Capability Improvement Plan 2012-2013

Portfolio Management Office

Australian Government

Department of Finance and Deregulation

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Portfolio Management Office

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Contents

1. Purpose of Document

The Capability Improvement Plan (plan) outlines the program of work that Finance will undertake to raise current capability scores to planned maturity targets in portfolio, program and project management. This plan provides a high level view of the planning, governance and deliverables to achieve the targeted maturity levels.

2. Background

In August 2012 the Department conducted the second assessment of its capability in ICT-enabled investment using the Portfolio, Programme and Project Management Maturity Model (P3M3™). The detailed assessment against P3M3 was undertaken by Finance staff and validated by blueVision Consultants, an independent accredited consultancy organisation. The assessment identified strengths, weaknesses and opportunities for improving capability that have a direct impact on the Department's capacity to commission, manage and realise benefits from its ICT-enabled projects.

By building on the initiatives developed over 2011 and 2012, the Department is expected to achieve sustainable improvements in organisational performance in the life-cycle management of ICT enabled investment through using portfolio, program and project management.

All FMA Act agencies are required to assess P3M3 performance on an annual basis and report findings to the Secretaries ICT Governance Board (SIGB). The next assessment will be conducted over the August/September period, with the report due end of October 2013.

3. Approach

Over the next 12 months this plan will implement further improvement initiatives across all P3M3 process areas. A high level overview of each deliverable is at Section 5. In accordance with recommendations from the IT Governance Sub-Committee (ITGSC), the proposed target ratings are **level 2** for the portfolio and program sub-model and **level 3** in the project management sub-model. At a minimum we will target a level 2 in portfolio management, resulting in a maturity of level 2 across all three P3M3 models.

All work will be undertaken by the Portfolio Management Office using operational funds.

4. Scope and Schedule

The third assessment will be undertaken over the August/September period with report findings provided to the Secretaries ICT Board in October 2013.

A high level schedule of the planned deliverables is set out below. A description of each deliverable is further below.

Sub-Model	Portfolio	Program	Project		
Timeframe	2013				
Deliverable	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	
IT Governance Framework	████████				
Demand and Investment Planning Process	████████				
Program Management Methodology	████████				
Portfolio reporting model	████████████				
Benefits Management Framework	████████████				
Resource Management Framework	████████████				
P3M3 Re-assessment			██████		

5. Deliverables

IT Governance Framework

Objective: Enable a consolidated and optimised portfolio of ICT-enabled investment through improved strategic, evidence-based ICT investment decision-making.

Scope:

- Refining the governance structure for the IT Roadmap portfolio investments;
- Development of internal governance bodies to oversee and guide investments; and
- Promotion and education of governance requirements for investments.

Demand and Investment Planning Process

Objective: Improve visibility and control of ICT investment by ensuring current and planned ICT investment requirements are clearly defined, prioritised from an organisational perspective and managed to realise the right outcomes.

Scope:

- Development of a process for identifying, agreeing and prioritising new work within Finance IT

Program Management Methodology

Objective: Refine the Program Management Methodology to meets the needs of the Department's program management capability and requirements.

Scope:

- Review methodology, amend guidance material and develop Program Management Toolkit.

Portfolio Reporting Model

Objective: Provision of appropriate reporting mechanisms for different bodies within the IT governance structure.

Scope:

- Gap analysis on information needs and requirements for portfolio, program and project bodies.

Benefits Management Framework

Objective: Strengthen the capability to consistently and successfully plan, deliver and realise benefits of ICT-enabled investments

Scope:

- Develop of a framework including strategic benefits, strategic drivers, performance metrics; processes and guidance on the benefits management lifecycle and it's interaction with portfolio investments.

Resource Management Capability

Objective: Strengthen the Resource Management Capability in the Department to effectively manage and acquire resources for ICT enabled program, projects and significant change initiatives in the Department.

Scope:

- Establish cost-effective and sustainable organisational capability and skilled resources in portfolio, program and project management
- Define the model for resource capacity and capability planning
- Implement utilisation tracking and productivity monitoring for reporting purposes

P3M3 Re-Assessment

Objective: Meet the targets proposed for 2013.

Scope:

- Conduct re-assessment; and
- Update CIP.

6. Benefits

Benefits will be monitored, tracked and reported to the appropriate governance bodies on a quarterly basis.

By implementing the deliverables and providing ongoing support for portfolio, program and project management, the following benefits are anticipated.

6.1   Financial Benefits

Benefit	Description	Measure
ICT enabled investments are prioritised to deliver strategic value	Consolidation and prioritisation of ICT-enabled investment across the Department provides greater control of initiatives and strategic alignment of business value	• % of initiatives that deliver business value • % of initiatives prioritised through IT Roadmap • % of initiatives undertaken that not identified on IT Roadmap
Enhanced ICT investment decision-making	Enhanced ICT investment decision-making supported by more rigorous business cases	• % of initiatives that meet baseline business case • % of initiatives that don't meet baseline business cases • $ associated with initiatives that don't meet baseline business case • % of initiatives that pass Stage Gate reviews without re-work required • % of initiatives that require re-work at Stage Gate reviews
Reduction in risks	Reduced risk of program and project failure through strengthened governance including tracking of costs, risks and benefits	• % of initiatives that realise risks (and costs associated with this) • % of initiatives that realise all forecasted benefits • % of initiatives that realise 50% of forecasted benefits • % of initiatives that don't realise forecasted benefits
Reduction of costs to	Reduced contingency in	• % of initiatives that

Benefit	Description	Measure
Department	program and project budgets and resourcing through strong portfolio oversight and control of budgetary and resource forecasts and allocations	used contingency • % of initiatives that didn't use contingency

6.2   Non-financial benefits

Benefit	Description	Measure
Strengthened governance	Greater assurance over program and project performance, risk and delivery of business value from the use of program and project boards	• Client satisfaction on program/project performance • Program Board members satisfaction on program/project performance • Program/Project Manager satisfaction of Program body performance during project
Proactive intervention and corrective action on investments	Adoption of consistent standards for tracking and reviewing program and project performance in Stage Gates delivers capability and opportunity for timely intervention and corrective action	• % of initiatives that required corrective action • % of initiatives able to get back on track with early intervention • % of initiatives unable to get back on track with corrective action

7. Communication

The deliverables of this plan will be communicated as demonstrated through the following table.

Type	Schedule	Mechanism	Initiator	Recipient(s)
Status Update	Bi-annual	Presentation	Director, PMO	ITGSC
Updates to information; new processes/ procedures	Ongoing	• Internal work-plan	Director, PMO	• Senior Management
P3M3 Re-Assessment	September	• report	Director, PMO	• Senior Management

8. Governance

The Director, Portfolio Management Office is responsible for the planning, delivery and implementation of the deliverables.

9. Risks

Risks are assessed using the Department's Risk Management Methodology. The following table summarises the identified key risks.

Risk	Likelihood/Impact /Rating	Risk Treatment	Residual Rating
CIP is not regarded as a high priority	L- Possible I – Medium Initial Rating: Medium	• Quarterly progress reports to Senior Management • Deliverables form part of Transition project work packages	L – Unlikely I – Minor Residual Rating: Low
Finance does not meet proposed targets	L- Possible I – Medium Initial Rating: Medium	• Quarterly progress reports to Senior Management	L – Unlikely I- Medium Residual Rating: Medium