



Our Ref: D1809821

Mr Tony Buti MLA
Chair
Public Accounts Committee
Parliament House
4 Harvest Terrace
WEST PERTH WA 6005

Public Accounts Committee Inquiry into Public Sector Contract Management Practices – invitation to provide submissions.

Dear Chair

Thank you for the invitation to contribute to the Public Account Committee's Inquiry into Public Sector Contract Management Practices (the Inquiry). The following submission from the Department of the Premier and Cabinet (including the Office of Digital Government – formerly the Office of the Government Chief Information Officer) complements submissions from the Department of Finance and the Treasury which have a leading role in public sector contract management.

As referenced by the letter inviting submissions, the questions being raised by the Inquiry were a significant part of the focus of two recent major independent reviews into the work of the public sector. The *Service Priority Review*, which reported to the Government its recommendations in October 2017, and the *Special Inquiry into Government Programs and Projects* (Special Inquiry), which reported in February 2018, have provided the foundation for a multi-year program of public sector reform.

A number of other publicly available reports have also contributed to the whole of government reform agenda, including the *Sustainable Health Review* (interim report), two CEO Working Group reports and the *Auditor General's Performance Audit into Implementation of the GovNext-ICT Program*. These reports are available on the websites of the Department of the Premier and Cabinet and the Auditor General.

The Public Sector Reform Program (the Program), is overseen by the Public Sector Reform Steering Committee comprising the Director General of the Department of the Premier and Cabinet, the Under Treasurer, the Public Sector Commissioner, and the Director General of the Department of Finance. The Steering Committee also includes two line agency CEOs rotating every six months. The work of the Program is coordinated and led through the Department of the Premier and Cabinet.

The Program is designed to create a more efficient, collaborative and high-performing public sector that delivers better outcomes to the community. Tracking more than 350 recommendations from the reviews, the Program is built around five

themes with 15 drivers for change across the public sector. Recommendations with a whole of government or cross-sector focus underpin 20 early initiatives and a similar number of projects to be pursued in later years of the program. Separate, agency-specific recommendations from the reviews are being addressed by the relevant agency. A Roadmap for Reform (Appendix A) outlines the 20 early initiatives.

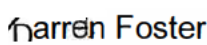
Several of the whole of government reform early initiatives in the Public Sector Reform program are relevant to the Inquiry as follows:

- Infrastructure WA; Better planning to maximise the value of every infrastructure dollar
- Enhance public sector procurement: simplify and consolidate the government procurement framework while maximising social and economic outcomes
- Strengthen budget systems and structures: driving sustainable and transparent public sector finance
- GTE Reform: Strengthening the connection of Government Trading Enterprises with the rest of Government.
- Functional Area Leadership: Strengthening leadership across common government functions, including Procurement, Financial Management and Information and Communication Technology (ICT).

Further details on the background to these initiatives are provided at Attachment B. The lead agency responsible for progressing each initiative under the reform program is also listed in the attachment. Separate submissions from Treasury and the Department of Finance to the Inquiry also provide further detail.

The Department is taking an active role to address comprehensively the recommendations of these reviews and I am confident this work will strengthen contract management and procurement practices across the sector for the benefit of Western Australians.

Yours sincerely


DIRECTOR GENERAL

Attachment A: Roadmap for Reform



Attachment B: Early Initiatives of the Public Sector Reform program relevant to the Inquiry

These initiatives are shaped by the whole of government recommendations from the independent reviews. Where the independent reports have suggested specific government agencies take accountability for individual recommendations, this has been indicated alongside recommendations below. Where a specific agency has not been indicated in the reports, the assigned Lead Agency has been included and marked in italics.

2 - Infrastructure WA

Initiative purpose: Better planning to maximise the value of every infrastructure dollar

Lead Agency: Department of the Premier and Cabinet

Cabinet, DPC	Special Inquiry Vol 1: Executive Summary, pg. 14	The Special Inquirer supports the establishment of Infrastructure WA. ¹
<i>DPC</i>	Special Inquiry Vol 1: Project Management, pg. 105	The proposal to establish Infrastructure WA is supported. It is envisaged that Infrastructure WA will provide the framework for long and medium term infrastructure planning, prioritisation and decision making and that plans will be integrated and easily understood.
Cabinet, DPC	Special Inquiry Vol 1: Project Management, pg. 105 (see also pg. 97)	Government must develop a cohesive, integrated, and prioritised infrastructure plan for the State. ²
DPC	Special Inquiry Vol 1: Public Sector Capability, pg. 81 (see also pgs. 73 – 74)	Infrastructure WA should be formed to undertake periodic and detailed assessments of the State's infrastructure base and of future infrastructure requirements across the short (four years), medium (ten years) and longer term. The scope of Infrastructure WA's analysis would include projects of an economic, social and environmental focus. This analysis would include detailed case study analysis of future projects.

¹ This recommendation is part of a broader recommendation in the independent report. The other portion of the recommendation is scoped to the reform project *Establishing Cabinet Priorities and Undertaking Strategic Planning*.

² This recommendation is part of a broader recommendation in the independent report. The other portion of the recommendation is scoped to the work stream *Driving Project Management Functional Leadership*, under the reform project *Designing a Functional Leadership Framework*.

9 - Enhance Public Sector Procurement

Initiative purpose: Simplify and consolidate the government procurement framework while maximising social and economic outcomes

Lead Agency: Department of Finance

Finance	SPR Rec 7; Action ii	<p><i>Rec: Leverage government procurement to both reduce costs and improve outcomes for the community</i></p> <p>Action: Develop a whole-of-government procurement strategy that accounts for operational, economic and social outcomes, including regional outcomes. Provide practical and targeted support for officers with procurement responsibility.</p>
Finance, DPC	Public Sector Efficiency WG, Rec 19	<p>Reduce overall process and reporting burdens:</p> <p>19.1. Government Procurement to simplify procurement documents, such as procurement plans and relevant templates in consultation with customers and the red tape reduction team in Economic Reform.</p> <p>19.2. Government Procurement to seek a better way to management procurement assurance over \$5 million than the current State Tender Review Committee process, focusing assistance and assurance at the beginning of high risk and complex procurement processes (with procurement policies being updated to require agencies to liaise with Government Procurement early).</p> <p>19.4. Government Procurement to improve access to information and guidance including updating its website materials.</p> <p>19.5 Repeal Premier's Circular 2005/08, which requires the reporting of consultancies, and instead rely on Tenders WA for information.</p> <p>19.6 Repeal Premier's Circular 2016/02 which requires approval by DPC of professional contracts over \$50,000, or if not rescinded raise the reporting threshold to \$75,000 and focus only on areas of high risk.</p> <p>19.7 Clarify Treasurer's Instruction 820 to explicitly allow Tenders WA to serve as a register of contracts.</p>

Finance	Public Sector Efficiency WG, Rec 20	<p>Improving flexibility and ease of Common Use Arrangements:</p> <p>20.1 Government Procurement to undertake strategic reviews as each CUA expires to ensure the procurement model best suits market and other conditions. These reviews would use Government Procurement's recent CUA Assessment Guide and the proposed principles for good rule making, and include the consideration of purchasing arrangements including mandatory CUAs, consortium CUAs (like Gov-Next-ICT), voluntary CUAs and multi-user lists.</p> <p>20.2 Government Procurement to consider a simple and integrated web based platform for CUA purchasing (pick-and-buy).</p>
Finance	Public Sector Efficiency WG, Rec 22	<p>Improving focus on performance and outcomes:</p> <p>22.1 Finance to finalise and implement its prototype digital 'Who Buys What and How' dashboard.</p> <p>22.3 Government Procurement to review how to better capture and share procurement performance and outcomes across the sector.</p>
Finance	Special Inquiry Vol 1: Procurement and Contract Management, pg. 113	<p>3. Consolidation of procurement and the appointment of the Department of Finance as the functional leader and a one-stop-shop for support should incorporate the following elements:</p> <ul style="list-style-type: none"> - removal of duplication and inconsistency in procurement policy; and - provision of [procurement] standards, policy and practice across government; - efficient allocation of resources between goods, services and works procurement under a joint framework.³
SSO	Special Inquiry Vol 1: Executive Summary, pg. 113 & 20 (see also pg. 174)	<p>4. Government agencies should be required to inform the State Solicitor's Office of their intentions to enter into contract negotiations, even if they plan to use other legal services.</p>
SSO	Special Inquiry Vol 1: Executive Summary, pg. 113 & 20 (see also pg. 174)	<p>5. Policy should be developed to require all agencies to maintain a contract risk register and to provide the information to the State Solicitor's Office quarterly for reporting to the Attorney General.</p>

³ This recommendation is part of a broader recommendation in the independent report. Specific portions of the recommendation have been included within this project as a note. The full recommendation is scoped to the work stream *Driving Procurement Functional Leadership*, under the reform project *Designing a Functional Leadership Framework*.

SSO	Special Inquiry Vol 1: pg. 113	7. Policy on materiality thresholds relating to Recommendations 4, 5 and 6 above needs to be agreed by all relevant agencies. ⁴
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10 - Strengthen Budget Systems & Structures

Initiative purpose: Driving sustainable and transparent public sector finances

Lead Agency: Department of Treasury

Treasury	SPR Rec 8; Action i	<i>Rec: Overhaul the budget system to focus on fiscal sustainability and support agencies to achieve outcomes for the community</i> Action: Strengthen the institutions surrounding the budget system, including by upgrading Cabinet processes and ensuring in legislation the independence and transparency of the budget forecasting process.
Treasury	SPR Rec 8; Action ii	<i>Rec: Overhaul the budget system to focus on fiscal sustainability and support agencies to achieve outcomes for the community</i> Action: Revise budget tools and processes to improve effectiveness and support agencies to focus on outcomes.
Treasury Finance	SPR Rec 8; Action iii	<i>Rec: Overhaul the budget system to focus on fiscal sustainability and support agencies to achieve outcomes for the community</i> Action: Provide incentives for agencies to manage assets and finances to maximise their value to the State
Cabinet, Treasury	Special Inquiry Vol 1: Where did the money go? pg. 164	<i>Quantification of downside economic and financial risks</i> Given the volatility in the State's economic base and its impact on State revenue, the State Government should develop and publish sensitivity analyses, which canvas downside budget scenarios for the Expenditure Review Committee as part of the annual Budget process. This analysis, which should be published in the annual Budget, should illustrate the impact on State Budget metrics if given spending and investment decisions are overlaid on a lower-than-baseline outlook for economic growth and / or State revenue. This could be modelled on the Reserve Bank of Australia's bi-annual Financial Stability Review in terms of its intent and approach (although it need not be either as frequent or as exhaustive as that Review).

⁴ Recommendation has been included as note. Recommendation 6 has been scoped to the reform project *Driving Legal Functional Leadership*.

Treasury	Special Inquiry Vol 1: Executive Summary, pg. 18	The Department of Treasury should be given the authority to examine the need for reform in financial management. This would include review of the system of hypothecated funding, budget processes, the parameters for the Mid-Year Review, and the application of the Strategic Asset Management Framework.
Cabinet, Treasury, DPC	Special Inquiry Vol 1: Executive Summary, pg. 18	The Department of Treasury must be reinstated as the economic and financial leader, advisor, controller and policy maker in the public sector is critical. This will entail addressing resourcing issues. It is essential that Cabinet supports Treasury in the role. ⁵
Treasury	Special Inquiry Vol 1: Public Sector Capability, pg. 81	A training program needs to be developed by Treasury to enhance understanding of the provisions of the <i>Financial Management Act 2006</i> and its associated regulations. ⁶
DPC	Special Inquiry Vol 1: Executive Summary, pg. 17 (see also pgs. 87-88, 166)	It is recommended that Government establish a Parliamentary Budget Office to enhance transparency and public understanding of election commitments, and the budget and fiscal policy settings.
Treasury	Special Inquiry Vol 1: Executive Summary, pg. 17 (see also pgs. 87-88, 166)	The Government must review its management of hypothecated revenues. As a default position these revenues need to be considered in the same manner as consolidated revenue subject to budget review. If necessary legislative changes to address these issues need to be pursued.
Cabinet, Treasury	Special Inquiry Vol 1: Where did the money go? pg. 164	<i>Augmenting the capability of Treasury to better deal with the State's forecasting needs.</i> This report has demonstrated Western Australia Treasury's forecasting performance could be improved. Consideration should be given to expanding the capacity of the Economics and Revenue Forecasting capability of Treasury, to improve the quality of forecasts and advice the State Government receives regarding the economic and financial outlook. Treasury should also regularly subject its forecasting models and performance to external review.

⁵ This recommendation is also scoped to the reform project *Driving Financial Management Functional Leadership*.

⁶ This recommendation is also scoped to the reform project *Driving Financial Management Functional Leadership*.

Cabinet, Treasury	Special Inquiry Vol 1: Where did the money go? pg. 164	<p><i>Broader engagement and consultation in forecasting</i></p> <p>The State Government should facilitate a broadening in the range of stakeholders Western Australia Treasury engages with as part of its economic forecasting process, particularly with regard to local industry, and China-based bureaus of the State and Commonwealth Governments. This includes the Western Australia Government trade office in China (operated within the Department of Jobs, Tourism, Science and Innovation) and the China offices of the Australian Trade and Investment Commission (Austrade).</p>
Treasury	Special Inquiry Vol 1: Project Management, pg. 105	<p>To enhance transparency and accountability, the Special Inquirer repeats the recommendations of the Auditor General from 2012:</p> <ul style="list-style-type: none"> - The Department of Treasury should retain copies of key submissions and approvals project documents to enable effective tracking of project development and oversight of agency compliance with the Strategic Asset Management Framework.⁷
Cabinet, Treasury	Special Inquiry Vol 1: Where did the money go? pg. 164	<p><i>Adopting a budget strategy in keeping with the State's fundamentals</i></p> <p>Western Australia's state finances are somewhat unique, with high exposure to international commodity markets. The State does not adequately address this in its overarching approach to financial management. It requires a more conservative approach to the treatment of key lines of revenue – particularly royalties – and acknowledgement that the State has a high per capita investment requirement to facilitate economic growth and development. As a result, the State must deliver regular, sizeable operating surpluses from the General Government sector.</p>
all agencies	Special Inquiry Vol 1: Governance, pg. 67	<p>All submissions with a financial impact for the State must be submitted through the Expenditure Review Committee. No submission with a financial impact should be allowed to go to Cabinet without an Expenditure Review Committee decision.⁸</p>
Cabinet, DPC	Special Inquiry Vol 1: Governance, pg. 67	<p>Cabinet must rebuild the integrity of the annual budget process. To do this, it must consider measures which require and enable Ministers to meet new funding pressures from within approved budget limits.</p>

⁷ This recommendation is part of a broader recommendation in the independent report. The other portion of the recommendation is scoped to the reform project *Enhancing the Delivery of Major Projects*.

⁸ This recommendation is also scoped to the reform project *Enhancing Support Services for Cabinet*.

11 – GTE Reform

Initiative purpose: Strengthening the connection of Government Trading Enterprises with the rest of Government.

Lead Agency: Department of Treasury

Treasury	SPR Rec 9; Action ii	<i>Rec: Improve governance, accountability and transparency for public sector entities</i> Action: Prepare ‘umbrella’ legislation to reform governance, accountability and oversight of GTEs in light of key organisational principles.
Cabinet, Treasury, DPC	Special Inquiry Vol 1: Government Trading Enterprises, pg. 129	The Special Inquirer endorses the recommendations of the submission by the Department of Treasury (Appendix J). These recommend that the Government commit to: <ul style="list-style-type: none"> - undertake a review of the structure of government’s commercial and quasi-commercial entities to identify appropriate governance arrangements; - introduce legislative reform to standardise and strengthen governance arrangements; and - establish a Government Trading Enterprise Oversight and Advisory Unit within Treasury to implement the reform program and increase the effectiveness of ongoing performance monitoring of Government Trading Enterprises.
Treasury	Special Inquiry Vol 1: Government Trading Enterprises, pg. 129	Government Trading Enterprises need to recognise they are part of the public sector and if necessary that should be effected by legislative amendment.
Treasury	Special Inquiry Vol 1: Government Trading Enterprises, pg. 129	The requirements on Government Trading Enterprises to produce annual Statements of Corporate Intent and Strategic Development Plans and the content of those Statements need review. Government Trading Enterprises and other major public corporations should be required to publish Statements containing their projected profit and loss and balance sheets as well as their plans for major activities and infrastructure developments.

Treasury	Special Inquiry Vol 1: Government Trading Enterprises, pg. 130	The process for appointing board directors must be reviewed so that the composition and structure of boards of Government Trading Enterprises are the best fit for the enterprise. The Chair must be consulted in the appointment process and Cabinet should review its practices to ensure transparency on selection and appointment processes. It should be mandatory for board members to have knowledge of the processes and workings of State Government. ⁹
<i>Treasury</i>	Special Inquiry Vol 1: Government Trading Enterprises, pg. 130	Noting that Treasury's recommendations include commercial and "quasi-commercial" entities, the Special Inquirer specifically recommends that the Public Transport Authority and Main Roads Western Australia be included in the review of the structure of Government's commercial authorities.
Cabinet, DPC	Special Inquiry Vol 1: Government Trading Enterprises, pg. 130	Cabinet should give consideration to appointing a Shareholder Minister for Government Trading Enterprises to drive accountability through the establishment of robust performance agreements and indicators.
Cabinet, Treasury, DPC	Special Inquiry Vol 1: Executive Summary, pg. 16	Government must commit to a review of the structure of the government's commercial and quasi-commercial entities to identify appropriate governance arrangements. Consideration should be given to the introduction of legislative reform to standardise and strengthen governance arrangements and to establish formal oversight by the Department of Treasury to monitor performance.
<i>Treasury</i>	Special Inquiry Vol 2: Muja Power Station - Muja AB, pg. 41	Guidelines must be developed around the practical implementation of any mandated approvals and consultation requirements with the responsible Minister and the government oversight body such as the Department of Treasury's Public Utilities Office.
<i>Treasury</i>	Special Inquiry Vol 2: Muja Power Station - Muja AB, pg. 41	All boards must be presented with detailed information and a business case prior to undertaking major investment decisions. The business case during the planning stage must include a full financial analysis of all risks and mitigation strategies that adequately reflects the risks, costs and benefits relating to the project.

⁹ This recommendation is also scoped to the reform project *Strengthening the Management of Government Boards and Committees*.

Treasury	Special Inquiry Vol 2: Muja Power Station - Muja AB, pg. 41	Joint ventures should only be undertaken where the State has control and must follow detailed due diligence, assessment of the financial standing of the third party and a risk allocation assessment have been conducted. Consultation with the Department of Treasury must be initiated at the initial planning stage to investigate the possible implications for the State. Ministerial approval must be sought prior to any Memorandum of Understanding or Heads of Agreement discussions with the proposed joint venture partner.
Treasury	Special Inquiry Vol 2: Muja Power Station - Muja AB, pg. 41	Joint ventures where a State corporation and a private company are sharing 50 percent interest each should not be undertaken. If a 50 percent split is not avoidable the joint venture arrangement must have a deadlock breaking arrangement which resolves all deadlocks in favour of the State's position.
Treasury	Special Inquiry Vol 2: Muja Power Station - Muja AB, pg. 41	A governance structure, reporting requirement and communication strategy must be established between the joint venture, the corporation board and the responsible Minister from the beginning. There should be continuous monitoring of joint venture partners once the partnership has been established.
Cabinet, DPC	Special Inquiry Vol 1: Governance, pg. 68	Cabinet must establish a ministerial role in the nature of an "Ownership Minister" to ensure that Government Trading Enterprises achieve appropriate financial performance and have adequate risk management practices. In particular, this Minister must insist on the keeping of adequate minutes so that approvals can be transparent and reviewable. A summary of what constitutes good minute taking can be found in Appendix D.
Treasury	Special Inquiry Vol 1: Governance, pg. 68	Treasury must be required to undertake an enhanced monitoring role over the Government Trading Enterprises and must be resourced adequately by the Government Trading Enterprises to undertake this role.
Treasury	Special Inquiry Vol 1: Governance, pg. 68	The governance and accountability arrangements for Government Trading Enterprises and other statutory authorities must be standardised, to ensure the objectives of these entities – between commercial and non-commercial requirements – are clear, how ministerial directions are treated and reported and how the entities interface with the budget process. Legislative changes should follow as necessary.

Finance	Special Inquiry Vol 1: Governance, pg. 68	All entities including Government Trading Enterprises should use the Tenders WA system to record tender and contract award details for government projects.
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20 - Functional Area Leadership

Initiative purpose: Strengthening leadership across common government functions

Lead Agency: Public Sector Commission

DPC	SPR Rec 15; Action i	<p><i>Rec: Establish system-wide leadership to drive performance across common functions</i></p> <p>Action: Develop a functional leadership framework and allocate responsibility for leadership of common functions across the sector, beginning with human resources, procurement and ICT</p>
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20C - Driving Procurement Functional Leadership

Initiative purpose: Apply the Functional Leadership Framework and build communities of practice in procurement.

Lead Agency: Department of Finance

Recommendations scoped into this initiative:

Finance	SPR Rec 7; Action i	<p><i>Rec: Leverage government procurement to both reduce costs and improve outcomes for the community</i></p> <p>Action: Strengthen the development and application of commercial acumen and contract management skills in procurement, and ensure regular evaluation, transparency and accountability applies at a system level.</p>
DPC	SPR Rec 15; Action i	<p><i>Rec: Establish system-wide leadership to drive performance across common functions</i></p> <p>Action: Develop a functional leadership framework and allocate responsibility for leadership of common functions across the sector, beginning with human resources, procurement and ICT.¹⁰</p>

¹⁰ This recommendation is also scoped to the reform project *Designing a Functional Leadership Framework*. The proposed Framework is expected to be developed by the Public Sector Commission.

Finance	Special Inquiry Vol 1: pg. 113	<p>3. Consolidation of procurement and the appointment of the Department of Finance as the functional leader and a one-stop-shop for support should incorporate the following elements:</p> <ul style="list-style-type: none"> - a contemporary Procurement Act with important social and policy objectives enshrined; - removal of duplication and inconsistency in procurement policy; - retain agencies' autonomy and reduce red tape; - promote transparency, equity and opportunity for local businesses; - education programs for all agencies to build capability in procurement, contract development, negotiations, contract management and supplier performance management; - efficient allocation of resources between goods, services and works procurement under a joint framework; - provision of standards, policy and practice across government; - collaboration with major buying agencies and agencies responsible for Aboriginal policy, training and infrastructure; and - centralisation of procurement and contract management data and information to allow for ongoing analysis and the identification of opportunities for aggregated buying, improvements in practice and capability gaps that require education.¹¹
Finance	Special Inquiry Vol 1: pg. 20	<p>Consolidation of procurement leadership under the Department of Finance should provide a one-stop-shop for advice, support, education, resource allocation, provision of standards, policy and practice, the identification of collaboration opportunities, and the centralisation of data and information.</p>
Central agencies	Public Sector Efficiency WG, Rec 2	<p>'Communities of practice' be established or better leveraged to help drive more efficient policies and practices regarding recruitment, procurement, ICT solutions, financial reporting, and rule-making and process – led by PSC, Finance, OGCIO, Treasury and DPC respectively.</p>
PSC & all agencies	Public Sector Efficiency WG, Rec 1.1 & 1.2	<p>The inefficiency caused by duplication in policy development be reduced with:</p> <p>1.1. Central agencies to develop sector-wide policies and periodically review these using the principles of good rule-making proposed by the Working Group and remove requirements for agencies to generate their own policy.</p> <p>1.2 Agencies to adopt sector-wide policies, or a portfolio approach to policies, unless precluded by regulatory or other constraints.</p>

¹¹ Note, unnumbered elements 1, 3 and 6 have also been scoped to the reform project *Enhancing Procurement Policy and Practice*.

Central agencies	Public Sector Efficiency WG Rec 5	Central agencies improve guidance and support across their rule making and administration functions, including clarifying risk appetite and improving risk management guidance.
Central agencies	Public Sector Efficiency WG Rec 6	Central agencies to minimise unnecessary processes and practices by providing myth-busting information and fact sheets to provide clarity of requirements, outline what agencies can do, and increasing transparency over agency reform success and performance (such as recruitment KPIs).
Finance	Public Sector Efficiency WG, Rec 21	<p><i>Improving contract negotiation and risk management skills:</i></p> <p>21.1 Government Procurement to encourage re-use of previously agreed upon terms and conditions to avoid re-negotiation.</p> <p>21.2 Government Procurement to encourage agency procurement staff to exercise their right to consider only compliant bids when this is in the State's best interests.</p> <p>21.3 Government Procurement to improve the negotiating capability of agencies to facilitate better procurement outcomes.</p> <p>21.4 Government Procurement to assist in building risk management capability in relation to procurements.</p>
All agencies	Public Sector Efficiency WG, Rec 22	<p><i>Improving focus on performance and outcomes:</i></p> <p>22.2 Agencies to consider developing tenders jointly when appropriate, reducing associated costs and creating savings opportunities.</p>

20D - Driving Financial Management Functional Leadership

Initiative purpose: Apply the Functional Leadership Framework and build communities of practice in financial management.

Lead Agency: Department of Treasury

Recommendations scoped into this initiative:

Treasury	Special Inquiry Vol 1: pg. 18	The Department of Treasury must be reinstated as the economic and financial leader, advisor, controller and policy maker in the public sector is critical. This will entail addressing resourcing issues. It is essential that Cabinet supports Treasury in the role. ¹²
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¹² This recommendation is also scoped to the reform project *Reinforcing Budget Processes and Institutions*.

Treasury	Special Inquiry Vol 1: pg. 81	A training program needs to be developed by Treasury to enhance understanding of the provisions of the Financial Management Act 2006 and its associated regulations. ¹³
Central agencies	Public Sector Efficiency WG, Rec 2	'Communities of practice' be established or better leveraged to help drive more efficient policies and practices regarding recruitment, procurement, ICT solutions, financial reporting, and rule-making and process – led by PSC, Finance, OGCI, Treasury and DPC respectively.
PSC & all agencies	Public Sector Efficiency WG, Rec 1.1 & 1.2	The inefficiency caused by duplication in policy development be reduced with: 1. 1. Central agencies to develop sector-wide policies and periodically review these using the principles of good rule-making proposed by the Working Group and remove requirements for agencies to generate their own policy. 1. 2 Agencies to adopt sector-wide policies, or a portfolio approach to policies, unless precluded by regulatory or other constraints.
Central agencies	Public Sector Efficiency WG Rec 5	Central agencies improve guidance and support across their rule making and administration functions, including clarifying risk appetite and improving risk management guidance.
Central agencies	Public Sector Efficiency WG Rec 6	Central agencies to minimise unnecessary processes and practices by providing myth-busting information and fact sheets to provide clarity of requirements, outline what agencies can do, and increasing transparency over agency reform success and performance (such as recruitment KPIs).

¹³ This recommendation is also scoped to the reform project *Reinforcing Budget Processes and Institutions*.