DOCUMENTS REVIEWED

- 2023-08-04 - MBIE Governance report.docx
- 2023-09-01 - MBIE Governance report.docx
- 3644 BCU MBIE Project Status Report - 20230804.docx
- 3644 BCU MBIE Project Status Report - 20230901 .docx
- 20230808 BCU Project Steering Group Minutes .docx
- 20230808 BCU Steering Group Meeting Agenda.docx
- 20230905 BCU Steering Group Meeting Agenda.docx
- 20230908 BCU Project Steering Group Minutes.docx
- BCU Steering Group TOR v7.0.docx
- BCU Steering Group TOR v7.1-Draft.pptx
- Recommendations Action Tracking - as at 01SEP23.xlsx
- Recommendations Action Tracking - as at 04AUG23.xlsx
- Report back Memo to DGB 3644 BCU 2023-09-11 SUBMITTED.docx
- 3644 Biometric Capability Upgrade ICDC Memo.docx
- Item # 3644 Biometric Capability Upgrade Change Request 05.pptx
- MBIE BCU NEC Change Requests.xlsx
- 3644 BCU Project.pdf
- 3644 BCU SIT 22 Sep 2022.pdf
- BCU Project Schedule DRAFT - as at 15SEP23.mpp
- MBIE BCU High Level Schedule - Steering Committee - Baselined 20230424
- MBIE High Level Schedule - Steering Committee 20230418.pdf
- SIT Testing Schedule.pdf
- 2022-12-05 INTERNAL Biometric Capability Update communications plan.(
- 2023-01-04 EXTERNAL Biometric Capability Update communications plan.(
- 3644 - Master BCU Business Change Management Plan.docx
- BCU Alerting and monitoring requirements V1.0 APPROVED.docx
- BCU Traceability Matrix - Requirement to TestCase (1).csv
- MBIE_IPE_Requirements_Traceability_Matrix.xlsx
- Morning report requirements V1.0 Approved.docx
- NEC BCU Business Requirements v1.6 APPROVED .docx
- BCU Application Solution-Design-Part B.docx
- BCU Infrastructure - SIT Solution Design Part B_v4.10.docx
- ICT-Solution-Design-Part B 09052023 - Security.docx
- Reveal Wireframes Dashboard - Analysis - Verify - Results-updated-04-07-20.
- BCU RAID Register - as at 15SEP23.xlsx
- Lessons Learned Extract from ADO 20230914.xlsx
- BCU SIT CUTOVER Implementation Plan - (v. 62) 20230915.docx
- 3644 Biometric Capability Update - Project Finance Template - MASTER Y(
- BCU Benefits-Realisation-Plan-DRAFT.docx
- BCU Completion of SIT and Revised UAT Requirements SoW.pdf
- BCU EULA v0.4(MBIE review 7th Aug).docx
- CR23_2023-08-03-16-06-40.pdf
- CR28_2023-08-03-16-10-37.pdf
- CR47_2023-08-03-16-05-02.pdf
- CR58_2023-08-03-16-04-02.pdf
- CR59_2023-08-03-16-03-13.pdf
- CR82_2023-08-03-16-02-25.pdf
- CR91_2023-08-03-16-01-33.pdf
- CR93_2023-08-03-15-59-59.pdf
- CR102_Theta Interface JWT Authorisation_2023-07-25T19_56_33.1167940Z (1) -
- Datacom Product assessment to support IDME v2.0 SOW_signed.pdf
- FCC Check - BCU Integration - SIT Entry Delays SoW v1.0.pdf
- ITMS K46248 RHEL UAT Servers - approval memo_Signed.pdf
- MBIE 109 - BCU API Re-trigger Remediation CR2.pdf
- MBIE 148 - MBIE 109 BCU Project Extension.pdf
- MSA between NEC-MBIE-270619.pdf
- NEC CR104 - Transfer of IPE Hardware_signed.pdf
- Project SoW - BCU Alerting and Monitoring v02.pdf
- SOW Variation-1 Datacom BCU Delivery -Final v2.pdf
- WI-12762 - BCU Migration Additions_SOW COUNTERSIGNED.pdf
- WI-12784 - BCU SIT Testing Staff Augmentation_SOW COUNTERSIGNED.pdf
- WI-12864 - BCU Overhead_SOW.pdf
- WR1021 MBIE BCU SIT UAT Prod Build and Testing v2 (6.6).pdf
- BCU Project Resources - Contract End dates.xlsx
- BCU Project Issues Extract - 20230914.pdf
- PSR028-RiskSchedule 13 Sep 2023.pdf
- 3644 SIT Testing Plan.pdf
- BCU Test Plan_2.2. IBW.csv
- BCU Test Plan_DB14 - Create Visa Application.csv
- MBIE BCU- Defect Management Process (1).docx
- MBIE BCU Non Functional Test Plan.docx
- MBIE Biometric Capability Update Test Plan.docx
- MBIE Biometric Capability Update Test Strategy_Final.docx
- NEC IPE Test Plan v1.6.docx
- NEC MBIE IDme (BCU) Test Summary Report - V2.2 final.docx
- NEC MBIE IPE Test Summary Report_v1.0 Final1.docx

PEOPLE INTERVIEWED

Our thanks go to the following stakeholders who contributed to this review.

Name	Project Role
s9(2)(a) [redacted]	MBIE Project Manager(s)
[redacted]	MBIE Business System Owner
[redacted]	MBIE Business Owner
[redacted]	MBIE Solution Architect
[redacted]	MBIE Cyber Security Portfolio Lead
[redacted]	MBIE Test Manger/former Test Manager
[redacted]	Lead Architect
[redacted]	Business Analyst(s)
[redacted]	NEC Project Manager(s)
[redacted]	MBIE Head of Digital Delivery
[redacted]	NEC Delivery Owner
Robyn Moriarty	DDI Sponsor
Richard Owen	INZ Sponsor

APPENDIX B – DELIVERY CONFIDENCE RATINGS

This review uses the Government Chief Digital Officer (GCDO) Delivery Confidence Ratings that aligns with the Office of Government Commerce (OGC) Gateway© Delivery Confidence Assessment, a recognised good practice standard.

Delivery Confidence Rating	Description
Highly Likely	Successful delivery of the change appears highly likely and there are no major outstanding issues that significantly threaten achievement of the next key milestone.
Likely	Successful delivery of the change appears likely. Attention will be needed to ensure that risks do not materialise into issues threatening achievement of the next key milestone.
Possible	Successful delivery of the change appears possible. However, issues exist in key areas that require management attention in order to achieve the next key milestone. Issues appear to be resolvable at this stage if addressed promptly.
Unlikely	Successful delivery of the change appears unlikely with major risks or issues in key areas that require urgent management attention. Achievement of the next key milestone is in doubt.
Highly Unlikely	Successful delivery of the change appears to be highly unlikely due to significant issues which do not appear to be resolvable at this stage. The schedule may need to be re-baselined or overall viability of the investment re-assessed

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Immigration New Zealand's Biometric Capability Update

Date:	12 July 2023	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	2223-4450

Action sought		
	Action sought	**Deadline**
Hon Andrew Little **Minister of Immigration**	**Agree** recommendations	20 July 2023
Hon Rachel Brooking **Associate Minister of Immigration**	**Copy** for your information	N/A

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Richard Owen	General Manager, Immigration Risk & Border, Immigration New Zealand	s9(2)(a)	✓
s9(2)(a)	National Manager Identity, Immigration Risk & Border, Immigration New Zealand		

The following departments/agencies have been consulted
The Treasury

Minister's office to complete:

- ☐ Approved
- ☐ Noted
- ☐ Seen
- ☐ See Minister's Notes
- ☐ Declined
- ☐ Needs change
- ☐ Overtaken by Events
- ☐ Withdrawn

Comments

MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Immigration New Zealand's Biometric Capability Update

Date:	12 July 2023	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	2223-4450

Purpose

This briefing provides you with background information on Immigration New Zealand's (INZ's) use of biometrics, and the current status of its Biometric Capability Update (BCU) project, including financial risks. It also seeks your agreement to an increase in budgeted whole of life costs for the solution from $30.42 million to up to $35 million.

Recommendations

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

a **Note** that INZ's current identity management engine is out-dated, unnecessarily complex, and no longer deemed fit-for-purpose for the future needs of INZ.

Noted

b **Note** that MBIE's BCU project is a major upgrade of INZ's identity management solution and associated infrastructure to maintain security, the required level of technical support and reliability, and to improve productivity, efficiency and effectiveness.

Noted

c **Note** that while MBIE has currently scheduled the implementation of the BCU for November 2023, there is a risk that this will need to be delayed until around February 2024 to allow for system security issues to be resolved and for commercial negotiations on licensing and support arrangements to be concluded.

Noted

d **Note** that in November 2021 joint Ministers (Immigration and Finance) approved MBIE's allocation of $22.15 million from its baseline funding capital to fund the BCU project, with whole of life costs for the new asset projected at that time to be $30.42 million [2122-1880 refers].

Noted

e **Agree** to an increase in budgeted whole of life costs for the asset from $30.42 million to up to $35 million from MBIE's baseline funding, to allow for some additional costs associated with security activities, timing, and the outcome of commercial negotiations on licensing and support agreements.

Agree/ Disagree/ Discuss

f **Note** that there is a risk that budgeted whole of life costs could exceed $35 million and that Cabinet approval would be required should this eventuate. Further advice will be provided should this become necessary.

Noted

s9(2)(a) [redacted]

Richard Owen
General Manager, Immigration Risk & Border
Immigration New Zealand, MBIE

11 / 07 / 2023

Andrew Little

Hon Andrew Little
Minister of Immigration

..23/ ..7... / ..23

Background

The role of biometrics in identity management

1. Biometrics are measurable physical characteristics that are unique to an individual. They are fundamental to the effective application of identity management standards and practices. INZ's identity management processes, and the use of biometrics in particular, are crucial to establishing a person's identity to enable effective and efficient decision-making and manage the risk of identity fraud.

2. Identity information is divided into two groups:

    - Biographical: e.g – name and date of birth
    - Biometric: e.g – facial image and fingerprints.

3. Increased confidence in identity enables higher quality and faster immigration decision-making, improves our ability to protect New Zealand and our international partners from harm relating to the misrepresentation of identity, and reduces the risk of individuals concealing criminal histories.

4. INZ is New Zealand's authoritative source of identity information on non-New Zealanders. INZ is relied on to verify identities to determine eligibility for public services, maintain law enforcement and to deliver services that require high confidence identity verification.

INZ's current approach to identity processing

5. In 2016, INZ launched IDme alongside the rollout of a new platform for receiving visa applications online. IDme allows for automated biographic and biometric matching and manual resolution of unresolved identities. It enables INZ to assess risk and make informed decisions about applicants, assured that their complete history with INZ is known and all identities have been checked against international watchlists.

6. In addition, IDme allows INZ to satisfy international data sharing commitments with partner Migration 5 and Border 5 countries to support border security and visa application processing.

7. IDme, plays a key role in anchoring the identities of all foreign nationals applying for either a visa or an Electronic Travel Authority (ETA) prior to travelling to New Zealand. In total, approximately 73 million identities are stored by the IDme management engine.

8. Identities stored in IDme are accessed by INZ compliance officers undertaking enforcement activities within the field using the Mobile Regulator application and the New Zealand Police can access identities through a mobile phone app and information sharing arrangement.

9. The core IDme management engine including biometric matching, workflow processes, reporting and integration architecture is out-dated, unnecessarily complex, and no longer deemed fit-for-purpose for the future needs of INZ. Additionally, the portable biometric enrolment equipment (used in the field overseas when required) is heavy, cumbersome and prone to failure.

Biometric Capability Update project (BCU project)

10. The BCU project is a major upgrade of INZ's existing identity management solution and associated infrastructure to maintain security, the required level of technical support for the solution, and reliability. The solution will improve the accuracy of biometric matching,

enabling faster identity processing and lowering the number of cases that need manual intervention to resolve. This will increase efficiency, effectiveness and productivity.

11. Core business processes will remain the same and be undertaken by the same identity resolution staff more efficiently. There will be new software, a new algorithm and equipment. The project is not making fundamental changes to the way INZ collects identity data, the type of data collected or how the data is processed and managed.

12. The BCU project is upgrading the versions of biometric matching and management platforms, simplifying the platform to reduce ongoing cost and improving the utility of the system. This is a core capability for INZ in an environment where identity fraud, terrorism and other sources of harm are prevalent and increasingly sophisticated, and where the volume of identities from applications and border-crossings are expected to exceed pre-COVID-19 pandemic levels.

Project background

13. In August 2019, MBIE approved a business case for the BCU project as part of its ongoing systems maintenance programme. NEC, a company specialising in biometric authentication, was sourced directly to develop the new system and MBIE procurement policies and guidelines were followed.

14. Unexpected levels of technical complexity emerged during the project design phase indicating the original solution would not have delivered all the outcomes set out in the business case and therefore the project's governance board agreed it was no longer suitable. A revised solution approach was developed in November 2021 which resolved the issues identified.

15. The project delivery plan has been regularly revised to reflect the implementation of the new solution, the impacts of COVID-19, and ensure the solution is well protected through adherence to security accreditation and certification processes. This has resulted in extended timeframes to deliver, and some increased costs. However, the new solution is expected to achieve efficiency gains from significantly reduced manual intervention effort due to increased automated matching rates. Better detection of identity fraud will lower costs for INZ by reducing illegal migration and immigration fraud.

Current status – delivery scheduled for November 2023 with some uncertainty

16. In April 2023, the Project Steering Group adjusted the implementation date for the upgraded system to November 2023. It noted, however, that this is a tight timeframe for successful project delivery and the date would likely need to be adjusted if unforeseen issues arise over the coming months. It is possible that there may need to be a delay to the current schedule should security assurance identify the need for additional safeguards, or should commercial negotiations for licensing and support arrangements take longer than expected. Should a delay become necessary, the implementation date would likely need to be moved out to February 2024, after INZ's peak processing period.

17. Currently, the project team is preparing for the commencement of System Integration Testing (SIT), where it will test the new software to confirm it will integrate with and support core immigration services. This is a significant project milestone. In addition to the completion of a mandated security assurance assessment, and test preparation, plans are underway to provide early visibility to business users and NZ Police, together with vendors, MBIE technical staff and support stakeholders from July.

Budget – on track but some risk

18. In November 2021, joint ministers (Immigration and Finance) approved MBIE to allocate from baseline funding capital $22.15 million over 2021/22 and 2022/23 to implement the revised identity management system solution [2122-1880 refers]. In addition, project operating

expenditure is forecast to be $4.5 million. Whole of life costs, including ongoing costs, are currently budgeted to be $34.6 million. This has increased from previous advice, where whole of life costs were estimated to be $30.42 million. This increase is mainly due to an increase in project costs from security activities and implementation timing[1]. Support contracts and end user licensing agreements are also still under negotiation with vendors (NEC and Datacom) and the ongoing cost forecast is not yet fully known. Your agreement to an increase in budgeted whole of life costs for the solution to $35 million is sought, noting that this increase would be met within MBIE's baseline funding.

19. There is a risk that the project costs, including whole of life costs will increase further. This is because the commercial negotiations mentioned above have not concluded with the vendors. The project budget has at least $5.5 million over the life of the asset set aside for licensing and support but is projecting needing around $7.3 million. There may be some additional hardware support and maintenance costs also, but these are unlikely to be significant.

20. Any delay in implementation would also create some pressure on the project budget and increase whole of life costs. While a delay to February 2024 would not in and of itself increase the estimated whole of life costs to over $35 million, any delay beyond then would likely do so.

21. Cabinet approval will likely be needed if forecast whole of life costs for the solution exceed $35 million[2]. While MBIE is not currently forecasting cost estimates crossing this threshold, MBIE's Delivery Governance Board is closely monitoring the project and you will be advised of next steps should advice to Cabinet become necessary.

Next steps

22. Officials will update you on the project regularly through INZ's weekly report and standalone briefings where necessary. Officials are also available to brief you further on the project if required. Should the total whole of life cost estimate for the BCU exceed the $35 million threshold, MBIE will provide further advice on obtaining Cabinet approval for MBIE to allocate sufficient baseline funding for this.

s9(2)(b)(ii)

Weekly Report items on the BCU for the time period 21 June 2023 to 27 November 2023:

Biometrics Capability Update project

Commented [LQ1]: From WR 2324-0009, period of 2 August to 8 August 2023

Richard Owen
General Manager
Immigration Risk and Border
s9(2)(a) [redacted]

The Biometric Capability Update (BCU) project delivers a significant upgrade of INZ's identity management, capture, and matching solution. This is a core capability for New Zealand's future protection in an environment where identity fraud, criminal activity and other sources of harm are prevalent and increasingly sophisticated. The updated capability is crucial to risk mitigation and meeting INZ's future business needs. It will also assist with expediting visa application processing, improving customer experience, and an anticipated reduction in manual identity resolution.

The BCU is a multi-year, technically complex project involving multiple IT systems, products, vendors, and very large volumes of biometric and biographical data.

On 24 July 2023, following satisfactory security assurance testing, the BCU project reached a major milestone when it entered into a cutover for system integration testing (SIT). Whilst the current go-live date for the system is proposed for delivery in mid-November 2023, this remains at risk and is subject to the results of SIT testing, subsequent user acceptance testing, the finalisation of commercial negotiations and coordination with other critical business activities and visa processing peaks. Further updates will be provided as each of these aspects is completed and worked through—with a backup go-live date in early 2024 if required.

Biometric Capability Update project

Commented [LQ2]: From WR 2324-0015, period of 13 September to 19 September 2023

Richard Owen
General Manager
Immigration Risk and Border
s9(2)(a) [redacted]

The Biometric Capability Update (BCU) project delivers a significant upgrade of INZ's identity management, capture, and matching solution. This is a core capability for New Zealand's future protection in an environment where identity fraud, criminal activity and other sources of harm are prevalent, and increasingly sophisticated. The updated capability is crucial to risk mitigation and meeting INZ's future business needs. It will also assist with expediting visa application processing, improving the customer experience, and an anticipated reduction in manual identity resolution.

The BCU is a multi-year, technically complex project, involving multiple IT systems, products, and vendors, as well as very large volumes of biometric and biographical data.

After rigorous security assurance testing, the BCU project entered into cutover for system integration testing (SIT) on 24 July 2023. However, integration has been slower than anticipated due to the number of issues identified when interfacing with MBIE's other immigration systems. The project is now focusing on the successful completion of SIT, to ensure the solution meets business requirements and that all security vulnerabilities have been remediated. At this time, further stages of the project have been deprioritised to allow focus on SIT.

Due to recent delays and the complexities noted above, the project is now likely to reach the implementation stage in the period March to June 2024. However, this date is subject to the results of SIT testing, subsequent user acceptance testing, the finalisation of commercial negotiations and coordination with other critical business activities. Further updates will be provided as each of these aspects are completed and worked through.

Papers sent to MO on the BCU:

2223-4450	Immigration New Zealand's Biometric Capability Update Document Overview: SIGNED Immigration - Biometric Capability Upgrade 2223-4450.pdf (wd.govt.nz)	Immigration Risk & Border	Richard Owen	12 July	20 July

Out of Scope

From: Andrew Craig <Andrew.Craig@mbie.govt.nz>
Sent: Wednesday, 23 August 2023 3:39 pm
To: s9(2)(a)
Subject: FW: BCU Cabinet paper

FYI

From: Robyn Moriarty <Robyn.Moriarty@mbie.govt.nz>
Sent: Wednesday, 23 August 2023 3:20 pm
To: Andrew Craig <Andrew.Craig@mbie.govt.nz>
Subject: RE: BCU Cabinet paper

Thanks Andrew, that's helpful.
Yes we will work on Plan B and take those options to DGB for decision on next steps.
Thanks for the feedback on s9(2). I will pass that back appropriately.

Cheers

From: Andrew Craig <Andrew.Craig@mbie.govt.nz>
Sent: Wednesday, 23 August 2023 2:54 pm
To: Robyn Moriarty <Robyn.Moriarty@mbie.govt.nz>
Subject: FW: BCU Cabinet paper
Importance: High

FYI below – just got s9(2)( ) to send a confirmation email on the no Cabinet paper. Same message as s9(2)( ) got on the phone.

Understand you've had a bit of a chat to Jivan. My impression is we're not sufficiently sound/clear on what's happened or the future post SIT world to push this at the moment. Whether there is another option though is less clear, but could reopen this in November.

Despite this, wanted to say that s9(2) has had a great attitude and put in a lot of effort trying to get the story straight. Doesn't have all the answers and some translation needed, but is clearly trying to get up to speed on what's she's inherited.

AC

Andrew Craig
POLICY DIRECTOR
Ministry of Business, Innovation and Employment | Hikina Whakatutuki

Tel: 04 901 1245 | Email: Andrew.Craig@MBIE.govt.nz

From: s9(2)(a) parliament.govt.nz>
Sent: Wednesday, 23 August 2023 1:19 pm
To: s9(2)(a) @mbie.govt.nz>; Richard Owen <Richard.Owen@mbie.govt.nz>; Andrew Craig <Andrew.Craig@mbie.govt.nz>
Cc: Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; Alison McDonald <Alison.McDonald3@mbie.govt.nz>; s9(2)(a) t@parliament.govt.nz>; s9(2)(a) @mbie.govt.nz>

Subject: BCU Cabinet paper
Importance: High

Hi [redacted] s9 [redacted]ichard and AC,

Thanks for the phone call earlier.

Just to confirm that the Minister will **not** be taking a paper to seek Cabinet approval for the BCU project due to the whole of life costs for the IT project exceeding $35m. This is regardless of the funding streams required to continue with the project (Crown funding, baselines or through fees and levies).

Ngā mihi

s9(2)(a) [redacted]

Private Secretary - Immigration
DDI: +64 4 817 9854 | M: s9(2)(a) [redacted]@parliament.govt.nz

Office of Hon Andrew Little MP
Minister of Defence
Minister for the Public Service
Minister of Immigration
Minister for Treaty of Waitangi Negotiations
Minister Responsible for the New Zealand Security Intelligence Service
Minister Responsible for the Government Communications Security Bureau
Lead Coordination Minister for the Government's Response to the Royal Commission's Report into the Terrorist Attack on Christchurch Mosques

Reception: +64 4 817 8707 | E: a.little@ministers.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Authorised by Hon Andrew Little MP, Parliament Buildings, Wellington

Please note information about meetings related to the Ministers' portfolios will be proactively released (this does not i personal or constituency matters). For each meeting in scope, the summary would list: date, time (start and finish), brie description, location, who the meeting was with, and the portfolio. If you attend a meeting with the Minister on behalf organisation, the name of the organisation will be released. If you are a senior staff member at an organisation, or me the Minister in your personal capacity, your name may also be released. The location of the meeting will be released, u is a private residence. The proactive release will be consistent with the provisions in the Official Information Act, includ privacy considerations. Under the Privacy Act 2020 you have the right to ask for a copy of any personal information we about you, and to ask for it to be corrected if you think it is wrong. If you'd like to ask for a copy of your information, or it corrected, or are concerned about the release of your information in the meeting disclosure, please contact the send can read more about the proactive release policy at https://www.dia.govt.nz/Proactive-Releases#MS

Out of Scope

From: Richard Owen <Richard.Owen@mbie.govt.nz>
Sent: Tuesday, 19 September 2023 7:33 pm
To: s9(2)(a) (Parliament); s9(2)(a)
Cc: Parliament);
Subject: RE: 2324-0015 - Weekly report for review - 20 September 2023 [IN-CONFIDENCE: RELEASE-EXTERNAL]

Hi s9(2)(a)

My apologies for any confusion on this – you are right that you did send an e-mail through that the Minister would not be taking this to Cabinet. The reality is that at some stage, we will need to take a paper to Cabinet as this particular project will very likely exceed the previously agreed whole of life cost of $35m – recognising this would be after the election and most likely November – so the intention here was purely to flag this. Definitely no intent to relitigate.

If your advice is to remove this section as that it will create unnecessary issues, then all good and we can do that. Happy to chat in the morning if that is easier.

Thanks,

Richard

Richard Owen (he/him)
General Manager - Immigration Risk & Border
Immigration New Zealand | Rōpū Manene
Ministry of Business, Innovation & Employment | Hīkina Whakatutuki

Richard.Owen@mbie.govt.nz | Mobile: s9(2)(a)
Level 1, 15 Stout Street, PO Box 1473, Wellington 6140, New Zealand
NZBN 9429000106078

From: s9(2)(a) @parliament.govt.nz>
Sent: Tuesday, 19 September 2023 1:34 pm
To: s9(2)(a) @mbie.govt.nz>; Richard Owen <Richard.Owen@mbie.govt.nz>
Cc: s9(2)(a) parliament.govt.nz>
Subject: FW: 2324-0015 - Weekly report for review - 20 September 2023 [IN-CONFIDENCE: RELEASE-EXTERNAL]
Importance: High

Hiya,

Normally we feed this back to through the BMT team but really wanted to check on the BCU project update, especially the last line "It is anticipated that MBIE will draft a paper to Cabinet in November 2023 seeking this approval, subject to prior endorsement of the approach by the Minister."

I have feed back that the Minister has already expressly said he will not be taking a Cabinet paper on this whatsoever.

Just checking if you are wanting to re-litigate that decision in this article?

If so might be best we have a chat about the best way to approach this with the Minister as this article may come across an inflammatory

Ngā mihi

s9(2)(a)

Private Secretary - Immigration
DDI +64 4 817 9854 | M: s9(2)(a) @parliament.govt.nz

Office of Hon Andrew Little MP
Minister of Defence
Minister for the Public Service
Minister of Immigration
Minister for Treaty of Waitangi Negotiations
Minister Responsible for the New Zealand Security Intelligence Service
Minister Responsible for the Government Communications Security Bureau
Lead Coordination Minister for the Government's Response to the Royal Commission's Report into the Terrorist Attack on Christchurch Mosques

Reception: +64 4 817 8707 | E: a.little@ministers.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Authorised by Hon Andrew Little MP, Parliament Buildings, Wellington

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From: INZ Ministerial Services Team <INZMinisterialServices@mbie.govt.nz>
Sent: Tuesday, 19 September 2023 12:45 PM
s9(2)(a) @parliament.govt.nz>; s9(2)(a) @parliament.govt.nz>;
s(9)(2)(a) @parliament.govt.nz>
s9(2)(a) @mbie.govt.nz>
Subject: 2324-0015 - Weekly report for review - 20 September 2023 [IN-CONFIDENCE: RELEASE-EXTERNAL]

Kia Ora team,

Please see attached for review.

Ngā mihi

s9(2)(a)
BUSINESS ADVISOR
Ministerial Services team
Associate Deputy Secretary, Immigration New Zealand
Ministry of Business, Innovation & Employment

s9(2)(a) l@mbie.govt.nz
15 Stout Street, Wellington 6140, New Zealand

NZBN 9429000106078

Out of Scope

From: s9(2)(a) @parliament.govt.nz>
Sent: Monday, 24 July 2023 9:40 am
To: s9(2)(a) (Parliament); s9(2)(a) Parliament)
Cc: Richard Owen; s9(2)(a)
Subject: RE: BCU project briefing [IN-CONFIDENCE]
Attachments: SIGNED Immigration - Biometric Capability Upgrade 2223-4450.pdf

Kia ora colleagues

Please find attached the signed briefing 2223-4450 for the Biometric Capability Upgrade.

Regards

Craig

From: s9(2)(a) @mbie.govt.nz>
Sent: Wednesday, 12 July 2023 2:35 PM
To: s9(2)(a) parliament.govt.nz>; s9(2)(a) parliament.govt.nz>
Cc: Richard Owen <Richard.Owen@mbie.govt.nz>; s9(2)(a) @mbie.govt.nz>; s9(2)(a) s9(2) @mbie.govt.nz>; s9(@mbie.govt.nz>
Subject: BCU project briefing [IN-CONFIDENCE]

Hi s9(2)(a)

Please find attached a Ministerial briefing on INZ's Biometric Capability Upgrade project.

Let me know if there are any issues.

Cheers

s9(2)(a)

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

MEMO

DATE	26 April 2024
TO	Carolyn Tremain
PREPARED BY	Oliver Valins, Chief Advisor to the Secretary
SUBJECT	**BIOMETRIC CAPABILITY UPDATE – TIMELINE OF ADVICE TO MINISTER OF IMMIGRATION**

PURPOSE

This memo summarises the timeline of how inaccurate and misleading advice was provided to the Minister of Immigration (Hon Erica Stanford) on the Biometric Capability Update (BCU) project. It provides 'lessons learned' and recommendations for how advice to the Minister relating to the BCU can be improved.

BACKGROUND

On 19 March 2024, a report was provided to the Minister of Immigration titled *Biometric Capability Update project – proposed approach to increasing Whole of Life Cost [2324-2658]*. This paper sought the Minister's agreement to increase whole of life costs (WOLC) from $35 million to $39.9 million by either:

1) Seek agreement through the Immigration Fee and Levy Review Cabinet Paper (recommended); or
2) Seek agreement via a separate Cabinet process (before the confirmation of fee and levy charges in June/July).

The paper incorrectly stated that "the BCU project is well progressed in its final year, however, project costs have increased due to:

a) the COVID-19 pandemic delaying the project significantly, as MBIE had to reprioritise resources to support the Government's response
b) unforeseen complexity in the initial scoping and technical challenges which led to significant changes from the original specifications to ensure that the update can work within the wider immigration ICT platform, and
c) all-of-government cyber security guidelines have evolved over the term of the project and MBIE has had to adapt the solution to meet these new standards, requiring additional time and funding."

As estimated costs were now expected to exceed $35 million, Cabinet approval was required.

The paper to the Minister included an addendum that provided further information on the project. This addendum was proposed to be included with the Cabinet Paper. This addendum summarized the background to the project, the problem and opportunity statement (including a table showing the history of cost increases from 2019 to 2024), high-level business outcomes, current state (including the issues identified above), project assurance, the financial case, benefits, updated costs and risks. In the project assurance section, the addendum inaccurately and misleadingly (in the underlined section below) states that:

"The project has undertaken three Independent Quality Assurance (IQA) reviews, the last one being in September 2023[1]*. The latest IQA confirmed the project approach was sound and robust, the build is achievable, and the risk management practice is effective. The project has implemented the IQA recommendations and continually looks for opportunities to improve."*

The Minister and her office have questioned:

1. Whether the advice the Minister received was inaccurate and misleading, and whether this was deliberate.
2. Why a briefing was provided seeking approval to add recommendations into the Fees and Levy Cabinet paper to increase WOLC BCU costs when the Minister's office had directed that as that paper had already been sent for Ministerial consultation, and there were less than two days before it needed to be lodged, this would not be occurring.

The IQA in October 2023 had raised a series of significant issues with the BCU project. The Delivery Confidence Assessment Rating was described as "Unlikely" with the IQA noting:

"Despite previous agreement of a refreshed delivery plan, and a firm governance commitment to achieving the delivery timeframes, the project will not achieve the current Go Live date of 17 November 2023. Given the project's poor delivery history, and its inability to meet agreed milestones, we have doubts as to whether the project will in fact deliver at all, and we question its continuation."

TIMELINE OF ADVICE

As set out in the addendum provided to the Minister, the BCU has experienced a series of scope, budget and duration increases over its life-course:

[1] In fact, finalised in October 2023

Date	Document	Capex	Opex	Total Project Costs	Project Cost Increase	WOLC	Comments
Aug 2019	Business Case	$10.46m	$0.05m	$10.51m		$19.49m	Original Business Case
May 2020	CR1	$12.21m	$0.05m	$12.25m	$1.75m	$22.83m	Change in scope, budget and duration. Photo quality checker was added to scope.
Jul 2020	CR2	$17.08m	$0.05m	$17.12m	$4.87m	$30.75m	Change in scope, benefits, budget and duration. In Person enrolment integration was added to scope
July 2021	CR3	$22.15m	$0.05m	$22.20m	$5.08m	$30.42m	Change in scope, benefits, budget and duration due to Increase in technical complexity
Aug 2022	CR4	$21.29m	$4.71m	$26.0m	$31.93m	$31.93m	Change in benefits, budget and duration as lead vendor was not going to meet one of their critical milestones
Jun 2023	CR5	$21.9m	$4.34m	$26.13m	$31.95m	$31.95m	Change in benefits, budget and duration as Data Migration had taken longer than planned.
April 2024	CR6	$33.33m	$7.28m	$40.61m	$8.66m	$39.98m	Change in benefits, budget and duration due to the number of defects found and infrastructure issues slowing the project.[2]

[2] MBIE's Delivery Governance Board (DGB) endorsed in principle the April 2024 Change Request. The DGB identified that the change request is outside of the Board's authorisation and is subject to Cabinet approval. MBIE's Finance and Investment Committee also needs to be consulted prior to the request going to Cabinet.

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The Minister has requested information on what was provided to the previous Minister of Immigration (Hon Andrew Little) on the BCU. This has been separately collated and provided to the Office. However, in summary the timelines of the key events from the provision of advice to Hon Little in July 2023 to the end of March 2024 is as follows:

Doc #	Date (s)	Action/Event	Comment
1	12 July 2023	Briefing to Hon Little *Immigration New Zealand's Biometric Capability Update* [2223-4450]	Minister agreed to increase WOLC from $30.42m to $35m and noted the risk that WOLC could exceed $35m. Paper identified the 'tight timeframe' for achieving a November 2023 implementation date, and if a delay becomes necessary, the implementation date would likely need to be moved out to February 2024. The budget was described as 'on track but some risk'
2	2-8 August	Weekly Report	Report stated: "Whilst the current go-live date for the system is proposed for delivery in mid-November 2023, this remains at risk and is subject to the results of SIT testing, subsequent user acceptance testing, the finalisation of commercial negotiations and coordination with other critical business activities and visa processing peaks. Further updates will be provided as each of these aspects is completed and worked through—with a backup go-live date in early 2024 if required."
3	23 August	E-mail from (Hon Little) MoI Office	Email states: "Just to confirm that the Minister will <u>not</u> be taking a paper to seek Cabinet approval for the BCU project due to the whole of life costs for the IT project exceeding $35m. This is regardless of the funding streams required to continue with the project (Crown funding, baselines or through fees and levies)."
4	11 September	Delivery Governance Board decision	DGB minutes: AP174: The DGB directed the project to undertake an IQA on the remainder of the project and report back to DBG with the findings and any actions to address potential recommendations
5	13-19 September	Weekly Report	Report stated: "After rigorous security assurance testing, the BCU project entered into cutover for system integration testing (SIT) on 24 July

			2023. However, integration has been slower than anticipated due to the number of issues identified when interfacing with MBIE's other immigration systems. The project is now focusing on the successful completion of SIT, to ensure the solution meets business requirements and that all security vulnerabilities have been remediated. At this time, further stages of the project have been deprioritised to allow focus on SIT. Due to recent delays and the complexities noted above, the project is now likely to reach the implementation stage in the period March to June 2024. However, this date is subject to the results of SIT testing, subsequent user acceptance testing, the finalisation of commercial negotiations and coordination with other critical business activities. Further updates will be provided as each of these aspects are completed and worked through."
6	19 September	E-mail exchange between (Hon Little) MoI office and INZ General Manager	Office seeks clarification on a line proposed to be included in the Weekly Report on increasing WOLC stating that: "it is anticipated that MBIE will draft a paper to Cabinet in November 2023 seeking this approval, subject to prior endorsement of the approach by the Minister." Office notes: "that the Minister has already expressly said he will not be taking a Cabinet paper on this whatsoever". GM replies: "My apologies for any confusion on this – you are right that you did send an e-mail through that the Minister would not be taking this to Cabinet. The reality is that at some stage, we will need to take a paper to Cabinet as this particular project will very likely exceed the previously agreed whole of life cost of $35m – recognising this would be after the election and most likely November – so the intention here was purely to flag this. Definitely no intent to relitigate. If your advice is to remove this section as that it will

			create unnecessary issues, then all good and we can do that." *Note: This was in the three-month period before the General Election. The Cabinet Manual (para 6.9) notes that while the Government is not bound by the caretaker convention: "Successive governments, however, have chosen to restrict their actions to some extent during this time, in recognition of the fact that an election, and therefore potentially a change of government, is imminent."*
7	10 October	IQA finalised	See comments in main body of this memo
8	4 December	Briefing: *Immigration System Operating Environment* [2324-1101]	This briefing provided background on the immigration system's operating model and environment and MBIE's operational response to the challenges and demands created by that environment. This briefing was provided to the Minister's Office to support a meeting that never happened, thus was not provided by the Office to the Minister. In relation to the BCU, there was a brief comment (para 48) that stated: "The project is under some cost pressure due to the complexity of the system and options for its completion are currently being considered. You will be briefed separately on next steps for the project shortly."
9	21 February 2024	Weekly Report	Report noted that the BCU may exceed its authorized spending limit. If this occurs then "additional finances required (via fees) would require consideration alongside the Fees and Levy paper to Cabinet. If additional funding is required, we would keep you appraised of progress and present a more detailed update and business case alongside the Fees and levy paper to Cabinet in April 2024"
10	4 March	Briefing *Immigration Fee and Levy Review: Proposed Rates and Draft Cabinet Paper [2324-1491]*	Noted that MBIE is preparing business cases for ADEPT and the BCU and if agreed these would require further adjustments to the fee and levy paper at the next review [in 2025]

11	5 March	Email from DCE DDI to the policy team	Email states: "Carolyn and I spoke to the MOI last week about this [the BCU] and her preference was to address the approval to all of life cost over $35 million in the same Cabinet paper [i.e. the Fees and Levy paper]" Meeting was on 26 February at 5.15pm and was with the Minister, CE and DCE DDI only
12	12 March	Meeting with officials regarding ADEPT and BCU	Meeting mostly focused on ADEPT. Office advises that in relation to BCU they were informed that work was still ongoing and a business case was being developed to support need for further funding. Office left with clear impression that it would be some weeks before this analysis would be completed. Office advises that there was no mention of using the Fees and Levy Cabinet Paper out for Ministerial consultation as the vehicle for approving WOLC increases.
13	4-19 March	Series of email exchanges between policy, DDI and INZ on the content of the addendum	A draft addendum is created and goes through a series of 'back-and-forth' iterations. The first version, written by a project manager, sent on 4 March includes the phrase: "Independent Quality Assurance (IQA) has already taken place to ensure the project approach is sound and robust, the build is achievable, and risk management practice is effective". Further changes to the addendum remove reference to the IQAs. A version sent on 7 March re-inserts reference to the IQA and includes the phrase: "The latest IQA ensured the project approach was sound and robust, the build is achievable, and the risk management practice is effective. The project has implemented the IQA recommendations and continually looks for opportunities to improve." Suggestions from other reviewers propose significantly cutting back the addendum that goes to Cabinet (including referencing the IQAs), but complement the addendum with a more detailed briefing to the Minister. On 15 March, a fourth-tier manager in INZ suggests a set of edits including changing "ensured" to "confirmed". This change is

			accepted by the addendum writer on 18 March. On 18 March policy seeks confirmation from Head of Digital & Programmes (a fourth-tier manager, covering the role of a third tier manager) to approve submission of the addendum being added to the Cabinet Paper – this (in relation to the delivery role of the manager) is provided. Policy (at 5.07pm on 18 March) requests that Head of Digital & Programmes 'square away approval from other endorsers'. There is a verbal discussion between policy and the delivery manager – there are different recollections on the extent to which sign off has been provided or not. On 19 March the GM Policy approves the addendum on his understanding that verbal approval from the endorsers has been obtained. The addendum that was sent to the Minister was labelled Version 0.4. It did not include endorser signatures – endorsers had *seen* earlier versions, but did *not approve* the version that went to the Minister. A policy Quality Assurance Sheet – to check for the quality of submissions – was not completed. Note that for much of this period the INZ Business Owner was sick, as were key members of the policy team.
14	19 March	MBIE verbally advise Acting Private Secretary of intention to incorporate request to increase BCU WOLC in Fees and Levy Cabinet Paper	Discussion between MoI Office and GM Policy. Office advises that there is a 'firm no' to the Fees and Levy Cabinet Paper being amended to include an increase to WOLC as the paper had already been through Ministerial consultation. In response, the GM Policy amends the briefing to the Minister to provide an alternative option: either the recommended approach of seeking agreement through the Fee and Levy Review Cabinet Paper, or seeking agreement through a separate Cabinet process (before the confirmation of fee and levy charges in June/July).

			On 19 March (after briefing is submitted) GM Policy advises team that "I also spoke to [political advisor] this evening, and she noted that the Minister was not expecting this and doesn't want to add it into the Cabinet paper. I didn't get the sense that she didn't support the proposal – but rather that she didn't want to spring this on her colleagues given that it wasn't in the version she circulated for consultation."
15	19 March	*Biometric Capability Update project – proposed approach to increasing Whole of Life Cost [2324-2658]*	See comments in main body of this memo
16	20 March	Office request confirmation from GM Policy that endorsers had read and endorsed the BCU Update. GM confirms that endorsers had read the addendum	The GM Policy provides this assurance. Policy was working on the verbal understanding that this approval had been obtained, but there was a misunderstanding as this approval had not occurred (endorsers had seen and commented on earlier versions, but had not signed off the final version).
17	22 March - current	Discussions and a series of requests between the Office and Ministry seeking IQAs and further information, including what advice was provided to Hon Little	
18	28 March	Aide Memoire: *Further Information on the Biometric Capability Update Project and Proposed Increase to Whole of Life Cost [2324-2793]*	Provided more in-depth information on the BCU, including a summary of the October 2023 IQA noting its finding that it was "Unlikely" that the implementation date would be met, summarized the 18 IQA recommendations, outlined the governance and the approach to managing further cost increases, including "Cost confidence continues to increase as over 80% of priority 1 and 2 test cases have now been executed"

SUMMARY OF 'WHAT WENT WRONG' IN THE PROVISION OF ADVICE TO THE MINISTER

In essence, there were two key issues:

The first was the need to be fully open and transparent with the Minister about the 'troubled' nature of this project, and to do early. As a project that has had a series of increases to costs, scope and timelines, it was important to lay out as fully and transparently as possible to a new Minister the history of the project, including the issues faced, the risks of any further issues that may still arise, and the steps that were being taken to provide the Minister with confidence that the project was 'back on track'. This is particularly the case given the relatively bespoke nature of this project and the specific challenges involved with the provider.

There was a clear mis-match between what MBIE officials (who have been deeply involved in this project, including the series of actions taken since the commissioning of the October 2023 IQA to 'grip up' the project) understood and what was explained to the Minister. Not being clearer upfront did not meet the Minister's expectations. As the Minister and her office asked further questions and found out more about the history of the project – especially the findings of the October IQA – their concerns about the project's ability to deliver only increased. If this transparency had been provided early enough to the Minister and her Office, then the issues described in this memo would not have occurred.

The accountability for not being clearer upfront for the Minister rests with the responsible (Immigration New Zealand) Business Owner – they are the 'owner' of the project and need to have oversight across all its dimensions. In this case, I note that the relevant Business Owner was sick and off work for the latter part of the time period I have covered. This was unfortunate and contributed to the 'perfect storm' that surrounded the issues identified in this memo.

The second issue was the quality of the advice that was provided to the Minister in the 19 March briefing, particularly the inclusion of the phrase that the IQAs had "confirmed" that the project approach was sound. This advice was incorrect and misleading. I have not found any evidence of a deliberate intention to mislead. On the contrary, the statement that the IQAs had "confirmed" the project approach was sound comes from a relatively junior staff member and this was not picked up in subsequent reviews. The back-and-forth nature of the email exchanges also shows that there was a not a settled view on the content of the addendum with different opinions on how much detail to include in the addendum versus a separate briefing to the Minister.

The issues relating to the quality of advice were compounded by the (self-generated) pressure to provide the advice to the Minister before the Fees and Levy paper was lodged for Cabinet. If the Minister was going to agree to the increase, then there would been less than two days between her receiving the policy briefing and the Fees and Levy Cabinet paper needing to be lodged. As is often the case, when there are time pressures the likelihood of making process or judgement mistakes increases.

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There was also a misunderstanding of what to do following the direction provided from the Minister's Office that the Fees and Levy Cabinet paper would not be amended to seek an increase in WOLC. In response to a discussion with the office, the policy team amended their briefing paper to include an alternative option for the Minister of doing a separate (later) Cabinet paper to seek agreement to increasing WOLC. While the policy team were intending the provision of this alternative option to be helpful, this further compounded an impression that MBIE was not listening and was trying to push through Cabinet agreement for what the Minister's Office subsequently found out was a far more problematic project than they had previously been made aware of.

While in one sense understandable – given the GM Policy's understanding that verbal approval had been received – a briefing was signed out to the Minister that contained inaccurate advice, included an unsigned (version 0.4) addendum, and a Quality Assurance Sheet to support the paper was not completed. This was a process failing. Ultimately, sign out managers are responsible for the advice provided in their reports.

LESSONS LEARNED AND RECOMMENDATIONS

Immigration and IT projects in particular are often complex. It is impossible to guarantee that future challenges will not happen (indeed it is inevitable that they will). But being more transparent about the status of projects as well as providing more consistent quality control on advice relating to these projects would help. In particular, I recommend the following steps to improve confidence on the future advice to the Minister on large-scale immigration IT projects:

1. That separate assurance on the BCU be provided for the Minister – MBIE has already commissioned Gary Baird from EY to provide independent advice to the Minister. This assurance will be in addition to (but will utilise) the further IQAs that are already underway. The Government Chief Digital Officer (GCDO) has also offered support to ensure that Ministers can be confident on delivery before any further decisions are sought.
2. That you reinforce your expectations on Project Business Owners and their Deputy Chief Executives that they provide clear, transparent, comprehensive and timely advice to Ministers on the status of any Business Projects that are facing none-BAU challenges.
3. That you reinforce to policy Deputy Chief Executives your expectations that consistent and appropriate sign-off assurance and checklists are completed. These need to be fit-for-purpose, but Deputy Chief Executives need to be able to assure you that appropriate checks on advice (whether financial, legal, HR or operational) have been completed and that other relevant parts of the business have been consulted. MBIE's Policy Quality Team should be urgently tasked with providing advice to DCEs on implementing this.
4. That the Immigration New Zealand Project Business Owner should more clearly step into the role of being the 'point person' for engagement on the BCU with the Minister and her office. No substantive information on the BCU should go to the Minister without the Project Business Owner signing this off.

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

30 April 2024

Hon Erica Stanford
Minister of Immigration
Parliament House
WELLINGTON 6011

Delivered by hand by the Chief Executive of the Ministry of Business, Innovation & Employment

Dear Minister

Apology for Advice Provided to You on the Biometric Capability Update (BCU) Project

On 19 March 2024, MBIE provided you with a briefing entitled *Biometric Capability Update project – proposed approach to increasing Whole of Life Cost*. Regrettably, this briefing contained materially inaccurate and misleading advice, including that an Independent Quality Assurance report (completed in October 2023) had "confirmed the project approach was sound and robust, the build is achievable, and the risk management practice is effective". This was not the case. I deeply and unreservedly apologise that the advice provided to you was incorrect. I have had the circumstances surrounding the provision of this advice investigated by my Chief Advisor. A copy of his report is attached. While the provision of this incorrect advice was not deliberate, the result was that we undermined your confidence in the BCU project and in MBIE officials.

There were two key issues that contributed to what went wrong:

The first was the need to be fully open and transparent with you about the 'troubled' nature of this project. As a project that has had a series of increases to costs, scope and timelines, it was important to brief you as fully, transparently and as early as possible on the history of the project, including the issues faced, the risks of any further issues that may still arise, and the steps that were being taken to bring the project back on track. This did not happen and was particularly important given the relatively bespoke nature of this project and the specific challenges involved with the provider.

The second issue was the quality of the advice that was provided to you in the 19 March briefing. While our investigation has concluded that there was no deliberate intention to mislead you, there were failings in the sign out and approval process. These failings resulted in a version 0.4 of the addendum to the briefing being provided to you. This addendum was not signed off by the relevant senior officials and the policy quality assurance process was not followed. This should not have happened.

The team working on the BCU advice were under the (mistaken) impression that they had to provide the advice to you before the Fees and Levy Cabinet paper was lodged. The desire to meet this timeline, compounded by illness of key individuals at critical times as well as a misunderstanding about what approvals had or had not been received, meant that good process was not followed. The unintended consequence was that the advice – including both what was and was not provided to you in advance – clearly did not meet the mark.

In response to what occurred, I have directed a series of changes, including the following:

- I have commissioned Gary Baird from EY to provide you with independent advice on the BCU Project. This is in addition to a further Independent Quality Assurance from David Williams that is currently being undertaken. The Government Chief Digital Officer (GCDO) has also offered support so that Ministers can be confident in any future request for Cabinet to approve increases in Whole of Life Costs.
- I have reinforced my expectations on Project Business Owners and their Deputy Chief Executives to provide clear, transparent, comprehensive and timely advice to Ministers on the status of any Business Projects that are facing non-Business as Usual challenges. We need to be more transparent and upfront.
- I have set my expectations of policy Deputy Chief Executives that they urgently follow more consistent and appropriate sign-off assurance processes.
- I have set my expectations that Project Business Owners should more clearly step into the role of being the 'point person' for significant engagements with you and your office. Following the illness of the substantive Immigration New Zealand Project Business Owner (which was a contributing factor to what went wrong in this incident) Michael Alp (Chief Operating Officer) has agreed to cover this function. No substantive information on the BCU will go to you without Michael signing this off.

Officials across MBIE work incredibly hard to deliver the highest quality advice and to manage delivery of often high priority and complex solutions to support delivery to New Zealanders and to current and potential visitors and migrants. When we get this wrong we need to own what happened, fix the mistakes and learn the appropriate lessons. In this case, our advice did not meet expectations and I apologise unreservedly for this.

Yours sincerely

Carolyn Tremain
Te Tumu Whakarae mō Hīkina Whakatutuki
Secretary for Business, Innovation & Employment and Chief Executive

30 April 2024

Hon Erica Stanford
Minister of Immigration
Parliament House
WELLINGTON 6011

Delivered by hand by the Chief Executive of the Ministry of Business, Innovation & Employment

Dear Minister

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There were two key issues that contributed to what went wrong:

The first was the need to be fully open and transparent with you about the 'troubled' nature of this project. As a project that has had a series of increases to costs, scope and timelines, it was important to brief you as fully, transparently and as early as possible on the history of the project, including the issues faced, the risks of any further issues that may still arise, and the steps that were being taken to bring the project back on track. This did not happen and was particularly important given the relatively bespoke nature of this project and the specific challenges involved with the provider.

The second issue was the quality of the advice that was provided to you in the 19 March briefing. While our investigation has concluded that there was no deliberate intention to mislead you, there were failings in the sign out and approval process. These failings resulted in a version 0.4 of the addendum to the briefing being provided to you. This addendum was not signed off by the relevant senior officials and the policy quality assurance process was not followed. This should not have happened.

The team working on the BCU advice were under the (mistaken) impression that they had to provide the advice to you before the Fees and Levy Cabinet paper was lodged. The desire to meet this timeline, compounded by illness of key individuals at critical times as well as a misunderstanding about what approvals had or had not been received, meant that good process was not followed. The unintended consequence was that the advice – including both what was and was not provided to you in advance – clearly did not meet the mark.

In response to what occurred, I have directed a series of changes, including the following:

- I have commissioned Gary Baird from EY to provide you with independent advice on the BCU Project. This is in addition to a further Independent Quality Assurance from David Williams that is currently being undertaken. The Government Chief Digital Officer (GCDO) has also offered support so that Ministers can be confident in any future request for Cabinet to approve increases in Whole of Life Costs.
- I have reinforced my expectations on Project Business Owners and their Deputy Chief Executives to provide clear, transparent, comprehensive and timely advice to Ministers on the status of any Business Projects that are facing non-Business as Usual challenges. We need to be more transparent and upfront.
- I have set my expectations of policy Deputy Chief Executives that they urgently follow more consistent and appropriate sign-off assurance processes.
- I have set my expectations that Project Business Owners should more clearly step into the role of being the 'point person' for significant engagements with you and your office. Following the illness of the substantive Immigration New Zealand Project Business Owner (which was a contributing factor to what went wrong in this incident) Michael Alp (Chief Operating Officer) has agreed to cover this function. No substantive information on the BCU will go to you without Michael signing this off.

Officials across MBIE work incredibly hard to deliver the highest quality advice and to manage delivery of often high priority and complex solutions to support delivery to New Zealanders and to current and potential visitors and migrants. When we get this wrong we need to own what happened, fix the mistakes and learn the appropriate lessons. In this case, our advice did not meet expectations and I apologise unreservedly for this.

Yours sincerely

Carolyn Tremain
Te Tumu Whakarae mō Hīkina Whakatutuki
Secretary for Business, Innovation & Employment and Chief Executive

Table of Contents: Supporting documentation for BCU timeline

17	22 March - current	Discussions and a series of requests between the Office and Ministry seeking IQAs and further information, including what advice was provided to Hon Little	Not included as these requests came from the Minister's Office with the substantive material requested provided elsewhere in in the timeline
18	28 March	Aide Memoire: *Further Information on the Biometric Capability Update Project and Proposed Increase to Whole of Life Cost [2324-2793]*	70-77

BRIEFING

Document 1

Immigration New Zealand’s Biometric Capability Update

Date:	12 July 2023	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	2223-4450

Action sought		
	Action sought	**Deadline**
Hon Andrew Little **Minister of Immigration**	**Agree** recommendations	20 July 2023
Hon Rachel Brooking **Associate Minister of Immigration**	**Copy** for your information	N/A

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Richard Owen	General Manager, Immigration Risk & Border, Immigration New Zealand	9(2)(a) of the OIA	✓
[redacted]	9(2)(a) of the OIA	9(2)(a) of the OIA	

The following departments/agencies have been consulted
The Treasury

Minister’s office to complete:

☐ Approved ☐ Declined

☐ Noted ☐ Needs change

☐ Seen ☐ Overtaken by Events

☐ See Minister’s Notes ☐ Withdrawn

Comments

BRIEFING

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Immigration New Zealand's Biometric Capability Update

Date:	12 July 2023	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	2223-4450

Purpose

This briefing provides you with background information on Immigration New Zealand's (INZ's) use of biometrics, and the current status of its Biometric Capability Update (BCU) project, including financial risks. It also seeks your agreement to an increase in budgeted whole of life costs for the solution from $30.42 million to up to $35 million.

Recommendations

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

a **Note** that INZ's current identity management engine is out-dated, unnecessarily complex, and no longer deemed fit-for-purpose for the future needs of INZ.

Noted

b **Note** that MBIE's BCU project is a major upgrade of INZ's identity management solution and associated infrastructure to maintain security, the required level of technical support and reliability, and to improve productivity, efficiency and effectiveness.

Noted

c **Note** that while MBIE has currently scheduled the implementation of the BCU for November 2023, there is a risk that this will need to be delayed until around February 2024 to allow for system security issues to be resolved and for commercial negotiations on licensing and support arrangements to be concluded.

Noted

d **Note** that in November 2021 joint Ministers (Immigration and Finance) approved MBIE's allocation of $22.15 million from its baseline funding capital to fund the BCU project, with whole of life costs for the new asset projected at that time to be $30.42 million [2122-1880 refers].

Noted

e **Agree** to an increase in budgeted whole of life costs for the asset from $30.42 million to up to $35 million from MBIE's baseline funding, to allow for some additional costs associated with security activities, timing, and the outcome of commercial negotiations on licensing and support agreements.

Agree/ Disagree/ Discuss

f **Note** that there is a risk that budgeted whole of life costs could exceed $35 million and that Cabinet approval would be required should this eventuate. Further advice will be provided should this become necessary.

Noted

9(2)(a) of the OIA

General Manager, Immigration Risk & Border
Immigration New Zealand, MBIE

11 / 07 / 2023

Hon Andrew Little
Minister of Immigration

..23/ ..7... / ..23

Background

The role of biometrics in identity management

1. Biometrics are measurable physical characteristics that are unique to an individual. They are fundamental to the effective application of identity management standards and practices. INZ's identity management processes, and the use of biometrics in particular, are crucial to establishing a person's identity to enable effective and efficient decision-making and manage the risk of identity fraud.

2. Identity information is divided into two groups:

   - Biographical: e.g – name and date of birth
   - Biometric: e.g – facial image and fingerprints.

3. Increased confidence in identity enables higher quality and faster immigration decision-making, improves our ability to protect New Zealand and our international partners from harm relating to the misrepresentation of identity, and reduces the risk of individuals concealing criminal histories.

4. INZ is New Zealand's authoritative source of identity information on non-New Zealanders. INZ is relied on to verify identities to determine eligibility for public services, maintain law enforcement and to deliver services that require high confidence identity verification.

INZ's current approach to identity processing

5. In 2016, INZ launched IDme alongside the rollout of a new platform for receiving visa applications online. IDme allows for automated biographic and biometric matching and manual resolution of unresolved identities. It enables INZ to assess risk and make informed decisions about applicants, assured that their complete history with INZ is known and all identities have been checked against international watchlists.

6. In addition, IDme allows INZ to satisfy international data sharing commitments with partner Migration 5 and Border 5 countries to support border security and visa application processing.

7. IDme, plays a key role in anchoring the identities of all foreign nationals applying for either a visa or an Electronic Travel Authority (ETA) prior to travelling to New Zealand. In total, approximately 73 million identities are stored by the IDme management engine.

8. Identities stored in IDme are accessed by INZ compliance officers undertaking enforcement activities within the field using the Mobile Regulator application and the New Zealand Police can access identities through a mobile phone app and information sharing arrangement.

9. The core IDme management engine including biometric matching, workflow processes, reporting and integration architecture is out-dated, unnecessarily complex, and no longer deemed fit-for-purpose for the future needs of INZ. Additionally, the portable biometric enrolment equipment (used in the field overseas when required) is heavy, cumbersome and prone to failure.

Biometric Capability Update project (BCU project)

10. The BCU project is a major upgrade of INZ's existing identity management solution and associated infrastructure to maintain security, the required level of technical support for the solution, and reliability. The solution will improve the accuracy of biometric matching,

enabling faster identity processing and lowering the number of cases that need manual intervention to resolve. This will increase efficiency, effectiveness and productivity.

11. Core business processes will remain the same and be undertaken by the same identity resolution staff more efficiently. There will be new software, a new algorithm and equipment. The project is not making fundamental changes to the way INZ collects identity data, the type of data collected or how the data is processed and managed.

12. The BCU project is upgrading the versions of biometric matching and management platforms, simplifying the platform to reduce ongoing cost and improving the utility of the system. This is a core capability for INZ in an environment where identity fraud, terrorism and other sources of harm are prevalent and increasingly sophisticated, and where the volume of identities from applications and border-crossings are expected to exceed pre-COVID-19 pandemic levels.

Project background

13. In August 2019, MBIE approved a business case for the BCU project as part of its ongoing systems maintenance programme. NEC, a company specialising in biometric authentication, was sourced directly to develop the new system and MBIE procurement policies and guidelines were followed.

14. Unexpected levels of technical complexity emerged during the project design phase indicating the original solution would not have delivered all the outcomes set out in the business case and therefore the project's governance board agreed it was no longer suitable. A revised solution approach was developed in November 2021 which resolved the issues identified.

15. The project delivery plan has been regularly revised to reflect the implementation of the new solution, the impacts of COVID-19, and ensure the solution is well protected through adherence to security accreditation and certification processes. This has resulted in extended timeframes to deliver, and some increased costs. However, the new solution is expected to achieve efficiency gains from significantly reduced manual intervention effort due to increased automated matching rates. Better detection of identity fraud will lower costs for INZ by reducing illegal migration and immigration fraud.

Current status – delivery scheduled for November 2023 with some uncertainty

16. In April 2023, the Project Steering Group adjusted the implementation date for the upgraded system to November 2023. It noted, however, that this is a tight timeframe for successful project delivery and the date would likely need to be adjusted if unforeseen issues arise over the coming months. It is possible that there may need to be a delay to the current schedule should security assurance identify the need for additional safeguards, or should commercial negotiations for licensing and support arrangements take longer than expected. Should a delay become necessary, the implementation date would likely need to be moved out to February 2024, after INZ's peak processing period.

17. Currently, the project team is preparing for the commencement of System Integration Testing (SIT), where it will test the new software to confirm it will integrate with and support core immigration services. This is a significant project milestone. In addition to the completion of a mandated security assurance assessment, and test preparation, plans are underway to provide early visibility to business users and NZ Police, together with vendors, MBIE technical staff and support stakeholders from July.

Budget – on track but some risk

18. In November 2021, joint ministers (Immigration and Finance) approved MBIE to allocate from baseline funding capital $22.15 million over 2021/22 and 2022/23 to implement the revised identity management system solution [2122-1880 refers]. In addition, project operating

expenditure is forecast to be $4.5 million. Whole of life costs, including ongoing costs, are currently budgeted to be $34.6 million. This has increased from previous advice, where whole of life costs were estimated to be $30.42 million. This increase is mainly due to an increase in project costs from security activities and implementation timing[1]. Support contracts and end user licensing agreements are also still under negotiation with vendors (NEC and Datacom) and the ongoing cost forecast is not yet fully known. Your agreement to an increase in budgeted whole of life costs for the solution to $35 million is sought, noting that this increase would be met within MBIE's baseline funding.

19. There is a risk that the project costs, including whole of life costs will increase further. This is because the commercial negotiations mentioned above have not concluded with the vendors. The project budget has at least $5.5 million over the life of the asset set aside for licensing and support but is projecting needing around $7.3 million. There may be some additional hardware support and maintenance costs also, but these are unlikely to be significant.

20. Any delay in implementation would also create some pressure on the project budget and increase whole of life costs. While a delay to February 2024 would not in and of itself increase the estimated whole of life costs to over $35 million, any delay beyond then would likely do so.

21. Cabinet approval will likely be needed if forecast whole of life costs for the solution exceed $35 million[2]. While MBIE is not currently forecasting cost estimates crossing this threshold, MBIE's Delivery Governance Board is closely monitoring the project and you will be advised of next steps should advice to Cabinet become necessary.

Next steps

22. Officials will update you on the project regularly through INZ's weekly report and standalone briefings where necessary. Officials are also available to brief you further on the project if required. Should the total whole of life cost estimate for the BCU exceed the $35 million threshold, MBIE will provide further advice on obtaining Cabinet approval for MBIE to allocate sufficient baseline funding for this.

9(2)(b)(ii) of the OIA [redacted]

[2] MBIE has an Investor Confidence Rating of B, requiring Cabinet approval for any project with a whole of life cost exceeding $35 million.

Excerpt from 2324-0009 Immigration Weekly Report, period of 2 August to 8 August 2023

Biometrics Capability Update project

Richard Owen
General Manager
Immigration Risk and Border
9(2)(a) of the OIA

The Biometric Capability Update (BCU) project delivers a significant upgrade of INZ's identity management, capture, and matching solution. This is a core capability for New Zealand's future protection in an environment where identity fraud, criminal activity and other sources of harm are prevalent and increasingly sophisticated. The updated capability is crucial to risk mitigation and meeting INZ's future business needs. It will also assist with expediting visa application processing, improving customer experience, and an anticipated reduction in manual identity resolution.

The BCU is a multi-year, technically complex project involving multiple IT systems, products, vendors, and very large volumes of biometric and biographical data.

On 24 July 2023, following satisfactory security assurance testing, the BCU project reached a major milestone when it entered into a cutover for system integration testing (SIT). Whilst the current go-live date for the system is proposed for delivery in mid-November 2023, this remains at risk and is subject to the results of SIT testing, subsequent user acceptance testing, the finalisation of commercial negotiations and coordination with other critical business activities and visa processing peaks. Further updates will be provided as each of these aspects is completed and worked through—with a backup go-live date in early 2024 if required.

From: 9(2)(a) of the OIA @mbie.govt.nz>
Sent: Wednesday, August 23, 2023 3:39 PM
To: 9(2)(a) of the OIA @mbie.govt.nz>
Subject: FW: BCU Cabinet paper

FYI

From: Robyn Moriarty <Robyn.Moriarty@mbie.govt.nz>
Sent: Wednesday, 23 August 2023 3:20 pm
To: 9(2)(a) of the OIA @mbie.govt.nz>
Subject: RE: BCU Cabinet paper

Thanks 9(2)(a) of the OIA, that's helpful.
Yes we will work on Plan B and take those options to DGB for decision on next steps.
Thanks for the feedback on 9(2)(a) of the OIA, I will pass that back appropriately.

Cheers

From: 9(2)(a) of the OIA @mbie.govt.nz>
Sent: Wednesday, 23 August 2023 2:54 pm
To: Robyn Moriarty <Robyn.Moriarty@mbie.govt.nz>
Subject: FW: BCU Cabinet paper
Importance: High

FYI below – just got 9(2)(a) of the to send a confirmation email on the no Cabinet paper. Same message as 9(2)(a) of th got on the phone.

Understand you've had a bit of a chat to Jivan. My impression is we're not sufficiently sound/clear on what's happened or the future post SIT world to push this at the moment. Whether there is another option though is less clear, but could reopen this in November.

Despite this, wanted to say that 9(2)(a) of the OIA has had a great attitude and put in a lot of effort trying to get the story straight. Doesn't have all the answers and some translation needed, but is clearly trying to get up to speed on what's she's inherited.

9(2)(a)

9(2)(a)
POLICY DIRECTOR
Ministry of Business, Innovation and Employment | Hikina Whakatutuki

Tel: 9(2)(a) of the OIA | Email: 9(2)(a) of the OIA @MBIE.govt.nz

From: 9(2)(a) of the OIA @parliament.govt.nz>
Sent: Wednesday, 23 August 2023 1:19 pm
To: 9(2)(a) of the OIA @mbie.govt.nz>; Richard Owen <Richard.Owen@mbie.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>
Cc: Jivan Grewal <Jivan.Grewal2@mbie.govt.nz>; Alison McDonald <Alison.McDonald3@mbie.govt.nz>; 9(2)(a) of the C @parliament.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>
Subject: BCU Cabinet paper
Importance: High

Hi 9(2)(a) of th, Richard and 9(2)(a) o

Thanks for the phone call earlier.

Just to confirm that the Minister will **not** be taking a paper to seek Cabinet approval for the BCU project due to the whole of life costs for the IT project exceeding $35m. This is regardless of the funding streams required to continue with the project (Crown funding, baselines or through fees and levies).

Ngā mihi

9(2)(a)
Private Secretary - Immigration
DDI: +64 4 817 9854 | M: +9(2)(a) of the OIA E: 9(2)(a) of the OIA @parliament.govt.nz

Office of Hon Andrew Little MP
Minister of Defence
Minister for the Public Service
Minister of Immigration
Minister for Treaty of Waitangi Negotiations
Minister Responsible for the New Zealand Security Intelligence Service
Minister Responsible for the Government Communications Security Bureau
Lead Coordination Minister for the Government's Response to the Royal Commission's Report into the Terrorist Attack on the Christchurch Mosques

Reception: +64 4 817 8707 | E: a.little@ministers.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Authorised by Hon Andrew Little MP, Parliament Buildings, Wellington

Excerpt from Teams Message - Delivery Governance Board decision

[Monday 4:34 pm] 9(2)(a) of the OIA

Sorry, in which case it was at Delivery Governance Board on 11 September that the IQA was commissioned.

[Monday 4:34 pm] 9(2)(a) of the OIA

The extract straight from the DGB minutes: AP174: The DGB directed the project to undertake an IQA on the remainder of the project and report back to DBG with the findings and any actions to address potential recommendations (Richard Owen).

Excerpt from 2324-0015 Immigration Weekly Report, period of 13 September to 19 September 2023

Biometrics Capability Update project

Richard Owen
General Manager
Immigration Risk and Border
9(2)(a) of the OIA

The Biometric Capability Update (BCU) project delivers a significant upgrade of INZ's identity management, capture, and matching solution. This is a core capability for New Zealand's future protection in an environment where identity fraud, criminal activity and other sources of harm are prevalent, and increasingly sophisticated. The updated capability is crucial to risk mitigation and meeting INZ's future business needs. It will also assist with expediting visa application processing, improving the customer experience, and an anticipated reduction in manual identity resolution.

The BCU is a multi-year, technically complex project, involving multiple IT systems, products, and vendors, as well as very large volumes of biometric and biographical data.

After rigorous security assurance testing, the BCU project entered into cutover for system integration testing (SIT) on 24 July 2023. However, integration has been slower than anticipated due to the number of issues identified when interfacing with MBIE's other immigration systems. The project is now focusing on the successful completion of SIT, to ensure the solution meets business requirements and that all security vulnerabilities have been remediated. At this time, further stages of the project have been deprioritised to allow focus on SIT.

Due to recent delays and the complexities noted above, the project is now likely to reach the implementation stage in the period March to June 2024. However, this date is subject to the results of SIT testing, subsequent user acceptance testing, the finalisation of commercial negotiations and coordination with other critical business activities. Further updates will be provided as each of these aspects are completed and worked through.

From: Richard Owen <Richard.Owen@mbie.govt.nz>
Sent: Tuesday, September 19, 2023 7:33 PM
To: 9(2)(a) of the OIA @parliament.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>
Cc: 9(2)(a) of the OIA @parliament.govt.nz>; 9(2)(a) of the OIA @mbie.govt.nz>
Subject: RE: 2324-0015 - Weekly report for review - 20 September 2023 [IN-CONFIDENCE: RELEASE-EXTERNAL]

Hi 9(2)(a) of the (

My apologies for any confusion on this – you are right that you did send an e-mail through that the Minister would not be taking this to Cabinet. The reality is that at some stage, we will need to take a paper to Cabinet as this particular project will very likely exceed the previously agreed whole of life cost of $35m – recognising this would be after the election and most likely November – so the intention here was purely to flag this. Definitely no intent to relitigate.

If your advice is to remove this section as that it will create unnecessary issues, then all good and we can do that. Happy to chat in the morning if that is easier.

Thanks,

Richard

Richard Owen (he/him)
General Manager - Immigration Risk & Border
Immigration New Zealand | Rōpū Manene
Ministry of Business, Innovation & Employment | Hīkina Whakatutuki

Richard.Owen@mbie.govt.nz | Mobile: 9(2)(a) of the OIA
Level 1, 15 Stout Street, PO Box 1473, Wellington 6140, New Zealand
NZBN 9429000106078

From: 9(2)(a) of the OIA @parliament.govt.nz>
Sent: Tuesday, 19 September 2023 1:34 pm
To: 9(2)(a) of the OIA @mbie.govt.nz>; Richard Owen <Richard.Owen@mbie.govt.nz>
Cc: 9(2)(a) of the OIA @parliament.govt.nz>
Subject: FW: 2324-0015 - Weekly report for review - 20 September 2023 [IN-CONFIDENCE: RELEASE-EXTERNAL]
Importance: High

Hiya,

Normally we feed this back to through the BMT team but really wanted to check on the BCU project update, especially the last line "It is anticipated that MBIE will draft a paper to Cabinet in November 2023 seeking this approval, subject to prior endorsement of the approach by the Minister."

I have feed back that the Minister has already expressly said he will not be taking a Cabinet paper on this whatsoever.

Just checking if you are wanting to re-litigate that decision in this article?

If so might be best we have a chat about the best way to approach this with the Minister as this article may come across an inflammatory

Ngā mihi

9(2)(a)
Private Secretary - Immigration
DDI: +64 4 817 9854 | M: 9(2)(a) of the OIA E 9(2)(a) of the OIA @parliament.govt.nz

Office of Hon Andrew Little MP
Minister of Defence
Minister for the Public Service
Minister of Immigration
Minister for Treaty of Waitangi Negotiations
Minister Responsible for the New Zealand Security Intelligence Service
Minister Responsible for the Government Communications Security Bureau
Lead Coordination Minister for the Government's Response to the Royal Commission's Report into the Terrorist Attack on the Christchurch Mosques

Reception: +64 4 817 8707 | E: a.little@ministers.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Authorised by Hon Andrew Little MP, Parliament Buildings, Wellington

From: 9(2)(a) of the OIA
Sent: Tuesday, 19 September 2023 12:45 PM
To: 9(2)(a) of the OIA @parliament.govt.nz>; 9(2)(a) of the OIA @parliament.govt.nz>; 9(2)(a) of the C @parliament.govt.nz>
Cc: 9(2)(a) of the OIA
Subject: 2324-0015 - Weekly report for review - 20 September 2023 [IN-CONFIDENCE: RELEASE-EXTERNAL]

Kia Ora team,

Please see attached for review.

Ngā mihi

9(2)(a)
BUSINESS ADVISOR
Ministerial Services team
Associate Deputy Secretary, Immigration New Zealand
Ministry of Business, Innovation & Employment

s9(2)(a) @mbie.govt.nz
15 Stout Street, Wellington 6140, New Zealand

NZBN 9429000106078

Please note this document is COMMERCIALLY SENSITIVE

MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT

BIOMETRIC CAPABILITY UPDATE (BCU) PROJECT

INDEPENDENT QUALITY ASSURANCE REVIEW REPORT

In Confidence

Document Control

Document Information

Document Name	MBIE_BCU Project IQA Report
Contact	David Williams, Director – DW Consulting Limited
Status	FINAL

Document History

Author	Description of Change	Date	Version
David Williams	Initial draft	30 September 2023	0.1
David Williams	Final incorporating factual accuracy review and management comment	4 October 2023	1.0
David Williams	Final Signed for distribution	10 October 2023	1.0

Distribution Control

Person	Role	Date	Version
9(2)(a) of the OIA	Project Manager	2 October 2023	0.1
	Head of Portfolio Management	2 October 2023	0.1
	Project Coordinator	2 October 2023	0.1
Richard Owen	Project Sponsor	5 October 2023	1.0
9(2)(a) of the OIA	Project Manager	5 October 2023	1.0
	Head of Portfolio Management	5 October 2023	1.0
	Project Coordinator	5 October 2023	1.0
Richard Owen	Project Sponsor	10 October 2023	1.0
9(2)(a) of the OIA	Project Manager	10 October 2023	1.0
	Head of Portfolio Management	10 October 2023	1.0
	Project Coordinator	10 October 2023	1.0

Contents

EXECUTIVE SUMMARY

DELIVERY CONFIDENCE ASSESSMENT RATING

Unlikely
Successful delivery of the change appears unlikely with major risks or issues in key areas that require urgent management attention. Achievement of the next key milestone is in doubt. Despite previous agreement of a refreshed delivery plan, and a firm governance commitment to achieving the delivery timeframes, the project will not achieve the current Go Live date of 17 November 2023. Given the project's poor delivery history, and its inability to meet agreed milestones, we have doubts as to whether the project will in fact deliver at all, and we question its continuation. The project is focussed on the completion of the System Integration Testing (SIT), and we support this approach, given the time and cost to date, and the alternative options available. The completion of the SIT is a crucial milestone for the project, and must determine project continuation or closure. If the project can successfully complete SIT testing and confirm the solution meets the business requirements, it will likely be in a better position for the remaining delivery. However risk still remains, including the cost to complete delivery, along with the support arrangements. As noted in our previous IQA review, the Project Steering Group (PSG) continues to be pivotal to delivery success, and must hold itself, and its individual members, to account for meeting the agreed re-planned milestones, with clear transparency and visibility.

*See **Appendix B** – Delivery Confidence Rating for a full description of the delivery confidence assessment ratings*

REVIEW OBJECTIVES

The Ministry of Business, Innovation and Employment (MBIE) engaged David Williams Consulting to provide an Independent Quality Assurance (IQA) Review of the Biometric Capability Update (BCU) Project. This report details the findings of the review, and the recommendations aligned to the agreed objectives and scope.

*See **Appendix A** for the detailed Terms of Reference agreed for this engagement.*

The key objectives of the BCU Project IQA Review were to:

- Provide an independent view of the effectiveness of the project planning and delivery phases with specific focus on what went well, areas for improvement, and how the project arrived at its current state.
- Provide the Sponsor, Project Steering Group and Delivery Governance Board assurance that the project is well positioned to deliver expected outcomes within time and budget, and to the expected level of quality.
- Identify any strengths and possible areas for improvement and highlight learnings/lessons so they can be incorporated into future projects.

Key Messages

- The BCU project will not achieve the Go Live of 17 November 2023, despite agreement of a refreshed, integrated plan, and a firm governance commitment that the timeframes would be achieved. We have doubts as to whether the project will in fact deliver at all, and we question its continuation.
- The project has encountered several delays in regard to the completion of the foundational documents (i.e. Solution Design(s) Part B – August 2023, updated Business Requirements – June 2023), completion of data migration activity. Unforeseen security vulnerabilities also played a part in the delay. A change request (CR05 – June 2023) only allowed for a three month extension to the Go Live date (31 August to 17 November 2023), and we question whether this was based on good planning or simply delivery desire, given the complexity of the work, the number of issues encountered, and the risks noted.

- The project appears to be in a constant cycle of fighting fires, and missing deadlines. Further re-planning activity is underway, with a focus of completing the priority 1 SIT testing scripts. This is not without risk, and already we see a six week delay of the deployment into the SIT environment at of 18 September 2023.
- The completion of SIT will confirm whether the end to end solution meets the business need, and will determine project continuation or closure. Despite our reservations, we support this approach given the time and costs to date, and the alternative options available. Some of our recommendations are therefore based on the premise of continuation. If the project can successfully complete SIT testing and acceptance, it will likely be in a better position for the remaining delivery, however risk still remains, including the cost to complete delivery, and the support arrangements.
- A set of project continuation criteria has been agreed, and this requires further work to consider other key inputs, and this includes the business case promises (outcomes, benefits) and the ongoing support costs. The agreement of tolerances will also assist in the decision making for project continuation. The development of high level plan(s) to document the alternative arrangements will allow the project to quickly turn its attention to the work required if the decision is made not to continue, including termination of existing contracts. Determining the key messaging for external stakeholders, will also support this work.
- The updating of the PSG ToR will confirm the vendors 'partial' membership that does not include any voting rights, and we'd not expect external vendors to be making decision of behalf of MBIE.
- Updating the milestones in the project status reporting, will allow the PSG the appropriate visibility for holding itself and the project to account for delivery. Similarly gaining senior level commitment for the refreshed delivery plan will be key to delivery success.
- SIT was forecasted as 12 weeks of effort, and this has now increased to 18-20 weeks, and this raises further delay concerns. The project must look at ways to reduce the testing effort, where appropriate, and test cases have been prioritised.
- Finalising the internal and external communications plans, will allow the necessary proactive focus on the communication to key stakeholders, given the project delays to date. This includes the careful management of any further media Official Information Act (OIA) enquiries.
- The work underway to review the Statement(s) of Work (SOW) will confirm the remaining vendor costs, and milestone payments, and we strongly recommend any further payments be based on MBIE's acceptance of the solution within the MBIE environment. Similarly, the agreement of the support arrangements will provide confirmation of the ongoing costs, and is an input into project continuation.

INTRODUCTION

BACKGROUND

The scope of the BCU Project is to deliver an upgrade to the biometrics management software and algorithms to provide improved matching rates, maintain security and supportability, and improve total cost of ownership. It also includes replacement of In-Person Enrolment used by a variety of Immigration New Zealand (IN business functions including Border, Refugee and Compliance.

REVIEW APPROACH

The approach taken included a review of key project documents, and one-on-one discussion with a range of key stakeholders involved in oversight and delivery, to obtain their views of the project. Our review of the provided documentation, and discussion with key stakeholder took place between 18 and 25 September 2023, and reflects the status of the project at that time.

*See **Appendix A** for a full list of the documents reviewed and the key stakeholders we met with*

DETAILED FINDINGS AND RECOMMENDATIONS

Based on the detailed findings in this report, the following recommendations should be addressed as a matter of noted priority. The recommendations are broken into key review areas.

GOVERNANCE AND REPORTING

Findings

Governance

- A Project Steering Group (PSG) remains in place for the project, supported by a Terms of Reference (ToR v7.0 7/02/23). We note a new draft version of the PSG ToR (v0.7.1 Draft un-dated) and understand this has been created to update names against roles (where people have left), and put into the new MBIE PowerPoint format. PSG meetings are currently held weekly (fortnightly for full PSG meetings, and internal (MBIE only) PSG meetings in between weeks) due to the red status of the project, and this is appropriate, until such time the project moves back to amber and/or green.
- Membership remains largely the same since our last review, and includes the MBIE joint-Sponsors, NEC Sponsor and Delivery Owner (Senior Supplier), MBIE Business Owner, NEC Delivery Owner (Senior Supplier), System Business Owner and Product Owner (Senior User). NEC representatives attend every second meeting, and this allows for MBIE to discuss any sensitive matters (e.g. budget) in between. We note these meetings are only 30 minutes in duration and don't appear to have formal actions and minutes, and this requires resolution. The PSG ToR includes roles and responsibilities, detailed against the various roles and includes accountability for the delivery and outcomes (MBIE Sponsor) and responsibility for ensuring that the solution meets the requirements (MBIE Business Owner, and NEC Delivery Owner).
- The NEC representatives are noted as being both 'members of the steering group' and 'full members of the steering group', and we do not agree with this. Whilst it is appropriate to have external vendors as member of a steering group, full membership or having voting rights is not accepted practice, and we'd not expect external vendors to be making decision of behalf of MBIE.
- We had noted in our last review, an environment of collaboration and working together in partnership to achieve the desired outcomes had been created. There appears to be some key difference of opinion in the delivery approach, 9(2)(b)(ii) of the OIA [redacted] This appears to be further exacerbated by some governance decisions that appear to have been either misunderstood or reneged (such as the agreement for concurrent stand up and deployment into multiple environments). Whilst we support the continued partnership approach and (non-voting) governance inclusion of NEC, MBIE has overall accountability for delivery success, must determine the delivery date, ensuring the MBIE project processes are managed appropriately. Despite opinions the November 2023 Go Live date is still achievable, it is not, and the activity needing completion for Go Live extends far beyond the functional testing of the NEC delivered solution (e.g. completion of the Security Accreditation and Certification process, UAT, change management, benefit handover, business handover etc.).
- We also noted the PSG was pivotal to delivery success and having continued strong and effective governance oversight was a key success factor in holding itself, and its individual members, to account for meeting the agreed re-planned milestones, with clear transparency and visibility of the agreed milestones in the project status reporting. An integrated delivery plan (MBIE BCU High Level Schedule – Steering Committee – Baselined 20230424 and accepted risks applied) was agreed, with a Go Live date of August 2023, and despite this many of the milestone have not been achieved.
- Whilst we observe some good discussion occurring with the PSG, and questioning of the delivery progress, there does not appear to have been the proactive governance oversight of some the key tasks and timeframes, in particular ensuing there was appropriate focus on completion of the planning and foundational activities needed to orchestrate delivery following our last review (e.g. completion of the Solution Design Part B – a task that was agreed in October 2022, but only completed in August 2023,

updating the business requirements – again agreed in October 2022, but only completed in June 2023). We discuss this further in the *Delivery Approach and Management Controls* section below.

- Regular meeting are also occurring with the Project Sponsor, Business Owner and Project Manager, and a Monday morning meeting, which includes the Business Owner, Project Manager, Business Systems Owner, and Change Manager, and these are both appropriate. A Business Working Group is also in place; however we did not receive or review their ToR, and we understand this is currently being written.
- The project encountered some further issues that were not anticipated, and this includes security vulnerabilities, and delays in the data migration activity, and as a result the Go Live date moved to November 2023 (CR05). Again this date will not be achieved, and we question the achievability of just a three month extension, given the issues encountered, and whether this date was based on quality planning or simply delivery desire.
- The ongoing delivery delays and associated issues have been escalated and the PSG are keeping the MBIE Delivery Governance Board (DGB) updated, and this is appropriate. We understand there is a planned meeting in October 2023 with visiting Japanese executives to discuss the project and gain senior level commitment for its continuation, and we support this approach

Reporting

- An MBIE Project Status Report (31 Aug 2023) notes the project is 70% complete and has an overall status of red. Budget and schedule are also showing red, and scope, risks, resources and benefits are shown as amber. Issues are shown as green, despite a number of issues including further delivery delays. Several milestones are showing as being overdue by more than 30 days. The Go Live milestone forecast is shown as 19 Jan 24 which is unlikely given the MBIE Xmas/New year closedown, and brown out period. The Commencement of SIT is not shown at all, although the project status report notes 'SIT cutover has taken 5 weeks longer than originally planned and we are yet to open the front doors'.
- An NEC Project Status Report (01/09/2023) has an overall status of red for BCU and green for IPE. Schedule is shown as red, scope, resources commercial as amber, and budget and relationship as green. It notes milestone (NEC) SIT delivery as 07-Mar-2023 (complete), and UAT Delivery as Sept 2023 (90% complete).
- The PSG meeting minutes (20230908) notes the forecasted Go Live date had moved. They further note it would not be acceptable to NEC for the dates to move out further than February 2024, and that NEC can't take the risk of a March Go Live date, and it can't go further than February to have this completed.

Recommendations

ID	Recommendation	Priority / Owner
2.1	**Update the PSG ToR to clarify the 'non-voting' membership of the NEC representatives.** There is a PSG that details the role, responsibilities and decision making of the PSG and Its members. The NEC representatives are noted in section 6. Individual Roles and Responsibilities, as being 'members of the steering group' whereas the MBIE representatives are shows as 'full members of the steering group'. However we also note in section 8.6 Vendor Participation, it states the two NEC representatives as 'full members of the steering group' and we do not agree with this. Whilst it is appropriate to have external vendors as member of a PSG, full membership or voting rights is not accepted practice. External vendors should never have full voting rights and MBIE can't pass on its delivery accountability to anyone. , and as a result we'd not expect external vendors to be making decision of behalf of MBIE. We also note The ToR states 'The final decision for all other matters rests with the Chair of the Steering Group', and this is appropriate.	Critical Project Sponsor Mid-October 2023

ID	Recommendation	Priority / Owner
	The PSG ToR must be updated to clearly state NEC are not full members, and do not have any non-voting rights.	
2.2	**Expanding the duration of the (MBIE only) PSG meetings** **Formalise the decision making, actions and minutes** The PSG meetings are occurring each week, with just the MBIE members meeting every second week. This allows for MBIE to discuss any sensitive matters (e.g. budget) in between. We note these meetings are only 30 minutes in duration and don't appear to have formal actions and minutes. Given the current status of the project, we recommend the meetings are changed to 60 minutes in duration. As with any governance meeting, we'd expect formal minutes to be taken, along with an action log of any agreed actions or decisions.	Critical Project Sponsor Mid-October 2023
2.3	**Update the Project Status report milestones** **Ensure continued PSG oversight of the delivery** An MBIE Project Status Report (31 Aug 2023) notes the project is 70% complete and includes number of milestones. Several of the milestones are showing overdue by more than 30 days (e.g. Commence UAT Testing Support and Operating Model Approved). The Go Live milestone forecast is shown as 19 Jan 24. The Commencement of SIT is not shown at all, although the Project Status Report notes 'SIT cutover has taken six weeks longer than originally planned and we are yet to open the front doors'. The project is currently undergoing re-planning, and once complete, the Project Status report milestones must be updated (and aligned with the vendor project status report milestones), pending approval of CR06. The project has been delayed multiple times, and further delays can no longer be tolerated. We are pleased to see both 'Baseline' and 'Forecast' dates included in the reporting – this highlights any potential future slippage and allows the PSG to take a more proactive approach in helping the project to mitigate and manage delivery. A key lesson for the project (and PSG) is ensuring there is a necessary 'lead time' for upcoming activity, with data migration and the stand up of the SIT environment are prime examples.	Critical Project Manager End October 2023
2.4	**Gain senior level commitment for the new delivery plan** As part of the re-planning activity, there must be agreement of the updated delivery plan by all parties. The PSG meeting minutes (20230908) note the forecasted Go Live date 'had slid into March 2024 and the project managers were working to try and bring it back to February'. They also note that 'it would not be acceptable to NEC for the dates to move out further than February, and that a commitment to speed is required, that where previous items were running in parallel, some items are singular now'. It was also noted that the end of financial year is March 31st, and 'that NEC can't take the risk of a March Go Live date, and NEC can't go further than February to have this completed.'. We understand NEC have indicated they will charge between $350k -750k per month if the project Go Live is delayed beyond November 2023 to retain resources and keep environments running. This is of concern, and	High Project Manager End October 2023

ID	Recommendation	Priority / Owner
	using an estimate of $400k/month this will total $2.8m for a 7 month period December 2023-June 2024. The project re-planning indicates Go Live will be beyond March 2024, and this will require careful management at a senior level. The ongoing delivery delays and associated issues have been escalated and the PSG are keeping the MBIE Delivery Governance Board (DGB) updated, and this is appropriate. We understand there is a planned meeting in October 2023 with visiting Japanese NEC executives to discuss the project and gain senior level commitment for its continuation, and we support this approach. The discussion must include the indicated costs noted above.	

DELIVERY AND MANAGEMENT CONTROLS

Findings

Management

- The relationship at a project delivery level appears to be productive, although there was some clear frustration expressed by both parties during our interviews in terms of the delivery approach, and agreement of the delivery timeframes. This is an ongoing success factor for the project, and there must be continued strong communication, collaboration and mutual agreement of the agreed delivery plan, that considers both the need for haste, whilst allowing the appropriate sequencing and necessary time to ensure a fit for purpose solution is delivered, aligned to MBIEs delivery frameworks. Whilst the views and input of all parties is important, MBIE must maintain overall accountability for delivery, and acceptance of the solution, to the business requirements and agreed acceptance criteria.
- There are various meetings occurring including daily all-vendor meetings using a Confluence Board (what doing, what coming up etc.), and twice daily triage meetings to work through defects, and are appropriate.

Scope

- The scope has changed throughout the planning and delivery lifecycle due to ongoing discovery activities, late development of the foundational artefacts, and a clear understanding of the business requirements/solution. At the time of our last review there was agreement that delivery would be to functional requirements v1.3 (28/4/2022), albeit the requirements would be reviewed and updated. The current delivery is to functional requirements v1.6 (approved 10 June 2023) as the baselined requirements. Non-functional requirements are the same version as our last review. Reporting, monitoring and alerting requirements are captured in documents Morning Report Requirements v 1.0 Approved (16/06/2023) and Monitoring and Alerting Requirements v1.0 Approved (16 June 2023).
- Despite a desire for a Commercial off the Shelf (COTS) solution, much of the solution has been highly customised. We understand the requirements were based on the current workflows with IDme and the project missed an opportunity to review current (IDme) business processes, and make the appropriate changes to ensure the solution was ‘configured’ rather that ‘customised’. This is typically a key component of the design workshops, where the vendor presents options to deliver the solution and allows for adjustments to be made to requirements and/or business processes to align with the system workflows, thus maintaining configurability. This will likely have an impact on the support arrangements, and we discuss further in the *Contractual Arrangements* section below.

Time

- A key milestone in our previous review was agreement to get into SIT by 17 October 2022, based on a date provided by NEC, and there was firm governance commitment to achieve. Despite this, SIT delivery (within the NEC environment) is noted as being complete 07-Mar-2023. Delivery into the MBIE SIT environment was updated in CR04, which notes SIT entry as 28 February 2023, and CR05 further revised the date to 30 June 2023. The Go Live date also moved from August 2023 to November 2023 and we question whether this date was ever achievable, given the substantial change impacts detailed in the CR. CR05 also noted 'based on the probability of the risks, another change request is likely to be required in the coming months', and this raises concerns of further known, but unaccounted for, delay.

- The current forecasts are detailed in the agreed integrated delivery plan (MBIE BCU High Level Schedule – Steering Committee – Baselined 20230424 and accepted risks applied) and notes 16/10/23 for completion of UAT testing, 23/8/23 for pre-production cut over and DR testing, and 8/11/23 for Go Live. The integrated delivery plan notes SIT commencement on 17/08/2023, however this is currently running some six weeks behind schedule due to a number of cutover issues 'to open the front doors' and allow smoke testing to commence, prior to beginning functional/non-functional testing (including penetration testing).
- A recently updated draft delivery schedule (BCU SIT 22 Sep 2023) notes SIT smoke testing commencing 6/10/2023 and priority 1 functional/non-functional SIT testing commencing 9/10/2023. We discuss this further in the *Re-planning and Delivery* section below.

Budget

- The project costs are captured in the Project Finance Template – MASTER spreadsheet. CR05 requested additional capex and opex and notes the total project delivery costs as $21,794.944 capex and $4,337,653 opex, and a whole of life (WoLC) of $31,949,202, and includes the support costs. The finance spreadsheet notes the total project delivery costs as $29,547,151 capex and $7,045,237 opex (a combined total of $36,562,387), and a WoLC of $43,432,464 and again includes the support costs.

Change Requests

- Since our last review MBIE change request (CR) 05 has been raised and approved, with the impacts on time and cost noted above.
- 9(2)(b)(ii) of the OIA [redacted] We understand MBIE has agreed to $220,150 worth of CR's to date (signed and paid), and there are some $580,000 worth of CRs under review (noting some of the costs are MBIE's estimates at this stage). We discuss this further in the *Contractual Arrangements* section below. We understand it was agreed all NEC CRs would go the PSG for discussion/approval, but the sheer volume means this has not always been the case. We'd expect all NEC CR's to be reviewed and endorsed by appropriate MBIE roles (e.g. Project Manager, System Business Owner, Business Owner, Commercial/Contract Manager, PMO Assurance Advisor etc.), prior to Sponsor sign off.

Resources

- Resources appear to be appropriate at this stage, however the-re-planning will need to review resource requirements, especially with external vendors, based on the further delayed timeframes.
- There is reference in the MBIE Project Status Report (31-Aug-2023) referencing 'resourcing being under pressure during concurrent SIT and UAT phases due the utilisation of the same resources, however the re-planning has somewhat separated the SIT and UAT activity'. We note there is delivery activity occurring from mid-January 2024, and INZ is also approaching its busy period. We discuss this further in the *Re-planning and Delivery section* below.
- We understand NEC New Zealand has increased the New Zealand based resources, however we do not have visibility of this detail, and given will no longer provide level 2 support, we question these resources.

Risks and issues

- There are 15 open risks recorded in the Risk Register (Risk Schedule 13 Sep 2023) that cover some of the expected risks. CR05 noted a number of risks, and it does not appear these are all articulated in the risk register as we'd expect.
- There is just one issue noted in the Issue Register (Project Server Issues Extract 20230914), and this does not appropriately represent the current situation, where the project is facing further delays.

Stakeholder Engagement, Communications and Change Management

- An INTERNAL Biometrics Capability Update Communications plan (version 4 1 February 2023) details the panned internal communications to Immigration New Zealand (INZ) people. A table of key dates and deliverables show the planned communications, but it is unclear on the activity to date.
- An EXTERNAL Biometrics Capability Update Communications plan (version 5 10 February 2023) details the planned external communications. Again we do not see the communication activity to date, however we do see several Official Information Act (OIA) requests from media, along with the MBIE responses. Given the further delays, there would be benefit in preparing some proactive external communications.
- A Master BCU Business Change Management Plan (version 0.9 August 2023) details the business change activities that are required to successfully implement the project. It has some excellent detail including how the change will be defined and managed, and includes the learning (training) aspects. It notes the first draft of key Standard Operating Procedures (SOPs), and User Guides would be completed prior to SIT, and we understand these will be updated in SIT with screen shots and workflows tweaks. Lastly, we note the plan is still not signed off, and was a recommendation in our previous IQA.

Quality

- The Quality Plan remains the same as our last review, and details the artefacts that are to be produced by MBIE and its delivery partners, along with who will provide the peer review and sign off. Quality aspects are also built into the various project artefacts (e.g. entry, and exit criteria, and acceptance criteria in the Test Plan).
- Collaboration tools are in place and include a TeamSite instance with NEC, as well as access to Confluence and Azure DevOps etc. for all delivery parties. Now that much of the NEC development work is complete, there has been a shift from NECAM in the USA to India. This has impacted accesses into MBIE systems as India is not part of Five Eyes intelligence Alliance, and this is appropriate.
- As noted in our last review, there must be continued efforts to ensure discussions involve the appropriate parties (e.g. testers talking to developers to explain defects) where required, rather than everything having to be filtered through NEC New Zealand.
- There are a number of lessons that have been captured in the lessons register, and these include scope management, and the complexity of the solution not being well understood.

Recommendations

ID	Recommendation	Priority / Owner
2.5	**Review and update the risk and issues** There are 15 open risks recorded in the Risk Register (Risk Schedule 13 Sep 2023) that cover some of the expected risks (e.g. concurrent implementation into SIT and UAT, the project is stopped before Go Live). CR05 noted a number of risks, and it does not appear these are all captured in the risk register (e.g. if SIT testing uncovers a significant number of defects, then the project could be delayed). There are also risks associated with delivery of the business case promises (e.g. the project doesn't deliver the outcomes or enable the benefits), and business acceptance (e.g. business buy in of the solution). There is just one issue noted in the Issue Register (Project Server Issues Extract 20230914), and this does not represent the current situation where the project is facing further delivery delays. We'd expect to see issues captured around the current SIT deployment, the project having to go back to Cabinet as it has gone over the $35m threshold, NEC's stance on not being able to Go Live after June 2024. As part of the current re-planning, the project must review and update the risk and issues to reflect the current issues and the risks with the remaining	High Project Manager End October 2023

ID	Recommendation	Priority / Owner
	delivery. Having well thought out and managed risks is a key success factor for the project in managing any further delays.	
2.6	**Review, update and approve the Internal Communications Plan** An INTERNAL Biometrics Capability Update Communications plan (version 4 1 February 2023) details the planned internal communication activities. It contains detail in regard to the key messages, risks/mitigations, and the phased communications approach. A table of key dates and deliverables details the planned communications across four phases, and notes 'This communications plan will be regularly reviewed and updated as the project progresses, with comms products (emails, articles) to be added as appendices as they are delivered.'. A number of the dates have passed (e.g. Phase 1: Announce – January-February 2023, Phase 2: Update – May 2023, Outcome of testing – TBC May 2023), and it is unclear on the activity to date, and the success of these communications. We do however note an 'Announcement' message in the Appendix from the DCE INZ, but the date is shown as 'TBC'. The plan requires review following re-planning, the dates updating and the key messaging to date adding to the appendix. Given the delays experienced by the project, there would be benefit in providing an update to internal stakeholders, once re-planning has been completed. We also note the plan appears to be unsigned and recommended this is completed, given communications span the life of the project.	High Project Manager Communications Lead End October 2023
2.7	**Review, update and approve the External Communications Plan** **Prepare the proactive external communications and media OIA responses** An EXTERNAL Biometrics Capability Update Communications plan (version 5 10 February 2023) details the planned external communications. It contains detail in regard to the key messages, risks/mitigations, and the phased communications approach. Again we do not see the communications to date included in the appendix. The plan requires review following re-planning, the dates updating and the key messaging to date adding to the appendix. It appears the plan remains unsigned and we recommended this is completed with some urgency. We do see several media Official Information Act (OIA) requests, along with the MBIE responses, included in the appendix. The requests include information on delivery dates that have passed and costings, and this raises concerns given there will be further delay and cost increases. We recommend the project works with the MBIE communications team to think about the proactive communications that could be prepared, following re-planning, to manage external stakeholders and any further OIA's requests, which appear highly likely.	High Project Manager Communications Lead End October 2023

RE-PLANNING AND DELIVERY

Findings

Re-planning

- The project has a history of poor planning and delivery, and there appears to have been a clear misalignment between the business requirements, and the complexity of what was required to deliver a fit for purpose solution, within achievable timeframes. Foundational documents have been updated multiple times since our last review, and their late delivery has undoubtedly contributed to the delays (for example there was agreement to update the solution design documents in October 2022, and see this work was not completed until August 2023. Similarly the review/update of business requirements were only approved in June 2023). We see an additional CR (CR05) raised and approved since our last review and we question the achievability of the dates shown. The project is running a number of years later than anticipated, and the costs have increased significantly. The project will need to undergo cabinet oversight as a result of exceeding the WoLC of the $35,000,000 threshold. The foundational documents however appear stable, and there must be agreement these form the basis of the initial Go Live (excluding any major admissions).
- Further re-planning is underway, and changes to scope, time and cost will be detailed in CR06 (not drafted at the time of this review), with a focus on SIT completion and the completion of UAT Load Testing. Deployment into SIT is already running six weeks late, at of 18 September 2023. An updated draft delivery schedule (BCU SIT 22 Sep 2023) details SIT testing (functional/non-functional requirements) between 9/10/23 and 19/03/2024. Detailed testing activity in the draft schedule includes, accessibility testing (24/10/23- 5/3/20), penetration testing (28/11/23-29/2/24). Business Acceptance Testing (BAT) (23/1/24-5/3/24) and UAT (15/1/24-19/3/24). A memo was prepared for DGB in September 2023 and covered four options, Pause, Stop, Continue, and Concentrate on SIT, and deferred its decision until the completion of SIT priority 1 testing.
- We understand NEC have indicated they will charge between $350k -750k per month if the project Go Live is delayed beyond November 2023 to retain resources and keep environments running. This is of concern, considering the project will not achieve the November timeframe. Using an estimate of $400k/month this will total $2.8m for a 7 month period December 2023-June 2024. We discuss this further in the *Contractual Arrangements* section below.
- SIT testing was estimated at 12 weeks of effort, and has increased to 18-20 weeks, and this also raises concerns. We discuss this further in the *Testing and Validation* section below.
- A number of governance Go/No Go (continuation) decisions have been included in the draft schedule, and we strongly support this approach. The agreement of the continuation criteria is a key factor for determining whether the project should continue or be closed. Some work is required to further strength the criteria and agree the acceptable tolerances.
- Upon acceptance of continuation, there are plans to raise an additional CR – CR07 to confirm the delivery timeframes and costs for the remaining activity. Again we support this cautious, fact based approach, given the project's history of missing previously agreed milestones. We would however expect CR06 to include some forecasted time and costs for the remaining delivery – noting they will be confirmed in CR07.
- It appears there was previous PSG agreement for concurrent deployment into SIT and UAT. Whilst we support the concurrent stand up of the environments, and the data migration activity to a degree, the recent delays in standing up the SIT environment are cause for this work to be staggered, so the project can learn and adapt.
- The deployment of the solution into UAT (software and integrations) should only occur at such time that solution has been appropriately tested in SIT, and the code is stable. We would still expect to see some cross over, with the solution being deployed into UAT well before SIT testing is complete. We'd expect a similar approach to progress deployment into Pre-production once there is confidence UAT acceptance criteria had been met.

- We note that there is delivery activity occurring from mid-January 2024, and Immigration New Zealand is also approaching its busy period. A review of resources availability is required to ensure availability over the Xmas/New Year period.

Design and integration

- The BCU Application Solution-Design-Part B (version 1.1 03/08/2023) details the application considerations, and the BCU Infrastructure – SIT Solution Design Part B_v4.10 (15/11/2022) details the infrastructure considerations from all parties. We understand both design documents have undergone appropriate internal review and endorsement. The design work has taken longer than expected, and we understand there was only high level detail provided by NEC in their design, and further work was needed to expand to an acceptable level with the MBIE design documents. A lack of workshops/demos to discuss the requirements and solution design, across relevant parties contributed to the delays, as did the departure of the previous Lead Architect. The project likely would have also benefitted by having an Enterprise Architecture involved in the development of the designs with knowledge of the complex MBIE infrastructure.
- We understand data migration into SIT has been completed, albeit with some delay, with further migration to be completed into UAT.

Security

- Two risk assessments have been completed for the project (IDme/IPE) and we understand there are clear security entry and exit criteria documented. We understand some 9(2)(b)(ii) of the OIA were discovered from the vulnerability testing carried out, and the majority of these have now been resolved (including all the critical and high's) to allow the project to proceed into the SIT environment. Whilst we did not review, we understand there is a memo that provides confirmation of the resolution of the issues, and commitments to advise if any 9(2)(b)(ii) of the OIA but not resolved. We further understand this is being added to the Support SOW and this is appropriate. We discuss this further in the *Contractual Arrangements* section below.
- We also understand the Penetration test provider changed, and this caused some delays in the PEN testing.

Implementation

- A BCU SIT CUTOVER Implementation Plan – (v. 62) 20230915 details the steps required to complete the stand up of the SIT environment and deployment of the solution, including the integrations. The tasks are broken into phases (e.g. pre migration, migration, post migration), and for each tasks there is a start date, estimate of duration of effort, actual effort, status, and owner. Several of the tasks have been completed, although at the time of our review the SIT deployment was running some six weeks late, due to issues encountered. We also note several of the of the tasks show the 'actual effort' as being longer than the 'estimated effort'.
- As noted previously, there have been some challenges standing up the SIT environment, enabling the integration with other key systems, and deploying the software. Getting into SIT to allow end to end workflow and integration testing to commence will be a significant 'win' for the project .
- Whilst there has been some activity to stand up the other environments (i.e. UAT, Pre-production), this work has been put on hold until the decision has been made on project continuation.

Recommendations

ID	Recommendation	Priority / Owner
2.8	**Complete the re-planning and gain vendor acceptance** **Update the integrated project schedule and ensure it contains the necessary depth and breadth, and is achievable** Re-planning is underway, and must be completed with some urgency to bring the necessary stability to the project, and the agreement of a clear and achievable delivery path that is agreed by all parties. The	Critical Project Manager End October 2023

ID	Recommendation	Priority / Owner
	foundational documents (business requirements, solution design) appear stable, and there must be agreement these form the basis of the initial Go Live (albeit excluding any major admissions). Changes to scope, time and cost will be detailed in CR06 (not drafted at the time of this review), with a focus on SIT completion and the completion of UAT Load Testing. A memo was prepared for DGB in September 2023 and covered four options, Pause, Stop, Continue, and Concentrate on SIT, and DGB deferred its decision until the completion of SIT priority 1 testing. Whilst we support this cautious approach, we would also expect CR06 to provide an estimate of the remaining time and costs for the life of the project. An updated draft integrated delivery schedule (BCU SIT 22 Sep 2023) shows SIT smoke testing commencing 6/10/2023 and priority 1 functional/non-functional testing occurring between 9/10/2023 and 19/03/2024. The project must ensure that the updated schedule contains the necessary depth and breadth of information, and is achievable. The project has been delayed multiple times, and further delays can no longer be tolerated – the updated scheduled must be socialised amongst the appropriate vendors to gain agreement of its achievability and their buy in. A key lesson for the project is ensuring there are the necessary 'lead times' for any pre-work (e.g. setting up the various environments, completion of data migration) and we discuss this further in *recommendation 2.13*). Upon acceptance of continuation, there are plans to raise an additional change request (CR07) to confirm the delivery timeframes and costs for the remaining activity. Again we support this cautious, fact based approach, given the project's history of missing previously agreed milestones.	
2.9	**Confirm the remaining delivery budget** The project costs are captured in the Project Finance Template – MASTER spreadsheet. Current forecasts note the total project delivery costs as $29,547,151 capex and $7,045,237 opex (a combined total of $36,562,387), and a WoLC of $43,432,464 and this includes the support costs. As part of the re-planning, the project must confirm the remaining delivery costs. We understand NEC will request additional money for delays, and these must be carefully managed. We further understand other vendors (e.g. DXC, InTech, and One New Zealand) have requested additional funding. Whilst CR07 will be raised to confirm the cost for the remaining activity post SIT and UAT Load Testing, we would also expect CR06 to provide an estimate of the remaining cost for the life of the project.	Critical Project Manager End October 2023
2.10	**Confirm the continuation criteria and the tolerances** A number of governance Go/No Go decisions have been included in the draft schedule (e.g. priority 1 test, PEN testing, Security Assurance	Critical Project Sponsor Project Manager

ID	Recommendation	Priority / Owner
	Testing), and we strongly support this approach to determine project continuation or closure. We understand the priority 1 Go/No Go decision aligns to the priority 1 test scripts which covers the appropriate end to end workflow testing, and all integrations. The agreement of robust continuation criteria is pivotal to project continuation. Some work is required however to further strength the criteria, and agree the acceptable tolerances, and this includes: • The Business Case (v0.9.1 06/08/2019) details a number of outcomes, including some cost savings. We recommend the business case promises are reviewed in terms of whether the project will deliver the expects outcomes (and enable benefit delivery), and this should form part of the decision making for project continuation. • We understand NEC will be requesting additional money for delays (CR pending), and also other vendors (e.g. DXC and One New Zealand) will also request additional money. There must be consideration given to the WoLC as part of project continuation. • Negotiation is currently underway to agree the ongoing support costs, and we understand Datacom will now provide level 1 and 2 support, with NEC providing level 3 support. The support costs should also form part of the continuation criteria, in particular the ongoing releases. The BCU solution is a bespoke solution, and NEC may need to do significant work to complete a 'unique' release for MBIE. MBIE may also need to complete detailed testing, and this will incur internal test team costs. Agreeing a set of tolerances go hand in hand with the continuation criteria, given the projects poor delivery history – a good example is the current six week delay into SIT. We recommend the project determine the acceptable tolerances for continuation, and this could include changes to scope, cost, and time.	End October 2023
2.11	**Confirm the day one must haves and align to the Go/No Go decision making** The test scripts are being grouped by test priority. We understand the priority 1 test scripts covers the appropriate end to end workflow testing, and all integrations as noted below. Functional Tests across • IBW • SmartScan • Insights • MBIS • Central LMS • Reveal • Recovery from Ironkey • RBAC	High Business Owner Project Manager Test Manager End October 2023

ID	Recommendation	Priority / Owner
	All Crit 1 and 2 defects remediated and an agreed Defect Plan for all Crit 3 and lower. Integration tests include: • IQOffice • IDMe • MSMQ • PQC • IGMS • ETA • DMS • APIM • AMS • FCC All Crit 1 and 2 defects remediated and an agreed Defect Plan for all Crit 3 and lower. The priority 1 Go/No Go decision is aligned to the priority 1 testing and this is appropriate. It is unclear however what is included in the remaining priority testing, and what level of testing is needed to accept the solution for Go Live. There would be benefit in the project determining the day one must haves needed for an initial Go Live – for example this could be completion/acceptance of the priority 1-3 test scripts, and priority 4 may be deemed 'nice to have'.	
2.12	**Look for ways to manage parallel work to gain time** **Review resource availability over the Xmas/New Year period** It appears there was previous PSG agreement for concurrent deployment into SIT and UAT, and we support the concurrent stand up of the environments, and the data migration activity to a degree. However the recent delays in standing up the SIT environment, are cause for this work to be staggered, so the project can learn and adapt. We understand there has been some activity underway to stand up the other environments/complete data migration, and the project manager has recommended pausing activity beyond SIT until the initial Go/No Go decision stage gate has been reached, and continuation agreed. This is partially due the monthly burn rate for resources, which is in excess of $400k. We support this approach, and the desire to control further spend until there is agreement on project continuation as a result of SIT. The risk of this approach however is that it will result in further delay, and there must be agreement when this activity will resume, ensuring resources are available, especially over the Xmas/New Year period, and INZ's busy period. The deployment of the solution into UAT (software and integrations) should only occur at such time that solution has been appropriately tested in SIT, the defects fixed and the code is stable. We understand the project is discussing the criteria and this includes the priority 1 test	High Business Owner Test Manager Project Manager Ongoing

ID	Recommendation	Priority / Owner
	cases (severity 1 and 2 defects fixed), and the workflow penetration testing. We would still expect to see some crossover however, including into the other environments. The project must constantly look for opportunities to speed up delivery, whilst balancing risk and/or re-work.	
2.13	**Capture the SIT deployment lessons** **Allow for the necessary lead time** The commencement of SIT testing was forecast for the 17 August 2023, and currently running some six weeks behind schedule due to a number of cutover issue. Once SIT has been completed, the project must capture the lessons from the SIT deployment, so these can be applied to the stand up of the other environments. This includes any lessons around allowing for the necessary lead times to complete the work. We have noted in *recommendation 2.12* above that ensuring resource availability is also a key consideration.	High Project Manager End October 2023
2.14	**Determine the alternative options, and document the high level plans** **Determine the key messaging** A number of Go/No Go stage gates have been agreed to determine project continuation. In the cases of the latter, there would be benefit in the project thinking through the alternative options (e.g. enhancing IDme, going back to market), and documenting the high level plans, including how the termination of the current contractual arrangements would be managed. This will allow the project to quickly turn its attention to the work required to procure the resources to start to enact the plan. Similarly, preparing the key messages for external and internal stakeholders, including ministers and media would support any decisions not to continue.	High Project Sponsor Business Owner System Owner Project Manager End November 2023

TESTING AND VALIDATION

Findings

Testing

- An MBIE BCU – Biometrics Capability Update Test Strategy (version 2.0.1 final 27/10/2022) provides a test overview, scope, test approach, test team structure and roles, testing schedule and environments, test management procedure, and assumptions, dependencies, risks and issues. The plan states 'Component/System Testing' is the responsibility of the 'Vendor Dev/Test Team' and 'System Integration Testing' is the responsibility of the 'MBIE BCU Test Team'. The strategy also notes SIT will be completed in the MBIE hosted environment. There are defined SIT entry criteria (e.g. test exit reports from system testing, no open severity 1 and 2 defects, 3 and 4 severity defects accepted with an agreed remediation plan) and SIT exit criteria (e.g. all test cases executed, no open severity 1 and 2 defects, 3 and 4 severity defects accepted with an agreed remediation plan).
- An MBIE BCU – Biometrics Capability Update Test Plan (version 2.03 09/June/2023) largely repeats the information in the test strategy including the same SIT entry and exit criteria. The plan has several appendices and includes the test types, functional requirements in scope, and traceability matrix, with links. A Traceability Matrix maps the test cases back to the business requirements, and we see multiple test case for each requirement.

- An MBIE Non-functional Test Plan (version 1.1 07 March 2023) details the non-functional test aspects, and includes the various non-functional testing that will be carried out in the different environments, and who is responsible for the test completion of non-functional testing. We understand the project will test the non-functional requirements in SIT where appropriate, to identify issues early.
- There are some 5,500 test scripts that will be completed by the test team. 12 weeks had initially been allowed for SIT, and a review of the time effort against the test scripts has resulted in testing now being estimated at between 18-20 weeks. This raises concerns and we question why this work has occurred so late, and why SIT will take so many months to complete.
- The test scripts have been prioritised and the priority 1 Go/No Go decision is aligned to the priority 1 testing, and this is appropriate. We have also recommended the project consider what level of testing is needed to accept the solution for an initial Go Live.
- An MBIE Defect Management Process (version 1.0 21/10/2021) details the defect process including the defect priorities (1-5) and the reporting. We have previously noted there are twice daily triage meetings occurring to work through defects.
- An NEC MBIE In Person Enrollment Test Plan (Release 1.6, Status: Release, Released: 26 October 2022) and notes 'The purpose of this Test Plan is to show the test approach, test strategy and test plan to the stakeholders. Test activities for this project include Factory Testing (FT), System Integration Testing (SIT) and User Acceptance Testing (UAT).' It goes on to state 'NEC's focus for testing is the FT of the IPE terminal software and hardware, Local LMS and central LMS to prepare them for MBIE in their testing in SIT and UAT, which NEC will support.'. The plan clearly notes Pre-System Integration Testing (PSIT) would be carried out in the NEC BCU environment by NECNZ and NECAM BCU staff. System Integration Testing (SIT) is noted as being carried out in the MBIE SIT environment by MBIE Immigration NZ staff.'.
- We did not receive an NEC Test Plan for BCU, however the NEC Project Status Report (01/9/2023) notes the BCU SIT delivery was 07-Mar-2023 (Milestone M4) against an original date of 30/11/2021. Delivery of NEC's IPE software phase 1: SIT is noted as 1 Mar 2023 (Milestone M5a) against an original date of 19/03/2021.
- An NEC MBIE Biographic Capability Upgrade Project - REF 3664 Test Summary Report: System Testing (version V2.2 22 Feb 2023) details the test scope, out of scope (e.g. reporting), test execution (2524), the defects raised (1717) and resolved, and the number of outstanding defects (51 severity 3 and 4). It notes 'NEC recommend that the current release NEC IDME release 1.0.1 (NECAM release 1.4.6) is to be deployed into the SIT environment for SIT entry.'.
- An NEC Test Summary Report for MBIE IPE (Version 1.0 – Final 01 Feb 2023) again details the test scope, out of scope (e.g. SmartScan fingerprint matching), test execution (298), the defects raised (197) and resolved, and the number of outstanding defects (37 severity 2, 3 and 4). It notes 'NEC recommends that the release 10 is installed into MBIE SIT environment on the condition that the severity 2 defect IPET-196 is fixed.'
- We understand there was some MBIE tester involvement in the system testing to familiarise themselves with the solution and provide the necessary training of how the system works, and they had access into the NEC test environment. Whilst we see evidence of the functional areas tested in the NEC Test Summary reports, we do not have evidence or a clear understanding as to what role the MBIE testers played in this testing. We also understand NEC provided test case and traceability back to the business requirements.
- There were various views expressed in regard to the 'functional' testing, and NEC appears to be of the opinion that testing of all the functionality is complete, including alignment to the requirements, and therefore the solution is fit for purpose. The test plans do clearly state NEC would focus on 'functional' testing, and MBIE on 'workflows, configuration and data type'. MBIE of course would expect to complete full end to end of the workflows and this will confirm whether the functionality meets the expected business requirements from their perspective.
- As previously noted, there must be continued efforts to ensure discussions involve the appropriate parties (e.g. testers talking to developers to explain defects) where required, rather than everything having to be filtered through NEC New Zealand.