

**Institute of Public Administration Australia,
ACT Division**

Accountability and Governance in a Joined-up World

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INTRODUCTION

‘Joined-up government’ is an umbrella term describing various ways of aligning formally distinct organizations in pursuit of the objectives of the government of the day.¹

The motivation of working in a joined-up world is to achieve either better outcomes, more efficient operations, or both

- when viewed in this way, we will continue to see more, not less, initiatives to harness the challenges of managing in a joined-up world.

The emphasis on joined-up government came to light in the 1990s in the United Kingdom in response to *‘the perception that services had become fragmented and that this fragmentation was preventing the achievement of important goals of public policy.’*²

It is closely related to the citizen-centric service delivery agenda, which is focused on improving the delivery of services from the citizen’s perspective.

We have been on a joined-up trajectory for some time in Australia. There are many Australian Government public sector examples, some of which include:

- the immigration clearance functions performed at the Australian border by Customs and Border Protection on behalf of the Department of Immigration and Citizenship
- the role of the Department of Human Services in the service delivery end of many programs administered by other agencies
- the Job Network Program, administered by the Department of Education, Employment and Workplace Relations, where the department provides services to job seekers through a national network of government and non-government organisations,

¹ Ling, Tom *Delivering Joined-up Government in the UK: Dimensions, Issues and Problems*. Article in *Public Administration* Vol 80 No 4, 2002. Blackwell Publishers Ltd. P.616

² Ibid.

- the engagement between the Defence Organisation (the Services, the Department of Defence and DMO) and industry in the provision of capability to the Australian Defence Forces, and
- the various arrangements agreed by the Council of Australian Governments (COAG) to facilitate the delivery of Commonwealth government funded services by state and territory governments.

The Australian Public Service Commission has reinforced the focus on joined-up government by pointing out:

‘There can be significant advantages for policy makers in increasingly looking beyond the traditional model of government as being solely responsible for devising and implementing policy frameworks, to one in which a range of third parties, such as industry associations, financial institutions and non-government organisations (NGOs), play active policy roles in certain circumstances.’³

There is little doubt that the demands on the public sector to do better will see more participants involved in the delivery of some programs as the government seeks to inject more specialist knowledge and skills into delivery chains to achieve better outcomes, while at the same time seeking to constrain outlays by the better targeting of programs and the more economical use of resources.

This means more joined-up delivery mechanisms, and it requires upgraded approaches to governance to work effectively across boundaries.

In my presentation today, I propose to cover some of the challenges that inevitably arise when a program requires global management but not all participants have visibility over all components, and highlight some of the steps that can be taken to facilitate joined-up arrangements.

MANAGING JOINED-UP ARRANGEMENTS

In the private sector, joined-up or joint ventures of any significance would commonly have a contractual underpinning with the rights and obligations of

³ Australian Public Service Commission, 2009. *Smarter Policy – choosing policy instruments and working with others to influence behaviour*. Commonwealth of Australia. p.2

the parties spelt out, a shared vision as to the objectives, and with agreement on the allocation of responsibilities for management oversight and project performance.

Joint ventures bring new opportunities but also new relationships to manage to achieve the parties' objectives.

In the public sector, joined-up arrangements bring new opportunities and new relationships to manage as well, and at times, some added complexities:

- the nature of agreements in the public sector are rarely as water tight as in the private sector: in the Commonwealth family, we have Commonwealth agencies dealing with each other through memoranda of understanding and like documents; and the Commonwealth and state and territory jurisdictions commonly reach agreements, but these are not legally binding
- the objectives of government programs can be broad and the measurement of outcomes problematic, as highlighted by our audit reports and other assessments over the years, and
- the effectiveness of relationships can be influenced by political dimensions which are generally beyond the capacity of officials to resolve.

This means that the goal of pursuing program objectives involving joined-up parties in the public sector is generally more challenging.

But the goal of better outcomes, delivered more efficiently, is worthwhile so it is a case of drawing from our existing knowledge of sound program management and giving emphasis to those aspects that are particularly important in a joined-up world.

Lessons from joined-up experience

The work of the Australian National Audit Office (ANAO) has been pointing out some of the challenges in working across boundaries, and the way forward, in reports over the past 5 years. In 2007, in our audit of *Whole of Government Indigenous Service Delivery Arrangements* we observed that:

‘The whole of government Indigenous working environment requires government departments, which have traditionally been structured along a vertical responsibility and accountability basis, to develop stronger horizontal relationships to better deliver services to Indigenous communities. Initiatives that involve working across organisational boundaries face new and challenging risks. For these reasons, it is important to ensure that there is a common understanding of the risks associated with shared implementation.’

‘The successful implementation of a broad reaching, ambitious policy goal resulting in the efficient and effective delivery of services to Indigenous people requires the evolution of governance arrangements which better suit the service delivery phase of a collaborative model of operation. This will necessarily involve revisiting the existing accountability arrangements for programmes and related funding arrangements which have been primarily designed for departments working independently.’

‘While in many situations, the existing collaborative arrangements could be expected to resolve issues, suitable protocols should desirably be established for those situations that are sensitive to each Chief Executive’s agency responsibilities but nevertheless allow for the prompt resolution of administrative matters which cross agency boundaries. This approach recognises that there may be occasions where it is necessary for the lead agency to articulate the way forward or establish a timetable within which events are expected to occur. This can be achieved through monitoring the performance of all departments involved in the initiative to ensure their commitment is on track to meet the Government’s objective in Indigenous affairs. In these situations, it is important that the lead agency exercises its role judiciously, taking into account the responsibilities and accountabilities of other participating departments. As a last resort, the protocol would need to allow for Ministerial intervention.’

More recently, in our audit of *Acceptance into Service of Navy Capability*, the ANAO considered the development of Navy capability which involves Defence’s Capability Development Group defining Navy’s capability requirements in

consultation with Navy, approval by government, and the subsequent acquisition and sustainment of the mission system and support system elements by the Defence Materiel Organisation.⁴

Since the late 1990s, the Defence organisation has sought to put in place the 'seamless' management of capability by formally setting out their respective roles and management responsibilities and adopting systems engineering processes as the basis for acquiring and supporting ADF capability.

But the audit highlighted that the systems employed have not been sufficiently responsible to conditions that have adversely affected Navy capability acquisition and support, as opportunities to identify and mitigate cost, schedule and technical risks have been missed.

Importantly, the audit underlined the importance of Navy and DMO working together to give proper consideration to each project's functional, physical and regulatory requirements, as well as verification procedures to ensure projects move forward in the clear knowledge of the risks and issues that need to be managed. The bottom line here was that there was a need for improved communication and collaboration across the relevant parts of Defence during a project's lifecycle, supported by appropriate records, to achieve the 'seamless' management of whole-of-life capability that is Defence's goal.⁵

The United Kingdom has been pursuing joined-up solutions for some two decades. In a recent article⁶ about legislation to help clinicians provide patients with better integrated local care services, the comment was made that:

'In theory, integration is simple. Responsibility for many chronic conditions should be shifted to primary and community services, reducing emergency admissions and ensuring hospital care is largely planned and a last resort. Councils would provide all the necessary support to allow people to remain at home. From the patient's point of view, the service should feel seamless as information would be shared between the two sectors and ideally a 'care management' approach adopted. This would mean professionals from health and social care jointly evaluate

⁴ ANAO Report No 57 2010-11 *Acceptance into Service of Navy Capability*. Canberra. 28 June.

⁵ Ibid, pp 26-27

⁶ Moore, Alison, 2012. *Joining the Care Dots?* Article in the Chartered Institute of Public Finance & Accountancy's 'Public Finance' Magazine. United Kingdom. March. p.29

each patient's evolving needs and implement a comprehensive care plan.

In practice, although integrated care has been talked about for decades progress on introducing it has been slow and often piecemeal.'

These cases underline just how difficult achieving effective and seamless integration is.

Key management considerations

Managing across organisational boundaries is challenging because the objectives, priorities and cultures of the various organisations involved will differ, but the over-riding goal is to ensure there is a common view when it comes to working together on particular programs or projects.

The work of the ANAO shows that the nucleus of good program management applies to joined-up arrangements, namely:

- sound leadership and governance
- active risk management and monitoring
- effective financial information and KPIs to measure and assess performance
- periodic program evaluation.

Experience also shows the following matters should be accentuated when dealing with joined-up arrangements:

- 1) being clear on those responsible for program leadership and results, and the accountabilities for the various contributions to those results
- 2) understanding the organisational strengths and weaknesses of the management model that has been adopted (including the incentives for the various partners to achieve effective outcomes in an efficient manner)

- 3) adopting an inclusive approach to management to achieve alignment of key participants on program goals, understanding the key risks to effective performance and assessing how to measure performance
 - this may include strategic oversight committees as well as working arrangements that enable the effective handover of cases or issues at each border
- 4) keeping the processes as simple as possible by reducing complexity, particularly across organisational boundaries where both parties need to engage effectively, and
- 5) the lead organisation having an agreed escalation approach for program performance and management issues arising.

If there is an umbrella requirement that needs to be emphasized here, it is the importance of the lead organisation and key participants having an end-to-end view of the program and its performance against expectations, and being able to respond appropriately to performance issues.

- This is a genuine risk in many of the joined-up programs involving multiple agencies of multiple levels of government.

Under current approaches, too much emphasis can be given to legal form and organisational boundaries, when program effectiveness and performance matter most.

The reason for this is clear enough – the legal frameworks, designed in a different era, understandably are not calibrated for today's more joined-up world.

We can, and do, work with them but we need to be conscious of this in designing cross-border arrangements – it is why having clear objectives and responsibilities, and effective relationship management, is so important.

The accountabilities for performance also need to be clear – for key components and for shared outcomes.

Donald Kettl⁷ wrote a very informative book, set in the United States but with general application to public administration in many other countries, that said ‘the government we have is not up to the challenges it faces’.

Kettl makes the point that ‘there is a large array of public programs that rely on distributed networks instead of traditional hierarchies to deliver services’. And in this system of administration there is an ‘inability of any single player to control the system and hold it accountable’.⁸

He draws a distinction between regular and routine services (‘what government does regularly, it tends to do well’⁹) and non-routine problems that challenged routine procedures.

We would say a similar position with routine and non-routine problems applies in the Australian Government public sector, and this is unsurprising. With few exceptions, such as in grant administration in some agencies, routine administration is handled reasonably well.

Where there is a program that is new or different, involving various implementation partners and requiring implementation with some urgency, then the risks and their severity multiply.

Kettl also makes the point that ‘successful government increasingly depends on building and managing networks, and successful networks emerge only when their members share a common vision of the results they are trying to produce. *We need to put the pursuit of outcomes at the centre of government work.* This means agency managers must see their job as getting the job done – of looking past the boundaries of their agencies to accomplish the broad mission, rather than simply managing the more narrow activities within their agency walls’.¹⁰

The way forward

The good news is that our experience in managing joined-up arrangements is increasing and we are seeing tentative steps to overcome some of the legislative constraints that are holding back a stronger commitment to more effective joined-up arrangements.

⁷ Kettl, Donald F, 2009. *The Next Government of the United States – Why Our Institutions Fail Us and How to Fix Them*. Published by W.W. Norton and Company, New York

⁸ Ibid, p.31

⁹ Ibid, p.33

¹⁰ Ibid, p.264

Under proposals on which comments are being sought by the Department of Finance and Administration in relation to the Commonwealth Financial Accountability framework, the department has indicated that:

‘traditional models for delivering public services, based on vertical hierarchical governance and accountability, need to be complemented by participative and networked arrangements. This will help make the public sector more connected and agile and better placed to address complex problems in an uncertain environment. It is not clear that the framework has adequate incentives and flexibility to efficiently accommodate all this.’¹¹

In the COAG arena, the *Federal Financial Relations Act 2009* establishes the basis by which the Commonwealth will provide ongoing financial support for the delivery of services by the States.

The broad expectation is that we will see more clearly defined roles and responsibilities between the Commonwealth and the States, more cooperative working relationships and stronger accountability for results achieved from the funding provided by the Commonwealth. Most agree this is a sound platform on which to go forward.

In this context, I informed the Joint Committee of Public Accounts and Audit (JCPAA) in their 2011 *Inquiry into National Funding Agreements*:

‘In many ways the new approach reflects national and international developments in public sector management. By consolidating payments, giving greater emphasis to expected outcomes and looking to enhance accountability for performance, it is expected that the quality and effectiveness of government services will be improved.’¹²

Nevertheless, being clear on the responsibilities of each of the parties, getting the balance right between prescription and flexibility, managing relationships, and getting agreement to a worthwhile set of KPIs, takes time and a shared commitment.

¹¹ Department of Finance and Deregulation 2012. *Is Less More? – Towards Better Commonwealth Performance*. Commonwealth Financial Accountability Review Discussion Paper. March. p.4

¹² McPhee, Ian 2011. Joint Committee of Public Accounts and Audit *Inquiry into National Funding Agreements*. Committee Hansard. Canberra, 24 June, p.2.

Interestingly enough, in a recent audit undertaken by the ANAO of the *National Partnership Agreement on Remote Indigenous Housing in the Northern Territory* in 2011-12,¹³ we reported that:

‘Improving collaboration and integration between the different levels of government, and their services, has been highlighted as a priority by COAG in the National Indigenous Reform Agreement. National partnership agreements, as the key delivery mechanisms of the National Indigenous Reform Agreement and other reform agreements, were designed to promote collaboration and encourage a shared accountability for outcomes between the different governments involved. At the same time, the design of the agreements has largely maintained the Australian Government’s position as a funder of programs and services that are to be delivered by the state and territory governments. These roles are clearly articulated at a high-level in the NPARIH for all jurisdictions, and applied during the initial stages of implementation in the Northern Territory. However, the subsequent development of joint management arrangements led to responsibility for program delivery, and the overall accountability for results, being shared between FaHCSIA and the Northern Territory Department of Housing, Local Government and Regional Services (DHLGRS).

The joint arrangements have given the Australian Government greater visibility over key implementation issues and progress being achieved in all elements of the program in the Northern Territory. FaHCSIA officers have been embedded within the program management structure of the responsible Northern Territory Government department and, as a result, the Australian Government has ready access to detailed program and package information. This has assisted with managing program progress and risks, influencing outcomes, and strengthening collaboration between the responsible government departments at operational and senior management levels. The joint management arrangements also help to promote a shared understanding and agreement of program objectives and expected outputs. As a

¹³ ANAO Audit Report No 12 2011-12 *Implementation of the National Partnership Agreement on Remote Indigenous Housing in the Northern Territory*. Canberra. 10 November, pp 27, 28

result, the arrangements in the Northern Territory, while atypical, can be considered to be a positive approach to integration as they provide a sound base for practical collaboration between jurisdictions, and assist in overcoming many of the boundary issues which can arise in interjurisdictional partnerships.'

While the report acknowledges also that such joint arrangements can lead to a blurring of responsibilities and accountabilities, we were underlining the positive benefits of strong collaboration to COAG initiatives.

Indeed, a similar point has been emphasized in relation to the UK National Health System:

'Where integrated care has been successful it has often been due to good local relationships and shared borders between social services departments and the local health service.'¹⁴

The Australian Parliament and some of its committees have shown a deal of interest in the COAG developments in recent years, with a strong focus on the accountability for the Commonwealth funds made available to the states and territories through national specific purpose payments and national partnership payments made under the Federal Financial Relations Act.

Following recommendations by the JCPAA¹⁵ and the Senate Education, Employment and Workplace Relations References Committee,¹⁶ the *Auditor-General Act 1997* has been amended to provide for the Commonwealth Auditor-General to audit the performance of a state or territory body in achieving the Commonwealth's purpose, at the request of the JCPAA or the responsible Minister.

In addition, the Auditor-General may audit the performance of contractors that receive money for a Commonwealth purpose and have agreed to use the money in achieving the Commonwealth purpose.

¹⁴ Op cit., *Joining the Care Dots?* Public Finance, p.30

¹⁵ JCPAA, Report 419 *Inquiry into the Auditor-General Act 1997*. December 2010 (Recommendation 11)

¹⁶ The Committee's report *Primary Schools for the Twenty-First Century Program*, March 2011, included a recommendation that the accountability mechanisms for oversight of state expenditure of Commonwealth funding be strengthened, and this should include 'enhancing the power of the Auditor-General to 'follow the money' to ensure value for money is achieved by the Commonwealth.' (Recommendation 3)

The most significant benefit of these new provisions which allow audits of Commonwealth partners (state and territory bodies, and contractors) is that it allows an end-to-end audit to be undertaken of the performance of programs which are funded by the Commonwealth.¹⁷

Australian Auditors-General have also agreed to work together in conducting concurrent audits whereby each of the audit offices will agree common audit objectives and complementary timelines for some audit topics; we currently have a concurrent audit on Homelessness underway.

It is early days in relation to both these developments but I have no doubt that these arrangements will allow Auditors-General to better inform Parliaments and the community about the performance of government programs.

CONCLUSION

It is apparent through changes to the administrative arrangements mentioned earlier and the enhanced approach to auditing partners that deliver Commonwealth funded programs, that the public sector is positioning itself to work more effectively in a joined-up world

- with the goal of achieving better outcomes and efficiencies in public administration.

It is fair to say that the emphasis given to whole-of-government solutions and shared agendas in the last five years or so has permeated the thinking of those in the public sector with responsibilities for both policy development and program delivery.

This is because many of the more complex policy issues are cross-cutting within jurisdictions and often between tiers of government.

The acceptance by COAG of clearer responsibilities between the Commonwealth and the states and territories for the delivery of Commonwealth funded programs has also reinforced the importance of managing effectively across borders.

¹⁷ McPhee, Ian. 2012. *Audits of Commonwealth Partners*. Presentation to the Australasian Council of Public Accounts Committees. Canberra. 25 May. P.3

So while there is general acceptance of the benefits of joined-up arrangements, we are still coming to grips with the best approaches to implementation and how to be more explicit about the accountabilities for the various contributions.

- This is evidenced by the range of cases where joined-up solutions are yet to perform to expected performance standards.

We do know joined-up delivery models place a premium on the ability of agencies to manage the many variables involved including multiple partners, to achieve the desired results.

Those elements of public administration that have always held agencies in good stead in managing programs still apply:

- sound leadership and governance
- active risk management and monitoring
- effective financial information and KPIs to measure and assess performance, and
- periodic program evaluation.

However, for joined-up arrangements, there is a premium on having a clear end-to-end vision of the various partners and processes, understanding who is responsible for what, and for assessing and monitoring system-wide performance.

Implicitly, this underlines the leadership and relationship management skills of those officials with responsibility for achieving outcomes. As Kettl has said ‘agency managers must see their job as getting the job done – of looking past the boundaries of their agencies to accomplish the broad mission, rather than simply managing the more narrow activities within their agency walls.’

As in most areas of public administration, we can gain from the experience of other agencies, other tiers of government, and other nations to inform our judgments around the development of policies that rely on joined-up approaches, and their delivery.

More can be done legislatively to recognise the world has changed from the days when a largely siloed approach to public sector management was acceptable – this is as much about signaling as it is about substance, to give statutory support to evolving administrative arrangements.

In this context, it is pleasing to see that the ANAO has been given the audit powers to keep the Parliament informed of the performance of Commonwealth partners in this joined-up world, allowing an end-to-end view of program performance, and that Finance is exploring options to accommodate more effective governance arrangements for joined-up arrangements as part of their Commonwealth Financial Accountability Review.

Thank you.