



Strategic Asset Management Framework

Practice Note: Major Non-Residential Buildings Project Governance

Purpose

This practice note sets out the Cabinet-endorsed governance arrangements for major non-residential building projects delivered under the *Public Works Act 1902*.

Consistent with best practice principles, Cabinet has endorsed a single-point accountability governance model. Under this model, the Accountable Authority of an agency, as defined under the *Financial Management Act 2006*, is to maintain overall accountability for the successful planning and delivery of government asset investments.

Application

The governance arrangements apply to the following asset investments planned and delivered under the *Public Works Act 1902*:

- all major non-residential building projects, with an estimated capital cost of \$100 million and above; and
- high risk or highly complex non-residential building projects with an estimated capital cost less than \$100 million (determined on a case-by-case basis by the Department of Treasury).

The governance arrangements do not apply to asset investments planned and delivered by the Transport agencies or Government Trading Enterprises.

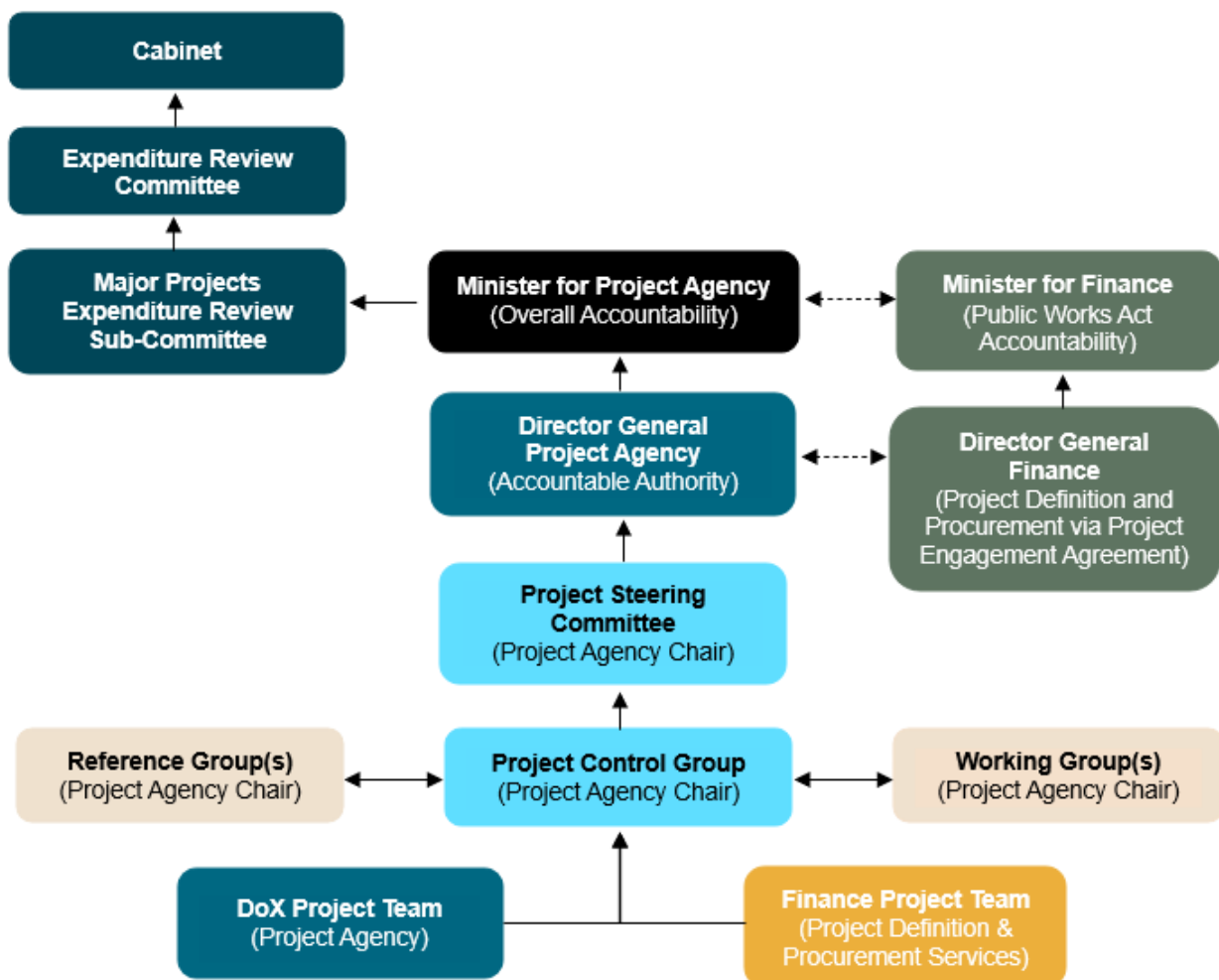
Principles

The following project governance principles are to be applied for the planning and delivery of major non-residential building projects under the *Public Works Act 1902*:

- a. the Accountable Authority of the agency that holds and controls the project's capital works budget (the project agency) being the single point of accountability throughout the life of the project (from project planning, through procurement and construction, and transition into operations);
- b. the Accountable Authority seeks the Expenditure Review Committee's (ERC) approval (through the relevant portfolio Minister) for the asset investment decision and, where applicable, changes to the project's approved scope, cost, time and funding parameters;
- c. the Director General of Finance is responsible for the procurement and delivery of the asset in line with the project scope, cost and time parameters approved by ERC;

- d. an appropriate governance structure must be established to oversee and assure project performance, with the project agency to chair the project steering committee and project control group (or equivalent); and
- e. a project engagement agreement be established between the project agency and Finance (or any other government agency charging costs to the project) to document agreed project deliverables, activities, timeframes and fees, as well as progress reporting and dispute resolution arrangements.

The major non-residential building project governance structure to be applied, is depicted in the following diagram:



Roles and Responsibilities

The following table contains a high-level RACI¹ matrix by project stage, outlining the roles and responsibilities between the project agency, Finance and contributing agencies to the planning and delivery of a major project.

Project Stage	Project Agency	Finance	Contributing Agencies*
Application for Concept Approval	A + R	C	I
Business Case	A + R	C	C
Project Definition Plan	A	R	C
Procurement	A	R	I
Construction	A	R	I
Transition to Operations	A + R	C	I

* For example: Treasury, State Solicitor's Office and agencies that hold key dependencies to project delivery. The specific entities and their level of involvement depends on the project.

In broad terms, under the RACI, the Accountable Authority for the project agency is 'accountable' for the major project over the life of the project, and Finance is 'responsible' for capital works procurement services under the *Public Works Act 1902* to deliver the project.

Role of the Project Agency

The project agency:

- is accountable to, and provides advice to, the portfolio Minister;
- provides overall project strategic leadership, direction and stewardship;
- chairs the project steering committee at all project stages (or delegates to an appropriately skilled senior agency representative);
- nominates its agency representatives to chair each level of the project governance structure; and
- must submit a revised investment proposal for the project to ERC, along with options for consideration, where a project's scope, time and/or budget is proposed to be altered following the financial investment decision.

¹ RACI: **Responsible** – the entity that does the work or task to achieve the project deliverable(s). **Accountable** – the entity that has ownership of the outcome, including ownership of the project budget, expenditure, scope and delivery targets, and has final sign-off authority for the asset. **Consulted** – entities that have the knowledge (including subject matter experts) and input needed to complete the project. **Informed** – entities that must be made aware of the project stages, but not necessarily consulted on the details.

Role of the Department of Finance

- The Director General, Finance is authorised to deliver capital public works under delegation of the Minister for Works, pursuant to section 5A(a) of the *Public Works Act 1902*.
- Finance is responsible for the delivery of capital works within the scope, time, and budget parameters, and quality and functionality as described in the financial investment decision (FID) approved by Government.
- The FID may occur at either the business case or project definition plan stage depending on the project's value, risk, and/or complexity.
- Finance is obligated to inform the Accountable Authority of any alteration from the ERC-approved project scope, time and/or budget, or where these parameters become unachievable.

Project Engagement Agreement

- The project agency retains overall accountability for the asset from concept through to transition to operations regardless of such agreements being in place.
- Matters relating to the day-to-day project delivery, including procurement and management of works contracts and legal disputes related to works contracts remain in control of the Minister for Works (as delegated to Finance).
- Where a project agency receives services from Finance under a fee-for-services arrangement (with costs charged to the project), a Project Engagement Agreement will be established.
- A project engagement agreement should include at a minimum:
 - scope of paid (and free) services, cost, and timeframe;
 - reporting lines, requirements, and communication frequency; and
 - dispute resolution processes.

For further information:

Department of Finance – Infrastructure Delivery Unit

Email: idu@finance.wa.gov.au

Department of Treasury – Infrastructure Policy and Strategy

Email: samf@treasury.wa.gov.au

SAMF Policy and Guidelines

<https://www.wa.gov.au/government/document-collections/strategic-asset-management-framework>