



Department of Human Services (DHS) P3M3 Capability Improvement Plan

January 2013 to June 2013

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DOCUMENT CONTROL

PURPOSE OF THIS PLAN

This document outlines the department's plan for maintaining and improving our capability to manage ICT-enabled change initiatives. This document forms part of the report to the Secretaries' ICT Governance Board.

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VERSIONING

Version	Date	Author(s)/Reviewer(s)	Comments
0.1	05 Nov 2012	Joyce Adu	Initial draft based on previous plan
0.2	14 Nov 2012	William Scheer	Revision of draft
0.3	28 Nov 2012	William Scheer	Update after review by Elaine Ninham
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1.0	3 Jan 2013	Elaine Ninham	Agreed by Deputy Secretary

EXECUTIVE SUMMARY

This P3M3 Capability Improvement Plan (CIP) covers the period from January 2013 – June 2013, effectively extending the previous CIP (December 2010 to December 2012) by six months. This better aligns the CIP cycle with the annual departmental budgeting and P3M3 assessment cycle.

This CIP builds on the successful outcomes achieved by the department over the last two years. It seeks to maintain the results achieved in the recent P3M3 assessment and lay the foundation for the next CIP cycle from July 2013 to June 2015.

The department has made a significant increase in maturity and as such the activities within the scope of this 'interim' plan would continue to embed and incrementally improve the results of the last CIP cycle. In parallel the department will consider the value of increasing maturity targets in the next CIP plan.

Table 1: 2013 P3M3 targets and areas of ongoing focus to maintain ratings

Process Model	Dec 2012 target	August 2012 result	June 2013 target	Summary of key 2013 CIP focus
Portfolio Management	2	3	3	Consolidate and streamline integrated ways of working amongst departmental portfolio office functions
Program Management	3	4	4	Embed the learning from the Service Delivery Reform program into the program framework operational guidance and broaden the application of the program framework to more projects
Project Management	3	3	3	Streamline the project framework for the 2013-14 Budget with strengthened tailoring, simplified project documentation and operational guidance for categories of projects

As shown in the table above, the department exceeded its 2012 targets in portfolio and program management. This achievement is largely credited to leveraging opportunities presented by the integration of the department and the broader Service Delivery Reform (SDR) program agenda. The focus of the executive on one department and a new DHS has assisted in driving standardisation and improvement at all levels.

To embed and maintain the ratings, that were achieved a continued 'business as usual' focus on capability improvement must now be maintained. There is a complementary underlying organisational intent to make the SDR Program part of the way the department does business. The department is also responding to other capability initiatives such as the Australian Public Service Commission (APSC) capability review.

In order to ensure continued sponsorship, ownership and management of interdependencies with respect to capability improvement, a formalised distributed process governance and ownership structure will be implemented to support the key areas of CIP focus.

Both of the actions noted above will address the key risk of 'weakened results' if the focus on integration and SDR lessens with the next wave of Government policy requirements.

It is anticipated that the implementation of this 'interim' CIP will be primarily supported by the business as usual office functions established over the past two years. The Portfolio Program Office will co-ordinate the CIP and the associated governance mechanisms. This plan relies on the SDR Program contributing to the program framework guidance and to provide active leadership and mentoring to the next set of program leaders and managers outside of the SDR Program.

Lifting maturity ratings beyond current levels would require strategic investment and consideration would need to be given as to the options to allocate funding from SDR or alternate sources.

WHY WE MUST IMPROVE OUR CAPABILITY TO DELIVER CHANGE AND BENEFITS

Delivering successful change in a complex organisation such as DHS can be challenging. This is particularly so in a tight fiscal environment where the need for changes to actually deliver the expected benefits is more important than ever. Improving the capability to deliver change and benefits in DHS is not only a government imperative but a significant endeavour to the success of the organisation in achieving our strategic goals and improving productivity in the current fiscal environment.

Our current ratings indicate that we are consistently applying portfolio and project management principles and, in particular our programs, are proactively seeking quantitative ways of improving our processes. This provides us with the capability to deliver significant change and to build on this capability to continue to effectively implement government initiatives (agency capability is formally taken into consideration before undertaking major ICT projects that are either internally funded or receiving new policy proposal funding).

STRATEGIC ALIGNMENT

Our strategic plan is focused on four strategic themes around Government and customer outcomes, capable and engaged people, a strong collaborative approach and service transformation. The delivery of our portfolio of programs and projects provide a mechanism for achieving these goals.

Government and customer outcomes: The majority of new government and customer initiatives are delivered through projects and programs including initiatives such as Clean Energy Future Plan, Building Australia Future Workforce, Aged Care Reform and SDR. Their effective delivery means positive outcomes and benefit realisation for government and customers.

Capable and engaged people: Having the right balance of all our roles to meet our service delivery goals includes program and project personnel who must be trained to deliver outstanding service outcomes for Government and customers through the delivery of initiatives.

Strong collaborative approach: The Portfolio, Program and Project framework espouses collaboration with relevant stakeholders including the community and customers, service partners and government agencies. The engagement of the right stakeholders at the right level is a major contributor to successful outcomes as well as making a significant difference to benefits realisation.

Service transformation: The innovation DHS provides in delivering connected and encompassing services to the community are often reflected in or delivered through projects and programs. These are the vehicles for the transformational change DHS is delivering to our customers. For example the SDR Program is managing a major reform in service delivery such as the move towards self-managed mechanisms and reshaping organisational culture.

EXPECTED BENEFITS

The benefits of capability maturity improvement are drawn from a correlation between mature processes and better outcomes. In particular the department measures the effectiveness of capability improvement through the following lenses:

- Government has continued confidence in the department's ability to deliver efficient & effective service delivery & ICT reform
- Portfolio resource allocation decisions direct resources to those initiatives with the highest priority
- Increased benefits are realised from programs of ICT enabled change
- Increased on-time, on budget delivery of projects
- Increase in portfolio, program and project management capability and experience

THE P3M3 ASSESSMENT PROCESS

DHS engaged Tanner James Management Consultants, an accredited P3M3 consultancy service provider who partnered with the Portfolio Program Office staff to undertake the P3M3 assessment in August 2012. This ensured that DHS had full visibility and understanding of the processes used, and ownership of the outcomes. It also meant that DHS could access the consultants' expertise and ensure independent validation of the results.

Tanner James made the following broad observation with respect to the focus of future planning

- A rating of '4' for Program puts the department in a small world-wide minority category of organisations.
- DHS should take into account that "*Process maturity – especially at level 4 and in a way which is deemed to be compliant with the P3M3 model - has a resource cost in its own right*". DHS must consider the cost of targeting ratings of 4, particularly in the current fiscal environment.
- DHS must also seriously consider the value of maintaining Program at 4 and pursuing ratings of 4 for Portfolio and Project. DHS may instead prefer to consider the relative value of sub-elements of the P3M3 model and consider whether it wishes to focus on particular processes such as Benefit Management rather than on an overall rating for a sub-model such as Portfolio Management.
- DHS must consider who will be in key roles over the next 2+ years, the nature of the key programmes/projects that will be undertaken during that period, then target further action on P3 capability at those people and initiatives.
- DHS should consider how any future capability improvement initiative relates to action resulting from the APSC Capability Review

Table 2: P3M3 Assessment Report (ratings assessed August 2012)

Process models		Portfolio	Program	Project
OVERALL ASSESSMENT		3	4	3
Process perspectives	Management Control	4	4	3
	Benefits Management	4	4	3
	Financial Management	3	4	3
	Stakeholder Engagement	4	4	3
	Risk Management	3	4	3
	Organisational Governance	3	4	3
	Resource Management	4	4	3
Generic Attributes	Roles & Responsibilities	3	4	3
	Experience in P3M	4	4	4
	Capability Development	4	4	3
	Planning and Estimating Process	3	4	3
	Information and Documentation	4	4	4
	Scrutiny and Review	3	4	3

The P3M3 Assessment Report identified strengths, weaknesses and opportunities for improving capability that have a direct impact on the organisation's capacity to commission, manage and realise benefits from its change initiatives. Recommendations from the P3M3 report have been incorporated into this plan and will be further taken into account in the next CIP cycle.

WHAT THE P3M3 CAPABILITIES WILL LOOK LIKE

To continue to embed and lay the foundation for future capability development by June 2013, the fundamental design of the Portfolio, Program and Project Management capabilities developed during the previous CIP will be maintained.

PORTFOLIO MANAGEMENT

DHS is a large organisation and has a broad range of portfolio functions that together serve to form the key 'office' functions required to support portfolio management. The Portfolio Program Office (PPO) will continue to work closely with CFO and ICT, as well as key functions such as People Capability, Governance, Service Strategy and Policy and SDR.

This 'virtual' Enterprise Portfolio Management Office (EPMO) supports a range of committees and governance mechanisms. The existing governance structures of the Executive Committee and the Finance and Investment Committee, and the IT Governance Committee will continue to be the primary portfolio management committees.

Consolidating this integrated way of working and streamlining points of integration is a key element in sustaining the current maturity level. The 'virtual' EPMO is actively working to collaborate to improve processes and to contribute to other capability initiatives such as the APSC capability review.

Please refer to the Portfolio Management Framework for more detail on the design of the Portfolio Management functions.

PROGRAM MANAGEMENT

The SDR Program has heavily influenced the development of the department's Program Management Framework and the results achieved in the recent assessment. The investment in SDR has required a significant focus on program management to achieve significant savings and benefits. The challenge is to make SDR into 'business as usual' and support other program management capability building more broadly. Naturally this will require tailoring the framework to programs of varying size and complexity, examples of which already exist within the department.

The experience of key individuals in managing large programs is a critical consideration in embedding program management. A concentrated focus on organisational and individual capability improvement is a key element in sustaining the current maturity level.

Please refer to the Program Management Framework for more detail on the design of the Portfolio Management functions.

PROJECT MANAGEMENT

The department has integrated three agency project frameworks into a single framework. The framework provides a consistent 'language' and structure for all projects. In addition the department has also extended this common framework with ICT specific extensions that integrate into the ICT systems development lifecycle.

Again, the experience of project managers is a critical consideration. A concentrated focus on organisational and individual capability improvement is a key element in sustaining the current maturity level.

Please refer to the Project Management Framework for more detail on the design of the Portfolio Management functions.

PORTFOLIO, PROGRAM AND PROJECT SUPPORT

The Portfolio Program Office provides a central point of co-ordination of the P3M3 process. As noted under Portfolio Management there is a 'virtual' EPMO with responsibilities for various components within the P3M3 models.

In order to ensure continued sponsorship, ownership and management of interdependencies with respect to capability improvement, a formalised distributed process governance and ownership structure will be implemented to support the key areas of CIP focus, and to develop the priorities and planning for the next CIP cycle.

HOW WE WILL GET THERE

SCOPE

This plan will continue to embed the objectives of the 2010-2012 Capability Improvement Plan and will also lay the foundation for the 2013 – 2015 CIP. This interim plan has been developed in response to the P3M3 Assessment Report. Whilst there are many areas of good governance and performance in portfolio, program and project management there is significant work to be done to address gaps and leverage opportunities.

The overall objective for this plan is to continue to deliver an integrated set of initiatives that together address identified gaps in portfolio, program and project management maturity and in doing so support the SDR agenda underway in the department of Human Services.

The plan will also ensure that the P3M3 capability improvement aligns with other relevant business as usual activity and the action plan developed in response to the APSC capability review.

Since the 2012 P3M3 Assessment was delivered, the department has taken steps to improve its maturity (for example, developing and implementing a training strategy and career framework that ensures key individuals have practical delivery experience and track record; and establishing a working group that is progressing activities aimed at improving the maturity of portfolio, program and project activities across the Department of Human Services).

Through this plan over the next six months the PPO will continue to embed the improvement initiatives started by the 2010 – 2012 Capability Improvement Plan. In addition there will also be initiatives that naturally follow-on from existing BAU activities which will lay the foundation for the next CIP.

Table 3: Key improvement initiatives (Jan 2013 to June 2013)

Activity	Lead	Description
Embedding 'virtual' Enterprise Portfolio Management Office	PPO	Continued work to formalise distributed governance models and process ownership group to develop next cycle of capability planning.
Update to departmental benefits framework	CFO	Leverage the SDR processes and structures to revise the portfolio, program and projects frameworks and embed a central co-ordination function.
Implementation of 'enterprise' DHS Change Coordination function	Deployment, Integration and Coordination	Response to the APSC capability review to develop a DHS view of all change activity and to coordinate change impacts across the project lifecycle.
Streamlining of Project Management Framework	PPO	Streamline requirements for external projects and refine business case templates in consultation with CFO in preparation for 2013-14 Budget projects. Also embed learnings from the project management community.
Revision of ICT engagement/project frameworks and tools	ICT PMO	Continuous improvement of ICT engagement/project frameworks and tools in alignment with updates to Project Management Framework.
Revision of program management framework guidance	SDR PMO	Embed learnings from SDR into an update of the operational guidance supporting the framework with a focus on effective tailoring guidance.
Mentoring of new programs	SDR PMO	Active engagement and coaching with emergent programs across the department, especially with a focus on program definition and project initiation and planning for 2013-14 Budget.

CAPABILITY SPONSORSHIP AND MANAGEMENT

The sponsoring group for this plan is the **DHS Executive Committee**.

The Senior Responsible Official is the **Deputy Secretary Health and Service Delivery Reform** (a member of Executive Committee). The P3M3 Capability Improvement Plan is one of the key strategic deliverables in the SDR Implementation Division business plan.

The **National Manager Portfolio Program Office** (PPO) will co-ordinate the governance committee and reference groups that will be responsible for implementing elements of the plan, and who will also collectively develop the plan for the next CIP cycle.

STAKEHOLDER ENGAGEMENT

The PPO will continue to work closely with CFO and ICT, as well as key functions such as People Capability, Governance, Service Strategy and Policy and Service Delivery Reform. This 'virtual' EPMO is the core governance group for the implementation of the P3M3 Capability plan.

The 'virtual' EPMO will further engage stakeholders, such as the broader project management community, via existing networks and forums and in specific working groups as required. Updates to the frameworks and tools are coordinated and supported by relevant communication and training programs.

The PPO is the point of contact for the Australian Government Information Management Office (AGIMO) with respect to the P3M3 process and the capability improvement plan.

RISK MANAGEMENT

The department has a strategic risk to manage with respect to on-time, on-budget delivery of Government initiatives. The P3M3 Capability Improvement activities are a direct treatment for this risk.

With respect to this CIP the following key risk is highlighted.

Risk statement	Current Rating	Treatment(s)	Residual Rating
If the current P3M3 maturity ratings are not maintained then this may impact the department's ability (real or perceived) to deliver on Government initiatives and the current reform agenda	Medium (Possible, Moderate)	The scope of this plan is primarily based on the continuation of activities commenced in the previous capability cycle, rather than on new deliverables. This will allow time to embed changes across the processes. Use the 'virtual' EPMO as the core governance group to engage stakeholders. Continuation of explicit support from the SDR Program Office will allow for the transition of experience into the frameworks and to key individuals.	Low (Unlikely, Moderate)

The department also notes that there is a current initiative by the UK Office of Government Commerce to make revisions to the P3M3 model. Any revisions are unlikely to be made during this CIP cycle, however a watching brief will be maintained for any changes and flow-on impacts to the CIP.

BUDGET

The deliverables and activities outlined in this plan are funded out of current business as usual functions such as the Portfolio Program Office, ICT Portfolio Management Office, etc.

This plan relies on the SDR Program contributing to the program framework guidance and to provide active leadership and mentoring to the next set of program leaders and managers outside of the SDR Program. Note that the SDR Program continues over the timeframe of the next capability improvement cycle, and therefore should continue to directly support the maintenance of the program maturity level in particular.

GLOSSARY OF COMMONLY USED TERMS

Benefit – the measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders.

P3M3® - Portfolio, Program and Project Management Maturity Model - agencies subject to the Financial Management and Accountability Act 1997 are implementing the P3M3 as a common methodology for assessing their organisational capability to commission, manage and realise benefits from ICT-enabled investments.

Portfolio - the totality of Human Services' organisation's investment (or segment thereof) in the changes required to achieve its benefits and savings.

Portfolio Management - a co-ordinated collection of strategic processes and decisions that together enable the most effective balance of organisational change and business as usual.

Program / Program - a temporary, flexible organisation created to co-ordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to strategic objectives.

Program / Program Management - the action of carrying out the co-ordinated organisation, direction and implementation of a dossier of projects and transformation activities to achieve outcomes and realise benefits that are of strategic importance to the business.

Project - a temporary organisation, usually existing for a much shorter time, which will deliver one or more outputs in accordance with a specific Business Case. A particular project may or may not be part of a program.

Blueprint – a model of the organisation, its working practices and processes, the information it requires and the technology that supports its operations.

ATTACHMENT A: OPTIONS CONSIDERED

The department's current P3M3 Capability Improvement Plan ends in December 2012. The department conducted its first assessment as DHS in September 2012 and has achieved an excellent result in exceeding targets for Portfolio and Program management.

Exceeding the targets can largely be attributed to the significant investments, over and above the P3M3 Capability Improvement Plan, made as part of integration and Service Delivery Reform (e.g. the Service Delivery Reform Steering Committee and Program Office, the establishment of the ICT Portfolio Management Office and the integration and centralisation of financial functions).

To raise both Portfolio and Project maturity to a 4 will likely require at least a similar investment to that made in the last cycle. Experience shows that the difference in capability and cost between maturity levels 2, 3 and 4 is exponential rather than linear.

Some key capability improvements likely to be required to reach an overall 4 across all perspectives include;

- upgraded program/project management and scheduling tools;
- more stable professionally skilled project cohort; and
- measurement and analytical tools for process metrics.

The department must now consider the next capability planning cycle (proposed to be from Jan 2013 to June 2015) and set targets in line with the value the organisation will receive.

What is the key difference between maturity of '4 - MANAGED' and '3 - DEFINED'?

- *Using quantitative data to measure and analyse the operation of processes rather than simply having a centrally defined process that is consistently applied by the organisation (and that may be reviewed on a regular basis).*
- *Focusing on tailoring to individuals (e.g. succession planning and tailored 1:1 training) rather than generic/standard organisational capability.*
- *Process assurance and knowledge management is a central function and is used to improve process, with a real focus on opportunities rather than just compliance.*

The following key capability improvement options incrementally raise the maturity (and cost):

1. **Set targets for Portfolio, Program and Project at level 3:** Only invest in level 4 maturity for selected processes – this is the lowest cost option and should be able to be funded out of current business as usual functions such as the Portfolio Program Office, ICT Portfolio Management Office, etc.
2. **Maintain the current rating of 3/4/3:** Embed Program Management capability firmly across all programs taking the opportunity to not 'lose' the progress achieved when SDR ends. The main additional costs in this option are in enhancing the frameworks and tools and mentoring other programs and key managers.
3. **Increase Portfolio Management to a 4:** Already at a 'strong' 3 in this space. Increasing the sophistication of portfolio processes will maximise the leverage the department can achieve from external and internal projects. The main additional costs in this option are further improving the portfolio framework and investing in more integrated information management systems.
4. **Increase Project Management to a 4:** Represents the most significant additional effort as nearly all aspects require improvement. In addition the DHS project management community is transitional implying ongoing training and up-skilling each year. The significant costs associated with this maturity level may not deliver sufficient value to the department.

Option 2 is expanded in this 'interim' CIP on the basis of providing the most benefit at the lowest risk with a minimal additional cost within the six month period.

Options 3 and 4 are proposed as considerations for the next CIP cycle.

The table overleaf outlines a high level analysis of the pros and cons of each option.

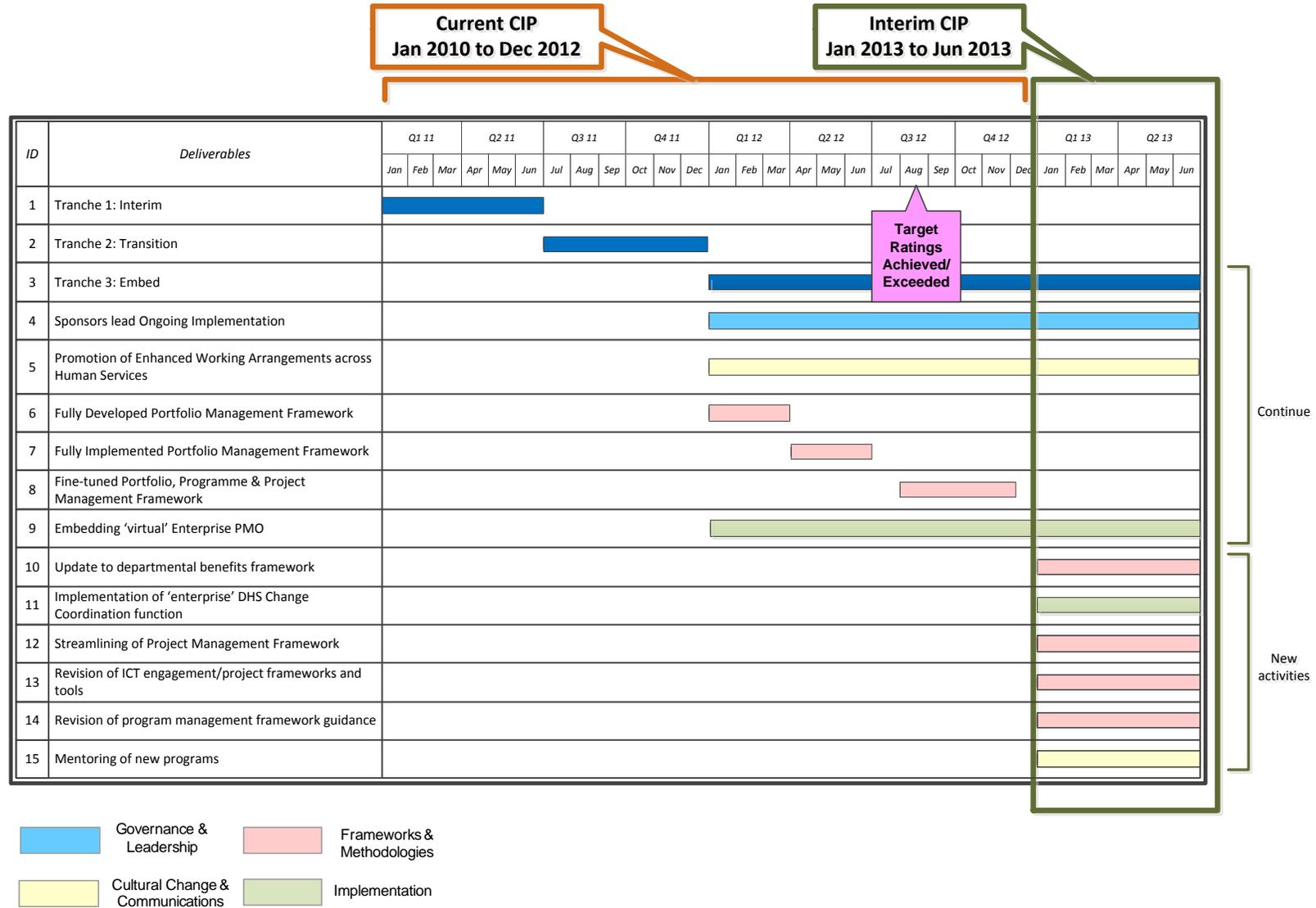


Summary options analysis

Option	Benefits	Risks	Cost
1. Set targets for Portfolio, Program and Project at level 3	<ul style="list-style-type: none"> At a minimum a maturity level of 3 provides consistency to projects and the information that is provided to Program and Portfolio functions 	<ul style="list-style-type: none"> Perception that the department does not 'value' the maturity 	<ul style="list-style-type: none"> Should be able to be funded out of current business as usual functions such as the Portfolio Program Office, ICT Portfolio Management Office, etc
2. Maintain the current rating of 3/4/3 (RECOMMENDED)	<ul style="list-style-type: none"> Having got to a 4 does DHS really want to slip back? SDR (and integration) program management has already facilitated an increased executive focus on benefits quantification and realisation beyond individual projects Program management is the key P3 management discipline to address change management (aligning APSC Change Coordination Project) 	<ul style="list-style-type: none"> Level 4 maturity requires continued executive sponsorship and support Opportunity to embed SDR practices now such that DHS does not lose this maturity when SDR ends (as has happened before with other programs) 	<ul style="list-style-type: none"> The additional costs in this option are in enhancing the frameworks and tools and mentoring other programs and key managers The SDR Program continues over the timeframe of the next capability improvement cycle, and therefore should continue to directly support the maintenance of this maturity level.
3. Increase Portfolio Management target to a 4	<ul style="list-style-type: none"> The current environment is one of continued efficiency drives and increasing service expectations Better quantitative data will allow the department to manage its overall project workload more effectively A structured focus on opportunities will allow the department to obtain maximum leverage from projects 	<ul style="list-style-type: none"> Integrated systems for project information are not currently in place (or have firm plans for implementation) 	<ul style="list-style-type: none"> The additional costs in this option are further improving the portfolio framework and investing in more integrated information management systems Significant costs are in systems implementation and change management
4. Increase Project Management target to a 4	<ul style="list-style-type: none"> Higher quality of project information to inform program and portfolio functions Reputation 	<ul style="list-style-type: none"> Significant change management risks to raise all projects to this maturity level 	<ul style="list-style-type: none"> The cost of a '4' in Project is likely to an order of magnitude greater than for Portfolio and Project.

ATTACHMENT B: CIP SUMMARY TIMELINE

The timeline below shows how the current CIP is extended by this interim plan.



P3M3[®] Assessment Report

P3M3[®] Assessment Report

Department of Human
Services (DHS)

Version

1.2

Date Created

1 August 2012

Date Updated

Friday, 7 September 2012

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Classification

Unclassified



TANNER JAMES
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Document Control

Distribution List

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Revision History

Date	Version	Modified By	Changes Made, Review History
1 Aug 12 – 22 Aug 12	0.1 - 0.9	JH/BA	Working drafts.
23 Aug 12	1.0	JH	First full draft provided to DHS for comment.
4 Sep 12	1.1	JH	Updated based on DHS feedback 30 Aug 12.
7 Sep 12	1.2	JH	Updated based on DHS minor mark-ups.

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Ms Malisa Golightly PSM
Deputy Secretary
Department of Human Services
ACT 2600

7 September 2012

Dear Malisa,

P3M3[®] Independent validation

I am writing in relation to the P3M3[®] capability assessment undertaken for the Department of Human Services (DHS) which was completed in August 2012.

Tanner James was engaged by DHS to assist the department in understanding the assessment process and to undertake the assessment. This involved a partnership approach designed to ensure full understanding and ownership of the outcomes by DHS while still ensuring the assessment was conducted with full rigour and independence.

I was personally the Registered P3M3[®] Consultant who led this assessment, and hereby confirm that I can provide an unqualified assurance (i.e. independent validation) of the accuracy, reliability and completeness of the assessment as follows:

	Sub-model score	Process perspectives							Generic attributes
		Organisational Governance	Management Control	Stakeholder Engagement	Benefits Management	Financial Management	Resource Management	Risk Management	
Portfolio Management	3	4	4	3	4	3	3	4	3
Programme Management	4	4	4	4	4	4	4	4	4
Project Management	3	3	3	3	3	3	3	3	3

I would like to congratulate the department on achieving such high levels of maturity.

Please pass on our thanks to all DHS staff involved, especially to members of the Portfolio Program Office for their time and support. Every single person we met was pleasant, helpful, and showed a real commitment to the assessment process.

Yours sincerely,



John Howarth
Chairman
Tanner James Management Consultants Pty Ltd

EXECUTIVE SUMMARY

A P3M3® (Portfolio, Programme and Project Management Maturity Model) assessment of the Department of Human Services (DHS) ICT-enabled portfolio, programmes and projects was conducted during July and August 2012.

Ratings

DHS has been assessed as having the following maturity levels:

- Portfolio Management sub-model Level 3
- Programme Management sub-model Level 4
- Project Management sub-model Level 3.

Commonwealth Government FMA agencies during 2010 and 2011 typically yielded maturity scores in a range from 0 to 3, with the median level for Portfolio and Project Management sub-models being 2, and for Programme Management being 1.

Assessment Team Observations

Given the challenge of drawing together three large agencies, the management of a huge change programme in Service Delivery Reform (SDR), the initiation and conduct of several other government initiatives and the maintenance of normal activities, DHS has done a remarkable job of professionalising and embedding management disciplines for ICT enabled change.

DHS has very strong leadership with a clear focus and accountability upon the realisation of benefits.

The benefits management and realisation process is well established across all DHS change initiatives. High-level accountabilities ensure that benefits are owned and actively measured, managed and realised. The rigorous approach adopted in SDR has been extended to other parts of DHS change portfolio and lessons learnt in SDR and other major change programmes have been applied to the initiation and conduct of new change activities at the programme and project levels.

One of the key findings of the Gershon Review (2008) was that:

“Agency governance mechanisms are weak in respect of their focus on ICT efficiency and an understanding of organisational capability to commission, manage and realise benefits from ICT-enabled projects.”

In the assessors' opinion DHS is unequivocally in a position where that statement is not true.

Future target ratings for DHS in Portfolio, Programme and Project Management Maturity, including strategies for organisational capability improvement, will be developed separately from this report.

It is now a matter of conscious choice for DHS to contemplate whether seeking to attain higher levels of maturity in one or more of the sub-models will provide additional value to the organisation.

1 INTRODUCTION

1.1 Background

In September 2009, P3M3® was selected by the Secretaries ICT Governance Board (SIGB) as the capability measurement methodology for the Australian Government. In December 2009, the Secretary of Finance instructed all FMA Agencies to undertake a P3M3® Capability Maturity Assessment by December 2010.

The P3M3® model allows organisations to identify the key practices that need to be fully embedded to achieve the next maturity level in organisational capability. P3M3® is an overarching capability maturity model containing three sub-models, Portfolio Management Maturity Model (PmM3), Programme Management Maturity Model (PgM3) and Project Management Maturity Model (PjM3). The Model and its component sub models are defined in Section 2.7 Key Definitions.

1.2 Report Purpose

The purpose of this report is to:

- Report upon an assessment for DHS ICT-enabled initiatives covering Portfolio, Programme and Project Management maturity; and
- Provide external validation of DHS current P3M3® Ratings by an Accredited Consulting Organisation in accordance with Department of Finance and Deregulation (DoFD) requirements.

1.3 Scope

Scope Inclusions

The P3M3® assessment covered the portfolio, programme and project activities across DHS. This included sufficient programmes and projects to create a representative sample of DHS ICT-enabled change initiatives. The assessment covered both internally and externally funded projects and programmes within DHS. In accordance with the P3M3® model:

a portfolio is the total set of ICT-enabled change governed by the DHS Executive Committee;

a programme is a strategic change to DHS that is ICT-enabled and is comprised of a set of related projects;

a project is a project that:

- is managed by DHS (not externally); and
- has an ICT component.

DHS is currently running 2 major programmes (SDR, and Household Assistance Package Payments (HAPP). Building Australia's Future Workforce (BAFW) finished on 30 June 2012), a number of minor ICT-enabled programmes and over 100 active ICT-enabled projects with an ICT component.

Scope Exclusions

DHS Portfolio Agencies and Authorities have been excluded from this assessment:

Page 6 of 44		Classification	Unclassified	Task	DHS P3M3®
		Version	1.2	Author	Tanner James
		Created	1 August 2012	Updated	07 September 2012

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1.4 Assessment Approach

Overall Intent – partnership and transparency

The overall intent of the approach chosen for the DHS 2012 P3M3® assessment was for the assessors to work in partnership with DHS and be as transparent as possible, so that ownership and understanding of the assessment results resides within the department not with an external assessor.

Awareness – educate participants about P3M3®

Prior to the actual assessment Tanner James was engaged to educate DHS about P3M3®. The purpose of educating participants about P3M3® was to increase the integrity of the assessment process and ensure that the department would understand how the assessment of maturity for each sub-model was determined.

Each sub-model (Portfolio, Programme and Project) within P3M3® is assessed independently, and within each sub-model the key roles involved in assessment can be broadly grouped into executives/sponsors, managers and support offices. The manager grouping does not apply to the Portfolio model. Based on these roles for each sub-model this created eight distinct audiences for the awareness sessions. Briefings and handouts were arranged for each audience. Briefings were delivered in July 2012.

It should be noted that while Tanner James provided clear information and details about the P3M3® model, it did not provide any information to participants which it considered might create a risk of distortion of the assessment itself. This was a conscious and deliberate choice of the assessors who conducted the awareness sessions in order to maintain independence.

Process Assessment – evaluate defined processes against P3M3®

The main purpose of the process assessment was to make a judgement as to whether DHS has defined management processes that adequately address all seven process perspectives for each sub-model. This is a pre-requisite to being able to attain level 3 (defined) or higher maturity; if no processes are in place by definition the rating can be no more than level 2 (repeatable). A score of level 3 must also be attained for each generic attribute to achieve a level 3 rating for the sub-model as a whole.

To undertake the assessment the external assessors engaged with the process owners for each sub-model. This was predominantly offices (Portfolio Program Office (PPO) and PMOs) with relevant corporate staff involved. One day was spent with each of the three groups to assess whether DHS frameworks and processes adequately address the requirements set out in P3M3®.

As well as reviewing processes, the assessors also used the input of the groups from these one-day workshops to help score all seven process perspectives for each sub-model in terms of application – i.e. the degree to which the groups felt processes are actually being used.

During the one-day workshops the groups also considered the generic attributes prescribed by P3M3®. These are aspects of organisational capability which P3M3® uses in all three sub-models as a determinant of maturity and include planning, information management, and training and development. The assessors used the input of the groups as the primary means of scoring the generic attributes, cross-checked against what was said during interviews (application assessment).

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Application Assessment – evaluate actual practices against P3M3®

The purpose of the application assessment was to make a judgement as to how DHS is managing its portfolio of ICT-enabled investment and constituent programmes and projects.

The assessment of portfolio management practices against the seven process perspectives was undertaken in interviews with the key senior executives responsible for managing DHS's ICT-enabled investment portfolio. Key staff in roles that support portfolio management (e.g. from the PPO and ICT Portfolio Management Office (ICT PMO)) were also involved.

The assessment of programme management practices against the seven process perspectives were undertaken as indicated in respect of the programmes shown as they are considered to be representative of programme management for ICT-enabled investment across DHS:

- SDR – was assessed by reviewing the evidence and report associated with the recent Gateway Review, together with a few interviews with staff in key SDR programme management roles.
- BAFW and HAPP – were assessed through interviews with those in sponsor, manager, and business change roles.

The assessment of project management practices against the seven process perspectives was primarily through interviews with those in sponsor and manager roles considered to be representative of project management for ICT-enabled investment across DHS. These interviews were conducted primarily by DHS staff with Tanner James providing guidance and reviewing results.

Scoring and reporting

The assessment was scored for each nominee listed in the stakeholder engagement section of the assessment plan based on their interview, workshop input or examination of gateway review inputs (SDR only). If an individual was nominated in multiple roles a separate assessment was made and scored for each role. Tanner James warrants that the scoring process used is valid and consistent with how it has scored other assessments for Federal Government departments and agencies.

The PPO drafted observations related to the project sub-model based on the interviews conducted by DHS staff. These were provided to the external assessors (Tanner James) who incorporated them into a first draft of the actual assessment report and provide it to DHS for comment. Feedback was received and incorporated into the report. None of the scores were changed as a result of the feedback.

Time has been allowed for DHS to promulgate the report to assessment participants, and to progress it through the appropriate Departmental committees.

Tanner James will remain available to meet with executives to answer questions and provide expertise on particular aspects of the assessment.

P3M3® Assessment Report

1.5 Key Definitions

P3M3® is an overarching capability maturity model containing three sub-models, Portfolio Management Maturity Model (PfM3), Programme Management Maturity Model (PgM3) and Project Management Maturity Model (PjM3)

Portfolio Management

A **portfolio** is defined as the totality of an organisation's investment (or a segment thereof) in the changes required for it to achieve its strategic objectives.

Portfolio Management describes the management of an organisation's portfolio of business change initiatives.

Programme Management

A **programme** is defined as 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. Programmes exist to manage the complexities involved in delivering beneficial change.

Programme Management is focussed on the areas of tension between strategic direction, project delivery and operational effectiveness.

Project Management

A **project** is defined as a unique set of coordinated activities, with definite starting and finishing points, undertaken by an individual or team to meet specific objectives within defined time, cost and performance parameters as specified in the business case.

Project Management guides a project through a visible set of activities, from controlled start-up, through delivery, to controlled closure, and review.

Process Perspectives

The **Process Perspectives** are the seven areas of management which P3M3® focuses on in all three models as the basis for assessing Maturity Levels. For the purposes of assessment the model provides specific attributes for each process perspective which are indicative of each maturity level. Specific Attributes relate only to a particular Process Perspective.

Generic Attributes

The **Generic Attributes** are aspects of organisational capability which P3M3® focuses on in all three models as the basis for assessing Maturity Levels. Generic Attributes are common to all Process Perspectives at a given Maturity Level, and include planning, information management, and training and development.

Further Information

Further definition of the model, process perspectives and maturity levels are provided at Appendix C of this report.

2 ASSESSMENT HEADLINES

2.1 Portfolio Management (assessed as level 3)

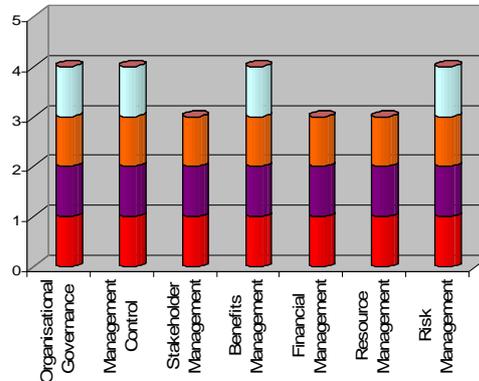
Level 3 maturity definition:

DHS has its own centrally controlled programme and project processes, and individual programmes and projects can flex within these processes to suit particular programmes and projects. DHS has its own portfolio management processes

Assessment Headlines:

Strong leadership with a focus upon accountability for the realisation of benefits has ensured that DHS has embedded disciplines for the management of ICT enabled change.

These disciplines have been applied across the organisation with rigorous controls and reporting arrangements, sophisticated management information systems and tools and effective training and support structures.



2.2 Programme Management (assessed as level 4)

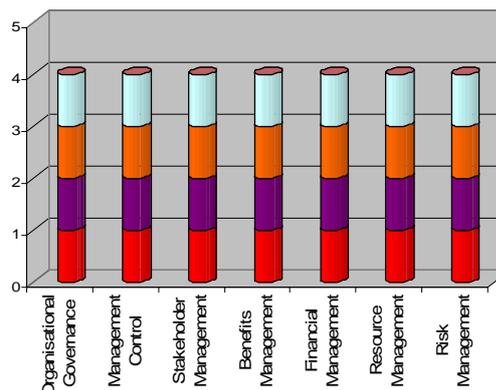
Level 4 maturity definition:

DHS obtains and retain specific measurements on its programme management performance and runs a quality management organisation to better predict future performance

Assessment Headlines:

DHS uses programme management disciplines as precision instruments to manage complexity and to focus upon delivery of outcomes. Benefits realisation is dominant.

Unwavering executive leadership commitment to use the disciplines to deliver on an ambitious Government reform agenda has driven DHS to a high level of maturity in a relatively short period of time.



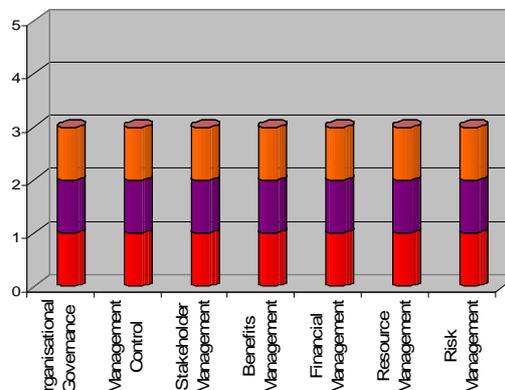
2.3 Project Management (assessed as level 3)

Level 3 maturity definition:

DHS has its own centrally controlled project processes and individual projects can flex within these processes to suit the particular project

Assessment Headlines:

The project management framework has achieved the consolidation of three frameworks from the predecessor agencies. The rigour of DHS programme management is a beneficial influence on projects. DHS's strong culture of engagement and consultation is reflected in projects. Risk management is seen as an organisational process with clear ownership.



2.4 Key Outcomes

Given the challenge of drawing together three large agencies, the management of a huge change programme in service delivery reform, the initiation and conduct of several other major government initiatives and the maintenance of normal activities, DHS has done a remarkable job of professionalising and embedding management disciplines for ICT enabled change.

DHS has been assessed as having the following maturity levels:

- Portfolio Management sub-model Level 3
- Programme Management sub-model Level 4
- Project Management sub-model Level 3.

These are significant improvements on the ratings achieved in 2010.

In summary the characteristics of P3M3® level 3 maturity (defined process) are:

- Management and technical processes are documented, standardised and integrated to some extent with business processes. There is some process ownership and a group responsible for maintaining consistency and delivering process improvements.
- Senior management are engaged consistently, providing active and informed support.
- There is an established training programme to develop individual skills and knowledge.

In summary the characteristics of P3M3® level 4 maturity (managed process) are:

- Top management are proactively seeking out innovative ways to achieve goals.
- The organisation has defined processes that are quantitatively managed, i.e. controlled using metrics. There are quantitative objectives for quality and process performance, and these are being used in managing processes.
- Using metrics, management can effectively control processes and identify ways to adjust and adapt them to particular initiatives without loss of quality.

P3M3® maturity level scores are determined from a number of elements. The primary determinant for award of P3M3® maturity level is making a professional judgement against the relevant maturity description P3M3®, taking account of individual attributes that are specific to a process perspective and generic attributes that apply to a sub-model. While not every single attribute was evidenced for every process perspective at the level achieved, the assessors are fully satisfied that DHS clearly meets the relevant maturity description for every process perspective at each level.

Very strong leadership has put a clear focus upon accountability for the realisation of benefits. This is evidenced by the extent of effort expended in the major programme areas to engage with stakeholders and to identify, map, manage, measure and realise benefits.

The rigorous approach adopted in SDR has been extended to other parts of the DHS change portfolio and lessons learned in SDR and other major change programmes have been applied to the initiation and conduct of new change activities.

2.5 Implications for Capability Improvement

DHS has attained the levels of maturity it set out for itself at the end of 2010 in its Capability Improvement Plan – indeed it has exceeded them for both portfolio management and programme management.

It is now a matter of conscious choice for DHS to contemplate whether seeking to attain higher levels of maturity in one or more of the sub-models will provide additional value-add to the organisation.

3 CURRENT P3M3® RATINGS

Legend

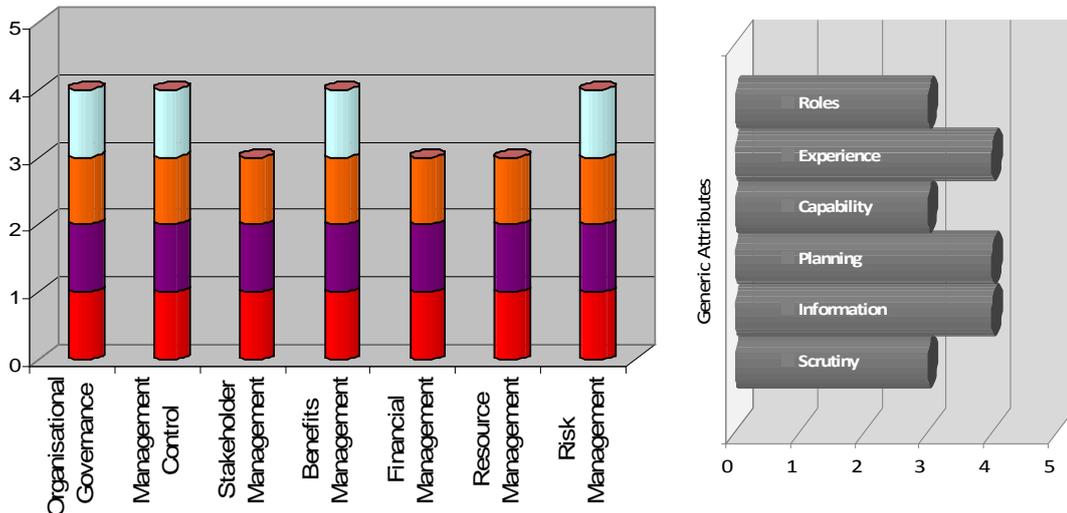
This part of the assessment report contains for each sub-model then within it the seven individual process perspectives and the generic attributes:

- *Definitions from P3M3® (in italics)* of DHS's maturity level; and
- Key observations made by the assessment team (in plain text).

3.1 Portfolio Management Maturity

DHS's Portfolio Management maturity level is 3. A level 3 assessment indicates that:

DHS has its own centrally controlled programme and project processes, and individual programmes and projects can flex within these processes to suit particular programmes and projects. DHS has its own portfolio management processes.



Headline Observations for Portfolio Management

DHS has a clear unified view of what constitutes the change portfolio and defined processes for portfolio management. The executive leadership team is very active in management of the change portfolio which ensures there is strong focus on alignment with strategy.

The recently documented portfolio management framework draws together the previously disparate efforts of different groups (PPO, Chief Information Officer, Chief Financial Officer) and the different agencies into an integrated view of what portfolio management means in DHS. It is underpinned by mature processes for programme and project management that are managed by the PPO.

The experience of the executive leadership team and those with management roles are reflected in strong governance and management control. High quality plans and information support mature benefits and risk management which are the centrepiece of how DHS delivers change initiatives in support of strategic objectives.

3.1.1 Organisational Governance (level 4)

A level 4 assessment indicates that:

All initiatives are integrated into an achievable and governed portfolio, which is aligned to strategic objectives and priorities. The portfolio contains relevant information on initiatives (e.g. performance measures, quality attributes and asset management data) to support Executive Board decisions.

Observations

- DHS has strong executive leadership and direction in the management of the portfolio, with high levels of senior executive accountability for both the change portfolio and the integration of change into business as usual operations.
- The Executive Committee, Finance and Investment Committee (FIC), ICT Governance Committee and other Governance bodies provide an active decision-making process which is auditable and clear. The portfolio governance model is highly integrated with the wider organisational governance structure, with organisational and portfolio leadership roles fully aligned.
- The Executive Committee shows commitment to the value of portfolio management and views the portfolio as a strategic vehicle for change. The Executive Committee is the ultimate approving body for internally initiated programmes and projects, and actively manages externally-driven programmes and projects in support of the Government's change agenda.
- The PPO and ICT PMO provide strong support in terms of the information and frameworks necessary to manage the portfolio. The PPO was established in March 2011 and has led the implementation of the DHS Capability Improvement Plan 2010 to date. The ICT PMO was formally established in March 2012 as part of the operating model for the CIO Group; prior to this the branch was operating as the ICT Project Management Office. Since then, the ICT PMO has designed, planned and implemented an extensive change program to establish the required portfolio management capability for the CIO Group. A federated model of divisional program offices is part of the ICT PMO.
- DHS could further optimise the portfolio management process to be more dynamic and agile and ensure the change portfolio remains aligned to strategic objectives. This would require quantitatively measurable goals for process improvement.

3.1.2 Management Control (level 4)

A level 4 assessment indicates that:

Portfolio management processes exist and are proven. Portfolio management has established metrics against which the strategic success of DHS can be measured.

Observations

- A Portfolio Management Framework which matches the concept of portfolio management as defined by P3M3 was only formally released relatively recently. Nevertheless, DHS portfolio management processes are embedded and proven.
- There is a single ICT Work Plan describing the portfolio of ICT-enabled change. This is issued annually in response to the DHS Strategic Plan, external and internal initiatives, and is updated on a monthly basis.

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- Regular reviews are conducted ensuring that projects and programs within the portfolio can be stopped or diverted. The Executive uses metrics for delivery of the portfolio against which the strategic success of DHS can be measured. The Executive regularly reviews the top ten projects which demonstrates a high degree of engagement through active decision making to improve delivery.
- There is strong consistent use of processes and systems – such as the ICT engagement process and Primavera – to manage the portfolio driven by an active and well-resourced ICT PMO. The underpinning programme and project management arrangements within the portfolio of change are strong, and a consistent approach is used to monitor and control in quantitative terms.
- Dynamic configuration management enables a strong release implementation capability.
- DHS is progressing with an organisation wide consistent, portfolio management approach, with a key remaining challenge being to translate this approach to the delivery of strategic change into consistent management behaviours right into the on-the-ground service delivery network. This is a significant cultural shift for an organisation of the size of DHS.

3.1.3 Stakeholder Engagement (level 3)

A level 3 assessment indicates that:

There is a centrally managed and consistent approach to stakeholder engagement and communications used on the portfolio.

Observations

- Much of the stakeholder engagement related to the delivery of ICT-enabled change is done primarily via the major individual change programmes. To the degree to which stakeholder engagement is appropriate at portfolio level it is done very well.
- DHS applies a coordinated approach to stakeholder engagement through the ICT engagement processes and departmental processes.
- DHS consciously engages both internal and external stakeholders in delivery of the ICT Work Plan and this is coordinated with relevant corporate areas.
- Executives are personally involved in stakeholder engagement.
- As part of the CIO Group's operating model, the responsible ICT General Manager liaises with their respective business partners. Where ICT National Managers perform Senior Responsible Officer/Senior Supplier duties, there is also regular interaction with business counterparts. This alignment allows for consistent and thorough stakeholder engagement matched to business needs.
- The question for DHS in maturing its approach to stakeholder engagement is to what degree are sophisticated techniques appropriate at the change portfolio level? The analysis and engagement of stakeholders can be done for the ICT Work Plan as a whole, but much of the stakeholder engagement can and should be managed at the level of individual programmes and projects.

3.1.4 Benefits Management (level 4)

A level 4 assessment indicates that:

The benefits realisation and management process is well established, measurable and is integrated into how DHS manages itself.

Observations

- DHS has leadership, skills, processes and systems which ensure a strong focus on commissioning, managing and realising benefits from ICT-enabled programmes and projects. The rigorous approach first adopted in SDR has been extended to all parts of DHS change portfolio.
- The benefits realisation and management process is well established across DHS initiatives with benefits actively measured, managed and owned. At this portfolio level the focus is on monitoring benefits to ensure alignment to the department's strategic objectives and priorities.
- The Executive is very focussed on benefits realisation with the CFO recently assuming the responsibility across DHS and now being a direct report to the DHS Secretary.
- DHS benefits management is a holistic organisational capability which works within and across the business and ICT domains. It is integrated into how DHS manages change.
- To further optimise its approach to benefits management at a portfolio level DHS could consider driving improvements through lessons learned and process metrics. It will always be a challenge to achieve optimal application in every office for every initiative.

3.1.5 Financial Management (level 3)

A level 3 assessment indicates that:

There are established standards for the investment management process and the preparation of business cases. Portfolio investment costs are monitored and controlled.

Observations

- DHS has a well-defined and accepted investment life cycle. There are formal review processes to ensure that each initiative's actual financial performance and benefits are in line with expectations, with corrective actions taken when required.
- The ICT engagement process regulates how ICT investment is performed across the portfolio, especially to make appropriate feasibility decisions and establish correct project financial controls from the outset.
- SDR has clearly been a driving force for rigorous financial management in programmes and projects. The ICT PMO has established a toolset which supports strong consistent financial analysis and reporting. For the major change programmes and the majority of projects financial management is strong, however not all initiatives have the right level of financial management.
- Funding for the portfolio of change is still predominantly allocated through permanent organisational structures rather than change initiatives.
- Increasing the maturity of financial management for the portfolio is dependent upon all initiatives displaying the same financial rigour as currently exists for the majority of programmes and projects.

3.1.6 Resource Management (level 3)

A level 3 assessment indicates that:

The portfolio resource management process is centrally defined within DHS. Initiative resource needs are evaluated, enabling DHS to target and increase the development of resources to meet strategic objectives and priorities.

Observations

- DHS has a range of people strategies and plans to identify and build the required capability of resources and the realistic capacity needed to support its initiatives.
- Resource requirements are clearly taken into account as part of the investment life cycle and DHS has implemented a toolset in support of resource management.
- Resources utilisation is monitored in order to plan, manage and meet the resourcing needs of all initiatives. Conflicts across initiatives are resolved by senior executives on the basis of strategic priorities, levels of risk and the extent of benefits to be realised.
- DHS has tools and concepts in place for resource management but to a significant degree they are operationally focussed. To increase maturity at the portfolio management level these tools and concepts must be further integrated with the processes and governance structures used to manage the change portfolio.

3.1.7 Risk Management (level 4)

A level 4 assessment indicates that:

DHS's appetite for risk, and the balance of threats and opportunities across the portfolio, are continually reviewed and managed. Senior management owns and oversees risk management across the portfolio.

Observations

- DHS has an enterprise Risk Management Framework based upon the international risk management standards AS/NZS ISO 31000:2009. This is reflected in portfolio management processes.
- Management of portfolio level risk is clearly an integral part of how DHS manages ICT enabled investment and not merely an “add-on” or template-driven practice. It is embedded within organisational reporting, governance and management structures.
- The Executive Committee is directly involved in regular consideration of risks to ascertain threats to, and opportunities for, achieving departmental objectives in delivery of the change portfolio. Executives are individually accountable for nominated risks.
- To attain the highest level of process maturity DHS would need to implement continual review and improvement mechanisms for the portfolio risk management process, and always manage opportunities using the same process and with the same rigour as risks.

3.1.8 Generic Attributes for Portfolio Management (level 3)

The six generic attributes and their assessment for the Portfolio Management sub-model are provided below. For each attribute the P3M3® definition of what the maturity level indicates (*in italics*) is followed by key observations made by the assessment team (in plain dot-point text).

Roles & Responsibilities (level 3)

Centrally managed role definitions and sets of competencies defined and used to secure appointments of attribute level.

- There are centrally defined role definitions and accountabilities for those involved in portfolio management.

Experience in Portfolio Management (level 4)

Key individuals have practical delivery experience and track record and are accustomed to reporting against performance indicators.

- DHS has benefited immensely from the lessons learnt and the experience of those staff involved in SDR. DHS has a culture in which accountability for performance against Key Performance Indicators is an accepted mode of practice.

Capability Development (level 3)

Training is focused on DHS's approaches and raising competence of individuals in specific roles. Forums exist for sharing organisational experience to improve individual and organisational performance.

- DHS has supplemented a major investment in training with extensive use of one on one mentoring and community of interest subject matter forums.

Planning and Estimating Process (level 4)

Plans kept up to date, with the application of sophisticated planning techniques and recognition of dependencies.

- DHS makes extensive use of management tools and software applications including Primavera to enhance performance in this area.

Information and Documentation (level 4)

Information is current and extensively referenced for better decision making. Trend analysis and measurement undertaken on performance information to identify improvement opportunities.

- DHS has very strong performance in this area. The ICT PMO runs a sophisticated and comprehensive management information system.

Scrutiny and Review (level 3)

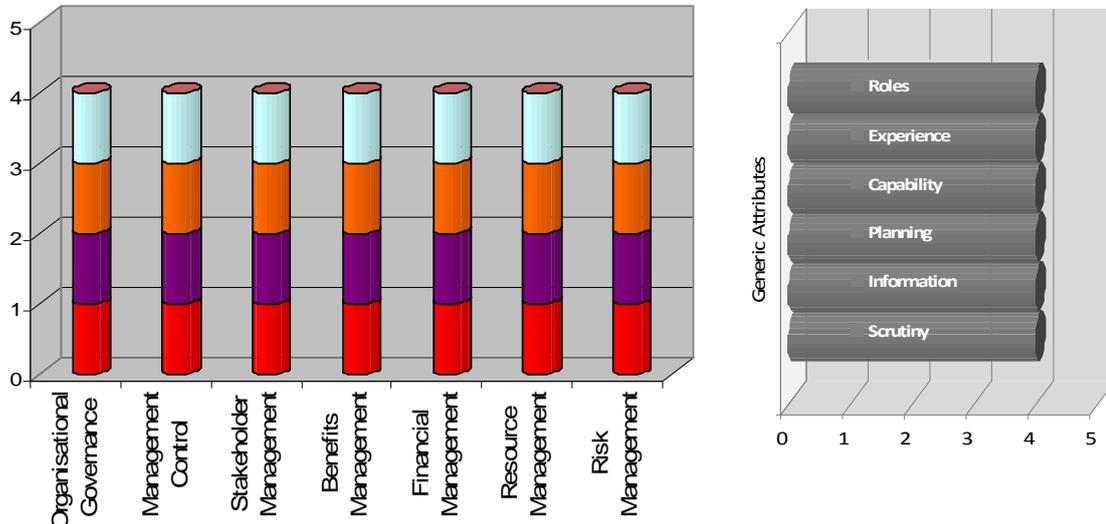
Independent reviews take place. Scrutiny largely for compliance reasons, identifying failures rather than opportunities for improvement.

- The DHS portfolio is subject to wide ranging review from both the departmental executive and from independent and external reviewers; the majority of review activity is aimed at individual programmes (and projects) within the portfolio.

3.2 Programme Management Maturity

DHS's Programme Management maturity level is 4. A level 4 assessment indicates that:

DHS obtains and retain specific measurements on its programme management performance and runs a quality management organisation to better predict future performance.



Headline Observations for Programme Management

DHS uses programme management disciplines as precision instruments to manage complexity and to focus upon delivery of outcomes. Benefits realisation is dominant and there is significant focus on the rigour of benefit descriptions, delivery and measurement.

The PPO, PMOs and other management roles have combined to form a quality management organisation which improves programme management performance. SDR provided the cornerstone upon which DHS has been able to build a comprehensive approach to programme management. SDR provided a focal point for three organisations with separate project management approaches to move to a leadership driven change programme under the DHS umbrella.

The assessment showed that mature programme management in DHS is not confined to SDR. DHS has delivered major Government initiatives using a skilful blend of “traditional” program management and effective application of Managing Successful Programmes (MSP®). This flexible deployment of the frameworks has taken DHS beyond the over-focus on templates and rigidity often seen in major organisations attempting to use MSP.

The most notable thing about programme management in DHS - in the sense that P3M3 defines it, as opposed to the traditional government use of the term program - is that the executive leadership team in DHS clearly “get it”: It is this unwavering commitment to use the disciplines “in anger” to deliver on an ambitious Government reform agenda that has driven DHS to such a high level of maturity in a relatively short period of time.

3.2.1 Organisational Governance (level 4)

A level 4 assessment indicates that:

There will be clearly aligned programme decision-making processes that adopt and integrate with broader DHS governance and which are transparent to those involved. Programme management responsibilities are embedded within broader role descriptions.

Observations

- Programme management in DHS benefits significantly from strong leadership. The creation of the SDR Steering Group chaired by an Associate Secretary is a powerful demonstration of continuous improvement in a mature programme management environment.
- The DHS executive approves all programmes and actively engages with programme boards and related business change activities, which maintains strategic alignment of programmes with corporate strategy.
- Post programme reviews are an integrated part of how DHS “does things” and lessons learnt are documented and available to benefit the planning and execution of subsequent programmes.
- There is significant integration of operational and programme management techniques to enhance DHS overall performance.

3.2.2 Management Control (level 4)

A level 4 assessment indicates that:

Programme management is seen as a key tool for the delivery of strategic change objectives. Within the programme environment the focus is on improvement of delivery through measurement and analysis of performance.

Observations

- DHS demonstrates an organisation wide acceptance of a common approach that has the support of the senior executive. The programme life cycle clearly focuses on delivering increased organisational capability.
- There are strong links between business strategy and work undertaken as part of the change programme.
- There are high levels of scrutiny at senior executive levels with clear evidence of effective management of programmes using benchmarks and metrics to track progress. Programme progress is regularly reported to the DHS Executive.
- Whilst SDR is the flagship programme for DHS, there are two other major government initiatives which have successfully adopted and applied the principles of programme management. Control and review is very rigorous with MSP being tailored and applied to support and meet the needs of these large-scale change programmes
- Whilst the current programmes are delivering outstanding results DHS is yet to achieve embedded processes based upon long-term evidence from the achievements of numerous programmes having followed a defined life-cycle.

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3.2.3 Stakeholder Engagement (level 4)

A level 4 assessment indicates that:

Sophisticated techniques are used to analyse and engage the programme stakeholder environment effectively, and quantitative information is used to underpin the assessment of effectiveness.

Observations

- DHS has centrally defined engagement and communication processes with information maintained centrally.
- DHS has proven capability at stakeholder identification and analysis which covers both internal and external groupings. There is very effective central information and communication resource.
- DHS uses sophisticated “enterprise-wide” stakeholder analysis, engagement and communication strategies and tools to optimise performance.
- DHS uses an extensive range of communication channels and sophisticated techniques to deliver messages and the effectiveness of communications and level of stakeholder engagement is measured and has been demonstrated to be highly effective.
- There is clear evidence of key stakeholders having been embedded in the decision-making processes of several programmes, used to plan and implement major government initiatives.
- The processes related to SDR are very strong, and other programmes outside SDR have provided remarkable examples of excellence in engagement.

3.2.4 Benefits Management (level 4)

A level 4 assessment indicates that:

Benefits management is embedded within the programme management approach and there is a focus on delivery of business performance from programme outcomes. Programme performance metrics are collected and analysed.

Observations

- Benefits management for DHS ICT enabled change programmes is a regime. It is a credible example of having the right balance between managing the complexity of benefits theory and its application in a real-world environment.
- DHS has a proven track record in managing and realising benefits from multiple programmes across the organisation.
- Strategic objectives have defined beneficial impacts that are clear and aligned with programme priorities.
- DHS has a comprehensive set of benefits management, mapping and tracking tools, which consistently cover all areas of the agency. These allow benefits realisation to be tracked to the level of individual work cells within the DHS network.
- There is a high level of ownership of benefits, which are defined at programme level and cascaded down to projects and tracked.
- Programme level reviews are conducted on a monthly basis with a strong focus on action which would allow the leverage of opportunities.
- Dis-benefits are identified and actively managed as part of the ongoing activities of programme management.

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3.2.5 Financial Management (level 4)

A level 4 assessment indicates that:

The organisation is able to prioritise investment opportunities effectively in relation to the availability of funds and other resources. Programme budgets are managed effectively and programme performance against cost is monitored and compared.

Observations

- All aspects of financial management are very tightly managed.
- Distinct programme and project budgets are managed, have clear accountability and are subject to regular scrutiny by the senior executive.
- Funds to support change programmes are identified at organisational level and factored into expenditure plans.
- Procurement in contract placement is undertaken consistently and programme delivery costs are built into the business financial management cycle.

3.2.6 Resource Management (level 4)

A level 4 assessment indicates that:

Resource management for programmes is considered at a strategic level within DHS. There is evidence of resource capacity management, through capacity planning, in order to meet programme delivery needs.

Observations

- DHS has central resource management processes and tools in place to support change programmes.
- There is active management of the impact of programmes on operational capacity and active strategies for development of internal capacity and capability.
- Decisions are evidence-based with analysis of resource availability and capacity across the organisation. The sophisticated tools employed provide clear information as the extent of business operations embedded within programme teams helping with understanding of and planning of resource requirements both in numbers and by skill set required.
- The same tools are being enhanced to optimise resource utilisation based upon the recently developed skills capability maps.
- Job design and job families are now being embedded as part of the integration process to build DHS as a single entity from the integrating agencies.

3.2.7 Risk Management (level 4)

A level 4 assessment indicates that:

Programme risk management is working effectively, is embedded, and the value of risk management can be demonstrated. There is evidence of opportunity management and management of risk aggregation.

Observations

- Risk management in DHS is extremely strong with strategic programme risks identified, project risks aggregated and criteria for escalation well-defined and “live”.
- Risk identification and mitigation are a key focus of senior executive energy. There are high levels of visibility of risk and the senior executive meet regularly to monitor and mitigate programme risks.
- There is a clear understanding of the level of risk exposure to DHS from current and planned programme activity. There is a dedicated risk and issues manager who monitors, escalates and challenges data across the portfolio of change.
- Within DHS there is clear ownership of risk with risk management being recognised as an organisational process, which is reflected in the conduct of programme sponsors and managers with risk ownership being tracked to individual accountable executives.
- Opportunity management is an accepted practice and risk scenario modelling is currently being developed.

3.2.8 Generic Attributes for Programme Management (level 4)

The six generic attributes and their assessment for the Programme Management sub-model are provided below. For each attribute the P3M3® definition of what the maturity level indicates (*in italics*) is followed by key observations made by the assessment team (in plain dot-point text).

Roles and Responsibilities (level 4)

Centrally managed role definitions and competencies and succession plans exist for key roles.

- Every SES officer has defined outcomes in their duty statement and accountability statements in relation to the benefits realisation from change programmes for which they are accountable. These are continuously reviewed by the departmental executive. Due to the scale of the organisation DHS is capable of self-insuring against succession issues.

Experience in Programme Management (level 4)

Key individuals have practical delivery experience and track record and are accustomed to reporting against performance indicators.

- DHS has highly experienced officers at the SRO, programme manager, PMO and accountable executive levels. DHS requires both qualifications and demonstrated competence to access career pathways in programme management.

Capability Development (level 4)

Extensive training is provided, focusing on personal development and performance improvement. Mentoring and individual development is used to improve DHS performance.

- In addition to the focus upon acquisition of qualifications and demonstrated competence, DHS provides extensive mentoring, and conducts internal workshops and a community of practice serviced by a centre of excellence. These activities are part of a comprehensive plan to build organisational capability and to improve organisational performance. Knowledge transfer which is an inherent behaviour within SDR is being embedded in other parts of the organisation.

Planning and Estimating Process (level 4)

Plans kept up to date, with the application of sophisticated planning techniques and recognition of dependencies.

- Planning is inherent in decision-making processes with adjustments and implications managed and deployed. Dependencies and inter-dependencies are identified tracked and managed effectively. Sophisticated planning techniques are applied consistently across the organisation in the management of these processes.

Information and Documentation (level 4)

Information is current and extensively referenced for better decision making. Trend analysis and measurement undertaken on performance information to identify improvement opportunities.

- Decision-making is based solely on current data. Trend analysis and measurement is used extensively to identify improvement opportunities and to generate extensive intelligence for briefings and for decision-making by members of the senior executive.

Scrutiny and Review (level 4)

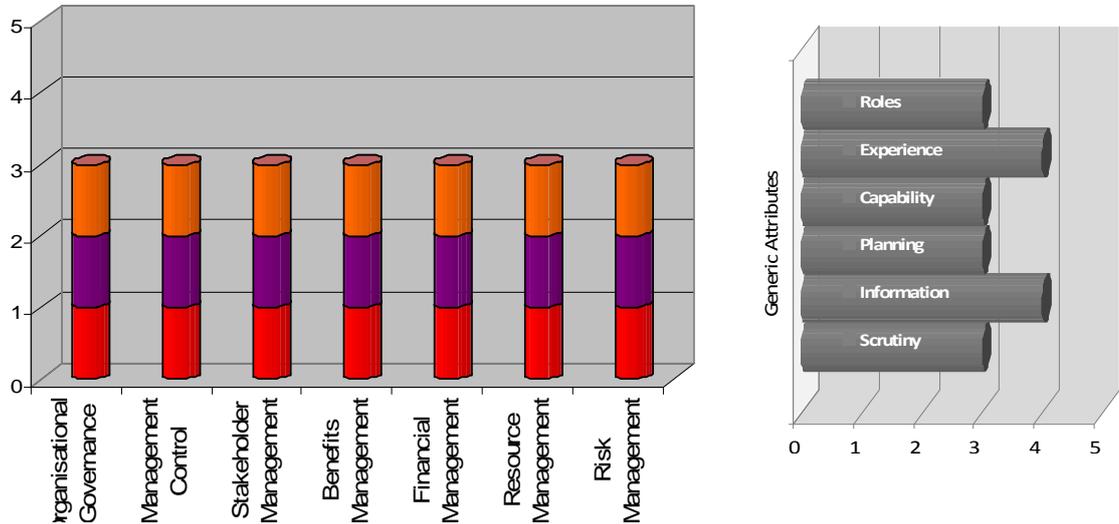
Knowledge management is a central function and is used to help improve performance and planning. Reviews focus on opportunities to improve as well as compliance. Evidence of interventions to avoid conflicts and take advantage of opportunities.

- DHS is subject to both independent and extensive external review, as part of the whole of government review of service delivery reform. Internal reviews focus on opportunities to improve as well as upon compliance and continuous improvement is proactive with lessons learnt being an integral part of an open review process.

3.3 Project Management Maturity

DHS's Project Management maturity level is 3. A level 3 assessment indicates that:

DHS has its own centrally controlled project processes and individual projects can flex within these processes to suit the particular project.



Headline Observations for Project Management

DHS has embedded strong elements of project management and the ICT PMO has expanded on aspects of the framework with ICT specific elements to support ICT delivery. This has enhanced organisational governance and management control in the department.

The department's strong culture of engagement and consultation is reflected in projects. There are opportunities to leverage further on the corporate culture in the stakeholder management elements of the framework.

The increasing trend within DHS towards delivering large and complex activities as change programmes is also providing strong control structures that help projects contribute in maximising the realisation of benefits.

In the area of resource management, ICT has extensive resource management systems that DHS could extend to enhance the monitoring of business resources.

3.3.1 Organisational Governance (level 3)

A level 3 assessment indicates that:

Centrally defined organisational controls are applied consistently to all projects, with decision-making structures in place and linked to organisational governance.

Observations

- Project governance in DHS is very strong. There is clear evidence of the operation of project boards/committees. Where appropriate, projects within programmes report directly to programme committees. Project Senior Responsible Officials and Project Managers are clear about reporting lines to their project and programme boards.
- Decision-making includes approvals from key governance groups at critical points throughout the project life-cycle. Decisions to commence projects include consideration of alignment to the DHS strategic plan and impact on current initiatives.
- Project Senior Responsible Officials chair project boards which provide direction and intervention as appropriate to projects. Project boards operate with documented terms of reference. Meetings are minuted to allow auditable decision making. Key roles and responsibilities are documented in the project management plan.
- Projects report on status not only to project and programme boards but also through the PPO to the DHS Executive which oversees all projects and programs on a monthly basis. Some projects also report along functional lines and to external bodies where required. Multiple reporting lines is an area of concerns for some projects.

3.3.2 Management Control (level 3)

A level 3 assessment indicates that:

There is a centrally defined and documented approach to a project management life cycle and controls, and it is applied in all projects by capable staff who support project teams.

Observations

- DHS has a centrally defined and documented approach to the project management life-cycle and controls and project management metrics are used to monitor and control projects. The PPO has established a strong project management framework that has consolidated three frameworks from the constituent agencies of DHS. The framework aligns with and links to established corporate processes that impact projects such as risk management. ICT has expanded on aspects of the framework with ICT specific elements in the ICT framework which supplements the DHS project management framework for ICT delivery.
- The framework is supported by a comprehensive training and induction schedule, and assistance provided by project specialists from the PPO to the project management community in its use.
- The three tiers of projects addressed by the framework enable projects managers to flex within the standards to meet the specific needs of their projects.
- DHS projects generally follow an annual cycle, including those with multi-year implementation. There are planned mid-year and end of the cycle reviews, internal and external assurance reviews, as well as project reviews undertaken as part of planned program reviews.

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- There is strong evidence of project board/committee operations involving Senior Responsible Officials, ICT representatives and operational representatives who ensure product or service handover is appropriately undertaken. Project boards show high degrees of engagement and active decision-making to improve delivery.
- Issues and changes follow standardised escalation processes in alignment with the governance structures. These practices are more rigorous in projects that are part of a programme such as SDR as well as projects contributing to external Programmes such as work to deliver the Personally Controlled Electronic Health Record.
- There is a trend in delivering large and complex activities that could be treated as large projects as programmes. This allows projects to be tightly scoped and provided strong programme control structures that help to maximise the chances of their success.

3.3.3 Stakeholder Engagement (level 3)

A level 3 assessment indicates that:

There is a centrally managed and consistent approach to stakeholder management and communications, used by all projects.

Observations

- DHS has established processes used by all project managers in the management of stakeholders. All interviewees had stakeholder management and communication plans in place with audit trails of communications for managing both internal and external stakeholders.
- The PPO in conjunction with corporate stakeholder and communications business areas provide support to project managers to consistently identify, analyse and engage stakeholders. The ICT Engagement Process ensures early engagement between the ICT Executive and Business counterparts during project initiation.
- At the board level, stakeholders have authority and clearly defined roles to make decisions within the projects. Various working group and reference group meetings provide forums for stakeholder engagement in the review of issues, risks, changes and their impacts on projects.
- Projects use the general stakeholder guidance to determine and address specific engagement requirements. This ensures that different communication channels used, target and deliver messages effectively.
- The department's strong culture of engagement and consultation is reflected in the projects. There are opportunities to leverage further on the corporate culture in the frameworks.
- An extensive range of channels and techniques used to deliver messages.

3.3.4 Benefits Management (level 3)

A level 3 assessment indicates that:

There is a centrally managed and consistent framework for defining and tracking the realisation of benefits from project outputs.

Observations

- Benefits management is well established and DHS has a proven track record in managing and realising benefits across the organisation. DHS has a comprehensive set of benefits management, mapping and tracking tools, which consistently cover all areas of the agency. These allow benefits realisation to be tracked to the level of individual work cells within the DHS network.
- There is evidence of robust central management of benefits for projects that are part of a program. The rigour of the SDR framework, for example, is clearly helping projects in this regard. In particular, identified non-financial benefits are tracked by key performance indicators that use surveys as the measurement mechanism. There are also purpose built databases for quantitative evaluation of benefits and reporting is consistent with programme monthly reporting arrangements.
- Benefits management is an integral part of the project process in DHS. There are clear responsibilities for benefits realisation cited in business cases, project management plans and/or benefits management plans.
- Often, for new policy proposals, efficiencies/savings are harvested upfront and this puts a strong onus on the benefit owners to ensure effective delivery to enable realisation. Savings cannot be realised without the project outputs and business change delivering the required business performance.
- There are instances where DHS is contracted to deliver particular products or services that contribute to policy outcomes and benefits that policy departments take ownership and responsibility of. This is acknowledged in the benefits documentation.

3.3.5 Financial Management (level 3)

A level 3 assessment indicates that:

There are centrally established standards for the preparation of business cases and processes for their management throughout the project life cycle. Project managers monitor costs and expenditure in accordance with DHS guidelines and procedures, with defined interfaces with other financial functions within DHS.

Observations

- There is a good, solid regime for managing finances including mid-year and annual financial review processes. Project managers monitor cost and expenditure in accordance with centrally defined organisational guidelines and procedures.
- Management Accountants, outposted from the Chief Financial Officer's Division, support projects with consistent and solid standards for financial management in DHS. Often, Divisional Finance Teams provide divisional services for both projects and Business as Usual activities.
- The Management Accountants help develop financial plans and forecasts to provide early indication of underspends and overspends.
- Financial reporting forms an integral part of the monthly status reporting regime.

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- Business cases are the fundamental tools for initiating projects in DHS. Project cost estimates require combined effort from business and ICT areas. Interviewees observed that cost estimates for new policy proposals often lack sufficient detail from policy departments to enable accurate cost estimates. It was suggested that the inclusion of design in the costing process upfront could alleviate the issue.
- Internally funded projects have a standardised approach to developing business cases.

3.3.6 Resource Management (level 3)

A level 3 assessment indicates that:

DHS has a centrally defined and adopted set of procedures and management processes for acquiring, planning and managing project resources.

Observations

- DHS has a centrally defined and adopted set of procedures and processes in place for resource management. Resource planning is undertaken in the broadest sense and is not limited to human resources.
- ICT has detailed procedures for resource management. Resource availability is considered during project initiation, and resource utilisation throughout the project life cycle. This is monitored by the ICT Executive via aggregate reporting as part of management of the ICT Portfolio.
- Resource management underpins the project initiation process. Resource profiles, in the broadest sense and not limited to human resources, feed initial cost estimates for business cases.
- It is common practice to reanalyse the skills requirements during the planning phase. Based on assessment of work and skill requirements during planning, corporate processes relating to recruitment and procurement e.g. expressions of interest and sourcing from established panels are used to fill relevant positions, such as business analysts, project managers and subject matter experts. There is evidence of resource sharing and cross skilling within projects and programs. This approach helps to meet shortages and expertise peaks.
- Often, divisional processes including workforce planning provide an holistic view of talent, skills and Average Staffing Levels required to deliver and address the impacts of new policy proposals, other initiatives and business as usual activities. The divisional forward work programmes also look at training and induction schedules as well as ensuring that there is an analysis of high performing divisional staff who can help deliver projects.
- It was evident that evaluation of projects feed into decisions on what resources are needed into the future and workforce planning occurs at the corporate level. ICT has extensive resource management systems that DHS could extend to enhance the monitoring of business resources, especially with respect to resource utilisation.

3.3.7 Risk Management (level 3)

A level 3 assessment indicates that:

Project risk management is based on a centrally defined process that is cognisant of DHS's policy for the management of risks and is used consistently.

Observations

- DHS has a strong risk management focus. Risk management is seen as an organisational process with clear ownership. The process is well documented with implementation supported by consistent templates and tools. All projects maintain risk and issues logs.
- Risk workshops are conducted to identify, assess, control, and assign ownership of risk with stakeholders. Often, working groups are established to help mitigate risks.
- Risk reporting and escalation to governance bodies forms an integral part of the status reporting process which occurs at least monthly at the portfolio level. Project risks are aggregated and managed at the programme level.
- Opportunities are not consistently exploited in all projects as part of the risk planning process.

3.3.8 Generic Attributes for Project Management (level 3)

The six generic attributes and their assessment for the Project Management sub-model are provided below. For each attribute the P3M3® definition of what the maturity level indicates (*in italics*) is followed by key observations made by the assessment team (in plain dot-point text).

Roles and Responsibilities (level 3)

Centrally managed role definitions and sets of competencies defined and used to secure appointments.

- DHS has centrally managed role definitions.

Experience in Project Management (level 4)

Key individuals have practical delivery experience and track record and are accustomed to reporting against performance indicators.

- DHS highly experienced project sponsors and managers who have a track record of successful implementation and who are accustomed to reporting against highly defined performance indicators.

Capability Development (level 3)

Training is focused on the organisation's approaches and raising competence of individuals in specific roles. Forums exist for sharing organisational experience to improve individual and organisational performance.

- Extensive training is provided to build organisational capability. The PPO has five dedicated mentors for project managers plus a number of external advisers as required.

Planning and Estimating Process (level 3)

Plans developed to a central and consistent standard that is output or goal based. Plan development takes into account a range of relevant factors. Evidence of effective estimating techniques. Dependencies are identified, tracked and managed effectively.

- Plans are developed to a centrally defined and consistent standard. DHS is making rapid progress in moving to the implementation of sophisticated planning techniques, which are to be applied consistently across the organisation in the management of these processes.

Information and Documentation (level 4)

Information is current and extensively referenced for better decision making. Trend analysis and measurement undertaken on performance information to identify improvement opportunities.

- There are organisation wide information standards on confidentiality, availability and integrity. Trend analysis and measurement is used to identify improvement opportunities and for decision-making by members of the senior executive.

Scrutiny and Review (level 3)

Independent reviews take place. Scrutiny largely for compliance reasons, identifying failures rather than opportunities for improvement.

- Independent reviews are conducted in accordance with centrally defined processes. Whilst lessons learnt are a key focus for SRO and project managers, knowledge management has not progressed to being a central function to improve performance and planning.

4 APPENDIX A – Process Assessment

The purpose of the process assessment was to make a judgement as to whether DHS has defined management processes that adequately address all seven process perspectives for each sub-model. This is a pre-requisite to being able to attain level 3 (defined) or higher maturity; if no processes are in place by definition the rating can be no more than level 2 (repeatable).

P3M3 Process Assessment Workshops

To facilitate this process assessment the DHS PPO arranged workshops over a period of 3 days to enable the Tanner James assessors to engage with the process owners for each sub-model.

Attendees were predominantly offices (PPO, PMOs) with relevant corporate staff involved. One day was spent with each of the three sub-model groups to assess whether DHS frameworks and processes adequately addressed the requirements defined by P3M3.

Appendix B lists the evidence considered. A summary of the findings is provided below.

4.1 Portfolio Management processes

DHS has defined processes for portfolio management. The recently documented portfolio management framework draws together the previously disparate efforts of different groups (PPO, CIO, CFO) and the different agencies into an integrated view of what portfolio management means in DHS.

Whilst the portfolio management framework was only recently formally released, portfolio management is comprehensive and DHS is clearly progressing with an organisation wide consistent approach. The processes demonstrate the impact of strong executive leadership and direction in the management of the portfolio, with high levels of senior executive accountability for both the change portfolio and the integration of change into business as usual operations.

DHS applies clearly defined ICT engagement processes and support and involvement from corporate resources all of which appear to utilise departmental processes.

The benefits realisation and management process is well established across all DHS initiatives with benefits actively measured, managed and owned.

DHS has a well-defined and accepted investment life cycle. There are formal review processes to ensure that each initiatives actual financial performance and benefits are in line with expectations, with corrective actions taken when required.

Resource Management requirements are clearly taken into account as part of the investment life cycle and DHS has implemented a toolset in support of resource management. Utilisation of the DHS resource pool is closely monitored in order to plan, manage and meet the resourcing needs of all initiatives.

4.2 Programme Management processes

DHS has defined processes for programme management. It was noted that SDR has provided the cornerstone upon which DHS has been able to build a comprehensive approach to programme management.

Documentation of processes and reports demonstrate that DHS has total senior executive “buy in” to effective programme management.

There are strong links between business strategy and work undertaken as part of the change programme. There are high levels of scrutiny at senior executive levels and involvement in the scope of whole of agency ICT enabled change programmes.

DHS uses sophisticated “enterprise-wide” stakeholder analysis, engagement and communication strategies and tools to optimise performance.

Benefits management processes are well established and DHS demonstrated a track record in managing and realising benefits across the organisation. Strategic objectives have defined beneficial impacts that are clear and aligned with programme priorities. DHS has a comprehensive set of benefits management, mapping and tracking tools, which consistently cover all areas of the agency. These allow benefits realisation to be tracked to the level of individual work cells within the DHS network.

Distinct programme and project budgets are managed, have clear accountability with regular scrutiny by the senior executive. Funds to support change programmes are identified at organisational level and factored into expenditure plans and programme delivery costs are built into the business financial management cycle.

DHS has sophisticated central resource management processes and tools. There is active management of the impact of programmes on operational capacity and active strategies for development of internal capacity and capability. Decisions were demonstrated to be evidence-based with sophisticated analysis of resource availability and capacity across the organisation. Resource modelling tools are used to optimise utilisation based upon the recently developed skills capability maps. Job design and job families are now being embedded as part of the integration process to build DHS as a single entity from the integrating agencies. The ICT areas have skills-based duty statements with specific roles and skill sets.

Processes provide high levels of visibility of risk and the senior executive have a weekly meeting to monitor and mitigate Programme risks. There is a dedicated risk and issues manager who monitors, escalates and challenges data across the portfolio of change. Risk ownership is tracked to individual accountable executives. Opportunity management is an accepted practice and risk scenario modelling is currently being developed.

4.3 Project Management processes

DHS has a centrally defined and documented approach to the project management life-cycle and controls and project management metrics are used to monitor and control projects. Project board documentation shows high degrees of engagement and active decision-making to improve delivery. DHS routinely collects performance data from projects and uses it to characterise process capability. Interdependencies are actively managed and project reviews are centrally managed and conducted at appropriate value insurance points.

Sophisticated techniques are used for stakeholder analysis, engagement and communication across DHS. Communication processes and planning are considered to be very strong, with an extensive range of channels and techniques used to deliver messages. Critical stakeholders are embedded in the decision-making process. Stakeholder identification and analysis covers internal and external groups with information maintained centrally.

Benefits management processes are well established and DHS has a proven track record in managing and realising benefits across the organisation. DHS has a comprehensive set of benefits management, mapping and tracking tools, which consistently cover all areas of the agency. These allow benefits realisation to be tracked to the level of individual work cells within the DHS network.

Project management monitors costs and expenditure in accordance with centrally defined organisational guidelines and procedures and DHS is able to prioritise investment opportunities in relation to the availability of funds and other resources.

DHS has a centrally defined and adopted set of procedures and processes in place for resource management. Resource planning is undertaken in the broadest sense and is not limited to human resources. Central resource management tools are in place to support projects and resource availability and utilisation is qualitatively measured.

Risk management documentation demonstrated an organisational process with clear ownership. There is a centrally defined process and whilst project level tools are less sophisticated than those of the programme level projects are progressing to risk aggregation. Risk management interventions are embedded within the project life cycle and projects are able to demonstrate the resource and budgetary implications of risks throughout the project life-cycle.

5 APPENDIX B – INFORMATION PROVIDED TO ASSESSORS

1. P3M3 Introduction

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|--|--|
| <ul style="list-style-type: none"> 1.1. P3M3 Framework - Overview Presentation 1.2. P3M3 Framework - Interview Schedule 1.3. P3M3 Framework - Operational Guide | <ul style="list-style-type: none"> 1.4. P3M3 Framework - Sample: Demonstration of how SDR Program aligns with DHS Program Framework and P3M3 1.5. DHS Project Management Career Pathway 1.6. DHS Project Management Training Strategy |
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2. Portfolio Management Folder

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| 2.1. Portfolio Management Framework V2.0 | 2.2. Portfolio Management Framework V1.0 |
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3. Program Management Folder

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| 3.1. Program Management Framework V2.0 | 3.2. Program Management Framework V1.0 |
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4. Project Management Folder

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| 4.1. Project Management Framework V2.0 | 4.2. Project Management Framework V1.0 |
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5. Gateway Program Level Review - Governance and Key Roles

- | | |
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| <ul style="list-style-type: none"> 5.1. SDR Program Governance Overview 5.2. DHS Organisational Structure 5.3. Committees Membership and Terms of Reference | <ul style="list-style-type: none"> 5.4. Decision Rights Framework 5.5. Accountability Statements 5.6. Key Committee Minutes |
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6. Gateway Program Level Review - Inputs

- | | |
|---|---|
| <ul style="list-style-type: none"> 6.1. SDR New Policy Proposal 6.2. Strategic Implementation Plan 6.3. SDR Second Pass Business Case 6.4. Program Blueprint 6.5. SDR Program Management Plan 6.6. Stage 2 Program Plan 6.7. Project Management Plans 6.8. Investment & Financial Management Framework 6.9. Program Financial Profile 6.10. Program Resourcing Profile 6.11. Phase 2 Internal Stakeholder Engagement Strategy and Plan | <ul style="list-style-type: none"> 6.12. Phase 2 External Stakeholder Engagement Strategy and Plan 6.13. Communications Strategy 6.14. Gateway Review Reports 6.15. Interdependencies Register 6.16. Recommendations Register 6.17. DHS Leadership Strategy 6.18. DHS Talent Development Strategy 6.19. Portfolio People Strategy 6.20. DHS Strategic Plan 2012-16 6.21. Phase 2 Program Plan |
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7. Gateway Program Level Review - Outputs (Part 1)

- | | |
|--|---|
| 7.1. Outcomes Model | 7.11. Service Delivery Network Change Initiatives Pack |
| 7.2. Measures of Success Profiles | 7.12. DHS Transition to Self Service Strategy |
| 7.3. BCG Assessment Against Critical Success Factors | 7.13. Senate Estimates Backpocket Brief - SDR Change Management |
| 7.4. Benefits Realisation Framework | 7.14. 2012 People Survey Results |
| 7.5. Program Benefits Profiles | 7.15. Change Management - Mangers' Reference Guide |
| 7.6. Project Benefits Roadmaps | 7.16. Change Management Toolbox |
| 7.7. Stage 3 Brief to SDR Steering Committee | 7.17. People Impact Assessment Template |
| 7.8. Stage 3 Approaches 2012-13 | 7.18. People Change Plant Template |
| 7.9. SDR Projects and NPP Components Across Stages 2 and 3 | 7.19. Benefits Realisation Overview Presentation |
| 7.10. Program Schedule | 7.20. Strategic Objectives Maps |

8. Gateway Program Level Review - Outputs (Part 2)

- | | |
|---|---|
| 8.1. Measures of Success Maps | 8.9. SDR Health Check Survey Questionnaire Final 2012 |
| 8.2. Program Benefits Overviews | 8.10. Portfolio People Survey 2011 |
| 8.3. Program Benefits Summary Maps | 8.11. People Survey 2012 Draft Questionnaire |
| 8.4. Program Benefits Maps | 8.12. Peak Body Survey 2011 |
| 8.5. Project Benefits Overview | 8.13. Peak Body Results 2011 |
| 8.6. DHS Portfolio PCS Baseline Survey Full Report 2011 | 8.14. Project Manager Survey 2011 |
| 8.7. DHS Government Stakeholder Survey - Pre-Interview Context Pack | 8.15. Project Manager Results 2011 |
| 8.8. DHS Government Stakeholder Survey 2011 | |

9. Gateway Program Level Review - Principal Controls

- | | |
|--|---|
| 9.1. SDR: Transforming Government Service Delivery | 9.7. Issues Resolution Strategy |
| 9.2. Program Management Framework | 9.8. Issues Register |
| 9.3. March 2012 Program Progress Report | 9.9. Customer Privacy Framework |
| 9.4. Change Requests Overview | 9.10. Lessons Learned Log |
| 9.5. Risk Management Strategy | 9.11. Lessons Learned Comparison (EDGE/REFRESH/SDR) |
| 9.6. Risks Register | 9.12. Assurance Map |

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10. Corporate Documents

10.1. DHS ICT Strategic Plan 2011-15	10.14. DHS Policy: Risk Management
10.2. CEI 2012/01 Financial Delegations, Authorisations and Rules	10.15. DHS Policy: Social Media
10.3. CEI 2012/02 Procurement, Contract Management and Travel	10.16. DHS Policy: Procurement Reporting
10.4. CEI 2012/03 Financial Accountability and Compliance	10.17. DHS Policy: Entering into Procurement Arrangements
10.5. CEI 2012/04 Management, Control and Expenditure of Public Money	10.18. DHS ICT Policy: ICT Risk Management
10.6. CEI 2012/06 Managing Risk	10.19. DHS ICT Policy: Aims and Direction Communication Management
10.7. CEI 2012/09 Records and Reporting	10.20. DHS ICT Policy: ICT Resources Procurement Management
10.8. DHS Instrument of Financial Delegation and Authorisation	10.21. DHS Procurement Manual
10.9. DHS Stakeholder Engagement Framework	10.22. DHS Financial Management Guidelines
10.10. DHS Risk Management Framework	10.23. DHS Guide to Developing Content for Social Networking Sites
10.11. Operational Risk Reporting and Escalation Structure	10.24. DHS Guide to Clearing Social Media Messages
10.12. Strategic and Operational Risk Reporting and Escalation Process	10.25. DHS Moderator Guidelines for Staff Online Forums
10.13. Commonwealth Procurement Rules	

11. Portfolio Management - Operation Manual

11.1. Portfolio Management Operational Manual V1.4	11.3. Project Status Report - Completed Example
11.2. Project Status Report Template V3.0	11.4. Project Status Template V3.0

12. Portfolio Delivery Dashboard Reports

12.1. May 2012 Portfolio Delivery Dashboard Report	12.4. February May 2012 Portfolio Delivery Dashboard Report
12.2. April 2012 Portfolio Delivery Dashboard Report	12.5. January May 2012 Portfolio Delivery Dashboard Report
12.3. March 2012 Portfolio Delivery Dashboard Report	12.6. December 2011 Portfolio Delivery Dashboard Report

13. Portfolio, Program & Projects Register

13.1. Portfolio Definition Dashboard	13.2. Departmental Project Register
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14. Assurance Framework

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| <ul style="list-style-type: none"> 14.1. Self-Assurance - Compliance Checklist 14.2. Self-Assurance - Health Check 14.3. PPO Assurance - Health Assessment 14.4. PPO Assurance - Gate Review | <ul style="list-style-type: none"> 14.5. Internal DHS Assurance - Section 5 of the P3 Assurance Framework Manual 14.6. External Assurance Government Compliance - Section 6 of the P3 Assurance Framework Manual 14.7. General |
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15. SDR ICT PMO P3M3 Assessment Briefing 1 August 2012

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| <ul style="list-style-type: none"> 15.1. SDR ICT Infrastructure Integration (III) Program Management Plan
SDR III Stage Three Plan - 2012/13
SDR III Monthly Report - June 2012
Extract of KPMG Independent Quality Assurance Report for SDR IFC Program (10/2011)
Extract of KPMG Independent Quality Assurance Report for SDR III Program (11/2011) 15.2. SDR III Benefits Framework
SDR III Benefits Profiles x 3
SDR Benefits Templates 15.3. SDR III Monthly Financial Report - June 2012
SDR ICT Project Budget Tracking Spreadsheet
SDR ICT Project Financials Tracking Spreadsheet
SDR ICT Project Budget Change Management Tracking Spreadsheet 15.4. SDR III Program Management Plan Appendix 9 - Stakeholder Engagement Plan
SDR III Stakeholder Engagement Matrix
SDR III Stakeholder Engagement - Outcomes Overview | <ul style="list-style-type: none"> 15.5. SDR III Program Management Plan Appendix 4 - Risks & Issues Management Plan
SDR III Risk Register 15.6. SDR III Program Board Plan
SDR ICT PMO Structure
SDR ICT PMO Roles & Responsibilities
SDR III Program Management Plan 15.7. ICT Forward Workplan
Resource & Financial Planning Template 15.8. SDR ICT PMO Alignment to DHS Frameworks and P3M3 |
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16. P3M3 Documentation Pack

<p>16.1. Baseline ICT Work Plan 2012/13 ICT Project Management Framework ICT Strategic Plan ICT Engagement Process</p> <p>16.2. ICT Work Plan 2012/13 - July Monthly Report ICT Work Plan 2011/12 - May Monthly Report</p> <p>16.3. ICT Financial Management - Better Practices Guide ICT Engagement Process: Timings and Accountabilities ICT Engagement Process ICT SES Costing Approval Process</p> <p>16.4. ICT Engagement Process RACI ICT Release Review Committee Terms of Reference Portfolio Release Report (Incl. Red Resolution Reports)</p>	<p>16.5. Project Management Framework Status Report Red Resolution Report CIO Leadership Group Project Board Reporting Example</p> <p>16.6. CIO Leadership Group Project Board - Terms of Reference ICT Project Governance ICT Governance Committee Terms of Reference Internal ICT Investment Process CIO Group Operating Model</p> <p>16.7. Demand and Supply Management Fact Sheet Demand and Supply RACI ICT Engagement Process ICT Project Management Framework Primavera Reporting - Compliance Primavera Reporting - Effort Expenditure Time Sheeting Policy and Business Rules Project Management Community of Practice - Terms of Reference Business Analyst Community - Terms of Reference</p> <p>16.8. ICT Portfolio Management Office Alignment with DHS Program Management Framework</p>
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17. ICT Project Management Framework

<p>17.1. ICT Project Manager's Guide</p> <p>17.2. ICT Project Mandate Template</p> <p>17.3. ICT Project Brief Template</p> <p>17.4. ICT Project Management Plan Template</p> <p>17.5. (a) ICT Project Resource & Financial Plan Template - Excel 2007 (b) ICT Project Resource & Financial Plan Template - Excel 2003</p> <p>17.6. ICT Statement of Work Template</p> <p>17.7. (a) ICT Project Status Report Template - Excel 2007 (b) ICT Project Status Report Template - Excel 2003 (c) ICT Project Status Report Quick Guide (d) ICT Project Reporting Requirements Guide</p> <p>17.8. PM's Log Book Template</p>	<p>17.9. ICT Deliverables Completion Document Template</p> <p>17.10. ICT Project Change Request Template</p> <p>17.11. Project Closure Report Template</p> <p>17.12. Project Post Implementation Review Template</p> <p>17.13. ICT Project Management Framework</p> <p>17.14. (a) ICT Project Management Framework Factsheet (b) ICT Project Status Reporting Factsheet (c) ICT Project Management Framework FAQ</p> <p>17.15. ICT Project Governance Brochure</p>
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18. ICT Engagement Process

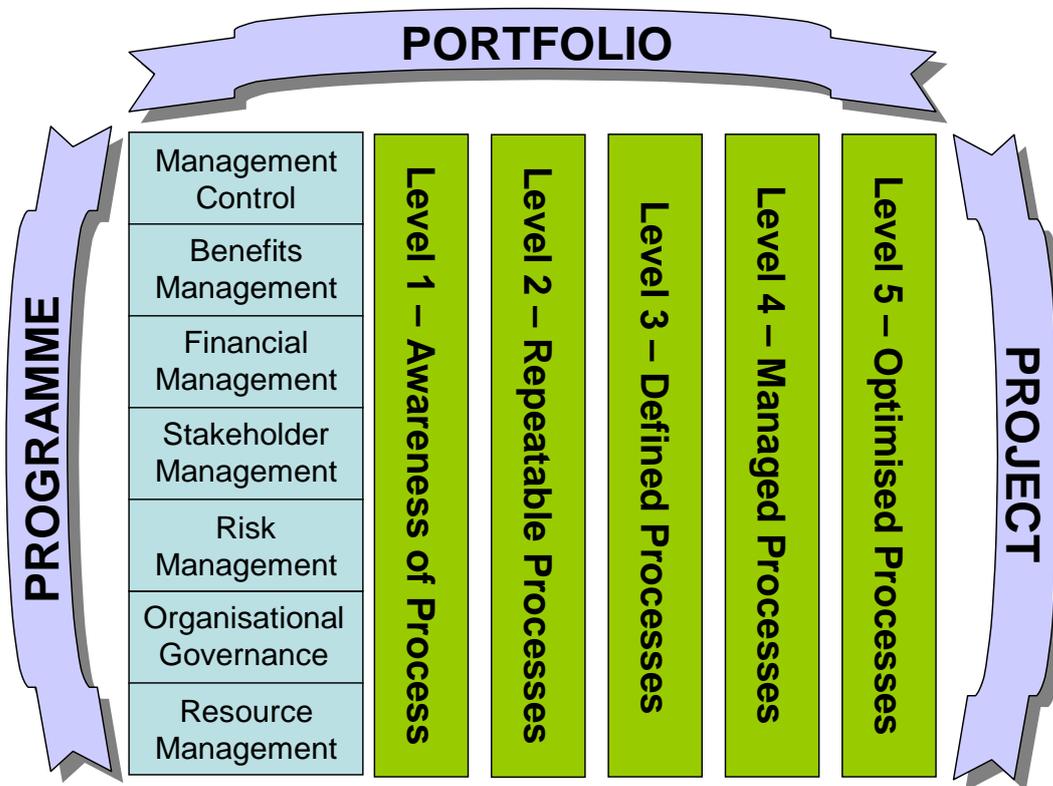
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| <ul style="list-style-type: none"> 18.1. ICT Engagement Process “at a glance” - Process Flow Diagram 18.2. New ICT Engagement Process - Fact Sheet 18.3. ICT Engagement Process - Frequently Asked Questions 18.4. ICT Engagement Process - RACI 18.5. ICT Engagement Process: Timings and Accountabilities 18.6. ICT Engagement Process - Scenarios and User Cases - Fact Sheet 18.7. Plan to Transition Service First Data into New ICT Engagement Process - Fact Sheet 18.8. ICT Project Governance Arrangements | <ul style="list-style-type: none"> 18.9. Indicative Service Standards - Fact Sheet 18.10. Criteria for ICT Lead Team Determination - Task Card 18.11. ICT Feasibility Directions Paper - Template 18.12. ICT Feasibility Assessment Costing Overview - Template 18.13. High Level Requirements Document - Template 18.14. ICT Project Brief - Template 18.15. Proposed Solution Document - Template |
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19. ICT Supplementary Documents

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| <ul style="list-style-type: none"> 19.1. ICT Project Management Cohort Skills and Experience Sample Data 19.2. ICT Corporate Services Branch Reports <ul style="list-style-type: none"> 1. ICT Finance 2. ICT Strategic Risk 3. ICT Performance 4. ICT Workforce Capability | <ul style="list-style-type: none"> 19.3. A. ICT Governance Committee - 15 December B. ICT Governance Committee 25 July 2012 - DHS Release Cycle Review Update C. DHS Release Cycle Review Workshop (July 2012) D. ICT Portfolio Management Office & Enterprise Testing - June Release Update for ICT Governance Committee (2 July 2012) E. ICT Governance Committee 25 July - June Release Post Implementation Review F. Business Analyst Statements and Selection Criteria G. Minute 29 June 2012 - PrimaVera Changes |
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6 APPENDIX C – P3M3® OVERVIEW

P3M3® is an overarching model containing three sub-models, Portfolio Management Maturity Model (PfM3), Programme Management Maturity Model (PgM3) and Project Management Maturity Model (PjM3);



For each of the three sub-models P3M3® examines up to 7 different process perspectives (Management Control, Benefits Management, Financial Management, Stakeholder Management, Risk Management, Organisational Governance and Resource Management). Within each perspective 5 levels are used to describe maturity, these levels can be applied independently within each model, or across all three to assess overall P3M3® maturity.

3 Sub-models

Portfolio Management

A **portfolio** is defined as the totality of an organisation’s investment (or a segment thereof) in the changes required for it to achieve its strategic objectives. Portfolio Management describes the management of an organisation’s portfolio of business change initiatives.

Programme Management

A **programme** is defined as 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. Programmes exist to manage the complexities involved in delivering beneficial change. Programme Management is focussed on the areas of tension between strategic direction, project delivery and operational effectiveness.

Project Management

A project is a unique set of coordinated activities, with definite starting and finishing points, undertaken by an individual or team to meet specific objectives within defined time, cost and performance parameters as specified in the business case. Project Management guides a project through a visible set of activities, from controlled start-up, through delivery, to controlled closure, and review.

7 Process Perspectives

1. Management Control

This covers the internal controls of the initiative and how direction is maintained throughout its life cycle, with appropriate break points to enable it to be stopped or redirected by a controlling body if necessary. Best practice is characterised by clear evidence of leadership and direction, scope, stages, tranches and review processes during the course of the initiative.

2. Benefits Management

This ensures the desired business outcomes are clearly defined, measurable and ultimately delivered through a structured approach. Best practice recommends that benefits are assessed and approved by the organisational areas that will deliver them. Benefit dependencies and other requirements should be clearly defined, and understanding gained on how the initiative's outputs will deliver the benefits.

3. Financial Management

This ensures that likely costs are captured and evaluated in a formal business case and are categorised and managed over the investment life cycle. There should be appropriate involvement from the organisation's financial functions, with approvals being embedded in the broader organisational hierarchy. Best practice suggests that a business case should define the value of the initiative to the business and contain a financial appraisal of the possible options.

4. Stakeholder Management

Best practice suggests that both internal and external stakeholders are analysed and engaged in order to achieve the initiative's objectives. Stakeholder Management includes communications planning, the effective identification and use of different communications channels, and techniques to enable objectives to be achieved.

5. Risk Management

This views the way in which the organisation manages threats to, and opportunities presented by, the initiative. Risk Management maintains a balance of focus on threats and opportunities, with appropriate management actions to reduce or eliminate the likelihood/impact of any identified threat.

6. Organisational Governance

This looks at how the delivery of initiatives are aligned to the organisation's strategic direction, including start-up, closure and during the initiative's lifecycle. This perspective looks at how the impact of external factors might be controlled/mitigated, as opposed to Management Control, which considers how internal control is maintained.

7. Resource Management

This covers management of all resources required for delivery, including human resources, buildings, equipment, supplies, information, tools and supporting teams. A key element is the process for acquiring resources and how supply chains are utilised to maximise their effective use. In best practice there will be evidence of capacity planning and prioritisation to enable effective resource management.

P3M3® Assessment Report

5 Maturity Levels

Maturity Level 1 - Awareness of Process

- Processes are not usually documented, actual practice is determined by events or individual preferences, and performance is variable.
- Successful initiatives are often based on key individuals' competencies rather than organisation-wide capability and past successes cannot be repeated consistently.
- Processes are undeveloped or incomplete. There is little or no guidance or supporting documentation and even terminology may not be standardised.

Maturity Level 2 - Repeatable Processes

- Basic management practices, e.g. tracking expenditure and scheduling resources, are in place and being improved. Key individuals are trained and demonstrate a successful track record and through them, the organisation is capable of repeating success.
- Initiatives are performed and managed according to their documented plans; project status and delivery is visible to management at defined points.
- There may still be inadequate measures of success; unclear responsibilities; ambiguity/inconsistency in business objectives; un-integrated Risk Management; limited Change Management; and inadequacies in communications strategy.

Maturity Level 3 – Defined Processes

- Management and technical processes are documented, standardised and integrated to some extent with business processes. There is some process ownership and a group responsible for maintaining consistency and delivering process improvements.
- Senior management are engaged consistently, providing active and informed support.
- There is an established training programme to develop individual's skills and knowledge.

Maturity Level 4 – Managed Processes

- The organisation has defined processes that are quantitatively managed, i.e. controlled using metrics. There are quantitative objectives for quality and process performance, and these are being used in managing processes.
- Top management are proactively seeking out innovative ways to achieve goals.
- Using metrics, management can effectively control processes and identify ways to adjust and adapt them to particular initiatives without loss of quality.

Maturity Level 5 – Optimised Processes

- There is focus on optimisation of quantitatively managed processes to account for changing business needs. The organisation exhibits continuous process improvement, and can show strong alignment of organisational objectives with business plans.
- Top managers are seen as exemplars, reinforcing the need and potential for capability and performance improvement.
- Information from process and product metrics enables the organisation to understand causes of variation and to optimise its performance.