Investment Lifecycle and HVHR Guidelines

Overview and factsheet

2019 update

In December 2019, updates were made to the Investment Lifecycle and High Value High Risk (HVHR) Guidelines to streamline the project assurance process, improve its effectiveness and better reflect DTF’s project assurance role. The changes to the Guidelines include:

* A new three-stage project assurance process, which replaces the previous five-stage process. The former stages 1 and 2 (Conceptualise and Prove) have been merged into a new Business Case stage, and Stage 5 (Realise) has been incorporated into the Gateway Review Process (GRP).
* A simplified single business case template, which is adaptable to different projects and comprised of the following two parts:

the **investment case,** which focuses on the examination of problems or opportunities that agencies consider warrant attention from Government, and the evidence to support them; and

the **delivery case,** which demonstrates the solution can be delivered as planned.

* Strengthened guidance on:

the roles and responsibilities of the investor, Senior Responsible Owner (SRO), client and delivery agency; and

the modular business case including how it applies to preliminary and full business cases.

* New assurance requirements including:

SRO attestation in the business case that the infrastructure solution will deliver the service outcome outlined;

extending the responsibilities of the appointed SRO from overseeing the delivery of the project to also include transitioning the project into operation;

creating clarity in requirements for Project Development and Due Diligence (PDDD).

submission of detailed project schedules with business cases;

periodic financial impact reporting to be submitted to DTF on a quarterly basis (together with the Major Projects Performance Reporting), and where major cost variations are anticipated;

standardised documents required for Treasurer’s approval of contract award, including tender evaluation report, probity report, governance plan, legal advice for departures and contract management plan;

a change control register to be maintained throughout the project lifecycle, made available to steering committee members and submitted to DTF at key approval milestones; and

a project closure report to be completed at the point of handover.

## Purpose of HVHR Framework

The HVHR Project Assurance Framework comprises a series of project assurance checks and processes that provide greater scrutiny of major infrastructure and information and communications technology (ICT) investments.

The Framework seeks to:

1. increase the likelihood that projects will achieve their stated benefits and be delivered successfully, on time and to budget;
2. verify that robust project planning and procurement processes have been followed to support quality project planning, procurement processes and documentation; and
3. provide impartial and informed advice to Government on deliverability risks.

## A simplified three-stage process

The 2019 updates simplify the Framework to better reflect key project milestones and assurance processes by:

* merging the first two stages (Conceptualise and Prove) into one stage (Business case);
* removing Stage 5 (Realise) from the Guidelines; and
* changing the title of stages to better reflect the activities undertaken at each stage;

The former Stage 5 Realise stage is removed from the Investment Lifecycle and HVHR Guidelines, and the guide that supported Stage 5 is now a technical supplement of the Gate 6 Gateway Review Process.

Figure 1: The three stages of the investment management process

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| --- | --- | --- | --- |
| **Business case** | **Procurement** | **Delivery** | **Gateway – Benefits evaluation** |
| **Establishes need, defines benefits, explores interventions, estimates costs, identifies delivery process.** | **Explores delivery options, finalises delivery plan, engages the market, awards the contract.** | **Implements solution, transitions investment into normal business.** |
| What is the problem, issue or service need?  What are the benefits from addressing the problem?  Is there a compelling case for investing?  Can the project be delivered as planned? | What is the preferred method for delivering the investment? | Is the investment proceeding as planned?  Are changes to the investment needed? |

## Applying HVHR

A project will be classified as HVHR if it is a budget-funded project that is:

* considered high risk;
* considered medium risk with a total estimated investment (TEI) of between $100 million and $250 million;
* considered low risk with a TEI over $250 million; or
* identified by Government as warranting the additional rigour applied to HVHR investments.

Risk will be assessed through DTF’s updated risk assessment tool, the Project Profile Model (PPM).

Figure 2: Project lifecycle and HVHR project assurance process



## Project Development and Due Diligence

Project Development and Due Diligence (PDDD) activities include site investigation and documentation, analysis and research, production of design and development proposals and reports of sufficient quality, breadth and depth to clearly define project scope, risks and critical requirements to facilitate detailed design, effective procurement, delivery and successful operation.

Agencies must consider the requirements of the PDDD Guidelines and provide evidence of due diligence when preparing business cases.

## Online resources

### Project Profile Model

Project risk rating can be assessed using the **PPM** form at <https://www.dtf.vic.gov.au/gateway-review-process/book-gateway-review>

### Guidance

**Investment Lifecycle and HVHR guidelines** are available at <https://www.dtf.vic.gov.au/infrastructure-investment/investment-lifecycle-and-high-value-high-risk-guidelines>

### Gateway Review Process

Details and guidance on the **GRP** available at <https://www.dtf.vic.gov.au/gateway-review-process/gateway-key-decision-points-guidance-and-templates>