Review of Auditor-General's Report 8: 2012-13 Online service delivery

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Report No. 22
Education and Innovation Committee
August 2013

Education and Innovation Committee

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Acknowledgements

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Abbreviations and definitions

DSITIA	Department of Science, Information Technology, Innovation and the Arts
DTMR	Department of Transport and Main Roads
SSQ	Smart Service Queensland

Chair's foreword

On behalf of the Queensland Parliament's Education and Innovation Committee (the committee) I am pleased to present our consideration of the Auditor-General's Report 8: 2012-13 *Online service delivery.*

The performance audit considered whether the public sector is optimising its use of information technology in the delivery of online services. We were concerned to learn that on the whole, it is not. Although some findings of the audit were positive, such as the security of credit card data collected online, there are many areas that require improvement. Improvement in key areas, such as the availability of online channels, technology and internet security are likely to result in savings of both time and money, greatly assisting businesses and the people of Queensland.

A number of strategies are underway to address the issues identified through the audit, and, given the seriousness of some of them, the committee seeks an update on their implementation from the Minister.

I would like to thank all members of the Education and Innovation Committee for their continuing hard work and commitment to our portfolio areas.

I commend the report to the House.

Rosemary Menkens MP
Chair

August 2013

Recommendations

Recommendation 1 **5**

The committee recommends that the Minister for Science, Information Technology, Innovation and the Arts advises the House:

i)   how the One Stop Shop program will address the Auditor-General's recommendations made in the Report to Parliament 8: 2012-13 Online Service Delivery and when the program will be fully implemented,

ii)   whether a whole of government channel strategy and department level channel strategies have been developed,

iii)   whether there has been an increase in the number of services available online and the uptake of these services by business and the public, and

iv)   of progress made by the external security consultant engaged to develop security documentation and to conduct penetration testing.

1. Introduction

1.1 Role of the committee

The Education and Innovation Committee (the committee) was established by resolution of the Legislative Assembly on 18 May 2012, and consists of government and non-government members.

Portfolio committees support the Parliament to fulfil its functions. A key function of the Parliament is to hold the government to account. One way that committees support this function is by considering the integrity, economy, efficiency and effectiveness of the government's financial management by examining government financial documents and considering the annual and other reports of the Auditor-General.[1] Committees then report back to the Parliament on their considerations, informing debate and ultimately, the decisions of the Parliament.

1.2 Role of the Auditor-General

The role of the Auditor-General is provided in the *Auditor-General Act 2009* and includes conducting performance audits of public sector entities and audits of performance management systems of government owned corporations.[2]

A performance audit evaluates whether an agency or government program is achieving its objectives effectively, economically and efficiently, and is compliant with relevant legislation. It does not consider the merits of government policy. Rather, it focuses on how that policy is implemented.

The Auditor-General may prepare a report on any audit conducted under the Act and table it in the Legislative Assembly. Standing Orders require that the Committee of the Legislative Assembly refer an Auditor-General report to the relevant portfolio committee as soon as practicable after it has been tabled.[3]

1.3 Review process

Auditor-General Report 8: 2012-13 *Online service delivery* (the Auditor-General's report), a performance audit, was tabled in the Legislative Assembly on 19 March 2013 and referred to the committee by the Committee of the Legislative Assembly for consideration.

The Committee has reviewed the Auditor-General's report, including the responses from the Premier of Queensland, the Department of Science, Information Technology, Innovation and the Arts (DSITIA), Queensland Treasury and Trade, the Department of Transport and Main Roads (DTMR), the Department of Tourism, Major Events, Small Business and the Commonwealth Games and the Brisbane City Council.

To further inform the committee, representatives from the Queensland Audit Office, including the Auditor-General, provided a private briefing on 17 April 2013.

1.4 Audit overview

The performance audit examined four government departments[4] and the Brisbane City Council to determine whether the public sector has optimised its use of information technology for the delivery

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[1] *Parliament of Queensland Act 2001* s94(1)(a)
[2] *Auditor-General Act 2009* s37A and 38
[3] Standing Rules and Orders of the Legislative Assembly, 194B
[4] The departments examined are the Department of Science, Information Technology, Innovation and the Arts (Smart Service Queensland); Department of Transport and Main Roads; Department of Tourism, Major Events, Small Business and the Commonwealth Games and Queensland Treasury and Trade (Office of State Revenue)

of services online. It considered the availability, accessibility, reliability and security of online services, and the cost-effectiveness of online service delivery.

1.5 Summary of key findings

The Auditor-General's report notes that online services can reduce the time taken to complete activities and provide customers with more freedom to undertake activities at different times and locations, while significantly reducing the cost of service delivery.[5] The demand for online public sector services, as stated in the Auditor-General's report, is strong and increasing.

The audit found that:

i)   customer expectations of online service options are not being met,

ii)   public sector services that are not provided online cost more to deliver, both for the government and the public, and

iii)   although credit card data collected through online channels meets security standards, the protection of other personal information provided online is less assured.[6]

Findings i) and ii) above are noted in the report to be caused by *"[a] lack of strategic leadership, central co-ordination of service delivery methods, and failure to update technology …".*[7]

Six recommendations were made to address the issues identified:

1.   That the Department of Science, Information Technology, Innovation and the Arts ensures that the central channel strategy includes:

   •   aligning current service delivery options with customer needs, service characteristics and central priorities with consideration given to developing separate strategies for public and business online services to meet the specific needs of these customer segments,

   •   increasing the number of services available online and moving customers to the preferred channels for each service,

   •   a benefits realisation plan and migration plan for each department to ensure that the expected benefits of implementing the central channel strategy are realised, and

   •   performance indicators to measure the success of the online channel for satisfying customer needs.

2.   That each department develops and implements a channel strategy consistent with the central strategy.

3.   That all departments document the security design and use this to identify and mitigate security risks of online services.

4.   That all departments and the Brisbane City Council identify cost-effective technology solutions to expand their online channel and use authentication services for complex online services.

5.   That all departments and the Brisbane City Council collect and use data on cost and demand to optimise the mix of channels used for services.

6.   That the Department of Science, Information Technology, Innovation and the Arts reviews Smart Service Queensland's business model and costs to ensure the benefits of using a service provider for departments are realised.[8]

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5   Report to Parliament 8: 2012-13 *Online Service Delivery*, Queensland Audit Office, p1
6   Ibid, p1
7   Ibid
8   Report to Parliament 8: 2012-13 *Online Service Delivery*, Queensland Audit Office, p3

2. Examination of the report

2.1 Online service delivery

In 2009, the previous government set a target that 50 per cent of transaction-based services will be available online. At the time the audit was conducted (August – December 2012), only 28 per cent were provided online.[9] The audit found that central initiatives have not increased the availability and provision of online services over the past decade, including through the establishment of Smart Service Queensland (SSQ) in 2002.

SSQ was established as a business unit of what is currently DSITIA to be the primary point of contact for all Queensland government services. However, it did not achieve this. The audit report questioned the cost-effectiveness of the SSQ business model, identifying as a key problem the fact that a requirement for the online services of all agencies to be delivered through this unit was not enforced.[10]

The Queensland Audit Office notes that moving people to online channels will save money, be more efficient and improve the quality of service delivery due to the increased availability of services. That is, services could be available 24 hours a day, whereas many services are currently available only during standard business hours of 9am – 5pm.

2.2 Reasons for low level use of online service delivery

The audit found that a lack of technology, of systematic assessment of customer preferences and of a central strategy at the state level, affects a department's ability to deliver complex services online. In addition, a number of services that could be provided online are provided through more traditional channels, such as applying for a driver's licence, booking a breast cancer screening and ordering of birth, marriage and death certificates.[11] The audit concluded that:

> *The strategic leadership at a whole-of-government level to increase departments' capability to meet customers' expectations has been absent. Departments have not used channel strategy methods effectively to close the gap between the rapid change in technology, customer expectations and current capabilities. As a result, service delivery remains uncoordinated with each department adopting its own methods and there is missed opportunity for substantial cost savings for both departments and the customer.*[12]

The audit found that more services are provided through online channels by departments that provide services to business and industry than by agencies who provide broad community services. Of the two agencies audited that provide services to the business community (Department of Tourism, Major Events, Small Business and the Commonwealth Games and the Office of State Revenue), 95-100 per cent of customers receive online services.[13]

2.3 Technology

The Auditor-General's report identified that more advanced technology and improved preparation for internet security attacks are required to advance the technology capability and security of online systems. The audit concluded that:

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[9]   Ibid
[10] Ibid
[11] Report to Parliament 8: 2012-13 *Online Service Delivery*, Queensland Audit Office, p2
[12] Ibid, pp9 and 16
[13] Ibid

> *Outdated technology infrastructure in the public sector is hindering the expansion of the online channel. The effectiveness of security controls to protect online services varied considerably across the audited departments and council. Those that satisfied PCI-DSS requirements had better overall security practices. There were good measures in place to reduce risks for credit card data. However, departments took a passive approach to security of personal information.[14]*

Of concern to the committee is the finding that none of the departments that were audited had a documented security plan for their online services. Instead, they rely on the undocumented knowledge of staff to maintain appropriate levels of security.[15]

2.4 Cost of service delivery

The cost of service delivery options are not currently recorded and monitored by the Brisbane City Council and the departments audited, except by DTMR. However, while DTMR records and compares the cost of services delivered across each of its channels, the audit found it does not use this data effectively to inform strategic decisions about service delivery options.

Some departments have moved services that were traditionally provided over the counter online, and have achieved financial savings. This includes the Office of State Revenue and the Department of Tourism, Major Events and Small Business.[16]

2.5 One Stop Shop

A customer focussed service delivery model is being developed by the government through a One Stop Shop program. The business case for the program was due to be completed by March 2013. A central channel strategy (which assists people to decide on how they will interact with departments, such as online, phone or over the counter, and is a key recommendation in the report) will also be produced as part of the program. DSITIA is leading this whole of government process.[17] The committee seeks advice from the Minister on when this program will be finalised.

2.6 Agency comments

A copy of the report was provided to the departments involved in the audit, the Premier and appropriate ministers, before it was tabled in the Parliament. The Premier advised that DSITIA and relevant agencies have already identified a number of services that can be provided online; and that the majority of recommendations in the report will be progressed at a whole of government level, rather than at a departmental level.[18]

DSITIA advised that the One Stop Shop program will address the majority of the audit recommendations. The department also noted that an external security consultancy has been engaged to develop security documentation and to conduct penetration testing.[19]

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[14] Ibid p19
[15] Ibid, p21
[16] Ibid, p23
[17] Ibid, p3
[18] Ibid, p49
[19] Ibid, p43

Committee comment

The committee welcomes the Report to Parliament 8: 2012-13 *Online Service Delivery* as the findings of the performance audit have the potential to save the government, and the people and businesses of Queensland, a significant amount of time and money. The support expressed by departments and Brisbane City Council for the recommendations are noted.

Although it is disappointing that service availability has not kept pace with available technology, and that more services are not currently available online, the committee is pleased that work is underway to migrate relevant existing services to the online channel.

With regard to internet security, the committee seeks an update from the Minister on any progress that has been made by the external security consultant engaged to develop security documentation and to conduct penetration testing. The security of the government's online information technology is essential, and strengthening this area may then facilitate the increased uptake of online services.

The committee also looks forward to learning more about the One Stop Shop, as a means to addressing many of the recommendations made by the Auditor-General.

Recommendation 1

The committee recommends that the Minister for Science, Information Technology, Innovation and the Arts advises the House:

i) how the One Stop Shop program will address the Auditor-General's recommendations made in the Report to Parliament 8: 2012-13 Online Service Delivery and when the program will be fully implemented,

ii) whether a whole of government channel strategy and department level channel strategies have been developed,

iii) whether there has been an increase in the number of services available online and the uptake of these services by business and the public, and

iv) of progress made by the external security consultant engaged to develop security documentation and to conduct penetration testing.