BUSINESS CASE GUIDELINES FOR ICT PROGRAMS AND PROJECTS

Government of Western Australia

Department of the **Premier and Cabinet**
Office of e-Government

Department of **Treasury and Finance**

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1.1 Introduction

These business case guidelines (ICT guidelines) are intended to assist in the preparation of business cases for any major Information and Communications Technology (ICT) capital funding submissions.[1] The ICT guidelines include; questions detailed in the Department of Treasury and Finance (DTF) 'Business Case Guidelines', specific questions applying to ICT initiatives and questions addressing a requirement of the Expenditure Review Committee (ERC) that all major ICT projects planned and proposed by agencies consider the "lessons learned" from past and present significant ICT projects.

The ICT guidelines should be used by agencies for any major ICT capital funding submission to DTF and should be prepared in accordance with the requirements of the DTF Strategic Asset Management Framework (SAMF). http://www.dtf.wa.gov.au/cms/tre_content.asp?id=1269.

The ICT guidelines should aid agencies in developing business cases that:

• are aligned to the Government's goals and strategic outcomes

• support the Government's e-government strategies and policies, for example, the e-Government Strategy for the Western Australian Public Sector (e-Government Strategy) and the Electronic Service Delivery Strategy http://www.egov.dpc.wa.gov.au/index.cfm?event=strategiesEgov

• address current and future customer needs

• agency strategic objectives, and

• address 'better practice' project management issues.

The level of detail required for each business case must be appropriate to the nature of the proposal, and enable sound judgment to be made of the project/program merits to determine whether it will be supported and also addresses the requirements of ERC. A business case for ICT programs/projects should comprise of the following eight statements and reports, prefaced by an Executive Summary:

1. Project Concept Report

2. Service Impact Statement

3. Financial Justification Statement

4. Budgetary Implications Report

5. Economic Evaluation Statement

6. Social Impact Analysis

7. Additional Information for ICT Projects, and

8. Agency Recommendation.

When preparing business cases for ICT proposals, agencies should consider and address where appropriate, all of the matters covered in these guidelines.

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[1] ICT capital funding submissions requiring an appropriate ICT Business Case are projects or programs with an estimated cost of more than $1 million. An ICT business case is not required for routine hardware replacements, such as PCs, monitors etc.

What is the assessment process?

When your agency has considered the implications of each question in relation to the ICT proposal, your completed business case can be emailed to: egovguidelines@dpc.wa.gov.au. The Office of e-Government (OeG) will conduct an assessment of e-Government aspects of the submission/s and forward a copy of the business case to DTF Agency Resources for its assessment against DTF assessment criteria.

Guidance on the information to be included in a business case follows. A checklist is provided at Appendix 1.

Who can I contact for assistance?

OeG can provide assistance to agencies in relation to; sharing information about similar initiatives that may be planned or underway in other agencies or jurisdictions, exploring opportunities for collaboration between agencies and the completion of ICT business cases.

It is recommended that agencies contact OeG in the formative stages of project conception and planning to discuss and clarify e-Government business case requirements. The objective is for agencies not to plan ICT initiatives in isolation of each other, but instead integrate into their normal business planning processes the consideration of whole of government collaboration and leveraging opportunities.

For further information or for any questions relating to these guidelines please contact the Office of e-Government on (08) 9213 7100 or email: egovguidelines@dpc.wa.gov.au .

1.2 Executive Summary

The executive summary should include:

a) a description of the project

b) the project needs, scope and boundaries

c) target customers or population

d) the project's intended objectives, outcomes and benefits

e) costs, risks and returns, and

f) agency recommendation.

1.3 Project Concept Report

1.3.1 Statement of Need

a) Describe the extent of an unmet need, demand for services or opportunity that has been identified, which is considered to be a high priority.

b) Identify the target populations or clients, and the anticipated benefits to these groups.

Your response should also take into consideration and where relevant address the following:

i. What is the target audience for the ICT project and how it will deliver anticipated benefits; such as by significantly improving services to citizens, facilitating business and industry growth or improved efficiencies and government decision making capabilities.

ii. Where citizens/customers are key stakeholders, they should be consulted about what their requirements are in relation to any service delivery improvements being considered. Identify which stakeholders have been consulted during the project planning and development stages of the project and outline how the ICT project supports their needs.

iii. It is government policy to address issues relating to equity and accessibility. Identify how the project has taken into account the needs of special groups like rural customers with little broadband accessibility, customers with disability, seniors and indigenous Australians and how alignment with the particular needs of special groups has been identified in the project.

c) Explain the rationale for assigning a high priority, and the reasons that the timing is appropriate to implement the project.

d) Identify why this need or demand has not been able to be met with existing systems and facilities.

1.3.2   Supporting Data and Information

a)   Explain how the need was determined, and how critical, urgent or important it is.

b)   Flag the importance of the timing of the project, as to whether it cannot be deferred, would be highly costly or inconvenient to defer, or inconsequential.

c)   Provide qualitative and/or quantitative evidence of need.

d)   Identify which stakeholders have been consulted, and whether they support the proposal.

Your response should also take into consideration and where relevant address the following:

  i.   The nature of the relationships between the stakeholder parties and the agency, the nature and outcomes of the consultation and the stakeholders' level of commitment to the ICT proposal.

  ii.   The level of consultation with DTF and OeG (Department of the Premier and Cabinet) in developing this ICT proposal.

e)   Look at the consequences of not proceeding.

1.3.3   Relationship to the Agency's Mission and Strategy

a)   Specify how the project relates to the agency's vision, mission, business plan or other strategic documents.

b)   Identify the links with initiatives or services, core and current activities.

c)   Ensure alignment with Government and e-Government strategies and policies.

Your response should also take into consideration and where relevant address the following:

  i.   How the project contributes to the achievement of citizen-centric e-Government transformation as described in the e-Government Strategy and the Citizen Centric Government Strategy, i.e. "a citizen-centric government providing seamless and integrated service delivery". For example, the action that has been taken to explore modifying and/or sharing technology with other agencies or jurisdictions either to support more integrated services or to save effort and expenditure. http://www.egov.dpc.wa.gov.au/index.cfm?event=electronicServiceDelivery

d) Look at interagency considerations; specify how the project relates to other projects or programs, both within the agency and with respect to other agencies.

Your response should also take into consideration and where relevant address the following:

i. The actions you have taken to explore viable alternative approaches in terms of existing products, sharing and re-use, interoperability of systems, buying before building, cross-agency collaboration, joint venturing, funding and revenue models etc. What research has been undertaken to identify if similar initiatives/activities have been planned or implemented in other agencies/jurisdictions, and if so, how provision has been made to interoperate with these stakeholders/partners/ agencies in the future. The response should cover:

- contact with the OeG and other agencies to discuss experiences or synergies from similar projects

- the number of agencies that may be able to or will use the proposed system

- research of work undertaken by other agencies

- if and how the feasibility of having a shared architecture for common business processes across some similar service delivery agencies has been investigated

- whether the technology architecture and interoperability of proposed systems maximise opportunities for cross agency collaboration and information sharing

- details of the different alternative infrastructure models that have been considered

- whether or not the project requires new infrastructure or applications to what already exists

- whether consideration has been given to alternatives to building exclusive infrastructure or applications, and if not why not

- how it will be ensured that future ICT projects can share the infrastructure being utilised in the current project. If it is unlikely that this is the case, why the decision has been made to progress in this manner

- whether the project requires the use of a legacy system

- how consideration has been given to leveraging current or proposed infrastructure within the agency or across agencies or across jurisdictions in order to achieve efficiencies and joined up government

- steps taken to enable citizens to present information once and have it reused by agencies. Please provide details regarding any specific action has been taken to assess this matter, and

- whether any joint funding strategies or procurement opportunities have been considered for the project that would lead to cost savings or efficiency gains.

1.3.4 Consideration and Selection of Preferred Options

a) Confirm that a wide range of options have been considered to address the identified need.

b) Summarise the strengths and weaknesses or implications of each option.

c) Discard all but the most feasible options on the basis of preliminary analysis.

d) Report on all significant options considered, and why any were rejected.

e) Report the results of the full evaluation of all short-listed options (see *Project Evaluation Guidelines* for full evaluation process.)

f) Summarise the financing and timing delivery options considered for all short-listed project options.

g) Outline business process changes proposed to facilitate this project.

Your response should also take into consideration and where relevant, address the following:

i. An outline as to how the Business Process Review (BPR) will be undertaken to eliminate any non-relevant or obsolete activities in the proposed business outcome.

ii. Many ICT projects will incorporate a number of business processes, often involving a number of agencies. Please outline the steps being taken to identify and manage situations where process changes affect other activities, other business processes or other agencies.

iii. In using technology as a strategic business transformation tool, valuable lessons can be learnt by the sharing of knowledge and information about similar activities and implementations in other agencies or jurisdictions. Please outline what information sharing has occurred e.g. meetings, emails, site visits etc.

iv. Details regarding how the agency is working with other agencies and has implemented project governance arrangements for the proposed business process changes.

1.3.5 Preliminary Procurement Planning

The business case must demonstrate that for each short-listed option, the project can be delivered in accordance with the proposed costs and timeframes.

Show that the acquisition process is in compliance with Government purchasing and tendering requirements and other relevant policies and procedures.

a) Describe the proposed implementation strategy, including

- how the project will be implemented

  Your response should also take into consideration and where relevant, address the following:

  i. It is particularly important to have an adequate and appropriately resourced Project Management team in place at the commencement and throughout the life of the project. Please outline how these resources are to be made available. This should include whether the Project Manager is to be available to the project full time and whether the Project Manager has demonstrated experience as an ICT project manager, appropriate to the scope of the task.

  ii. All ICT projects should have an internationally recognised project management methodology in place. Please identify the project management tool or methodology that is being utilised for this project. (The absence of recognised or appropriate project management tools and methodologies should raise concerns as to the viability of the project.)

  iii. A description of how supplier relationships will be managed in regard to contractual arrangements. Please include how risk is to be apportioned; rewards and incentives to be provided for the delivery of quality products and how it is propose to manage these issues.

  iv. Any proposal to have an 'issue management' and 'escalation process' in place and able to be activated as soon as required. (Having the process in place and agreed to by both agency and contract staff reduces the likelihood of disputes over roles and responsibilities.)

  v. The procedural and/or contractual processes that have or will be put in place to manage industrial and other issues considered beyond the responsibility of the contractor or management.

- project milestones and key dates

- who will be accountable for managing implementation

  Your response should also take into consideration and where relevant, address the following:

  i. How the project governance group intends to ensure that the project delivers the proposed outcomes and benefits.

- what resources (human, physical, other) and skills are required

  Your response should also take into consideration and where relevant, address the following:

  i.   How provision has been made in the funding and project plans to cater for suitably skilled personnel or contractors to be available when and where required for the duration of the project.

  ii. If personnel for the proposal are from within the agency:

    • please state whether these persons are to be available exclusively to the project

    • how is it proposed that normal operations can be maintained during the development and implementation stages.

  iii. How the skills requirements for the proposal have been determined and how this process and its outcome will be overseen or reviewed by an expert authority.

  iv. Where the project requires high levels of training, and transitioning that may require staffing resources over and above the establishment of the agency, how have or will transitioning resource requirements be accounted for.

- Describe what changes are required to working practices

  Many ICT projects are tools or agents for transformational change requiring commensurate business changes including changes in organisational culture and management practices. In addressing these matters, your response to the above questions should also take into consideration and where relevant, address the following:

  i.   The transitional plans that are or will be put in place to facilitate the business change, including change management and organisational culture change resulting from the project.

  ii. How have or will skills development and training needs be identified and what mechanisms have been put in place to ensure that end users have the right knowledge and skills to take advantage of the opportunities offered by the new systems?

  iii. Whether a Change Management Plan and/or Strategy that addresses the business change, management change, process redesign and training issues has been developed or is proposed.

iv. Whether a Communications Plan has been devised and communication strategies put in place to:

- consult with and keep staff and stakeholders fully informed and represented during the design, development and implementation phases of the project

- identify the concerns and issues of the recipients of the 'services' arising out of the project and how they have been or will be taken into account

- ensure all potential stakeholders (including external entities that will use the ICT initiative) are kept informed of the requirements to ensure full functionality and integration of internal and external systems and processes at project completion

- provide ongoing communications with stakeholders throughout the project lifecycle to ensure full systems integration prior to "go live" date.

v. How change requests or scope changes will be managed throughout the life of the project including if and how provision has been made for a Change Control Committee or process. This should also include the processes in place to determine how the project team and/or governance body will respond to and effectively manage changes to the project arising from changing business needs or legislation. Please include consideration as to how decisions about priorities would be made in regard to matters such as service delivery and contractual obligations in such circumstances.

vi. Where a project spans some years it may be subject to scope change as a result of legislative and business redirection. Outline whether a contingency allowance has been made for this occurrence and whether it has been included in the Risk Management Plan.

- Describe integration required with existing and proposed systems

1.4 Service Impact Statement

Briefly demonstrate the quantifiable impact that the project will have on the agency's outcomes and services.

a) Describe the information or services that the project is expected to deliver.

Your response should also take into consideration and where relevant, address the following:

i. How the project improves service delivery such as:

- 24 x 7 access to services at a time and place convenient to the citizen or business

- a greater choice for citizens to access the type of information and services that best suits their individual circumstances

- more consistent and integrated service delivery across service channels (e.g. web services, customer contact call centres, email enquiries, push mobile services, counter services)

- minimising citizens need to know how government is organised or who provides the information and services they require

- allowing agencies to deliver information and services more effectively, cheaply and conveniently.

ii. The method proposed for assessing how these benefits can be measured and realised.

b) Quantify service levels where possible.

c) Describe the expected outcomes, in terms that are as specific as possible, and relate to the needs identified, for example

- compliance with statutory or other obligations

Your response should also take into consideration and where relevant, address the following:

i. The measures that have or will be taken to ensure that this project effectively manages the handling of personal information provided by its customer base. Your response should demonstrate an understanding and consideration of the privacy issues and that these have been factored into the project. If these matters are not considered relevant because the project does not deal with personal information about individual customers please state this.

ii. The measures that have or will be taken to ensure that the public can have confidence in the security and authentication processes of any electronic transactions they have with the government. This should include:

- the steps taken to ensure security of information, appropriate authentication of customers, and continuity of service to customers

- a demonstrated understanding of the potential impacts to customers of the agency of not providing assurance of security as described in the recent Corruption and Crime Commission report on this subject of 'Protecting Personal Data in the Public Sector'. http://www.ccc.wa.gov.au/

- improved decision making as a result of better information

Your response should also take into consideration and where relevant, address the following:

i. How the project leads to better decision making within government. For example, issues such as children at risk or climate change where information is held in more than one agency or jurisdiction

ii. How the project allows easier access for citizens to participate in government decision-making. For example how the project will contribute to a more informed public that is better positioned to participate in government decision-making.

iii. How the project improves the transparency of government decision-making and service provision within and across the agencies involved. Please elaborate on how the project achieves this.

- reduced cost.

1.5 Financial Justification Statement

The financial justification statement reports the results of the financial evaluation of each option (see Appendix 2 and Appendix 3 of the general *Business Case Guidelines* and the *Project Evaluation Guidelines* of the SAMF).

a) Identify any known or potential risks, and how these will be managed and minimised.

Your response should also take into consideration and where relevant, address the following:

i. How relevant project risks and impacts (organisational, policy, legislative, whole-of-government and cross-agency initiatives, and community) have been identified and risks and issues managed and minimised.

ii. Whether consideration has been given to other external trends, issues and commitments that might be relevant to the project and the strategies in place to manage the impacts for the agency, other agencies or the community if the project is implemented. The response should include:

- how the awareness of the impacts were identified

- the potential level of impact on the project and other areas, either inside or external to the agency

- whether strategies have been developed to manage them.

iii. Details of the Risk Management Plan and issues register, together with the processes proposed or in place to manage or mitigate these, including those of other stakeholders in the project.

iv. The mechanisms planned or in place to ensure that all stakeholders are involved in the development, ongoing assessment and risk mitigation strategies of the Risk Management Plan; including how the stakeholders will sign-off/agree to accept or take ownership for the identified risks.

v. Whether a Contingency Plan has been developed and endorsed by all of the stakeholders to address issues. For example instances where projects are unable to deliver all of the functionality planned at the time of implementation. Indicate who will decide and under what criteria will the plan be invoked.

b) Identify the annual capital and operating costs of each option over the economic life of the project:

- identify total life cycle costs (total cost of ownership)

- the proposed budget must include full funding provision capital and recurrent expenditure, including salaries, equipment, maintenance and consumables. This would include but is not limited to: build costs, business process changes, data conversion and migration, software, hardware, operating costs, maintenance, upgrades, systems changes as a result of known legislative and business changes, intellectual property rights, database and other content management, training and ongoing support. It is important to identify and disclose all known costs at the time of seeking project funding and approval from ERC.

- identify any potential revenue

- identify any savings, and how those savings will be used

- justify the choice of discount rate

- quote results from financial performance measures (e.g. NPV or IRR where appropriate)

- summarise the results of any sensitivity analysis (for example, on the selected discount rate).

c) Identify impacts upon other projects and initiatives.

d) Identify impacts on human resources requirements and policies.

1.6 Budgetary Implications Report

The business case must state clearly the incremental budgetary implications of adopting the preferred option

a) Calculate the net impact of the project, by combining costs and benefits of the preferred option.

b) Identify the total funding requirements, both capital and recurrent.

Your response should also take into consideration and where relevant, address the following:

   i. How adequate project scope definition has been undertaken

   ii. The extent to which funding provision has been made for all aspects of the project lifecycle. This may include ongoing operating and resourcing costs, data migration, content review and the impact of system upgrades, and systems changes that will arise due to known legislative and business changes.

   iii. How the funding plan accounts for all of the projected costs for the project. (In the event that only a portion of the project funding is offered or the benefits realisation has been overstated, then the project should not be initiated or consideration given to suspending the project pending further consideration.)

   iv. The extent to which full funding provision has been made for build costs, data conversion, business process re-engineering and training

   v. The extent to which the business case includes provision for all aspects of the project lifecycle, including ongoing operating and resourcing costs, data migration, content review and system upgrades.

   vi. How consideration has been given to longer-term planning to address system replacement in relation to future business needs?

c) Identify sources of funding being considered or investigated, other than the Consolidated Fund or borrowings, such as from the Commonwealth, local government, other State agencies or the private sector.

d) Present the net incremental budgetary implications of the project. If the funds have not been allocated or approved, state the means by which funds will be acquired.

1.7 Economic Evaluation Report

The business case must be presented in the context of the project's broader economic impact.

a) Summarise the benefits and costs, and explain why the benefits outweigh the costs involved.

b) Identify quantifiable impact on industry, the community and the economy.

c)   Identify and estimate the direct distribution of benefits.

d)   Identify economic impacts on initiatives or projects in other agencies.

   In addition to providing information about the above questions, your response should also take into consideration and where relevant, address the following:

   i.   Why the project represents a good investment by the Government in achieving its key goals and strategic outcomes and which government key goals and strategic outcomes the project addresses and what measurable benefits will arise from the project that relate to those outcomes.

1.8 Social Impact Analysis

a)   Identify broader social implications and distribution of benefits.

b)   Consider using a table to present the results.

c)   Investigate possible solutions to address negative impacts.

1.9 Additional Information for ICT Projects

Research has shown that senior management leadership and involvement in ICT programs and projects is critical to their success.

a)   Strong leadership

   Leadership is vital at every stage of the project, not only to articulate a vision and the direction for the project but also to interact with stakeholders and to ensure the allocation of adequate resources, ensure risk management measures are in place and to drive the change process. Projects often fail because there is a lack of demonstrated and ongoing commitment or an inability to commit adequate resources to the project.

   Your response should also take into consideration and where relevant, address the following:

   i.   Whether senior management commitment and endorsement of the project has been achieved and the level of senior management that has endorsed the project. (A simple 'Yes' answer does not necessarily indicate that management is committed to the project. e.g. "All projects are signed off by management before being submitted to Treasury for funding" does not necessarily indicate that management has committed to deliver the project.)

ii. What senior management governance oversight body has or will be established to manage and address issues such as ensuring the allocation of adequate resources and that such issues as risk management, 'Gateway'[2] review and change processes and strategies are in place and applied. Address whether the oversight body or someone else is accountable for getting the project underway and achieving the delivery of the outcomes associated with the project.

b) Cross-agency project governance and relationship management.

In progressing to the Transformation Stage of e-government, ICT projects will increasingly offer seamless services involving a number of agencies in an e-government initiative. Strong project governance and relationship management across agencies, and for the total life of the project, are required in these situations to ensure that there is goodwill, understanding and good communication about expectations, roles and obligations.

Australian Standard AS8015-2005

It is suggested that project managers also refer to the Australian Standard AS8015-2005 'Corporate governance of information and communications technology' and handbook 'Case Studies-How Boards and Senior Management Have Governed ICT Projects to Succeed (or Fail)' for further information and guidance on corporate governance relating to the planning, implementation and use of ICT.

Your response should also take into consideration and where relevant, address the following:

i. A description of the project governance framework, accountability mechanisms and processes planned and/or established to ensure that what was originally proposed and funded is achieved for this project. If the project is an across-agency or multi-agency initiative, please provide information as whether there is a formalised Governance Group, Steering Committee, Oversight Group etc. comprising at least all representatives of the participating agencies and possibly an independent representative.

ii. The relationship management practices that have or will be established to ensure ongoing commitment, goodwill and understanding of key expectations, roles and obligations of the parties involved.

c) Performance and evaluation framework.

During the project design phase, key performance indicators and measurement techniques should be developed to ensure that the benefits are realised, the system delivers to specification and the project objectives are met. (An absence of this often means that it is unlikely that benefits realisation will be achieved).

Your response should also take into consideration and where relevant, address the following:

i. How the performance measures and key performance indicators have been established to assess performance and achievement of outcomes to ensure the system delivers to specification and the project objectives are met.

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[2] Gateway™ is a process developed by the UK Office of Government Commerce for examining programs or projects at critical stages of their lifecycle.

d) Project management and review

Where possible, consideration should be given to breaking the project into manageable sized deliverables for implementation. This is because experience has shown that short, less expensive ICT projects are more likely to be successful than longer term expensive ones. Smaller projects also offer more incentive for smaller organisations to bid and so encourage innovation.

Your response should also take into consideration and where relevant, address the following:

i. Whether consideration has been given to reducing or better handling the level of complexity of the project. For example by having the project broken into smaller components that could be delivered in shorter timeframes.

ii. If the project can be broken into smaller deliverables, what migration transition plans will need to be considered.

It is important to have in place regular independent reviews, such as a Gateway review of how well the project is progressing against its original objectives. Such reviews will firstly, increase the likelihood of meeting the project deliverables and secondly ensure that lessons learned are noted for future projects. DTF have established a Gateway Unit to facilitate Gateway Reviews.

Your response should also take into consideration and where relevant, address the following:

i. Whether the project has a formalised project review process in place, which can provide independent oversight of the project progress and delivery of the objectives. Please provide details of the proposed project review process, for example:

- who will sit on the group and whether they are skilled, knowledgeable in the subject area and far enough removed from the project to give an impartial opinion

- whether stakeholders and independent external parties are included. It is often useful to include external parties who can question explanations regarding delays, over-runs and reduced functionality with an independent perspective, and

- whether the decisions of the review group be well documented and available for future scrutiny.

ii. In the absence of an independent or external review process, provide details outlining how the project sponsor or executive body will monitor the project progress and delivery of outcomes.

1.10 Agency Recommendation

Specifically state the preferred option being recommended to the Expenditure Review Committee, and the basis for that decision.

Appendix 1: Project Evaluation Checklist

Check List	Check (Y or N/A)	Chapter Reference in PEG[3]
1.2 Executive Summary	☐	7
1.3 Concept Development – Project Concept Report		
• Statement of need	☐	2
• Relationship to agency mission and strategic plan	☐	
o Inter-agency considerations	☐	
o the number of agencies that may be able to or will use the proposed system	☐	
• Schedule of project options	☐	
• Preferred option identified	☐	
o Consideration of non-asset solutions	☐	
• Project Timing with Reference to Key Milestones	☐	
o Proposed changes to business processes to facilitate project	☐	
• Strategies for Post-Implementation Review	☐	
o Proposed implementation strategy	☐	
o Description of evaluation process	☐	
1.4 Strategic Evaluation – Service Impact Statement		
• Identify impact of project on outcomes and services	☐	3
1.5 Financial Evaluation – Financial Justification Statement		
• Setting Key Parameters and Assumptions	☐	4
• Identification of Cash Flows	☐	
• Determination of the Project's Discount Rate	☐	
• Discounted Cash Flow Analysis	☐	
• Sensitivity Analysis	☐	
1.6 Financial Evaluation - Budgetary Implications Report		
• Budgetary Implications report	☐	
1.7 Economic Evaluation - Economic Evaluation Statement		
• Assessment of Benefits and Costs	☐	5
• Discounting Benefits and Costs to Present Values	☐	
• Comparing Discounted Benefits against Discounted Costs	☐	
1.8 Social-impact Analysis		
• Social Impact analysis	☐	6
1.9 Additional Information for ICT Projects	☐	
1.10 Agency Recommendation		
• Identification of Benefits and Costs	☐	7
• Market Values of Benefits and Costs	☐	

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[3] SAMF Project Evaluation Guidelines

Appendix 2: Financial Justification and Economic Evaluation Statements

This table is a suggested base template. Additional line items may be included to indicate different costs and revenues that are relevant to the project.

Year Period	2009 0	2010 1	2011 2	2012 3	2013 4	2014 5	2015 6	2016 7	2017 8	2018 9	2019 10	2020 11
FINANCIAL EVALUATION												
Capital												
Capital Costs												
Less Other Funding												
CF Impact-Capital												
Recurrent												
All Recurrent Costs												
Less Revenues												
Less Existing Funding												
CF Impact-Recurrent												
Financial Impact on CF												
Net Present value												
Internal Rate of Return												
ECONOMIC EVALUATION												
Benefits and Costs												
Net Economic Benefits												
Net Present value												
Internal Rate of Return												
Less Sunk Costs												
Total Project return												

Appendix 3: Budgetary Implications Report

This is a suggested budgetary implications report, presented in a format suitable for ICT projects. It may be adapted to suit other types of projects.

Project Title/Description: _____

Cost Item	Current $	Year 1 $	Year 2 $	Year 3 $	Year 4 $	Total	NPV
Staff Costs							
Staff Salary Costs							
Staff On-costs							
Severance Payments							
Total Staff Costs (A)							
Operating Costs							
Hardware							
Maintenance fees							
Outsourcing fees							
Admin.service/support costs							
Software							
Licence fees							
Maintenance fees							
Support/Admin. service costs							
Outsourcing fees							
Project mgt /consulting fees							
Legal/Contract negotiation costs							
System/Data Migration costs							
Capital Equipment (op costs)							
Other equipment (op costs)							
Interest/Capital Charge							
Recurrent Expenditure							
Photocopy, print, paper, files							
Other Expenses							
Total Operating Costs (B)							
Total Costs (C = A + B)							
Savings							
Staff salary savings							
Other savings							
Total Savings (D)							
Net Costs (C-D)							

Contacts

Further information is available from the following sources:

Issue	Contact
ICT Project Conception and Planning	Department of the Premier and Cabinet Office of e-Government (08) 9213 7100 egov@dpc.wa.gov.au
Budget Formulation and Monitoring	Agency Resources Department of Treasury and Finance Reception – (08) 9222 9336