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Memorandum

To: SLT Investment Committee **File reference:**

From: Suzanne Boslem, General Manager Communications, Corporate

Date: 11 May 2016

Subject: Project 000778 Criminal Records Automation of Manual Processes– Approval to proceed to Delivery Stage **Attachments: One**

Security Classification: COMMERCIAL IN CONFIDENCE

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Recommendations

1. It is recommended that you:
    1. **Approve** this project to proceed to the Delivery Stage.
    2. **Approve** FY16/17 funding of:
        a. $1.004 Million Capex
        b. $121,000 Opex

Decision Information

2. This investment case supports the delivery of a solution to automate the capture of customer request data and the sending of criminal conviction history check reports. The use of an external Service Provider is the recommended service delivery option.

What is this project trying to achieve?

3. The scope of this project is to automate the current manual processes associated with the requesting and issuing of Criminal Conviction History Reports (CCH). This is an interim solution as part of the overall remediation of the Clean Slate System (CSS) to address issues with the criminal records service.

4. Remediation of the CSS is required to [redacted] reduce the risk of privacy breaches and meet the ongoing increase in demand and service delivery expectations. Overall, remediation of the CSS is intended to address the following issues:

    - [redacted]
    - The criminal records service was not designed to deal with the current volume of requests from third parties which increases the likelihood of service delivery failure (including privacy breaches). The Criminal Records Unit (CRU) processes requests from three customer channels with turnaround times as follow:
        - Individuals – 20 working days (Privacy Act requirement), 15% of processing volume

- Third party priority service – five working days (contractual SLA), 25% of processing volume
- Third party standard service –20 working days (best endeavours basis), 60% of processing volume

Service delivery is being met for individuals and the third party priority service. The current backlog for third party standard service is 60 working days. A reliance on manual processes means processing capacity is not readily scalable without increasing head count and operating cost. However, the request volumes have increased by 96% in the last four years as criminal history checks have become standard requirements across a number of job types and service industries e.g. school related roles.

- [redacted] Section 9(2)(f)(iv)

Remediation of the CSS will be undertaken in **three phases** to fully realise the above goals:

1. [redacted] Section 9(2)(g)(i)
2. Automation of CSS manual processes (this project)
3. Delivery of on-line capability - to allow online requests and responses on the Ministry's website. ICT are indicating this will not be available until 2018/19 – as it is dependent upon the requisite components of the ISSP being introduced (future project).

Recommended solution for Automation

4. The recommended solution is to automate the capture of request data using a web form. This service would be outsourced to an external supplier, with the Ministry being provided with an electronic file for upload into CSS. It will reduce the current risk profile by providing greater data capture accuracy, operational performance improvements, and stronger QA processes along with improved request tracking and reporting. This solution offers improvements in customer service through responsive online communication and better information and business processes supported by outsourcing agreements that guarantee our customer Service Level Agreements. This solution would also reduce the cost to service customers.

   This solution can be leveraged for future CSS development, including the benefits delivered by JAS (Justice Access Service).

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What will it cost?

Financial costs

5. Funding has been approved for the Start Up/Initiate stage as follows:

    a. $170,000 Opex
    b. $1,000,000 Capex

FY 15/16

	Projected Total Costs	Provisioned	Drawn down to end of FY 15/16	Draw down requested	Provisioned amount remaining (pending drawdown approval)
Opex	$170,000	$170,000	$100,000	nil	$70,000
Capex	$1,000,000	$1,000,000	$90,000	nil	$900,000

In FY15/16 the project will be returning $70,000 from the Start Up/Initiate stage project budget. This has been approved by the Chief Financial Officer.

6. This memorandum seeks approval for funding to carry out the Delivery stage. This has not been provisioned in FY16/17:

    a. $121,000 Opex
    b. $1,004,000 Capex

FY16/17

	Projected Total Costs	Provisioned	Drawn down to-date (excluding draw down request figure)	Draw down requested	Provisioned amount remaining (pending drawdown approval)
Opex	$121,000	$nil	$nil	$	$
Capex	$1,004,000	$nil	$nil	$	$

7. In out-years, ongoing operating costs for the CRU will be covered by Corporate Group, and are estimated to be $908,000 Opex pa (this compares to FY15/16 CRU forecast expenditure of $1.3m)

What are the benefits?

8. The benefits are:

    - Improved customer service
    - Increased trust and confidence in criminal conviction history checks
    - Improved cost efficiency

9. The ongoing operating costs following service transition will reduce by an estimated $390,000 over time compared to the existing solution. Cost savings will come from reduced staff in the CRU and reduced postage and print costs.

How will we know it has succeeded?

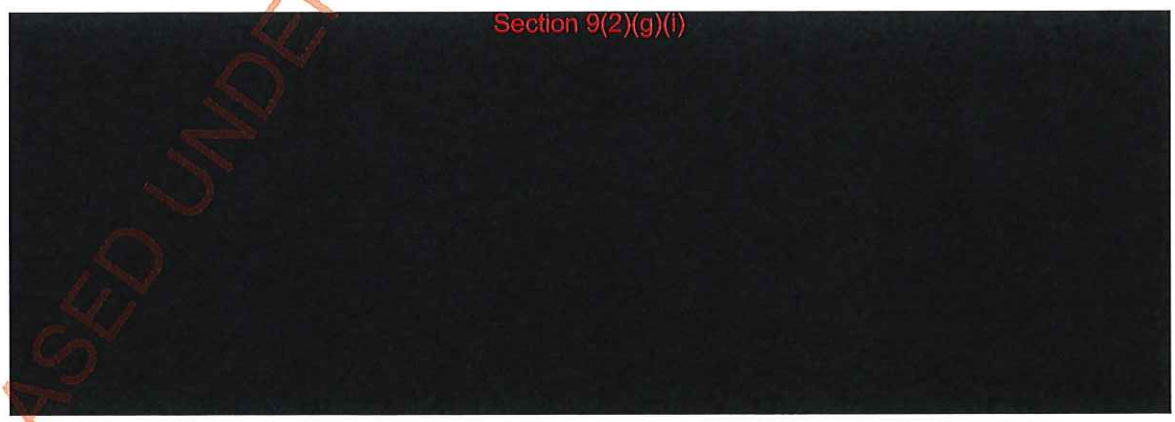
10. Key success measures
    - Scalable processing capacity able to meet future demand
    - Service levels consistently met, providing a platform for increased third party cost recovery
    - Reduced operating costs post transition from $1.3m to an estimated $908,000.
    - Customers embrace online forms and email delivery of reports – significantly reducing manual paper based form handling
    - Reduced number of privacy breaches arising from human error
    - Reduction in business and reputational risk for the Ministry from the criminal records service
    - Reduced number of enquiries and complaints to the Ministry and the Minister relating to service performance

Key milestones and timelines

11. **Key deliverable**	**Due**
• Project planning completed	June 2016
• Supplier engagement	June 2016
• Business change design completed	June 2016
• New web form completed	August 2016
• HUB web service build completed	August 2016
• CSS changes completed	August 2016
• Business process change training completed	November 2016
• Testing completed	November 2016
• Business service transition	December 2016
• Project closure completed	December 2016

Risks and Issues

12. The following delivery risks have been identified.



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Attachments:
Investment case on request.

COMMERCIAL IN CONFIDENCE

Criminal Records

Automation of Manual Processes

Investment Case

File ref: [Investment Case CSS_final]
Document owner: [Criminal Records Unit, Corporate]
Last updated: [May 2016]

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1. Executive Summary

This investment case uses a service provider to automate two parts of the Criminal Conviction History (CCH), the capture of customer information (front-end) and sending the CCH report to the customer (back-end) processes.

In developing the Case for Change as part of this Investment case, three strategic investment objectives were identified; these are (in order of priority):

1. To reduce risk and increase confidence in CCH reports through the automation of manual processes and increased quality assurance (QA)
2. Improve customer experience through meeting service delivery expectations
3. Improve operational efficiency ensuring current and future demand is met, with the new service being cost neutral in comparison to the current service.

These objectives are defined in a number of measurable benefits within this document. These are delivered through:

- Using a web form (hosted by a supplier) to capture requests
- Continuing to provide a paper form for applicants who are unable to use the online form
- The supplier captures and validates the information before providing it to the Ministry for processing, with all valid requests provided to the Ministry within 24 hours of receipt.
- Some technical refinement of the identity validation process to improve processing flow and reduce the potential for manual errors
- A new ICT middleware service will be implemented to retrieve the information from CMS to allow for smooth processing of the increased request volumes
- The supplier will distribute the reports that have been QA checked to customers (with an increasing use of email as the preferred channel).

The project will be delivered through two work streams established under a single project management structure and steering committee. The project deliverables are grouped under a number of work packages to enable an iterative approach. The project is expected to be delivered within 8-10 months of approval by the Investment Committee.

2. Strategic Alignment

This project is the second project in a three phase programme to address significant risks and issues in the Criminal Conviction History (CCH) process [redacted]

The first project is the ICT Remediation Project, initiated and managed by ICT, and the third project will be the complete redevelopment of the Clean Slate capability alongside the future renewal of the CMS capability.

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Background

The Criminal Records Unit (CRU) delivers Criminal Conviction History (CCH) checks for individuals and third parties.

The number of manually processed CCH requests has steadily increased from 282,000 in 2011/12 to 450,000 in 2014/15 as CCH checks have become a standard pre-employment requirement

The current operational processes are heavily manual, inefficient and expose the Ministry to risks of [redacted] and, potentially, privacy breaches. The Deloitte review of Criminal Records in November 2014 identified a number of high-risk issues with the process [redacted] including:

- [redacted]
- [redacted]
- Manual criminal conviction history processing is susceptible to human error

The SLT Planning & Resources Committee meeting of 25 March 2015 agreed to a number of actions which have been incorporated into a CSS Remediation Project to [redacted] reduce the risk of privacy breaches from manual processes and meeting service delivery expectations.

This CSS Remediation Project will be undertaken in three steps as follows:

1. [redacted]
2. Project to automate CSS manual processes (this project)
3. Project to allow online requests and responses once the requisite components of the ISSP have been introduced in the future (future project). ICT are indicating this will not be until 2018/19.

The interim solution delivered by this project (the interim solution) will be expected to be in place for 3-5 years.

Investment Logic Map

An Investment Logic Mapping (ILM) exercise was undertaken to fully understand the problems and develop the investment objectives, to support the case for change.

The ILM identified four problems in order of impact:

1. [redacted] Section 9(2)(g)(i)
2. The service was not designed to deal with the current volume of requests which increases the likelihood of service delivery failure.
3. [redacted] Section 9(2)(f)(iv)
4. [redacted] Section 9(2)(f)(iv)

It determined that addressing these problems would provide the benefits of:

- Increased trust and confidence in criminal conviction history checks
- Improved customer experience from improved service delivery
- Improved cost efficiency of the CRU

Progress to date

In November 2015 the Investment Committee approved $170,000 to complete the Start-up and Initiate stages of this project.

The following key activities have been completed:

- Compiled a set of requirements to meet what the business needs from the end-to-end solution
- Completed a market assessment to determine if there are suitable vendors who can support the proposed solution
- Completed a full evaluation of the options against the requirements, risks and benefits to provide a recommended solution
- Provided a set of requirements to The Information Management Group (TIMG) as preferred supplier to enable them to provide a Best and Final offer for inclusion in this investment case.

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The Case for Change

The investment objectives below have been stated in a number of previous papers to SLT Committees.

1. Risk Reduction	**Reduced risk and increased confidence in CCH checks through automation of manual processes and increased quality assurance within 12 months of implementation.**
Existing Arrangements/ Current State	• Section 9(2)(g)(i) [redacted] • The CCH service was not designed to deal with the current volume of requests which increases the likelihood of service delivery failure. • A high reliance on manual processes increases the risk of human error and the cost of providing the service.
Future State	The future state is an efficient and (where possible) automated end-to-end process that reduces reliance on manual processes and increases ability for quality assurance. This will result in: • Increased trust and confidence in CCH checks • Reduced number of notified privacy breaches resulting from human error • Processing capability in place to meet current and future demands • Quality assurance in place to ensure errors are identified early and addressed

2. Customer Service	**Improved customer experience through meeting customer service delivery expectation within 12 months of implementation.**
Existing Arrangements/ Current State	The high volumes, a reliance on manual processes and insufficient processing capacity has resulted in poor service delivery for the customer. • The current backlog for standard third party customers is currently around 60 working days. Published service level is 20 working days • Staff cannot easily respond to customer queries ("where is my request?") as paper applications cannot be readily tracked. • Customers expect to be able to send their information and receive a response electronically.
Business Need / Future State	• Service standards are consistently met • Staff can look up information on screen in response to a customer's query • Customers are able to enter information in an electronic format allowing for easy data capture. • Customers are able to receive their CCH report electronically. Increase in customer satisfaction will support the Ministry's strategic goal 'Provide great service to the public every day' and BPS Result 9: Better for Business - delivering Better Public Services to business customers.

3. Organisational Improvement	**Improved operational efficiency ensuring current and future demand is met and recovery of third party costs enabled within 12 months of implementation**
Existing Arrangements/ Current State	The current service is not scalable and there are high costs associated with manual processes reflected by: • 13 FTE are devoted to manual processing tasks and there is limited capacity to increase staff numbers to meet demand growth • Current backlog for processing standard third party requests is currently around 60 working days • Current CRU print and postage costs are $300,000. Cost of postage set to increase • There is little opportunity to utilise available technologies (e.g. email) • Business reporting is manual and it is difficult to fully identify and recover all third party costs
Business Need / Future State	The future state is an efficient and (where possible) automated end-to-end process that: • Is scalable providing processing capacity to meet current and future demands • Fully utilises available technologies • Focuses staff resources on customer- oriented and value-add tasks. • Provides automated reporting that allows management better oversight of volumes, issues and costs. • Sustainable service levels will improve capability to recover third party costs

Scope

The scope of this project is to automate the current manual processes associated with the requesting and issuing of CCH Reports. This is an interim solution as part of the overall business programme to address issues within CRU/CSS.

In Scope	Out of Scope
• Automate the data capture of CCH requests from customers • Ensure there is a smooth end-to-end flow through the process and the solution is scalable to meet current and future demand • Section 9(2)(g)(i) [redacted] • Establish ability to distribute CCH reports electronically • Enable tracking of requests through the end-to-end process • Improve management reporting capability (both standard and ad hoc).	• Complete redevelopment of the CSS • Electronic identity authentication • Customer self service • Automated invoicing • Section 9(2)(g)(i) [redacted] • Work to improve CSS outside of what is required to support the solution options

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Potential Risks, Constraints and Dependencies

The table below lists strategic risks, known constraints and dependences related to achieving these objectives

Potential Risks	Section 9(2)(g)(i) • Section 9(2)(g)(i) • Section 9(2)(g)(i) • Section 9(2)(g)(i) • Section 9(2)(g)(i)
Constraints	The known constraints are: • Current level of service should be maintained as a minimum during implementation. Business as usual (including a large backlog of customer requests) must be managed. • The Ministry currently has no deployed capability for electronic authentication of identity. • The solution is constrained by what the current Criminal Records (Clean Slate) legislation and Privacy Act permits the Ministry to do.
Dependencies	Dependencies include: • Section 9(2)(g)(i)

3. Project/Programme Benefits

Expected Benefits

The benefit	Achieved by	Measured By	Measurement Date/s	Benefit Owner
Increased trust and confidence in criminal conviction history checks	Manual processes automated to reduce data capture errors	Reduced number of complaints and privacy breaches	1 year post implementation	Suzanne Boslem
	Quality assurance in place to ensure early identification of errors	Number of QA completed and reduction is errors found	3/6/9 months post implementation	Suzanne Boslem
Improved customer service	Customers are able to request/receive CCH through their channel of choice	Customer satisfaction surveys	1 year post implementation	Suzanne Boslem
	Service standards are consistently met	Number of requests exceeding SLA	3/6/9 months post implementation	
	Customer queries are responded to in timely manner, with information on the request readily available	Customer satisfaction surveys	1 year post implementation	
Improved cost efficiency	Lower cost of delivery (whole of life)	Reduced print and post costs Reduced staff costs	1 year post implementation	Suzanne Boslem
	Higher percentage of staff resource spent on value-add and customer service tasks	Percentage of staff time spent on manual tasks	6/12 months post implementation	Suzanne Boslem
	Higher percentage of CCH requests received/distributed electronically	Increased number of customers electing electronic channels	6/12 months post implementation	Suzanne Boslem

Assumptions

The following assumptions have been made in preparing this investment case:

- The new automated service will be cost-neutral compared to the existing cost of business once transition is complete
- There are suppliers in the marketplace capable of delivering those parts of the service that may be outsourced
- The Ministry's ICT have the capacity to deliver the technical requirements
- There will be no security or privacy concerns that will prevent the implementation of an outsourced solution.

Organisational Impact

Criminal Records Unit

This project has a major impact on the Criminal Records Unit:

- Two key manual processes will be outsourced
- There will be reduced reliance on casual staff to meet demand
- Permanent staff will be focused on quality assurance and customer service activities, not data entry
- There will be new activities in relation to managing the supplier relationship, service delivery and quality assurance.

To manage this, the project includes a significant business change work-stream involving staff through consultation, training in the new job requirements and other business change activities.

Other Ministry Business Units

- **Risk & Assurance**
  - Section 9(2)(g)(i) [redacted]
  - Section 9(2)(g)(i) [redacted]
- **Privacy & Security** – A Privacy Risk Assessment and Security Assessment has been undertaken based on the proposed solution. ICT Security is engaged and has provided security requirements for the solution specification documents.
- **Communications** – A communications plan will be developed to manage communications to both internal and external affected parties. Customer engagement is part of the business change activities. A Communications Advisor will support the project.
- **People & Performance** – a business change advisor will be engaged to support the project with business change activities. People & performance will be represented on the project Steering Committee

- **Finance** – A Finance Performance Specialist has been engaged to work with the project team on financial and cost recovery activities.
- **Procurement** – the procurement team have been engaged and will be involved as part of the supplier engagement process.
- **ICT** – an ICT architect has been engaged to assist with developing the solution options. An ICT stream lead will be appointed to co-ordinate the ICT delivery.
- **Legal Counsel** – will be engaged during the negotiation of vendor contracts and to provide other legal advice required by the project.

No other areas of the Ministry are determined to be affected. A stakeholder assessment will be undertaken to confirm external stakeholder parties.

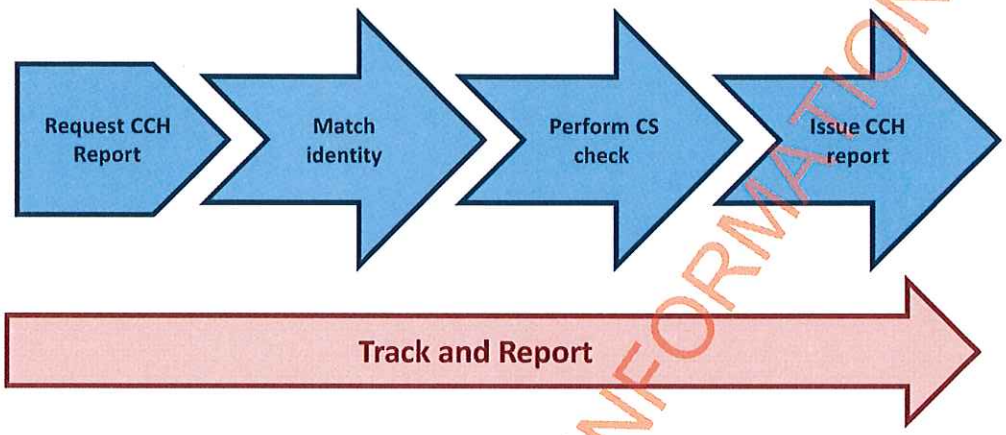
Critical Success Factors

The project must deliver the following to be deemed successful:

Strategic Objective	Critical success factors
Increased trust and confidence in criminal conviction history checks	• Transition of request capture activities to the supplier • Increased quality assurance over manually captured information • Increased quality assurance over CCH reports prior to distribution
Improved customer service	• Customer service levels are consistently met (only 5% requests fall outside SLA) • All valid requests are entered for processing within 24 hours of being accepted as complete • Reduction in customer enquiries relating to service level delays
Improved cost efficiency	• Customers choosing the electronic channel o customers have been engaged and increasingly adopt the web form o there are no barriers to customers choosing to receive their report by email • Service is cost-neutral with: o 50% reduction in print and postage costs within 6 months of implementation o Reduction in staff numbers with 3 months of implementation

4. Options

Six options were identified to support the end-to-end process shown in the diagram below. Each of these options is comprised of a number of components which differ across the five key stages of the process.



The options are as follows:

Option 1	Makes no change to the current process/operating environment.
Option 2	Hire more staff to address increased demand and allow for additional QA activities.
Option 3	Capture request data submitted via paper or email using scanning technology. Requests that cannot be scanned will be manually captured. This service is outsourced to a supplier and the Ministry is provided with an electronic file for upload into CSS. It reduces current risk profile by providing greater data capture accuracy, operational performance improvements, and stronger QA processes along with improved request tracking and reporting, and business processes supported by outsourcing agreements that guarantee our customer Service Level Agreements.
Option 4	Same as option 3, with the addition of the distribution of the CCH reports outsourced to the supplier.
Option 5	Capture request data using a web form. This service is outsourced to a supplier and the Ministry is provided with an electronic file for upload into CSS. It reduces the current risk profile by providing greater data capture accuracy, operational performance improvements, and stronger QA processes along with improved request tracking and reporting. Offers improvements in customer service through responsive online communication, better information and business processes supported by outsourcing agreements that guarantee our customer Service Level Agreements. This solution can be leveraged for future CSS development, including the benefits delivered by JAS.
Option 6	Same as option 5, with the addition of the distribution of the CCH reports outsourced to the supplier

Options analysis

The solution options were assessed against the key high level business and stakeholder requirements, key non-functional requirements, strategic alignment and project scope fit. A risk assessment was then undertaken for each of the options to identify any significant risks. This considered strategic and reputational risk as well as delivery and operational risk. Any significant risk associated with a specific option is noted below:

Criteria	Option 1 Do Nothing	Option 2 Hire more staff	Option 3 ICR/OCR + new web service	Option 4 ICR/OCR + new web service + outsource reports	Option 5: Web Portal + new web service	Option 6 Web Portal + new web service+ outsource reports
Benefit impact % met	0%	20%	64%	67%	73%	78%
Meets business requirements. % met	33%	37%	84%	84%	86%	86%
Meets quality requirements. % met	61%	61%	80%	84%	87%	91%
Risk	Does not resolve current strategic risk including risk of service failure Overall risk rating remains high	SLA risk is reduced Service failure risk remains Overall risk rating remains high	SLA risk is reduced Risk of service failure is reduced Some delivery risk is introduced but considered manageable	SLA risk is reduced Risk of service failure is reduced Some delivery risk is introduced but considered manageable	SLA risk is reduced Risk of service failure is reduced Some delivery risk is introduced but considered manageable	SLA risk is reduced Risk of service failure is reduced Some delivery risk is introduced but considered manageable

Criteria	Option 1 Do Nothing	Option 2 Hire more staff	Option 3 ICR/OCR + new web service	Option 4 ICR/OCR + new web service + outsource reports	Option 5: Web Portal + new web service	Option 6 Web Portal + new web service+ outsource reports
Cost to deliver[1]	n/a	$50,000[2]	$980,000	$1.01 M	$1M	$1.1M
Ongoing Operational Costs[3]	$1.1M	$1.3M	$1.1M	$1.02M	$980K	$908K
Time to deliver	n/a	2 months (hiring & training staff)	8-9 months	8-10 months	8-9 months	8-10 months
Overall Ranking	6	5	4	3	2	1 (preferred option)

[1] **Cost to deliver** is an initial cost estimate undertaken at the time the options were defined to allow a comparison between the options. More detailed estimating has been completed for the recommended solution.

[2] Staffing cost to address backlog

[3] **Ongoing Operational Costs** include CRU staffing costs, print and mail costs, and for options 3-6 include supplier processing charges.

Recommended option

The recommended option is Option 6 - provision of a web portal, with new web service and distribution of the CCH Reports outsourced to a service provider.

This option is recommended as

- it provides the best overall business fit
- It best addresses the current strategic risks with the CCH service
- It provides the best return on investment

More detail in relation to this option is provided in the Procurement Section and the supplier's finalised costs are provided as part of the Finance Section.

5. Procurement

As part of Concept, an investigation of the market capability to provide data capture and mail house services was undertaken. Initial costs were provided from two potential suppliers confirming:

- There are several suppliers available in the marketplace capable of providing the solution.
- The cost of outsourcing this activity is affordable and cost effective.

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Supplier cost comparison

A cost comparison was undertaken based on initial information provided by two suppliers The Information Management Group (TIMG) and Section 9(2)(b)(ii) These included both costs for Intelligent Character Recognition (ICR)/Optical Character Recognition (OCR) solution and a Hosted Web form. These costs shown below are indicative only and are not based on a formal set of business requirements.

Cost Item	Assumptions	Section 9(2)(b)(ii)	TIMG	
Set Up costs – Web form	Includes 25% contingency, costs may increase once full requirements are provided.		Section 9(2)(b)(ii)	
Set Up costs – ICR/OCR	Excludes the cost to set up web forms			
Annual Charges – web form **Year 1**	Based on 400,000 requests -220,000 via web form -180,000 handwritten			Replacement of current solution costs
Annual Charges – ICR/OCR scanning **Year 1**	Based on 400,000 requests -200,000 typed -200,000 handwritten			
Annual Charges Print/email reports	Based on 540,000 reports issued -270,000 by email -270,000 by print & post			

Notes

- Section 9(2)(b)(ii)
- Section 9(2)(b)(ii)

Procurement Strategy

The strategy observes the Government Rules of Sourcing. The Ministry currently has a relationship with TIMG through a syndicated contract currently managed by NZ Police. Discussion with Police indicates that an addendum could be added to the contract to cover this service. The approach includes the following steps:

- The decision was made to approach TIMG as their solution met the requirements and they can be engaged through the existing Ministry relationship.
    - TIMG were provided with a documented set of business requirements
    - As a result TIMG provided a Best and Final offer (BAFO) based on these requirements and discussion with the project team
- Once approval has been given by the Investment Committee to the recommended solution, the supplier will be engaged to work with the Ministry project team for delivery.

TIMG Proposed Solution

The solution offered by TIMG provides the following components:

- Ability for customers to submit requests using a web form. TIMG will build and host the web form. The project will work with TIMG to specify and test the web form, engaging key customers during this process.
- Ability for customers to continue to submit handwritten requests which will be scanned and captured by TIMG.
- The validated requests will be provided to the Ministry in one or more daily batches for upload to CSS.
- TIMG will provide CRU staff with access to digital versions of the requests and any associated correspondence using the PaperLite Document repository and workflow solution. This solution will track the request from the supplier's side and enable CRU staff to respond to customer requires.
- Once the request has been processed through CSS, and the resulting report QA by CRU staff, the report will be provided to TIMG for distribution to the customer, in one or more daily batches
- Once TIMG have distributed the report, the request status in PaperLite will updated to provide CRU staff will visibility that the request has been completed.

The supplier costs in relation to the set up of this service have been included within the project delivery costs shown in the financial section of this Investment case. The project team will work closely with TIMG through the development of the solution and the transition of the business service from CRU to the supplier to ensure there is no impact to our customers.

The on-going costs as shown in the finance section will differ slightly from the initial costs shown above, as these final costs reflect a fuller understanding of the Ministry's requirements.

6. Finance

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The table below shows a comparison across the Net Present Value (NPV) for the three (short-list) options:

- Existing solution includes additional staff to manage back log and increased demand
- Scanning and outsourced reports – option 4 in the options analysis section
- Web Portal with outsourced reports – option 6 in the Options analysis section.
-

Options Summary	Capex (NPV) 000$	Opex (NPV) 000$	TOTAL (NPV) 000$
Existing solution (combines options 1 & 2)	-	6,039	6,039
Scanning and outsourced reports	962	5,643	6,605
Web portal and outsourced reports	962	5,125	6,087

These NPVs show that implementing the preferred option is cost-neutral, whilst providing clear business benefits of reduced risk and improved customer service.

		1/07/2015	1/07/2016	1/07/2017	1/07/2018	1/07/2019	1/07/2020
Option		**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Web portal and outsourced reports		**0**	**0.5**	**1.5**	**2.5**	**3.5**	**4.5**
		1.0	**2.0**	**3.0**	**4.0**	**5.0**	**6.0**
		000$	**000$**	**000$**	**000$**	**000$**	**000$**
Summary							
P&L	Funding - available	1,367	1,197	1,171	1,140	1,140	1,140
	Funding - additional required	-	**334**	**323**	**304**	**335**	**311**
	Funding - total	1,367	1,531	1,494	1,445	1,476	1,451
	Expenditure - cash opex - ongoing	1,112	1,224	1,153	1,135	1,166	1,141
	Expenditure - cash opex - project	170	121	-	-	-	-
	Expenditure - depreciation	56	156	232	201	201	201
	Expenditure - write-off	-	-	-	-	-	-
	Expenditure - capital charge	29	29	109	109	109	109
	Expenditure - total	1,367	1,531	1,494	1,445	1,476	1,451
	Operating Balance	-	-	-	-	-	-
Cash Flow	Cash capex - project	-	1,005	-	-	-	-
	Cash opex - project	170	121	-	-	-	-
	Cash opex - ongoing	1,112	1,224	1,153	1,135	1,166	1,141
NPV	Whole of life cost - cash		2,350	1,153	1,135	1,166	1,141
	Whole of life cost - PV	170	2,353	1,013	915	862	774
	Whole of life cost - NPV	170	2,523	3,536	4,451	**5,313**	**6,087**

Notes:

1. Funding - additional required - there is a service overlap cost of approximately $50k in the first year since the new service will begin in January 2017 but the old service will be discontinued by March 2017.

2. Cash capex - project - these have a 30% tolerance built into the estimates. This will be refined during design and will be presented to the Investment Committee following these acticities.

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Drawdown plan

	CAPEX	% certainty	OPEX	% certainty	Timeframe
Start-up/Initiate	$0.00	0%	$100,000	20%	November 2015- June 2016
Deliver	$87,000	20%	$	30%	June 2016
Total 2015-16	**$87,000**		**$100,000**		Opex has already been drawn down for this financial year
Deliver	910,620	30%	70,000	30%	July – November 2016
Transition	$7,000	50%	$4,000	50%	December 2016- January 2017
Close Out	$0	30%	$47,000	30%	December 2016- January 2017
Total 2016-17	**$ 1,004,620**		**$ 121,000**		

Notes

1. The ICT estimates committee have signed off on the ICT estimates.

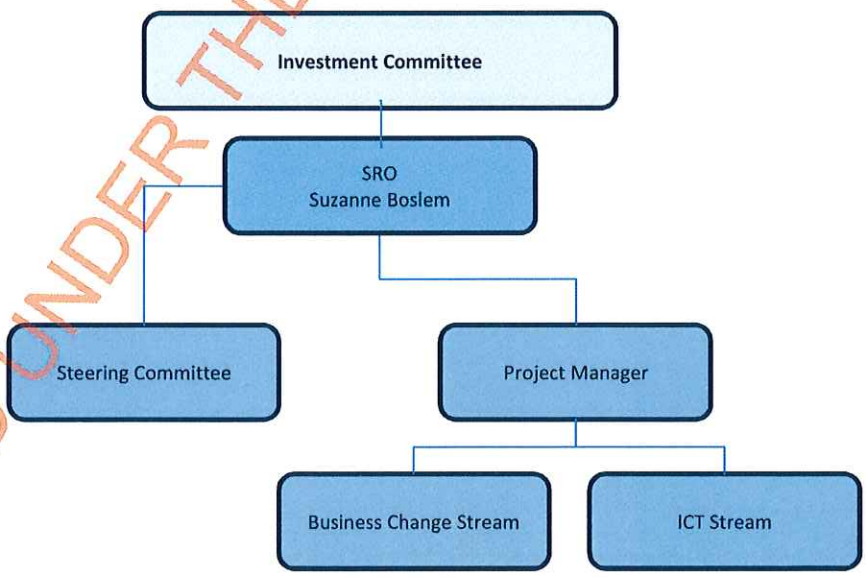
7. Delivery Management

This section describes the management of the delivery of the solution. It provides an outline of resourcing and timeframes to support the proposed project budget.

Governance

The project management and governance arrangements are proposed to be as follows:

- The Senior Responsible Owner is Suzanne Boslem
- A Project Steering Committee will be established to provide advice to the Project Manager and SRO. It will include representatives from the following areas:
    - Senior Responsible Owner - Suzanne Boslem (Chair)
    - Senior User - Brian Young
    - Senior Supplier –(ICT)
    - People & Performance Advisory - TBA
    - Finance Advisory – TBA
- Mandatory Advisor to Steering Committee:
    - Project Manager
- A number of other advisors may be appointed to support the Steering Committee including:
    - Procurement & Contracts Advisory - Lei Sola
    - Communications Advisory (as required)
    - CRU Expert (as required)
    - ICT Programme Manager
    - ICT stream lead
    - Legal advisor
- Secretariat activities will be provided in support of the SRO.



Project Governance Structure

The project will comprise the following streams reporting to the Project Manager:

Project Management stream; Led by Project Manager	**Responsible for** • Reporting to SRO • Project Management activities • Managing the supplier engagement • Stakeholder communications • Risk and Issue Management
Business Change stream Led by business stream lead	**Responsible for** • Business change model • Changes to business processes, • Working with supplier in relation to business requirements • Communications with CRU staff and customers • Training development and delivery • Planning and delivery of the transition of the business service
ICT Delivery stream Led by ICT stream lead	**Responsible for the delivery of the technical solution** • Solution architecture design • Solution (technical) requirements • Working with supplier in relation to interface requirements • Development of technical changes • Testing of technical changes and interface

Delivery

Expected Resource Requirements

Stream	Role	Est Effort	Cost Capex	Cost Opex	Level of certainty	Responsible for
Project Management	Project Manager	146 days	$133,500	$21,200	20%	Manages the project, provides progress updates to SRO and Steering Group.
	Project co-ordinator	146 days	$75,600	$12,000	20%	Provides support for the PM and the 2 stream leads
	Procurement advisor	40 days 0.3 FTE	0	0	20%	Supports supplier engagement
Business Change Stream	Business Change lead (Senior Business BA)	140 days 0.8 FTE	$89,600	$6,400	20%	Leads business change activities Works with business, supplier and ICT to ensure end-to-end view.
	Subject Matter Experts	140 days 0.7 FTE	0	$39,200	20%	Provides business expertise to the project
	Process Analyst	50 days 1 FTE	$30,000	0	20%	Responsible for development of new/changed procedures
	Business change advisor	20 days 1 FTE	$19,000	0	20%	Assists with business design & transition planning on an as needed basis
ICT Stream	Technical Lead	150 days 0.5 FTE	$44,800	$7,200	20%	Leads technical delivery team, resolution of technical issues and handover to ICT operations
	ICT Business Analysis	100 days	$54,450	0	20%	Responsible for documenting solution specification
	Solution Architect	100 days	$64,800	0	20%	Prepares solutions design & supports developers & testers
	Enterprise Architect	20 days	$14,400	0	20%	Reviews solutions design & supports solution architect
	Principal Developer	20 days	$11,520	0	30%	Provides oversight and guidance to testers, and developers

Stream	Role	Est Effort	Cost Capex	Cost Opex	Level of certainty	Responsible for
	Clean Slate Developer	74 days 2 FTE	$76,960	0	30%	Designs and builds changes to CSS & supports testing
	Hub Developer Internal	60 days	$31,200	0	30%	Designs and builds technical solutions for Hub,
	Hub Developer External	60 days	$60,000	0	30%	Designs technical solution for Hub, builds solution, and supports testing
	Senior Test Analysts	83 days 2FTE	$125,164	0	50%	Performs technical quality assurance (testing)
	ICT Programme Manager		$6,000	0	30%	Oversight of ICT delivery
Totals			**$836,994**	**$86,000**		

ICT Fixed Costs

Cost types		Capex	Opex	Certainty	Descriptions
Production delivery	Fujitsu	$50,000	$0	30%	Pre-production and production release costs
Security Audit		$20,000			Audits in relation to security around proposed solution
Provision of CSS Test environment	Fujitsu	$20,000	$0	70%	Test management have recommended that a separate test environment is "stood up" for Clean Slate.
Totals		**$90,000**			

Business Change Fixed Costs

Cost types		Capex	Opex	Certainty	Descriptions
Forms design	External	$15,000	$0	30%	Design and development of new forms and letters.
Travel	Internal	$8,000	$0		Customer and supplier meetings - Auckland
Transition	Internal	$5,000			Staff located at supplier site to support transition
Communications	External	$2,000			Development of any collateral required to support customer transition to new service
Supplier Set-up costs	External	$36,000			
Training	External	$0	$35,000	30%	Includes training for new processes, screens and updates to Thrive
Totals		**$66,000**	**$35,000**		

Expected Delivery Timeframes

The project is delivered through a number of work packages which are aligned with specific project deliverables. All ICT work packages include specification, design, build and test. There are interdependencies between the ICT work packages and the business change activities. The diagram below shows the key streams of activity across the work packages.

Activity	May	June	July	August	September	October	November	December
Project Planning								
Detailed Specification								
Build								
Testing								
Partnership (interface) testing								
Business Change Design								
Web form design/development								
Business process review & change								
Business Training								
Business Service Transition								
Project Close								

Key events and deliverables

Key event or deliverable	Stage	Due	Responsibility
Project planning completed	Initiate	June	Project Manager
Supplier engagement	Specification	June	Project Manager
Solution architecture documents completed	Specification	June	Solution Architect
Business change design completed	Specification	June	Business Change Lead
Customer engagement plan completed	Specification	June	Business Change Lead
New web form completed	Build	August	Supplier/Business
HUB web service build completed	Build	August	ICT Stream Lead
CSS changes completed	Build	August	ICT Stream Lead
Inbound service completed	Build	September	ICT Stream Lead
Tracking and management reporting completed	Build	September	ICT Stream Lead
Outbound service and CCH report changes completed	Build	October	ICT Stream Lead
Business transition plan completed	Business Change	October	Business Change Lead
Business process change completed	Business Change	October	Business Change Lead
Partnership testing completed	Test	November	Project Manager
Business training completed	Transition	November	Business Change Lead
Supplier service schedule completed	Transition	November	Project Manager
Business service transition	Transition	December	Business Change Lead
Project closure completed	Close	December	Project Manager

7.6

Delivery Risks

The following delivery risks have been identified:

RISK	RISK RATING	MITIGATION
Section 9(2)(g)(i)		
Section 9(2)(g)(i)		
Section 9(2)(g)(i)		
Section 9(2)(g)(i)		

Benefits Realisation Management

Full benefit profiles have be completed following Investment Committee approval to proceed to the next stage. Each benefit will be agreed and accepted by the respective business owner.

Benefits will be reviewed as part of the monthly status report. Any changes to benefits will require review by the Steering Committee and approval by the SRO and the relevant benefit owner.

Each benefit has an associated measure; these will be measured according to the measurement timeframes shown in Section 3.

It is recommended that a review of benefits realisation is completed 1 year following project implementation.

Key Stakeholders

Initial analysis has identified the following stakeholders, more detailed stakeholder analysis will be completed during the next project stage

Stakeholder	Type	Project Interest	RASCI
SLT	Internal	Risk Reduction & Operational efficiency (the investor)	I
SRO	Internal	Risk Reduction, operational efficiency & customer service (project champion)	A
Finance	Internal	Operational Efficiency	S
Programme Management Office	Internal	Project assurance and governance	C
Risk and Assurance	Internal	Risk Reduction,	C
People and Performance	Internal	Business Change	S
CRU Manager/Team Leader	Internal	Risk Reduction, operational efficiency & customer service	R
CRU staff	Internal	Business Change	C
ICT	Internal	Technical Change and Risk Reduction	R
CRU customers	External	Customer Service	C
Public	External	Risk Reduction & Operational efficiency	I
Supplier	External	Business & Technical changes	R
Minister	External	Risk Reduction & Operational efficiency	I
Treasury	External	Risk Reduction & Operational efficiency	I

Project Assurance

The following assurance activities will be undertaken by the project. All key project documents receive a peer review and final sign off as a minimum.

Review Type	Schedule Dates	Facilitator	Review & Sign Off
Project management documents	May 2016	PM	SRO PMO
Privacy Impact Assessment	May 2016	Senior BA Privacy Advisor	SRO
Stakeholder analysis & comms plan	June 2016	Senior BA PM	SRO
Solution requirements	June/July	ICT BA	ICT Stream Lead Senior BA
Solution architecture	June 2016	Solution Architect	Enterprise Architect ICT Lead
Business change design	June 2016	Senior BA Business Change Lead	SRO
Testing plan	June 2016	Senior Test Analyst	ICT Lead Senior BA
Test completion report	November 2016	Senior Test Analyst	ICT Lead PM SRO
Supplier service schedule	November 2016	Business Change Lead Procurement	PM SRO
Business transition plan	November 2016	Business Change Lead	PM SRO
Project health check	June 2016 November 2016	PMO	SRO

7.6

Associated Documents

The following documents have been considered in the preparation of this Investment Case:

DOCUMENT NAME	ISSUE DATE	AUTHOR	LOCATION
CSS Automation of Manual Processes v1.1	31/03/2016	Beverley Bunker	Section 9(2)(f)(iv)
Cleanslate Automation Options Recommendation V1.0	12/04/2016	Jane Garden	Section 9(2)(f)(iv)
ICT Estimate report	27/04/2016	Shane Peterson	
TIMG – response to Business Requirements (Final proposal)	29/04/2016	Daniel Ward	

Document Information

Revision History

DATE	VERSION	AUTHOR	COMMENTS
27/11/2015	V0.1	Ross Bowyer	Initial draft
9/12/2015	V0.2	Ross Bowyer	Strategic Section added
29/02/2016	V0.3	Beverley Bunker	Case for change updated and benefits added
5/05/2016	V0.4	Beverley Bunker	Solution options and delivery sections added. Cost estimates included
27/04/2016	V0.5	Beverley Bunker	Key events, resources & timeframes added
4/05/2016	V0.6	Beverley Bunker	Feedback from Senior user & PMO incorporated
10/05/2016	V0.7	Beverley Bunker	Finance section added
11/05/2016	V0.8	Beverley Bunker	Amendments following ICT estimates & final review
11/05/2016	V1.0	Brian Young	Draft for circulation to IC review panel

MINISTRY OF JUSTICE
Tāhu o te Ture

Strategic Leadership Team
Investment Committee

25 May 2016

Meeting Room 3.14

9.00 –12.30

Decision Log/Minutes

Attendees	
Committee members:	Audrey Sonerson (Chair) Rajesh Chhana Brigid Corcoran Colin Lynch Robert Pigou Tina Wakefield Darren Nicholas Suzanne Stew
Advisors to the Committee:	Nick Athea Neil Brown Andy Fulbrook Karin Schofield
Other Attendees:	Gina McGrath Tim Shaw Ashlee Bowles
Apologies:	Nigel Fyfe David King Jacquelyn Shannon

Version 2 as at 9 May

SLT Investment Committee Meeting Agenda

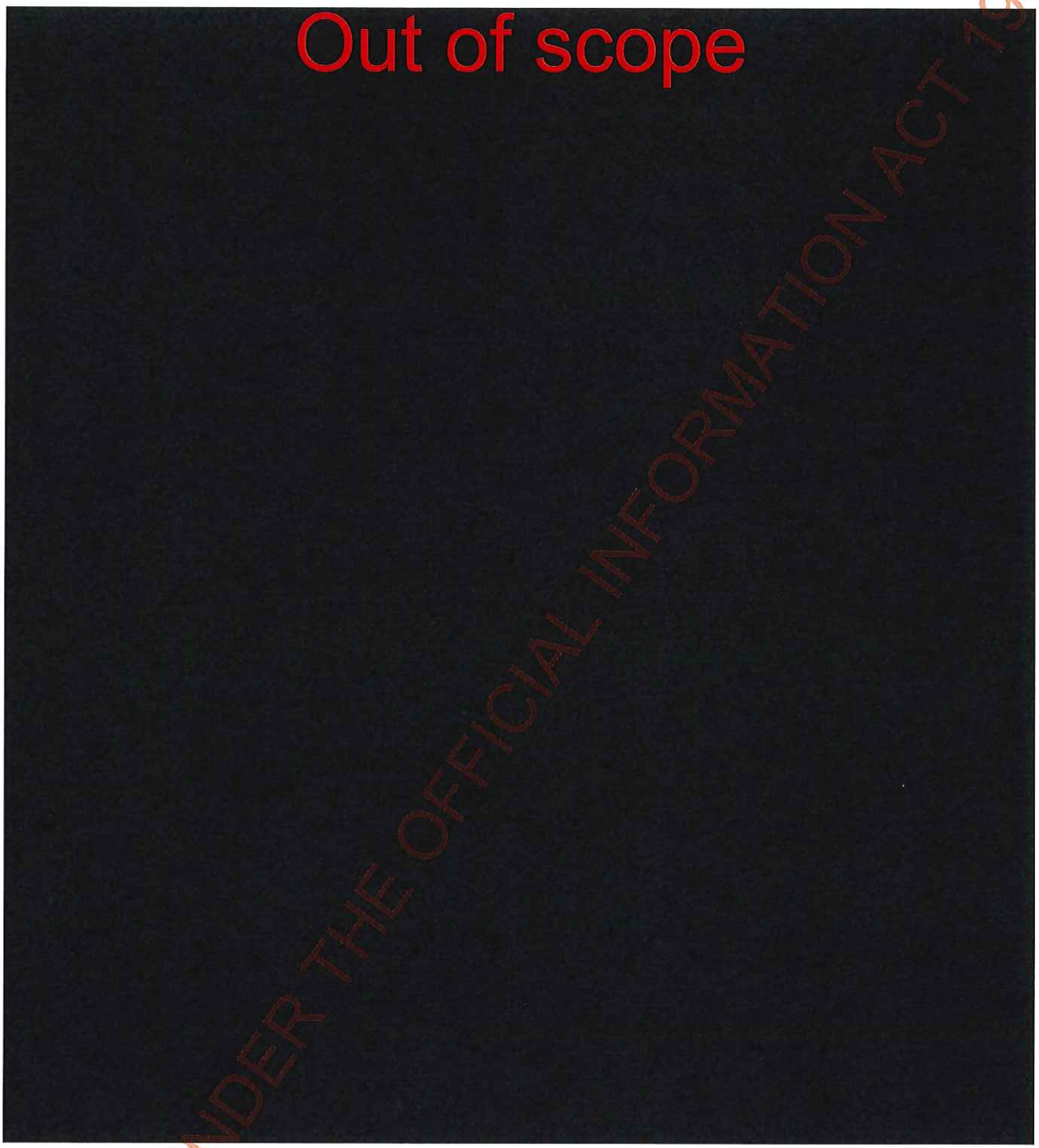
25 May 2016

(Chair – Audrey Sonerson)

Serial	Time	Gate	Agenda Item	Responsible	Papers
1	9.00		Preliminaries		

Out of scope

Pages 6-9 are out of scope

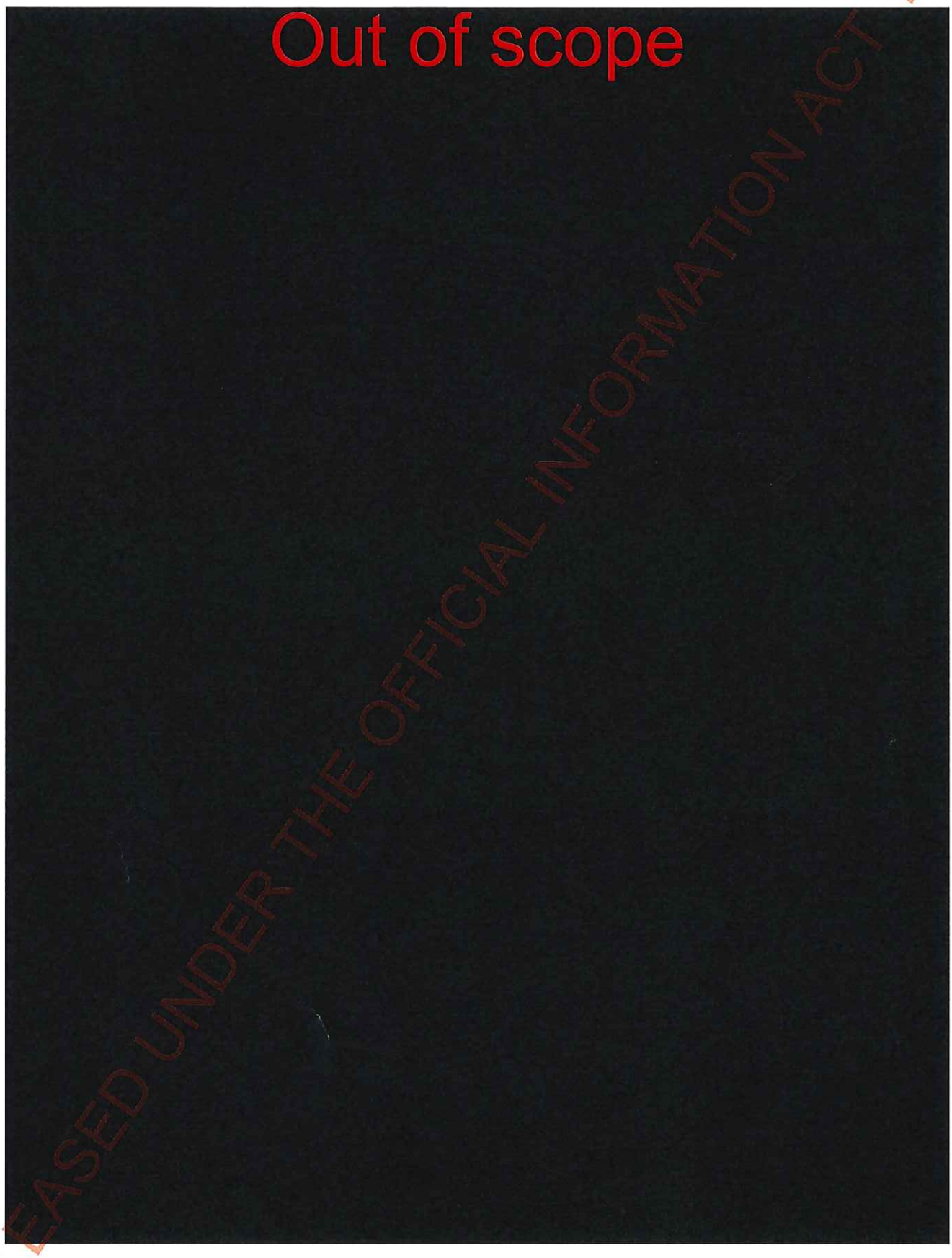


11.35 (10')	3. Initiate	**6. Criminal Records Unit**	**Suzanne Boslem**	**Paper**
Recommendation		**Approve:** • This project to proceed to the Delivery Stage. • FY16/17 funding of: o $1.004 Million Capex o $121,000 Opex	**No** – deferred until after prioritisation **No** – deferred until after prioritisation	
Discussion		• Noted importance of project. • However, funding requested will be delayed until prioritisation process finalised in next 2-3 weeks.		

Version 2 as at 9 May

Direction

- Nil



Version 1.0

MINISTRY OF JUSTICE Tāhū o te Ture

Criminal Conviction History Checks - Update

4

7th July 2016

INTRODUCTION

The Ministry provides Criminal Conviction History Checks (CCH) to 3 distinct groups:

- Individuals – provided with their criminal conviction information under the Privacy Act 1993 within 20 working days free-of-charge.
- Third parties (recruitment agencies, employers) Ministry has no statutory requirement to provide this service to third parties.
  - Standard service - 20 working days free –of-charge (best endeavours)
  - Priority service - SLA 5 working days fee based
- Other government agencies

BACKGROUND

Volumes

Checks processed	450,000	2015/16
Individual	15%	of volume
3rd party Priority	25%	of volume
3rd party Standard	60%	of volume
Growth	96%	since 2011

Revenue

930,000 2015/16

Service Level Performance (last 6 months)

Individual	17 days	average
3rd party Priority	5 days	average
3rd party Standard	56 days	average

AREAS OF CONSIDERATION

Plan to remove backlog for 3rd party standard service customers

Charging options

- Out of scope
- Increase charge for priority service.
- Section 9(2)(f)(iv)
- Section 9(2)(f)(iv)

BACKLOG RESOLUTION

Short term measure

Increasing resourcing levels.

Backlog resolved end August 2016.

Measure to ensure sustainable service

Automation of manual processes.

Project completed January 2017.

Out of scope

Section 9(2)(f)(iv)

Section 9(2)(h)

Section 9(2)(f)(iv)

Version 1.0

MINISTRY OF JUSTICE

Criminal Conviction History Checks - Update

7th July 2016

Section 9(2)(f)(iv)

Section 9(2)(f)(iv)

CHARGING –THIRD PARTIES PRIORITY

Could fees be increased for the existing Priority service?

- The Ministry introduced the fee-based third party priority service in May 2014.
- Around 15% of all third party customers have opted into this service. They are charged a fee based on their volume of requests. The fee structure is designed to ensure no user pays more than $10.00 per request.
- As the Ministry meets the SLA for third party priority service customers, it could consider an increase to the fee for the cost of providing this service.
- The fee is already low (compared to other countries) and dependent on the amount of fee increase, there should be little objection from third party priority service customers. Speed is of more significance to them than cost.
- The priority service contract allows the Ministry to change fees at any time.

Recommendation

- This option is progressed and a new fee structure is developed , including analysis of price elasticity.

Expected customer impact

- No major impact – as the other service options enable the customer to choose the appropriate service level vs cost scenario for the business.

Continue

SUMMARY OF RECOMMENDATIONS

NOTE

Backlog

- The Ministry has a plan in place to address the CCH check backlog. This will see all standard service checks completed within 20 working days by end August 2016.

Section 9(2)(h)

- Out of scope
- Section 9(2)(h)

Automation

- The Ministry is introducing automation to the CCH process to remove the dependence on manual processes and ensure that the service is on a sustainable platform. This is a prerequisite to introducing new priority services.

APPROVE

- Section 9(2)(f)(iv)
  - Out of scope
  - Section 9(2)(f)(iv)
- Development of a fee increase proposal for the existing third-party priority service.