Australian Government

Department of the Prime Minister and Cabinet

Cabinet Implementation Unit Toolkit

2
Governance

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Who are the decision-makers and who is accountable?

- Clear and effective governance arrangements are critical to success.

- Don't assume that the existing governance arrangements in your agency will be appropriate for your initiative—they often aren't.

- Ensure all relevant senior executives endorse and remain committed to the governance structure.

- Build your initiative's governance arrangements collaboratively. Talk to each of the stakeholders and decision-makers to design a governance arrangement that works for everyone.

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The Cabinet Implementation Unit within the Department of the Prime Minister and Cabinet provides whole-of-government advice on implementation and delivery, with a focus on capability building, implementation assessments and progress reporting.
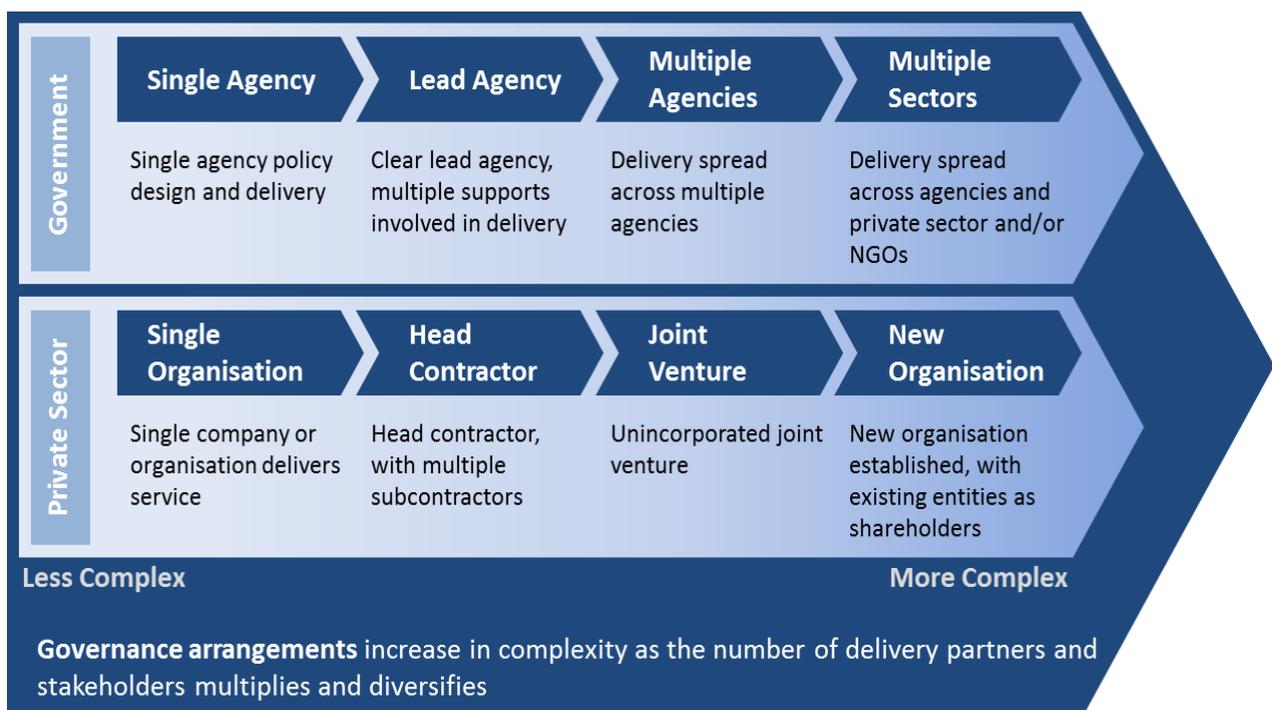
Elements of effective governance

Taking the time to design and implement effective governance arrangements from the very beginning sets your initiative up for success.

These are the key elements of an effective governance structure:

- **Transparency:** The roles and responsibilities of each person or group involved in the initiative are clearly defined, agreed to and documented. Conflicts of interest are considered and addressed on an ongoing basis. Decisions are documented, and minutes and reports of decisions are circulated among team members and stakeholders involved in delivery.

- **Leadership:** The senior executives in all agencies with a policy or delivery interest agree on a clear outcome for the initiative and demonstrate a shared commitment to the governance arrangements. Cabinet authority may be appropriate.

- **Accountability:** There is a shared understanding of where the buck stops and defined reporting and review arrangements. The senior responsible officer (SRO) has adequate authority and time to dedicate to the initiative. Other team members have the delegations and authority they need to carry out their responsibilities.

- **Efficiency:** Processes are designed with efficiency in mind—processes that require duplication of effort are minimised and there is a focus on achieving results.

- **Responsiveness:** The governance arrangements facilitate fast and proactive management and escalation of issues, risks and disputes to the right person or body for resolution. Arrangements are reviewed regularly and can be adapted as implementation moves through its life cycle.

Figure 1. Mechanisms to facilitate collaboration in cross-portfolio initiatives

Hurdles to effective governance

Common pitfalls in establishing and applying effective governance arrangements include:

Lack of time invested up-front in designing the governance arrangements

In the start-up phase of a new initiative, there is often considerable pressure to get going immediately. Project managers may be tempted to rely on a previous arrangement or to jot something down without consultation.

Investing time and resources upfront in designing and agreeing on the governance arrangements with key stakeholders will save time, avoid disputes later, and set the foundation for collaborative working relationships among team members.

The agreed governance arrangements are not applied

Lack of support for the initiative's governance arrangements from senior executives, or from team members, may lead to an alternative, undocumented arrangement occurring in practice. This will compromise effective delivery.

Senior executives involved in the initiative must be given the opportunity to comment on the draft governance arrangements, including on their proposed roles and responsibilities.

Once the governance arrangements are agreed, they must be circulated and explained to everyone involved with the initiative. Effective communication of the governance structure, including the reasons for any new levels of oversight, will greatly assist everyone involved to be committed to it.

Senior executives should publicly express their support for the agreed governance arrangements. People need to know that this initiative matters to the organisation. Senior executives also need to ensure that the agreed governance arrangements are adequately resourced.

Any decision-making that occurs outside the agreed governance arrangements should be nipped in the bud. The SRO is responsible for identifying any such instances and considering whether a change to the agreed governance arrangements is warranted.

Accountability for cross-portfolio initiatives is unclear

Many initiatives require the cooperation and collaboration of two or more Commonwealth government agencies, or collaboration with a state, territory or local government partner. Successful implementation depends on these agencies establishing shared objectives and productive working relationships, despite the differences in their organisational cultures, priorities and risk profiles.

A common challenge is how to embed strong horizontal governance arrangements. Horizontal governance arrangements—that are jointly developed—will overcome this challenge by allowing participants from different groups and organisations to share a cohesive strategic direction from the outset and facilitate sharing of information and resources.

A primary consideration is where ministerial responsibility should lie. If multiple ministers have an interest, it's best for a single lead minister to be agreed and for their agency to become the lead agency. The lead agency has responsibility for coordinating the efforts of the other agencies. Figure 1 provides more information on common mechanisms used to facilitate collaboration in cross-portfolio initiatives.

Strategies for success

Implementing the following strategies will help to ensure that the governance arrangements for your initiative facilitate effective implementation.

Build strong relationships

Successful governance arrangements depend on all participants in the initiative sharing a sense of purpose, building quality relationships and fostering a culture of collaboration. Building a culture that values ethical behaviour, honesty, mutual respect and collective responsibility will greatly assist in embedding the formal governance structure.

Design the arrangements with care

Governance arrangements should take into account the particular challenges and opportunities facing your initiative. They need to be developed in parallel with other initial planning activities, such as the initial risk assessment, stakeholder analysis and key task timelines.

Start by considering:

- Who will actually deliver your initiative? Who do they depend on for delivery? (Consider organisations outside of your agency, and outside of the Australian Government.)

- Who is accountable for the delivery of your initiative?

- Who are the stakeholders? What do they need to know about the delivery? Which relationships will be critical to your initiative's success? (Conduct a stakeholder analysis before the governance arrangements are settled.)

- What are the risks to the initiative? (Conduct an initial risk assessment before the governance arrangements are settled, focusing on risk principles and developing an appropriate risk management framework.)

- What skills, capabilities and resources already exist in your organisation? Who needs to be involved to capture these?

- How quickly will decisions need to be made to ensure the initiative meets its timeframes?

- What value will be gained by having an additional individual or group included in the governance structure or an additional report produced?

Initiatives that involve multiple agencies, or organisations outside of the Australian Government, will require more complex governance arrangements (see Figure 1).

Workshop the design

Once you have an initial design, workshop it with others in your agency—both at senior and officer level—and with the other agencies and organisations that will be involved in the initiative. Discuss the challenges and opportunities they see for the initiative and the assumptions you've made in your initial governance design.

For example, run an emerging issue that needs to be considered by the SRO through the governance arrangements to test whether the process works. How long does it take for the SRO to be made aware? Is this too slow? Is everyone who needs to be aware of the issue made aware? Would the decision be appropriately documented?

Document the design

Develop a governance structure diagram. On one page, you can show the lines of decision-making responsibility, consultation channels and avenues for horizontal collaboration.

Develop a document to accompany your diagram that describes the roles and responsibilities of each person or group shown in the diagram. For oversight groups, such as steering committees, set out clear terms of reference and specify how frequently they will meet. Identify when the governance arrangements will be reviewed and the mechanism for adjusting them.

The governance structure and description should be formally agreed. If the initiative involves more than one agency or organisation, consider formalising it, such as by an exchange of letters between agency heads or in the minutes of the first meeting.

Review and modify the arrangements

As the initiative progresses, new challenges and opportunities will become apparent and new stakeholders may be identified. Layers of oversight may become redundant as the initiative moves on.

To ensure the governance arrangements remain relevant and tailored to the initiative, schedule periodic reviews of the governance arrangements from the outset. It is also useful to build in a review of governance arrangements if certain key events occur, such as a change in senior project leaders.

Seek input from team members on how the governance arrangements are working as the initiative progresses—this can provide valuable insights. Often the people on the ground will understand how the arrangements could be improved or made more transparent.

Integrating governance

Consider the following questions when developing the governance section of your implementation plan.

Planning

☐ What does success look like?

☐ Do all of the interested senior executives agree with the strategic outcome?

☐ Is it consistent with the Cabinet authority?

☐ Will your governance structure support decision-making within the required timeframes?

☐ What are your arrangements for managing a change in leadership?

Engaging stakeholders

☐ Who are your stakeholders?

☐ Have you consulted with the key stakeholders on the proposed governance arrangements?

☐ What formal communication channels need to be embedded in the governance structure?

Risk

☐ What are the key risks that will need to be managed throughout the initiative?

☐ How will risks be escalated through the governance structure for management?

☐ How long does the escalation process take?

☐ How will the risk of a change in senior personnel affect delivery of the initiative?

Monitoring, review and evaluation

☐ How will you know whether the initiative has been a success?

☐ How will performance be measured along the way?

☐ What key performance indicators should be established? How often will they be reported against to senior executives and the SRO?

☐ When will the governance arrangements be reviewed?

Resource management

☐ What resources will be required to support the governance structure?

☐ If an external provider is used, how will they fit within the governance structure?

Management strategy

☐ Is a dedicated project management office needed to support the senior committees?

☐ How will this office fit within the broader governance structure?

Resources and further help

Australian Government 2006, *Better practice guide: implementation of programme and policy initiatives*, Department of the Prime Minister and Cabinet and Australian National Audit Office, www.anao.gov.au/Publications/Better-Practice-Guides/2006-2007/Implementation-of-Programme-and-Policy-Initiatives.

This publication provides key questions and considerations to assist chief executives and senior responsible officers (within government) to be confident about the stakeholder management of initiatives and projects.

Australian Government 2011, *Gateway review process—lessons learned report*, 3rd edn, Department of Finance and Deregulation, Canberra, www.finance.gov.au/publications/gateway-publications/docs/gateway_lessons_learned_3rd_edition_2011.pdf.

This report presents the lessons learned and evidence of better practice observed from Gateway reviews. It can assist agencies to identify opportunities for improving their own management of projects and programs.

National Audit Office (United Kingdom) 2012, *Governance for agile delivery*, www.nao.org.uk/publications/1213/governance_for_agile_delivery.aspx.

This report is the first in a series that explores the concept of 'agile' delivery and how effective governance and accountability structures are vital for the approach to work.

O'Flynn, J & Wanna, J (eds) 2008, *Collaborative governance: a new era of public policy in Australia?*, ANU E Press and Australian and New Zealand School of Government, http://epress.anu.edu.au/collab_gov_citation.html.

This publication presents a collection of scholarly and practitioner perspectives on the drivers, challenges, prospects and promise of collaboration and collaborative governance.

Shergold, P 2008, 'Collaboration for the public good? The state and the third sector', Spann Oration, Centre for Social Impact, Lecture Series No. 2, November.

This lecture explores the changing nature of public sector governance and the opportunities for collaboration.

Victorian Government 2012, 'Reflections on audits 2006–2012: lessons from the past, challenges for the future', *Auditing in the Public Interest*, Auditor-General's Office, Melbourne, 12 December, www.audit.vic.gov.au/publications/API/API-Newsletter-20121212.pdf.

This newsletter reflects on common findings from audits and presents valuable lessons learned on governance and effective oversight.

Contact us

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Mechanism	Factors that indicate this governance mechanism may be appropriate	Key issues to be aware of
Single agency delivery The agency may informally collaborate with other agencies, including through existing forums for sharing information and ideas, such as interdepartmental meetings.	There is a clear lead agency, with responsibility for delivering almost all components of the initiative. The role of support agencies in implementation is minimal. (For example, it may be limited to 'keep us in the loop'.) The initiative is an extension of an existing project or program; the roles and responsibilities of delivery agencies are well established and understood.	Informal collaboration with other agencies is still important. It could yield significant benefits, such as: • increased awareness of other projects or initiatives that could affect your initiative • more support for your initiative from stakeholders • lessons learned that could improve the efficiency or effectiveness of your initiative.
Formal collaboration, where there is a clear lead agency, and one or more support agencies Collaboration is formalised in an agreed governance structure, such as an exchange of letters at Secretary or ministerial level. It is critical that every agency involved in delivery understands its role, responsibilities and information-sharing requirements. Effective governance arrangements in this type of delivery model include establishment of a cross-agency steering committee, supported by a project management office in the lead agency that coordinates the dissemination of information to each agency and enables whole-of-package reporting to the steering committee.	More than one agency has a significant role in delivering related initiatives within the package. A lead agency (and preferably a lead Minister) is identified. Initiatives within the package are interdependent, such that all agencies need to be aware of delays and/or issues across initiatives to manage risks to their own initiatives.	Roles and responsibilities should be clearly described and agreed, at the senior level, and also by the people who will be working together on a day-to-day basis. There should be an agreed approach to managing whole-of-package risks and stakeholders to ensure nothing slips through the cracks. Governance arrangements should not be set and then forgotten. They must be periodically reviewed and adjusted to meet the demands of the initiative and resourcing requirements, and ensure ongoing commitment to the initiative by everyone involved.

Mechanism	Factors that indicate this governance mechanism may be appropriate	Key issues to be aware of
Dedicated delivery taskforce with clear terms of reference and representatives from all relevant agencies seconded into a single host agency.	Several agencies have a strong interest in successful delivery of the initiative and there is no clear lead. Close collaboration is required for successful delivery, for example because knowledge of stakeholders and policy issues is spread across agencies. The initiative is fast-moving and time limited, with a single set of deliverables (rather than multiple related subprojects). There is a significant amount of external engagement where a single Commonwealth voice is important.	Roles and responsibilities of task force members seconded from other agencies should be clear—does their primary responsibility lie with the task force, or their home agency? Clear and frequent communication between the task force and the home agencies that may ultimately deliver parts of the initiative is critical. Arrangements for managing ongoing collaboration between agencies after the task force winds down need to be documented before this happens.
Establishment of a new agency with responsibility for delivering the initiative.	There is either a need for, or a perception that, the delivery vehicle should be independent of existing agencies. There is an ongoing need for a separate agency (that is, the initiative is not a short-term project).	The Department of Finance and Deregulation has detailed policy on the establishment of new agencies. See Financial Management Reference Material No. 2, 'Governance arrangements for Australian Government bodies', August 2005.