Rapid implementation of Australian Government initiatives

This is a PDF version of the *Rapid implementation of Australian Government initiatives* audit insights. The original is available from the ANAO website at:

https://www.anao.gov.au/rapidinsights

Introduction

This edition of audit insights outlines key messages from Auditor-General reports which have examined the rapid implementation of Australian Government initiatives, including in response to the Global Financial Crisis (GFC).[1]

Audit reports have reinforced the importance of effective implementation to achieving government policy goals, and identified key lessons learned which are likely to have wider applicability to the Australian Public Service as it supports the national COVID-19 pandemic response. Key learnings, which focus on the fundamentals of sound government administration, include:

(1)   identify challenges and risks to rapid implementation

(2)   engage with stakeholders

(3)   establish fit for purpose governance and planning arrangements

(4)   identify and mobilise necessary skills, resources and systems to support rapid implementation

(5)   document and apply approved assessment processes and requirements

(6)   maintain focus on objectives

(7)   maintain appropriate records

(8)   maintain active budget oversight and financial management

(9)   adopt an active management posture

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1   A number of these reports are listed in the Appendix.

1. Identify challenges and risks to rapid implementation

Successful implementation relies on the identification and management of risk. Rapid implementation may require a different risk appetite and treatments to those adopted in more normal times. Establish the risk appetite and treatments early, manage against these, and keep decision makers abreast of significant emerging risks and issues. A staged approach to planning and implementation may be necessary in a fast moving environment, and the analysis of risk should continue throughout the delivery process.

Strength in policy development needs to be matched by strength in program delivery to achieve desired outcomes. In situations where timing imperatives have curtailed the consideration of implementation issues, the risks to successful implementation can increase markedly. If an initiative is urgent, planning and implementation may need to occur quickly or in stages, prioritising critical foundations and building on them later. One of the most pressing priorities is to reduce risk by seeking expert implementation advice and experience as soon as possible in the delivery phase and adjusting policy and/or delivery settings as necessary.

Establish the risk appetite and identify risk treatments as early as possible. The risk appetite adopted in an uncertain environment may differ from that applying in more normal times. It is imperative that risk assessments are sufficiently hard nosed and candid, and do not present government and other entities with an over optimistic view of what may happen. This is particularly important where rapid policy development and implementation has been necessary. There should be a common understanding of the risk appetite for the initiative between the policy and implementing entities, and the government.

Ensure that fraud, risk and compliance arrangements are operational from the commencement of a program, and reflect program risks and requirements, including specific program risks associated with the operating environment and program participants. Risk treatments should reflect the agreed risk appetite and controls should be adjusted appropriately.

In an uncertain environment, the assessment of a program's risk profile may change during implementation and the further development of a policy. Officials should keep senior management and ministers informed of significant changes in risk, and any revised mitigation strategies.

The Australian National Audit Office (ANAO) assists the Auditor-General to deliver reports under the Auditor-General's mandate and in accordance with the *Auditor-General Act 1997*, the *Public Governance, Performance and Accountability Act 2013* and the *Public Service Act 1999*. The purpose of the ANAO is to support accountability and transparency in the Australian Government sector through independent reporting to the Parliament, and thereby drive improvements in public sector performance.

2. Engage with stakeholders

Effective stakeholder engagement can identify risks and opportunities for program development and delivery. Where rapid implementation is necessary, active listening can assist entities identify potential regulatory, compliance and safety risks.

A variety of communication and information strategies is available to inform stakeholders and the community of government policy settings and delivery arrangements. Give careful regard to the appropriate mix and cost effectiveness of selected strategies, such as government advertising campaigns, and the application of relevant guidelines.

Where time is limited, there may be scope to learn from other entities or jurisdictions, including internationally.

Where the responsible entity does not have an in-depth knowledge of an industry or business environment that may be impacted by a proposed initiative, consulting with program stakeholders and industry specialists assists in gaining an understanding of the full range of risks and opportunities to be taken into account in design and implementation. Active listening and thoughtful consideration of expert views helps to develop realistic assumptions regarding implementation and determine necessary contingency measures.

In particular, consider the impact that program implementation may have on an existing industry, and industry participants' and consumers' behaviour. This information is important as it can affect the development of a program's safety, regulatory, compliance and pricing frameworks. Where regulators have a role, the key implementation entity should consult with them to analyse the operation of the regulatory environment and its implications for policy implementation, including the incentive structure. Key risks, including those relating to safety and compliance, should be drawn to the attention of government as early as possible. ANAO audits and external reviews, including in relation to the Home Insulation Program, have highlighted the importance of consultation to help avoid or mitigate safety, quality and compliance issues.

In a rapidly changing environment, there is an obligation on administering entities to clearly explain the elements of new initiatives and programs to stakeholders, including potential applicants. Government advertising is considered an important and legitimate element of government communication and information strategies, providing a mechanism to connect directly with the community. If government advertising is proposed, the responsible accountable authority must consider whether the relevant guidelines have been considered and applied.

Auditor-General reports including performance audit, financial statement audit and major projects reports are published on the ANAO website:

https://www.anao.gov.au/pubs

3. Establish fit for purpose governance and planning arrangements

In a rapidly evolving environment, establish governance and planning arrangements that are fit for purpose and which support the entity in fulfilling its responsibilities—including the proper use of public resources. The accountable authority has a critical role in determining what is fit for purpose in the specific circumstances facing the entity and ensuring that entity governance assesses impacts on business as usual activities.

Tailor governance and planning arrangements to the requirements of a program, with clearly defined roles and responsibilities, including decision making responsibilities. Effective governance arrangements will incorporate a clear reporting framework that provides for accurate, reliable and relevant information to key stakeholders to assist decision making on strategic priorities and the timely management of risks and issues. Entity governance should maintain focus on business as usual activities as well as new or expanded initiatives, and be alive to the proper use of resources.

A networked governance model can help avoid vertical, single agency approaches to service delivery which are a characteristic of traditional public sector programs. Developing networked governance arrangements allows coordination and collaboration to occur at the service delivery level while maintaining the advantages afforded by vertical departmental structures. Further, this approach reflects contemporary views relating to the benefits of citizen centred public service delivery by establishing closer links between the recipients of government services and the entity staff responsible for delivering those services.

Keep in view the balance between control and devolution where program success relies on delivery by entities in other jurisdictions. An approach focused on mutually agreed outputs and outcomes, rather than unduly prescriptive rules, can still meet the policy objectives of a program or initiative. In particular, flexibility can be important in meeting compressed timeframes.

Effective delivery requires the identification of a senior responsible officer who is accountable for the success of an implementation. The senior responsible officer ensures that all relevant capabilities are applied appropriately, considers interdependencies and the need for sequencing effort, and is the person to whom the relevant minister and the entity's senior leaders turn for progress reports and information about delivery and emerging risks and issues.

For urgent initiatives, planning may need to occur quickly or in stages, prioritising critical foundations and building on them later. A taskforce approach can be an effective means to develop governance and delivery arrangements in compressed timeframes.

4. Identify and mobilise necessary skills, resources and systems to support rapid implementation

Rapid implementation will generally require entities to draw on the full range of human, physical and ICT resources available to them, and may involve entities looking externally for relevant resources. Misalignment between resources and needs at the roll out stage creates a significant risk to the delivery of expected outcomes in the required time period. Potential constraints, such as the capability of ICT systems and staff expertise, should be identified and dealt with at the earliest possible opportunity.

Identify the required mix of essential skills, experience and capability to assist with the efficient and effective design, implementation and administration of programs and initiatives, in accordance with broader government policy and any underlying legislative and regulatory frameworks.

In situations where timeframe imperatives have curtailed the consideration of implementation issues during policy development, the risk to successful implementation 'down the track' increases. One of the most pressing priorities for the senior responsible officer is to promptly reduce this risk by seeking expert implementation advice and experience as soon as possible in the delivery phase.

A strategic, entity (or government) level approach to managing resources may be required for the rapid implementation or expansion of significant programs. This can be a challenge, particularly for demand driven programs where entity resources may need to be adjusted or supplemented according to demand levels. Under resourcing the implementation phase of a policy may place at risk the anticipated policy outcomes.

ICT capability is a critical success factor in the implementation of programs. There is a need to quickly identify and address necessary ICT system enhancements and/or development required to support rapid program delivery.

The effective mobilisation of resources helps maintain momentum. For example, following the approval of initiatives, work expeditiously to develop and enter into relevant agreements and make any initial upfront payments in a timely fashion. These steps are necessary to allow initiatives to commence and thus generate the desired outcomes of government policy.

5. Document and apply approved assessment processes and requirements

Documenting and applying approved assessment processes and requirements, including where elements of discretion may be exercised, helps retain public confidence in program administration and the proper use of public resources.

Establish robust probity and sound decision making processes as soon as possible, ensuring they comply with relevant guidelines, procedural fairness and other administrative law requirements. ANAO audits have found instances where funding for initiatives has been approved where mandatory criteria have not been met and where program guidelines do not provide scope to waive mandatory criteria.

Where discretion in program administration or decision making is likely to be necessary, clearly document the circumstances in which discretion may be used, and record its exercise. In a rapidly evolving environment, it is also important to check that relevant legal authorities, such as delegations, are in place and remain up to date. Delegations may require review where there are changes to programs, activities or staff.

Document all elements of an assessment and decision making process and conduct application and assessment processes in a manner that accords with policy, legislative and regulatory requirements. Lack of documentation can raise questions about whether equitable access has been provided to a program. This is particularly the case when programs need to be implemented in a short time period to meet government policy objectives whilst still treating applicants equitably and retaining public confidence in program administration.

Changed program directions may require the development of amended or alternative eligibility and compliance checking processes, which should be documented and effectively communicated to stakeholders.

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6. Maintain focus on objectives

Maintain a clear focus on government objectives, including program delivery and the proper use of public resources. Where rapid implementation is a priority, adopt fit for purpose monitoring, review and evaluation processes, to provide a basis for the active management of delivery. Focus on the timely adjustment of delivery arrangements to facilitate successful implementation. If major issues emerge, which cannot be addressed by adjusting delivery or administrative arrangements, there may be a need to revisit the baseline policy settings.

Establish early what success looks like. Tight timeframes place importance on review and monitoring activities to ensure that practical problems do not reduce the anticipated outcomes. Performance indicators provide an agreed basis on which to report program performance and the extent to which a program's objectives have been achieved. They also assist in the identification and management of project delivery risks and issues.

Where possible, establish a strong data analytics capability and management reporting processes to identify emerging threats and promote understanding and visibility of the outcomes of an initiative. In demand driven programs, monitoring both uptake and cost can provide early warning of potential threats to the effective and efficient implementation of programs.

Procurement and contract management are core business for entities and deficiencies in capability, process and advice can result in higher than necessary expense for taxpayers and significant reputational risks for entities and the government. Achieving value for money remains the core rule of the Commonwealth Procurement Rules (CPRs) and entities can demonstrate it has been achieved by applying and documenting sound decision making processes. For example, document why a procurement is conducted on a limited tender basis, such as in circumstances of extreme urgency brought about by unforeseen events, and also document how assurance of value for money was achieved.

Contracting frameworks should quickly establish clear expectations of the level and quality of goods or services to be delivered, as an entity's ability to monitor contractor performance can be compromised by a lack of clarity in standards and performance measures. A risk based performance framework for contracts helps assess provider performance, while an appropriate framework of controls for payments under contracts, including the authorisation of actual payments by a delegate, provides assurance over payments under a contract.

7. Maintain appropriate records

One challenge for entities engaged in rapid implementation is to balance the major focus on results with appropriate accountability for those results. Where rapid implementation is required, consider what the appropriate minimum standard of record keeping is, consistent with maintaining accountability, transparency and a sound governance and control environment.

Effective records management and accountability arrangements are integral to robust and successful corporate governance and public administration. Where rapid implementation is required, create and maintain a minimum standard of documentation relating to administrative processes and decisions in order to support corporate governance, program controls, accountability and transparency.

Reflecting the time-constrained nature of some past program initiatives, entities have relied upon face-to-face meetings, regular teleconferences, phone, email and other electronic means to respond to queries and disseminate decisions quickly. With minimal additional effort, entities can document decisions made through these channels.

Maintaining appropriate records of decisions and actions taken in the course of program administration and contract management ensures that the responsible entity is well placed to assess whether it is fully meeting government objectives and discharging accountability and transparency obligations, including external reporting.

Annual audit work program

The Auditor-General publishes an annual audit work program in July each year. The program is designed to reflect the ANAO's audit strategy and inform the Parliament, government entities and the public of the planned audit coverage for the Australian Government sector. As an independent officer of the Parliament, the Auditor-General has discretion in the performance or exercise of functions or powers and may at any time explore additional areas of audit interest beyond those published in the annual audit work program.

View the annual audit work program on the ANAO website:

https://www.anao.gov.au/work-program

8. Maintain active budget oversight and financial management

Effective financial management includes monitoring and reporting actual expenditure amounts against budgets to support the capacity to optimise implementation resources. It also involves adherence to relevant Australian Government policy and legislative requirements, including the *Public Governance, Performance and Accountability Act 2013* and the Public Governance, Performance and Accountability Rule 2014.

Ensure there is an accurate costing of a program or initiative and monitoring of its budget. Establishing a forecast expenditure profile contributes to budget management. For demand driven programs, the expenditure profile may require adjustment in light of experience in the delivery phase.

Key financial governance arrangements for funding grant recipients include clear deadlines for the expenditure of funding, tracking expenditure by obtaining a forecast spending profile for each initiative, requiring regular progress reports on actual expenditure (together with an updated forecast), as well as a final acquittal report at the completion of a project.

Key financial governance arrangements for intergovernmental initiatives include establishing effective arrangements to make timely and accurate payments to, and correctly record payments from, each jurisdiction. Establish assurance arrangements that all requirements for payment specified in agreements have been met before payments are made, and that amounts reported to the responsible entity used to inform program monitoring are accurate and complete.

When funding third parties to deliver initiatives intended to achieve economic stimulus, require them to include a profile of planned expenditure, and revised expenditure profiles in progress reports, to facilitate informed monitoring of the timeliness of performance. The funding entity should regularly evaluate the need for, and the optimal timeframe of, additional funding having regard to any delays with the commencement and completion of initiatives already funded.

Appropriate compliance and audit processes, and advice from governance, audit and risk committees, can provide an entity's accountable authority and executive board with assurance against the approved risk appetite.

9. Adopt an active management posture

An active and committed executive provides the foundations for the successful implementation of new or expanded initiatives and the ongoing delivery of business as usual activities. Senior leaders can also help establish a productive relationship with ministers which features open and regular communication, the provision of realistic and candid advice, and the ability to agree on adjustments to implementation arrangements if circumstances require. It is a management responsibility to promote a culture of providing timely advice on implementation pressures, as well as successes.

Rapid delivery requires active engagement by executive management. Key program management plans, including in relation to risk management, procurement, ICT and communications, should be considered and endorsed by executive management. Senior management has a particular responsibility to ensure that it has adequate program visibility, through quality reporting that does not provide a false sense of assurance that a program is being managed within an agreed planning framework. Executive management should also maintain focus on the delivery of business as usual activities, as well as new or expanded initiatives.

To support informed decision making, senior management has a responsibility to ensure that ministers receive complete, accurate and timely advice on program design features and implementation progress, challenges and risks. Appropriately structured advice is particularly helpful where a minister needs to consider a significant number of complex proposals, where there is insufficient budget to fund all eligible activities, or where early (advance) payments are proposed which are inconsistent with approved spending profiles or agreed milestones. Effective program eligibility, assessment and compliance checking processes will alert entities to the need to brief ministers on emerging risks and issues.

Draw to the attention of ministers, as early as possible, key risks and shortcomings in policy design and implementation and the likelihood that initiatives may not fully achieve their intended objectives or outcomes. For example, where there are tensions between program objectives and there is a risk that one or more may not be achieved within expected timeframes, ministers should be advised as soon as possible of any significant risks and issues and provided with options to advance the program's objectives. ANAO audits and external reviews, including in relation to the Home Insulation Program, have highlighted the consequences of not adequately managing tensions between rapid implementation objectives, program incentives, industry capacity and public safety.

Performance audits in progress

You can view performance audits in progress on the ANAO website. Subscribe to receive status updates about audits using the 'Subscribe to this audit' feature:

https://www.anao.gov.au/work-program/in-progress

Appendix

Auditor-General reports which have examined the rapid implementation of Australian Government initiatives

Auditor-General reports that have identified key learnings relating to rapid program design and implementation practices and/or responses to the Global Financial Crisis (GFC) have included:

- Auditor-General Report No. 1 2009–10, *Representations to the Department of the Treasury in Relation to Motor Dealer Financing Assistance*

- Auditor-General Report No. 33 2009–10, *Building the Education Revolution—Primary Schools for the 21st Century*

- Auditor-General Report No. 3 2010–11, *The Establishment, Implementation and Administration of the Strategic Projects Component of the Regional and Local Community Infrastructure Program*

- Auditor-General Report No. 9 2010–11, *Green Loans Program*

- Auditor-General Report No. 12 2010–11, *Home Insulation Program*

- Auditor-General Report No. 18 2010–11, *Government Business Managers in Aboriginal Communities under the Northern Territory Emergency Response*

- Auditor-General Report No. 42 2010–11, *The Establishment, Implementation and Administration of the Council Allocation Component of the Regional and Local Community Infrastructure Program*

- Auditor-General Report No. 7 2011–12, *Establishment, Implementation and Administration of the Infrastructure Employment Projects Stream of the Jobs Fund*

- Auditor-General Report No. 27 2011–12, *Establishment, Implementation and Administration of the Bike Paths Component of the Local Jobs Stream of the Jobs Fund*

- Auditor-General Report No. 45 2011–12, *Administration of the Health and Hospitals Fund*

- Auditor-General Report No. 22 2012–13, *Administration of the Tasmanian Forests Intergovernmental Agreement Contractors Voluntary Exit Grants Program*

- Auditor-General Report No. 43 2012–13, *Establishment, Implementation and Administration of the General Component of the Local Jobs Stream of the Jobs Fund*

- Auditor-General Report No. 8 2015–16, *Administration of the National Rental Affordability Scheme*

- Auditor-General Report No. 28 2015–16, *Administration of Concessional Loans Programs*

- Auditor-General Report No. 16 2016–17, *Offshore Processing Centres in Nauru and Papua New Guinea: Procurement of Garrison Support and Welfare Services*

- Auditor-General Report No. 31 2016–17, *Administration of the VET FEE-HELP Scheme*

- Auditor-General Report No. 32 2016–17, *Offshore Processing Centres in Nauru and Papua New Guinea—Contract Management of Garrison Support and Welfare Services*

- Auditor-General Report No. 10 2017–18, *Design and Monitoring of the National Innovation and Science Agenda*