

Joint Committee of Public Accounts and Audit

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

QUESTION ON NOTICE

Date of hearing: 24 April 2024

Outcome: Employment and Workforce

Department of Employment and Workplace Relations Question No. IQ24-000017

Mr Julian Hill MP, on 24 April 2024, Proof Hansard page 5

24 April 2024 | Workforce Australia procurement

Question

CHAIR: I just have a housekeeping question. Take it on notice if you need to. What were the probity arrangements in the Workforce Australia procurement, and were there any probity issues identified during the procurement?

Ms Ryan: Can you clarify which procurement you are referencing?

CHAIR: The building of the Workforce Australia—

Ms Ryan: Platform?

CHAIR: and the contracts with DXC and so on. We don't have the benefit of the Audit Office audit on that.

Ms Ryan: We will take that on notice.

Answer

The Department engaged an external legal advisor, Ashurst Australia, to provide probity and legal counsel services in relation to the Request for Quotation process for the engagement of a systems integrator in respect of the New Employment Services Model (NESM) digital platform project. DXC Technology was selected as the Systems Integrator to support the Department in delivering NESM. A detailed 'Probity Plan' was also developed (in consultation with Ashurst Australia) to plan and manage the probity issues throughout the procurement life cycle.

Ashurst maintained a Probity Issues and a Conflict-of-Interest declarations register throughout the procurement. Ashurst's legal and probity signoffs did not identify any issues that (post treatment) presented an unacceptable level of probity risk.

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QUESTION ON NOTICE

Date of hearing: 24 April 2024

Outcome: Employment and Workforce

Department of Employment and Workplace Relations Question No. IQ24-000018

Mr Julian Hill MP, on 24 April 2024, Proof Hansard page 6

24 April 2024 | SROs

Question

CHAIR: Thank you; that is helpful. Just on the SROs: you observed in the Workforce Australia Services Panel audit that departmental SES officials such as the senior responsible officer were made aware on at least five occasions between July 2021 and June 2022 that PaLMS deliverables had been overstated; that's in paragraph 3.35. The department's submission notes the central role of the SRO in ensuring the success of the project. I think I just put that to the department—and this goes both to advice to the SRO and to government: how was the department made aware the PaLMS delivery build was overstated, and was the government advised of delays to the overall digital platform project? That is a pinpoint question, given the criticality of the digital to enable the new system to commence.

Ms Ryan: I might have to take that on notice because I don't have the information in front of me, sorry.

CHAIR: No, that's fine; I appreciate it was a while ago and you had a lot going on then as well, trying to get it up and running. You'll get those two from the Hansard, but I'll also put the other aspect: once the SRO was advised in March 2022 that key elements of PaLMS had not been built, what were the steps you took to try and revisit the project?

Ms Ryan: Yes.

Answer

The Senior Responsible Officer (SRO) had well-established governance processes including regular project meetings. The SRO was advised on the progress of the vendor deliverables, including delays with the Procurement and Licence Management System (PaLMS) build. The SRO oversaw mitigations being introduced to ensure the overall delivery of the PaLMS project remained on schedule.

Government was regularly advised of the status of implementation, including some features being built for PaLMS and the platform would not be delivered by the vendor. The Department advised it was mitigating this by using existing functions and practices to ensure deadlines continued to be met.

When it was clear the vendor would not be able to deliver to the schedule the Department worked with the vendor to prioritise what would be delivered. The SRO made the decision to forgo the development of the tender submission component of the Tender Management System at that point, in favour of completing other tender management elements.

This decision recognised there were existing IT systems that were able to mitigate this issue. To ensure an appropriate and secure portal was available, the Department used an existing system to allow the secure lodgement of tenders, which were subsequently transferred into the Tender Management System for assessment.

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QUESTION ON NOTICE

Date of hearing: 24 April 2024

Outcome: Corporate and Enabling Services

Department of Employment and Workplace Relations Question No. IQ24-000019

Mr Julian Hill MP, provided in writing.

24 April 2024 | Contracts with DXC

Question

1. The department signed contracts with DXC in late 2020 and early 2021 to plan and deliver the Digital Platform. Noting that the ANAO mentions key components of the assessment system were delayed, and that the department has noted in October 2023 Senate Estimates that the system 'is not perfect' and there is need for additional funding, can the department advise:

- a) How does the Department evaluate its internal capability to conduct an appropriate procurement process for a bespoke digital employment services system?
- b) How did the department undertake consideration of different models of implementation such as outsourcing, system integration, in-house implementation etc?
- c) How did the department develop a scope of deliverables and contract value with DXC? Was a business case developed, with specific parameters of success?
- d) How much additional funding is needed (as flagged by the department in October 2023 Senate Estimates)?

Answer

Answers to this Question on Notice should be read in conjunction with responses related to IQ24-000017, IQ24-000018, IQ24-000020, and IQ24-000026.

- a) How does the Department evaluate its internal capability to conduct an appropriate procurement process for a bespoke digital employment services system?

The Department maintains a suitably skilled procurement capability that conducts procurement processes. In addition, the Department adheres to the Commonwealth Procurement Rules (CPRs) and Public Governance, Performance and Accountability Act (PGPA) to procure goods and services under the direction of financial delegates. Wherever possible, the Department utilises established government panels to approach the market. For complex or large procurement exercises, the Department engages external legal advisors to support and provide probity and legal counsel throughout the life of the procurement process.

- b) How did the Department undertake consideration of different models of implementation such as outsourcing, system integration, in-house implementation etc?

External capabilities were engaged to assist with components of the Workforce Australia Digital Platform delivery due to the scale, complexity and timing of the project.

Refer to IQ24-000026 for further information.

c) How did the Department develop a scope of deliverables and contract value with DXC? Was a business case developed, with specific parameters of success?

A Master Head Agreement was developed to outline the overall service requirements with the supplier. This provided a framework to define the relationship between the Department and the supplier over the contract period. Key elements of this agreement included terms and conditions, services expectations, and performance standards.

Activity Orders were developed under the Master Head Agreement to manage specific scope of deliverables and associated value. This method ensured control and accountability for individual components of delivery.

d) How much additional funding is needed (as flagged by the Department in October 2023 Senate Estimates)?

The additional funding required amounted to \$1.9 million (GST exclusive).

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QUESTION ON NOTICE

Date of hearing: 24 April 2024

Outcome: Employment and Workforce

Department of Employment and Workplace Relations Question No. IQ24-000020

Mr Julian Hill MP, provided in writing.

24 April 2024 | Digital Employment Services consultants

Question

In February 2023, the Department advised Senate Estimates that 'the planning and preparation for a procurement of this scale is enormous and we actually had to build an IT system to support the way that we assessed.' The Department has contracted with Deloitte for 'project management' (AusTender records)

- a) Was Deloitte consulted on any aspect of the procurement planning and to what extent? Provide the amount spent on any other external consultants engaged to plan and scope the digital platform, including procurement approaches for the digital platform's delivery.
- b) How did this IT system support your assessment processes as stated at Senate Estimates, noting that the ANAO reports that the system deficiencies negatively impacted assessments?

Answer

The Department adheres to the *Commonwealth Procurement Rules (CPRs)* and *Public Governance, Performance and Accountability Act 2013 (PGPA)* to procure goods and services under the direction of financial delegates.

External contractors were engaged to assist with components of the New Employment Services delivery due to the scale, complexity and timing of the project.

The Department engaged Deloitte under two contracts to assist with:

- Project management of individual in-house elements of the implementation and advise on using a systems integrator. The total contract value was \$3,455,325.
- To assist with the development of the first Second Pass Business Case. The total contract value was \$2,329,552.50.

Deloitte was not consulted on any aspects of procurement planning in the course of fulfilling these contracts.

The total amount of funding spent on other external consultants engaged to plan and scope the digital platform was \$9,989,720:

- PWC undertook Independent Project Assurance Services (as is required by the Digital Transformation Office) to the Digital Platform Project, with a contract value of \$2,837,120.
- Reason Group was engaged for strategic platform planning services and advice to support the delivery of the digital platform, with a contract value of \$4,169,400.
- Boston Consulting Group was engaged to develop and deliver the second Second Pass Business Case with a contract value of \$2,983,200.

The IT system (Procurement and Licence Management System of PaLMS) supported the Department's assessment process by providing a system to track and report departmental procurement processes in a consistent manner. It ensured appropriate processes were established to support compliance with internal probity frameworks. For instance, it allowed all notes and assessment results to be recorded securely and consistently in an electronic format within the IT system.

The IT system's delay did require an increased effort by Department staff to support the assessment process for the Workforce Australia procurement. However, it should be noted that the system currently provides for automated workflow supports; protections regarding information management and confidentiality; and importantly, the recording of assessments and other evaluation steps (and the outcomes) completed by departmental staff.

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QUESTION ON NOTICE

Date of hearing: 24 April 2024

Outcome: Employment and Workforce

Department of Employment and Workplace Relations Question No. IQ24-000021

Mr Julian Hill MP, provided in writing.

24 April 2024 | Risk plan for the new employment services model

Question

The ANAO states that a risk plan for the new employment services model was approved in September 2021. This plan recorded potential risks relating to the implementation timeframe and the inter-dependencies between PaLMS and the upcoming procurement assessment processes (paragraph 3.30; footnote 103).

- a) What mitigations or treatments were recorded in the risk plan?
- b) Were the risks reviewed and upgraded as risks were realised?

Answer

a) The New Employment Services Model Risk Plan outlined the following treatments for potential risks relating to implementation, Procurement and Licence Management System (PaLMS) (sometimes also called the Tender Management System) and procurement processes including:

- Ensuring the Department was clear about communicating how procurement would be managed.
- Adopting best fit procurement methods to capture maximum market support and engagement.
- ICT procurements to be undertaken in consultation with the relevant procurement areas to ensure compliance with required processes.
- Interdependencies between IT products, micro-policy decisions, procurement timeframes and stakeholder consultations are being managed through planning, scoping and ongoing/regular engagement with internal stakeholders.
- Additional resources allocated as required to support the capacity of the PaLMS team.
- Developing an implementation strategy with a specific emphasis on scheduling risk and co-design to ensure complexities were addressed early.
- The NESM Program delivery will incorporate review and endorsement periods for deliverables and call out interdependencies to support the agile process.
- Proactively flagging and escalating risks/issues with finalising micro-policy, through risk and issue management processes, including governance forums.

b) Yes. The risk plan and associated treatments were regularly reviewed in line with the Department's Risk Management Framework and monthly reporting to the New Employment Services Model Senior Responsible Officer.

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QUESTION ON NOTICE

Date of hearing: 24 April 2024

Outcome: Employment and Workforce

Department of Employment and Workplace Relations Question No. IQ24-000022

Mr Julian Hill MP, provided in writing.

24 April 2024 | Workforce Australia plans for digital system

Question

Given that Workforce Australia commenced in July 2022, and in October 2023 the Department acknowledged issues with the system's current functionality and intent to seek additional funding for subsequent tranches:

- a) What is the current useability status of the digital system?
- b) What are any forward plans for seeking funding for additional tranches to address issues?

Answer

The Workforce Australia IT system is integral to the delivery of employment services. Whilst we acknowledge some issues in the platform's functionality, this is not preventing the system from operating as needed.

In the period 1 July 2023 to 31 March 2024 the volume of unique users logged in and using the platform services has been:

- 1,181,384 clients
- 26,184 employers
- 23,430 provider staff

As part of the Budget 2024–25, the Australian Government has committed funding to make improvements to the system across a range of measures. These changes aim to improve digital service delivery, reduce administration burden and strengthen IT capability.

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QUESTION ON NOTICE

Date of hearing: 24 April 2024

Outcome: Employment and Workforce

Department of Employment and Workplace Relations Question No. IQ24-000023

Mr Julian Hill MP, provided in writing.

24 April 2024 | ANAO audit with approach to market

Question

In February 2022, the department provided the government with a progress update on the Digital Platform, reporting that the first deliverable was delivered on 30 June 2021. This update included that the Tender Management System provided support for the new model's Approach to Market. (paragraph 3.34; footnote 105). However, the ANAO has noted that, by June 2021, key aspects of the submission portal were delayed, necessitating submission through an external system.

a) Can the department explain the contradiction between the ANAO audit and yearly progress update in February 2022? How this was intended to support the approach to market, if the submission portal was not ready for the commencement of the approach to market?

Answer

The ANAO audit and February 2022 yearly progress update were not contradictory, rather, they had different purposes. The ANAO audit report was reviewing whether the Department procured Tender Management System had been delivered as detailed in the procurement documentation. The progress update however was looking at the entire status of delivery of the New Employment Service Model (not just the Tender Management System). In this it outlined a workaround to address the known delays occurring in the build of the Tender Management System to ensure a functioning tender submission process for the provider procurement process. The Department had managed procurements in the past via a manual system which was available to be redeployed.

When it was clear the vendor would not be able to deliver to the required schedule the Department worked with the vendor to prioritise what would be delivered. The Senior Responsible Officer made the decision to forgo the development of the tender submission component of the Tender Management System at that point, in favour of completing other tender management elements.

This decision was made as alternative IT systems existed and were able to mitigate this issue. To ensure an appropriate and secure portal was available, the Department used an existing system to allow the secure lodgement of tenders, which were subsequently transferred into the Tender Management System for assessment.

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QUESTION ON NOTICE

Date of hearing: 24 April 2024

Outcome: Employment and Workforce

Department of Employment and Workplace Relations Question No. IQ24-000025

Mr Julian Hill MP, provided in writing.

24 April 2024 | User engagement with providers involve

Question

In October 2023 Senate Estimates, the Department noted that they had replaced their previous system in July 2022. The department stated that the new system was not perfect and they did user engagement with providers, who have stated that functionalities are missing.

a) What did the user engagement with providers involve? What feedback did you receive and how did you incorporate those suggestions? What was the timeframe for that user engagement activity?

Answer

In the process of developing the Workforce Australia IT system the Department engaged with providers from July 2019 through to delivery in July 2022. This engagement was through working groups, provider forums, CEO forums, provider visits and feedback via the website.

Since the introduction of the new platform the Department has maintained ongoing engagement with providers via a number of channels, including focus groups of operational and management provider staff, forums with provider CEOs and user feedback channels. In 2023 the Department received feedback from providers that indicated their appreciation of the Department's effort to seek feedback and improve departmental communication.

At the October 2023 Senate Estimates it was noted providers had provided feedback to the Department wanting functions that were not on the new platform to be reintroduced. The functionalities being referenced included:

- the ability to be able to upload client resumes
- enhanced calendar management abilities to streamline re-scheduling appointments and provider events
- an improved ability to view and assess pending Job Search Assessments.

In building the new platform, the Department prioritised functions that had high provider use and client impact. The above functions were not high use functions. The Department continues to engage with users of the platform, including providers to identify opportunities for new functionality and upgrades for inclusion in future funding proposals.

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QUESTION ON NOTICE

Date of hearing: 24 April 2024

Outcome: Corporate and Enabling Services

Department of Employment and Workplace Relations Question No. IQ24-000026

Mr Julian Hill MP, provided in writing.

24 April 2024 | Digital Employment Platform were delivered via outsourcing

Question

What components of the Digital Employment Platform were delivered via outsourcing and which components were delivered in-house?

Answer

The Department of Employment and Workplace Relations retained overall responsibility for the delivery of the Digital Employment Platform. Two components required specialised experience and knowledge that was not available in the Department at the time:

- Procurement and Licence Management System (PaLMS) for program tender and contract management, built on Microsoft Dynamics 365 technology.
- Digital Services Contact Centre (DSCC) platform for the Department's contact centre supporting digital job seekers, also on Microsoft Dynamics 365 technology.

All remaining Digital Employment Platform components were delivered in-house by the Department.

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QUESTION ON NOTICE
Date of hearing: 24 April 2024

Outcome: Employment and Workforce

Department of Employment and Workplace Relations Question No. IQ24-000027

Mr Julian Hill MP, provided in writing.

24 April 2024 | Advisement over tranche 1 delivery

Question

In the February 2022 update, the department advised government that a fully integrated workflow for the Tender Management System and delivery of the related Contract and Licence Management system was 'on track' for completion by 30 June 2022. Simultaneous with this update, the Project Sponsor approved a manual data transfer process, needed as the automated data transfer feature was incomplete and no longer planned for delivery for Tranche 1 by June 2022. (Paragraph 3.34; footnote 106).

a) Did the department advise government that the automated data transfer feature was no longer planned as part of Tranche 1 delivery? What was the rationale provided for removing this planned feature?

Answer

The Department advised Government in June 2021 that the overall Tranche 1 delivery schedule for the Workforce Australia Digital Platform had to be rescope. The advice did not detail which elements of the Tender Management System in Tranche 1 would not be delivered by the vendor. The intent of the briefing was to advise the Department had implemented mitigation strategies when it became evident the vendor would not be able to deliver all the business requirements to the required schedule.