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Department of Health and Aged Care

Inquiry into the Failed visa privatisation process and the implementation of other public sector IT procurements and projects

Submission from the Department of Health and Aged Care
to the Joint Committee of Public Accounts and Audits

19 April 2024

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Contents

Introduction

The Department of Health and Aged Care (the department) welcomes the opportunity to make a submission to the Joint Committee of Public Accounts and Audit (JCPAA) inquiry into *The failed visa privatisation process and the implementation of other public sector IT procurements and projects.* This submission focuses on the department's Information and Communication Technology (ICT) procurement and project governance functions, and how learnings from project delivery are considered into the future.

The department strengthened ICT procurement activities and promoted effective project delivery by:

- improved procurement processes including guidance, templates, assurance, and reporting
- enhanced ICT governance including planning, implementing, and reporting on projects to Senior Executives and the Health and Aged Care Portfolio Ministers.

The Australian Digital Health Agency (ADHA) will provide commentary on departmental programs it delivers within the ADHA submission to the inquiry.

ICT Procurement

The department supports compliance with Commonwealth Procurement Rules and the department's Accountable Authority Instructions and Finance Business Rules through the established Procurement Advisory Service (PAS).

PAS has recently enhanced several areas including:

- improving procurement policies, procedures and templates that classify high risk procurements and mandate early PAS engagement
- uplifting capability through new procurement e-learning modules and instructional videos
- establishing a Chief Procurement Officer role and a Strategic Procurement Branch in April 2024 to support effective, integrity driven procurement
- implementing a Quarterly Assurance Program.

The Quarterly Assurance Program tests a sample of procurement activities on a quarterly basis against the procurement framework. This includes:

- checks of competitive market approach
- use of mandatory templates and clearance processes
- documentation of Procurement, Probity and Evaluation Plans
- adequacy of probity and risk registers
- adherence of assessment to the Evaluation Plan as demonstrated in the Evaluation Report
- appropriate publishing on Austender.

ICT procurement is a dispersed function across the department. PAS provides governance and assurance across all procurement activities including complex ICT procurements. PAS contributes to decisions on the department's future investment in technology.

The Quarterly Assurance Program is supported by a comprehensive Internal Audit Work Program (IAWP) that delivers over 20 annual audits. The IAWP uses a risk-based priority setting mechanism to identify and include high-risk procurements and grants. Risk is also a main consideration in how the department manages projects. The department applies tiers to projects based on criteria such as budget, complexity, sensitivity and imperative. Higher tiered projects receive more scrutiny at the senior governance committee level and have mandatory requirements for reporting and assurance.

ICT Project Governance

Effective project governance and reporting are crucial capabilities to project progress to the Senior Executive Service (SES) and Portfolio Ministers. To support this, a centralised project reporting and management tool, the department rolled out *Altus* in December 2023. Over 350 projects have been transferred onto Altus.

Altus has enhanced the department's ability to improve project delivery through accurate data collection and analysis. This includes effective identification and management of risks. This is consistent with the main points from the Auditor-General Report No. 24 of 2018-19[1], and Report No. 1 of 2021-22[2]. These points were to specifically inform leaders' understanding of project status, budget, and risk profile.

The department has invested in re-usable technology at an enterprise level to create efficiency and standardise services at the Whole of Australian Government level. This is evident through the ongoing effort to rationalise technical platforms and through the re-use of ICT architecture patterns.

The department supports project reporting through a defined project management framework. This framework standardises practices, procedures, and tools for all projects. Departmental ICT-enabled projects also follow the Health and Aged Care ICT Delivery Framework which presents precise investment, risk, and progress information. These project governance mechanisms allow visibility of the lifecycle costs of ICT solutions.

This framework requires projects to assign a governance authority, a forum that acts as a point of accountability during the implementation of a project.

To illustrate, the department has benefited from the lessons learned from the implementation of the Australian National Aged Care Classification (AN-ACC) project.

The AN-ACC project contributed to two main benefits to reform Australia's aged care system:

1. increased efficiency for system maintenance and support through the delivery of an AN-ACC Assessor Mobile application and My Aged Care portal improvements.
2. improved provider and delivery staff satisfaction through reducing manual effort in the delivery of support for the AN-ACC Assessor Mobile application.

AN-ACC highlighted a challenge in documenting operational processes when policy decisions and ICT requirements are yet to be finalised. The need for well-defined scope was another area for improvement. The Auditor General Report No. 10 of 2020–21[3] had similar findings highlighting these are concerns across the Australian Public Service (APS).

Given the important role that AN-ACC has in reforming Australia's aged care system, appropriate governance guardrails were required to track implementation. This included several senior governance forums to monitor progress and intervene when issues arose. The level of governance allowed for early identification and treatment of risks and oversight of efficient use of resources and ethical behaviour.

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1 AUDITOR-GENERAL REPORT NO. 24 OF 2018-19 THE AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION'S ADMINISTRATION OF THE BIOMETRIC IDENTIFICATION SERVICES PROJECT

2 AUDITOR-GENERAL REPORT NO.1 OF 2021-22 DEFENCE'S ADMINSTRATION OF ENABLING SERVICES – ENTERPRISE RESOURCE PLANNING PROGRAM: TRANCHE 1

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This governance model is reflected in other projects delivered by the department. This combination of strong governance and accurate project reporting provides assurance to the leadership team and Portfolio Ministers.

Other Challenges

Workforce

Maintaining a skilled workforce is a known challenge across government. The department operates in a highly competitive labour market, competing across sectors for appropriately skilled resources in policy development, program implementation and ICT capabilities.

The department has developed a targeted workforce strategy that outlines practical steps to attract and retain core skills. Consistent with this strategy, a localised Health, and Aged Care ICT Workforce Strategy across three years (2022 – 2025) was designed and is being implemented. This allows effective ICT capability to deliver digital government services. This specifically relates to defining an ICT and digital specific Employee Value Proposition (EVP) and investing in critical and core ICT capabilities. This work is critical in building a responsible, adaptable, and contemporary digitally driven workforce.

This capability also needs to be mirrored in policy and programs areas, to ensure there is sufficient capability to engage with ICT in terms of drafting specifications and project managing business risks, issues, and dependencies.

Strategic governance oversight mitigates risks identified through prior policy development and project implementation. This includes allowing resourcing allocations and skills across the department to enable the development of strategic policy and subsequent successful project implementation.

Building and retaining a qualified workforce skilled across specific ICT capabilities is strengthened through specific workforce planning measures. These include:

- understanding the contextual impacts across government that operationalise the building and retention of a skilled ICT workforce, such as APS reform programs
- identifying the current workforce profile and associated capability gaps across identified core roles
- more effective management of the workforce, including managing staff cohorts through organisational change activities
- monitoring how the department's strategic objectives are being met by the ICT workforce at a point in time.

Retaining these skills internally is a priority for the department, supported at a Whole of Australian Government level through the Australian Public Service Commission's APS Digital Profession[4].

Engagement

The department is focused on delivering meaningful stakeholder engagement, reinforced by the response to the Department's Capability Review in 2023. The Review highlighted a commitment to 'deepening our engagement with the community and stakeholders'.[5]

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[4] Australian Public Service Commission - APS Digital Profession

[5] Department of Health and Aged Care, Capability Review Response: October 2023, Capability Response Review October 2023 (apsc.gov.au).

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The digital transformation for aged care demonstrates this elevated commitment to collaboration. Proactive stakeholder engagement works in concert with ICT project delivery to ensure strong partnering with the sector. The Digital Transformation (DT) Public Engagement Strategy delivers the:

- DT Tech Talk webinar series – a six-weekly public forum facilitating regular and transparent conversations about the DT program
- guest speaker series – an open invitation for the sector to receive targeted presentations from the department at their own conferences, meetings, and forums (on DT topics of specific interest to them)
- DT Sector Partner group – a volunteer group, with members from across the aged care sector, who meet with the department each fortnight to actively codesign the DT.

Engagement efforts help to build connection and readiness, ensuring the sector has clarity around the drivers and practicalities of reform including:

- an active voice in design and implementation approaches
- being prepared to absorb the impact of digital transformation
- being well placed to realise the benefits available from digital transformation.

In an environment of rapid change and limited time, the program's engagement approach has garnered strong sector loyalty and high satisfaction.

Legacy systems

The department's ICT operating environment encompasses a complex array of legacy and bespoke technology. This combination presents challenges to designing, building, and delivering secure, sustainable, and contemporary digital solutions and outcomes that meet Australia's rapidly evolving public health environment.

Modern and fit-for-purpose digital services are central to the department's ICT Strategy 2023-2026 (ICT Strategy). The department supports several legacy applications that need significant ongoing investment and acceptance of cyber security related risks. These risks can have lasting impacts on the security of departmental and industry data and information.

Re-design of legacy technology and uplift to contemporary platforms is a key focus of the ICT Strategy. This complements a consistent user experience and aligns with Whole of Australian Government cyber security requirements.

To ensure that the design and migration of existing departmental services is cost-effective and adheres to security guidelines, the department is employing a pattern-based approach. This has involved the development of ICT architecture that promotes a re-use strategy. Consolidation of technology across the department to the extent possible creates efficiencies for providers and consumers accessing services and reduces overall sustainment investment.

Conclusion

The department has enhanced its project reporting and governance capability. A continued focus on maintaining transparency, integrity, and effective risk management practices is embedded into the Health and Aged Care ICT Delivery Framework and through adopting Altus.

The department's creation of a Chief Procurement Officer role will assist in providing reliable, repeatable, and transparent guiderails for future ICT investment. Delivery of these investments will be modern, customer centric, secure, sustainable, and scalable.

ICT works in close partnership with policy makers and program and project areas to deliver better health and aged care outcomes for the Australian public. Governance over ICT procurement and

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delivery, a focus on risk management, and effective project management supports the department's vision. Policy implementation partnerships are strengthened through strategic workforce planning across core skillsets to ensure appropriate resourcing is secured to enable successful delivery.

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