THE TREASURY
Kaitohutohu Kaupapa Rawa

Guidance on the Investor Confidence Rating (ICR)

Assessment and Moderation

Version 7

August 2018

New Zealand Government

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Contents

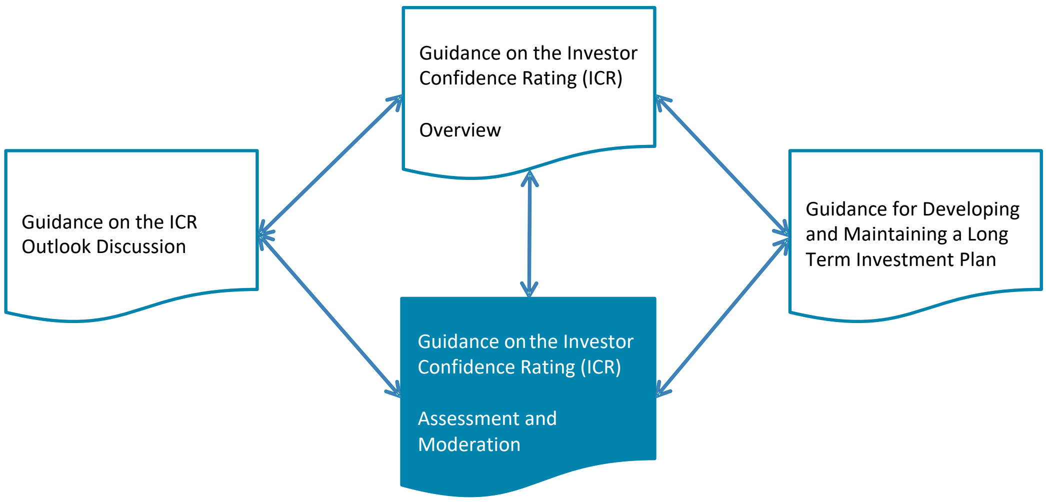
About This Guidance

This guidance replaces Version 6 which was released in June 2017. The changes are outlined in the table below.

Version	What's changed?
7	• Link to the LTIP assessment framework • More detail on the verification process including timelines and documentation review: o Timeliness of lag indicator submission and verification data may be considered in verification adjustment. o Requirement to include page references for documents more than 2 pages long when providing for verification of lag indicators (project and benefits delivery and asset performance). • Reflecting actual practice and clarifying the assessment process for each element

As the figure below illustrates, this document is a companion to the overview guidance on the Investor Confidence Rating (ICR) dated January 2018[1], guidance on Long Term Investment Plans[2] and guidance on the ICR Outlook Discussion[3].

Figure 1: Guidance relevant to ICR



This guidance document:

- sets out the way in which the ICR will operate from tranche 2 from August 2018[4] (noting that previous versions of this guidance apply prior to this date).
- sets out the information requirements and assessment criteria for each element of the Investor Confidence Rating that will be used by Treasury to assess the ICR

1 https://treasury.govt.nz/statesector/investmentmanagement/review/icr/information/guidance

2 https://treasury.govt.nz/statesector/investmentmanagement/think/ltip/guidance

3 https://treasury.govt.nz/statesector/investmentmanagement/review/icr/information/outlook

4 Version 7 of the guidance operates until that date.

- is written for people in agencies who are preparing for the assessments, for monitoring agencies and others involved in the assessment or moderation processes, and
- has been written by the Investment Management and Asset Performance team in the Treasury.

Questions and feedback

This document is the primary source of information on the assessment and moderation aspects of the ICR.

- general enquiries about the information contained in this guidance, not addressed in this guidance or in supplementary material (below) can be directed to: investmentmanagement@treasury.govt.nz
- any agency-specific questions should be addressed to the relevant Treasury Vote team
- any comments as to how we could improve this guidance can be directed to: treasury.guidance@treasury.govt.nz

Further information

- supplementary material on the ICR can be found on the Treasury website: https://treasury.govt.nz/statesector/investmentmanagement/review/icr

Overview

Purpose of the ICR

In April 2015, Cabinet agreed to issue a new Cabinet Office circular CO(15)5 entitled *Investment Management and Asset Performance in the State Services*.[5]

Cabinet agreed to reinforce the objectives of the system by using performance indicators and information to determine the ICR for each agency or sector. The ICR is a rating of an agency's investment management environment. It is an indicator of the confidence that investors (eg, Cabinet or responsible Ministers,) have in an agency's capacity and capability to realise a promised investment result.

The main purpose of the ICR is to provide an incentive mechanism that rewards good investment management performance and encourages agencies, with support from central agencies and functional leads, to address gaps in investment management performance. A subsidiary purpose is to enhance the degree of objectivity and rigour in the investment management system, compared with past practices.

Elements of the ICR

The ICR is made up of five lead and four lag indicators. These indicators, and their associated weights, are shown in the table below:

Element		Indicator type	Weight (%)
1	Asset management maturity	Lead	15
2	NZP3M[6] management maturity	Lead	15
3	Quality of Long Term Investment Plan	Lead	10
4	Procurement Capability Index	Lead	5
5	Organisational change management maturity	Lead	10
Total for lead indicators			**55**
6	Benefits delivery performance	Lag	20
7	Project delivery performance	Lag	10
8	Asset performance	Lag	10
9	System performance	Lag	5
Total for lag indicators			**45**

5 http://www.dpmc.govt.nz/cabinet/circulars/co15/5

6 The Treasury uses an averaging approach to produce its ICR NZP3M results, and so these results (not being the lowest result per "perspective" or "thread") are not comparable to other global non-ICR P3M3 results. Agencies can easily calculate a certified P3M3 result for portfolio, programme and project management, using the lowest thread and perspective scores, which are comparable to global P3M3 results.

The total points score required to attain A, B, C, D, or E ratings is shown in the table below.

Total Score	Rating
81	A
66	B
51	C
26	D
0	E

Focus on performance improvement

By its nature this guidance is quite detailed: it explains the assessment and moderation processes, the information needed to support those processes and how each element of the ICR will be scored. This guidance should be the main document for element leads at an agency and the ICR co-ordinator should have an overview of the process for all elements.

The ICR concept is about promoting improvements in investment performance over time in line with the investment system objectives set out in the circular, ie,:

- optimise value generated from new and existing investments
- increase the efficiency and effectiveness of the investment management system, and
- enable investments to achieve their specific investment objectives.

Performance improvement is expected to happen as insights gained through the assessment and moderation processes for each element of the ICR are captured, discussed and acted on within and across agencies.

In some cases the insights will be gained through self-assessments or in reports from independent maturity assessors. While the scores are useful, the commentary around those scores can be even more powerful in terms of effecting change.

In other cases the insights will come from analysis of agency information, from high quality feedback on agency plans, or reflections of moderators who look across the results for all the agencies in a tranche. Either way the insights help agencies focus their collective efforts on improving investment performance to deliver greater public value.

Learning approach

The Treasury actively and regularly reviews the ICR in order to support best practice and promote continuous improvement. The nine elements have been carefully selected to work together. There are many ways to select the information, analyse it and translate it into scores for each element in the ICR. In developing this guidance the Treasury has taken care to specify appropriate information to inform each assessment and to translate the results into scores in as consistent a way as possible.

Following near completion of Round 1 assessments, there was the opportunity to refresh the ICR methodology to reflect lessons learned from Round 1 and drive continuous improvement in the ICR assessment. These changes were developed by a cross agency working group between October 2016 and November 2016 and discussed with the Circular Implementation Reference Group in December 2016, with consultation on the changes across all investment-intensive agencies in January and February 2017. Changes were agreed by Government Investment Ministers in February 2017 and will apply for the second round of ICR assessments (Round 2). This guidance has been updated to reflect this.

Establishing new norms

As information emerges tranche by tranche on sector norms for each of the ICR elements this may be used to recalibrate the way performance is assessed, scored and moderated.

Assessment and Moderation Processes

Typical assessment process

The assessment process can vary for each element. The generic process is as follows:

- the Treasury and the agency agree the scope of work, portfolio weightings, information required, outputs, timeframes for assessment, etc
- the agency conducts the required level of analysis and generates raw data/scores
- the assessors analyse the results and verify the results (using a sampling approach)
- the assessors and the agency discuss the findings, conclusions and potential improvement actions
- the assessors prepare a report (pre moderation) for consultation with the agency and the Treasury
- the results are moderated across all the agencies in the tranche (see next section for further details)
- after moderation, the assessors make any necessary adjustments to the assessment and prepare a final report on the result for each element that is provided to the agency and the Treasury

Typical moderation process

Purpose

It's important to the integrity of the ICR that the various assessments that underpin the agency rating are moderated to ensure there is consistency in the judgements made by different assessors.

For this reason the Treasury will convene a series of moderation panels for each tranche of agencies.

Potentially there will be a moderation panel for each element. Where it makes sense to do so some moderation activity will be rationalised (for example, it may be feasible to have one moderation panel covering both the benefits and project delivery elements).

The moderation will determine if there needs to be any recalibration of the current and target scores across the agencies in a tranche, and with prior tranches.

Role

The role of the moderation panel is to ensure that the assessments are consistent and fair across all the agencies in each tranche and with prior tranches. This is not about normalising the assessments (eg, to remove outliers) but about revealing, through discussion at each panel, whether or not assessors have applied a consistent rationale from one agency to the next. Where discrepancies are identified the assessments may be adjusted and the agency advised of the rationale for the change.

Moderation panel membership

The Treasury will select the moderation panel members and convene the moderation panel sessions. The Treasury will also provide the secretariat function.

The membership of each panel may vary from element to element and may include a subject matter expert to provide specialist advice. The panel sessions will involve Treasury assessors (from the relevant vote teams or the Investment Management and Asset Performance team) rand the providers of the maturity assessments.

In the interests of time, consistency and cost, representatives from agencies and the Central Agencies will not be directly involved in the moderation sessions. However their perspectives will be considered in the moderation sessions.

No moderation of the overall agency ICR scores

There will be no further moderation activity once the individual element moderation panels have reached their conclusions. This preserves the integrity of the prior processes. In particular the agency ICR score will not be subject to a further moderation process (ie, that would change the overall ICR score or the elements that make up the ICR) before the results are considered by Cabinet.

Element 1: Asset Management Maturity (AMM)

Purpose

Management maturities are lead indicators of future performance. This element of the ICR reveals the current and target levels of asset management maturity in each agency. It also identifies improvement actions that can lift performance to the target level. This element is worth 15% of the overall ICR score and is based on the “gap” between current and target levels.

Assessment approach

The AMM assessment tool has been updated using the International Infrastructure Management Manual 2015 for ICR Round 2 to assess the target and current levels of asset management maturity in central government agencies and recommend relevant improvement actions.

The Treasury has appointed a panel of independent suppliers to provide asset management maturity assessments across all investment-intensive agencies.

Assessment process

The assessment process for this element is as follows:

- The Treasury develops and agrees the statement of work (SOW).
- The Treasury selects the AMM supplier for each assessment ensuring there is no conflict of interest.
- The Treasury confirms the number of significant asset portfolios to be assessed with the agency. The scope and weightings of the portfolios will be agreed by the Treasury and the agency, in consultation with the supplier, and will take into account criticality as well as asset values and/or future investment profile.
- The supplier and agency convene an assessment initiation meeting to confirm the engagement objectives, scope, approach, timeframe, sample projects/programmes, stakeholders and documentation to be reviewed (the supplier may provide an email to help communicate the assessment process to internal stakeholders). There is also a standard documentation list on the Asset management community of interest PSI site. https://www.psi.govt.nz/home/communities/amcoi/documents/
- The agency provides the supplier with a copy of relevant agency material including the agency’s self-assessment **by portfolio** using the AMM assessment tool.
- The supplier facilitates a series of interviews or workshops to discuss the agency self-assessments, and examines relevant material.
- The supplier determines initial scores for current and target maturity for each of the 16 sections in the assessment framework and debriefs the agency on the initial findings.
- The supplier develops a draft report including high level improvement actions, and provides this to the agency and the Treasury for comment and fact-checking.

- The agency provides feedback on to the report to the supplier.
- The supplier provides the final pre-moderated report to the agency and the Treasury.
- At the end of each tranche the Treasury moderates the scores. Suppliers participate in the moderation process.
- Post moderation, the supplier makes any necessary adjustments to the assessment and provides the final report to the Treasury for final checking (against the results of the moderation process) and distributes to the agency.

Asset portfolios

For this element the Treasury procures a whole-of-organisation assessment of significant asset portfolios. The Treasury will pay for the AMM assessment covering significant asset portfolios as agreed with the agency and assessor. For most agencies the significant asset portfolios are property and ICT, but there can be additional specialist portfolios (eg, military equipment or state highways or clinical equipment). There is both a 2 and 3 portfolio AMM spreadsheet available.

Consistent with CO(15)5 the scope for this element covers all assets and leases (including “as a service” activity) managed by the agency (whether owned or managed on behalf of the Crown). Any variations in scope are agreed as part of the supplier’s statement of work.

Setting the target

For this element the supplier determines the target level of maturity for the 16 sections in the assessment framework, in consultation with the agency.

The target is the level that the supplier considers is appropriate for that agency and that section, based on discussion with the agency and the nature and scale of the agency’s long term investment activity. The target will be moderated against the AMM assessments in the current tranche and previous rounds of AMM assessments.

Analysis required

No special analysis is required for this element. The supplier uses information provided by the agency through discussion on the agency’s self-assessment, interviews and review of existing materials (reports, plans etc.).

Assessment method

The AMM assessment tool is available on the Treasury website at:
https://treasury.govt.nz/statesector/investmentmanagement/review/icr/information/assetmgmt

There are 16 sections or lines of enquiry that are used to examine particular aspects of each agency’s maturity. The assessor considers the agency’s self-assessment, information provided at interviews and other relevant material provided by the agency to determine the current and target level of maturity for each section.

Verification activity

No separate verification activity is required for this element. The supplier has access to the results of previous exercises. The supplier triangulates information provided by the agency and discusses their findings and assessment with the agency and the Treasury.

Scoring this element

The scoring for this element is shown in Annex 1. The overall score for each portfolio is a simple average of the scores from the 16 sections. The overall ICR score is determined by weighting the portfolio results according to the agreed weights and is based on the “gap” between current and target maturity overall to reach a score out of 15. The supplier takes account of the results to develop prioritised improvement actions. There is no separate adjustment for data quality.

Moderation

Typical moderation processes apply after the verification process. Treasury will moderate the results for all the agencies in the tranche and previous rounds of assessment to ensure consistency of assessment and verification for this element. The AMM supplier attends the moderation session. Where appropriate, adjustments may be made to the target and/or current scores.

Element 2: NZP3M Maturity

Purpose

The NZP3M Maturity measures the capability and maturity of an organisation to run projects, programmes and portfolios. This element is worth 15% of the overall ICR score and is based on the "gap" between current and target levels.

Assessment approach

The P3M3 method is highly relevant to investment activity in central government which is increasingly focused on the management of programmes and portfolios. High level details on the v3.0 P3M3 maturity model can be found here: https://www.axelos.com/best-practice-solutions/p3m3/what-is-p3m3

The NZP3M model was derived from the UK P3M3 model from the Office of Government Commerce in 2005. The latest version (v3.0) is published and maintained by a joint venture company, Axelos which manages the UK Government's best practices portfolio in concert with the UK Cabinet Office.

As a proprietary product, the ICR assessment will be delivered through a NZP3M "diagnostic tool" assessments, rather than a full assessment. A panel of independent suppliers has been appointed to provide facilitated NZP3M assessments.

Due to the Treasury using an averaging approach to produce its ICR NZP3M results, these results are not comparable to other global non-ICR P3M3 results and P3M3 certification scores.

NZP3M provides three maturity sub-models that can be used separately to focus on specific areas of the business or more generally to help agencies assess the relationship between their portfolios, programmes and projects.

The NZP3M sub-models are:

- Portfolio Management (PfM3)
- Programme Management (PgM3), and
- Project Management (PjM3).

NZP3M allows an assessment to be made of the process employed, the competencies of people, the tools deployed and the management information used to manage and deliver improvements. This reveals an agency's strengths and weaknesses in delivering change and the improvement actions that may be needed.

There are no interdependencies between the sub-models so an assessment may be against one, two or all of the sub-models by portfolio. For example, it is possible for an agency to be better at programme management than it is at project management. The structure of the NZP3M model including its three sub-models and seven perspectives is shown in the figure below.[7]

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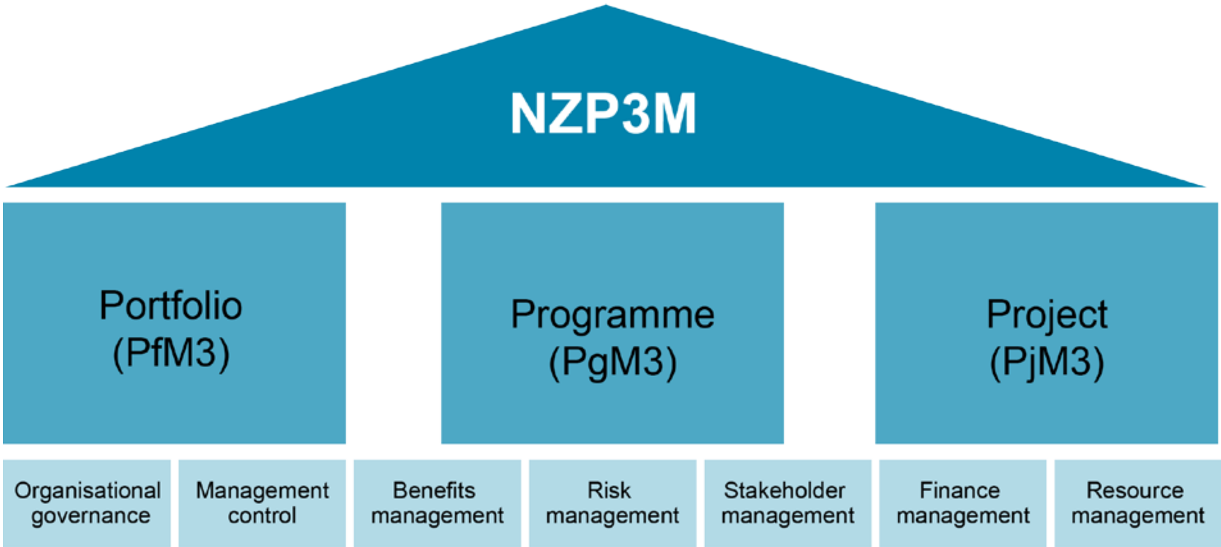
[7] Sourced from https://www.axelos.com/best-practice-solutions/p3m3/what-is-p3m3

Figure 2: NZP3M Model



The NZP3M model has five maturity levels as follows:

Level 1	Level 2	Level 3	Level 4	Level 5
awareness	repeatable	defined	managed	optimised

Assessment process

The main elements of the assessment process for the NZP3M facilitated assessments are:

- The Treasury confirms the number of portfolios and sub-models to be assessed with the agency.
- The Treasury develops and agrees the statement of work (SOW).
- The Treasury selects the NZP3M supplier for each assessment ensuring there is no conflict of interest.
- The supplier and agency convene an assessment initiation meeting to confirm the engagement objectives, scope, approach, timeframe, sample projects/programmes, stakeholders and documentation to be reviewed (the supplier provides an email to help communicate the assessment across internal stakeholders). Where there are multiple portfolios, weightings will be agreed by the Treasury and the agency, in consultation with the supplier. The scope of each portfolio will also be agreed as well as the sub-models to apply for each portfolio.
- The agency provides the supplier with copies of its project, programme and portfolio framework(s) and example project, programme and portfolio documentation eg, business cases and plans. The project and programme documentation will be for approx. 3-5 projects, and 3-5 programmes (where this many exist) across the 7 perspectives noted in Figure 2 below.
- The supplier reviews the portfolio, programme and project documentation, and discusses any queries with the agency.

- The supplier facilitates a series of workshops to discuss and agree the agency's indicative NZP3M scores for each of the three sub-models (project, programme and portfolio).
- The supplier develops a draft action plan.
- The supplier and agency determines the NZP3M organisational current level, the appropriate target score, any weighting's across perspectives/models or multiple portfolios and supporting commentary.
- The supplier organises a post-workshop meeting with the agency to discuss the workshop scores, any supplier adjusted scores, overall agency current level, target score and gap, and the indicative strengths and weaknesses and potential improvement actions.
- The supplier finalises the scores, action plan, and prepares the draft report (all pre moderation).
- The supplier provides the draft report (pre moderation) to the agency and the Treasury who provide feedback on factual issues.
- The supplier provides the final report (pre moderation) to the agency and the Treasury.
- At the end of each tranche the Treasury arranges for moderation of scores. Suppliers participate in the moderation process.
- Post moderation, the supplier makes any necessary adjustments to the assessment and provides the final report to the Treasury for final checking (against the results of the moderation process) and distribute to the agency.

Selection

This is a whole-of-organisation assessment of the agency's portfolio, programme and project maturity.

For large/complex agencies, it may be appropriate to perform a separate assessment for distinctive investment portfolios where there is a clear degree of autonomy or difference in the way in which these are managed. Any variations in scope to accommodate multiple portfolios are agreed as part of the supplier's statement of work in conjunction with the agency.

Where there are multiple portfolios to be assessed, there will be up to three workshops per portfolio (ie, for portfolio, programme and project sub-models).

Portfolios

To help with the NZP3M assessment, our definition of a portfolio for NZP3M purposes is:

"A portfolio is the totality of an organisation's investment (or segment thereof) in the changes required to achieve its strategic objectives." To help test if an agency has multiple portfolios the following factors should be considered:

One portfolio	Multiple portfolios
Single organisational strategy for prioritising all investments	Separate strategies for prioritising investments
Investment decisions made at organisational level	Investment decisions made at functional or business unit level
Single investment boards, governance arrangements	Multiple investment boards and governance arrangements
Single project and programme frameworks	Multiple project and programme frameworks

Programmes

Managing Successful Programmes (MSP) is one methodology for programmes[8]: It defines programme management as: "...the action of carrying out the coordinated organization, direction and implementation of a dossier and transformation activities to achieve outcomes and realize benefits of strategic importance to the business". In the NZP3M assessment, both formal programmes of change eg, MSP programmes and Business As Usual (BAU) programmes should be in scope.

Setting the target

For this element the supplier determines the interim target level of maturity in two years' time for the three models (Portfolio, Programme and Project) in the assessment framework, in consultation with the agency. This is standard P3M3 practice.

For ICR purposes, the appropriate targets relate to the medium to longer term. The Treasury owns this aspect of the NZP3M assessment, with input from agencies and the suppliers. This approach means the appropriate target scores will be set reflecting the nature and scale of the agency's long term investment activity.

The target will be moderated within the tranche and prior rounds of P3M3 assessment,

Analysis required

No special analysis is required for this element. The supplier uses framework information provided by the agency through workshops, interviews and review of existing materials (business cases, reports, plans etc.).

8 http://www.apmg-international.com/msp.aspx

Assessment method

The P3M3 assessment tool is proprietary so the Treasury doesn't have access to it. If agencies wish to get a sense of their indicative maturity levels prior to the high level NZP3M assessment, they can look at the material on the Axelos website (https://www.axelos.com/best-practice-solutions/p3m3), and can request to complete a free standard P3M3 self-assessment, or enhanced P3M3 self-assessment: (http://shop.axelos.com/?DI=643565).

If an agency has had a P3M3 diagnostic assessment completed by an Axelos accredited consulting partner within 12 months of the scheduled ICR round, it may be able to be used for ICR purposes. The agency-commissioned assessment would be subject to a potential refresh of the scores and the typical moderation process.

However, standard or enhanced P3M3 self-assessments will not be considered for ICR purposes. The agency may wish to share the results from these with the assessor to help with the high level NZP3M facilitated diagnostic assessment.

Verification activity

No separate verification activity is required for this element. The supplier triangulates the information provided by the agency. The supplier discusses their findings and assessment with the agency and the Treasury.

Scoring this element

An example of the scoring element is shown in Annex 2. The scoring process involves:

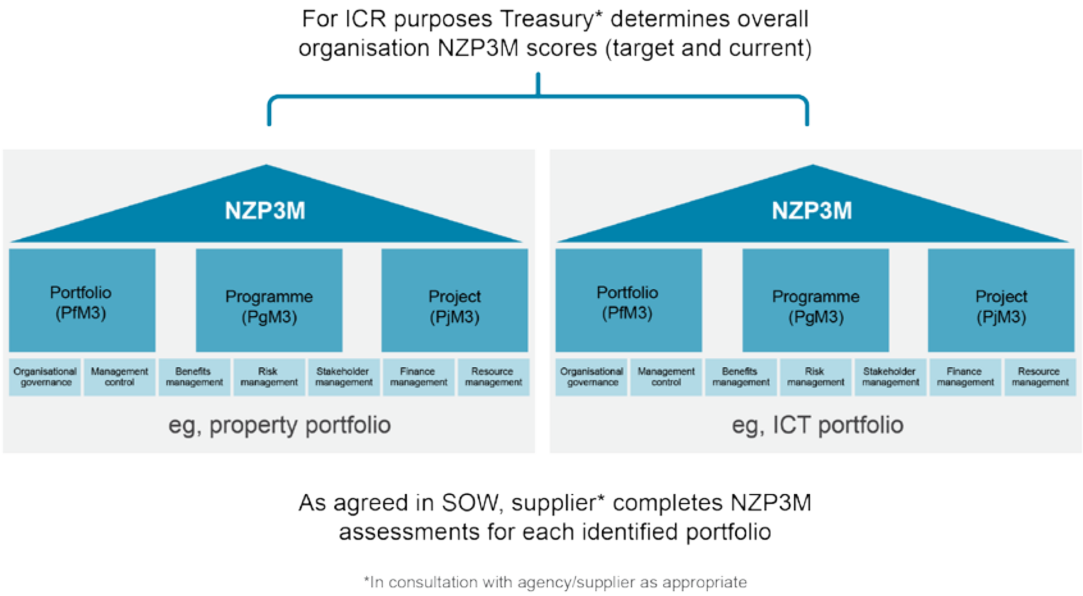
- For each perspective, the supplier (in discussion with the agency) assesses the current maturity for each perspective and for each sub-model, by enquiry using threads and attributes.
- The supplier determines scores for each of the seven perspectives per sub-model and also determines the overall score for each model. The supplier may also adjust scores from those agreed in workshops. However, any adjustments to workshop scores will have supporting commentary setting out the reason for the adjustment.
- The supplier determines the interim target scores per model in two years' time.
- The Treasury sets the ICR appropriate target scores over the medium to longer term with input from the agency and the supplier.
- The Treasury, working with the supplier, determines the organisational NZP3M score, appropriate target and thus the ICR gap. Agreement will be reached upfront with the agency on the relative importance of each of the three sub-models to use as potential weightings to help determine the organisational NZP3M score and appropriate target. The gap between the organisational level current score and appropriate target score determines the points out of 15 that an agency obtains in the ICR. The Assessor or the Treasury may adjust the organisational score based on the importance for scores of particular perspectives or model scores.

Scoring across multiple portfolios

If an agency has multiple portfolios assessed, the Treasury will agree with the agency a method for converting each of the separate portfolio model scores (eg, ICT and Property portfolios) into the overall organisational score. The approach is illustrated below.

The method to do this conversion will be consistent across assessments and may be adjusted to take account of the $ value and risk profiles/service criticality of the portfolios. The Treasury will take supplier and agency input to help determine the overall organisational scores for multiple portfolios.

Figure 3: Scoring across multiple portfolios in an agency:



Scoring table

An example of the scoring is provided in Annex 2. The ICR score is based on the gap between organisational current and the appropriate target maturity. The ICR score is derived from the following table:

Organisational NZP3M gap (in points)	**Percentage of points allocated**	**Points for this element (15)**
Less than 0.5	100%	15
From 0.5 to less than 1.0	80%	12
From 1.0 to less than 1.5	60%	9
From 1.5 to less than 2.0	40%	6
From 2.0 to less than 2.5	20%	3
2.5 and above	0%	0

Note: The overriding rule is that an agency assessed with a current maturity at level 0 will receive no ICR points for this element.

Moderation

Typical moderation processes apply after the verification process. Treasury will moderate the results for all the agencies in the tranche and previous rounds of assessment to ensure consistency of assessment and verification for this element. The NZP3M supplier attends the moderation session. Where appropriate, adjustments may be made to the target and/or current scores.

Element 3: Long Term Investment Plan

Purpose

This element is included in the ICR to reinforce the agency and system requirements for robust long term thinking and planning to inform various aspects of the investment management system.

The objective of this assessment is to form a view on the extent to which the Long Term Investment Plan (LTIP) meets certain quality standards. This assessment process also identifies exemplars and potential improvements that would enhance the quality of future plans. This element is worth 10% of the overall ICR score.

Assessment approach

The assessment is completed by a team of assessors drawn from the Treasury Investment Management and Asset Performance team and Vote teams, and other suitably qualified or experienced central agency and monitoring department personnel (where the agency is a Crown entity or Schedule 4A company).

Unlike some other elements which lend themselves to quantitative assessment the assessment of LTIPs relies on the judgement of assessors.

What distinguishes a poor plan from an excellent one is inevitably a matter of judgment by the assessment partners of how well the LTIP meets the ten requirements set out in CO(15)5 paragraphs 50-51 of the circular. The 10 criteria can be found in Annex 3. Further detail on what assessors look for against each criteria at each quality level can be found in the LTIP assessment framework available on the ICR website[9].

Assessment process

For this element the process starts with the formal delivery by the agency to the Treasury of its LTIP. Up to that point the agency may have shared draft versions of its LTIP with the Treasury or other assessment partners for their information or feedback. The agency may also wish to discuss and provide context on the submitted LTIP with assessors prior to formal assessment.

Setting the target

All investment-intensive agencies are expected to produce excellent LTIPs.

Selection

This is a whole-of-organisation assessment. Consistent with CO(15)5 the scope of the LTIP covers all investments, assets and leases (including “as a service” activity) managed by the agency (whether owned or managed on behalf of the Crown). Any variations in scope (ie, focus on particular asset classes or types of investment) must be agreed between the agency and the Treasury at the outset of the ICR process.

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9 https://treasury.govt.nz/publications/guide/guidance-developing-and-maintaining-long-term-investment-plan-html

Analysis required

The LTIP needs to be underpinned by evidence and information generated by the agency. Much of this will already exist.

There is a particular requirement in the LTIP guidance for forecast financial statements covering the planning horizon. This may necessitate further analysis beyond what is currently provided to the Treasury for government financial reporting purposes to demonstrate the affordability of the preferred way forward in the plan. For example, reconciliations between information provided in CFISnet and Four Year Plans or other accountability documents, or detailed analysis of depreciation charges or maintenance expenses associated with investment intentions.

Detailed analysis of non-financial information may also be required to underpin the plan (for example, forecast changes in asset performance over time, or projections and assumptions relating to the availability of key resources, prices and demand for services).

Guidance for developing and maintaining a LTIP can be found on the ICR website[10].

Verification activity

In addition to examining the underlying assumptions and financials, the main verification activity will centre on triangulation across other information provided by the agency (eg, strategy statements, accountability documents, delivery against past forecasts etc.).

Scoring this element

Assessors determine the quality of the agency's plan using the framework in Annex 3. The quality determines the ICR points set out in the table below.

Quality of LTIP (extent to which requirements are met)	**Percentage of points allocated**	**Points for this element (10)**
Excellent	100%	10
Very good	80%	8
Good	60%	6
Basic	40%	4
Low	20%	2
Not supplied	0%	0

Moderation

Typical moderation processes apply after the verification process. Treasury will moderate the results for all the agencies in the tranche and previous rounds of assessment to ensure consistency of assessment and verification for this element.

10 https://treasury.govt.nz/publications/guide/guidance-developing-and-maintaining-long-term-investment-plan-html

Element 4: Procurement Capability Index

Purpose

An agency's ability to procure service-critical goods and services, manage suppliers and providers and work with markets and sectors is an essential part of good investment and asset management.

The Procurement Capability Index (PCI) enables agencies to evaluate their procurement capability via a self-assessment tool. This tool is based on the agency's view of its procurement capability across the agency as a whole. The tool enables an agency to assess current agency procurement capability, identify areas where additional focus may be required and put in place procurement capability improvement plans for its agency.

The PCI is managed and run by NZ Government Procurement and Property (NZGPP) with input from the ICR team at the moderation stage. It is worth 5% of the total ICR result.

Assessment approach

All agencies are required to complete the PCI self-assessment annually and submit their results to NZGPP by 1 October. Results are reported to Cabinet[11].

Every three years, in line with ICR, PCI self-assessments for investment-intensive agencies will be reviewed by an independent external consultant (funded by NZGPP in Round 2) and moderated by NZGPP and the ICR team. During out-of-cycle years, investment-intensive agencies will not be subject to external review or moderation.

An agency's most recent PCI score will determine its score for Element 4 in the ICR, unless the agency or NZGPP requests an updated PCI assessment.

The agency's self-assessment should be supported with evidence of good practice, cover a whole-of-agency view of its procurement capability and involve a range of people in the assessment eg, the procurement team, senior managers, service delivery teams, agency buyers and other stakeholders with a view of procurement activity within the agency. The self-assessment should also be signed off by the agency's Senior Leadership team before submission to NZGPP.

Assessment process

The main elements of the assessment process for the PCI are:

- The agency confirms that the most recent PCI assessment can be used or provides an updated PCI assessment via the online tool.
- NZGPP selects the reviewer for the assessment in consultation with the agency.
- The agency and reviewer agree a suitable review date.

[11] http://www.ssc.govt.nz/sites/all/files/cab-paper-sec(12)90.pdf (Appendix 2 – Action 9 on page 18).

- The agency prepares for the review by collecting evidence and organising stakeholder interviews.
- On the review day, the reviewer conducts the stakeholder interviews and reviews the evidence against the agency's self-assessment.
- The reviewer writes a report with their feedback and provides this to the agency, the Treasury and NZGPP.
- The agency reviews the report and makes adjustments to their self-assessment and/or provides rationale for maintaining their current score.
- Treasury and NZGPP moderates the result, taking the reviewer's report and the agency's feedback into consideration.

Setting the target

For this element the agency determines both the current and target levels of maturity as part of its PCI submission. For ICR purposes the overall gap between current and target scores is used to score this element.

The target is the level that the agency considers is appropriate given the nature and scale of the agency's long term investment activity, and its reliance on procurement to deliver its outcomes. Targets should be at a minimum of 3 at a question level but may be higher where appropriate.

Selection

For the purposes of the ICR, an agency's most recent PCI submission will be used for ICR purposes. Where there is a significant change in an agency's procurement capability between the agency's last PCI submission and the ICR assessment, agencies may be required to or request to submit an updated self-assessment.

Verification activity

An independent external consultant will verify PCI self-assessments every three years for ICR purposes. This will involve an external consultant validating an agency's self-assessment and providing a level of confidence around their score.

Scoring this element

Agencies can score a maximum of 5 points for this element. Scoring will be determined by the difference between an agency's average current and average expected capability rating. The table below outlines the scoring for Element 4.

PCI gap (in points)	**Percentage of points allocated**	**Points for this element (5)**
Less than 0.2	100%	5
From 0.2 to less than 0.5	80%	4
From 0.5 to less than 0.8	60%	3
From 0.8 to less than 1.1	40%	2
From 1.1 to less than 1.4	20%	1
1.4 and above	0%	0

Moderation

Typical moderation processes apply after the verification process. NZGPP and the Treasury will moderate the results for all the agencies in the tranche and previous rounds of assessment to ensure consistency of assessment and verification for this element. Where appropriate, adjustments may be made to the target and/or current scores.

Element 5: Organisational Change Management Maturity

Purpose

Management maturities are lead indicators of future performance. The ICR recognises that organisational change management is an important aspect of investment management. This element of the ICR reveals the extent of the difference (if any) between current and target levels of organisational change management maturity in each agency. This element is worth 10% of the overall ICR score.

Organisational change management consists of a series of techniques and activities, which when proactively coordinated and executed, smooth the transition from the ‘old’ to the ‘new’ environment and ensure that change is not just implemented but is embedded and set up to support delivery of the benefits from the change. This element is worth 10% of the overall ICR score.

Assessment approach

The Treasury has worked with a panel of organisational change management experts employed in the State Services to develop an organisational change management maturity methodology.

This methodology is suitable for agency self-assessment.

For ICR purposes, the agency self-assessment should be signed off by the Senior Leadership Team (SLT) prior to submission so it represents a whole of organisation assessment. If the agency has a change management capability, function or role then that function may complete the assessment for consideration by the SLT). Alternatively the agency self-assessment could be informed by a facilitated workshop, a survey of key stakeholders, and review of key documentation. For ICR purposes the assessment should ideally not be completed by one person alone.

Following completion, the self-assessment will be reviewed and evidence-checked by a change management expert.

High level descriptions of the four maturity levels are:

Lagging

No or little change management tools, activities, workstreams or applications at work in the organisation.

- no or little change management is applied across the organisation
- behind change industry peers in capability performance
- ‘no’ or ‘little’: investment in change management capability ie, resilience; consistency in tools, approach, and standards; continuous improvement across change competency

Achieving

Ad hoc or some change management tools, activities, workstreams, or applications at work in the organisation. Where these do occur, it is at industry standard but not necessarily joined up at an enterprise level.

- effective change management applied to some initiatives, projects and programmes
- capability performance at change industry peer level
- ‘some’: investment in change management capability ie, resilience, change ownership; consistency in tools, approach, and standards; continuous improvement across change competency
- some specialist change resource working on specific pieces of work – either internal or contracted

Exceeding

Standard, consistent use and application of change management at an organisational level. Advocacy for change management is consistent at the top and specialist change management functions in place to support organisation.

- moving towards a change management capability led organisation, including governance and leadership
- ‘consistent’: investment in change management capability across the organisation; resilience, consistency in tools, approach, and standards; continuous improvement across change competency
- specialist change resource available to support all types of change initiatives and activity ie, projects, programmes, restructures and continuous improvement; dedicated full time internal resources
- change management performance is built into recruitment approach and leadership performance indicators

Leading

Industry recognised, sector leading change management across all levels and functions of the organisation, sponsored by Executive Leaders and viewed as a competitive advantage.

- change management competency is evident at all levels of the organisation
- demonstrated change management capability led organisation
- ‘All’, ‘Ongoing’, or ‘Optimised’: investment in change management capability across the organisation; resilience, consistency in tools, approach, and standards; continuous improvement across change competency and delivery
- specialist change resources available internally and externally to support all ranges of change activity
- change management performance built into executive leadership performance indicators

Assessment process

The main elements of the assessment process for Organisational Change Management maturity are:

- The Treasury selects a reviewer from a panel of change management experts.
- The Treasury will confirm with the agency the objectives, approach and timeframes for the OCM review. This includes selecting a sample of projects/programmes, stakeholders and documentation to be reviewed and dates for the self-assessment submission and interviews.
- The agency provides the reviewer with the sample documentation and organises the organisational stakeholder interviews and project/programme interviews, ideally on different dates.
- The agency completes the OCM self-assessment and provides this to their leadership team for approval.
- The agency submits the approved self-assessment to the Treasury.
- The reviewer conducts organisational stakeholder interviews.
- If a deeper review is needed, the reviewer will conduct the project / programme related interviews.
- The reviewer writes a report with their feedback and shares this with the agency and Treasury.
- The agency reviews the report and makes adjustments to their self-assessment and / or provides rationale for maintaining their current results.
- At the end of the tranche, the Treasury will hold a moderation session, taking the report and the agency's feedback into consideration. The organisational change subject matter experts involved in the reviews will participate in the moderation process.

Setting the target

For this element the agency determines both the current and target levels of maturity for the 23 questions in the assessment framework, subject to review by an OCM reviewer. For ICR purposes the Treasury uses the overall gap between current and target scores.

The target is the level that the agency considers is appropriate given the nature and scale of the agency's long term investment activity.

Selection

This is a whole-of-organisation assessment of its change management capability.

The model assesses more than just change management applied to projects and programmes, or just people change management, although these two will form a key part of the assessment. It is intended to cover all change an organisation undertakes and has planned eg, project and programmes, organisational reviews etc.

Analysis required

No special analysis is required for this element.

Assessment method

The assessment tool is available on the Treasury website at:

https://treasury.govt.nz/statesector/investmentmanagement/review/icr/information/orgchange

The tool examines 23 capabilities, across six capability elements.

Verification activity

The Treasury will use a government change management expert to review and provide comment on the self-assessment following sign off by agency leadership. Agencies should reflect on the comments made to consider if any scores require adjusting, including rationale if adjustments are not made, prior to moderation. This will be considered at moderation.

Scoring this element

The scoring for this element is shown in Annex 4. Using the framework, the overall score (for current and for target maturity) is an average of the questions across the 6 capability areas assessed, with an additional weighting applied to the Leadership organisational change management capability, as per the table below:

Capability Area	**Weighting**
1. Leadership	25%
2. Proficiencies	15%
3. Application of Change Management	15%
4. Change Standardisation	15%
5. Support and Ownership of Change Management	15%
6. Pipeline	15%
TOTAL	100%

The ICR score is determined by how close the current score is to the appropriate target score, as per the table below:

Organisational Change Management Maturity gap (in points)	**Percentage of points allocated**	**Points for this element (10)**
Less than 0.5	100%	10
From 0.5 to less than 1.0	80%	8
From 1.0 to less than 1.5	60%	6
From 1.5 to less than 2.0	40%	4
From 2.0 to less than 2.5	20%	2
2.5 and above	0%	0

Note: The overriding rule is that an agency assessed with a current maturity at level 1 (Lagging) will receive no ICR points for this element.

Moderation

Typical moderation processes apply after the verification process. Treasury and assessors will moderate the results for all the agencies in the tranche and previous rounds of assessment to ensure consistency of assessment and verification for this element. The OCM reviewer attends the moderation session. Where appropriate, adjustments may be made to the target and/or current scores.

Element 6: Benefits Delivery

Purpose

This element is included in the ICR to focus on the extent to which promised benefits have been delivered across the agency's investment portfolio.

Along with aspects of the NZP3M assessment, this element of the ICR reveals the scope for potential improvements in the way benefits are specified, tracked and measured.

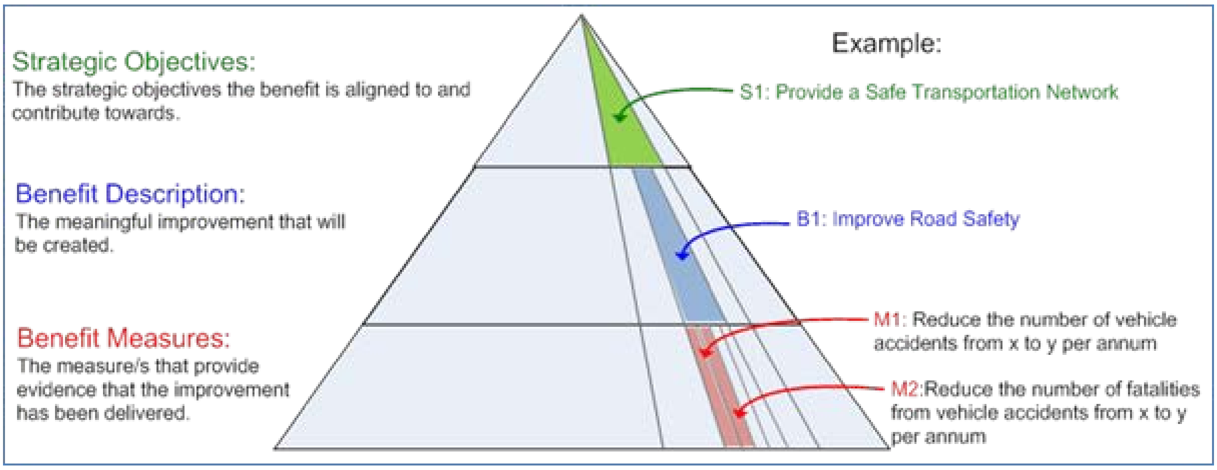
This element is worth 20% of the overall ICR score.

What is a benefit?

In the context of investments, the Treasury's Managing Benefits from Projects and Programmes: Guide for Practitioners defines a benefit as "a measurable gain from an investment which is perceived to be advantageous by a stakeholder".[12] Benefits have the following four attributes: there is a beneficiary (eg, society, a group or an individual), there is a gain, it is attributable, and discernible.

The following diagram explains how benefits contribute to strategic objectives eg, NZ Inc, all of government, organisation. Note that the ICR assessment is based only on the benefit description and the benefit measure. It does not assess if and how the benefit contributes to strategic objectives.

Figure 4: Relationship between benefits and objectives



[12] Refer to the Benefits guide "Managing Benefits from Projects and Programmes: Guide for Practitioners" at https://treasury.govt.nz/publications/guide/managing-benefits-projects-and-programmes-guide-practitioners

Assessment approach

The agency being assessed is responsible for providing the evidence base of benefits information and the assessment is of this evidence base ie, the assessor will not be measuring benefits.

The score is based on the proportion of benefits actually achieved against the target of what was expected at the time of the assessment:

$$\frac{Benefits\ delivered\ at\ the\ time\ of\ assessment}{Benefits\ expected\ to\ be\ delivered\ at\ the\ time\ of\ assessment} = Benefits\ Realisation$$

Some completed projects might not have fully realised benefits yet. In these cases the benefits that have been realised will be assessed against the benefits that were promised to be realised at that point in time.

All assessed projects will then be averaged to provide an agency score.

Qualitative benefits

Where the measurement of benefits is based on qualitative measures, or it is a binary test, the Treasury will convert this to a value that equates to a proportion of benefits achieved.

Description of Benefits achieved	Equates to a proportion of benefits achieved
Benefits fully realised	1
Benefits partially realised	0.5
Benefits not realised	0

Multiple benefits and benefit weightings

A project may have more than one benefit. **All** benefits for a project should be provided and each will contribute to the overall score. Further, each benefit may have more than one measure. Each measure for a benefit should be provided.

Generally, each benefit within a project will equally contribute to the benefits realisation for that project. For example, where there are two benefits for a project and one benefit was fully realised and one was not realised, the project overall will be said to (for ICR purposes) have realised 50% of its benefits.

However, where an approving authority has agreed that some benefits are more important than others, and have assigned numerical weights to each benefit, these will be taken into account in the scoring.

Note that each project is given the same weight in arriving at the overall benefits score – that means there is no consideration in the scoring of the relative importance of different projects.

Multiple investment portfolios

The project sample may contain projects from different investment portfolios. The scoring will take account of these different investment portfolios (where they exist). Once the benefits realisation score has been calculated for each project the overall performance is determined by weighting each of the portfolio results in accordance to the agreed portfolio weightings used in the NZP3M assessment (these are set by the Treasury, the agency and the assessor). The weighted score is translated into an ICR score (out of 20).

Assessment process

The main elements of the assessment process for Benefits Delivery are:

- The agency provides a complete list of projects that have realised benefits, or were due to realise benefits, in the last two years or in the period since the agency's last ICR assessment.
- The Treasury selects a sample of projects from this list for assessment

  The agency completes the benefits datasheet in the lag indicators data collection spreadsheet for these projects. Supporting evidence is not required at this stage. The spreadsheet file is located here: https://treasury.govt.nz/sites/default/files/2017-07/icr-lag-data.xlsx
- The Treasury reviews the initial submission and the agency responds to any queries.
- Once there are no further queries, the Treasury requests evidence for a sample of eg, 3-5 projects in the datasheet.
- The agency provides evidence of expected and actual benefits realised for these projects.
- Treasury reviews the evidence against the submission and the agency responds to any queries and / or provides additional evidence where there are gaps.
- Once there are no further queries, the assessment is finalised and an adjustment to the raw score is applied were appropriate.
- At the end of the tranche, the Treasury will hold a moderation session.
- The finalised assessment includes a write-up of the element and the final lag data sheet which records the score including the verification adjustment and the final points awarded to the element for the ICR scoring.

Setting the target

The target is 100% of the benefits the approving authority (the investor) last authorised (including change requests and business cases).

Project and programme selection

The Treasury will work with the agency to select the investments needed for this assessment. Consistent with CO(15)5 the scope of this element covers all investments, assets and leases (including "as a service" activity). The assessment must be based on reasonably current information and ensure that the information provided is representative of the whole portfolio.[13] The assessment will focus on projects and programmes that have realised benefits in the last two years or in the period since the agency's last ICR assessment. This includes projects/programmes from the prior ICR assessment that are still realising benefits or projects/programmes that not yet completed but that are already realising benefits.

The analysis will reveal the delivery of benefits that should have been realised in the period. A project/programme that promised no benefits prior to the assessment date will not be included in the assessment (these projects/programmes benefits will be picked up in the next ICR round). A project/programme with a lengthy benefits realisation period should continue to be included in each ICR assessment until its benefits have been fully realised.

If an agency makes some investments at a portfolio level, then this should be discussed with the Treasury to determine how the portfolio level benefits data may be considered in this element.

An agency may have projects where the benefits due in the agreed time period have not been realised or were not measured. These projects will still be included in the sample to ensure the sample is representative. These projects will receive a score of zero (as no benefits can be shown to have been realised).

Verification as set out below will only ask for evidential documentation from a small subset of the submitted projects/programmes.

Analysis required

The information required will be collected by the agency and entered into a spreadsheet provided by the Treasury. A view of the spreadsheet can be found in Annex 5. For each project in the sample, the agency will need to provide:

- The project name.
- The project completion date.
- The description of the benefit: This is a description of the benefit that was expected to be realised by the project before the ICR assessment. This should describe the meaningful improvement the project will create. It is not a description of outcomes or strategic objectives, or outputs of the project.
- The benefit measure: This refers to the data/metrics/observations used as evidence to state how benefits are achieved.
- The benefits measure target: This is a description of what the approving authority expected to be delivered in terms of an observable or measurable change in state.
- The benefits measure actual: A description of what was actually achieved or measured.

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[13] For the purposes of this guidance, "portfolio" refers to the range of investment activity by the agency, regardless of whether the projects or programmes are being formally managed as a portfolio.

Where the measure is quantifiable, the target and actual numbers can be entered into the spreadsheet. Where the target is not quantifiable, the benefit can be described as “not realised”, “partially realised” or “fully realised”.

Where the approving authority has agreed to weight the benefits these weights can be entered into the spreadsheet.

Verification activity

The Treasury may adjust the score of an agency if the data provided by an agency is not robust or suggests that the benefits score is over-inflated. This will be determined by the submission itself and the Treasury obtaining evidence from a sample of 3-5 projects/programmes in the submission.

For the projects chosen for verification, the agency must provide evidence of:

- The benefit description, measure and target agreed to by the approving authority eg, approved business case or minutes of approving authority.
- The actual benefit that was delivered. This information may be found in project closure reports, portfolio reports, customer satisfaction surveys, decommissioning statements, and service level reports.

The form of the evidence that is provided must be authoritative for that agency (eg, signed off by the approving authority) and robust (eg, can be tracked to the original signed off business case and it can be determined how the benefits were realised). Note that page references should be provided for all documents provided that are over two pages long. It is also helpful to map which source document provides evidence for what benefit including the description, measure or target.

Adjusting the score

The verification process is qualitative and allows the score to be adjusted. Whether the score will be adjusted is based on four factors:

1. Evidence of sign-off by appropriate approving authority.
2. The adequacy of the benefits description, measure and target (this is not assessing the level of benefits chosen but the manner in which they are described – ie, is the benefits target clear and easy to measure against?).
3. The adequacy of the benefits evidence (target and actual).
4. The verification adjustment will also take into account the timeliness and quality of project delivery material provided. This is ensure the verification activity is not compromised by late submission of the lag data sheet and/or evidence material. Information not being provided in a timely basis is seen as an indicator that there are not robust processes for benefits.

The extent of the adjustment is shown in the table below.

Attribute	Reduce score by:
Clear benefits descriptions and evidence of benefits realisation, ie: • The approving authority approved the latest benefits target and has signed off the benefits realisation report. • The benefits descriptions are clear and specific. • There is robust and clear evidence that benefits have been delivered.	0%
Minor issues with benefit descriptions or evidence, for example • There is some doubt about approving authority sign-off for the initial benefits target. • Benefits descriptions and measures have been “retrofitted” as there were no benefits considered at the beginning of the project. • Evidence of what was actually achieved is not explicitly stated or the means of measurement are not laid out.	0-25%
Moderate issues with benefits descriptions and/or evidence, for example • Evidence of approving authority agreeing to the target or the benefits measure is not clear and/or there is no sign-off by the approving authority. • The benefits descriptions are vague and unclear. There is no measurement or direct description of what was actually achieved.	25-50%
Significant issues with benefits descriptions and or evidence, for example: • There is no sign-off by the approving authority. • No evidence of a target. • Evidence indicates that benefits/project info is not accurate or an agency does not collect information for benefits realisation. Evidence requested for verification has not been provided.	50-100%

Scoring this element

A worked example of the scoring process is found in Annex 5. The scoring process follows this pattern:

- Each project’s benefits will be scored as a proportion of what was achieved out of what was promised. Where the project had multiple benefits it sought to deliver, that information will be combined and averaged to give a percentage of benefits realised out of 1.
- The raw scores will be aggregated to give an average score for benefits realised for each portfolio of projects.
- Each investment portfolio is weighted according to the weightings used in the NZP3M assessments to give a benefits realisation result (expressed as a percentage of benefits realised).
- This result will be converted into an ICR score out of 20 based on the table below.
- The score may be adjusted following the verification of the information.

Benefits Realisation Result (Percentage of Benefits Realised)	**Percentage of points allocated**	**Points for this element (20)**
>90%	100%	20
>80%	80%	16
>65%	60%	12
>50%	40%	8
>25%	20%	4
<25%	0%	0

Moderation

Typical moderation processes apply after the verification process. Treasury will moderate the results for all the agencies in the tranche and previous rounds of assessment to ensure consistency of assessment and verification for this element.

More information

More information on benefits management can be found on the Treasury website: https://treasury.govt.nz/statesector/investmentmanagement/plan/benefits

Element 7: Project Delivery

Purpose

This element is included in the ICR to focus on the extent to which projects and programmes in the agency's investment portfolio have met time, cost and scope requirements.

Along with aspects of the NZP3M assessment, this element of the ICR reveals the scope for potential improvements in the way projects and programmes are tracked, measured and delivered.

This element is worth 10% of the overall ICR score.

Assessment approach

Three aspects of project delivery will be assessed:

- **Time**: Was the project delivered on time?
- **Cost**: Was the project delivered within budget?
- **Scope**: Did the project deliver the outputs that were promised?

Multiple investment portfolios

The project sample may contain projects from different investment portfolios. The scoring will take account of the different investment portfolios (where they exist). Once the project delivery score has been calculated for each project the overall performance is determined by weighting each of the portfolio results in accordance to the agreed portfolio weightings used in the NZP3M assessment (these are set by the Treasury, the agency and the assessor)). The weighted score is translated into an ICR score out of 10.

Assessment process

The main elements of the assessment process for Project Delivery are:

- The agency provides a complete list of projects completed in the last two years, or in the period since the agency's last ICR assessment.
- The Treasury selects a sample of projects from this list for assessment.
- The agency completes the project delivery datasheet in the lag indicators data collection spreadsheet for these projects and submits it to the Treasury. Supporting evidence is not required at this stage. The spreadsheet file is located here:

  https://treasury.govt.nz/sites/default/files/2017-07/icr-lag-data.xlsx
- The Treasury reviews the initial submission and the agency responds to any queries.
- Once there are no further queries, the Treasury requests evidence for a sample of eg, 3-5 projects in the datasheet.
- The agency provides evidence of agreed and actual time, cost and scope for these projects.

- Treasury reviews the evidence against the submission and the agency responds to any queries and / or provides additional evidence where there are gaps.
- Once there are no further queries, the assessment is finalised and an adjustment to the raw score is applied where appropriate.
- At the end of the tranche, the Treasury will hold a moderation session.
- The finalised assessment includes a write-up of the element and the final lag data sheet which records the score including the verification adjustment and the final points awarded to the element for the ICR scoring.

Setting the target

The target level for time, cost and scope will be based on the last agreed changes from the approving authority for the project (including any tolerances agreed with the investor). This should include change requests for changes in time, cost or scope.

Project and programme selection

The Treasury will work with the agency to select projects for the assessment. Consistent with CO(15)5 the scope of this element covers all investments, assets and leases (including “as a service” activity). The assessment must be based on reasonably current information but ensure that the information provided is representative of the whole portfolio.[14] Like benefits, the assessment will focus on projects that have been completed in the last two years, or in the period since the agency’s last ICR assessment. This timeframe may be varied to ensure there is a representative group of projects.

During the selection process the projects that are selected for project delivery may be similar to those selected for benefits delivery, though it is unlikely the two samples will be completely the same.

Verification as set out below will only ask for evidential documentation from a small subset of the submitted projects/programmes.

Analysis required

The information required will be collected by the agency and entered into a spreadsheet provided by the Treasury. An example of the spreadsheet can be found in Annex 6. For each project in the sample, the agency will need to provide:

- Project name.

Cost

- The total cost of the project (and any tolerances) that was most recently agreed to by the approving authority. This cost includes both capital and operating expenditure.
- The actual cost of the project, which includes both capital and operating expenditure.

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[14] For the purposes of this guidance, “portfolio” refers to the range of investment activity by the agency, regardless of whether the projects or programmes are being formally managed as a portfolio.

Scope

- A description of the latest outputs that were most recently agreed to by the approving authority (ie, including any agreed changes to scope).
- A description of the outputs that were delivered by the project.
- Where the output is quantifiable, the agency can enter the target outputs and the outputs that were actually delivered. Where the output is not quantifiable, the appropriate response can be selected from a drop-down menu as to how many outputs were delivered: “All”, “Most”, “Some”, “Few” or “None”.

Time

- Start date (date of business case approval – in Better Business Cases these approval of one of the programme, detailed, single-stage or single-stage (light) business cases)
- The completion date most recently agreed with the approving authority.
- The actual completion date.

When a project delivers within an agreed tolerance the full score will be given.

Verification activity

The Treasury may adjust the score of an agency if the data provided by an agency is not robust. This will be determined by the self-assessment itself and the Treasury obtaining evidence for 3-5 projects in the submission.

For the projects chosen for verification, the agency must provide evidence of:

- The targets agreed to by the approving authority.
- The actual time, cost and scope data from the project.

The form of the evidence that is provided must be authoritative for that agency, robust (eg, can be tracked to the original signed off business case) and must be signed off by the appropriate approving authority. Note that page references should be provided for all documents provided that are over two pages long. It is also helpful to map which source document provides evidence for what project element including cost, scope and time.

The verification process will be qualitative. Whether an adjustment is made is based on these factors:

1. The adequacy of evidence of approving authority sign-off.
2. Adequacy of the target levels for time, cost and scope (this is not assessing the actual targets chosen but the manner in which they are described – do they allow easy and straight forward measurement?).
3. The adequacy of the project delivery evidence.
4. The verification adjustment will also take into account the timeliness and quality of project delivery material provided. This is ensure the verification activity is not compromised by late submission of the lag data sheet and/or evidence material. Information not being provided in a timely basis is seen as an indicator that there are not robust processes underlying the project delivery.

Attribute	Reduce score by:
Clear project delivery targets and evidence of these targets being met, ie: • There is approving authority sign-off for targets and actual information. • There is clear evidence of target levels for time, cost and scope. • There is clear evidence that supports the actual performance information.	0%
Minor issues with targets and/or project delivery data, for example: • There is some doubt about approving authority sign-off for the initial targets. • Some projects do not have targets or they have been "retrofitted" / are vague and unclear • Some aspects of project completion information are not accurate.	0-25%
Moderate issues with targets and/or project delivery data, for example: • There is doubt about approving authority sign-off for the initial targets. • Most projects do not have targets or they have been "retrofitted" / are vague and unclear • Most aspects of project completion information are not accurate.	25-50%
Significant issues with targets and/or project delivery data, for example: • There is no sign-off by the approving authority. • No evidence of a target. • The majority of project completion information is not accurate. • Evidence requested for verification has not been provided.	50-100%

Scoring this element

A worked example is in Annex 6. The scoring follows this process:

- Time, cost and scope are treated equally. The agency will enter the start, target and the actual result for time, cost and delivery for each project (for example, the agreed cost and the actual cost of delivery).
- The scoring sheet will then calculate each projects/programmes time, cost and scope results out of a maximum of one for each. ICR scores are then calculated based on:

Project Cost

Description	Explanation	ICR Value
On or under target	The project is delivered on or under budget	1
Slightly over target	No more than 2% cost over-run	0.75
Moderately over target	No more than 5% cost over-run	0.5
Significantly over target	No more than 10% cost over-run	0.25
Substantially over target	More than 10% cost over-run	0

Project Scope

Description	Explanation	ICR Value
All	100% of outputs are delivered	1
Most	More than 90% of outputs delivered	0.75
Some	More than 80% of the outputs promised are delivered	0.5
Few	More than 50% of outputs delivered	0.25
None	Less than 50% of outputs delivered	0

Project Time

Description	Explanation	ICR Value
On time	Project completed on time	1
Slightly over time	Project completed within 2% of delivery date	0.75
Moderately over time	Project completed within 5% of delivery date	0.5
Significantly over time	Project completed within 10% of delivery date	0.25
Substantially over time	Project completed more than 10% after the delivery date	0

- The time, cost and scope results are combined to give an average score out of one for each project.
- Each project score is then combined and averaged to give a portfolio average out of 1.
- Each portfolio is weighted according to the weightings used in the NZP3M assessments to give a project delivery result (expressed as a percentage).
- This is translated into an ICR score out of 10 (see table below).

This ICR element score may be adjusted following the moderation process.

Project Delivery Result (average score for the portfolio)	**Percentage of points allocated**	**Points for this element (10)**
Above 0.9	100%	10
Between 0.8 and 0.9	80%	8
Between 0.65 and 0.8	60%	6
Between 0.5 and 0.65	40%	4
Between 0.25 and 0.5	20%	2
Less than 0.25	0%	0

Moderation

Typical moderation processes apply after the verification process. Treasury will moderate the results for all the agencies in the tranche and previous rounds of assessment to ensure consistency of assessment and verification for this element.

Element 8: Asset Performance

Purpose

The purpose of this element is to improve asset performance through monitoring and analysis, which can in turn support investment and decision making. The specific focus is on the extent the agency's assets performance met the performance targets agreed with approving authority. There are interdependencies between the performance of assets and Long Term Investment Planning, as the current performance of assets provides a basis for decision making, while long term planning will impact the future performance of assets.

Along with aspects of the Asset Management Maturity assessment, this element of the ICR details the way asset performance is measured, monitored and delivered. This element is worth 10% of the overall ICR score.

Approach to compiling relevant information

The following approach should be adopted to compile the relevant information for this element:

1. Select relevant assets, asset classes, or asset portfolios for analysis.
2. Select relevant performance measures and describe the measures.
3. Identify targets for relevant performance measures.
4. Assess actual performance against targets.

Selecting relevant assets, asset classes, or asset portfolios for analysis

For ICR purposes agencies can report on either **significant**[15] asset portfolios[16], asset classes[17], or asset levels for assets that are on the agency's balance sheet or not on the agency's balance sheet (ie, as-a-service assets or leased assets) but used by the agency to deliver their services, or managed by the agency[18]. Information provided on other assets should not be submitted for the assessment.

The Treasury is available to work with the agency to agree the right level of reporting prior to the assessment. The significant asset portfolios included in this element will generally be the same as those in the AMM assessment (element 1).

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15 The interpretation of "significant" in this guidance is consistent with the interpretation in the CO (15)5, being those assets, classes, or portfolios that have a high degree of importance in terms of its likely impact on and likely consequences for the agency.

16 Significant asset portfolios for an agency may be Property, Information Communications Technology (ICT), and any specific asset portfolios that are critical to service delivery. However, the agency may decide it is more appropriate to report at the significant asset class level, a lower level than the significant asset portfolio.

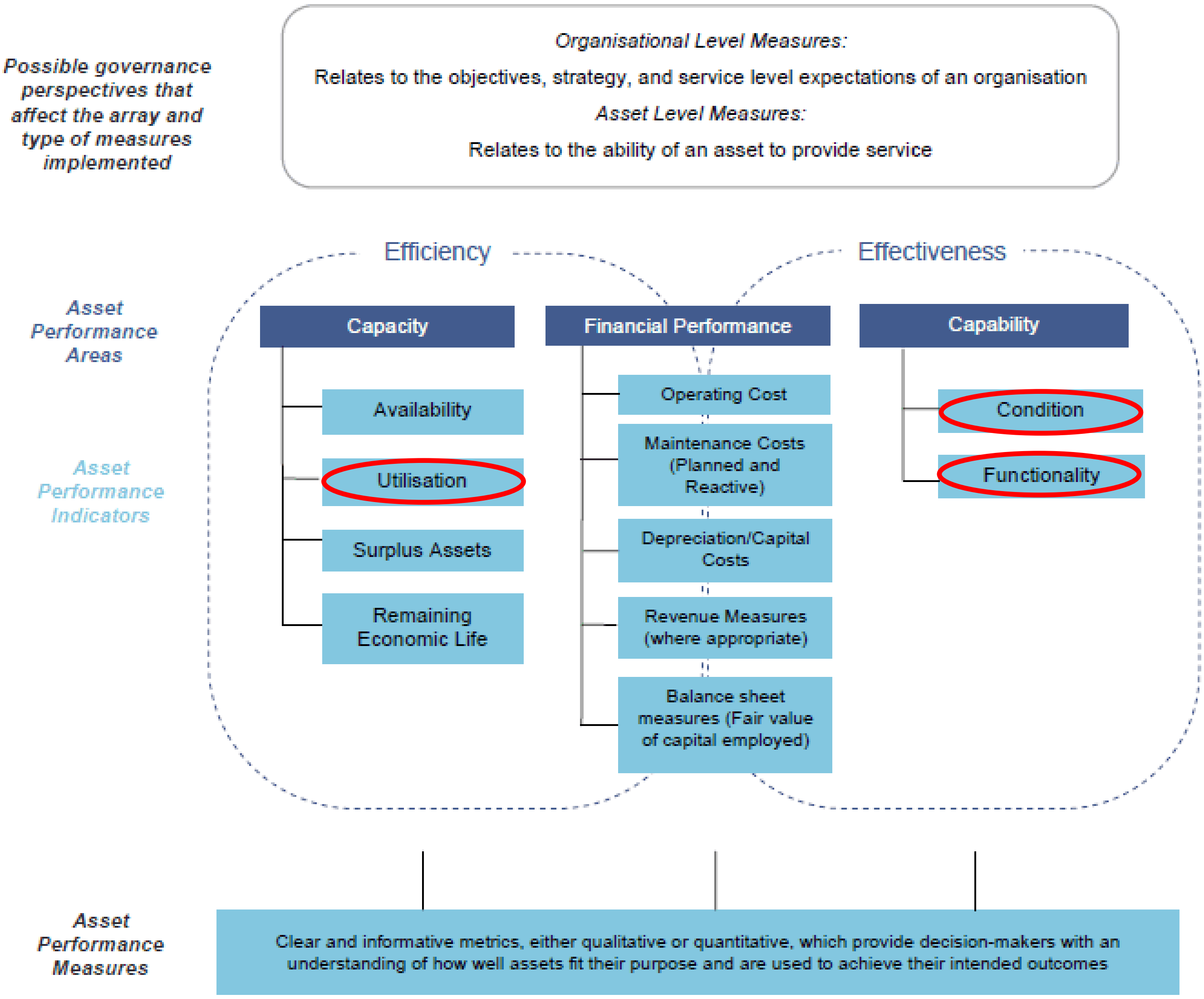
17 The agency may choose to report at the significant asset class level if there are notable differences in performance measures used, results achieved, or targets set for the different asset classes, which makes aggregation into the asset portfolio level difficult. Significant asset classes should align with those reported on the Crown's Financial and Information System (CFISNet).

18 This is typically known as non-departmental assets or assets managed on behalf of the Crown by the agency.

Selecting relevant performance measures and describing them

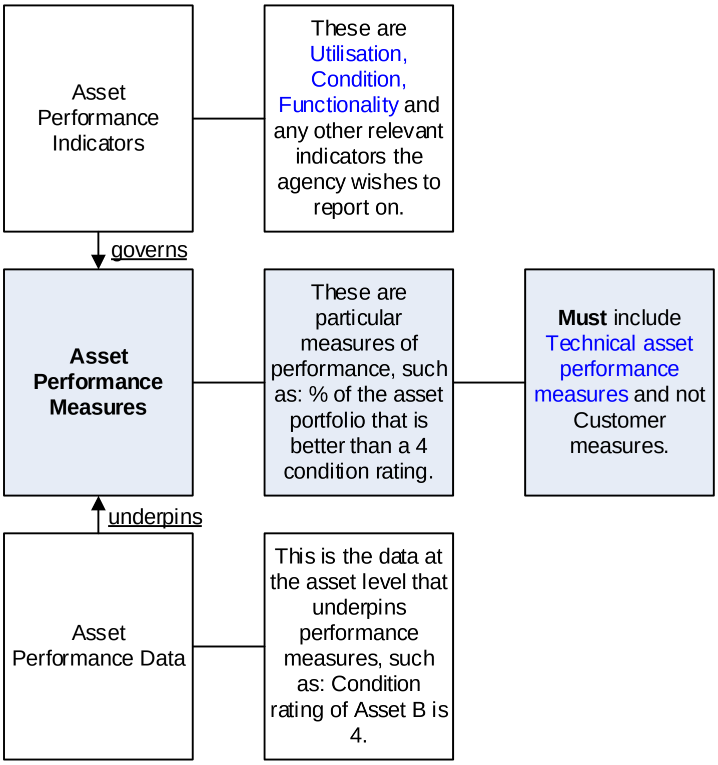
For the purpose of this element, agencies must provide technical asset performance measures, covering the condition, functionality and utilisation indicators as a minimum. The 3 required indicators are underpinned by the Treasury's Social Asset Reporting Framework, (see figure 5 below). The focus is on technical asset performance measures not customer performance measures.

Figure 5: Social Asset Reporting Framework



The hierarchical relationship between the indicators, measures, and asset performance data is further demonstrated in figure 6 below.

Figure 6: Relationship between asset-performance related indicators, measures and data



Pre-requisites for reporting asset performance measures is that they are **meaningful** to the agency and material to the performance of the agency's core services. However, the Treasury recognises that agencies measures may change through time as agencies undertake continuous improvements to the measures.

Although activity measures can be useful management information, they cannot be used as evidence of asset performance for the purposes of this element. Examples of activity measures may include the number of condition assessments performed annually or the quality and frequency of contractor services.

Agencies need to provide a description of each asset performance measure and a description of the target used in the analysis. The measure descriptions need to clearly define the measures and how they have been derived. The target descriptions need to provide details on how the targets are determined and approved. An example of the required explanatory information is shown in Annex 7 – the ICR Form for Agencies Lag Indicators.

Identifying target levels of performance[19]

Agencies should provide asset performance targets against each measure. The target performance levels will be those that have been agreed at the start of each reporting period with the approving authority. It is best practice to have asset performance targets agreed at the Minister or Board level, however, executive level sign-off will also be accepted where this makes more sense.

The agencies are best placed to set performance targets that are at the appropriate levels as it is expected that agencies understand their assets best and the use of those assets to support the delivery of their services. Where there are notable reductions in performance targets or actuals for the reporting periods, agencies should have supporting documentation.

The lag data spreadsheet for asset performance[20] can accept different expressions of targets. For example the target utilisation is 'more than' 85%, while for condition, % of assets with a condition grade of greater than 4 is 'less than' 10% (on a grading system of 1 to 5, 1 being best, and 5 being worst). Where the performance target is expressed as a range the actual performance will be given the full score if it falls within the target range.

Agreed or no performance targets:

1. **Agreed performance targets**: Since the requirement for annual reporting of Asset Performance Indicators was implemented in 2016, the Treasury expects that existing measures submitted for the 2015/16 reporting period onwards will have existing performance targets that have already been set and can be verified.

2. **No performance targets:** where approvals of the performance targets were not in-place (not agreed with the approving authority), the agency will meet the coverage requirement for that indicator and that significant asset portfolio but an adjustment will be made through the verification process because the performance target cannot be verified.

Reporting actual performance against targets

For this element, agencies must provide information on the actual and target results achieved in the last two reporting periods (financial years ending 30 June or otherwise agreed). The actual and target should be expressed in the same terms so the actual results can be assessed against the target.

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19 For more details on how to set asset performance targets, the Treasury recommends reading Section 2.2, 2.2.4 of the International Infrastructure Management Manual 2015 Edition.

20 https://treasury.govt.nz/statesector/investmentmanagement/review/icr/information/assetperf

Assessment process

The assessment involves comparing the actual performance with the expected performance over the last two financial years (and/or up to the date of the assessment) for each data point (asset, time period, measure).

The main elements of the assessment process for Asset Performance are:

- The agency completes the asset performance datasheet in the lag indicators data collection spreadsheet for these projects and submits it to the Treasury. Supporting evidence is not required at this stage. The spreadsheet file is located here:

  https://treasury.govt.nz/sites/default/files/2017-07/icr-lag-data.xlsx

- The Treasury reviews the initial submission and the agency responds to any queries.
- Once there are no further queries, the Treasury requests evidence for at least one measure across each asset performance indicators (utilisation, functionality and condition) for each significant asset portfolio in the datasheet for verification as per the process below.
- Once there are no further queries, the assessment is finalised and an adjustment to the raw score is applied where appropriate.
- At the end of the Tranche, the Treasury will hold a moderation session.

The finalised assessment includes a write-up of the element and the final lag data sheet which records the score including the verification adjustment and the final points awarded to the element for the ICR scoring.

Verification

The Treasury will select a sample of data points as evidence for verification purposes. There will be at least one measure selected across each of the asset performance indicators and each of the significant asset portfolios. Agencies will need to provide evidence of actual performance as well as performance target setting. This means for example, if an agency has 3 significant asset portfolios and has reported measures across all 3 indicators, 9 measures will be selected for verification. If the claimed result cannot be verified then there will be an adjustment to the overall element 7 raw score according to the adjustment table below in Step 2 in Scoring this element below.

The agency should provide source documents that identify targets have been signed off and how the actual performance has been measured.

In terms of the verification data we are looking for the “intervention logic” from the data to the measure. For example, we don’t need to see a condition assessment of each property but just a sample condition assessment for a property and how that then gets rolled up in the data for the final measure. We should be able to see how the final measure is calculated and replicate calculations from base data (we can also use a sample of data). If data is system-generated (which is ideal) please send screen-shots. Alternatively we can organise a site visit and sight the system data.

Note that page references should be provided for all documents provided that are over two pages long. It is also helpful to map which source document provides verification for what asset performance measure including year, actual, target etc.

Moderation

Typical moderation processes apply after the verification process. Treasury will moderate the results for all the agencies in the tranche and previous rounds of assessment to ensure consistency of assessment and verification across that tranche for this element.

Scoring this element

Step 1: Calculate raw scores for each asset portfolio

The lag data file will calculate the raw score in the “summary scores” sheet. Please identify the asset portfolios and include the portfolio weightings in the summary scores sheet under asset performance.

The results for each performance indicator and across the two reporting periods are given equal weight.

The differences (if any) between the actual and expected performance are averaged across all the data points to arrive at a raw score for each asset portfolio. That is, all performance measures in one asset portfolio are given equal weight irrespective of the age of the information or the scale of the assets or type.

Once the raw asset performance has been calculated for each significant asset portfolio, the overall asset performance is determined by weighting each of the asset portfolio results in accordance to the agreed asset portfolio weightings used in the Asset Management Maturity (AMM) assessment (these are set by the assessors with agreement by the agency).

The weighted score is translated into an ICR score (out of 10 - see table next page).

Asset Performance Result (average score for portfolio)	**Percentage of points allocated**	**Points for this element (10)**
Above 0.9	100%	10
Between 0.8 and 0.9	80%	8
Between 0.65 and 0.8	60%	6
Between 0.5 and 0.65	40%	4
Between 0.25 and 0.5	20%	2
Less than 0.25	0%	0

An example of how this element is scored is provided in Annex 7.

Step 2: Check quality, coverage through verification and (if necessary) adjust the raw score

The verification process may result in an adjustment to the overall raw score for this element as noted in the Verification and Moderation section. The scale of the adjustment will be determined by the Treasury based on several factors:

1. Coverage compared with what is required to be provided (in terms of the three required asset performance indicators and the reported significant asset portfolios).

2. The adequacy of evidence provided in support of the reported results.

3. Quality of the asset performance measure (this is not assessing the actual targets chosen but how meaningful the measure is and the manner in which they are described and measured).

4. The verification adjustment will also take into account the timeliness and quality of project delivery material provided. This is ensure the verification activity is not compromised by late submission of the lag data sheet and/or evidence material. Information not being provided in a timely basis is seen as an indicator that there are not robust processes underlying asset performance.

Factors used to adjust the raw score for gaps in coverage, evidence or quality of measures:

Attribute	**Reduce raw score by:**
Clear asset performance measures and targets • There is approving authority sign-off for targets. • There are no coverage gaps for each portfolio • There is clear evidence that supports the actual performance information.	0%
Minor issues with targets or asset performance data, for example: • A small number of gaps in coverage compared with requirements. • There is some doubt about approving authority sign-off for the initial targets or some aspects of information provided are inaccurate. • Some measures are not meaningful or relevant.	0-25%
Moderate issues with targets and/or evidence, for example: • Multiple gaps in coverage compared with requirements. • No clear evidence of approving authority agreeing to the target; or the targets are vague or unclear or much of the information provided is inaccurate; or limited evidence the actual results were achieved. • Many measures are neither meaningful nor relevant.	25-50%
Significant issues with information provided to Treasury, for example: • Extremely limited coverage compared with requirements. • There is no sign-off by the approving authority or no evidence of any target; evidence indicates that most information is not accurate; or an agency cannot produce relevant or reliable asset performance information. • Most of the measures are neither meaningful nor relevant. • Evidence requested for verification has not been provided.	50-100%

Example of scoring adjustments:

Summary Scores for Element 8	**Agency result**
Total Raw Score (weighted)	0.94
ICR Points out of 10 (without verification adjustment)	**10**
Verification adjustments:	
Information covers only one asset portfolio Some vague measures	*-30%*
Adjusted score	0.66
Adjusted ICR Points out of 10 (after verification adjustment)	**6**

Link with annual Asset Performance Reporting requirements

According to paragraph 61 and 62 of the circular CO (15)5 "Agencies must report on relevant asset performance indicators in their annual reports" and "Agencies must capture and use in internal management and decision-making processes, relevant indicators of past and projected asset performance, such as asset utilisation, condition and fitness for purpose". This requirement has been implemented and a separate Annual Reporting Guidance for Asset Performance Indicators[21] has been published on the Treasury website. The difference between the two requirements can be summarised in the table below:

Alignment between ICR requirements and Annual reporting requirements

	ICR Element 8 Asset Performance Indicators	Asset Performance in Annual Reporting
Frequency of reporting or assessment	Every 2 years	Yearly
Submission	To the Treasury depending on when the agency is being assessed for their ICR. Submitted in the ICR Form for Agencies Lag Indicators which uses last two financial years of asset performance data submitted.	Investment-intensive agencies should report on asset performance indicators in their 2017/18 annual report.
Target audience	Central agencies and Ministers	General public, Central agencies, Office of the Auditor-General and Audit NZ
Data Requirements:		
Performance measures	Selected by the agency and in consultation with Central agencies	As for ICR
Time horizon (history of data)	Previous two financial years	For 2016/17 and beyond, previous two financial years is required
Data Level (information level)	At the Significant Asset Portfolio level (typically 2 or 3), or the Significant Asset Class, or the Significant Asset level as determined by the agency in consultation with Central agencies.	At the Significant Asset Portfolio level (typically 2 or 3), or the Significant Asset Class is required as determined by the agency in consultation with Central agencies.
Target performance	As agreed with Board or Minister, or where not available - the executive level	As for ICR
Weighting of results	Portfolio results are weighted according to the weights used in Asset Management Maturity (Element 1) where weightings exist.	Not weighted
Assessment	Self-assessment verified by The Treasury	No assessment, audit as below
Verification and Adjustments: **Coverage (portfolios and indicators) and Quality checks**	The Treasury verifies the information provided for portfolio coverage and whether the measures cover all 3 indicators required (Utilisation, Condition, and Functionality). Then a further verification by selecting a sample of information provided for evidence of actuals and targets. Adjustments may be made to the raw score after verification if the information does not cover the full requirements or cannot be verified.	From when the agencies publish the asset performance information in their agency annual reports, the auditors are obligated to review the information for material inconsistency and misstatement of fact. Note if asset performance measures are outside of the sections including the financial statements and statements of service performance then they are not part of the audit opinion as per guidance.
Moderation	Treasury moderates results across each tranche and compared against previous tranches of assessment.	No moderation

[21] https://treasury.govt.nz/statesector/investmentmanagement/review/assetperfreporting

Element 9: System Performance

Purpose

This element is included in the ICR to focus on the extent to which an agency is contributing to the investment management system objectives in paragraphs 14-15 of the circular.

It also assesses the extent to which agencies are meeting other system requirements set out in Cabinet circulars, Whole of Government Directions, Treasury Instructions, and materials published by functional leads or the central agencies.

This element is worth 5% of the overall ICR score.

Assessment approach

The assessment will consider evidence on the extent to which the agency met (or breached) system expectations. Any evidence will be tabulated to assist discussion with the agency, and to inform the moderation process.

Assessors will need to consider the context for any breaches in those rules and expectations.

Assessment process

For this element the assessment partners (rather than the agency) will compile the information and make the initial assessment. That assessment is then provided with the agency for fact-checking and verification purposes. Assessment partners consider the agency feedback and make the final (pre-moderation) assessment.

The standard moderation process applies.

Setting the target

For the purposes of this element the target level of performance is Excellent - Fully achieved.

Information selection

No information is required to be provided from the agency being assessed.

For this assessment the assessment partners draw on examples and evidence from the last 12 months. Significant examples from outside of that time period may be factored into the assessment (for example, where there was an earlier significant breach of expectations, or where the agency is only called on to demonstrate desired system behaviours periodically due to the pattern of its investment cycle).

For the purposes of this element CO(15)5 expectations are deemed to apply to investment activity that took place in 2014/15 before CO(15)5 came into effect. This is on the basis that most of the key Cabinet expectations on asset management, assurance and decision making have been carried forward to CO(15)5 from various sources ie the previous circular (CO(10)2, Cabinet minutes around functional leadership or Whole of Government Directions etc.

The assessors look for performance information relating to the system dynamic in the circular. Such information includes:

- The agency's reporting performance. (ie, timeliness, completeness, transparency of information) around key central agency functions such as Budget management, Gateway, Government Project Portfolio, major project monitoring and functional leadership)
- The agency's compliance with agreed business case and investment assurance requirements.

Verification activity

Verification will be completed by cross checking the evidence with the agency concerned.

Moderation

Typical moderation processes apply. Treasury and Central Agencies will moderate the results for all the agencies in the tranche and previous rounds of assessment to ensure consistency of assessment and verification for this element.

Scoring this element

Assessors use the assessment table in Annex 8 to locate the agency's performance on the 6 point scale below.

System Performance Result (re: meeting investment system expectations)	**Percentage of points allocated**	**Points for this element (5)**
Excellent – Fully achieved	100%	5
Very good – Achieved requirements in all key areas	80%	4
Good – Achieved most requirements	60%	3
Basic – Generally met but minor non-compliance issues evident	40%	2
Low – Generally met but multiple non-compliance issues evident	20%	1
Not met – Significant non-compliance issues evident	0%	0

Glossary and Acronyms

Agency/Agencies refers to those departments, Crown entities and Schedule 4A companies that are in scope of the Cabinet Office circular CO(15)5.

Approving authority is the authority that approved the initial funding for the project or has delegated power to approve changes to time, cost, scope and benefits. This might be Cabinet, joint Ministers, individual Ministers, Chief executives or an internal governance group.

Assessment partners are central agencies, functional leads and monitoring departments (where appropriate) involved in the assessment process.

Benefits Owner is the person who is accountable for realising the benefits after the project has been completed.

Benefits Realisation Plan (BRP) details how benefits will be realised once the project is completed. It includes, among other things, a list of all the projects to be realised, the timeline for when benefits will be achieved, details for how benefits will be measured, a clear description of the benefits, identification of baseline and targets, and an assigned benefits owner. It is also known as a Benefits Review Plan.

Central agencies refers collectively to the Treasury, the State Services Commission, the Department of Prime Minister and Cabinet, and the three functional leads (for Property, Procurement and ICT).

Circular or **CO (15) 5** both refer to the Cabinet circular CO (15) 5 *Investment Management and Asset Performance in the State Services*, effective from 1 July 2015.

Completed refers to projects where the outputs have been delivered and capabilities have moved under operational management and are in use.

Condition is an indicator of the state of the asset.

Functionality is an indicator of the fitness for purpose or suitable of the asset to meet the delivery of the service need.

ICR assessment partners refers to the central agencies, functional leads and the relevant monitoring department (in relation to Crown entities and Schedule 4A companies) who have assessment roles for elements of the ICR and for the Outlook Discussion.

Investment-intensive agencies are agencies that manage large or service-critical portfolios, programmes or projects. The list of investment-intensive agencies is approved by Government Investment Ministers.

Investments are defined in the Circular. Investments means the commitment of capital or balance sheet resources to the delivery of government services with the expectation of receiving future benefits. Resources are typically committed through projects or programmes or portfolios.

Levels of Service (LOS) are key business drivers that influence all asset management decisions. LOS describes essential aspects of the outputs the agency intends to deliver to the customer and other stakeholders.

LTIP means Long Term Investment Plan as described in CO(15)5. Guidance can be found at https://treasury.govt.nz/statesector/investmentmanagement/think/ltip/guidance

Memorandum of Understanding describes the mutual obligations and expectations of the Treasury and an investment intensive agency for the ICR assessment.

Portfolio management is the centralised management of one or more portfolios, which includes identifying, prioritising, authorising, managing, and controlling projects, programs and other related work to achieve specific strategic business objectives.

Programme is a group of related projects managed in a co-ordinated way to obtain benefits and control not available by managing them individually. Programmes are large undertakings over a longer period of time that usually cross organisational boundaries.

Project is a discrete piece of work with a defined start and finish date, carried out to implement a product or service based on an agreed business need.

Proxy measures are indirect measures that approximate or represent the benefits realised where a direct measure of benefits is not practical or is less useful.

Responsible Minister means the Minister for the time being responsible for the performance of the Agency, more particularly as defined in the Public Finance Act 1989 or the Crown Entities Act 2004.

SOW refers to a Statement of Work that is agreed between the Treasury and maturity assessment provider to define the scope of the maturity assessment.

Target refers to the appropriate level of performance for the agency or tier of agencies.

Technical asset performance measure aims to reveal the state of the asset and generally reflect potential ‘failure modes’ of the asset. Technical performance measures focuses on how effectively the organisation provides the service.

Utilisation is an indicator of how well the agency utilises its asset portfolio for service delivery.

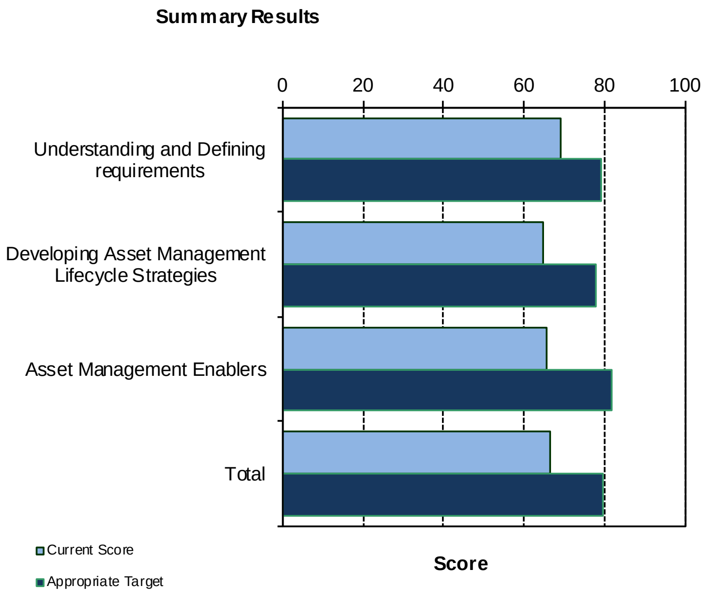
Annex 1: Example of Scoring for Element 1: Asset Management Maturity

Summary results

Reference	Question	Summary Results	Current Score	Appropriate Target	Difference
IIMM 2.1	1	AM Policy and Strategy	60	75	15
IIMM 2.2	2	Levels of Service and Performance Management	75	75	0
IIMM 2.3	3	Forecasting Demand	70	80	10
IIMM 2.4	4	Asset Register Data	70	85	15
IIMM 2.5	5	Asset Performance and Condition	70	80	10
IIMM 3.1	6	Decision Making	55	75	20
IIMM 3.2	7	Managing Risk	70	85	15
IIMM 3.3	8	Operational Planning	70	70	0
IIMM 3.4	9	Capital Works Planning	65	80	15
IIMM 3.5	10	Financial Planning	65	80	15
IIMM 4.1	11	Asset Management Leadership and Teams	75	80	5
IIMM 4.2	12	Asset Management Plans	65	80	15
IIMM 4.3	13	Management Systems	65	80	15
IIMM 4.4	14	Asset Management Information Systems	55	80	25
IIMM 4.5	15	Service Delivery Mechanisms	75	85	10
IIMM 4.6	16	Audit and Improvement	60	85	25
		Overall score	67	80	13

Summary Results

Understanding and Defining requirements	69	79	10
Developing Asset Management Lifecycle Strategies	65	78	13
Asset Management Enablers	66	82	16
Total	67	80	13
		% Variance from Target	16%
		ICR Element 1 Score (out of 15)	**13**



Annex 2: Example of Scoring for Element 2: NZP3M Maturity

Example of how the high level NZP3M facilitated assessment will be scored.

ICR: Example high level NZP3M facilitated assessment ICR scoring (using P3M3 diagnostic tool)

Portfolio	Organisational governance	Management control	Benefits management	Risk management	Stakeholder management	Finance management	Resource management
Operational result (average of Q1-Q3)	2.3	2.3	0.7	2.0	2.7	2.7	2.0
Perspective appropriate targets	3.0	3.0	3.0	3.0	3.0	3.0	3.0

Portfolio operational current score (average)	2.1
Assessor Portfolio current score (assessor adjusted)	2.1
Portfolio appropriate target (average)	3.0
Gap	**0.9**

Programme	Organisational governance	Management control	Benefits management	Risk management	Stakeholder management	Finance management	Resource management
Operational result (average of Q1-Q3)	1.3	1.7	0.3	2.3	1.7	1.7	1.7
Perspective appropriate targets	3.0	3.0	3.0	3.0	3.0	3.0	3.0

Programme operational current score (average)	1.5
Assessor Programme current score (assessor adjusted)	1.4
Programme appropriate target (average)	3.0
Gap	**1.6**

Project	Organisational governance	Management control	Benefits management	Risk management	Stakeholder management	Finance management	Resource management
Operational result (average of Q1-Q3)	2.0	2.3	1.7	2.3	1.7	2.3	2.0
Perspective appropriate targets	3.0	3.0	3.0	3.0	3.0	3.0	3.0

Project operational current score (average)	2.0
Assessor Project current score (assessor adjusted)	2.0
Project appropriate target (average)	3.0
Gap	**1.0**

Organisational NZP3M gap	Percentage of points allocated	Points for this element (15)
Less than 0.5	100%	15
From 0.5 to less than 1.0	80%	12
From 1.0 to less than 1.5	60%	9
From 1.5 to less than 2.0	40%	6
From 2.0 to less than 2.5	20%	3
2.5 and above	0%	0

Organisational current score (average)	1.9
Organisational current score (assessor adjusted) *	1.8
Organisational ICR appropriate target score *	3.0
Organisational interim target in 2 years	2.5
Gap = appropriate target score - current score (assessor adjusted)	**1.2**

*** scores may be averages, or reflect model weightings agreed between the Treasury and the agency**

ICR NZP3M calculation

Element	Weight in ICR	Current P3M3 level	Target P3M3 Level	Gap	Points value (using table above)	Weighted ICR P3M3 score (using table above)
NZP3M	15	1.8	3.0	1.2	60	9

Annex 3: Assessment Framework for Element 3: Quality of LTIP

Each criterion is given equal weight.

Criterion per CO(15)5	Focus of criterion	Circular requirement and basis for assessment	What assessors are looking for
51	Future Focus	The LTIP covers a period of at least 10 financial years	This is a fundamental requirement for the LTIP. The assessors are looking for substantive evidence that the thinking and planning set out in the LTIP spans the next 10 years and is focused on future service outcomes and required agency aptitudes.
50.1	Strategic Alignment	Be integrated with, and provide the investment context for, agency short to medium term plans	Assessors are looking for evidence of alignment of thinking and planning in various dimensions: across short, medium and long term plans; between business functions; and between business change and business as usual activity. The LTIP should set out the rationale between the current state, agency intentions, sector priorities and the government investment strategy.
50.2	Service Delivery	Provide a sound basis for regular investment performance reporting and for an agency's annual report to Parliament	Assessors are looking for clarity over how the agency expects service performance to change over time in relation to agreed or desired levels of service performance. The analysis could classify the investments in different ways such as Run, Grow and Transform
50.3	Achievability	Provide a reliable focus for the investment decisions and activities of the agency.	Assessors are looking to see how the agency is thinking about and proposing to manage both constraints and uncertainty over time, and how the agency intends to achieve that future state through its investment choices over time. Key milestones will be clear. This criterion acknowledges but is not constrained by current business challenges (eg transformation or legislative changes).
50.4	Alignment of intentions	Enable integrated decision making and co-ordination of the resources of the agency and other parts of the State services	Assessors are looking for information that demonstrates how the agency is thinking about its place in the wider sector as an agent for meeting government objectives. This has two dimensions: the potential impact of an agency's plans on other agencies or the public; and an awareness of the implications for the agency from others' LTIPs.
50.5	Value	Reveal sufficient details of proposed investments and disinvestments.	Assessors are looking for information on particular investment intentions (typically projects or programmes) that enable the agency to deliver on its long term objectives in the plan. The intentions may vary under different scenarios. The analysis should cover the way investments are prioritised, as well as whole of life cost profiles, risks and benefits. The information in the plan should be reconciled at a meaningful level to data provided to Treasury as part of the regular government project portfolio dataset.

Criterion per CO(15)5	Focus of criterion	Circular requirement and basis for assessment	What assessors are looking for
50.6	Financial Impact	Reveal the impact of investment intentions on the agency's forecast financial statements, taking account of expected costs and funding sources such as asset disposals and the use of baseline and depreciation funding over the planning period	Assessors are looking for a full set of pro forma financial statements across the planning horizon, with key assumptions for the preferred scenario. The LTIP needs to reveal the financial impact of capital efficiency programmes (eg disposal of surplus assets) or changes in the scale, mix or ownership of assets/infrastructure. There is no need to provide pro forma financials for other scenarios. However a comparative analysis of potential effects of different scenarios is extremely valuable. Agencies need to provide for inflation (changes in input prices over time), as well as changes in demand and productivity.
50.7	Procurement Choices	Consider what capabilities will involve third party suppliers and provide an overview of how these supplier relationships will be managed to meet agency objectives.	Assessors are looking for evidence that the agency has considered the financial, asset-performance and supplier-related implications of different procurement options. This involves considering the effectiveness of current or potential commercial arrangements, and the potential to influence demand or shape the supplier market. .
50.8	Asset Performance	Reveal the expected impact of investment intentions on future asset performance, in terms of meeting changes in demand, enabling level of service improvements, and renewing assets.	Assessors want to see how the agency is thinking about optimising the performance of its asset portfolios over time relative to required technical or customer levels of service. This includes providing information on how asset performance is expected to change over the planning period under different conditions. The analysis should cover all the key asset portfolios, whether owned or leased (eg IaaS) and the key performance indicators-utilisation, condition and functionality/fitness for purpose. Scenarios can be used to reveal the potential implications of different spending programmes on asset performance and service delivery.
50.9	Capital efficiency	Reveal assets that are expected to be surplus to requirements, and whether such assets will be subject to formal Crown disposal processes.	Assessors want to see how the agency is thinking about choices that can optimise its balance sheet (and potentially its cost per unit of service) over time relative to future service or capability outcomes, and the potential impacts of those choices.

Annex 4: Example of Scoring for Element 5: Organisational Change Management Maturity

Example of how the Organisational Change Management Maturity assessment will be scored.

Capability Area	Question #	Capability assessed	Current Score	Appropriate Target	Difference
Leadership *	1a	Communications from leaders is tailored to meet the needs of its audience and includes the importance of managing change w ell	2	3	1
	1b	Leadership accessibility, decision making and engagement to establish change management as an accepted part of the organisation	2	3	1
	1c	Leadership review of change management effectiveness in initiative/project review s and evaluations	2	3	1
	1d	Level of sponsorship for establishing change management as an accepted part of the organisation and the w ay it w orks	1	3	2
Proficiencies	2a	Change management proficiencies - change practitioners	2	2	0
	2b	Change management proficiencies- executive and senior management	1	2	1
	2c	Change management proficiencies- People managers	2	3	1
	2d	Change management proficiencies- Staff	2	3	1
Application of Change Management	3a	Percentage of projects applying structured change management approach	1	2	1
	3b	Change management approaches are consistently applied to initiatives/projects	2	3	1
	3c	Business and functional areas applying change management	2	3	1
	3d	Change management resource support availability	2	3	1
Change Standardisation	4a	The establishment of standardised change management methodologies and tools	2	3	1
	4b	Continuous improvement process in place for change management approach	2	3	1
	4c	The enabling of change management netw orks	1	3	2
	4d	Establishment of change management training	2	2	0
Support and Ownership of Change Management	5a	Support and ow nership for applying change management w ithin the organisation	2	3	1
	5b	Communication about w hy change management is important for initiatives/projects	2	3	1
	5c	Assessment of change management effectiveness and success criteria during change	2	3	1
	5d	Organisation support for sustained change management application	2	3	1
Pipeline	6a	Recruitment activities to support planning for change management resourcing	2	4	2
	6b	Business resource capacity to support change management efforts	2	3	
	6c	Business organisation structure positioned to support change	2	4	2

Summary Results by Capability Area and Overall Score

Capability Area	Current Score	Appropriate Target	Difference
Leadership *	1.8	3.0	1.3
Proficiencies	1.8	2.5	0.8
Application of Change Management	1.8	2.8	1.0
Change Standardisation	1.8	3.0	1.3
Support and Ownership of Change Management	2.0	3.0	1.0
Pipeline	2.0	3.7	1.7
Overall Score	**1.8**	**3.0**	**1.2**

Annex 5: Example of Scoring for Element 6: Benefits Delivery

Benefits Delivery Scorecard

Instructions(See first row for example)

Step 1	Enter the time period over which projects have been provided (e.g. 24 months) and the number of projects included.
Step 2	Each benefit will have its own row in the table. Insert the project name (column B), the portfolio number it comes from (column C), the portfolio name (column D), and the project completion date (column E). If there is only one portfolio, use the same for each. For each row insert a project number starting from 1 (column A). The project number allows the spreadsheet to average the benefits achieved per project. For example, Project ABC has tthree benefits. This project is the first to be entered, so the project number beside each benefit is 1. Only enter benefits data where the benefits were partially or fully expected to be delivered before the assessment date i.e. exclude benefits that are expected to start being realised at a future date.
Step 3	For each benefit write a description of the benefit, the benefit measure, the benefit measure target, the benefit measure actual and a brief description of what was actually achieved. If there is more than one benefit measure per benefit include this as a new row, with the same benefit name (see example below)
Step 4	Where the measure is quantifiable, enter the target and the actual. Where the measure is not quantifiable or has not been quantifed, choose from the drop down menu as to whether the benefit was fully, partially or not realised. Note that where a project realises more than 100% of its target benefits the proportion of benefits achieved will be one (ie, an agency cannot score more than 1 for any benefit or project).
Step 5	If the approving authority has agreed to weight the benefits then these weights can be entered here. If there are no weights then leave this cell blank.
Step 6	Once the data is entered the summary scores are presented on the "summary scores page". The "summary scores page" requires that you enter the weighting per portfolio before a score is calculated. If there is only one portfolio enter "1"
Note:	The model automatically populates the proportion of benefits achieved section. Below the main table, begining at row 83, a table provides an average per project.

Step 1

Describe the time period projects have been provided over

Number of Projects in Sample

Step 2 | Step 3 | Step 4: Choose either | Step 5 (optional)

Project Number	Project Name	Portfolio Number	Portfolio Name	Project Completion Date	Description of Benefit	Benefit Measure	Benefit Measure Target	Benefit Measure Actual	Quantitiative Target	Quantitiative Actual	OR	Qualitative Qualitative Assessment (use a table to assign values based on	Proportion of Benefits Achieved	Benefit weighting (optional)	Score per benefit
(Example) 1	*ABC*	*1*	*ICT*	*13/02/2015*	*Improved ease of access for internal IT system*	*New system has design specifications outlined in business case*	*New system has user interface described in business case*	*User interface meets requirements of business case*				*Fully realised*	1	0.6	0.6
(Example) 1	*ABC*	*1*	*ICT*	*13/02/2015*	*Improved ease of access for internal IT system*	*Staff survey*	*Target 95% satisfaction levels with new user interface*	*Staff survey shows 85% satisfaction with new user interface*	*95*	*85*		*n/a*	0.89	0.2	0.18
(Example) 1	*ABC*	*1*	*ICT*	*13/02/2015*	*Monetary savings of $100,000*	*FTE numbers*	*Reduction in FTE numbers by 2 (which is equivalent to $100,000 saving)*	*Reduced FTE numbers by 1. Equivalent to $50,000 saving*	*100,000*	*50,000*		*n/a*	0.5	0.2	0.1

Project average		
Project Number	**Project Name**	**Proportion of benefits realised**
1	ABC	0.88
2	DEF	1
3	GHI	0.5
	Average	0.79
	ICR Score (/20)	12
	Verification Adjustment	No change
	Final Score	12

Annex 6: Example of Scoring for Element 7: Project Delivery

Project Delivery Scorecard

Project Delivery Assessment

Instructions (See first row for example)

Step 1	Enter the time period over which projects have been provided (e.g. 24 months) and the number of projects included.
Step 2	Enter the project name, as well as the portfolio number and portfolio name
Step 3	Enter the last project cost agreed by the approving authority for the project (see definitions for "project cost"). Enter the actual project cost.
Step 4	Enter a description of outputs that were agreed to be delivered and a description of the outputs actually delivered. If the outputs were quantifiable, then enter the target outputs and the outputs actually delivered. If the output/s delivered were not quantified or not quantifiable, use the drop down bar (in column Q) to select the degree of delivery. The explanation of these can be found on the sheet titled "element 6 look-up table". In short, "All" is equivalent to delivering 100% of promised outputs, "Most" to over 90%, "Some" to over 80%, "Few" to over 50%, and "None" to under 50%. Enter data for either qualitative and quantitative; do not enter data in both categories.
Step 5	Enter the start date, agreed completion date and the actual completion date (see definitions for "completed").
Step 6	Once the data is entered the summary scores are presented on the "summary scores page". The "summary scores page" requires that you enter the weighting per portfolio before a score is calculated. If there is only one portfolio enter "1"
Note:	Only enter data into the shaded cells. The model automatically populates the non-shaded cells.

	Step 1
Describe the time period projects have been provided over	
Number of Projects in Sample	

Step 2				Step 3					Step 4									Step 5									
				Project Cost					Scope									Timing									
											Quantitiative				OR	Qualitative											
Project Number	Project Name	Portfolio Number	Portfolio Name	Agreed cost ($000)	Actual cost of delivery ($000)	Percent Variation	Description (delivered within cost)	Value	Description of outputs measure and target outputs	Description of outputs actually delivered	Target Outputs	Outputs delivered	Percent Delivered	Description (outputs delivered)		Qualitative Assessment (use a table to assign values based on a description)	Value	Start date (Business case approval date)	Agreed Completion Date (including tolerances)	Actual Completion date	Target no. of days	Actual no. of days	No. days difference	% over time	Description (when delivered)	Value	Project Score
1	X	1	IT	200	210	5.00%	Moderately over target	0.5	12 Widgets with a certain functionality	11 widgets delivered	12	11	91.67%	Most			0.75	1/05/2014	1/05/2015	4/05/2015	262	263	1	0.38%	Slightly over time	0.75	0.67
2	Y	1	IT	5,000	4,900	-2.00%	On or under target	1	ICT upgrade	ICT upgrade fully completed						All	1	1/03/2013	1/03/2014	1/03/2015	261	521	260	99.62%	Substantially over time	0	0.67
3	Z	2	Property	14,000	14,500	3.57%	Moderately over target	0.5	Acquisition of vehicle	Vehicle aquired						Few	0.25	1/08/2014	1/10/2014	14/10/2014	44	53	9	20.45%	Substantially over time	0	0.25

Project Delivery Lookup table

Project Cost		Scope		Time		Value
Description	**Explanation**	**Description**	**Explanation**	**Description**	**Explanation**	
On or under target	The project is delivered on or under budget	All	100% of outputs are delivered	On time	Project completed on time or within agreed tolerances	1
Slightly over target	No more than 2% cost over-run	Most	More than 90% of outputs delivered	Slightly over time	Project completed within 2% of delivery date	0.75
Moderately over target	No more than 5% cost over-run	Some	More than 80% of the outputs promised are delivered	Moderately over time	Project completed within 5% of delivery date	0.5
Significantly over target	No more than 10% cost over-run	Few	More than 50% of outputs delivered	Significantly over time	Project completed within 10% of delivery date	0.25
Substantially over target	More than 10% cost over-run	None	Less than 50% of outputs delivered	Substantially over time	Project completed more than 10% after the delivery date	0
n/a		n/a		n/a		

Annex 7: Example of Scoring for Element 8: Asset Performance

Step 1	Enter the approving authority, general scope of the assessment, and describe the period the assessment applies to.
Step 2	Enter the Significant Asset Portfolio number (1-3 only, if you have more asset portfolios than this please contact Treasury) and Asset Portfolio name
Step 3	Select from the drop-down whether the data level is at Significant Asset, Class, or Portfolio level. Asset or Class name is only required if the data level is at the Asset or Class Level.
Step 4	Enter the reporting period, keep in mind that reporting 2 financial years of information required.
Step 5	Enter the Measure Number (for when multiple portfolios/assets use the same measure), the Asset Performance Measure, and the Indicator the measure belongs to.
Step 6	Select from the drop-down on the Expression of the target - whether it is a 'more than' or 'less than' target depends on the expression of the target. A 'more than' target is where the actual level needs to be more the target level to get a positive result. Whereas a 'less than' target is where the actual level needs to be less than the target level to get a positive result. Where the actual meets the target it will be a positive result.
	Enter the Target Level and Actual Level of asset performance.
Step 7	Enter the measure description (how the measure is calculated may also be included) so it can be used for verification purposes. Enter the target description to show when and at which level the targets have been set.
Step 8	Once the data is entered the summary scores are presented on the "Summary Scores page". The "Summary Scores page" requires that you enter the weighting per portfolio before a score is calculated. If there is only one portfolio enter "1". The model automatically populates the value columns and gives an average across each asset portfolio.

Step 1	
State the approving authority	
Describe the scope of the assessment	
Describe the period the assessment relates to	

Step 2		Step 3		Step 4	Step 5			Step 6						Step 7: Explanatory Information on Asset Performance Measures and Targets	
Portfolio Number	**Significant Asset Portfolio**	**Data level (Significant Asset)**	**Class or Asset Name (optional)**	**Reporting Period**	**Measure Number**	**Asset Performance Measure**	**Asset Performance Indicator**	**Expression of target**	**Target level**	**Actual level**	**Percent Variation**	**Result**	**Value**	**Measure description (may include how it's calculated)**	**Target description**
1	*Property*	*Portfolio*	*N/A*	*14/15*	1	*Percentage of the portfolio that has a utilisation rate of greater than 85%.*	*Utilisation*	More than	*90%*	*55%*	-39%	*Significantly less than target*	0.25	*This is an aggregation of utilisation performance across the Property Portfolio. Utilisation is a ratio measuring actual output to the output that could be achieved if the property asset is used at maximum capacity.*	*The target of 90% of the property portfolio having a utilisation greater than 85% was set by the Asset Management Executive during the Asset Management Planning process in 2013/14.*
2	*ICT*	*Class*	*Computer Software*	*14/15*	2	*Percentage of the Computer Software class that has a functionality assessment of not suitable/non-functional or worse is less than 5%.*	*Functionality (Fitness for Purpose)*	Less than	*5%*	*8%*	-60%	*Substantially less than target*	0	*This is an aggregation of functionality performance across the Computer Software class. Functionality was assessed against a functionality assessment rating scale of Ideal, Satisfactory, and Not Suitable/Not Functional for each asset. This assessment framework was developed by the Australia National Audit in 2010 and adopted by our agency.*	*The Computer software class target of less than 5% for functionality of the portfolio being Not Suitable/Not Functional or worse has been agreed at the Minister level during the Annual Reporting process in 2013/14.*
3	*Clinical Equipment*	*Asset*	*Ultrasound Machine 1*	*14/15*	3	*The condition grading of the clinical equipment is better than 3 (out of a scale of 1-5, 1=best, 5=worst)*	*Condition*	Less than	*3*	*3*	0%	*Meets target*	1	*This is asset condition at the asset level. The condition rating is using the Core approach in Condition Rating system of the International Infrastructure Management Manual 2015.*	*The target of the condition grading of better than 3 for this clinical equipment was set by the Clinical Equipment Management Executive in Clinical equipment improvement plan in 2013/14.*
3	*Clinical Equipment*	*Asset*	*Heart-lung Machine 4*	*13/14*	4	*The condition grading of the clinical equipment is better than 4 (out of a scale of 1-5, 1=best, 5=worst)*	*Condition*	Less than	*4*	*5*	-25%	*Significantly less than target*	0.25	*See measure 2 description.*	*The target of the condition grading of better than 3 for this clinical equipment was set by the Clinical Equipment Management Executive in Clinical equipment improvement plan in 2012/13.*

Asset Performance Summary Score

Portfolio Number	Portfolio Name	Portfolio Weighting	Raw Asset Score	ICR score (drawn from look-up tables)	Maximum score for that element
1			0.00		
2			0.00		
3			0.00		
Total Score (based on Weightings)		0.00	0.00	0	10

Annex 8: Assessment Table for Element 9: System Performance

	System Performance standard					
Key aspects	Not met	Low	Basic	Good	Very Good	Excellent
Evidence of contribution to/alignment with Investment System Objectives (Refer paragraphs 14-15 of CO(15)5)	Revealed behaviour and information indicate little commitment to system objectives	Evidence shows low level of support for system objectives (eg, reluctant to apply a value lens to new and existing investments)	Evidence of inconsistent support for system objectives (eg, variable evidence that value is at the forefront of investment processes or decisions)	Evidence of general support for system objectives (eg, consistent evidence that value is at the forefront of investment processes or decisions)	Evidence of strong commitment to system objectives (eg, optimising value is at the forefront of investment processes or decisions)	Fully meets expectations. Consistent and compelling evidence of and proactive support for the system objectives within the agency and across the sector
Compliance with General approval thresholds (Refer Annex 1 of CO(15)5)	Regularly breaches or litigates approval thresholds	Tends to breach or litigate approval thresholds	Occasionally breaches or litigates approval thresholds	Generally respects and applies approval thresholds	Mostly respects and applies approval thresholds	Fully respects and applies approval thresholds
Compliance with other aspects of CO(15)5 not otherwise assessed in the ICR (for example, revealing significant investments in a timely way, using published Treasury business case guidance, providing Risk Profile Assessments to the Treasury etc)	Regularly breaches or litigates system standards and processes	Tends to breach or litigate system standards and processes	Occasionally breaches or litigates system standards and processes	Generally respects and applies system standards and processes	Mostly respects and applies system standards and processes	Fully meets requirements
Commitment to other investment management requirements, including the customer focus, Government Investment Strategy, government customer service priorities and requirements of functional leaders.	Regularly breaches or litigates system standards No evidence of collaboration for system outcomes	Tends to breach or litigate system standards Little evidence to show agency identifies or engages with system collaboration opportunities	Occasionally breaches or litigates system standards Evidence of system collaboration opportunities being identified and shared	Generally respects and applies system standards Evidence of system collaboration opportunities being identified and exploited	Respects and applies system standards Evidence that agency prioritises investments in favour of system outcomes	Fully and proactively meets requirements. Consistent and compelling evidence the agency contributes to system outcomes, including through co-investment, and potential re-use or leverage by other agencies

The Government Investment Strategy can be found at: https://treasury.govt.nz/statesector/investmentmanagement/publications

Annex 9: ICR Operational Expectations

Purpose

This Annex sets out how the particular arrangements that are expected to operate between the Treasury and any agency involved in Investor Confidence Rating activity.

Obligations and commitments of the Treasury to the ICR Agency

The Treasury will:

- apply the usual quality and consultation conventions to any ICR-related reports prepared by the Treasury for Ministers and/or Cabinet
- administer the ICR in a transparent manner according to the investment management system objectives, the approved ICR design and published guidance materials[22]
- provide timely, clear and reliable guidance and advice on operational aspects of the ICR to enable the agency to plan and deliver the information required to inform the ICR as set out in published guidance materials
- liaise with the agency to confirm scope and key milestones before issuing statements of work (SOW) for independent maturity assessments, and ensure the contracted assessor meets the agency's security requirements for access to assessment material
- manage any agency information provided to the Treasury in relation to the ICR with the appropriate level of security
- respond promptly to requests from the agency for guidance or feedback on the LTIP and other elements of the ICR
- ensure the roles of assessors and moderators are kept distinct to ensure the integrity of those two processes
- coordinate the flow of ICR-related information with assessment partners[23], and manage the feedback from assessment partners to agencies
- consult with the agency and assessment partners over the potential implications[24] for that agency arising from the overall ICR
- keep the agency informed of the timing and the results of moderation processes for each of the ICR elements, and
- invite and consider[25] feedback from the agency on potential enhancements to ICR processes to inform the way subsequent tranches operate.

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22 Published on https://treasury.govt.nz/statesector/investmentmanagement/review/icr

23 Assessment partners means the central agencies, functional leads and the monitoring department (where appropriate) that are involved in the ICR assessment processes.

24 Potential implications are set out in CO(15)5 and in published guidance on the ICR web page.

25 This would typically be done through the ICR Working Group and or the CO(15)5 Implementation Reference Group.

Obligations and commitment of the ICR agency

The ICR agency will:

- nominate a person who will have day to day responsibility for ICR activity in the agency, including resolution of any disputes
- provide required information[26] in timeframes agreed with the Treasury to enable the Treasury to meet its commitments to Cabinet.
- provide agency feedback on any ICR elements in timeframes agreed with the Treasury to enable the Treasury to meet its commitments to Cabinet.
- commit agency resources to enable suppliers of independent maturity assessments to complete their statement of work in a timely and efficient manner, as set out in relevant SOWs
- indicate as soon as possible, any potential or actual delays in the provision of information relevant to the ICR, compared with those agreed with the agency either as part of any SOW or any other ICR element
- meet any additional supplier costs reasonably incurred as a result of material delay in the provision of agency resources (information or people) provided the agency has given its prior written consent to the Treasury incurring such expenses and the expenses are charged at cost, and
- facilitate the efficient verification by the Treasury of any information provided by the agency in support of ICR lag indicators.

Specific expectations for DHBs

Obligations and commitment of Ministry of Health for the ICR

The Ministry of Health will, as monitoring agency for the DHBs:

- nominate a person who will have responsibility for the ICR and sharing of information across MoH
- engage and provide input for the elements of the ICR that require it eg, LTIP, System Performance and benefits delivery
- share information across MoH, including keeping applicable governance groups and stakeholders updated eg, NHITB, NHB Capital team
- be involved in the development of the implications, and
- keep the Minister of Health involved and informed, in conjunction with the Treasury.

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26 Required data is set out in the published Assessment and Moderation Guidance. The expected quality is described in the ICR Overview guidance.

Obligations and commitment of the relevant regional health entity for the ICR eg, Northern Regional Alliance (NRA)

The relevant regional health entities will (based on dialogue and agreement with the Treasury):

- provide regional coordination and support*
- act as facilitator of discussions
- be the central conduit for queries and feedback, and
- keep relevant governance groups informed eg, for the Northern Region: Regional Asset Management Planning Group, Regional Capital Group and the Information Governance Group.

* Note the involvement of regional health entities will vary, with support being sought as a minimum.