

Premier and Cabinet Circular

PC 049 – Infrastructure SA Major Project Assurance Process



Effective from March 2020
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PC CIRCULAR 049 – Infrastructure SA Major Project Assurance Process

This Circular is current from 23 March 2020 and will be reviewed in 24 months.

Summary

This Circular outlines the policy Cabinet approved on 23 March 2020 with respect to the review and assessment of major publicly funded infrastructure activities undertaken by public sector agencies, as defined in the *Public Sector Act 2009*, in South Australia.

Introduction

In accordance with the requirements of the *Infrastructure SA Act 2018* and pursuant to the Statement of Expectations issued by the Premier¹, Infrastructure SA (ISA) has developed a framework, the ISA Assurance Framework (ISAAF), to review, evaluate and monitor delivery and performance of certain major infrastructure projects. The ISAAF sets out a process whereby ISA undertakes a series of independent project reviews in consultation with the relevant public sector agencies.

Policy

From 23 March 2020 public sector agencies undertaking;

- a) individual infrastructure projects with a capital investment value of \$50 million (excl of GST) and above,
- b) infrastructure programmes with a capital investment value of \$50 million per annum (excl GST) and above, or
- c) Individual infrastructure projects with a capital investment value that is;
 - a. equal to or greater than the amount required for approval by Cabinet as per Treasurer's Instruction 17 *Evaluation of and approvals to proceed with public sector initiatives*;
 - b. less than \$50 million (excl of GST); and
 - c. have a rated risk rating of Level 2 as per the ISAAF;

must engage with ISA in relation to the application of, and compliance with, the ISA Assurance Framework (ISAAF).

Further, submissions seeking Cabinet approvals in relation to infrastructure projects with a value of \$50m or more in accordance with government policy or Treasurer's

¹ https://www.infrastructure.sa.gov.au/__data/assets/pdf_file/0004/91246/Statement-of-Expectations-from-the-Premier.pdf.pdf

Instruction TI -17, as may be replaced or amended from time to time, are required to be accompanied by a written advice from ISA.

Notwithstanding the above, the Premier or a public sector agency may request ISA to undertake assurance reviews in accordance with the ISAAF on any capital infrastructure project or program.

Public sector agencies that fall under this policy are required to contact the ISA Assurance Unit at the earliest opportunity in the project life cycle or when developing project business cases.

ISA will discuss the assurance process with the agency and recommend the most appropriate assurance regime. The ISA Assurance Unit will tailor the assurance reviews to the needs of the Government and the public sector agency.

The public sector agency shall pay for the direct and indirect costs of any ISA assurance review.

Public sector agencies can request a review for a project that does not meet the above criteria but is considered high risk.

Exemptions

This Premier and Cabinet Circular does not apply to ICT projects or programs.

Background

ISA was established under the *Infrastructure SA Act 2018* to:

- (a) to promote such efficient, effective and timely coordination, planning, prioritisation, delivery and operation of infrastructure as is necessary for the economic, social or environmental benefit of the State; and
- (b) to promote the adoption and use of policies, practices, information and analysis to support sound decision-making in relation to infrastructure

The ISAAF is the formal assurance framework to support these functions and is a new, independent and risk-based assurance process for South Australia.

The past two decades have seen most Australian jurisdictions adopt central procurement 'Gateway' processes, imposing 'process assurance' via a series of point in time 'Gateways'. Recently, some Australian and global jurisdictions have sought to extend Gateways by adopting modern, streamlined central project delivery reporting, providing 'project assurance' between the process reviews offered by Gateways.

South Australia's major infrastructure agency (Department of Planning Transport & Infrastructure (DPTI)) has adopted the UK Gateway process; and also provides delivery reporting to a range of agencies and entities including Cabinet, the Department of Treasury and Finance, agency executives and also, the Public Works Committee (PWC) of the SA Parliament. The ISAAF is intended to operate independently of the

DPTI internal process but minimize any duplication. The focus of the ISAAF is for investor assurance, whereas the DPTI process is focused on best-for-project outcomes.

The ISAAF process modernises South Australia’s approach to infrastructure planning, approvals, investment decisions, project monitoring and reporting.

The ISAAF is designed to give the SA Government early and continuous oversight of investment decisions, governance, risk management and performance, and to provide agencies with support, through the expert reviewer recommendations, when projects experience downside pressures.

Sponsor Agencies are required to liaise with ISA and to engage in the assurance process including, preparing an Assurance Plan, participate in Assurance Reviews and prepare and implement a Recommendation Action Plan and a Completion Report, in accordance with the ISAAF under Treasurer’s Instruction TI-17, *Evaluation of and approvals to proceed with public sector initiatives*, as well as this circular.

The ISAAF is complemented by a range of agency guidance materials, which support this Framework. The complete ISAAF can be downloaded from the ISA web site at <https://www.infrastructure.sa.gov.au/> .

Document Control

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For more information

Infrastructure SA	E:	ISAassurance@sa.gov.au
T: (08) 8226 5901	W:	https://infrastructure.sa.gov.au/