Effectiveness of the State Penalties Enforcement Registry ICT reform

(Report 10: 2019–20).
Tabled 6 February 2020.

Welcome

Welcome to our presentation on the performance audit report on the effectiveness of the State Penalties Enforcement Registry ICT reform.

Please note that this is a summary and the full report can be read on our website.

Audit objective

In this audit, we assessed whether the State Penalties Enforcement Registry (SPER) information and communication technology (ICT) project was governed effectively.

Our audit included:

- Queensland Treasury, in particular SPER
- Queensland Government Chief information Office.

Context

On 25 March 2019, the Under Treasurer wrote to the Auditor-General about concerns with the SPER Reform Program, which began in May 2014. The Auditor-General agreed to audit the effectiveness of the governance of the program's ICT component.

Our conclusions—Procuring the service

SPER originally went to market for a debt service manager who would also provide a case-management software solution. During the procurement process, the government's outsourcing policy changed. SPER continued its original process, but without an outsourced debt service manager.

Delayed definition of the operating model meant SPER and the vendor were not on the same page in terms of the system requirements. It also appears SPER's requirements may have changed over time.

SPER did not do sufficient due diligence of the vendor's product or conduct reference checks on the vendor's local staff, who were different from the international team involved in the procurement process.

We found weaknesses in the procurement process in terms of the independence and objectivity of the program steering committee and over-use of external consultants and contractors.

Our conclusions—Governing the project

Despite the efforts of those involved in the program and the application of many procurement, project management and assurance practices, the program's governance was not effective from inception.

SPER did not have the right skills and experience to manage the project effectively. It did not sufficiently mitigate risks raised in assurance reviews and chose to remain overly optimistic rather than pause the project when it had the opportunity to do so.

The program steering committee was highly reliant on advice and information from consultants and contractors, because of the skills gaps it had.

Because SPER and the vendor were not on the same page in terms of system requirements, the contract required significant changes. The contract variations increased the vendor's revenue, with an additional $10.3 million on top of the original agreed contract value of $13.8 million. SPER ended up without an ICT system because it terminated the contract, and the vendor retained ownership of the software because it was a software as a service arrangement.

What we recommend

We made five recommendations to the Department of Housing and Public Works and three to Queensland Treasury. These were across the following areas:

- providing guidance to help entities establish contracts and governance arrangements
- upskilling staff on delivering and governing projects
- revising investment review and project assurance guidance
- improving transparency for major ICT projects that end prematurely
- ensuring audit committees monitor and receive reports from management on risks for major ICT projects.

For more information

For more information on the issues, opportunities and recommendations highlighted in this summary presentation, please see the full report on our website.

Thank you.