Launch of the ANAO – PM&C Better Practice Guide: Implementation of Programme and Policy Initiatives

What Matters for Successful Implementation

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Ian McPhee
Auditor-General for Australia

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Programme and Policy Initiatives
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'What Matters for Successful Implementation'
Auditor-General speaking notes

Introductory remarks

- Thank you for coming to the launch of the *Better Practice Guide: Implementation of Programme and Policy Initiatives* developed as a joint initiative by the ANAO and PM&C.

- It's a good thing to give centre-stage to programme and policy implementation

    - to share the limelight with policy development, and

    - to provide the backbone for service delivery.

- We are always pleased, as auditors, when there is a meeting of the minds with agencies

    - and, in this case, it was the benefits that both PM&C and ANAO saw in producing this BPG in the broader interests of the Australian Government public sector.

- This is the 42nd Better Practice Guide (BPG) the ANAO has produced since June 1996

    - we see it as part of our mandate to contribute to better public administration in this way;

    - this is our first production with PM&C;

    - we have collaborated previously with the Public Service Commission, Finance, Attorney-General's Department, Industry Science & Resources, Australian Taxation Office and Comcare.

- The guide highlights factors that may not be new, but matter when it comes to successfully implementing a programme or policy.

- the ANAO's experience shows that planning for, and carrying through on implementation, does reduce the risk of delay to, and dilution of outcomes.

- the other observation, is that the APS is generally stronger on planning than execution;

[the reference to 'execution' reminds me of one of the debates on proposed policy guidelines for statutory authorities and GBEs, prepared by the Finance Department in the mid 1980s. The Chairman of the Australian Shipping Commission, Bill Bolitho, expressed reservations on the proposals by saying:

> '….not entirely in jest, I suggest to you that as taxpayers who ultimately bear the cost of inefficient government enterprises, we should not execute these proposed guidelines; instead we should execute the authors.'[1]

- the authors survived, and the guidelines benefited from robust input from key stakeholder groups]

- This morning, I would like to briefly touch on some key areas that make a difference when implementing a programme or policy initiative. These are:

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

Organisational self-awareness

- Every organisation has different strengths and weaknesses that bear on successful implementation of programmes and policies.

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[1] Bolitho, W. 'The Letter Killeth, the Spirit Giveth Life' *Australian Journal of Public Administration, December 1986*, p338

- An issue for those responsible for programme implementation is what I call '*organisational self-awareness'*. This means being able to recognise an 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:

    o **strategic risk**: the risk that certain strategies may be ill advised given the organisation's internal and external circumstances;

    o **environmental risk**: covering political, economic and market risks; and

    o **operational risk**: covering process and compliance risks.[2]

- 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 programmes in an environment of changing risk profiles – this is no longer discretionary.

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

  - this necessarily involves formal processes (organisational, divisional and by project);

  - but the goal we all aspire to in our organisations is to develop a risk management culture;

    ➢ with disciplined people, thinking and acting in a disciplined way.

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2 See 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.

- this is particularly important when it comes to the implementation of programme and policy initiatives.

Effective governance

- Staying focused on what is important is critical, with the quickening pace of public administration, including in respect to policy development and implementation. In today's environment it is often the case that there is a limited timeframe for implementation. Also, not all policy dimensions may be known before a policy is announced, nor all implementation details settled before an implementation commences.

- 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 other point I would stress in this area is the value of systematic and structured planning for implementation. Planning provides a 'map' of how an initiative will be implemented addressing matters such as:

    o timeframe, including the different phases for implementation;
    o roles and responsibilities for all those involved in implementation;
    o resources;
    o how any potential barriers to implementation will be dealt with; and
    o monitoring and reporting requirements.

- Where attention is not given to these matters, including with respect to consultation and communication, problems may arise such as overambitious timeframes; resources not being available when required; and those implementing the initiative do not have the appropriate skills or capability

The need for support from the 'top'

- Our experience suggests that leadership and appropriate engagement by the 'top' reduces the chances of sub-optimal implementation. The BPG highlights that one of the critical things to get right is to *have the visible support of the top of the office.*[3]

- There are, however, only so many hours in the day, so CEOs need 'champions' who can provide the focus for implementation while they are focused elsewhere
  - but we should not forget, no matter how busy we are, 'a little interest goes a long way'.

- One aspect of an effective organisation is that 'bad news' needs to be willing to be given and received. No one would dispute this; however, it is worth pausing to contemplate whether our organisational arrangements support this. Experience would suggest that an organisation's attitude is heavily influenced by organisational leadership.
  - ensuring that there are appropriate means of dealing with 'bad news' promptly is important to implementation success.

An understanding of the interaction between policy development and implementation

- As the BPG makes clear, policy development and implementation are not separate.

- It is not a new idea to say that how a policy is to be implemented should be an integral part of policy design – begin with the end process in mind. 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 provide more reliable cost and uptake estimates.

- By this, I mean engage those with implementation experience during the policy development stage.

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

- Consulting those with experience late in the process increases the risks of difficulties being encountered during implementation, and of subsequent risks to 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.[4]

- 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.

Engagement with other organisations/stakeholders

- 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; and/or the private sector.

- There is a heavy emphasis today on whole-of-government initiatives which bring together the essential policy and delivery skills from within the APS. Organisational boundaries are no longer as important as they used to be.

  - and we generally get a stronger focus on outcomes and a better understanding and management of risks.

- Our experience suggests that whole-of-government implementation is often a particular challenge for agencies.

- Such initiatives are greatly assisted by:

  - clear articulation of roles and responsibilities - as a minimum, identification of a lead agency is usually beneficial;

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4 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.

- identifying and assigning responsibility for risks and their treatment – this includes active management, monitoring and reporting through implementation;

- allocating resources to be applied by each agency and related budgetary issues; and

- a coordinated approach for cross-agency reporting to assess progress and outcomes from a whole-of-government perspective rather than in 'silos'.

- The other observation to make here is that there is an enormous body of experience with programme implementation in the APS to draw on for any agency. It is also likely there will be an audit report on the web that will be of assistance.

Continuous monitoring and evaluation

- Implementation of government and programme 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.

- I would like to emphasise the point that 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, of course, when it is critical to act promptly.

- Another consideration is to keep sight of the Government's objective. During roll out of an initiative one should continually ask whether the programme'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? Are there feedback loops to alert you when things are not on track?*

- It is desirable that regular monitoring and review of key implementation deliverables be established as early as possible, preferably during the implementation phase. Experience indicates that the later monitoring and

review commences in the implementation cycle, the more difficult it is to implement any required remedial action.[5]

- Progress reporting should provide an assurance of the quality and reliability of the information used. This is optimised when those responsible provide timely, accurate and consistent status reporting.[6]

- Finally, 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.

Concluding remarks

- Implementing programme and policy initiatives is challenging and generally hard work:

  - it involves managing risks, stakeholders, staff and those 'up the line';

  - and, of course, delivering on the programme in all its dimensions;

  - sometimes, the implementation effort does not get the recognition it deserves;

  - but it is core business for the APS, and in the interests of the community and the APS that it is done well.

- In developing this guide we have drawn on the experience of agencies to date, as well as lessons from overseas. Experience shows that focusing on these challenges prior to, and during, implementation can make a difference and help you to avoid some of the 'pot holes' along the way.

  - the BPG even comes with a 'pocket guide' which means that the key messages can always be with you, for example, in those contemplative periods waiting ahead of Senate Estimates hearings.

- We hope that you find it helpful and that it contributes to better public administration.

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[5] ANAO and PM&C *Better Practice Guide – Implementation of Programme and Policy Initiatives: making implementation matter*, October 2006, Canberra, p. 49.
[6] Ibid.

- In conclusion, thanks to the staff involved from PM&C and the ANAO in bringing the concept of the BPG to reality.

Thank you