

Inland Revenue

**Business Transformation Programme
Governance and Management Review**

05 September 2014

Overall Summary

Inland Revenue has embarked on a once in a lifetime transformation journey to deliver a 21st century revenue system. The purpose of the Business Transformation (BT) Programme is to respond to Government goals to derive better value from public services, internal pressures and environmental drivers centred around Inland Revenue customers' needs. The business case for change for the business transformation programme was approved by Cabinet in April 2013.

Inland Revenue (IR) has built a strong reputation for successfully delivering government's policy priorities. But, with the scale of current transformation, IR faces an unprecedented execution challenge. The inherent complexity and scale of such transformation brings with it ambiguity around scope, making the programme a high risk for Inland Revenue, monitoring agencies and Ministers. Inland Revenue has a reach much wider than any state agency within New Zealand and with most citizens and taxpayers as stakeholders on this journey, it is essential that customer centric decision making is encouraged.

As a review team, we have been particularly impressed by the people working within Inland Revenue. There is sufficient evidence to conclude that the programme has significantly developed capability across the programme. The governance structures put in place are new, but are comprehensive. The governance bodies have invested time to understand the context and nature of the programmes and projects they are governing. We are satisfied that the disciplines and rigour in BT's programme management frameworks are appropriate for managing programmes of such scale. Learnings from other large scale programmes are well understood, and the leadership team is committed to ensuring the project management approach and disciplines being applied, are fit for purpose. Those interviewed describe the programme culture as high performing with people feeling purposeful and challenged by its complexity.

The Independent Quality Assurance function will be critical as the programme evolves. Its scope should encompass the entire programme, be risk based and provided continuously. The credibility, experience and expertise brought to bear is crucial for confidence to be placed on the assurance activities. The relationship between Inland Revenue and Central Agencies is a long term one. In particular, the engagement model with the GCIO needs to be reset to recognise the legitimate concerns of the programme, and the mandate and role of the GCIO. The programme will have challenges as Inland Revenue's BAU organisation continues to innovate and respond to policy changes over the programme life. On-going focus will be needed to sustain the programme as a business-led, technology-enabled one. The communications strategy with external and internal stakeholders needs to be focussed on building confidence in the capability of the programme to meet expectations.

We have assessed the different areas of the programme taking into account the programme's current state. We do realise that a number of functions are still evolving and our ratings take into account their maturity in relation to the state of the programme. Our key recommendations are summarised on the following slides. Recommendations highlighted in green represent those where actions that will address the issues are either underway or planned. Finally, It should be noted that this is not an assurance review, but an independent review of BT's governance and management against the lessons learned from large scale transformation programmes.