch not being able to analyse the results and brief departments and in-scope agencies on the outcomes. The survey would have been more effective if it had been provided to the department and agency representatives responsible for implementing and monitoring digital strategies, rather than the CIOs.

Digital readiness tools

As part of the Digital Strategy, the Digital Government Branch provided departments and in-scope agencies with digital readiness tools, including the Digital Maturity Goal Matrix, to assist them in understanding their readiness and capabilities. However departments and in-scope agencies were reluctant to use these tools.

The tools provided were primarily geared towards departments and in-scope agencies with relatively low digital readiness and capabilities to assist them in thinking about, and planning for, the move to providing digital services. At that level departments and in-scope agencies acknowledged and embedded the principles of the Digital Strategy, but departments and in-scope agencies who were well advanced in their digital journey did not formally adopt the tools.

Transitioning of service transactions online

Actions 8 and 9 of the ICT Strategy related to the commencement and completion of migrating transaction services online. Action 56 looked at developing and commencing delivery of a strategy to identify and improve the highest volume interactions between government and citizens.

Responsibility for these actions at a whole-of-public-sector level resides with the Victorian Transactions Reform Project (VTRP), now publicly known as Service Victoria.

The VTRP was initiated in December 2013 jointly sponsored by DPC and the CTA of the former DSDBI to develop a business case for investment in a whole-of-public-sector service delivery transaction reform. The VTRP is led by DPC, with support from 25 participating departments and agencies, and aims to improve the efficiency and effectiveness of government transactional service delivery.

As part of the VTRP, preliminary analysis was undertaken by DPC to identify the key service transactions to be delivered online via digital devices. Critical to this process was the collection and analysis of service transaction data via different delivery channels—both non-digital and digital—from participating departments and agencies. Data was collated and consolidated including service transaction volumes by channel, cost to deliver each service transaction.

However, the service transaction data was inaccurate and did not represent a full inventory of service transactions or delivery channels. Specifically, the service transaction types, volumes and costs were incomplete, as only 11 out of 25 participating departments and agencies were able to provide this data:

- Only eight participating departments and agencies provided transaction volume data suitable for analysis.
- Only six participating departments and agencies provided transaction channel data suitable for analysis.
- Only two participating departments and agencies provided transaction cost data suitable for analysis.
- There was a lack of a suitable cost attribution methodology for service transactions across the public sector to assist departments and agencies in the analysis. As a result departments and agencies had difficulties and were not consistently determining the service transaction costs to operate, including all the attributable cost components.

Prior to this analysis, not all departments and agencies had mapped out a complete list of transaction types, volumes and costs, and were not able to provide the required data to DPC during the analysis.

To better support this analysis initiative, there should be a whole-of-public-sector methodology on cost attribution for service transactions to be used by all departments and agencies, to determine the costs of delivering services to citizens and consumers.

2.5   Government-wide ICT governance (after January 2015 machinery-of-government changes)

The change in government in 2014 and the January 2015 machinery-of-government changes have had several impacts:

- the governance and leadership roles of Minister of Technology and CTA have been removed
- following the transition of the whole-of-public-sector ICT portfolio to DPC, the Digital Government Branch has been renamed the Enterprise Solutions Branch with the roles and responsibilities being finalised by DPC
- the status of the CIO Council and CIO Executive Council remain unknown pending DPC's review outcomes
- the role of VICTAC has ceased
- the future of the previously adopted ICT and digital strategies along with related ICT policies, standards and guidelines are under review by DPC
- final reporting on the implementation status of ICT Strategy and Digital Strategy will be released in July 2015.

The continuous uncertainty and instability of the ICT governance risks further deterioration of strategic ICT leadership and oversight required in the Victorian Government. This will also lead to the worsening of an already poorly implemented whole-of-public-sector approach to digital service delivery.

Despite weak coordination, implementation and monitoring of the Digital Strategy by a central entity, some departments and agencies are pushing ahead with delivering services to citizens and consumers via digital devices. However, central leadership and oversight is important for the overall direction and integration of the ICT and digital agenda across the public sector.

Separate from the responsibilities of the ICT Governance Framework, DPC through the launch of Service Victoria is currently leading a whole-of-public-sector approach to develop a process of integrating government service delivery online via digital devices. Hence, the migration of services to digital devices is ongoing at a whole-of-public-sector level.

Whilst not originally viewed as a strategic ICT initiative with its project management function and deliverable outcomes not under the Digital Government Branch's responsibility, Service Victoria has provided continuity to actions 8, 9 and 56 of the ICT Strategy on the commencement and completion of transitioning service transactions online. While Service Victoria is currently in the planning stage and has yet to commence, some progress continue to be made at department and agency level.

2.6   Improving ICT governance

Without comprehensive and urgent action to address these whole-of-public-sector governance arrangements and ownership issues, ineffective strategic ICT governance and poor strategic leadership will continue to undermine the establishment of any well-coordinated and integrated approach to delivering public services online effectively and efficiently.

2.6.1   Principles of corporate governance in ICT

Whole-of-public-sector ICT portfolio is currently under DPC's responsibility within the Governance Policy and Coordination group.

DPC should continue to work with departments and agencies across the public sector to adopt industry better practices related to ICT governance, including, but not limited to, the *Corporate Governance of Information Technology* standard (AS/NZS ISO/IEC 38500:2010). It is noted that this standard was also referenced in the ICT Governance Framework.

This audit outlines in Figure 2D the six key principles based on the same standard along with an emphasis on key considerations for the whole-of-public-sector ICT.

Figure 2D
Principles of good corporate governance in ICT

Principle	Considerations for whole of Victorian public sector ICT
1. Responsibility	• Individuals and groups across the public sector need to understand and accept their responsibilities for actions in respect of both the supply and demand of whole-of-public-sector ICT. They also need to have the authority and mandate to perform those actions. • Responsibilities need to be assigned for the development and implementation of whole-of-public-sector ICT plans, which set directions, and policies, which establish sound organisational behaviour.
2. Strategy	• Whole-of-public-sector ICT strategies need to take into account the current and future capabilities of ICT across the public sector. • External and internal pressures across the public sector need to be considered and evaluated continually.
3. Acquisition	• Whole-of-public-sector ICT acquisitions and procurements need to be made for valid reasons through appropriate and ongoing analysis, with clear and transparent decision-making, which balances the benefits, opportunities, cost and risks in both short term and long term for the public sector.
4. Performance	• Whole-of-public-sector ICT needs to be fit for purpose to support the public sector, and to provide the appropriate level and quality of services required, to meet current and future whole-of-public-sector business requirements. • Whole-of-public-sector ICT projects and initiatives need to be properly planned and managed, taking into account whole-of-public-sector impacts, operational practices and existing ICT systems and infrastructure.

Figure 2D
Principles of good corporate governance in ICT – *continued*

Principle	Considerations for whole of Victorian public sector ICT
5. Conformance	• Whole-of-public-sector ICT needs to comply with all mandatory legislation and regulations. Policies and practices need to be clearly defined, implemented and enforced across the public sector.
	• A culture of good whole-of-public-sector ICT governance needs to be implemented to provide timely information, to comply with direction and to conform to good governance principles.
	• Whole-of-public-sector ICT performance needs to be actively monitored, through suitable measurement systems.
	• Whole-of-public-sector ICT performance needs to conform to whole-of-public-sector ICT plans and policies.
6. Human behaviour	• Whole-of-public-sector ICT policies, practices and decisions within the public sector need to demonstrate respect for human behaviour, including the current and evolving needs of public sector stakeholders and customers.

Source: Victorian Auditor-General's Office based on AS/NZS ISO/IEC 38500:2010 Corporate Governance of Information Technology, Standards Australia / Standards New Zealand.

2.6.2 Characteristics of whole-of-public-sector digital engagement

DPC should enhance its digital engagement with departments and agencies across the public sector to enable effective and efficient collaboration, coordination and service delivery online via digital devices. Outlined in Figure 2E are seven key characteristics of a more proactive digital engagement approach, along with key considerations for whole-of-public-sector ICT.

Figure 2E
Characteristics of digital engagement for whole-of-public-sector ICT

Characteristics	Considerations for whole of Victorian public sector ICT
1. Digital leadership	A high-level digital leadership committee or group needs to be in place, including digital engagement representatives from departments and agencies.
2. Digital governance principles	Digital governance principles with greater management oversight and responsibility need to be clearly defined.
3. Digital communication plans and materials	Digital communication plans and materials need to be developed and disseminated.
4. Digital knowledge management	Repositories or platforms for sharing and exchanging better practice and for the easy access and transfer of digital literacy and knowledge need to be implemented.
5. Digital maturity assessment	A digital maturity assessment tool needs to be developed and implemented.
6. Digital services standards	Mandated digital services standards for delivering high quality digital services need to be incorporated.
7. Central coordination and progress reporting	Coordination and progress reporting processes around digital initiatives and activities needs to be centralised.

Source: Victorian Auditor-General's Office based on information and findings obtained from the audit fieldwork.

Recommendations

That as part of its wider public sector reform agenda, the Department of Premier and Cabinet develops and implements:

1. fit-for-purpose governance structures, in line with industry better practice, that incorporate:

    *   strategic leadership and effective guidance to establish and deliver a whole-of-public-sector ICT approach, including defined roles and responsibilities, as part of a whole-of-public-sector service delivery strategy
    *   robust and effective monitoring and accountability mechanisms to regularly report on the development, adoption and benefit of ICT across the whole of public sector

2. a cost attribution methodology, to be used across the public sector, for determining the costs components of delivering services for a more effective and efficient transition of service transactions to online

3. an integrated whole-of-public-sector digital engagement approach with effective engagement, coordination and assurance processes to drive digital readiness and service delivery using digital devices across departments and agencies.

Appendix A.

Audit Act 1994 section 16— submissions and comments

Introduction

In accordance with section 16(3) of the *Audit Act 1994*, a copy of this report was provided to the Department of Premier and Cabinet.

The submissions and comments provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

RESPONSE provided by the Secretary, Department of Premier and Cabinet

Department of
Premier & Cabinet

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D15/76363

Mr John Doyle
Auditor-General
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Melbourne VIC 3000

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Dear Mr Doyle,

Thank you for tabling the *Phase 1 interim report: Delivering services to citizens and consumers via devices of personal choice* on 10 June 2015.

Thank you for the opportunity to consider the report and its recommendations. ICT is an important component of operating government and its services. My department shares your focus in ensuring that DPC takes a stronger role in guiding departments and agencies towards promoting service delivery through digital services.

We will work with selected public service bodies to enhance this role over the coming months.

Yours sincerely

Chris Eccles
Secretary

State
Government
Victoria

RESPONSE provided by the Secretary, Department of Premier and Cabinet – continued

DPC Response to all Recommendations of *Phase 1— Interim Report: Delivering Services to Citizens and Consumers via Devices of Personal Choice*

No.	Recommendation	Response	Timing
1	That as part of its wider public sector reform agenda, DPC develops and implements fit-for-purpose governance structures, in line with industry better practice that incorporate:	**Accepted.**	December 2015
	• strategic leadership and effective guidance to establish and deliver a whole of public sector ICT approach, including defined roles and responsibilities, as part of a whole of public sector service delivery strategy	DPC will review current ICT governance structures including the span of coverage across the public service sector.	
	• robust and effective monitoring and accountability mechanisms to regularly report on the development, adoption and benefit of ICT across the whole of public sector	DPC will also review current reporting arrangements for ICT adoption and associated benefits for selected public service bodies based on scale, risk, expenditure, and the nature of their business.	
2	That DPC develops and implements a cost attribution methodology, to be used across the public sector, for determining the costs components of delivering services for a more effective and efficient transition of service transactions to online	**Accepted.** DPC will develop a cost attribution methodology as part of its implementation	December 2015
3	That DPC develops and implements an integrated whole of public sector digital engagement approach with effective engagement, coordination and assurance processes to drive digital readiness and service delivery using digital devices across departments and agencies.	**Accepted.** DPC will, in conjunction with departments, produce an integrated approach and associated assurance in relation to encouraging the use of digital devices for service delivery.	September 2016

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State Government Victoria

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Education Transitions (2014–15:23)	March 2015
Emergency Service Response Times (2014–15:24)	March 2015

Report title	Date tabled
Digital Dashboard: Status Review of ICT Projects and Initiatives (2014–15:25)	April 2015
Palliative Care (2014–15:26)	April 2015
Tendering of Metropolitan Bus Contracts (2014–15:27)	May 2015
Occupational Violence Against Healthcare Workers (2014–15:28)	May 2015
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