

# MAJOR PROJECTS GUIDANCE FOR LOCAL GOVERNMENT

Overview

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Part B1: Business case – developing the business case

Part B2: Business case – procurement options

Part B3: Business case – funding and financing options

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**Part F: Project review**

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## About Part F

Part F provides an overview of the process for undertaking a project review at the post-implementation phase of the project life cycle.

The scope and nature of the review will depend on the type, scale and complexity of the project. However, each review will have certain elements in common. Part F focuses on the principles and practices involved in developing a feedback mechanism for measuring the outcomes of a project.

### Key objectives of the project review

The project review process will enable the Council to:

- collect and utilise knowledge learned through a completed project to improve the delivery and outputs of future projects
- maintain a consistent project evaluation process for infrastructure projects.

The process outlined in Part F is aimed at assisting the Council to produce project evaluation across projects that are consistent in quality. The process is flexible and should complement other Council processes and tools.

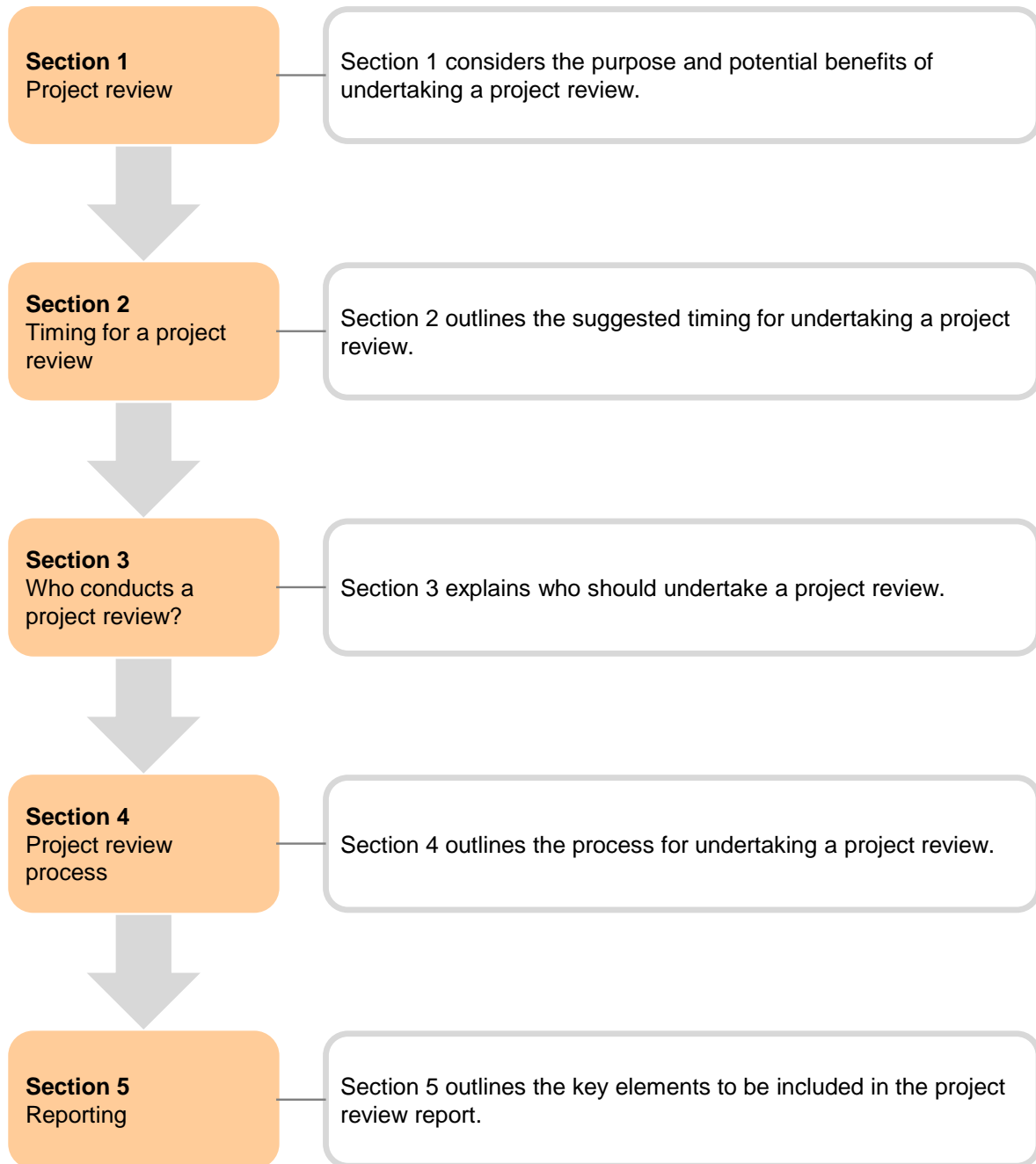
### Key documents in the project review

During the project review stage, the Council should establish a review team to prepare the following key document:

**Project review report:** A report incorporating the findings and outcomes of the project review process. It may be presented in the format suggested in section 5, *Reporting*.

# Overview of Part F

Figure 1: Overview of Part F – Project review



# 1. Project reviews

## 1.1 Purpose

The key outcome of a project review is to capture the experiences gained in order to improve the delivery of projects in the future. This involves highlighting the positive outcomes of the project as well as the areas that could be improved.

A project review should be used to ascertain:

- whether the project has realised the expected benefits documented when the project was developed (for example benefits anticipated in the business case)
- what lessons can be learned from the project for both current and future projects, including:
  - successful elements to reinforce in future processes
  - elements where the outcomes fell short of expectations
  - aspects of the current project requiring amendment
  - ways of improving the management of future projects
  - identification of any unresolved issues (for example stakeholder concerns).

Identifying both positives and negatives will allow the Council to fine tune its procurement process, while assisting in improving efficiency and effectiveness. The feedback obtained from a review can lead to improvements within procurement planning and delivery as well as the ongoing management of the project.

The project review may take into account a number of elements as presented in Table 1.

<b>Table 1: Project review elements</b>	
<b>Element</b>	<b>Issues</b>
Economic review	Has the project met its economic or service predictions? This should take into account the costs and benefits of undertaking the project.
Compliance review	Has the project complied with the original brief and met user requirements?
Procurement delivery process review	How effective was the process used to deliver the project?  Have original time and cost targets been met?  What level of resources was required to deliver the project?
Asset performance review	How well is the asset physically performing (space, ease of maintenance)?

<b>Table 1: Project review elements</b>	
<b>Element</b>	<b>Issues</b>
Technical review	Identification of operational issues (performance of systems, records management, etc.)?
Environmental review	Has the project met the requirements of environmental or heritage legislation?
Budgetary review	Assessment of actual budgetary impacts against those identified in the business case.
Project/contract management review	How effective have the people managing the project/contract been during the project's operation?
Policy review	Assessment of the policy issues arising from the project, as well as the community benefits and public interest.

## 1.2 Benefits

A project review is a useful tool for measuring whether the investment in a project has produced the expected level of benefits. It can be used as an important management tool for current and future projects.

The benefits of a project review include:

- gaining an understanding of how the project is performing compared to expectations
- providing an independent and objective review to stakeholders, senior management and the Council. Other parties to benefit from a project review could include: other government agencies who may provide funding to local government; policy makers; project designers and the private sector which provides the services for the project; as well as those who would use the asset
- increasing information and understanding, which can be used to identify ways to improve the delivery of projects (e.g. improved efficiencies in the procurement process, improved decision making, development of more precise design criteria, improvements in implementation, etc.)
- identifying how successful project objectives have been documented and communicated throughout the project development
- delivering a robust mechanism for demonstrating the transparency of the procurement, thereby providing the community with some assurance that the project was procured in a professional and effective manner.

## 2. Timing of a project review

A project review can take the form of a one-off review or can be part of a larger ongoing monitoring and assessment process. The form adopted will depend on the nature of the project being reviewed.

A project review is usually carried out when a project has reached the operational stage and a sufficient amount of time has elapsed to identify the anticipated benefits. A period of around 12

months of service should provide adequate time to demonstrate performance against service delivery requirements. It is important to try and conduct the review whilst key team members with knowledge of the project are still available.

Projects that include more than one stage may require multiple reviews throughout the delivery process to capture anticipated benefits.

### 3. Who conducts a project review?

Project reviews should be undertaken by an independent team (that is, a team of people who were not involved in the procurement of the project). The independence of the team is crucial as an objective review will allow for a more critical and useful appraisal.

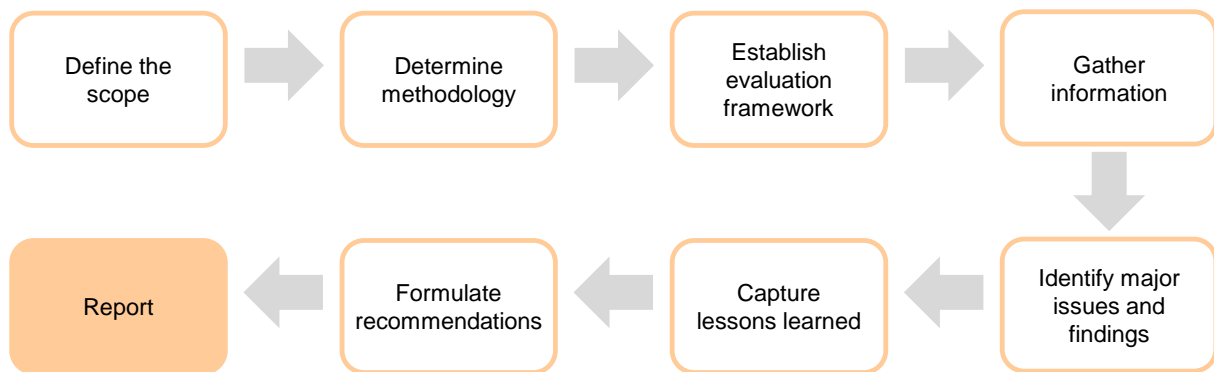
The team should be multi-disciplinary in nature so as to analyse the project from a holistic viewpoint utilising expertise and previous experiences in their investigations.

The size and nature of the team will be dependent upon the project type. Teams are typically fairly small but may need to draw on specialist expertise.

### 4. Project review process

Figure 2 below provides a general overview of the process that could be applied for a project review.

**Figure 2: Project review process**



Each step is considered in turn below.

#### 4.1 Define the scope

##### Establishing the purpose of the review

Prior to conducting the project review, it is important to identify and agree upon the purposes for undertaking the review. The purpose will impact the outcomes that need to be addressed.

A project review may be undertaken for the following reasons:<sup>1</sup>

- reporting achievements, outcomes and impacts

<sup>1</sup> Victorian Department of Treasury and Finance, *Investment Lifecycle Guidelines Post Implementation Review* (July 2008).

- identifying what strategies, processes and systems work well
- informing strategic planning
- establishing areas for further investment
- improving the overall project delivery or procurement process
- meeting legislative or policy requirements.

An example of a project review purpose is presented below. This relates to an independent review conducted by the NSW Treasury in relation to the procurement of a number of schools under a privately financed project arrangement:

*The objective of the PIR [Project Implementation Review] is to provide a factual, objective account of the development, tender and partial delivery of the schools PFP project. The aim of the Project Implementation Review will be to identify areas of learning and improvement for future PFP projects and identify the procurement impact of using PFP rather than traditional delivery.<sup>2</sup>*

## Scope

The purpose of the review should be used to define the scope of the review. The scope of the review is likely to vary considerably for each project depending on the size and complexity of the project. The scope of the review may also be affected by project specific issues raised by significant stakeholders.

The scope will need to address:

- objectives of the review
- elements to be captured during the review (economic review, compliance review, procurement/delivery process review, asset performance review, technical review, environmental review, and budgetary review)
- specific issues for investigation.

## 4.2 Determine the methodology

The methodology forms the framework for performing the evaluation.

A generic approach to setting the methodology includes:

- specifying the project goals and objectives (refer to the project goals and objectives described in the business case)
- establishing the key elements to be considered as part of the review (for example, economic outcomes, procurement process, asset performance, contractor performance)
- identifying the key stakeholders
- developing an indicative list of issues to be raised with stakeholders
- determining the information to be used and relevant sources (for example feasibility studies, cost plans, contract documentation)

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<sup>2</sup> *New Schools Privately Financed Project Post Implementation Review*, New South Wales Treasury, Office of Financial Management, Research and Information Paper (December 2005) p 76.



- identifying the specialist expertise required to assist with the review (external advisers and consultants)
- determining the approach to gather information (for example workshops, interviews, questionnaires)
- determining the evaluation framework (see section 4.3, *Evaluation framework*)
- agreeing and documenting the methodology.

## 4.3 Establish evaluation framework

The evaluation framework needs to include suitable performance measures. This will involve establishing a set of criteria to measure the success of the project. This could include items such as the extent to which:

- budgets and timeframes have been met
- the completed project aligned with the project's service objectives
- the scope of works were delivered to the required technical standard
- the standard of service complies with expectations
- the project complies with the project documentation
- users needs are being met.

The business case should provide a good basis for measuring how the project has fared against expectations. The business case report should have included a section on documenting the project goals, objectives and benefits, as well as the critical success factors and key performance indicators for the objectives and benefits identified. This can be used to assess benefit realisation after the project implementation. See section 5 of Part B1, *Goals, objectives and benefits*.

The framework should also include the resources, responsibilities, timeframes and objectives of the evaluation.

## 4.4 Gather information

It is important that the review team has a sufficient level of background information prior to undertaking the review which may include:

- feasibility studies
- business case
- project plan
- management plan
- compliance program
- probity plan
- Council reports and related resolutions
- cost plans

- project budget
- contract documentation
- progress reports
- value management reports
- contract/performance management plans
- risk registers.

There are a number of methods to gather information for the purpose of the review including:

- questionnaires/surveys
- participant/stakeholder interviews
- observation
- experts
- workshops
- discussions.

Information generated throughout the project such as newsletters, Council or stakeholder briefing reports, recommendations and findings reports may be useful.

It is also important to strike a balance between getting enough information to undertake a robust review and having too much information. Obtaining too much information can result in increased cost, time and complexity and may provide little or no value in meeting the original objectives of the review.

The information generated needs to be translated in a form suitable for analysis and comparison.

## **4.5 Identify major issues and findings**

Analysing the information gathered, preparing a draft report for review and linking the findings to the review objectives are the most time intensive elements of a project review process.

It is important that there is accurate translation of the information gathered and sufficient systems in place to record all of the information.

A range of quantitative and qualitative issues will become evident during the information gathering process and the quantitative analysis (for example, comparing actual financial information with business case projections).

Depending on the scale and complexity of the project, a workshop should be used to review the draft results and issues. It will provide an opportunity to test the reasonableness of the draft results and obtain a collective view.

## **4.6 Capture lessons learnt**

A project review should clearly assess what worked well and what can be improved.

It is important that lessons learnt are clearly documented, as this will be valuable in assisting with continuous improvement and refining the project delivery processes. Lessons learnt may include:

- practical approaches that were adopted in response to the problems experienced
- unexpected events that occurred
- ways in which processes can be simplified
- approaches for identifying and dealing with key issues, other specific experiences and insights from the project.

## 4.7 Formulate recommendations

The findings and lessons learnt should be used to create action items that can be presented as recommendations.

The recommendations should be set out against the key findings of the project review. These should be supported by an action plan that outlines activities, responsibilities and timeframes.

The recommendations and action plan should be documented within the project review report. This report should be submitted to the Council executive team and other relevant Council personnel responsible for delivering, managing and monitoring the performance of infrastructure projects.

Performance against the action plan should be documented and monitored.

It is important that personnel procuring subsequent infrastructure projects are aware of the recommendations and take them into consideration.

## 5. Report

The final part of the project review process involves drafting a project review report. The report should clearly identify:

- the overall assessment of the project
- the supported findings and identified learning outcomes
- the list of practical recommendations and action items.

The level of detail within the report will depend on the scale and complexity of the project. A suggested report structure for a project review is set out in Table 2.

<b>Table 2: Structure of a project review report</b>	
<b>Element</b>	<b>Issues</b>
Executive Summary	<ul style="list-style-type: none"> <li>▪ project overview</li> <li>▪ overall assessment</li> <li>▪ key findings</li> <li>▪ lessons learned</li> <li>▪ recommendations.</li> </ul>
Project background	<ul style="list-style-type: none"> <li>▪ project background</li> <li>▪ project objectives</li> <li>▪ project summary – timing, budget, status.</li> </ul>
Evaluation scope and methodology	<ul style="list-style-type: none"> <li>▪ scope of review/terms of reference</li> <li>▪ timing</li> <li>▪ review objectives and focus</li> <li>▪ evaluation criteria</li> <li>▪ project review team</li> <li>▪ methodology – data collection, data sources.</li> </ul>
Findings	<ul style="list-style-type: none"> <li>▪ performance measurement and assessment <ul style="list-style-type: none"> <li>▪ benefits realised against business case</li> <li>▪ actual costs compared to forecasts</li> <li>▪ alignment with objectives</li> <li>▪ user and stakeholder satisfaction</li> <li>▪ contract management performance</li> </ul> </li> <li>▪ risk management</li> <li>▪ future implications <ul style="list-style-type: none"> <li>▪ areas requiring remedy</li> <li>▪ lessons learned</li> <li>▪ limitations of analysis.</li> </ul> </li> </ul>
Recommendations and action plan	<ul style="list-style-type: none"> <li>▪ recommendations (linked to the key findings)</li> <li>▪ action plan including activities, responsibilities and timeframes.</li> </ul>
Appendices	<ul style="list-style-type: none"> <li>▪ supporting reports</li> <li>▪ schedule of interviews, workshops, surveys</li> <li>▪ other supporting data.</li> </ul>

## 6. Further resources

### Victoria

*Investment Lifecycle and High Value/ High Risk Guidelines: Realise*, Department of Treasury and Finance (July 2012).

*Local Government Best Practice Procurement Guidelines 2013*, Department of Planning and Community Development, State of Victoria (2013).

### New South Wales

*New Schools Privately Financed Project Post Implementation Review*, New South Wales Treasury (December 2005).

*Total Asset Management: Post Implementation Review Guideline*, New South Wales Treasury (September 2004).

### Queensland

*Benefits realisation: Gate 5*, Projects Queensland, Queensland Treasury and Trade (2013).

### Tasmania

*Project Phase Review Report: Template and Guide Version 1.2*, Inter Agency Policy and Projects Unit, Department of Premier and Cabinet (April 2008).

*Tasmanian Government Project Management Guidelines Version 7.0*, The Department of Premier and Cabinet (July 2011).

### Western Australia

Gateway Benefits Evaluation Workbook, Department of Finance, Government Procurement (undated).