Infrastructure Investor Assurance Framework

Gateway Coordination Agency Framework
for Capital Projects under the NSW Gateway Policy

February 2020

(original December 2016)

Summary

Project Name	Infrastructure Investor Assurance Framework
Responsible Minister	The Premier of NSW
Cluster	Premier and Cabinet
Gateway Coordination Agency	Infrastructure NSW
Sponsor contact details	Head of Investor Assurance Infrastructure NSW P+612 8016 0100 E: assurance@infrastructure.nsw.gov.au W: www.insw.com
Priority	High
Objectives	The application of an independent risk-based assurance process for the State's capital projects to identify the level of confidence that can be provided to the nominated sub-committees of Cabinet that the State's capital projects are being effectively developed and delivered in accordance with the Government's objectives.
Strategic benefits	▪ Increasing transparency regarding project development/delivery risks and progress ▪ Improving public confidence in the timely provision of value for money infrastructure ▪ Contributing to jobs growth and the State's competitiveness through the delivery of productive infrastructure.
Relationship with Government policies	NSW Gateway Policy NSW Treasury Guidelines for Capital Business Cases
Proposed commencement	Ongoing
Addendum 1	Issued October 2018, original text replaced by new text in the following sections: ▪ Glossary – Cluster Assurance Plans ▪ Section 2.6 – Confidentiality ▪ Table 1: Distribution of regular project reports and Gateway, Health Check and Deep Dive Reviews ▪ Table 2: IIAF Responsibilities ▪ Table 8: Regular project reporting requirements ▪ Table 9: Performance reporting
Addendum 2	Issued March 2019, updates to text throughout the document to align with content in the new Gateway review workbooks. In addition, the following non-material updates were made: ▪ Acronyms section deleted and definitions added/amended in the Glossary ▪ Figure 2: Framework Governance updated ▪ Tables 5, 6 and 7 of previous version consolidated into Table 5 ▪ Attachment C: Protocols for finalisation and distribution of Gateway, Health Check and Deep Dive Review Reports ▪ Attachment G: Tier 1 – HPHR Project Report Template.
Addendum 3	Issued February 2020, updates to text throughout the document to reflect new Governance arrangements post the 2019 election as well as changes resulting from the launch of the new NSW Assurance Portal (including projects risk criteria, scores and weightings).

Contents

Attachments

Glossary

Term	Definition
Assurance Reviews	Refers to Gateway, Health Check and Deep Dive Reviews.
Cabinet	For the purposes of this document, Cabinet refers to the full Cabinet of the NSW Government and any relevant standing sub-committees of Cabinet.
Capital project	A project primarily comprised of one or more of the following elements: ▪ Infrastructure ▪ Equipment ▪ Property developments ▪ Operational technology that forms a component of a capital project
Clearance of gate	Notification to a delivery agency by Infrastructure NSW that a Gateway, Health Check or Deep Dive Review (Assurance Reviews) for a project has been cleared and an appropriate Close-out Plan is in place to assist with project development or delivery. It does not constitute approval or an endorsement of a Gateway, Health Check or Deep Dive Review.
Close-out Plan	A document outlining actions, responsibilities, accountabilities and timeframes that respond to recommendations identified in Gateway, Health Check and Deep Dive Review Final Reports.
Cluster Assurance Plan	A document prepared by Infrastructure NSW in collaboration with delivery agencies outlining assurance requirements for delivering projects/programs over the financial year. These plans will be produced annually and updated every 6-months.
Complex project	A project delivered in multiple stages and potentially across varying time periods. This could also be across a large (but connected) geography. Individual project stages may be identified during the development phase or during the procurement and delivery phases. This occurs when individual project stages are being procured and delivered under different contracts and potentially over different time periods. In some cases, these individual project stages may have a different Project Tier to the overall complex project.
Deep Dive Reviews	Deep Dive Reviews are similar to a Health Check Review but focus on a particular issue or limited terms of reference rather than the full range of issues normally considered at a Health Check Review. These Reviews are generally undertaken in response to issues being raised by key stakeholders to the project or at the direction of the relevant Government Minister.
Delivery Agency	The Government agency tasked with developing and / or delivering a project applicable under this Framework and the NSW Gateway Policy.
Equipment	The necessary assets used on or to support an infrastructure system and can include fleet and rolling stock.
Expert Reviewer Panel Advisory Group	An advisory group providing advice on Expert Reviewer capability, gaps and requirements to support a high performing Expert Reviewer Panel.
Expert Reviewer Panel	The Panel comprising independent highly qualified Expert Reviewers established to cover all aspects of Gateway Review needs.
Gate	Particular decision point(s) in a project/program's lifecycle when a Gateway Review may be undertaken.

Term	Definition
Gate 0 Review Committee	The committee performing Gate 0 Reviews which involves providing advice and recommendations on delivery agency submissions on project need, strategic alignment and planning to advance a project to strategic and final business cases.
Gateway Review	A Review of a project/program by an independent team of experienced practitioners at a specific key decision point (gate) in the project/program's lifecycle. A Gateway Review is a short, focused, independent expert appraisal of the project/program that highlights risks and issues, which if not addressed may threaten successful delivery. It provides a view of the current progress of a project/program and assurance that it can proceed successfully to the next stage if any critical recommendations are addressed.
Gateway Review Manager	The Gateway Review Manager guides the implementation of the Gateway, Health Check or Deep Dive Review. The Manager facilitates the Review but does not participate in the Review.
Gateway Review Process	A series of Gateway Reviews held at key decision points in a project/program's lifecycle.
GCA Framework	A framework, designed and operated by a GCA, that assesses the risks associated with a project or program of a particular nature in order to determine the application of Gateway. A GCA Framework defines the roles and responsibilities to deliver Gateway and should align with the Gateway review process outlined in the NSW Gateway Policy.
Health Check Reviews	Independent Reviews carried out by a team of experienced practitioners seeking to identify issues in a project/program which may arise between Gateway Reviews.
ICT project	Resources required to acquire, process, store and disseminate information. This includes stand-alone operational technology projects and programs.
Infrastructure	The basic services, facilities and installations to support society and can include water, wastewater, transport, sport and culture, power, policy, justice, health education and family and community services.
Infrastructure NSW Assurance Team	The dedicated team within Infrastructure NSW responsible for implementing and administering the IIAF including organising Reviews.
Investor	The Government, representing the State of NSW.
Mixed project	A project or program that contain a material combination of elements relating to multiple GCA frameworks.
Modified IIAF Project Registration report	A document prepared by delivery agencies and lodged with Infrastructure NSW for endorsement after completion of a particular Gateway Review, after which a program or complex project may be considered in its component parts. For complex projects this would be individual stages, for programs this would be individual projects or subprograms. The Modified IIAF Project Registration report outlines the proposed delivery agency assurance arrangements for future Gateway Reviews for each individual component of work initiated (stage/project/sub-program).
NSW Assurance Portal	The online portal administered by Infrastructure NSW for the management of assurance activities for Government's infrastructure program and major recurrent spend under the NSW Gateway Policy.

Term	Definition
Operational technology	Can include systems that relate to service delivery, such as tolling systems, rail signaling or technology to support a new school or hospital.
Policy Owner	For the purpose of the NSW Gateway Policy, the Policy owner is NSW Treasury.
Portfolio	The totality of an organisation's capital investment program.
Program	A temporary, flexible organisation created to coordinate, direct and oversee the implementation of a set of related projects and activities to deliver outcomes and benefits related to the organisation's strategic objectives. A program is likely to be longer term and have a life that spans several years. Programs typically deal with outcomes; whereas projects deal with outputs.
	Projects that form part of a program may be grouped together for a variety of reasons including spatial co-location (e.g. Western Sydney Infrastructure Program), the similar nature of the projects (e.g. Bridges for the Bush) or projects collectively achieving an outcome (e.g. 2018 Rail Timetable). Programs provide an umbrella under which these projects can be coordinated.
	The component parts of a program are usually individual projects or smaller groups of projects (sub-programs). In some cases, these individual projects or sub-programs may have a different Project Tier to the overall program.
Project	A temporary organisation, usually existing for a much shorter duration than a program, which will deliver one or more outputs in accordance with an agreed business case. Under the IIAF a capital project is defined as infrastructure, equipment, property developments or operational technology that forms a component of a capital project.
	Projects are typically delivered in a defined time period on a defined site. Projects have a clear start and finish. Projects may be restricted to one geographic site or cover a large geographical area, however, will be linked and not be geographically diverse. A particular project may or may not be part of a program.
	Where a project is delivered in multiple stages and potentially across varying time periods it is considered a 'complex project'. Refer to the definition for 'complex project'.
IIAF Project Registration report	A document generated in the NSW Assurance Portal with data from the delivery agencies and reviewed by Infrastructure NSW for endorsement when registering projects via the Portal. IIAF Project Registration reports detail proposed delivery agency initiated project assurance arrangements in line with the IIAF requirements.
Project Tier	Tier-based classification of project profile and risk potential based on the project's estimated total cost and qualitative risk profile criteria (level of government priority, interface complexity, procurement complexity, agency capability and whether it is deemed as an essential service). The Project Tier classification is comprised of four Project Tiers, where Tier 1 encompasses projects deemed as being the highest risk and profile (Tier 1 – High Profile/High Risk projects), and Tier 4 with the lowest risk profile.
Property developments	Wholesale and/or retail urban renewal or Greenfield developments managed by the Government where a capital investment over $10 million has been made to facilitate those developments.
Commercial Off-set	Alternative funding towards optimising the whole of life cost of delivering core infrastructure within the state through the delivery of commercial opportunities to off-set the level of Government investment required.

Term	Definition
Recurrent proposal	Proposals that require funding for additional staff, outsourced service provision, legislative or regulatory changes including taxes and revenue or grants, as a result of new Government policies or programs or where there is a significant change in the current funding for an existing policy/program (outside the scope of an agreed parameter and technical adjustment).
Regular project reporting	Routine reporting of projects (based on Project Tier) prepared by Infrastructure NSW and provided to bodies including the Infrastructure Investor Assurance Committee and Cabinet.
Review Team	A team of expert independent reviewers, sourced from the Expert Reviewer Panel engaged to undertake a Gateway, Health Check or Deep Dive Review.
Risk Review Advisory Group	An advisory group providing advice to Infrastructure Investor Assurance Committee on proposed Project Tier and IIAF Project Registration reports provided by delivery agencies and reviewed by Infrastructure NSW.
Senior Responsible Officer	The delivery agency executive with strategic responsibility and the single point of overall accountability for a project/program. Refer to **Attachment B** for further detail.

1   INTRODUCTION

The NSW Government has agreed to establish the Infrastructure Investor Assurance Framework (IIAF) to better apply the level of external independent assurance through the NSW Gateway Review System based on risk. This document outlines the IIAF, a Gateway Coordination Agency (GCA) framework for capital projects as an element of NSW Gateway Policy. The IIAF is structured in two parts:

- Framework principles
- Framework arrangements.

The objective of the IIAF is to ensure the Government's key infrastructure projects across NSW are delivered on time and on budget through the implementation of this risk-based external assurance framework. The purpose of the IIAF is also to ensure that Cabinet is supported by effective tools to monitor the NSW Government's infrastructure program, receive early warning of any emerging issues, and to act ahead of time to prevent projects from failing.

1.1   Capital performance review

In November 2013, the NSW Government undertook a Capital Performance Review aimed at lifting the quality of oversight and the effectiveness of decision-making across government for major capital investments. The review set out to define good practice principles, undertake a gap analysis of current frameworks, review practice in NSW and elsewhere, and identify ways to improve assurance for major projects in NSW.

The Review, sponsored by Infrastructure NSW and NSW Treasury, was assisted by an Executive Steering Group comprising the CEO of Infrastructure NSW, Secretary of NSW Treasury, and senior executives of Transport for NSW (TfNSW), Ministry of Health, Sydney Water and Ausgrid.

The Capital Performance Review sought to understand the outcomes government infrastructure expenditure is achieving, and to identify ways that government can improve value for money outcomes and mitigate risk across the infrastructure lifecycle, from early stage planning and prioritisation through to delivery and procurement and managing the use of its assets. Specifically, the review sought to:

- identify what drives capital decision-making and how well agencies make these decisions, comparing regulated with non-regulated agencies, and consider how well existing assets are being used
- identify best practice in asset management, project procurement, project delivery and apply learnings across agencies.

The principal finding of the Review was that there is a need for stronger investor oversight and assurance. In practice, it is too often the case that assurance protocols follow rather than precede project commitments. The implication of this is that the Government as an investor is playing 'catch-up' with the Government as a deliverer.

The Review found that the most critical opportunity to improve capital performance lies in improving the processes used at the centre of government, with a specific focus on the "investor perspective" and the role of the investor at all stages of the capital investment lifecycle. The role of the investor is to ensure that scarce capital is used as effectively as possible to deliver defined social, economic and other outcomes. It is a broader perspective than that of a project team, which is generally focused on outputs such as the delivery of scope as specified, on time and within budget. Strengthening the investor oversight and assurance function provides a foundation for enhancing agency practices and improving investment outcomes.

To ensure "whole of government" investor oversight of major capital projects over $100 million, in December 2014 the NSW Government endorsed the outline of the Infrastructure Investor Assurance Framework (IIAF) proposed by Infrastructure NSW as the GCA. This also included approval to establish the Infrastructure Investor Assurance Committee (IIAC) convened, chaired and managed by Infrastructure NSW.

1.2   Auditor General's report

In May 2015, the Audit Office of NSW released the *New South Wales Auditor-General's Report Performance Audit Large construction projects: Independent assurance*.[1]
This Audit Report tested the effectiveness of the NSW capital project assurance processes, and compliance with these in the case studies evaluated. The Auditor-General made several observations around the investor assurance framework including:

- NSW has *"adopted a relatively low monetary threshold for mandatory Gateway reviews for preliminary and final business cases compared to other jurisdictions. There is scope for New South Wales to focus its Gateway efforts more towards larger, more complex projects."*
- NSW was *"the only jurisdiction requiring mandatory Gateway reviews at the preliminary and final business case stages for projects not assessed as high risk and costing as low as $10 million."*
- Current NSW guidance on Gateway reviews *"has no requirement to tailor the duration of a review or the composition of the review panel in terms of skills or size to the value, risk or complexity of the project. We consider this is a deficiency in the guidance material, which could take greater account of risk."*
- *"In view of these disparities, there is an argument that aspects of the capital project assurance system, including Gateway reviews, could have a greater focus on larger, more complex projects."*

[1] Auditor-General of NSW (2015), *Performance Audit Large construction projects: Independent assurance*, Sydney, 7 May 2015.
http://www.audit.nsw.gov.au/ArticleDocuments/362/01_Large_Construction_Projects_Independent_Assurance_Complete_Full_Report.pdf.aspx

The recommendations of this Audit Report included:

- *"The Treasury should: review the capital project assurance system for capital projects costing less than $100 million, including the Gateway review process and its monetary thresholds to introduce a greater focus on project risk, noting that cost is only one component of risk (by December 2015); enhance assurance processes surrounding major scope variations (by December 2015)."*
- *"Infrastructure NSW should: report publicly on implementation of, and compliance with, the Investor Assurance Framework (by December 2015)."*

In June 2015, the NSW Government decided to further enhance the governance and oversight of capital projects by:

- moving responsibility for all independent assurance of capital projects valued at $10 million or greater to Infrastructure NSW, being supported by IIAC
- requiring project assurance reports to be routinely examined by Cabinet.

Infrastructure NSW began transitioning all independent assurance for capital projects in June 2015. At the same time as these transition arrangements were put in place, development of the full policy framework to support its new role began. The final IIAF policy document was endorsed by Government in June 2016.

In July 2016, NSW Treasury issued a Treasury Circular (TC16-09)[2] advising all relevant delivery agencies that they are required to adhere to the protocols as outlined in the IIAF policy document administered by Infrastructure NSW.

Infrastructure NSW reported on key metrics for the first year of investor assurance activities under the IIAF for the first time in its 2015-16 Annual Report[3].

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[2] http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/128907/TC16-09_Infrastructure_Investor_Assurance_Framework_IIAF_-_pdf.pdf

[3] http://www.infrastructure.nsw.gov.au/media/57057/infrastructure_nsw_annual_report_2015-2016.pdf

2 FRAMEWORK PRINCIPLES

2.1 Infrastructure investor assurance

The *NSW Infrastructure Investor Assurance Framework (IIAF)* is an independent[4] risk-based assurance process for the State's capital projects. It identifies the level of confidence that can be provided to Cabinet that the State's capital projects are being effectively developed and delivered in accordance with the Government's objectives.

The key features of the framework are:

- a single point of accountability for independent assurance across all capital projects/programs vested in Infrastructure NSW, reporting to the Premier of NSW and Cabinet
- a focus on what matters by taking a tiered approach based on risk assessment
- ensuring collective accountability among delivery agency Secretaries / CEOs for best-for-Government outcomes through the IIAC, reporting through the Premier of NSW and Cabinet
- escalating the levels of scrutiny and/or interventions applied to projects as and when emerging risks are reported/detected
- improved reporting and data collection through the development of a single fit-for purpose reporting tool.

Infrastructure investor assurance is applied through a range of tools including:

- a series of short, focused, independent peer Reviews at key project milestones. The peer reviews are independent of delivery agencies and projects and include Gateway Reviews and periodic Health Check and Deep Dive Reviews (Assurance Reviews)[5]
- risk-based project reporting provided by delivery agencies
- risk-based project monitoring conducted by Infrastructure NSW.

Infrastructure investor assurance is not an audit, approval or an endorsement process. Rather, it is a process to complement project development and delivery to aid prevention of project failure.

The IIAF does not take away from:

- delivery agency project management or assurance requirements to meet internal governance arrangements
- the need to prepare business cases to support funding decisions in the event that a project does not require a Gateway Review under the IIAF.

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[4] Independent refers to independent of a delivery agency and a project team.

[5] Refer to detailed definition of Gateway, Health Checks and Deep Dive Reviews in Section 3.3.1

2.2 Benefits

Moving to a risk-based approach, managed by a centralised independent body, will achieve the following benefits for the Government and the public:

- a consistent whole-of-government approach to investor assurance
- a focus on the outcomes or benefits delivered as a result of the investment in infrastructure, and not just the outputs (built form)
- a regular level of due diligence that reflects the level of budget risk and complexity for each project, focusing investor assurance resources towards high risk complex projects;
- increasing transparency for Government regarding project development/delivery risks and progress
- contributing to improved levels of compliance with the Gateway Review process applied from the commencement of project development to project implementation
- fostering the sharing of skills, resources, experience and lessons learned within and across the government sector
- more systematic and transparent metrics for Government
- greater analytic support for the Government as an investor, before and after an investment decision has been made, rather than project-level assurance only
- improving public confidence in the timely provision of value for money infrastructure
- contributing to jobs growth and the State's competitiveness through the delivery of productive infrastructure.

2.3 Application

The IIAF applies[6] to all capital projects being developed and/or delivered by General Government agencies and Government Businesses as well as capital projects being developed or delivered by State Owned Corporations as required by NSW Treasury including projects with commercial offsets.

Secretaries and Chief Executives are accountable for ensuring all capital projects meet the requirements of the IIAF. Capital projects include:

- Infrastructure[7]
- Equipment[7]
- Property developments[7]
- Operational technology that forms a component of a capital project[7]
- Other projects or programs as directed by Cabinet[8].

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[6] http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/128907/TC16-09_Infrastructure_Investor_Assurance_Framework_IIAF_-_pdf.pdf
[7] Refer to definitions in Glossary
[8] Or as directed by the Premier.

Projects will fall within the scope of the IIAF if they meet the following criteria:

*   new projects
*   projects yet to submit a business case to NSW Treasury, unless excluded by the GCA
*   projects currently in procurement or in delivery, unless excluded by the GCA
*   projects otherwise nominated by the Policy Owner.

2.4   Threshold

All capital projects valued at an estimated total cost (ETC) of $10 million and above are to be registered with Infrastructure NSW using the NSW Assurance Portal (the Portal). It is mandatory for these projects to be registered to consider the Project Tier. This is to determine the applicability of Assurance Reviews and level of project reporting and monitoring required.

2.5   Project Tier and IIAF Project Registration report

Initial Project Tier assessments are made by delivery agencies in the Portal. Delivery agencies also lodge an initial IIAF Project Registration report for endorsement when registering. The IIAF Project Registration report must meet the minimum requirement for Gateway Reviews outlined in this Framework.

Following review of the initial tier and IIAF Project Registration report by the Infrastructure NSW Assurance Team and advice from the Risk Review Advisory Group, Infrastructure NSW will make recommendations to the IIAC seeking endorsement of the Project Tier.[9]

Where the Risk Review Advisory Group advice in relation to the Project Tier is contrary to that nominated by the delivery agency, the delivery agency will be offered a 'right of reply'. The 'right of reply' provides the agency with an opportunity to contest the nomination with justification before the advice is provided to IIAC for endorsement.

The Project Tier will be reported to Cabinet for noting. Delivery agencies will then be notified of the endorsed Project Tier for each project. This process is detailed in **Attachment A**.

Delivery agencies are required to update the Project Tier in the Portal, in consultation with Infrastructure NSW, for all projects:

*   where there are material changes to project risk/profile criteria, scope, procurement or budget
*   upon request by Infrastructure NSW.

Project Tiers will be routinely reviewed by the Infrastructure NSW Assurance Team after each Assurance Review. If a change is considered to be required, advice from the Risk Review Advisory Group will be sought before Infrastructure NSW will make recommendations to the IIAC seeking endorsement of the amended Project Tier.

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[9] Refer to 2.9 Responsibilities.

2.6 Confidentiality

It is in the public interest that project confidentiality is retained so that issues can be openly identified and 'best for project' mitigations can be developed and actioned immediately. Government as the investor also needs transparency to take decisions.
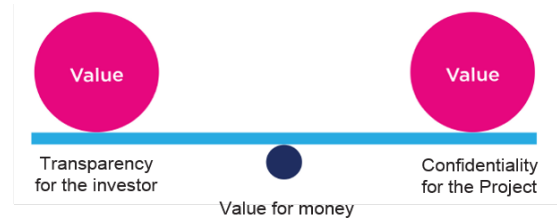
Figure 1 Confidentiality balance

Infrastructure investor assurance is a confidential process seeking to provide value to both the project and the investor whilst balancing the project confidentiality and government transparency requirements.

Assurance Review reports are confidential between the nominated delivery agency Senior Responsible Officer[10] (SRO) and Infrastructure NSW. Regular project reporting and Assurance Review reports[11] are prepared for examination by Government. These are also provided to Cabinet and are therefore classified 'Sensitive: NSW Cabinet'.

In addition to the delivery agency and Cabinet, Infrastructure NSW will only distribute reports for the following as indicated in **Table 1**:

• Final regular project reports
• Summary of the outcomes of Assurance Reviews
• Full final Assurance Review reports[11].

Table 1 Distribution of regular project reports and Gateway, Health Check and Deep Dive Review reports

Party	Final regular project reports	Summary of outcomes of Assurance Reviews	Assurance Review reports
NSW Treasury	Routinely	Routinely	To support investment or financing decisions made by ERC
Department of Premier and Cabinet	Routinely	Routinely	Routinely
Delivery agency Secretaries / CEOs[12]	Routinely	Routinely	Routinely[13]
Premier and Treasurer	Routinely	Routinely	Routinely

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[10] Refer to discussion on the role of SRO in **Attachment B**
[11] Final Assurance Review reports refers to reports that have been reviewed by the nominated delivery agency SRO and include a Close-out Plan responding to the report recommendations.
[12] Only for projects within the cluster
[13] Copies are initially provided to the nominated delivery agency SRO

2.7   Ownership

Expert Reviewers, engaged by Infrastructure NSW, prepare Assurance Review reports on behalf of Infrastructure NSW. These reports are 'Sensitive NSW Cabinet' documents and remain the property of Infrastructure NSW until finalised. Once finalised, reports become the property of the relevant delivery agencies to take actions as required. The reports remain 'Sensitive NSW Cabinet' documents and delivery agency SROs (as owners of reports) are able to distribute reports within Government at their discretion, having regard to the confidential nature of the reports. **Attachment C** details distribution protocols for these reports.

2.8   Governance

The Framework is supported by governance arrangements to guide high performing assurance, which is illustrated broadly in **Figure 2** below. The functions of the key governance groups are outlined, along with other responsibilities, in **Table 2** below.
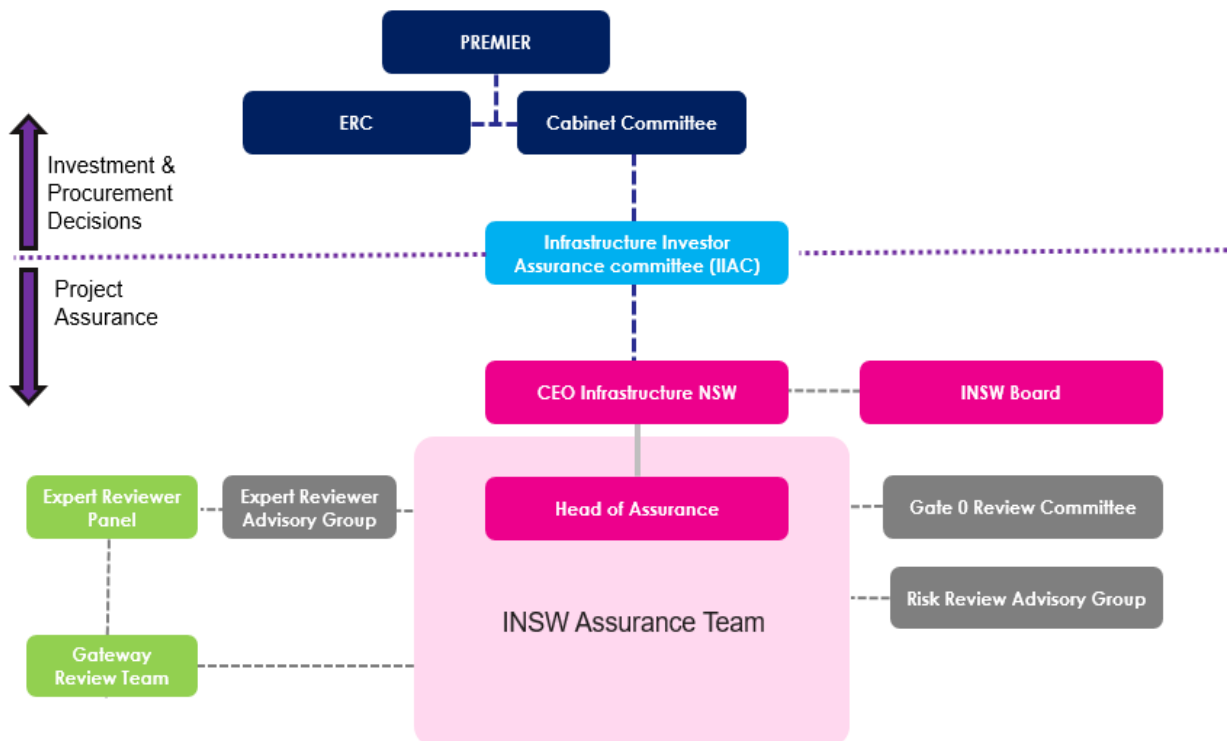

Figure 2 Framework Governance

An Assurance Team has been established within Infrastructure NSW to conduct the assurance functions required under the IIAF. Senior staff within the Assurance Team have been assigned to particular sectors to provide a single point of contact for delivery agencies and central government. The Assurance Team will be responsible for:

- regularly meeting with delivery agency capital program managers and project directors
- liaising with delivery agencies in the preparation of Cluster Assurance Plans
- organising Assurance Reviews as required
- preparing overview reports post-Assurance Reviews
- overseeing close-out plan sign-off and reporting
- overseeing regular project reporting
- providing insights and perspective on the capital program
- providing a single point of contact for delivery agencies and central government.

2.9   Responsibilities

The responsibilities of the various bodies involved in the IIAF are described in **Table 2**.

Table 2 IIAF Responsibilities

Group	Responsibilities

Infrastructure NSW	Responsible for IIAF administration, performance and reporting to Cabinet, including:
	▪ Provides a dedicated Assurance Team including Gateway Review Managers to coordinate Reviews.
	▪ Establishes and maintains an appropriate Expert Reviewer Panel.
	▪ Monitors the performance of individual expert reviewers.
	▪ Determines appropriate expert reviewers, and manages scheduling, commissioning and administration of Assurance Review reports. Infrastructure NSW is independent of the Expert Review Team.
	▪ Monitors Tier 1 – High Profile/High Risk projects, Tier 2 and Tier 3 (if required) project performance through independent Assurance Reviews.
	▪ Provides independent analysis and advice on key risks and any corrective actions recommended for Tier 1 – High Profile/High Risk, Tier 2 and Tier 3 projects.
	▪ Escalates projects to IIAC and Cabinet where projects present 'red flag issues'[14] and where corrective action is needed.
	▪ Works with delivery agencies to register all capital projects with an ETC greater than $10 million and ensures they are risk profiled and assigned a risk-based project tier with an endorsed IIAF Project Registration report.
	▪ Prepares forward looking annual Cluster Assurance Plans.
	▪ Maintains and continuously improves the IIAF process.
	▪ Reports to the IIAC, Cabinet and Infrastructure NSW Board on
	  - IIAF Overall Performance Report.
	▪ Reports to the IIAC and Cabinet:
	  - IIAF Cluster Assurance Plans
	  - IIAF Expert Reviewer Panel Performance Report
	  - IIAF Close-Out Plan Performance Report
	  - IIAF Trends and Analysis Report

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[14] Issues which trigger a shift in project traffic light ratings to Red (refer to Attachment D for regular project reporting rating systems).

Group	Responsibilities

	- Proposed Project Tier and corresponding IIAF Project Registration report
	- Project status reports for Tier 1 - High Profile/High Risk projects (monthly) and Tier 2 and Tier 3 projects (quarterly)
	- Assurance Reviews and Close-out Plans[15] for Tier 1 - High Profile/High Risk projects (monthly) and Tier 2 and Tier 3 projects (quarterly)
	- Mitigation plans for projects presenting a red flag for any of the status areas.
	■ Reports to Infrastructure NSW Board:
	  - Operational management of assurance with a focus towards systems and controls and not project-specific data; and.
	  - Red or deteriorating status for Tier 1 – High Profile/High Risk projects, by exception.
	■ Regularly report to NSW Treasury on the performance of the IIAF.

Infrastructure NSW Board	The primary role for the Infrastructure NSW Board is to ensure the adequacy of Infrastructure NSW's operational management of assurance. This means that the Board's focus is towards systems and controls, and not project-specific data. For the Board to discharge these functions, its assessment and assurance of Infrastructure NSW's functions should be guided by the reports available to it, as outlined later in this report. By exception, the Board also considers red or deteriorating status for Tier 1 – High Profile/High Risk projects and may provide advice to Cabinet through the Board Chair.
Infrastructure Investor Assurance Committee	The remit and provenance of the IIAC is to support the achievement of best-for Government outcomes from the development and delivery of capital projects. In carrying out its functions the Committee: ■ Endorses recommendations for Project Tier and corresponding IIAF Project Registration report for noting of Cabinet; ■ Endorses Tier 1 – High Profile/High Risk project reports for scrutiny by Cabinet; ■ Monitors capital projects endorsed for scrutiny by Cabinet to avoid project failure and support success; and ■ Provides Cabinet high-level guidance and/or advising the need to escalate the levels of scrutiny and/or interventions. The Committee ensures all capital projects being considered by Cabinet are accompanied by investor-level assurance advice and risk mitigation strategies. Decisions, informed by the IIAC's advice, would remain with Cabinet as at present. Accountability for the development and delivery of projects would remain with delivery agencies as at present. Additional functions of the Committee include: ■ Ensuring that strategic infrastructure planning and project development/delivery are being appropriately coordinated; and ■ Promoting consistency and good practice in relation to economic appraisals, whole of life asset management and governance.

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[15] Refer to detailed explanation of close-out plans Section 3.3.1

Group	Responsibilities

NSW Treasury	Overarching policy responsibility for NSW Gateway Policy, Economic Appraisals and Business Cases. As Policy Owner, the role includes:
	▪ monitoring the application of the NSW Gateway Policy;
	▪ confirming the applicable GCA Framework and informing the concerned parties where there is dispute or confusion as to the appropriate GCA to deliver Gateway
	▪ determining the appropriate GCA Framework a mixed project should follow (i.e. where it contains a material combination of more than one element of different frameworks).
	▪ reporting on the performance of the NSW Gateway Policy, including the performance of the GCA Frameworks, after one year of operation and annually.
	For projects being delivered by Infrastructure NSW (Projects NSW), the Policy Owner (NSW Treasury) will allocate the responsibility to the appropriate GCA. This GCA will undertake the following elements of the IIAF[16]:
	▪ Determines appropriate expert reviewers, and manages scheduling, commissioning and administration of Assurance Reviews. NSW Treasury is independent of the Expert Review Team.
	▪ Monitors project performance through independent Assurance Reviews.
	▪ Provides independent analysis and advice on key risks and any corrective actions recommended for projects.
	▪ Escalates projects to the IIAC and Cabinet where projects are at risk and where corrective action is needed.
	▪ Reports to the IIAC and Cabinet on:
	  - Assurance Reviews and Close-out Plans
	  - Project status and mitigation strategies for red flag issues.

Expert Reviewer Panel; Expert Review Teams	The Panel comprises independent highly qualified Expert Reviewers established to cover all aspects of Gateway Review needs. A Review Team, for Gates 1 through 6, is drawn from the panel. A Review Team conducts high performing Assurance Reviews. Panel members can also be drawn upon to provide advice to Infrastructure NSW on projects and to the various assurance committees on an as needs basis. Panel member performance is to be reviewed regularly and membership updated.
Expert Reviewer Panel Advisory Group	The Group provides advice on the Expert Reviewer Panel capability, gaps and requirements to support a high performing Expert Reviewer Panel. The Group also considers Expert Reviewer Panel member nominations and recommendations as well as the performance of individual panel members.
Risk Review Advisory Group	The Group provides advice to the IIAC on the Project Risk Profiles and IIAF Project Registration reports provided by delivery agencies and reviewed by Infrastructure NSW.
Gate 0 Review Committee	The Committee performs Gate 0 Reviews which includes providing advice and recommendations on delivery agency submissions on the project need, strategic alignment and the planning to take the project to strategic and final business cases.
Department of Finance, Services and Innovation	May be called upon to provide guidance and expertise on capital projects/programs with major ICT elements as part of the assurance process within the IIAF.

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[16] As Infrastructure NSW would be performing both the role of delivery/ sponsor agency and GCA, for assurance requirements of Projects NSW projects, all references to responsibilities or roles for:

- Infrastructure NSW should be interpreted as the nominated GCA
- Chief Executive Officer of Infrastructure NSW should be interpreted as Secretary or Chief Executive Officer of the nominated GCA
- Infrastructure NSW Assurance Team should be interpreted as relevant nominated GCA officers.

Group	Responsibilities
Delivery Agency	The delivery agency must identify the appropriate GCA Framework for a project/ program and to adhere to the approach in the relevant GCA. For Capital projects, the delivery agency is responsible for meeting IIAF requirements, including: ▪ Registration and risk profiling of projects: - Registers all capital projects over $10 million (ETC). This applies to new projects and existing projects not yet operational; - Self-assesses Project Tier and prepares corresponding IIAF Project Registration report. - Updates Infrastructure NSW on changes of project risk criteria that may affect the Project Tier; and - Updates Infrastructure NSW on proposed changes to IIAF Project Registration report requirements. ▪ IIAF Gateway, Health Check and Deep Dive Reviews (Assurance Reviews)[17]: - Registers in a timely manner for Assurance Reviews - Provides in a timely manner all relevant information to support Assurance Reviews - Ensures SRO participation in Assurance Reviews - Responds to requests for fact checks of the draft Reports in a timely manner - Provides a delivery agency endorsed response to recommendations in a timely manner - Prepares formal Close-out Plan, for endorsement by Infrastructure NSW, for each Assurance Review - Provides regular updates to Infrastructure NSW on status of Close-out Plans. ▪ Regular reporting: - Provides timely and comprehensive project reports consistent with Project Tier frequency reporting requirements and agreed format. The delivery agency is responsible for paying[18] any direct costs of Assurance Reviews. This includes time and expenses relating to the engagement of independent reviewers, as well as disbursements relating to a Review such as venue hire, catering and administrative support services (e.g. scribe).

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[17] This relates to the Infrastructure NSW conducted reviews and checks; and does not relate to reviews and checks that are conducted under the delivery agencies protocols.

[18] Infrastructure NSW will initially pay for any direct costs; these will then be recovered in full by invoicing the delivery agency at the completion of an Assurance Review.

2.10 Infrastructure NSW delegation authority

The NSW Government has given Infrastructure NSW the authority to delegate assurance for non- High Profile/High Risk projects to Treasury on agreed terms.[19] Infrastructure NSW has been also given the authority to delegate existing independent assurance boards for major projects to oversee assurance functions consistent with the IIAF, and under the following terms:

- The assurance board will be responsible for assurance including Gateway Reviews for delivery gates only.
- The Chair of an assurance board will provide independent assurance advice directly to the IIAC via Infrastructure NSW (which in turn is provided to Cabinet) following Gateway Reviews conducted by the Board at the direction of Infrastructure NSW; or at any time requested by IIAC or Cabinet.
- Infrastructure NSW will be advised of any proposed changes to membership of boards. If Infrastructure NSW considers the Board integrity is compromised by such changes it may advise Cabinet accordingly.
- A call-in right will enable Infrastructure NSW to take over some or all assurance responsibilities at the direction of Cabinet.

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[19] This excludes projects sponsored or delivered by Infrastructure NSW (Projects NSW), as Treasury already has responsibility for the assurance functions related to these projects.

3 FRAMEWORK ARRANGEMENTS

3.1 Framework outline

The IIAF incorporates a risk-based approach to infrastructure investment assurance and is in line with recommendations made by the Auditor General in the performance audit report entitled *Audit Large construction projects: Independent assurance* (May 2015)[20].

Assurance arrangements for the state's infrastructure program support the Premier, the Treasurer and Cabinet in ensuring that this program is delivered effectively. The IIAF is designed to support both the delivery agencies' own decision-making and assurance processes and to support Budget processes throughout the project lifecycle as shown in **Figure 3**.
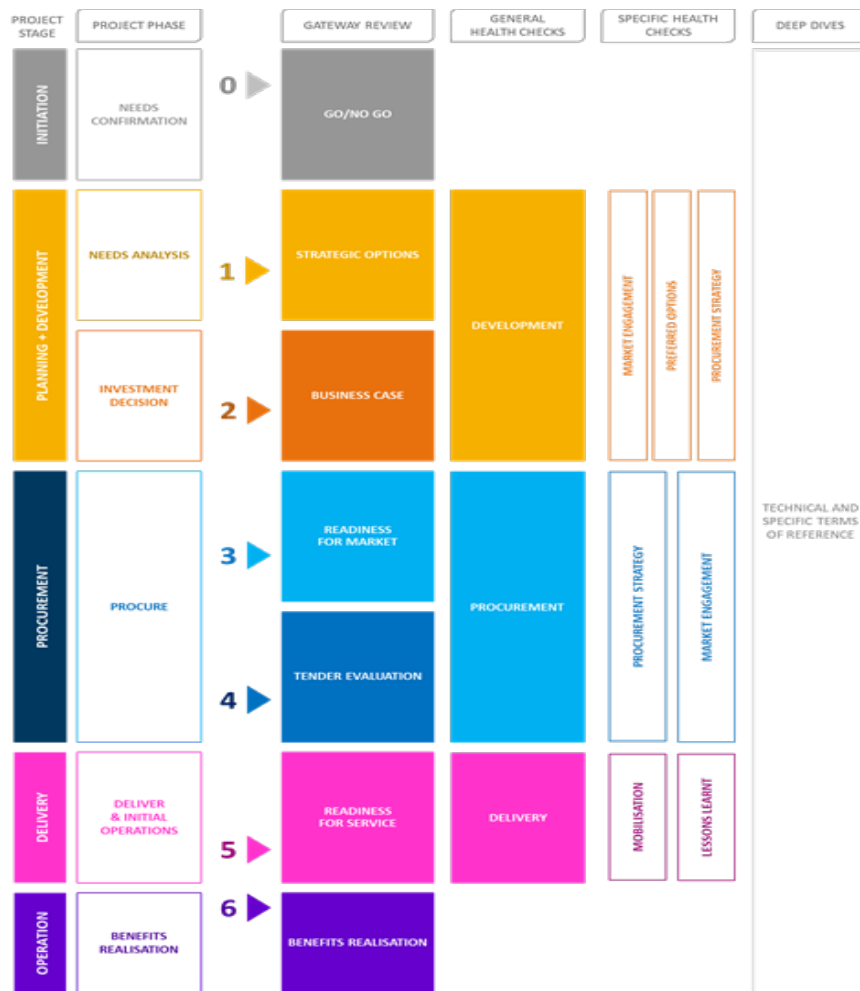
Figure 3 Project Lifecycle Assurance [21]

[20] http://www.audit.nsw.gov.au/publications/performance-audit-reports/2015-reports/large-construction-projects--independentassurance-/large-construction-project-independent-assurance

[21] Not all Gateway, Health Check and Deep Dive Reviews are required for all projects as indicated in Table 5, Section 3.3.1

A key component of the IIAF has been the establishment of an IIAC, convened, chaired and managed by Infrastructure NSW. Membership of the IIAC consists of the CEO of Infrastructure NSW and the NSW Government Secretaries.

3.2 Risk-based approach to investor assurance

Risk-based assurance means that different levels of assurance and reporting are applied proportionate to a potential risk profile. The qualitative risk profile criteria are outlined in **Table 3**.

Table 3 Qualitative risk profile criteria

Criteria	Definition
Government Priority	The degree of criticality in timing of the project or program due to potential adverse impacts on an existing community or the growth of a new community. The level of project or program priority, where: ▪ the project is mandated through documents such as the NSW Budget, Premier's Priorities, State Infrastructure Strategy, Cabinet endorsed infrastructure plan, Election Commitment; or; ▪ mandated through Ministerial authority or statement that has been made regarding the priority of the project; or; ▪ the project is assigned priority through an agency endorsed strategic document or funded forward capital program; or; ▪ the project is assigned priority as an enabler of a mandated project.
Interface Complexity	The extent to which the success of the project or program will depend on the management of complex technical or commercial dependencies with other: ▪ agencies, SOCs, non-government sector organisations or other third parties – providing approvals, contributing to the funding of the project, or being given operational responsibility, and/or ▪ projects or services where there are fundamental interdependencies that will directly influence the scope and cost of either project.
Procurement Risk	The extent to which a project or program requires, sophisticated, customised or complex procurement methods, thereby increasing the need for a careful assessment of the procurement strategy, management of the procurement task and management of the associated delivery risk.
Agency Capability and Capacity	The extent to which the sponsor agency has clear governance arrangements, demonstrated capability (experience) and capacity (available skilled resources) or can access these through recruitment or procurement of capability in the development and / or delivery of the type of project or program proposed.

A weighted score for the above criteria is determined based on the weightings and scores outlined in **Attachment E**. This weighted score is compared against the ETC to determine a preliminary Project Tier based on the matrix shown in **Table 4**.

Table 4 Project-tier weighted risk score matrix

Weighted Risk Score	ETC Range				
	$10M – 50M	$50-$100M	$100M - $500M	$500M - $1B	>$1B
0.0 – 2.0	Tier 4	Tier 3	Tier 3	Tier 3	Tier 2
2.1 – 2.2	Tier 4	Tier 3	Tier 3	Tier 2	Tier 2
2.3 – 2.4	Tier 4	Tier 3	Tier 2	Tier 2	Tier 2
2.5 – 2.9	Tier 3	Tier 2	Tier 2	Tier 2	Tier 1 – HPHR
3.0 – 3.9	Tier 2	Tier 2	Tier 2	Tier 2	Tier 1 – HPHR
4.0 – 5.0	Tier 1 – HPHR	Tier 1 – HPHR	Tier 1 – HPHR	Tier 1 – HPHR	Tier 1 – HPHR

The initial risk profiling self-assessment process is undertaken by delivery agencies. The process involves giving each project a risk-based score against these criteria, and undertaking further qualitative analysis, enabling projects to be grouped into risk-based tiers to which different levels of project assurance can be applied. The risk-based tiers are as follows:

- Tier 1 - High Profile/High Risk
- Tier 2
- Tier 3
- Tier 4.

This tiered approach is designed to ensure that the right balance is struck between a robust approach correctly focused on highest risks and achieving value for money. More intensity / scrutiny is placed on projects that need it most e.g. Tier 1 - High Profile/High Risk projects. This is represented in **Figure 4**.
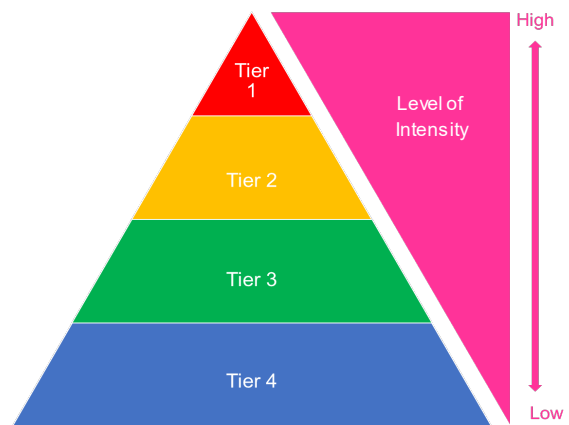
Figure 4 Tiered approach

Throughout their lifecycle, projects may move between tiers depending on changing risk profiles.

The project tiering is endorsed as outlined in Section 2.5. For a project to be endorsed by the IIAC as a Tier 1 – High Profile/High Risk project, it must be nominated as such by the:

• Cabinet
• Premier
• Treasurer
• Responsible Minister
• Relevant delivery agency Secretary or Chief Executive Officer
• Chief Executive Officer of Infrastructure NSW.

For a project to be removed off the Tier 1 – High Profile/High Risk list, before it is operational, the relevant delivery agency Secretary or Chief Executive Officer must request the removal in writing to the Chief Executive Officer of Infrastructure NSW. The Infrastructure NSW Assurance Team will consider the request and make a recommendation in relation to the request to be endorsed by the IIAC. The request may also be referred to the Risk Review Advisory Group[22] for advice. Any recommended change in a Tier 1 - High Profile/High Risk project rating is reviewed by Cabinet.

3.3   Assurance requirements

The investor assurance process is designed to ensure the Government's key infrastructure projects across NSW are delivered on time, on budget and in accordance with government objectives. This is achieved by providing independent advice to delivery agencies and reporting to Cabinet, so they can receive early warning of any emerging issues, and to act ahead of time to prevent projects from failing.

There are four main components to the independent investor assurance process:

• Assurance Reviews
• Project reporting based on inputs provided by delivery agencies
• Monitoring conducted by Infrastructure NSW
• Improving infrastructure outcomes through sharing insights and developing capability.

Figure 5 Elements of investor assurance

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[22] Refer to 2.9 Responsibilities

3.3.1 Gateway, Health Check and Deep Dive Reviews (Assurance Reviews)

The IIAF Assurance Review process provides for a series of short, focused, independent expert reviews, held at key decision points in a project's lifecycle (as depicted in **Figure 3**). The Assurance Reviews are appraisals of infrastructure projects, that highlight risks and issues, which if not addressed may threaten successful delivery.

The Assurance Review process is in place to strengthen governance and assurance practices and to assist delivery agencies to successfully deliver major projects and programs. Reviews are part of an assurance process which provides confidence to Government in the information supporting their investment decisions; the strategic options under consideration; and the delivery agency's capability and capacity to manage and deliver the project.

Gateway Reviews are supported by periodic Health Checks and Deep Dive Reviews which assist in identifying issues which may emerge between decision points. These reviews will be carried out, when required, by an independent team of experienced practitioners (industry experts including from the private sector), appointed by Infrastructure NSW. While Health Check Reviews for Tier 1 - HPHR projects are mandatory during the Delivery Phase, all other Health Check and Deep Dive Reviews are by agreement between Infrastructure NSW and the agency.

The risk-based application of Assurance Reviews conducted by Infrastructure NSW is detailed in **Table 5**.

Delivery agencies can nominate additional assurance reviews beyond those mandated by the IIAF.

After each Assurance Review, 360-degree feedback is obtained by means of a series of surveys. These surveys are sent to the review team, the agency and the GCA review manager with the aim of identifying areas where improvements can be made to the review process. Infrastructure NSW also relies on the feedback to manage the performance of the Expert Reviewer Panel (ERP) and the success of the IIAF.

Table 5 Application of Assurance Reviews by Infrastructure NSW

GATEWAY REVIEWS	Tier 1 - HPHR	Tier 2	Tier 3	Tier 4
Gate 0 Go/No Go	Mandatory	Mandatory	Mandatory	Not required
Gate 1 Strategic Options	Mandatory	Mandatory	Optional	
Gate 2 Business Case	Mandatory	Mandatory	Optional	
Gate 3 Readiness for Market	Mandatory	Optional	Optional	
Gate 4 Tender Evaluation	Mandatory	Optional	Optional	
Gate 5 Readiness for Service	Mandatory	Optional	Optional	
Gate 6 Benefits Realisation	Mandatory	Optional	Optional	
HEALTH CHECKS	**Tier 1 - HPHR**	**Tier 2**	**Tier 3**	**Tier 4**
Development	Optional	Optional	Optional	Not required
Procurement	Optional	Optional	Optional	
Delivery	Mandatory[23]	Optional	Optional	
DEEP DIVES	**Tier 1 - HPHR**	**Tier 2**	**Tier 3**	**Tier 4**
Any Phase	Optional	Optional	Optional	Not required

Delivery agency assurance

The IIAF Assurance Reviews relate to those conducted by Infrastructure NSW and do not relate to reviews and checks conducted under individual delivery agency protocols.

Gate 0 Reviews

Gate 0 Reviews will be conducted by the Gate 0 Review Committee.

Gate 1 – 6 Reviews

Assurance Reviews include interviews with significant project stakeholders and the examination of project documents. Review Teams assess the progress of projects against seven Key Focus Areas:

- Service need
- Value for money and affordability
- Social, economic and environmental sustainability
- Governance
- Risk management
- Stakeholder management
- Asset owner's needs and change management.

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[23] Health Checks for Tier 1 - High Profile/High Risk projects are mandatory during the Delivery Phase if this phase exceeds 6 months.

Reviews are conducted in accordance with the Gateway Review Toolkit and Reviewer Workbooks. An overview of the typical Assurance Review process is at **Attachment F**.

Infrastructure NSW will develop Terms of Reference for a Review in consultation with the responsible delivery agency and key stakeholders. The Terms of Reference are used to guide the selection of appropriate reviewers and will be provided to reviewers in advance of the Review.

The governance and oversight of a project/program ordinarily includes three major parties: a 'sponsor', 'deliverer' and 'asset owner/manager or operator'. These parties may come from within the same organisation.

Good governance and project/program assurance calls for the need to have an individual as the single point of accountability and strategic responsibility; the Senior Responsible Officer (SRO). The SRO may come from within the 'sponsor', 'deliverer' or 'asset manager/owner or operator' organisation. This is further outlined in **Attachment B**.

To enable a successful Review to take place, the delivery agency must identify each of the parties performing the role of 'sponsor', 'deliverer' and 'asset owner/manager or operator', as well as the individual SRO. It is essential that the delivery agency's SRO participates in the Gateway Review process.

Independent reviewers

Reviews are to be conducted by a highly experienced independent Review Team where independent refers to the individuals being independent of a delivery agency and a project team. The review team should be selected so that it possesses the skills, capability and experience to enable it to provide relevant assessment and advice.

For Tier 1 – High Profile/High Risk projects, independent reviewers forming the Review Team should not include individuals that are currently employed by the NSW Government[24] and should include high profile industry experts.

For Tier 2 and 3 projects, independent reviewers forming the Review Team can include individuals currently employed with the NSW Government if they are independent of the delivery agency and project team.

Health Check and Deep Dive Reviews

Health Checks should be conducted at regular intervals (minimum 6 months) for Tier 1 – High Profile/High Risk projects when in the delivery phase of the project lifecycle. Health Checks during other phases of Tier 1 – High Profile/High Risk projects and at any time for Tier 2 or Tier 3 projects are considered optional and should be undertaken as needed.

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[24] This refers to individuals who are current permanent employees of the NSW Government and does not include former employees of the NSW Government or those contracted on a non-permanent basis.

Triggers for optional Health Checks may include:

- where a Gateway Review Team recommends a Health Check to be completed before the next Gateway Review
- between a Strategic Assessment Gate Review and a Business Case Gate Review:
    - if a Strategic Business Case (SBC) is reviewed at the Strategic Assessment Gate Review and a Preliminary Business Case (PBC) is produced; or
    - if there are significant options developed and are still available for consideration at the Strategic Assessment Gate Review, a Health Check Review may be required at the options selection point rather than waiting until Final Business Case (FBC)
- if there is overall low or medium delivery confidence and there are a significant number of critical and essential recommendations raised at an Assurance Review. The Health Check Review would focus on ensuring recommendations have been closed effectively
- if insufficient progress is being demonstrated in closing out recommendations from a previous Assurance Review
- if there is a major incident or major event or major change in the project, including change of governance or change in delivery agency responsibility (e.g. handover to Projects NSW for delivery)
- if a delivery agency self-nominates.

Optional Health Check Reviews can be called for at the direction of any of the following:

- Chief Executive Officer of Infrastructure NSW
- IIAC
- Cabinet
- Treasurer
- Premier.

Deep Dive Reviews are similar to a Health Check Review but focus on a particular issue or limited terms of reference rather than the full range of issues normally considered at a Health Check. These are generally undertaken in response to issues being raised by key stakeholders to the project or at the direction of the relevant Government Minister.

Gateway Review / Health Check Review / Deep Dive Review

The results of each Assurance Review are presented in a report that provides a snapshot of the project's progress for the purposes of reporting to Cabinet and with recommendations to strengthen the project.

Close-out Plans

Close-out Plans form part of the final Review reports and are required to be prepared in response to the recommendations set out in each Assurance Review report.

Close-out Plans are supplied by delivery agencies as approved by the delivery agency Secretary, Chief Executive Officer or nominated SRO[25], these Plans will detail specific

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[25] And /or in accordance with individual delivery agency policy

actions, timelines and accountabilities that respond to the recommendations provided in these reviews. Infrastructure NSW will:

- endorse the Close-out Plans and the closing out of recommendations
- monitor the progress towards closing out these actions and recommendations
- report on this activity to the IIAC and Cabinet.

Presentation of Review findings to Cabinet

All final Assurance Review reports are provided to Cabinet for the purpose of seeking approval for Infrastructure NSW to take reasonable and necessary steps in working with delivery agencies to facilitate the closing out of the recommendations contained in the reviews. This may include reporting to Cabinet on any cases where 'critical' and 'essential' recommendations are not being addressed as evidenced by the delivery agency's' reporting on the closing out of review recommendations.

In addition:

- For Tier 1 – High Profile/High Risk projects, summaries of the key review outcomes are routinely provided to Cabinet.
- For Tier 1 – High Profile/High Risk projects, the CEO of Infrastructure NSW may present the outcomes of Gate 1 Strategic Options Gateway Review, Gate 2 Business Case Review and Health Check in Delivery reviews to the Cabinet.
- For non-High Profile/High Risk reviews, the outcomes of these reviews may be reported to Cabinet in more detail by exception where significant risks or issues are deemed relevant to Cabinet by the IIAC.

In the case of projects being delivered by Infrastructure NSW, presentations are made by the Secretary or Chief Executive of the nominated GCA or their delegate.

Confirmation of clearance of Gate

Following the conclusion of the review and the finalisation of the Review Report, the delivery agency can request a 'Clearance of Gate' Certificate from the GCA. The 'Clearance of Gate' will be determined by the GCA.

The Certificate confirms the review has been completed for a particular phase and that an appropriate Close-out Plan is in place to assist with the project development or delivery.

Irrespective of whether a Certificate is requested and issued, or not, to achieve a 'Clearance of Gate' the delivery agency must:

- respond appropriately to the review recommendations (to the satisfaction of the GCA)
- resolve all critical review recommendations (to the satisfaction of the GCA)
- respond to the Close-out Plan prepared by the GCA.

The Certificate is not an Assurance Review approval or an endorsement of the project, nor does it negate the mandatory requirement on a delivery agency to respond to and act upon the review recommendations.

3.3.2 Regular project reporting

Reporting will be conducted for projects and programs, with data gathered and maintained by Infrastructure NSW in a central repository. These reports will record and assess implementation against time, cost, quality, risks and impediments to project development/delivery. Alerts for management attention and/or intervention will be based on analysis of data as well as the Assurance Review reports. Reporting will reflect the tiered approach with greater analysis and strategic advice provided for Tier 1 – High Profile/High Risk projects. Project Tier Risk-based reporting is detailed in **Table 6**.

Table 6 Regular project reporting requirements

Project Tier	Frequency	Lodged By	Reviewed By	Endorsed for reporting to Cabinet by	Audience
Tier 1 - HPHR	Monthly	Delivery agency	Infrastructure NSW	IIAC	▪ IIAC ▪ Infrastructure NSW Board ▪ Cabinet
Tier 2	Quarterly	Delivery agency	Infrastructure NSW	IIAC	▪ IIAC ▪ Cabinet
Tier 3	Quarterly	Delivery agency	Infrastructure NSW	IIAC	▪ IIAC ▪ Cabinet
Tier 4	Nil	N/A	N/A	N/A	Nil

To support these reporting arrangements, delivery agencies will be required to provide:

- timely and comprehensive project reporting in the agreed format. Refer to **Attachment G** for the Tier 1 – High Profile/High Risk regular project report template
- Close-out Plans which document actions and accountabilities that respond to recommendations identified in the Assurance Reviews
- Mitigation Plans for red flag issues identified in Tier 1 - High Profile/High Risk project status reports or Tier 2 reports.

A key feature of the Tier 1 - High Profile/High Risk project reports is an indication of the status of project or program using a traffic light system (RED / AMBER / GREEN) in terms of overall project status, time and cost. The definitions for the traffic light system for overall project status, project time status and cost status are shown in **Attachment D**.

3.3.3 Monitoring

Infrastructure NSW will monitor project status (including mitigation plans) and the findings of the Assurance Reviews (including Close-out Plans). Infrastructure NSW will provide regular project reports and summary findings of Assurance Reviews for Tier 1 - High Profile/High Risk projects to the:

- IIAC for endorsement of regular project reports; and noting of the findings of project Assurance Reviews
- Infrastructure NSW Board by exception for projects with red status or deteriorating status
- Cabinet.

Regular project reports as well as Assurance Review summary findings provided to the IIAC and Cabinet will be owned by Infrastructure NSW. In providing this reporting, Infrastructure NSW will undertake the necessary steps to verify the information provided by delivery agencies or prepared by Review Teams. This may include:

- detailed assessment of each Tier 1 – High Profile/High Risk project with direct input from Panel experts (this will include Health Checks and the results of Deep Dive Reviews)
- independent analysis and advice on key risks, recommended corrective actions and mitigation strategies.

3.3.4 Improving infrastructure outcomes

Insights gained and lessons learned through our Assurance role are used to work with government, industry and reviewers to address key challenges and foster continuous improvement, and so contribute to the development of capability in infrastructure planning and delivery.

3.4 Treatment of projects and programs

New capital projects must be registered under the IIAF as either a project or a program. After a project or program is risk-profiled and assigned a Project Tier it is required to comply with the assurance and reporting requirements outlined in Section 3.3 according to its Project Tier. Definitions of, and how various projects and programs may be comprised and operate in practice are detailed at **Attachment H**.

3.4.1 Modified IIAF Project Registration report for complex projects and programs

Under the IIAF, the assurance process for complex projects and programs begins with registration and risk profiling of the project/program in its entirety to establish its Project Tier. For assurance purposes (Reviews, regular reporting and monitoring), a complex project or a program may need to be considered both as a single project or program and in its component parts (project stages, individual projects or sub-programs) at various stages in the program lifecycle.

In some cases, these project stages, individual projects or sub-programs may have a different Project Tier to the overall complex project or program. This may result in the need for a Modified IIAF Project Registration report.

As the different component parts (project stages, individual projects or sub-programs) are typically developed and/or delivered over varying timeframes, they may not be able to be considered in a single Gateway Review. It may therefore be necessary to have multiple Reviews to accommodate a program/project's needs. In some cases, a smaller stage of work or individual project may not warrant the application of these separate Gates.

For complex projects, the application of separate tiering for certain identified stages allows the delivery agency to access Reviews for a distinct stage (dependent on the risk-profiling of that stage) to accommodate a project's specific needs. For example, larger stages of work within a complex project may warrant the application of certain Gates, particularly at the procurement and delivery stages of a project's lifecycle, whereas a smaller stage of work may not require a Review. This adaptation provides for greater assurance and efficiency across a complex project.

When stages of a complex project are identified as needing separate tiering for assurance purposes, the stages are split off and undergo risk profiling, where each stage is assigned a Project Tier, and subsequently included as such in a Modified IIAF Project Registration report. Importantly, a stage's tiering is assessed on its own merits, and therefore may be tiered at any level. Splitting off a stage of a complex project for risk profiling may occur at any time. Typically, this would be after the complex project's strategic or final business case. A complex project should only be considered as a linear program of staged outputs in accordance with an agreed business case.

This process is similar for programs needing to be considered as separate projects or subprograms. For instance, a large program that is considered in its entirety during the development of strategic business cases, may require the development of a series of separate final business cases for individual projects and sub-programs due to these being progressed and delivered at different times.

Examples of typical Modified IIAF Project Registration report for complex projects and programs are provided at **Attachment I**.

Where a complex project has been split into stages or a program into individual projects or sub-programs, and those component parts have their own tier assessment, it is important, for satisfaction of the originating objective of the complex project/program, to return to a single review step. This occurs as Gate 6 - the benefits realisation stage of its lifecycle, allowing the benefits realisation assessment to be undertaken for the entire complex project or program.

3.4.2 Endorsement of a Modified IIAF Project Registration report

Determining the extent or need to apply the mandatory gates for complex projects or programs to the project stages, individual projects or sub-programs will require:

- delivery agencies to provide a Modified IIAF Project Registration report with self-nominated assurance arrangements for each project stage, individual project or sub-program as relevant
- Infrastructure NSW to assess the Modified IIAF Project Registration report and make recommendations to the IIAC
- IIAC to endorse the Modified IIAF Project Registration report.

3.5 The NSW Assurance Portal (Portal)

The NSW Assurance Portal (Portal) provides the NSW Government with the first statewide online environment to securely manage assurance information and activities for projects that meet the threshold of the IIAF and the Recurrent Expenditure Assurance Framework (REAF) as part of the NSW Gateway Policy.

At present, the Portal enables Infrastructure NSW, NSW Treasury and the government Clusters to actively and efficiently manage project registrations (including risk profiling and risk review assessment), capture review information and provides enhanced data collection for capital project reporting to Cabinet.

The Portal also captures Expert Reviewer information to assist with the selection of Expert Reviewers for Gateway, Health Check and Deep Dive Reviews.

In 2020, there will be further releases of the Portal to include Close-out Plans, enhanced reporting, dashboards and analytics.

3.6 Performance

3.6.1 First 12 Month operational review

Following the first 12 months of operation from the finalisation of the IIAF, Infrastructure NSW will review the implementation of the IIAF with NSW Treasury, the Department of Premier and Cabinet, and relevant delivery agencies.

3.6.2 Annual framework performance

A crucial part of the IIAF will be to regularly evaluate the performance of the IIAF itself and contribute to the analysis of project and assurance issues and trends. To this end, the key aspects of the performance management approach are outlined in **Table 7**.

Table 7 Performance reporting

Report	Description	Frequency	Audience
IIAF Cluster Assurance Plans	The IIAF Cluster Assurance Plans are forward looking plans to identify the assurance requirements of a Cluster over the next 12 to 15 months. Plans will be prepared by Infrastructure NSW in collaboration with delivery agencies.	Annual plan at the beginning of each financial year. Updated six monthly.	▪ Cabinet ▪ IIAC
IIAF Expert Reviewer Panel Performance Report	The IIAF Expert Reviewer Panel Performance Report will include an assessment of the composition of the Expert Review Panel in terms of experience and skill set required to provide high performing advice as well as meet future whole-of-government project assurance needs. The report will also include a report on the monitoring of the robustness and timeliness of individual expert reviewer performance. 360° feedback will be obtained for each Expert Reviewer at the conclusion of an Assurance Review. The report will be prepared by Infrastructure NSW and sponsored by the Expert Reviewer Advisory Group.	Annual	▪ Cabinet ▪ IIAC
IIAF Close-Out Plan Performance Report	The IIAF Close-Out Plan Performance Report will provide an analysis of agency performance in closing out (or addressing) Review recommendations. The report will be prepared by Infrastructure NSW.	Annual	▪ Cabinet ▪ IIAC
IIAF Trends and Analysis Report	The IIAF Trends and Analysis Report will feature an analysis of Assurance Reviews to identify systemic issues and trends facing delivery agencies, as well as provide Lessons Learnt across projects. The report will be prepared by Infrastructure NSW.	Annual	▪ Cabinet ▪ IIAC ▪ NSW Treasury
IIAF overall Performance Report	The IIAF Overall Performance Report is a report card on Infrastructure NSW's performance in key areas such as project registration, risk profiling, development of Cluster Assurance Plans, Assurance Reviews and project reporting. The report will be prepared by Infrastructure NSW.	Annual	▪ Cabinet ▪ IIAC ▪ NSW Treasury ▪ Infrastructure NSW Board

Attachment A   Project registration and risk-profiling process

Program/Project Registration

| Delivery agency registers Project/Program | All capital projects valued at an estimated total cost (ETC) of $10 million and above are to be registered by delivery agencies with Infrastructure NSW via at the Portal. |

| Delivery agency undertakes risk self-assessment to determine preliminary Project Tier | Using the assessment tool in the Portal, delivery agencies determine the preliminary Project Tier based on the ETC and the evaluation of the four criteria. An IIAF Project Registration report can then be generated. |

| Agency approval and submission | Delivery agencies 'submit' the registration following approval from the delivery agency 'approver'. Once submitted, the project is eligible for review by Infrastructure NSW's Risk Review Advisory Group (RRAG). |

| Infrastructure NSW review | Prior to submitting the IIAF Project Registration report to RRAG, Infrastructure NSW reviews the report and confirms that the project is ready for review by the RRAG. |

Risk Profile Assessment

| Risk Review Advisory group (RRAG) recommendation | The preliminary Project Tier and IIAF Projects Registration report are considered by the RRAG at the Group's monthly meeting. The RRAG either supports the preliminary tier or recommends another tier. |

| Agency provided 'right of reply' where RRAG tiering differs from agency tier | Infrastructure NSW provides agencies with a 'right of reply' when the RRAG recommends a Project Tier that differs from that provided by the agency. |

| Recommendation to IIAC for endorsement | Infrastructure NSW submits the Project Tier recommended by RRAG to the IIAC for endorsement. |

Program/Project Finalisation

| Cabinet Noted | Once endorsed by the IIAC, the Project Tier is submitted to Cabinet for noting. |

| Agency advised | Delivery Agency is advised of endorsed Project Tier. |

Attachment B Role of the SRO in the IIAF

The governance and oversight of an infrastructure project/program ordinarily includes three major parties: a 'sponsor', 'deliverer' and 'asset owner/manager or operator'. The typical responsibilities/functions of these parties are described in **Table B1**.

Table B1 Typical responsibilities of major parties to a project/program

Party	Typical responsibilities and functions of parties to a project
Sponsor	- Secures the funding - Owns the business case - Responsible for specifying the asset requirements - Ensures the project remains strategically aligned and viable - Ensures benefits are on track
Deliverer	- Responsible for procurement of asset from investment decision to commissioning - Delivering the benefits - Translates requirements from the sponsor and manages delivery outcomes - Selects the most appropriate supplier/s to meet project objectives
Asset manager/ owner or operator	- Responsible for day to day operations and maintenance of asset once commissioned - May be a part of the sponsor or delivery organisation or a separate entity - Operator and maintainer of the assets might be separate entities - Asset management is the coordinated activity of organisations to realise value from their assets

The role performed by each of these parties may be emphasised depending on the particular project life cycle point a project/program is in. Further, the roles performed by each party often have necessary interdependencies with each other to enable the successful delivery of a project/program. This is depicted in **Figure B1**.
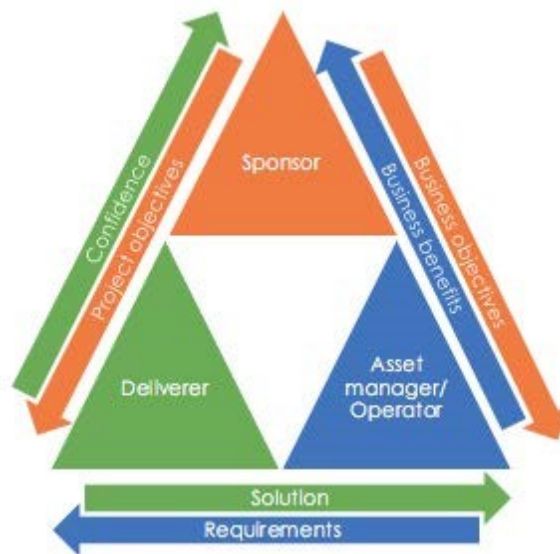
Figure B1 Interaction of the responsibilities and functions of key parties to a project/program

While there are typically three major parties to a project, good governance and project/program assurance calls for the need to have a single point of accountability and strategic responsibility. The Senior Responsible Officer (SRO) of a project/program occupies this position. The SRO may come from the 'sponsor', 'deliverer' or 'asset manager/owner or operator' agency, depending on the stage of the project/program within its lifecycle. Notwithstanding this, the officer holding the position of SRO should be identifiable at any particular point in time.

Table B2 outlines the typical responsibilities of these officers when occupying the position of SRO in relation to the IIAF.

During the assurance and Gateway Review process the SRO is expected to be available, support, and ensure that all necessary information is made available to the Review Team.

Table B2 Typical holder of SRO position during project lifecycle

Project Lifecycle Stage	Gateway Review	Sponsor	Deliverer	Asset manager/owner or operator
Develop	Gate 0: Go/No Go	✓ SRO		✓ SRO
Develop	Gate 1: Strategic Options	✓ SRO		
Develop	Gate 2: Business Case	✓ SRO		
Procure	Gate 3: Readiness for Market		✓ SRO	
Procure	Gate 4: Tender Evaluation		✓ SRO	
Deliver	Gate 5: Readiness for Service		✓ SRO	✓ SRO
Operate	Gate 6: Benefits Realisation			✓ SRO

Attachment C   Protocols for finalisation and distribution of Gateway, Health Check and Deep Dive Review Reports*

Draft Review Report
(for quality control)

- Review Team prepares Draft Review Report and issues to Infrastructure NSW
- Infrastructure NSW provides comments, in relation to quality of documentation, to Review Team, if required

Final Draft Review Report
(for fact checking)

- Review Team prepares Final Draft Review Report and issues to Infrastructure NSW
- Infrastructure NSW distributes Final Draft Review Report and Recommendations Table to the Project Team (cc to the SRO) for fact checking and response
- Delivery agency provides comments on the Final Draft Review Report and responses to Recommendations Table to Infrastructure NSW
- Infrastructure NSW considers agency comments and seeks the Review Team perspective, if required

Final Review Report - including response
(for release)

- Infrastructure NSW finalises the Final Review Report (including the agency responses)
- Infrastructure NSW issues Final Review Report (including agency responses) to delivery agency nominated SRO or delivery agency Secretary or Chief Executive Officer (or delegated accountable parties as per delivery agency policy)
- Infrastructure NSW reports the outcomes of Review to IIAC and Cabinet, as relevant, and provides Cabinet with the Final Review Report .

* Gateway, Health Check and Deep Dive Review Reports are classified as 'Sensitive NSW Cabinet' documents

Protocols

Topic	Details
Document control page	All Review Reports are to include a document control page – noting the version of the report and date of issue
Confidential	All Review Reports are classified as 'Sensitive NSW Cabinet' documents and are to include "Sensitive NSW Cabinet" on the footer

Distribution	▪ No review team member is to distribute copies of any versions of reports directly to delivery agencies, project teams or any other party
	▪ Review Team leader is to send versions of reports to Infrastructure NSW Assurance Team for distribution
	▪ No reports are to be distributed outside of the responsible delivery agency (including to central government agencies) until the report is finalise and includes a delivery agency response to recommendations unless directed to by the CEO Infrastructure NSW or Deputy CEO Infrastructure NSW
	▪ Copies of the Final Review Reports with delivery agency responses are only distributed by Infrastructure NSW as follows:
	
	   - To responsible delivery agency SRO / Secretary or Chief Executive Officer (and delivery agency delegated staff)
	   - To Treasury officials where the project is being consider by ERC (e.g. for SBC, FBC and pre- tender and post tender Gateway Reviews for private financing deals etc.)
	   - To Infrastructure NSW Restart team where the project is to be considered for funding in part or full by Restart NSW and only for SBC or FBC Gateway Reviews
	   - To Cabinet, the Premier's Office, and the Treasurer's Office upon request only
	
	▪ Final Review Reports with delivery agency responses are not to be distributed to any other parties (other than those specified above) unless directed by the CEO Infrastructure NSW or Deputy CEO Infrastructure NSW. If other parties (including responsible Ministers) request a copy they should be directed to the responsible delivery agency SRO / Secretary or Chief Executive Officer to request a copy
	▪ SROs (as owners of the final report) are able to distribute the final report, which remain 'Sensitive NSW Cabinet' documents, at their discretion, having regard to the confidential nature of the report

Watermarks	▪ Draft Review reports to include Watermark: "DRAFT for delivery agency XXX checking" ▪ Final Review reports (excluding delivery agency responses to recommendations) to include Watermark: "FINAL for delivery agency XXX Response" ▪ Final Review reports (including delivery agency responses to recommendations) to include watermark: "FINAL issued to XXX" (where XXX is name of recipient delivery agency or organisation report is issued to)
Format	▪ All versions of reports issued by the Review Team to Infrastructure NSW to be in Word format ▪ Draft Review reports issued to delivery agency for fact-checking in Word format ▪ Final Review reports (excluding delivery agency responses to recommendations) issued to delivery agency for response to recommendations in PDF format with table of recommendations issued to delivery agency in Word format ▪ Final Review reports (including delivery agency responses to recommendations) issued in PDF format
Transmittal	Infrastructure NSW to keep a record of all parties (including the versions) to whom reports are issued

Attachment D   Regular Project Reporting Rating System

The definitions for the traffic light system for overall project status are shown in **Table D1**.

Table D1 Regular project reporting - Overall project status definitions

Status		Legend on HPHR report	Detailed description in Portal
Green	🟩	No major unmitigated risks	No major unmitigated risks identified
Amber	🟨	Major risks appropriately mitigated	Major risks identified but appropriate mitigating actions being taken
Red	🟥	Further action required to mitigate major risks	Major unmitigated risks identified - further action required

The definitions for the traffic light system for project time and cost status are shown in **Table D2** and **Table D3**.

Table D2 Regular project reporting - Project time status definitions

Status		Legend on HPHR report	Detailed description in Portal
Green	🟩	On-track	Project/program is on track and is expected to be delivered within approved timeframes. No major unmitigated risks identified.
Amber	🟨	At risk	Project/program is at risk of not being delivered within approved timeframes. Appropriate mitigating actions are being taken that address major risks to time.
Red	🟥	Not on-track	Project/program is not on-track and is not expected to be delivered within approved timeframes. Further actions are required to address unmitigated major risks to time.

Table D3 Regular project reporting - Project cost status definitions

Status		Legend on HPHR report	Detailed description in Portal
Green	🟩	On-track	Project/program is on track and is expected to be delivered within approved budget. No major unmitigated risks identified.
Amber	🟨	At risk	Project/program is at risk of not being delivered within approved budget. Appropriate mitigating actions are being taken that address major risks to budget.
Red	🟥	Not on-track	Project/program is not on-track and is not expected to be delivered within approved budget. Further actions are required to address unmitigated major risks budget.

Attachment E   Project profile/risk criteria, criteria scores and weightings

Criteria and Weighting	Priority and Risk level	Score
Government priority: 25% The degree of criticality in timing of the project or program due to potential adverse impacts on an existing community or the growth of a new community. The level of project or program priority, where: ▪ the project is mandated through documents such as the NSW Budget, Premier's Priorities, State Infrastructure Strategy, Cabinet endorsed infrastructure plan, Election Commitment; or; ▪ mandated through Ministerial authority or statement that has been made regarding the priority of the project; or; ▪ the project is assigned priority through an agency endorsed strategic document or funded forward capital program; or; ▪ the project is assigned priority as an enabler of a mandated project. .	<u>Very high Government Priority</u> Mandated priority project with funding reserved in the forward estimates and has been publicly announced; and – Construction to commence *within* the next two years; or – Addresses an urgent and critical service need for the community.	**5**
	<u>High Government Priority</u> Mandated priority project with funding reserved in the forward estimates and has been publicly announced; and – Final Business Case to be completed within the next two years; or – Addresses a serious deficiency with a high service need for the community.	**4**
	<u>Medium Government Priority</u> ▪ Mandated priority project in an endorsed strategic plan with construction planned to commence within the forward estimates, but not yet publicly announced; and ▪ Addresses an important service need for the community.	**3**
	<u>Lower Government Priority</u> ▪ Priority project in an agency endorsed strategic plan; and ▪ Construction to commence within the forward estimates; and ▪ Addresses some service need with a low impact on a community.	**2**
	<u>Very low Government Priority</u> ▪ Agency priority project/program indicated in a forward capital program; and ▪ Construction to commence beyond the forward estimates; and ▪ Addresses a minor deficiency with a low impact on a community.	**1**
	<u>Extremely low Government Priority</u> ▪ Neither a mandated or agency priority project/program; or ▪ Not included in an agency endorsed forward capital planning / strategy document; or ▪ No or minimal impact on the community.	**0**
Interface complexity: 25% The extent to which the success of the project or program will depend on the management of complex technical or commercial dependencies with other: ▪ agencies, SOCs, non-government sector organisations or other third parties – providing approvals, contributing to the funding of the project, or being given operational responsibility, and/or ▪ projects or services where there are fundamental interdependencies that will directly influence the scope and cost of either project.	<u>Very high interface complexity risk</u> ▪ Complex institutional or technical interface with Federal, local and private entities; or ▪ Fully interdependent on other projects or services.	**5**
	<u>High interface complexity risk</u> ▪ Significant institutional or technical interface with at least 2 entities (Federal, local or private); or ▪ Important technical or service interdependencies with other projects.	**4**
	<u>Medium interface complexity risk</u> ▪ Institutional interface with at least 1 entity (Federal, local or private); and ▪ Some interdependencies with other projects or services.	**3**
	<u>Low interface complexity risk</u> ▪ Institutional interface with 1 entity; or ▪ Minor interdependence with other projects or service.	**2**
	<u>Very low interface complexity risk</u> ▪ Very little or infrequent interface with entities; or ▪ Very little interdependence on other projects or service.	**1**
	<u>Extremely low interface complexity risk</u> ▪ No interface complexity.	**0**

Criteria and Weighting	Priority and Risk level	Score
Procurement Risk: 20% The extent to which a project or program requires, sophisticated, customised or complex procurement methods, thereby increasing the need for a careful assessment of the procurement strategy, management of the procurement task and management of the associated delivery risk.	<u>Very high procurement complexity risk</u> Highly complex procurement including financing. For example, Public Private Partnership (PPP); project finance with periodic availability payments or other hybrid financing structure.	5
	<u>High procurement complexity risk</u> Complex procurement. For example, a Design, Build, Maintain, with or without operations.	4
	<u>Medium procurement complexity risk</u> Some procurement complexity. For example, Design and Construct, hybrid Early Contractor Involvement (ECI), hybrid alliance or Engineer, Procure, Construct (EPC).	3
	<u>Lower procurement complexity risk</u> Minor procurement complexity. For example, Managing Contractor, Construct Only, Design finalisation.	2
	<u>Very low procurement complexity risk</u> Collaborative contracting with design and cost jointly developed and risk allocation agreed. For example, conventional ECI, or alliance.	1
	<u>Extremely low procurement complexity risk</u> No procurement complexity. For example, procurement of a study, strategy or planning activity.	0
Agency Capability and Capacity: 30% The extent to which the sponsor agency has clear governance arrangements, demonstrated capability (experience) and capacity (available skilled resources) or can access these through recruitment or procurement of capability in the development and / or delivery of the type of project or program proposed	<u>Very high agency capability and capacity risk</u> ▪ No projects of this type previously procured and delivered over the last 10 years; or ▪ Resourcing capacity potentially severely limited in government or industry within the delivery timeframes.	5
	<u>High agency capability and capacity risk</u> ▪ Less than 5 projects of this type previously procured and delivered over the last 10 years; or ▪ Resourcing capacity potentially very limited within government or industry to deliver within the intended delivery timeframes.	4
	<u>Medium agency capability and capacity risk</u> ▪ At least 5 projects of this type procured and delivered over the last 5 years; and ▪ A record of successful procurement and delivery of these projects; and ▪ Resourcing capacity potentially limited within government or industry, requiring early planning and attention.	3
	<u>Lower agency capability and capacity risk</u> ▪ Multiple recurring projects; and ▪ A record of successful procurement and delivery of these projects; and ▪ Resourcing capacity may be limited within government or industry but is manageable.	2
	<u>Very low agency capability and capacity risk</u> ▪ Business as usual type projects; and; ▪ A record of successful procurement and delivery of these projects; and ▪ Resourcing capacity within government and industry is established and adequate.	1
	<u>Extremely low agency capability and capacity risk</u> ▪ No agency capability risk as routine projects; and ▪ A record of successful procurement and delivery of these projects; and ▪ No agency or industry resource capacity risk.	0

Attachment F   Typical Gateway Review, Health Check and Deep Dive Process

Delivery agency or Infrastructure NSW identifies the need for a Review

Infrastructure NSW discusses Review requirements and broad outline of Terms of Reference (ToR) with delivery agency

Infrastructure NSW prepares ToR in consultation with delivery agency and key stakeholders. Infrastructure NSW conducts interviews with key stakeholders as required.

Infrastructure NSW selects reviewers and books Review

Delivery agency provides Review documentation, draft interview schedule and planning day materials

Review planning day held in advance of Review

Review conducted

Review report finalised including agency response to recommendations

Review 360 degree feedback completed by delivery agency, Infrastructure NSW Assurance Team, reviewers and key stakeholders

Infrastructure NSW reports Review outcomes to the IIAC and Cabinet

Delivery agency prepares Infrastructure NSW endorsed Close-out Plan to detail how recommendations will be addressed including key actions required, responsibility and timing

Infrastructure NSW monitors the delivery agency performance against the Close-out Plan until all recommendations are addressed or the next Review is held (at this time any outstanding recommendations from a previous Review will be considered and where necessary will be included in the latest Review recommendations).

Attachment G   Tier 1 – High Profile/High Risk Project Report Template

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AAA Test Project

FINAL HPHR Report: Data as at Sep 2019
URN P-9281

$3B
ETC
Including: **$3B**
COST TO NSW GOVERNMENT

Transport for NSW
Critical State Significant Infrastructure
Premier's Priority

xxs.

Overall Project Status

- No major unmitigated risks
- Major risks appropriately mitigated
- Action required to mitigate major risks
- No information

Publicly Announced Date of Delivery
06/2022

		Status	Change
Time	Current date		On track
			At risk
Cost	$0 $9M to date $50M		Not on track
			No information

Key Risks and Mitigations

1. Xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

2. .xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx.

. 3.xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

. 4.xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

Infrastructure NSW Summary

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
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xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

Project Safety

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxx.

Project Interdependencies

Current Status

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

Next Steps

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxxxxxxxxxxxxxxxxx.

Gateway and Planning Status	Funding Status	Forward Project Milestones

Project Phase	Delivery and Initial Operations
Next Review	Gate 5 Pre-Commissioning Gateway Review Mar 2020
Planning Assessment	Post Approvals

Approved	$3.00B
Provisioned	$0.00
Sought	$0.00
Gap	$0.00

Milestones	Agreed Timing
Complete all civil works	Mar 2021
Open to Traffic - Service commencement	Jun 2022

Infrastructure NSW   SENSITIVE NSW CABINET   we are **in**sw

HPHR v5.0.6 GENERATED AT 20/11/2019 01:45 UTC

Attachment H   Complex Projects and Programs

Program

A program is a temporary, flexible organisation created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organisation's strategic objectives. A program is likely to be longer term and have a life that spans several years. Programs typically deal with outcomes; whereas projects deal with outputs.

Projects that form part of a program may be grouped together for a variety of reasons including spatial co-location (e.g. Western Sydney Infrastructure Program), the similar nature of the projects (e.g. Bridges for the Bush) or projects collectively achieving an outcome (e.g. 2018 Rail Timetable). Programs provide an umbrella under which these projects can be coordinated. This represented in **Figure H1**.
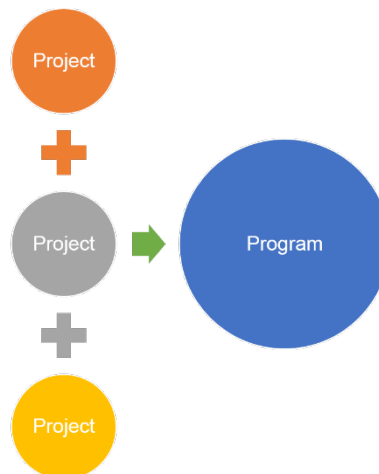
Figure H1   Program

Programs can be linear in nature with individual projects being delivered consecutively or with staggered starts. Other programs may be very complex in nature where the component parts of a program could be individual projects or smaller groups of projects (sub-programs). In some instances, this may not be linear with some component parts of the program fully delivered before other parts of the program have been completed or even commenced. This represented in **Figure H2**.
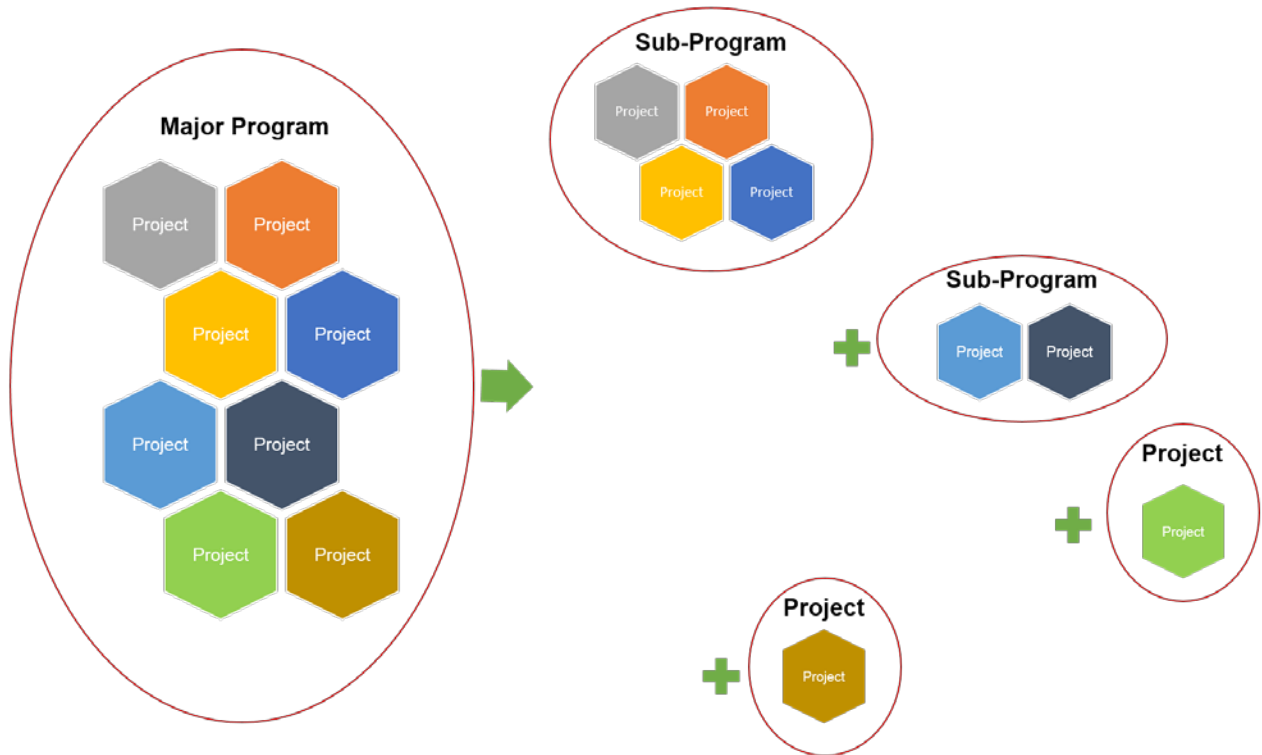
Figure H2   Program delivery

Project

A project is a temporary organisation, usually existing for a much shorter duration than a program, which will deliver one or more outputs in accordance with an agreed business case. Under the IIAF a capital project is defined as infrastructure, equipment, property developments or operational technology that forms a component of a capital project.

Projects are typically delivered in a defined time period on a defined site. Projects have a clear start and finish. Projects may be restricted to one geographic site or cover a large geographical area, however, will be linked and not be geographically diverse.

A particular project may or may not be part of a program.

Where a project is delivered in multiple stages and potentially across varying time periods it is considered a 'complex project'. Refer to the definition for 'complex project'

Complex Project

A project may be delivered in multiple stages and potentially across varying time periods. This could also be across a large (but connected) geography. Individual project stages may be identified during the development phase or during the procurement and delivery phases when individual project stages are being procured and delivered under different contracts and potentially over different time periods.

When a large project is delivered in multiple stages it may be considered a complex project. This represented in **Figure H3**.
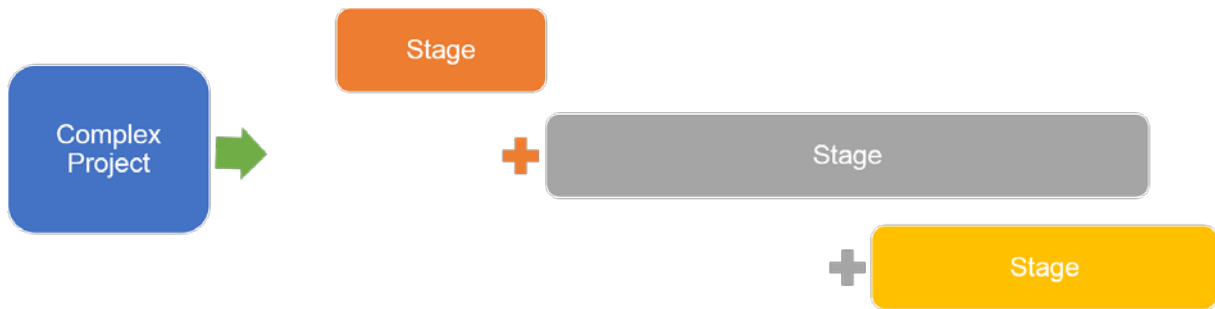

Figure H3   Complex Project

Attachment I   Examples of typical Modified IIAF Project Registration report for complex projects and programs

EXAMPLE MODIFIED IIAF PROJECT REGISTRATION REPORT FOR A TYPICAL COMPLEX PROJECT/PROGRAM: SEGMENTED AFTER GATE 1

	Needs Confirmation			Needs Analysis			Investment Decision			Procure			Deliver	Operate/Benefit Realisation	
RISK	TIER	GATE 0	RISK	TIER	GATE 1	RISK	TIER	GATE 2	RISK	TIER	GATE 3	GATE 4	GATE 5	GATE 6	GATE 6

TYPICAL COMPLEX PROJECT/ PROGRAM

COMPLEX PROJECT/PROGRAM (left span) | **COMPONENT PARTS: PROJECT STAGES/INDIVIDUAL PROJE COMPONENT PARTS: PROJECT STAGES/INDIVIDUAL PROJECTS/SUB-PROGRAMS** (middle span) | **COMPLEX PROJECT/ PROGRAM** (right)

Descriptions:
- Assess risk profile of complex project/program
- Determine complex project/program Tier
- Project Justification of complex project/program
- Confirm risk profile of complex project/program
- Determine complex project/program Tier
- Strategic Assessment of complex project/program SBC
- Assess risk profile of component parts
- Determine component parts Tier
- Business Case Assessment of component parts FBC
- Confirm risk profile of component parts
- Determine component parts Tier
- Pre-Tender Assessment of component parts
- Tender Evaluation Assessment of component parts
- Pre-commissioning Assessment of component parts
- Benefits Realisation Assessment of component parts (if relevant)
- Benefits Realisation Assessment of complex project/program (post all component parts completed)

RISK	TIER	GATE 0	RISK	TIER	GATE 1	RISK	TIER	GATE 2	RISK	TIER	GATE 3	GATE 4	GATE 5	GATE 6	GATE 6
Risk Profiling	Tier 1	Mandatory	Risk Profiling	Tier 1	Mandatory	Risk Profiling	Tier 1	Mandatory	Risk Profiling	Tier 1	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory (4)
					(2)	Risk Profiling	Tier 2	Mandatory	Risk Profiling	Tier 2	Optional (3)	Optional	Optional	Optional	
						Risk Profiling	Tier 3	Optional	Risk Profiling	Tier 3	Optional	Optional	Optional	Optional	
						Risk Profiling	Tier 4	[–]	Risk Profiling	Tier 4	[–]	[–]	[–]	[–]	
	Tier 2	Mandatory	Risk Profiling	Tier 2	Mandatory	Risk Profiling	Tier 2	Mandatory	Risk Profiling	Tier 2	Optional	Optional	Optional	Optional	Optional (4)
					(2)	Risk Profiling	Tier 3	Optional	Risk Profiling	Tier 3 (3)	Optional	Optional	Optional	Optional	
						Risk Profiling	Tier 4	[–]	Risk Profiling	Tier 4	[–]	[–]	[–]	[–]	
	Tier 3	Mandatory	Risk Profiling	Tier 3	Optional	Risk Profiling	Tier 3	Optional	Risk Profiling	Tier 3 (3)	Optional	Optional	Optional	Optional	Optional (4)
					(2)	Risk Profiling	Tier 4	[–]	Risk Profiling	Tier 4	[–]	[–]	[–]	[–]	(4)

ORDINARY PROJECT

PROJECT

Descriptions:
- Risk profile of project
- Determine project Tier
- Project Justification of project
- Confirm risk profile of project
- Determine project Tier
- Strategic Assessment of project SBC
- Confirm risk profile of project
- Determine project Tier
- Business Case Assessment of project FBC
- Confirm risk profile of project
- Determine project Tier
- Pre-Tender Assessment of project
- Tender Evaluation Assessment of project
- Pre-commissioning Assessment of project
- Benefits Realisation Assessment of project

RISK	TIER	GATE 0	RISK	TIER	GATE 1	RISK	TIER	GATE 2	RISK	TIER	GATE 3	GATE 4	GATE 5	GATE 6
Risk Profiling	Tier 1	Mandatory	Risk Profiling	Tier 1	Mandatory	Risk Profiling	Tier 1	Mandatory	Risk Profiling	Tier 1	Mandatory	Mandatory	Mandatory	Mandatory
	Tier 2 (1)	Mandatory	Risk Profiling	Tier 2	Mandatory	Risk Profiling	Tier 2	Mandatory	Risk Profiling	Tier 2	Optional	Optional	Optional	Optional
	Tier 3	Mandatory	Risk Profiling	Tier 3	Optional	Risk Profiling	Tier 3	Optional	Risk Profiling	Tier 3	Optional	Optional	Optional	Optional
	Tier 4	[–]	[–]	[–]	[–]	[–]	[–]	[–]	[–]	[–]	[–]	[–]	[–]	[–]

Notes

1 Ordinary path of a project throughout the Gateway process. A Project Tier is typically assigned for the full scope of the project/ program.

2 Splitting of a complex project/program into component parts (project stages, individual projects or sub-programs) post Gate 1. These may be classified as different Project Tiers.

3 Component parts of a complex project/program (project stages, individual projects or sub-programs) with lower Project Tiers may not require mandatory Reviews.

4 Component parts (project stages, individual projects or sub-programs) are collapsed back into the overarching complex project/program to determine whether the original intended benefits have been realised

EXAMPLE MODIFIED IIAF PROJECT REGISTRATION REPORT FOR A TYPICAL COMPLEX PROJECT/PROGRAM: SEGMENTED AFTER GATE 2

RISK	Needs Confirmation		RISK	Needs Analysis		RISK	Investment Decision		RISK	Procure			Deliver	Operate/Benefit Realisation	
► RISK	► TIER	► GATE 0	► RISK	► TIER	► GATE 1	► RISK	► TIER	► GATE 2	► RISK	► TIER	► GATE 3	► GATE 4	► GATE 5	► GATE 6	► GATE 6

TYPICAL COMPLEX PROJECT/ PROGRAM

COMPLEX PROJECT/PROGRAM ... **COMPONENT PARTS: PROJECT STAGES/INDIVIDUAL PROJECTS/SUB-PROGRAMS** ... **COMPLEX PROJECT/ PROGRAM**

Assess risk profile of complex project/ program	Determine complex project/ program Tier	Project Justification of complex project/ program	Confirm risk profile of complex project/ program	Determine complex project/ program Tier	Strategic Assessment of complex project/ program SBC	Confirm risk profile of complex project/ program	Determine complex project/ program Tier	Business Case Assessment of complex project/ program FBC	Assess risk profile of component parts	Determine component parts Tier	Pre-Tender Assessment of component parts	Tender Evaluation Assessment of component parts	Pre-commissioning Assessment of component parts	Benefits Realisation Assessment of component parts (if relevant)	Benefits Realisation Assessment of complex project/ program (post all component parts completed)
► Risk Profiling	► Tier 1	► Mandatory	Risk Profiling	► Tier 1	► Mandatory	Risk Profiling	► Tier 1	► Mandatory	Risk Profiling	► Tier 1	► Mandatory	► Mandatory	► Mandatory	► Mandatory	► Mandatory
								(2)	Risk Profiling	► Tier 2	► Optional	► Optional	► Optional	► Optional	**(4)**
									Risk Profiling	► Tier 3	► Optional	► Optional	► Optional	► Optional	
									Risk Profiling	► Tier 4	► �	► ▪	► ▪	► ▪	
	► Tier 2	► Mandatory	Risk Profiling	► Tier 2	► Mandatory	Risk Profiling	► Tier 2	► Mandatory	Risk Profiling	► Tier 2	► Optional	► Optional	► Optional	► Optional	► Optional
								(2)	Risk Profiling	► Tier 3	► Optional	► Optional	► Optional	► Optional	**(4)**
									Risk Profiling	► Tier 4	► ▪	► ▪	► ▪	► ▪	
	► Tier 3	► Mandatory	Risk Profiling	► Tier 3	► Optional	Risk Profiling	► Tier 3	► Optional	Risk Profiling	► Tier 3	► Optional	► Optional	► Optional	► Optional	► Optional
								(2)	Risk Profiling	► Tier 4	► ▪	► ▪	► ▪	► ▪	**(4)**

ORDINARY PROJECT

PROJECT

Risk profile of project	Determine project Tier	Project Justification of project	Confirm risk profile of project	Determine project Tier	Strategic Assessment of project SBC	Confirm risk profile of project	Determine project Tier	Business Case Assessment of project FBC	Confirm risk profile of project	Determine project Tier	Pre-Tender Assessment of project	Tender Evaluation Assessment of project	Pre-commissioning Assessment of project	Benefits Realisation Assessment of project	
► Risk Profiling	► Tier 1	► Mandatory	Risk Profiling	► Tier 1	► Mandatory	Risk Profiling	► Tier 1	► Mandatory	Risk Profiling	► Tier 1	► Mandatory	► Mandatory	► Mandatory	► Mandatory	
	► Tier 2	► Mandatory	Risk Profiling	► Tier 2	► Mandatory	Risk Profiling	► Tier 2	► Mandatory	Risk Profiling	► Tier 2	► Optional	► Optional	► Optional	► Optional	
(1)	► Tier 3	► Mandatory	Risk Profiling	► Tier 3	► Optional	Risk Profiling	► Tier 3	► Optional	Risk Profiling	► Tier 3	► Optional	► Optional	► Optional	► Optional	
	► Tier 4	► ▪	► ▪	► ▪	► ▪	► ▪	► ▪	► ▪	► ▪	► ▪	► ▪	► ▪	► ▪	► ▪	

Notes

(1) Ordinary path of a project throughout the Gateway process. A Project Tier is typically assigned for the full scope of the project/ program.

(2) Splitting of a complex project/program into component parts (project stages, individual projects or sub-programs) post Gate 2. These may be classified as different Project Tiers.

(3) Component parts of a complex project/program (project stages, individual projects or sub-programs) with lower Project Tiers may not require mandatory Reviews.

(4) Component parts (project stages, individual projects or sub-programs) are collapsed back into the overarching complex project/program to determine whether the original intended benefits have been realised