Foreword — Ian McPhee, Auditor-General for the Commonwealth of Australia

I am pleased to provide the foreword for this collection, representing, as it does, a comprehensive drawing together of experience and insight from both practitioners and academic researchers.

The business of government is necessarily diverse, changing and of considerable scale. Against this background, policy and program implementation, organisational change and project management are recurring themes in the ongoing work of the Australian National Audit Office (ANAO). The factors for success are many and varied, and the consequences of failure can carry significant implications, not least for consumers and the public generally.

From its audit work, the ANAO has drawn important insights into what contributes to the successful implementation of government programs and initiatives. The breadth and depth of our work puts us in a unique position to compare the operations across the public sector. We've increasingly been seeking to pass on these lessons to the Australian Public Service (APS) through a range of audit products, such as our *AuditFocus* newsletters [1] and *Better Practice Guides* on specific aspects of administration, that draw lessons from relevant audits as well as international better practice. [2]

One positive development in the Australian Public Service (APS) in recent years has been an enhanced focus on the implementation of government programs and initiatives. This is important, because the community expects the Government to deliver on its policies; and so does the Government.

Delays in implementation mean that the community is not receiving the benefits of the new policy or initiative, and there is likely to be an adverse budgetary effect as well, neither of which are appreciated by Government. Parliament and its Committees are also interested in program implementation issues as evidenced by reports over many years on aspects of program administration and systems implementation.

Key factors for successful implementation

There are six themes that I feel are important factors for successful implementation. These are:

- organisational self-awareness;
- effective governance;
- the need for support from the 'top';
- an understanding of the interaction between policy development and implementation;
- engagement with other organisations; and

- continuous monitoring and evaluation.

Organisational self-awareness

Every organisation has different strengths and weaknesses that bear on successful implementation. Organisational self-awareness means being able to recognise the organisation's strengths and weaknesses. The chances of successful implementation are increased if senior management is able to recognise their own (and the organisation's) strengths and weaknesses; this in turn enables senior management to consider how to compensate for any weaknesses in a pragmatic way. This is fundamentally about risk management, taking into account the three major contributors to organisational risk:

- **strategic risk**: the concern that major strategic alternatives may be ill-advised given the organisation's internal and external circumstances;
- **environmental risk**: covering macro-environmental risks, including political, economic and market factors; and
- **operational risk**: covering compliance and process risks. [3]

There is now a recognition by most agencies that an effective risk management strategy and control environment must be in place, and refined over time to actively manage their programs in an environment of changing risk profiles – this is no longer discretionary.

The importance of risk management in today's public sector was captured by the UK Government's Strategy Unit as follows:

> Governments have always had a critical role in protecting their citizens from risks. But handling risk has become more central to the working of government in recent years. The key factors include: addressing difficulties in handling risks to the public; recognition of the importance of early risk identification in policy development; risk management in programs and projects; and complex issues of risk transfer to and from the private sector. [4]

To be most effective, managing risks should be aligned to strategic objectives, corporate governance arrangements and integrated with business planning and reporting cycles.

Effective Governance

Clear objectives and appropriate accountability, authority and reporting regimes are necessary components of effective governance. Having the right skills and methodologies is essential. Even so, do not hesitate to apply the 'blow torch' to critical judgments or assessments. Stay focused on what's important. This is particularly so with the quickening pace of public administration, including in respect to policy development and implementation. It is not uncommon for not

all policy dimensions to be known before a policy is announced, nor all implementation details to be settled before an implementation commences.

Planned pilot studies can be truncated, or turned into a rolling 'implementation'. While these approaches may not always reflect best practice models of implementation, they can reflect particular priorities and/or timetables. In these circumstances, an *agile* approach to governance and risk management is required. The main message, however, is *do not lose sight of the fundamentals of good governance; they will hold you in good stead*. [5]

Support from the 'top'

Appropriate engagement by the 'top' reduces the chances of sub-optimal implementation. A recent manager's checklist argued that one of the critical things to get right is to '*have the visible support of the top of the office*.' [6] Conversely, one of the most common causes of project failure is a 'lack of clear senior management and Ministerial ownership'.

Without strong and visible top-down support, there is a risk that underlying infrastructure will be ineffective, especially if cultural change is involved. As was recently noted in the Palmer report: 'a strong government policy calls for strong executive leadership, together with careful management, to ensure that enforcement and application of the policy are justified and equitable.' [7]

To be effective, an organisation needs to be willing to give and receive 'bad news'. Successful implementation depends on having appropriate strategies for dealing promptly with 'bad news'. Key considerations include:

- do the governance arrangements within the organisation provide for adequate progress and review mechanisms. This means including escalation of significant issues to chief executive and/or ministerial level at the appropriate time; and
- does the tone and culture of the organisation enable or prevent 'bad news' to be reported and listened to?

To be effective, policy and program implementation generally requires there to be a senior responsible officer who is accountable for the success of a policy's implementation. [8] This is the person whom the relevant minister and executive can turn to for progress reports and details of emerging risks during implementation.

Policy development and implementation are not separate

Policy implementation should be an integral part of policy design – begin with the end process in mind. This means engaging those with implementation experience during the policy development stage. This is important for assessing the practicability of a policy. [9]

For example, it may enable the identification of:

- practical constraints which need to be overcome in order for the policy to deliver required results on the ground; and
- more reliable cost and uptake estimates.

There has sometimes been a tendency for those with implementation experience to be consulted fairly late in the design process, which increases the risk of encountering difficulties during implementation, with subsequent risks to the delivery of outcomes. The point is that, those with implementation experience may have far better practical knowledge of what is likely to work and what is not likely to work. [10]

It is also necessary to avoid any tendency to downplay the analysis of implementation risks. This is especially important where time constraints and complex negotiation processes create pressure to focus on the outcome to be achieved, rather than the capacity of administrative processes to deliver. The danger is of 'unwanted surprises' down the track, with mitigation usually much more difficult at that point.

The other point I would stress in this area is that lessons from ANAO audits reflect the value of systematic and structured planning for implementation. [11] Planning provides a 'map' of how an initiative will be implemented addressing matters such as:

- timeframe, including the different phases for implementation;
- roles and responsibilities of all those involved in implementation;
- resources (including funding and human resources);
- risk management, including how any potential barriers to implementation will be dealt with; and
- monitoring and reporting requirements.

Where attention is not given to these matters, problems may arise such as: overambitious timeframes; [12] resources not being available when required; [13] those implementing the initiative do not have the appropriate skills or capability; [14] and insufficient contingency planning. [15]

Engagement with other organisations

It is becoming increasingly the norm for organisations to implement initiatives with the assistance of others. This may be: other Australian Government agencies; State and Territory Government agencies; non-government organisations; or the private sector, among others. Organisational boundaries are no longer as important as they used to be: there is today a heavy emphasis on whole-of-government initiatives that bring together the essential policy and delivery skills from within the APS.

Whole-of-government implementation is often a particular challenge for agencies. Such initiatives are greatly assisted by: clear articulation of roles and responsibilities; assigning responsibility for risk and their treatment; and the ability to assess progress and outcomes from a whole of government perspective rather than in 'silos'.

Identification of a lead agency is also highly desirable for whole of government initiatives. [16] As well as working from the perspective of their agency, a lead agency is able to extol the benefits of a whole of government perspective, [17] including whether information is shared and flows between the agencies involved; performance is monitored; promotion is assessed; and the commitment by all parties is being met. [18] For the arrangement to be effective, the lead agency should be recognised and supported as acting in this capacity.

Keep monitoring!

Implementation of government and program initiatives is most commonly a staged process. Where it is not, there is value in trying to break the tasks into several manageable steps. Experience here and overseas suggests this increases the chance of success. So, do not assume that the job is done three quarters of the way through! Regular and continuous monitoring is essential to determine the extent to which the desired outcomes have been achieved. This requires structured reporting.

There is little value in agencies identifying and analysing key implementation risks, and then failing to act promptly when confronted by performance warning indicators. This is precisely when it is critical to act promptly. [19]

Good systems need to be supported by the right culture. Be willing to hear 'bad news' and react promptly. Another consideration is to keep sight of the Government's objective. During roll-out of any initiative one should continually ask whether the program's objectives are being met. This can sometimes be a challenge as the distance between the policy dimension and implementation increases during roll-out. Keep in mind the key questions: *Is the project on track, on time, and on budget?*

Evaluation at an appropriate time assists in determining the extent to which an initiative has met, or is meeting its objectives and that those intended to benefit have done so. It is evident from programs such as the reaction to the 2002–03 drought, that evaluation can help agencies learn lessons and share better practice in policy development and implementation. [20] This can lead to more informed decision-making; facilitate better use of resources and enhance accountability.

Concluding remarks

We need to recognise that a manager may be expected to deliver something very quickly with limited notice. However, a consistent message from the ANAO's

experience shows that planning for, and carrying through on implementation does reduce the risk of delay to, and dilution of outcomes. This monograph offers valuable insights that, if heeded, could make the difference between a smooth implementation and hitting 'potholes' along the way.

ENDNOTES

[1] These newsletters seek to capture some of the lessons from our audit work that are likely to be of general interest and application and are intended to be easy to read for busy public sector executives The first issue of *AuditFocus* was published and distributed in November 2005. It covered: compliance with the APS Financial Framework; Audit Committees; maintaining proper records; and project and contract management. See http://www.anao.gov.au and follow the link to the *AuditFocus* newsletter.

[2] See http://www.anao.gov.au and follow the link to Better Practice Guides to see a list of the guides.

[3] Atkinson, Anthony A and Webb, Alan, *A Directors Guide to Risk and its Management*, International Federation of Accountants Articles of Merit Award Program for Distinguished Contribution to Management Accounting, August 2005, p. 26.

[4] The UK Government Strategy Unit, 2002, *Risk: Improving government's capability to handle risk and uncertainty*, p. 1.

[5] If you are looking for a useful reference there is a Better Practice Guide issued by the ANAO in 2003 on *Public Sector Governance*, and a reference published in 2004 on the same topic by CCH. You may even wish to read ANAO reports concerned with the governance of programs and projects, available from www.anao.gov.au.

[6] Office of Government Commerce, *Achieving Excellence in Construction: a Manager's Checklist*, OGC, London, 2003.

[7] MJ Palmer, Inquiry into the Circumstances of the Immigration Detention of Cornelia Rau Report, Canberra, 2005, p. ix.

[8] A recent ANAO audit highlighted that a senior responsible officer should be allocated to a project, particularly where there is more than one agency involved in implementation (see ANAO Audit Report No.40, 2004–05, *The Edge Project*). 'Senior Responsible Owner' (SRO) is a term used by the OGC with regards to the Gateway Review Process. The Gateway Review Process makes reference to the concept of a SRO as an individual who is senior and takes responsibility for the successful outcome of a program or project. See Office of Government Commerce, *The OGC Gateway Process: a Manager's checklist*, version 1.0, OGC, London, 2004.

[9] National Audit Office, *Modern Policy-Making: Ensuring Policies Deliver Value for Money,* report by the Comptroller and Auditor-General HC 289 Session 2001–2002, the Stationary Office, London, 2001, p. 42.

[10] ibid

[11] All too often ANAO audits find that agencies have not given sufficient attention to planning for implementation. Recent ANAO audits that have highlighted poor implementation/project plans include: ANAO Audit Report No.40 2004–05, *The Edge Project;* ANAO Audit Report No.36 2003–04, *The Commonwealth's Administration of the Dairy Industry Adjustment Package; ANAO* Audit Report No.15 2002–03, *The Aboriginal and Torres Straight Islander Health Program Follow-up audit;* and ANAO Audit Report No.27 2004–05, *Management of the Conversion to Digital Broadcasting*.

[12] For example see ANAO Report No. 8 2005–06 Management of the Personnel Management Key Solution (PMKeyS) Implementation Project.

[13] For example see ANAO Audit Report No.20 2003–04, *Aid to East Timor*, para. 6.16.

[14] For example see ANAO Audit Report No.36 2003–04 The Commonwealth's Administration of the Dairy Industry Adjustment Package, para. 2.44.

[15] For example see ANAO Audit Report No.50 2004–05, *Drought Assistance*, para. 2.3.

[16] See ANAO Report No.50 2004–05, *Drought Assistance*.

[17] Management Advisory Committee, W*orking together: Principles and practices to guide the Australian Public Service* [internet]. Australian Government Australian Public Service Commission, Australia, 2005, available from http://www.apsc.gov.au/mac/workingtogether.htm [accessed 11 May 2005].

[18] Office of the Auditor General of Canada, *Managing Departments for Results and Managing Horizontal Issues for Results*, Report of the Auditor General of Canada-December 2000 Chapter 20, 2000, p. 29.

[19] 'In the dynamic area of immigration detention, the challenge for executive management is to recognise potential weaknesses and ensure that the arrangements for monitoring, assessment, reporting and review are sensitive to the changing environment. In particular, the arrangements should provide for adequate and early feedback to enable corrective action by management, and there should be clear triggers for involvement and oversight at executive level'. See MJ Palmer, op.cit., p. 167.

[20] See ANAO Report No.50 2004–05, *Drought Assistance.* Also see National Audit Office (NAO) *Modern Policy-Making Ensuring policies deliver value for money* report by the Comptroller and Auditor-General HC 289 Session 2001-2002; November 2001, p. 14.