National Disability Insurance Scheme
MyPlace Portal Implementation Review – Final Report

31 August 2016

pwc

Contents

Executive Summary

Terms of Reference

1. Whether the ICT system has been built according to the agreed business case and government outcomes, including the NDIA Participant and Provider Portals, the Participant Plan components and Payment Engine, to ensure it meets the requirements set out for transition and full scheme.

   Based on the available evidence sighted and interviews conducted, we have found that the ICT system has been built according to the agreed business case and government outcomes.

2. Identification of any limitations in the ICT system and gaps for further development.

   Although ICT system defects were identified that created gaps requiring further development, none of these defects prevented the implementation of the Minimum Viable Product (MVP).

3. The adequacy of the NDIA's practices and business processes to date in implementing the ICT system, including the sufficiency of communications and other supports designed to assist participants and providers with the use of the new system, training of NDIA staff and the sufficiency of the NDIA's response to the issues arising from deployment of the new ICT system.

   The NDIA has not implemented a comprehensive Service Delivery Operating Model (SDOM). This has impacted the successful execution of the Full Scheme Launch and put the existing organisational operating model under stress. Stakeholder engagement, training and preparedness were insufficient, and necessary training materials were not finalised for staff and providers by 29 June 2016.

Conclusions

It is important to understand that the root cause of payment failure was not a single catastrophic event, but rather a series of compounding issues which prevented a viable option to delay ICT implementation. The Full Scheme ICT Implementation ran out of time to fully complete the required implementation activities and proceeded with the acceptance of the identified implementation risks with the intention of applying maximum response to the problems. However, the change effort and overall program was under-resourced and underprepared in order to provide the accurate and timely support required by participants and providers when faced with ICT challenges.

The NDIA was effective at managing some of the risks leading up to the ICT implementation, in partnership with DHS and DSS and with the support of States & Territory governments. The residual execution risks of the program were found to be affecting the critical path on a daily basis. As evidenced in the readiness assessments, these risks were continuously managed up until go-live. The NDIA was less effective at managing the inherent risks of complexity, maturity and scale against a finite completion date.

Recommendations

Considering the need to transition in another approximately 400,000 users to the Scheme over the next three years, PwC makes six recommendations to address the identified issues being faced by the NDIS MyPlace Portal Implementation. The recommendations are:

R1. Implement and embed the Service Delivery Operating Model

R2. Enhance program management fundamentals including inter and intra-agency governance and an integrated program plan

R3. Monitor payments and service recovery against agreed performance metrics

R4. Review the resourcing model for Full Scheme Transition

R5. Undertake a comprehensive Stakeholder and Change Impact Assessment

R6. Tailor and measure the Change Management approach.

Context

As set out in our engagement letter dated 9 August 2016, the Department of Social Services (DSS) requested PwC, as an independent reviewer, to assess the following:

1. whether the ICT system has been built according to the agreed business case and government outcomes, including the NDIA Participant and Provider Portals, the Participant Plan components and Payment Engine, to ensure it meets the requirements set out for transition and Full Scheme
2. identification of any limitations in the ICT system and gaps for further development
3. the adequacy of the NDIA's practices and business processes to date in implementing the ICT system, including the sufficiency of communications and other supports designed to assist participants and providers with the use of the new system, training of NDIA staff and the sufficiency of the NDIA's response to the issues arising from deployment of the new ICT system.

This document presents our findings and recommendations from our review of the above items.

The scope of our review did not include any assessment of previous government decisions regarding delivery timeframes and options for the Scheme.

Disclaimer

This report is not intended to be used by anyone other than DSS.

We prepared this report solely for DSS's use and benefit in accordance with and for the purpose set out in our engagement letter with DSS dated 9 August 2016. In doing so, we acted exclusively for DSS and considered no-one else's interests.

We accept no responsibility, duty or liability:

- to anyone other than DSS in connection with this report
- to DSS for the consequences or using or relying on it for a purpose other than that referred to above.

We make no representation concerning the appropriateness of this report for anyone other than DSS. If anyone other than DSS chooses to use or rely on it they do so at their own risk.

This disclaimer applies:

- to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute; and
- even if we consent to anyone other than DSS receiving or using this report.

Background

The National Disability Insurance Scheme (NDIS, or the Scheme) was announced to begin from July 2013 by the then Prime Minister on 30 April 2012. The NDIS will provide all Australians under the age of 65 who have a permanent and significant disability with the reasonable and necessary supports they need to enjoy an ordinary life.

The NDIA agreed to a 'Full Scheme Launch' date of 1 July 2016. Full Scheme Launch marks the completion of the Scheme Trial phase. Transition to Full Scheme is the period between the end of trials and Full Scheme. Full Scheme is scheduled for all jurisdictions by 2019-20. This is shown in *Figure 1* below.

Figure 1. NDIS transition to Full Scheme
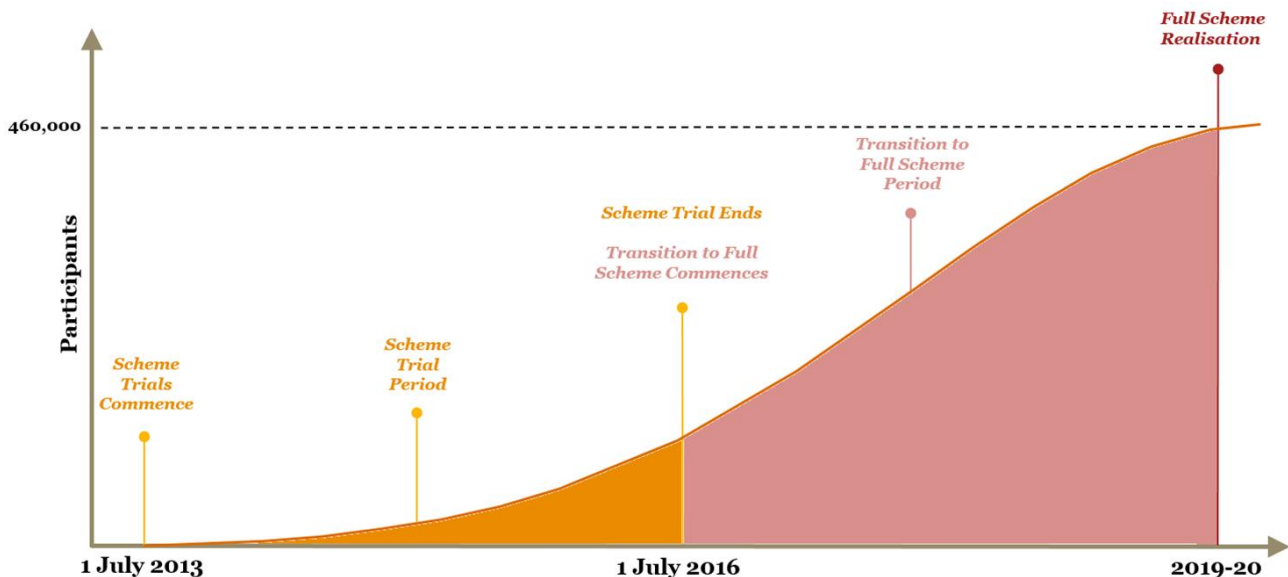
The Productivity Commission had originally suggested that Full Scheme Launch should commence on 1 July 2015. The Full Scheme Launch date was ultimately scheduled for 1 July 2016.

The NDIA had authority to bring forward to government a Business Case outlining the ICT systems required by the NDIA to operate at Full Scheme. The Business Case was brought forward in the 2015-16 Budget.

The number of trial sites and cohorts was gradually increased since the Scheme's inception, with trials completed by 1 July 2016, with the exception of Western Australia where the trial has been extended until 30 June 2017. The trial process was valuable in assessing how to best approach the transition to Full Scheme. Once at Full Scheme, it is expected there will be around 465,000 people living with disability who are benefiting from the Scheme. The trial sites were supported by an interim Siebel based ICT solution provided by DSS.

Due to the complex nature of the Scheme, significant planning and design across all areas was required, including the development of business models, business processes, technological solutions and human capital management. Compounding this complexity was the compressed timeframe the NDIA was operating in the lead up to Full Scheme Launch.

NDIA's capabilities were reviewed in early 2014[1] and it was found that the interim ICT system would not be suitable to handle the transition to Full Scheme, and that its value was to simply get the Scheme operating in the first instance. This was confirmed by the Scheme Actuary who explained the need for a longitudinal record for each participant, something which the interim ICT system was not capable of doing[2]. A fit-for-purpose ICT solution was therefore required for the Full Scheme ICT Launch in July 2016.

The second pass Business Case put forward the recommendation of searching for a *"modular solution set that procures a fit-for-purpose Case Management and EDW Analytics & Reporting solution through an open*

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[1] A Review of the Capabilities of the National Disability Insurance Agency, January 2014
[2] NDIA Second Pass Business Case, January 2015 Addendum

approach to market"[3]. The second pass Business Case addendum changed the preferred option to an in-house government solution. The reasons cited for this change are:

- Due to the consideration of risk, aggressive delivery timelines and the internal capabilities of NDIA to manage a program of this size and complexity would indicate that the DHS Government option is the most viable option.
- The NDIA is a relatively new and maturing organisation that does not have the required commercial acumen in technology and complex transformation management.
- DHS has an existing technology platform that can be leveraged.
- The DHS system is available immediately.
- Alignment with Whole of Government policies, digital strategies and re-use of existing government platforms and assets.[4]

DHS was appointed in the May 2015-16 Budget[5] to provide the ICT capability and system for the transition to Full Scheme for the above reasons. In order to go-live with the Full Scheme ICT solution, a migration of trial participants and providers from Siebel to SAP was required and this subsequently posed data migration challenges.
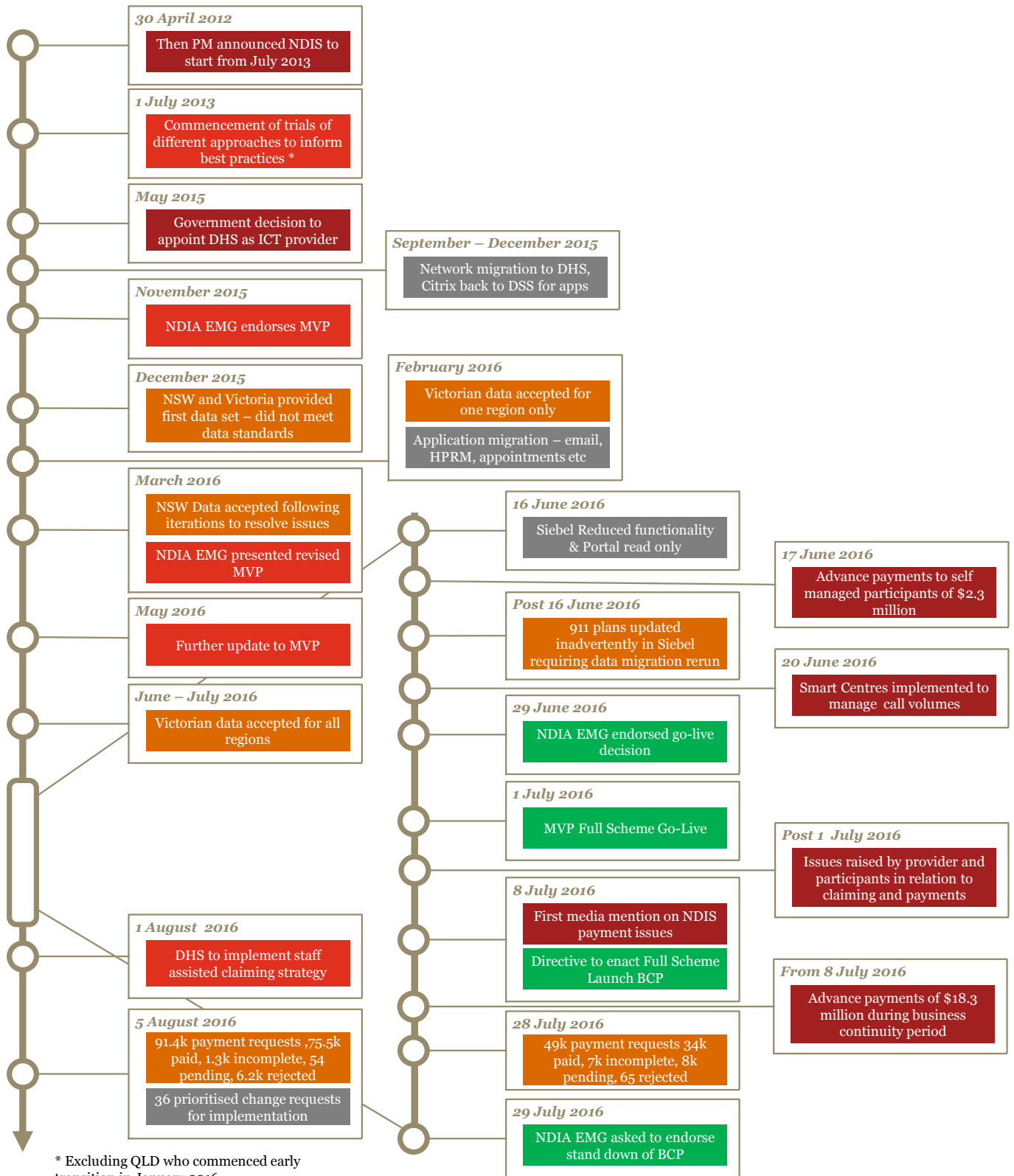
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[3] NDIA Second Pass Business Case (September 2014)
[4] NDIA Second Pass Business Case, January 2015 Addendum
[5] 2015-16 Federal Budget, Budget Paper No. 2

Figure 2 provides a summary of the key events since the announcement of the NDIS in April 2012.

Figure 2 Timeline of events

30 April 2012
Then PM announced NDIS to start from July 2013

1 July 2013
Commencement of trials of different approaches to inform best practices *

May 2015
Government decision to appoint DHS as ICT provider

September – December 2015
Network migration to DHS, Citrix back to DSS for apps

November 2015
NDIA EMG endorses MVP

December 2015
NSW and Victoria provided first data set – did not meet data standards

February 2016
Victorian data accepted for one region only

Application migration – email, HPRM, appointments etc

March 2016
NSW Data accepted following iterations to resolve issues

NDIA EMG presented revised MVP

16 June 2016
Siebel Reduced functionality & Portal read only

17 June 2016
Advance payments to self managed participants of $2.3 million

May 2016
Further update to MVP

Post 16 June 2016
911 plans updated inadvertently in Siebel requiring data migration rerun

20 June 2016
Smart Centres implemented to manage call volumes

June – July 2016
Victorian data accepted for all regions

29 June 2016
NDIA EMG endorsed go-live decision

1 July 2016
MVP Full Scheme Go-Live

Post 1 July 2016
Issues raised by provider and participants in relation to claiming and payments

1 August 2016
DHS to implement staff assisted claiming strategy

8 July 2016
First media mention on NDIS payment issues

Directive to enact Full Scheme Launch BCP

From 8 July 2016
Advance payments of $18.3 million during business continuity period

5 August 2016
91.4k payment requests ,75.5k paid, 1.3k incomplete, 54 pending, 6.2k rejected

36 prioritised change requests for implementation

28 July 2016
49k payment requests 34k paid, 7k incomplete, 8k pending, 65 rejected

29 July 2016
NDIA EMG asked to endorse stand down of BCP

* Excluding QLD who commenced early transition in January 2016.

Background findings

Alignment of as-built ICT system to agreed business case

Based on the available evidence sighted and interviews conducted, we have found that the ICT system has been built according to the agreed business case and government outcomes.

The Business Case approved by the Government in May 2015 defined the intent of the Full Scheme ICT Solution for the NDIA, including the outcomes that would be delivered[6]. The NDIA Business Capability Model linked the strategic goals and outcomes of the NDIS through to the operational functions and capabilities.

The Full Scheme ICT Solution was delivered in collaboration between NDIA, DHS and DSS and with the support of State and Territory governments. The ICT solution was built using DHS's existing ICT capabilities to maximise re-use of existing government capabilities and alignment to government ICT builds.. The repeat pattern capabilities were configured to meet the needs of the NDIS. Nineteen DHS patterns were re-used and another three were enriched with NDIA requirements. In addition, three new NDIA patterns were developed.

Identified limitations of the ICT system

Although ICT system defects were identified that created gaps requiring further development, none of these defects prevented the implementation of the Minimum Viable Product (MVP).

The MVP defined the minimum functions and features required for the Full Scheme ICT Solution to perform its critical capability. The MVP was endorsed by the NDIA Executive Management Group (EMG) in November 2015[7]. Using the Accelerated Delivery Approach (ADA), the MVP was iterated in the lead-up to the launch, including building on what was identified in the Pilot and Surge phases of the trial. A revised MVP was presented to the EMG on 8 March 2016 and a further update in early May 2016[8] which sought the EMG's endorsement of the final business requirements and the elements of the MVP that could not be delivered by 1 July 2016. Functionality for decision-quality assurance and back-end work-flow efficiency were removed from the scope, although this did not affect the ICT system's ability to discharge payments to approved plans effectively.

As NDIA transitions to Full Scheme, the ICT system will need to be uplifted from the current MVP to full ICT support. This will require delivery of the capability that had previously been removed from the scope. A number of planned strategic projects[9] have been identified to increase the current system capability, building on the repeat pattern capability where appropriate. Examples of these strategic projects are improving the work management system and improving the system's ability to cater for in-kind arrangements.

At the go-live on 1 July 2016 there were no outstanding priority 1 system defects[10] and none have been raised in the time since 1 July 2016. Evidence shows that 53 priority 1 and 2 incidents were raised from 1 July to 5 August 2016.

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[6] NDIA Second Pass Business Case, January 2015 Addendum
[7] NDIA EMG Paper – Full Scheme MVP Paper and Attachments, 8 March 2016
[8] NDIA EMG Paper – FSL Business Requirements Finalisation Paper and Attachments, May 2016
[9] NDIA Full Scheme ICT – EMG Presentation, 14 July 2016
[10] NDIA ICT Committee - Stage Gate 5 and Gateway Review and Paper, 30 June 2016

Adequacy of NDIA's practices and business processes

NDIA Operating Model and Business Processes

The NDIA currently has not implemented a comprehensive Service Delivery Operating Model (SDOM). This has impacted on the successful execution of the Full Scheme Launch and put the existing organisational operating model under stress. A NDIA Knowledge Tool is currently being developed with the intention to clearly define NDIA customer offerings, process, technology, information, organisational structure (including governance, roles and accountabilities), with mechanisms to understand the interaction between key components of the operating model.

Continuous development and adaptation of the ICT solution has placed additional stress on the NDIA. During the ICT solution development, there is evidence that some key business readiness activities were either identified too late or not completed effectively[11] [12] [13]. It has been reported in interviews that stakeholder engagement, training and preparedness was not sufficient, and necessary training materials were not finalised for staff and providers by 29 June 2016[14].

Governance and coordination across the agency has been a reported challenge for the ICT implementation, with business plans and schedules across business areas being uncoordinated until as late as April 2016[15]. The lack of one single program wide framework, operating rhythm and integrated schedule for program execution were noted as key risks for the project[16]. In addition, no evidence of a holistic program plan has been sighted.

Migration of data to support the Full Scheme ICT Launch

In order to transition from the Siebel based interim ICT solution (supported by DSS) to the SAP based Full Scheme ICT solution (provided by DHS), data had to be migrated from DSS to DHS systems and loaded from the States and Territories.

DSS's role in the data migration was to transfer data from the interim ICT solution to a DHS data warehouse. NDIA managed the transformation of this data to agreed DHS standards. An interface design agreement was agreed and signed by NDIA on the data required from DSS and this data was provided on a daily basis starting in June 2015.

Data migration issues were a significant challenge in the implementation of the ICT system. Key challenges appear to relate to:

a. management of the master data relating to the NDIA service catalogue;

b. migration of line items from the DSS system (Siebel) to the DHS system (SAP); and

c. the timeliness and quality of data received from States and Territories, including data forms with missing fields or incomplete fields.

Contingency planning

In a contingency planning workshop held on 31 May 2016, combined representatives from NDIA, DSS and DHS considered four scenarios[17]:

1. delay 'Go-Live' implementation of Full Scheme Launch Tranche (all systems) for between 3-6 months

2. delay 'Go-Live' implementation of CRM systems for up to 1 month but maintain deployment of ERP as planned for 1 July 2016

3. 'Go live' with Full Scheme Launch (FSL) on 1 July but slow down the plan approvals from the bi-lateral data loading from the States and Territories

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[11] 15 - EMG Presentation - Full Scheme ICT Go-live decision
[12] KPMG Independent Assurance Review (Stage Gate 5)
[13] Consolidated NDIA TDI Risk document
[14] KPMG Independent Assurance Review (Stage Gate 5)
[15] Gateway Review Report Gate 4 – Readiness for Service Review for National Disability Insurance Agency (NDIA) Full Scheme ICT solution
[16] Consolidated NDIA TDI Risk document
[17] ITEM 2.1 FSL Contingency Plan (7 June 2016).docx

4. 'Go-live' with FSL on 1 July as planned including the immediate establishment of a joint command centre and establish tiger teams to resolve issues post deployment

NDIA enacted Scenario 4 following an Executive Contingency Planning Workshop on 31 May 2016. Other scenarios were not enacted at this time. Scenario 3 was enacted pre-emptively on 29 June 2016 to focus efforts on migrating participants and providers as part of the go-live implementation by holding off on plan approvals.

Analysis of post ICT implementation transactions

Figure 3 illustrates analysis of the payment summary trends from before and after the system go-live. The data shows a significant drop in payment amount and number of transactions during June (due to the interim ICT system shut down) and July 2016[18].

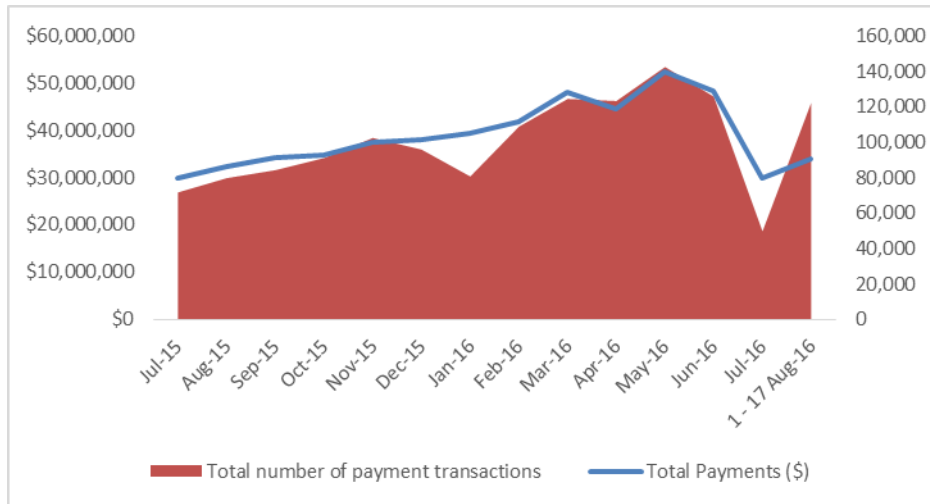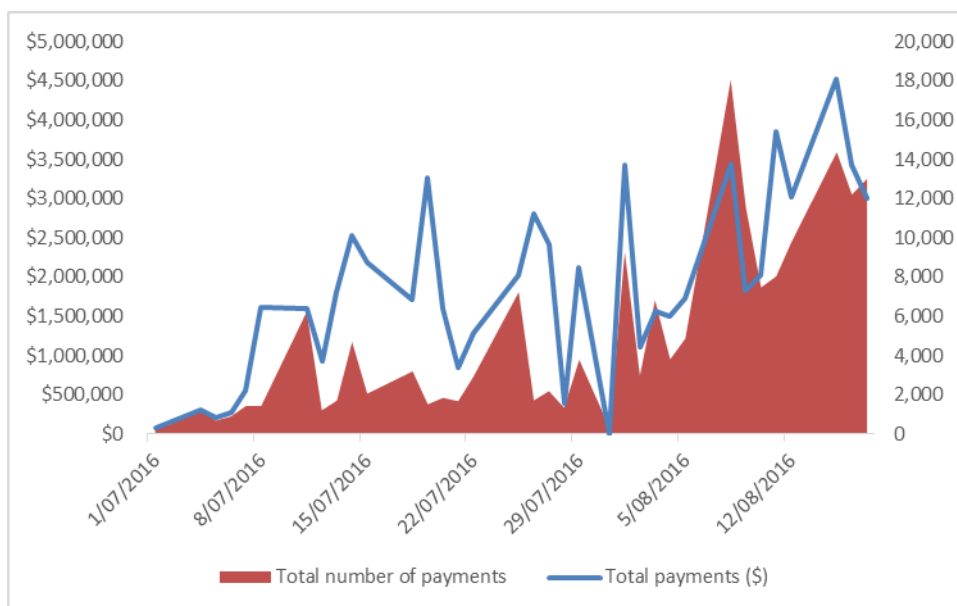### Figure 3: Total monthly payments (participants and providers)

Figure 4 shows the daily gradual ramp up of amount and number of payment transactions in the period 1 July to 17 August, increasing from $74,218 (272 payments) to a maximum of $4.53 million (14,377 payments) on 15 August[19].

Figure 4: Daily payment trend post 1 July (participants and providers)

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[18] Provider and participants payments summary.pdf
[19] Provider and participants payments summary_additional table.pdf and Provider and participants payments summary_Tables 8 and 9.pdf

Implementation of the Change Management plan for the MyPlace portal

The NDIA's Change Impact Assessments did not go into a sufficient level of detail around stakeholder needs, therefore the engagement, training and communication approaches could not be tailored for each recipient group. As an example, the impacts on different types of cohorts needed to be considered earlier, in order to create appropriate ICT solutions and change activities[20].

Interviews report that there was a perception of an inconsistent and ineffective engagement approach, including the level of communication to the States about specific data needs. There is evidence that NDIA provided incorrect data forms and inconsistent pricing schedules to participants and providers.

Training and other support structures to address the change

A thorough stakeholder assessment and training needs analysis informs the engagement and training approach so that the full range of users are wholly enabled and empowered to use the system. Interviews suggest the e-learn approach and electronic communication approach were insufficient to provide the necessary context and upskill for some users, which led to subsequent resource-intensive follow-up with stakeholders in order to embed the change. Although the manual follow-up with stakeholders is receiving positive feedback, it is unclear if this approach will be sustainable if similar issues occur again during transition to Full Scheme.

The agile system delivery approach meant there was no access to a stable training environment, nor sufficient time allowed to produce and update the required training materials. This led to outdated materials being used and subsequent confusion among staff, participants and providers. In addition, the communication on upgrades and shutdown of the portal was reported as poor and this continues to be an issue with communication around system fixes, changes and data migration.

Interviews suggest that the broad NDIS change is not easily understood. Training and communications materials may have addressed the basic Siebel to SAP change requirements; however, it does not appear to address the broader mind-set and business model shift also required to successfully embed the change[21]. Though there is evidence of the broader change impact of the Scheme having been thought through[22], it is unclear how or if this was connected to the ICT solution as a key enabler. In addition, limited training and forums were provided before 1 July to prepare stakeholders ahead of Full Scheme Launch.

Readiness of the NDIA to operate the new ICT system

The Operational Readiness Go Decision was made despite multiple amber and some red milestone status across people, provider and participant readiness and training[23], suggesting that this decision was based primarily on ICT system readiness as opposed to business, people and sector readiness.

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[20] Regional CMF Check Reports, 27 May 2016
[21] NDIS Website updates, Introduction and overview of the Provider Toolkit, EMG MCE paper - Final - 14 April
[22] Community Readiness Framework v1.1
[23] 15 - EMG Presentation - Full Scheme ICT Go-live decision

Assessment of MyPlace Implementation

Observations

1. The NDIA Executive Management Group committed to a go-live on 1 July 2016 for the Full Scheme ICT solution as the contingency options for delaying the roll-out were limited.

2. The compressed timeframes in the lead up to Full Scheme Launch affected a broader range of aspects than only the ICT implementation. These include finalising arrangements for in-kind funding and specialist disability accommodation which are key components of plans and until these arrangements could be settled plans could not be completed.

3. Reporting to the government, in particular the Minister for Social Services, on the issues of the Full Scheme ICT roll-out was limited. The Minister for Social Services did not receive adequate updates on payment performance so was unable to understand the magnitude of the problem.

4. It appears that the NDIA MyPlace Portal implementation focused on the ICT implementation, with many business and change management processes being found to be immature, absent and/or late in the implementation.

5. The current NDIA Full Scheme ICT program approach is not conducive to transparency in reporting and is not focused on customer experience during times of rapid change. This is compounded by a complex stakeholder landscape and a lack of clear organisational accountability.

6. The NDIA and DHS consciously adopted a fast-tracked ICT implementation program delivery approach (known as the Accelerated Delivery Approach or ADA) and DHS's repeat pattern capabilities in order to meet the compressed delivery schedule.

7. In addition to the above, the project did not establish a pre-production test bed and control group (of representative participants and providers) to trial impacts and user experience of moving to the new Full Scheme ICT solution before 1 July 2016.

8. Since the data migration and subsequent change in host system from Siebel to SAP, there has been an unforeseen impact on participant and provider payments due to heightened system controls. The controls regarding participant and provider payments in the SAP system are stronger than the interim Siebel system and this has contributed to payment failures. As a temporary solution, the system controls in the SAP system have been relaxed with these to be restored once the system is stabilised.

9. Functional and user acceptance testing was completed before 1 July 2016, however, issues with migrated data was still being identified and resolved post go-live. Testing on data in non-live environments was not able to detect all data issues that led to payment failures post 1 July. 2016.

10. While the Gateway Reviews and NDIA risk registers appear to have effectively identified risk and issues of the Full Scheme ICT roll-out, the NDIA appears to have been less effective at remediation of issues and operationalising the key milestones. In particular, there appears to have been lack of clear accountability and visibility over change activities, resulting in key change and implementation issues being overlooked and disconnected. In response to these challenges, the Full Scheme Launch (FSL) Committee was established in early June 2016 to provide daily oversight of the ICT system 'go-live'. This appears to have been a positive step, however would have ideally occurred much earlier in the lead up to the Full Scheme ICT Launch.

11. The NDIA was able to identify and remedy residual risks that presented during the roll-out, but the larger, inherent risks of the program (project complexity, scale, timeframes and finite completion date) were not adequately identified and handled, leading to the circumstances contributing to the various failures identified at the Full Scheme ICT Launch.

12. The NDIA to date has been operating without a comprehensive Service Delivery Operating Model. The absence of an embedded comprehensive NDIA Service Delivery Operating Model has resulted in a lack of clarity regarding business processes, accountabilities and governance across the organisation. The NDIA Knowledge Tool platform is currently being developed to document and support the NDIA Service Delivery Operating Model, however, this is yet to be implemented. An initial review of the

Knowledge Tool identified that gaps and overlaps in governance and accountability may still exist across business processes in the Service Delivery Operating Model documented in the new tool.

13. Payment logs were difficult to access across this review, indicating the NDIA had insufficient reporting and protocols for payment failures, backlogs and suspense files. Comprehensive daily monitoring of payment transaction failures, escalation and remediation does not appear to have occurred to a sufficient level even when payment failure issues were well known post 1 July 2016.

14. The change management approach was inadequate from the outset as there was an assumption that the ICT solution would be sufficiently intuitive for end-users. As a result, there was no effective, overarching change management plan, which led to insufficient preparation, stakeholder needs identified too late, and ineffective implementation of change activities.

15. As a result of the tight timeframes in the lead up to Full Scheme Launch, there was no training environment from which to build training materials that represented the system in its current form. Further, process changes and associated training and communication could not keep up with the regular system changes, with the result that staff became unsure about system functionality and were unable to provide correct responses to system enquiries from providers and participants.

Key issues going forward

Throughout the review process, three key issues were identified as having caused significant challenges, and if left unchecked, will continue to do so.

The first is that the NDIA's Service Delivery Operating Model was not implemented and embedded in a way that would effectively support the size and scale of the Full Scheme ICT Launch.

The second issue is a flow-on effect of the first: in its current state, and even when stabilised in the short term, there is real risk that the NDIA operating model will not be able to cope with approximately 400,000 additional participants and their providers by 2019-20, when the Full Scheme is expected to be operating.

The third is that there was a need for a more tailored change approach that recognised the broad range of individual impacts and needs in order to be able to understand the Scheme and use the ICT system effectively.

Conclusions

The complexity of the stakeholder landscape, the amount of change leading up to and after the Full Scheme Launch, the low quality and timeliness of data, and the newness (immaturity) of the process all combined to create a critical risk that payments would fail. The NDIA EMG was faced with a decision to either proceed and remediate or delay. After considering the options and related contingencies, they made the decision to proceed to Full Scheme Launch on 1 July 2016.

It is important to understand that the root cause of payment failure was not a single catastrophic event, but rather a series of compounding issues which prevented a viable option to delay ICT implementation.

The Full Scheme ICT Implementation ran out of time to fully complete the required implementation activities and proceeded with the acceptance of the identified implementation risks with the intention of applying maximum response to the problems. However, the change effort and overall program was under-resourced and underprepared in order to provide the accurate and timely support required by participants and providers when faced with ICT challenges.

The NDIA was effective at managing some of the risks leading up to the ICT implementation, in partnership with DHS and DSS and with the support of States & Territory governments. The residual execution risks of the program were found to be affecting the critical path on a daily basis. As evidenced in the readiness assessments, these risks were continuously managed up until go-live. The NDIA was less effective at managing the inherent risks of complexity, maturity and scale against a finite completion date.

Recommendations

R1. Implement and embed the Service Delivery Operating Model

The NDIA to date has been operating without a comprehensive Service Delivery Operating Model. NDIA has begun documenting their Service Delivery Operating Model, however, it has yet to implement the model. This has led to the poor execution of important client services for participants and providers, for example, plan approvals.

Recommendation:

NDIA to develop, implement and embed an end-to-end Service Delivery Operating Model that:

- clearly defines NDIA customer offerings, processes, technology, information, organisational structure (including governance, roles and accountabilities) and people capabilities

- details accountabilities and end-to-end business processes to support successful delivery of services to providers and participants in the Scheme

- contains mechanisms to understand the interactions between key components of the operating model including interdependencies and accountabilities to Scheme participants and providers, other agencies, States and Territories and government.

Appoint an experienced Chief Operating Officer (COO), reporting to the NDIA CEO, empowered to work across the Agency to make decisions, build capability where required and to quickly resolve critical issues relating to the transition to Full Scheme. Immediate priorities will be to finalise all business recovery activities and to rectify the low rate of plan approvals. NDIA Deputy CEOs to report to the COO on all transition matters.

Conduct a maturity assessment across all business processes including risk and governance. Obtain agreement on the target levels and tracking mechanisms for the appropriate process maturity. Conduct an initial status review of this work in October 2016 with subsequent six monthly reports on process maturity, status and implementation progress.

In addition, there will need to be tailored change management activity to ensure staff are able to understand and align to the operating model.

Timing: Immediate

Dependencies: Commencement of this recommendation is a prerequisite for the other recommendations.

R2. Enhance program management fundamentals including inter and intra-agency governance and an integrated program plan

Given the complex nature of the NDIS, rigorous and holistic program management has been an ongoing challenge. This is likely to be a continuing challenge throughout subsequent release tranches. There needs to be a strong working relationship, particularly at a senior level, between DSS, DHS and NDIA to not only manage outstanding issues related to the Full Scheme ICT Launch but to also manage the ongoing transition to Full Scheme.

Recommendation:

Establish a single, integrated plan, a comprehensive, consolidated Program Management Office, key artefacts, and effective inter and intra-agency governance.

Appoint a Senior Responsible Officer as dedicated program director to have day-to-day oversight of the Project Management Office and agency governance.

The Senior Responsible Officer should perform an immediate review of the risks associated with scale-up, and initiate a system of controlled and considered releases of technology changes and alignment with policy settings. Technology changes should only be released at wide intervals in order to promote stability of the overall system. Establish a senior inter-departmental committee to develop a comprehensive strategy to manage all outstanding issues related to the Full Scheme ICT Launch. This committee is to meet twice weekly until issues resolved.

Formalise the overall service delivery agreement between NDIA and DHS to include key performance indicators, milestones, performance requirements (including service rebates) with a particular focus on delivering maximum value, high levels of integration and clear roles and responsibilities.

Establish a senior working committee to oversee transition strategy, implementation of the transition strategy, change management activities, parliamentary communications and business transformation. Dedicate a senior executive to maintain appropriate and timely communications with government, in particular the Social Services Minister's Office. Provider issues to be reported on a daily basis to the Social Services Minister's Office until resolved.

Timing: Immediate, with ongoing review and tracking

Dependencies: Commencement of *R1. Implement and embed the Service Delivery Operating Model* is a pre-requisite.

R3. Monitor payments and service recovery against agreed performance metrics

Payment failures since 1 July 2016 have led to the lowering or loosening of payment controls within the Full Scheme ICT solution.

Recommendation:

Implement payment performance and service recovery metrics. Metrics should be set and used as key indicators for the NDIA to track payment performance. These reports are to be made available to government on a regular basis.

Agree a level of metrics and reporting that balances compliance against customer frustration and associated reputational risk. Payment performance measures to include volume, value and backlog.

Examine and address payment failures and communicate to all stakeholders the extent to which these failures are due to compliance as opposed to process, system or user error. Protocols should be established for how payment failures issues are communicated to all key stakeholders (including participants, providers, States and Territories, government and NDIA staff), with a focus on transparency in reporting and communications.

Timing: Immediate

Dependencies: Commencement of *R1. Implement and embed the Service Delivery Operating Model* is a pre-requisite.

R4. Review the resourcing model for Full Scheme Transition

NDIA is not yet equipped to manage the transition to full scale ramp-up, as evidenced by the use of external support for the change effort, and the movement of employees out of their normal roles into temporary teams for issue resolution. In addition, some accountabilities are unclear, affecting overall project governance. The impact of these factors will become more evident as the roll-out progresses.

Recommendation:

Review the Full Scheme Transition resourcing model, including key roles and responsibilities, to ensure the NDIA has the right people in the right place with clarity of the accountabilities required to achieve successful outcomes.

For example, assessments to date indicate the need for a stronger emphasis on tailored and effective transition, change and stakeholder management. An appropriate resource assessment may uncover the need for dedicated and more broadly accountable senior Transition Management, Data Integrity Management, Change Management and Stakeholder Management roles.

Timing: Immediate and at regular intervals during ramp-up

Dependencies: Commencement of *R1. Implement and embed the Service Delivery Operating Model* is a pre-requisite.

R5. Undertake a comprehensive Stakeholder and Change Impact Assessment

The Stakeholder and Change Impact Assessments did not examine in sufficient detail the different types of providers and participants, nor connect strongly enough to the broader changes felt by these different groups (e.g. mind-set, behaviour and business model changes, not just ICT process changes). Given this, the needs of certain groups were not factored into the system design or change management approach. This will continue to affect the adoption of the ICT solution.

Recommendation:

Conduct a thorough Stakeholder Assessment/ Change Impact Assessment for the system and broader Scheme in order to fully understand needs. This assessment should include consideration of factors such as level of dependency, geographical location and service type, and all risks, issues, actions and dependencies should be tracked over time.

Timing: As soon as any new change resources are in place

Dependencies: A prerequisite for *R6. Tailor and measure the Change Management approach*. Commencement of *R1. Implement and embed the Service Delivery Operating Model* is a pre-requisite.

R6. Tailor and measure the Change Management approach

Some stakeholders are struggling with the ICT and broader NDIS changes. One of the key drivers of this is that the approach to change management has not been tailored to meet the diverse needs of participants, providers and staff. Sub-optimal engagement, training and communication have been reported, affecting the quality of necessary support for providers and participants and the reputation of the NDIS.

Recommendation:

Shift to a customer-centric change approach that is tailored to the stakeholders' needs, and that has an emphasis on transparency to ensure deeper understanding of NDIS and the MyPlace Portal. Consideration should be given to different levels of online access and technological capability. Connecting in with the Community Readiness work that is underway will be a key enabler for this.

NDIA, DSS and DHS to develop the plan and approach to implement changes required to address the issues experienced by participants and providers post deployment of the Full Scheme ICT Solution.

NDIA to prioritise these changes and work with DHS, as the ICT provider, on the implementation schedule.

Establish a 'control group' of a representative sample of participants and providers to test upcoming changes in order to measure and track customer satisfaction for continuous improvement purposes.

Timing: As soon as outputs are available from Stakeholder and Change Impact assessments. Refine and update the approach over time as more information becomes available.

Dependencies: Dependent on the output from *R2. Enhance program management fundamentals including inter and intra-agency governance and integrated program plan* and *R5. Undertake a comprehensive Stakeholder and Change Impact Assessment*. Commencement of *R1. Implement and embed the Service Delivery Operating Model* is a pre-requisite.

Appendix A. - Glossary

A.1. Glossary

Term	Description
ADA	Accelerated Delivery Approach
BAU	Business As Usual
CEO	Chief Executive Officer
COAG	Council of Australian Governments
COO	Chief Operating Officer
CRM	Customer Relationship Management
DHS	Department of Human Services
DSS	Department of Social Services
EMG	Executive Management Group
ERP	Enterprise Resource Planning
FSL	Full Scheme Launch
ICT	Information and Communications Technology
MVP	Minimum Viable Product
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
RACI	Responsible, Accountable, Consulted, Informed
SAP	Enterprise software to manage business operations and customer relations
SDOM	Service Delivery Operating Model
ToR	Terms of Reference
UAT	User Acceptance Testing

Appendix B. - Governance

B.1. NDIA Governance Structure