

Terms of reference

Value for Money (s17A) Review:
Group Information & Communication
Technology

March 2018
[Sentient ID #XXXXXX]

BE THE HOW.
WHAKAMAUA KIA TINA!



1 Document control

1.1 Document purpose

This Terms of Reference (ToR) outlines the purpose of the review, the way it will be structured, governed and how it will be executed.

1.2 Document history

Version	Date	Update by	Update details
Final	26 March 2018	S Garrett	Final to accommodate the Appointments, Performance Review and Value for Money (APR) Committee governance changes

1.3 Document Approval

		Date

Comments:

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2 Introduction

2.1 Finance and Performance Committee resolution

1. At its meeting on 21 March 2017, the Finance and Performance Committee approved a three year programme to review effectiveness and value-for-money across the major activity and service lines of Auckland Council group, to ensure that its services continue to best meet Auckland's needs for good-quality infrastructure, local public services and performance of regulatory functions into the future.

2.2 Statutory requirements

- This programme meets Auckland Council's statutory obligations under section 17A of the Local Government Act 2002 (LGA02). Under s17A, Auckland Council "must review the cost effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services and performance of regulatory functions".
- Good quality is defined in s10 of the LGA02 in relation to local infrastructure, local public services and performance of regulatory functions to mean infrastructure, public services, and performance that are efficient, effective and appropriate to present and anticipated future circumstances. The Auditor-General has defined "cost effectiveness" to mean "the relationship between the levels of resources used (cost) and progress towards a predetermined outcome".
- Local infrastructure, local public services and performance of regulatory functions include essentially all of council's functions.
- The transition provisions (Schedule 1AA of the LGA02) in relation to s17A require that the first reviews need to be completed by August 2017. After that, s17A requires that reviews are conducted every 6 years, or when:
 - council is considering a significant change to relevant service levels;
 - A council contract or binding agreement in relation to delivery of infrastructure, service or regulatory function is expiring within the next 2 years.
- There are exceptions to the review requirements where:
 - the delivery of that infrastructure, service or regulatory function is governed by legislation, contract or binding agreement such that it cannot reasonably be altered within the following 2 years;
 - Auckland Council is satisfied that the potential benefits of undertaking a review in relation to that infrastructure, service or regulatory function do not justify the costs of a review.

3 Review Framework

3.1 Services Covered: Information and Communication Technology (ICT)

The proposed ICT review will cover all the current and future planned technological services, activities and expenditure and resources associated with the creation, dissemination, storage and management of information in Council and its council controlled organisations. It includes the devices used to communicate, the software applications and hardware, the communication networks and the associated support services.

It includes ICT policies and strategies, the operational uses, people and governance in supporting the following ICT service areas:

- **Online services:** The digital systems used to enable online customer services including transactions
- **Business intelligence systems:** Including the systems that automate the collation, analysis and presentation of geographic information, financial information, management information and metrics including information about business performance and relevant progress indicators across an organisation.
- **Business systems.** Including the database applications through to the large enterprise resource planning and transactional systems supporting the operation of revenue collection and payments.
- **Back office systems** including finance, human resources, procurement, customer and facilities management systems to manage operations
- **Infrastructure.** Including the communication networks and other infrastructure for the modern working environment such as desktop computers, printers, laptops, video conferencing, telephones, data centers and servers, software applications and email.

3.2 Objectives & Lines of Inquiry

- The objective of the review is to evaluate the value for money of ICT services across the council group and consider the relative merits of alternative options for the governance, funding and delivery of those services in supporting Auckland Council's collective objectives and outcomes.
- In reviewing ICT's value for money, the review will be inquiring:
 - How investment in ICT has or plans to contribute towards achieving business objectives and outcomes involving a review of strategies, business plans and major projects.
 - If ICT is improving user access to good quality, timely and consistent information and enabling more informed decision-making
 - How ICT is supporting better financial, asset, capital and customer service management and users.
 - How the group ICT organisations have progressed in evolving the efficiency and effectiveness of systems and services including securing benefits from increased collaboration including the extent to which group buying power for ICT shared solutions, contract negotiations and procurements have been exploited to gain cost efficiencies.
- The review will consider if the systems are designed and operated in a way that they are affecting the required systems improvements and are flexible enough to enable continuous improvement, both for service users but also for front line staff or other parties providing services
- What future improvement opportunities present for ICT services and what is their potential value
- Whether the current portfolio of ICT services, the allocation of resources, and performance in delivery of those services, is optimal in terms of meeting council group's objectives.
- Whether the current governance, funding and service delivery arrangements for ICT services are the best approach to deliver value for money and achieve the key outcomes for Auckland Council group.

3.3 Scope

- The review will consider ICT services across the Auckland Council group including council and the substantive CCOs.
- The review is concerned with value for money in a broad sense – i.e. how well the existing policy and institutional arrangements deliver on council's strategic objectives and desired outcomes for Aucklanders. Noting that this extends beyond the legislative requirement in s17A to look at cost efficiency, effectiveness and appropriateness of services.
- In undertaking the review it is expressly acknowledged that Auckland Council and its CCOs are designed to operate with significant independence in delivering ICT services as each organisation has distinct mandates, objectives, budgets and performance objectives.

4 Review Methodology

- Each value for money review is undertaken using a consistent evidence based value for money methodology.

5 Approach

- The review will be undertaken by a specialist project team within Finance, supported by an external Independent Reference Panel (with expertise in public finance, public policy/public management and local government operations), under the direction of a governance structure as set out overleaf.
- The review is undertaken in four parts described below:
 - 1) **Terms of Reference:** The approval of the review's service and organisational scope, its objectives, the general lines of inquiry and governance structure.
 - 2) **Current State Assessment:** In this part of the review we seek to understand the current operating approach and framework. It assesses the current drivers of value, the issues and challenges of delivering services, identifies value delivered and future improvement opportunities. This phase will result in the production of a current state assessment report which will include high level opportunities for improving value for money through changes to the level or mix of services provided, to business practice, or to organisational arrangements.
 - 3) **Terms of Reference:** The approval of the review's service and organisational scope, its objectives, the general lines of inquiry and governance structure.
 - 4) **Current State Assessment:** In this part of the review we seek to understand the current operating approach and framework. It assesses the current drivers of value, the issues and challenges of delivering services, identifies value delivered and future improvement opportunities. This phase will result in the production of a current state assessment report which will include high level opportunities for improving value for money through changes to the level or mix of services provided, to business practice, or to organisational arrangements.
 - 5) **Options Assessment:** In this part, we consider the relative merits of the opportunities and alternative arrangements for governance, funding or delivery of those services in supporting Auckland Council group's objectives and desired outcomes. We analyse the opportunities and value their potential in a set of "value propositions". We evaluate

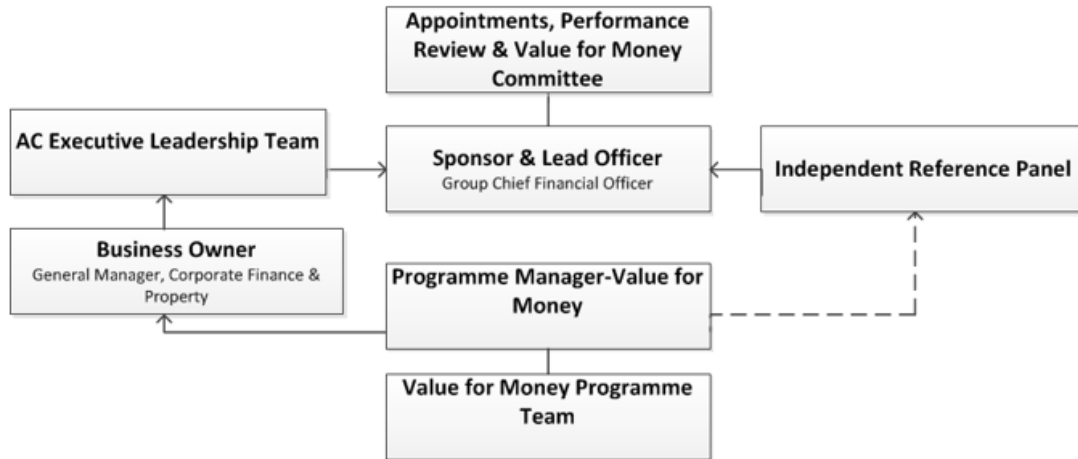
governance, funding and service delivery options in terms of their impact on the four well beings. We identify the action required to deliver the value on the most significant of the improvement opportunities, and to provide orders-of- magnitude estimates.

- 6) **Final report:** This includes a summary of the reviews findings and makes recommendations on the next steps required to deliver the value that the review has identified.
- The review team will prepare progress reports on each part of the review for consideration by the independent reference panel and report progress on key milestones to the APR Committee.
 - The review team will consult with relevant parties in the council in developing the material for the assessment.
 - The review team will consult with council and the Independent Maori Statutory Board on relevant matters in preparing the final report.

6 Governance and roles

6.1 Governance

The governance structure for the review is set out in the chart below



6.2 Roles

Programme /Review Roles	Responsible	Purpose & Responsibilities
Programme Sponsor/Lead Officer	Acting Group Chief Financial Officer	<ul style="list-style-type: none"> Programme sponsor who champions the group value for money programme and has accountability for the review aspects of programme.
Auckland Council Executive Leadership Team (ELT)		<ul style="list-style-type: none"> Reviews and recommends to the Appointments, Performance Review and Value for Money Committee the forward timetable of review work and the review reports.
Programme Business Owner	General Manager Corporate Finance and Property	<ul style="list-style-type: none"> Business owner who ensures the programme is adequately resourced to deliver on its objectives. Authorises (and recommends to the Sponsor) key programme reports. Resolves issues and manages risks escalated by the Programme Manager. Briefs the Programme Sponsor and the Steering Group. Engages stakeholders to assist with timely responses to information requests and socialisation of deliverables. Ensures the participation and co-operation of business resources.

Programme Supporter	Director Finance and Policy, Mayoral Office	<ul style="list-style-type: none"> Responsible for communications to the Chairs of the CCOs. Resolves CCO-related issues escalated by the Sponsor or Business Owner. Supports the group value for money programme.
Programme Review & Oversight	Chair and Deputy Chair APR Committee	<ul style="list-style-type: none"> Primary programme customer who will approve the terms of reference and receive the draft reports and findings.
Programme Review	APR Committee	<ul style="list-style-type: none"> Receive and consider proposals and recommendations for value for money review proposals and the final reports from value for money reviews.
Independent Advice & Quality Review	Independent Reference Panel	<ul style="list-style-type: none"> A core panel of three members with expertise in public finance, infrastructure, public policy, economics and /or local government governance experience supplemented by subject matter experts for particular reviews as required. Reporting to the Lead Officer. Panel members will be asked to: <ul style="list-style-type: none"> Provide input (which may be by way of comment, suggestion or recommendation) as appropriate on objectives, lines of inquiry, issues, options and recommendations for the Programme. Review and comment on documentation as requested by the project team, which may include: <ul style="list-style-type: none"> That the research, analysis and evaluation undertaken is appropriate to support the objectives, lines of inquiry, options and recommendations for consideration; appropriate consistency across the Programme; coherent drafting, reasoning and content. Help promote confidence in the Programme.
Independent Specialist with Industry Knowledge (SME)	ICT Expert -TBD	<ul style="list-style-type: none"> Advising the expert panel, provide independent Expert advice and commentary on the assessment and evaluation of opportunities as they arise based on industry experience with similar undertakings.

Programme Management	Programme Manager-Value for Money	<ul style="list-style-type: none"> • Co-ordinates, recruits and manages programme Office resources and approach and is responsible for the delivery of the agreed programme plan to schedule and budget. • Develops the programme plan, review methodology and the production of the associated deliverables for authorisation by the Business Owner, the Sponsor, the Steering Group and APR Committee. • Develops and manages the programme calendar and associated engagement requirements including steering group management and the supply of documentation to the expert review panel. • Briefs the Programme Business Owner and Sponsors regarding project status, risks/issues and decisions required.
Senior Financial Analyst		<ul style="list-style-type: none"> • Defines and supervises the collection of the Data requirements needed for evidence-based value for money reviews from council and CCOs to support the programme methodology. • Analyzing financial and non-financial records And plans, reports relating to past and planned expenditures and revenues including relevant reviews and benchmarking to distil relevant performance-related trends, issues, opportunities. • Work on the application of the public service value for money analytics and modelling between expenditure, inputs, outputs and outcomes.
Senior Economist		<ul style="list-style-type: none"> • Define and develop the value for money modelling approach and value-based data requirements for each review including key value drivers and public policy/outcomes for each review. • Supervise the collection of the data requirements needed for evidence-based value for money reviews from council and CCOs to support the programme's value-based methodology. • Analyse records and plans, reports relating to past and planned expenditure, revenues and social, economic, environmental and cultural outcomes to distil relevant performance-related trends, issues, opportunities. • Oversee the application of the public service value for money analytics including the relational modelling between expenditure, inputs, outputs and outcomes and draw conclusions and insights form this work.

Financial Analyst		<ul style="list-style-type: none"> Supporting the senior financial analyst, collect the data requirements needed for evidence-based value for money reviews from council and CCOs to support the programme methodology. Assist with the analysis including modelling of financial and non-financial records and plans, reports relating to expenditures and revenues including past reviews and benchmarking to distil relevant trends, issues, and opportunities.
Advisor-Te Ao Maori		<ul style="list-style-type: none"> provide the reviewers with advice to assist the review to take account of Māori perspectives including tikanga Māori, the Tiriti o Waitangi/Treaty of Waitangi, and cultural, social, economic and environmental Māori aspirations relevant to the review; assist with the development opportunities and options that will improve the knowledge, understanding of Māori in relation to the review's findings and recommendations

6.3 Involved Parties

The key parties involved in this review are as follows.

- Mayor Phil Goff- Chairperson
- Deputy Mayor Bill Cashmore (ex officio)
- Christine Fletcher-Deputy Chairperson
- Ross Clow – APR Committee
- Desley Simpson – APR Committee
- Penny Hulse – APR Committee
- Chris Darby – APR Committee
- Richard Hill -APR Committee
- Chairperson David Taipari – Independent Maori Statutory Board & APR Committee (ex officio)
- Kelvin Norgrove - Policy Project Manager, Independent Maori Statutory Board
- Taha MacPherson - Chief of Staff, Mayoral Office
- David Wood - Director Finance and Policy, Mayoral Office
- Margaret Devlin – Chair Watercare Services
- Dr Lester Levy – Chair Auckland Transport
- David McConnell – Chair Auckland Tourism, Events and Economic Development
- Rt Hon Sir Don McKinnon – Chair Regional Facilities Auckland

- Keith Taylor – Chair Auckland Council Investments Ltd
- Richard Aitken – Chair Panuku
- Stephen Town – Chief Executive Auckland Council together with the executive leadership team comprising the Chief Operating Officer-Dean Kimpton, Matthew Walker – Acting Group Chief Financial Officer Auckland, Jim Quinn-Chief of Strategy, Phil Wilson-Governance Director, Patricia Reade –Director People & Performance, Ian Maxwell- Director Community Services, Penny Pirrit-Director Regulatory Services, Barry Potter-Director Infrastructure and Environmental Services.
- Shane Ellison – Chief Executive Auckland Transport
- Richard Morris – Chief Financial Officer Auckland Transport
- Roger McDonald – Chief Executive Panuku
- Carl Gosbee –Director Corporate Services Panuku
- John Crawford – Chief Executive Auckland Council Investments Ltd
- Chris Brooks – Chief Executive Regional Facilities Auckland
- Simon Tran – Chief Financial Officer Regional Facilities Auckland
- Nick Hill – Chief Executive Auckland Tourism, Events and Economic Development
- Joy Buckingham – Chief Financial Officer Auckland Tourism, Events and Economic Development
- Raveen Jaduram – Chief Executive Watercare Services
- Brian Monk – Chief Financial Officer Watercare Services
- Local Board Chairs
- National Secretary, PSA

6.4 Dependencies

There are no dependencies for this review

6.5 Schedule

To be Determined