

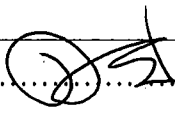
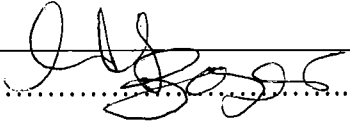
STATEMENT OF JANETTE JONES

I, **JANETTE MAY JONES** of c/o Queensland Health Building, 147 Charlotte St Brisbane state as follows:

- 1. I participated in an interview conducted on 20 February 2013 by Jonathan Horton of Counsel and Alice Molomby, Senior Legal Officer of the Queensland Health Payroll System Commission of Inquiry.
- 2. Also present was Mr David Kent of Counsel and Ms Melinda Pugh from Crown Law.

Background

- 3. I was the Director of Payroll and Establishment in the Queensland Health Shared Services Provider (QHSSP) between January 2008 (approximately) and 18 May 2010. Prior to this I was the Brisbane Payroll Manager from 2006 to 2008.
- 4. My involvement with the Queensland Health payroll system began with the preparation for the go live of it. When I started that role, the go live was scheduled for August 2008. There were a number of deferrals in the go live subsequent to that date.
- 5. One of the reasons for the deferrals of the go live was an increasing understanding of the complexity of the financial and payroll environment within Queensland Health and the necessary system change when compared to the solution which had been implemented in the Department of Housing.
- 6. The Queensland Health project was originally a like for like project and was an interim solution pending the full implementation of the available software suite. Each scheduled go live became more difficult with the testing results and understanding what was different in the Queensland Health requirements. Another contributing factor was the number of enterprise bargaining outcomes between 2008 and 2010. I cannot

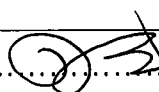
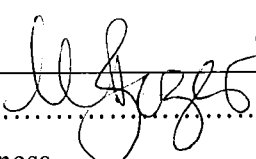
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be sure on dates, but I recall that I think every occupational group's enterprise bargaining document, or instrument, was changed. That has a direct impact on every payroll rule, so within that two year delay period there were significant changes to the pay rules and subsequently system configuration for all occupational groups. So trying to land a go live in such a climate was difficult.

7. I do know that Payroll was not really involved in delivering specifications for a payroll solution, which did surprise me.
8. Before 2006, I was on the HRMIS project. That was the Queensland Health project that put LATTICE and ESP in. I joined that project team in 2001 as a rostering advisor. That is my principal skill background - workforce rostering. My role there was to implement the roll out of the ESP rostering solution across the State, which is what we did.
9. "Like for like", in my view, was simply taking worked hours from a roster and treating it with payroll rules and proving a financial outcome that could be submitted to a bank. That would be the like environment, as I understood it.

LATTICE and ESP

10. The LATTICE system was not automated in the sense that SAP and WorkBrain are. The LATTICE environment would not retrospectively calculate a pay, so if anybody submitted something from last pay period, or last year, or up to seven years ago, it would be calculated on an Excel spreadsheet or a system or desk calculator and put in as a lump sum correction in the current fortnight. The manual intervention involved up to 50,000 roster changes each pay period into ESP itself. So every time a doctor did overtime, saw a patient, got re-called, every time a nurse changed a shift, every single change had to be manually put into by a payroll officer into the ESP environment.

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11. There were certain things that ESP did not automate. They too would have to be calculated externally and popped in, and that included every retrospective change. On any given fortnight there would be a 20 per cent re-work of prior periods, so 20 per cent of the staff had something adjusted.

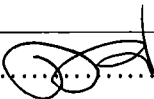
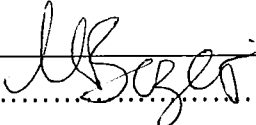
Project Directorate

12. From mid 2009 I was a member of the Project Directorate. The directorate oversaw the operational project components and provided advice to the board. Also on the Directorate were representatives from IBM, CorpTech, Shared Services (being me), Queensland Health and QHEST.

13. The Directorate was introduced after a governance review of the project. I was not privy to that review. It was deemed that business leads from each area who had something within the project to deliver should meet regularly. It was a formal meeting environment where there was an agenda and minutes, where we had to review the schedule, the risks, the progress, make recommendations about whether the risks or the go live or the testing components should be changed or were on track.

14. I was involved in the Directorate up to the go live date in March 2010. I was involved in the decision to go live. The meeting at which that was decided took place at 4.30am on the day the new system was switched on into production. At that meeting, it was determined that all parties had delivered the requirements under the schedule. The Project Board made the actual decision to go live. But it did so following the Directorate meeting advising that all project components had been delivered to the best capability.

15. The decision to go live was not as straight forward as that meeting. There was a decision point about 10 days prior to the go live payrun date that was required to close the testing phase and move into data migration phase. It was during preparation for

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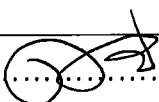
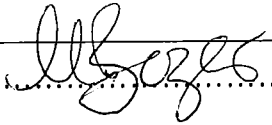
this decision point that I was told that the Minister had directed that the system was to go live and that what ever was necessary to make that happen needed to be done. Whilst I do not recall the original person who told me this I did check it with senior officers who agreed that was the decision. I do not recall this being discussed in an open directorate meeting as I don't think as it would have been stated in front of IBM. The Directorate and the Board were concerned that more testing may be needed but it was never clear at what point testing would produce a failsafe environment. The decision came down to stopping the project or going live, there was no ability to fit in extended testing because of the upcoming large scale changes. Testing would need to restart at some point. I believe this is where the decision to exit test phase and enter the go live phase was made. I recall being told that a management plan would need to be developed by the directorate that managed known risks to produce a go live. A management plan was constructed at that point regarding the known risks.

User Acceptance Testing

16. I had before this time, a copy of the user acceptance testing report of KJ Ross. That report was part of the directorate information. I remember that report being hot and controversial. I recall it being tabled and discussed at a Directorate meeting.

17. User acceptance testing (UAT) was extremely frustrating for parties. It was the one testing component that actually sat within Queensland Health. The QHEST project engaged this consultant to perform the user acceptance testing. The user acceptance testing was problematic in that it was never clear to me that they understood the scenarios in which Queensland Health operated its payroll. I would go to defect meetings and workaround meetings, both of which were the result of all the testing phases, not just UAT.

18. I would see things that the tester had raised as defects that were not. The directorate would be told that they ran a UAT in the wrong operating environment. They would

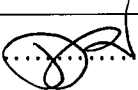
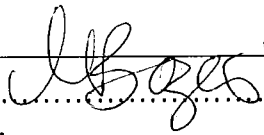
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run it on the wrong version. It seemed to me problematic that the testing team did not really synchronise their operations to that of the payroll environment or the other testing phases at all. There was a view that the number of defects being reported were, although large, not as significant as the report suggested.

- 19. The decision to go live relied upon the fact that there were no priority 1s. And priority 2s had a management plan, and priority 3s you could fix up later because they were less material. We concentrated on 1s and 2s. There were no 1s at go live from any test phase, and the UAT which did show some defects all had work arounds and were dealt with in the management plan.
- 20. I think the test manager had a view that they should just test forever, and that they were advising that we should just keep testing until we found no defects. There was no ability to just extend testing – the decision was to stop or go live
- 21. The Directorate felt, myself included, that you would never finish testing the complex environment. The test team demonstrated to me that they did not fully understand the complexity themselves. You just cannot test forever because the business environment is not static. You also could not make decisions based solely on the number of defects as each one had a different impact – they did not hold the same value

Defect severity redefinition

- 22. At one stage was there a redefinition of the severity of defects. Whatever the change, it was to reflect the priority in which we wanted IBM to fix things, so it reflected magnitude of impact.
- 23. In order to deliver the management plan, there were some things we wanted fixed within the first or second pay period. Other ones could wait two or three months beyond the go live or six months beyond the go live, because although it may be an

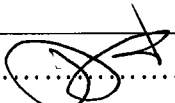
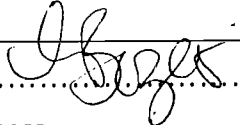
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over or underpayment, it might be one person. So you would not prioritise one person, who you could calculate yourself, over something that may have only been \$5 but affected 20,000 people.

- 24. I do not know whose decision it was to redefine the severity of defects. It evolved as a way of describing the severity of the different things. The definition of 1, 2, 3 was forever being debated. I do not recall who came up with it.
- 25. It would have been improper to go live with severity 2 defects still existing which did not have a workaround as this was the requirement of the management plan. I do not believe there existed any such defects at the time of go live. All severity 2 defects had workarounds to my knowledge by that time.
- 26. A memorandum accompanied the KJ Ross Report. I do not think I ever saw the risk assessment prepared by Terry Burns immediately before the go live but I really could not recall every specific document.

The go live decision

- 27. The LATTICE system had run out of vendor support. My understanding is that no amount of money would induce the commercial owner to run any further support for us at all. They had extended and extended and extended while this delayed.
- 28. The version of ESP we were running was also running out of vender support and would need an upgrade. The vendor did agree to continue support up to the go live, they were very supportive. But it needed an upgrade also. The greatest risk to government was that LATTICE would fail and not pay 80,000 people at all. It was very real risk that government, and particularly Queensland Health and CorpTech, needed to grapple with.

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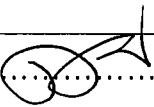
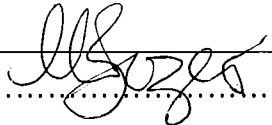
29. It is not the sort of thing you outwardly tell people, that we think the payroll system is going to stop and you are all not going to get paid. But this was a risk that the Project Directorate and the Board lived with every day. Every time a go live came and went we all asked "Are we going to make it?". We had priority 1 LATTICE failures, we had interface failures, we had ESP grinding to a halt. We had Enterprise Bargaining Agreements coming up that we did not think we would be able to configure.

30. We had a project called "PJ 30". It was a joint project undertaken by CorpTech and Queensland Health. It included emergency services and Corrective Services - everybody on LATTICE. PJ 30 stands for "post June 30". That was the date from which we were advised no further vendor support would be given to LATTICE.

31. It was the job of that project to commercially take onboard the source codes of the LATTICE system and run it ourselves in government. CorpTech did that. They managed the project. They did an outstanding job. Having said that, nobody in Government knew how to configure LATTICE source code at all. So there was a public servant found who knew how to do it and they were put onto CorpTech as the last defence. I did not know who that person was.

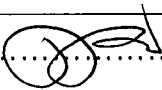

32. PJ 30 transferred the entire responsibility of LATTICE into government. The upcoming enterprise bargaining agreements we were not sure could be configured, so everybody was going to progressively begin to get paid incorrectly. And if the system failed, it was down to best efforts to try and fix it. This was an extreme risk and the matters that the Board managed, and the management plan that people allude to, were in no way contrived to benefit anybody. They were, by all parties, best efforts to avoid non-payment.

33. The problem we faced in connection with the UAT testing was that you could not share the risk Queensland Health faced, it was catastrophic and it would have caused

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organisational panic. The UAT manager was completely focused on his task. He was never brought into the confidence of the group managing the overarching problem. All members of the Project Directorate and the Board knew that they needed to make a decision to go live or accept that we may not be able to go live for six, 12, 24 months. It was not one or two weeks.

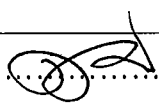
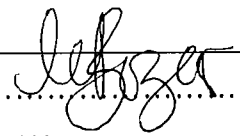
34. Going back to the LATTICE, the system was, as can be seen from the media at the time, under significant scrutiny. There was pressure about overpayments in the LATTICE environment. LATTICE did not always pay people correctly. LATTICE relied upon 600 payroll officers putting data in. The number of complaints from our clients and the Unions about the LATTICE and the ESP environment was large.
35. The Unions did not support the rostering software at the time. The LATTICE pay processes relied on manual interventions and was prone to inaccuracies as a result.
36. So as the Directorate and the Board came to understand, as did IBM, that every possible attempt to take this system live at that time had to be made. The risks were known and everybody believed the risks were as mitigated as possible and they had to just make a very brave decision. This decision was taken after doing everything possible to identify and manage risks associated with taking the system live.
37. In this period, I would routinely work 16 to 19 hours, 13 days a fortnight. Hundreds of staff did likewise.
38. At the commencement of 2008 preparation, my area was understaffed to manage the usual payrun and project activities. Shared Services was all about efficiency of government. The concept was that you put all your transactional operations in the 'back room'. There was a perception in Government that Shared Services would mean decreasing the number of employees and that there would be substantial savings.

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39. At the time the government introduced Shared Services, a downsizing of payroll staff was expected. The thinking was that the technology would mean fewer such staff were necessary. When I first started, there was about 500 payroll officers. But we were struggling with that number.
40. An increase in staff was needed we had to assist the project teams and take payroll staff off to be trained. It was an underestimated and underappreciated job that payroll officers delivered every day of that project.
41. The Shared Services Executive Director authorised me to increase our staffing to nearly 800 during the project preparation. We put people through the trainer courses, put them into training and got things ready. Our responsibility was to prepare Shared Services. It was not to test, it was not to project manage and it was not to communicate with clients.
42. I reported, at the beginning, to Paul Monahan. He was the Executive Director of Shared Services. When he left, then Cesare Callioni. At the very end, my direct line manager changed but was never operationalised, I reported to Cesare until I left.
43. Had we not gone live in the March window we would have been faced with a significant delay because of tax arrangements towards the end of the financial year and afterwards. This was in a way the last window for an indeterminate period. The government had spent millions by this point. IBM had consumed the contract value. If we had not gone live, we would have faced a re-implementation. This would not have been just a little upgrade, a re-implementation. It would have been necessary to retrain everybody because the system would be different.

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44. Everybody who was involved in the decision to go live to my knowledge believed it could have worked. For three pay periods it did, the system worked and the pay results improved. It got progressively better. I even reached a view at one point that it was possibly even better than the old payroll system.
45. But there was an incident where Royal Brisbane Hospital (Dr Alcorn) had sent an email to staff advising them how to get help, and at the end of it, it was advised to go and seek charity if they were financially compromised or destitute or some such wording. This was not the body of the email but a HR type advice at the end.
46. That is when the media attention started. At that point, I think we lost control of the payroll environment completely. Everybody who ever had a payroll error, everybody who had a complaint about the organisation, everybody who had something due to them for the last so many years all of a sudden started to put in their complaints. It became so highly politicised. From that point, I do not believe we ever had a chance to meet anybody's expectations of the payroll.
47. We were told that we could not retract any payments, this was conveyed to us by Michael Kalimnios. He came and took an office up with us so that he could more closely monitor and communicate and assist and support.
48. Our usual process was that, if somebody took some recreation leave but did not actually take it and worked instead, and they had been overpaid their leave loading or something, we would just ring them up and say, "We'll take that back out of your next pay". That's usual and everybody does that. We were told all of a sudden we could not touch anybody's pay, even if it was a clear overpayment and a small value.
49. I never knew how many people were overpaid. I do not know how the media could say that 60,000 or so employees had been overpaid. I did not have those figures.

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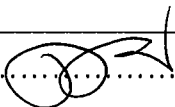
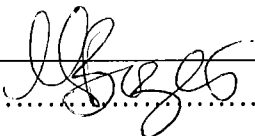
50. All of these decisions beyond the go live became reactionary from this point. They seemed to me to be political decisions.
51. It would not have been possible to run the LATTICE and new payroll systems in parallel. The go live environment of the new system needed 1000 payroll officers by that point, including all the consultants and project staff. To run the old one, we needed 700 payroll staff. You cannot just hire payroll staff off the street. Queensland Health's system is complex. You cannot train staff in SAP or WorkBrain quickly. I would have needed 2000 payroll officers to run the systems in live parallel. But that number of staff did not exist.

Reports to managers of problems

52. I told my managers of the problems I have mentioned above. I told Paul Monahan and Cesare Callioni. They were well aware of the problems and supportive of the payroll position in my view. I provided briefings through to the Deputy Director-General and the Director-General of Queensland Health (Mr Reid). I provided these managers with information about the risk to the LATTICE environment. I sent such briefings up about once a year.

IBM

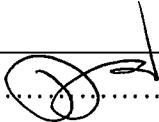
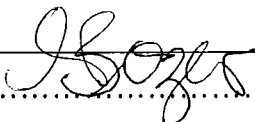
53. At the IBM officer level, they were diligent. We formed professional working relationships. We would sit and go over system issues and do knowledge exchange and tried very hard. Clearly, though, we worked for public service. There was a line. They worked for IBM, and there was a line for them also. The cultural or business divide between public service and private industry made some environments adversarial and difficult to manage.

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54. We would call the meetings with IBM the "daily scrums". It was an extremely difficult environment. As a public servant knowing there was a commercial contract we could not just have open discussions and make an implied agreement about what we thought we could get away with configuring or working around or do. We had to be very careful.
55. IBM clearly managed their behaviour so that they did not promise things.
56. There was a knowledge exchange process well before go live. I was not involved in that. That was, as I understood matters, under a knowledge exchange contract. I had an arrangement with my counterpart in CorpTech. I had some very smart people and she had some very smart people. So we got them together as much as possible to understand how the system and business worked.

Mr Terry Burns

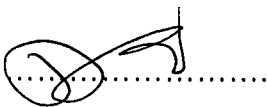
57. I had contact with Mr Terry Burns when he would attend meetings of the Directorate. I was never clear on his role. I understood that he managed the contract. I did not know what he had been engaged by CorpTech or Government to do. He did not report to me. He did seem to come to a lot of Directorate meetings. He would regularly report to the Board about what he thought the Directorate was doing. Queensland Health later engaged him.
58. I saw the reports which Mr Burns prepared but am not aware if I saw all reports or not, certainly the ones tabled at the Directorate.. They were accurate but they were not very detailed. They would have been an agreed format.

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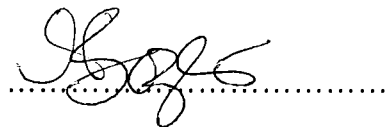
My involvement ends

59. My involvement with the payroll system ended on 18 May 2010. I was advised that I did not need to continue in that role. Michael Kalimnios advised me of that decision. I do not know who made the decision. Mr Kalimnios never told me who made that decision.
60. My understanding was that Michael Walsh had made the decision, but I do not know that with any certainty.
61. I had no further involvement with the Queensland Health Payroll System.
62. I voluntarily make this statement to the Commission of Inquiry. The contents of this statement are true and correct to the best of my knowledge. I acknowledge that any false or misleading statement could be an offence against the Commissions of Inquiry Act 1950 or contempt of the Commission.

Dated 28th day of February 2013 at 4:10pm in the State of Queensland.
Brisbane



Janette Jones



Witness