



Treasury

---

# **The Recurrent Investment Assurance Framework: A Quick Reference Guide**

---

**June 2018**

**V1.1**

# Recurrent Investor Assurance Framework

## Introduction

This quick reference guide provides a high-level introduction and overview of NSW Treasury's Recurrent Investment Assurance Framework (RIAF) which was approved by Government in February 2017. Treasury Policy Papers TPP 17-01 NSW Gateway Policy and TPP 17-02 Recurrent Investment Assurance Framework should be consulted for details.

## What is a recurrent investment for the purposes of the RIAF?

In simple terms, an investment would be considered to be recurrent if it

- It is not predominantly a capital investment (i.e. an investment in infrastructure, property development, plant and equipment, or operational technology)
- It is not predominantly an ICT investment (i.e. an investment in technology to acquire, store, process and disseminate information including hardware, software, communications technology)

Recurrent investments within the scope of the RIAF include proposed expenditure on one or more of the following:

- Outsourcing a service
- Responding to regulatory or legislative change
- A new Government policy
- Creating a new public entity (or new business unit within a public entity)
- Introducing a new service
- Rolling over an existing policy that is due to lapse
- Re-tendering a outsourced service
- A significant change in operating model or in existing policy that requires additional staff or outsourced services
- Significant (non-routine) maintenance-for example, to address a large maintenance backlog
- Investments to enhance/extend agency capability<sup>1</sup>.

---

<sup>1</sup> Refer to the Annexure 3 for examples

## What is recurrent investor assurance?

---

Recurrent investor assurance is a process that requires recurrent proposals above a threshold (see below) to be risk assessed and undergo a series of external assurance –or “Gateway”-reviews at key milestones – or “Gates”.

The RIAF applies to:

- Proposed expenditure greater than \$100 million in ETC over four years or \$50 million in one year; or
- Proposed expenditure of lower value nominated by ERC, an Agency or by Treasury.

Proposed expenditures are classified into 4 Tiers based on Estimated Total Cost ETC and risk. The RIAF prescribes the number of mandatory gateway reviews for each Tier, with high profile/high risk proposals required to undergo a greater level of external assurance reviews<sup>2</sup>.

## Where does the RIAF apply?

---

Under the NSW Outcome Budgeting model<sup>3</sup>, the State Budget is built up of *Programs* which Agencies deliver to contribute to *State Outcomes*. (*Programs* are defined as a coherent set of activities managed together over a sustained period of time, for producing outputs that contribute to a State Outcome).

An agency may have *Sub-Programs* that contribute to *Programs*. Finally, Agencies may have *Initiatives* that contribute to *Programs* or *Sub-Programs*.

*Initiatives* may be *Projects* (with a defined start and finish date and clear outputs, dedicated resources and a well established development path), or may be *Ongoing Initiatives* with no set finish date.

The RIAF will normally apply at the level of Initiatives. In some instances, the RIAF could apply to a *Group of Initiatives* (grouped for reasons such as place, similarity or interdependency) or a *Sub-Program* where similar conditions exist. The RIAF would apply to *Programs* only in special circumstances -where the *Program* itself is being reviewed under the Outcome Assessment Framework and on a case by case basis. Agencies are not required to register and risk assess *Programs*.

---

<sup>2</sup> Under the NSW Gateway Policy, Treasury and agencies can nominate additional Gateway reviews or Health Checks.

<sup>3</sup> Refer to Treasury Policy Paper on Outcome Budgeting for further details on Outcome Budgeting (to be issued shortly)

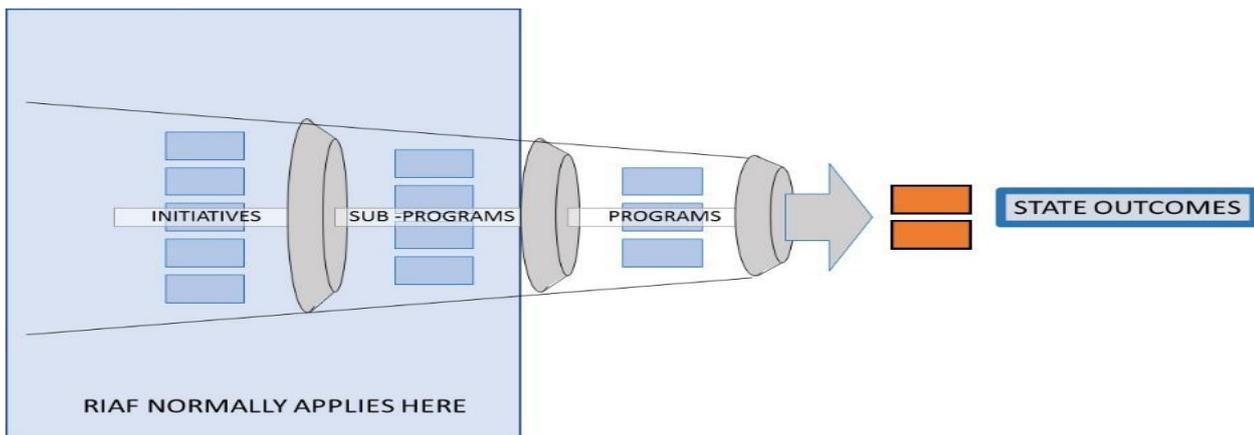


Figure 1- Application of the RIAF

### What does this mean to agencies?

Agencies must register and self-assess recurrent expenditure proposals (*Initiatives, Groups of Initiatives or Sub-Programs*) that meet the definition and are above the threshold using the Registration and Risk tool available on the Treasury website. If there is any doubt as to whether an investment is within scope of the RIAF agencies should consult their Treasury analyst and/or the Treasury Gateway team. It also means that agencies need to prepare for the review, which means identifying key stakeholders who should be interviewed by the review team and pulling together the documentation, such as preliminary or final business cases and other relevant documents required to inform the reviews at the various Gates.

Gateway reviews are not required retrospectively. Nor it is expected that agencies will specifically create documentation for the purpose of a Gateway review.

Note that no additional project status reporting, beyond what is already being provided by agencies, is envisaged for recurrent projects.

### What happens next?

Agency self-assessment will be reviewed by the Major Recurrent Advisory Group (MRAG), with membership drawn across the sector. MRAG will endorse the Risk Tier and the corresponding assurance plan.

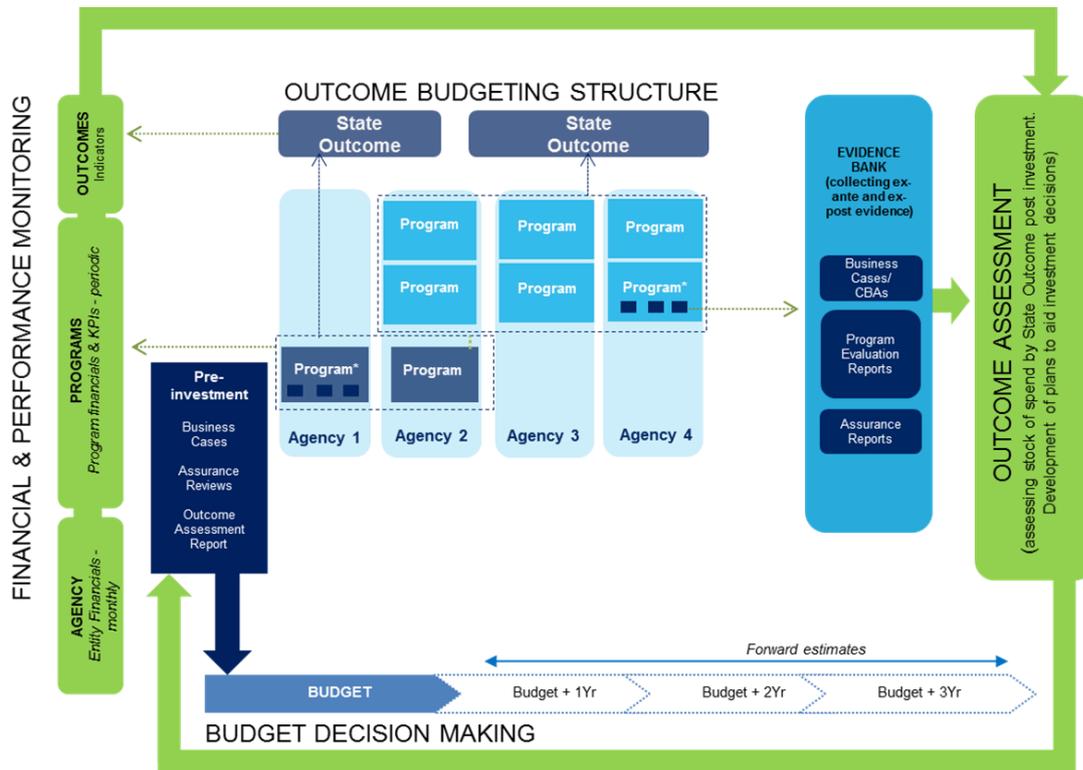
The approved assurance plan outlines how many and at which stages in the project life reviews and health checks must be undertaken. MRAG may determine an assurance plan that varies from those set out in the RIAF depending upon the circumstances of each proposal.

The Treasury Gateway team will advise agencies of the decision and work with them to schedule Gateway reviews in accordance with the approved plan.

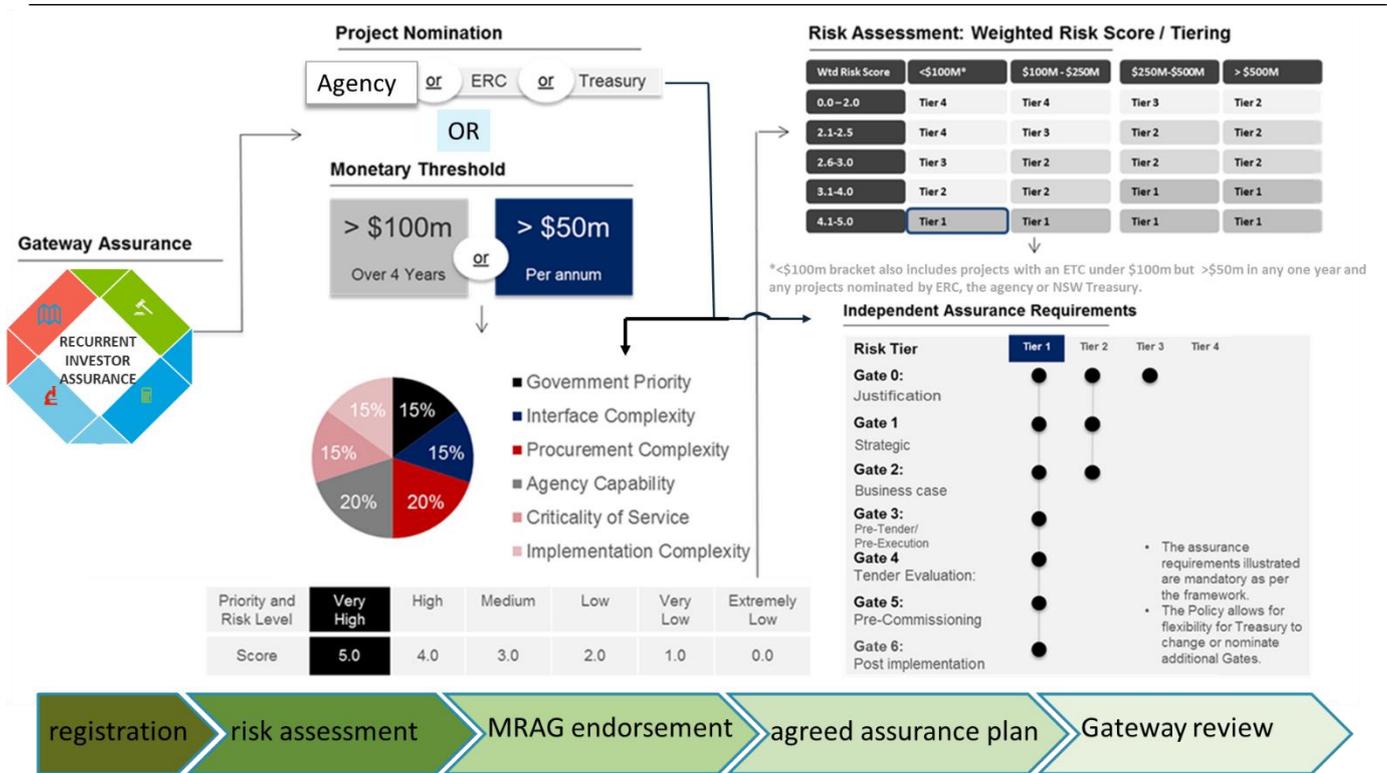
### Further information and contacts

For further Information or clarification, please contact: the Gateway Team, NSW Treasury  
 Telephone: 02 9228 4207 Email: [gateway@treasury.nsw.gov.au](mailto:gateway@treasury.nsw.gov.au)

# Annexure 1 – Outcome Budgeting Framework



# Annexure 2 – RIAF on a page



### **Annexure 3 – Examples of applicable recurrent expenditure**

---

Possible examples of recurrent expenditure which fall within the scope of the RIAF could include one or more of the following:

- Outsourcing a service  
Example - outsourcing of NSW property management services or the outsourcing of NSW government agency IT and administrative functions
- Responding to regulatory or legislative change  
Example - costs involved in re-educating, re-settling or euthanising animals and compensation costs to members of the greyhound industry should greyhound racing be banned
- A new Government policy  
Example - a new policy designed to tackle family violence
- Creating a new public entity (or new business unit within a public entity)  
Example - the establishment of a new Government body to regulate independent workers and the gig and sharing economy
- Rolling over an existing policy that is due to lapse  
Example - a domestic violence policy with a five year sunset date that gets extended to eight years
- Re-tendering an outsourced service  
Example- a re-tender of contract to operate a government facility, for example a correctional centre
- A significant change in operating model or in existing policy that requires additional staff or outsourced services  
Example - costs incurred if lock out zone policy in place in inner Sydney was expanded state wide
- Significant (non-routine) maintenance-for example, to address a large maintenance backlog  
Example – maintenance work in an agency requiring funding to address issues not dealt with by routine maintenance
- Investments to enhance/extend agency capability.  
Example - a Justice recruitment program to hire, train and pay new NSW police officers to increase security presence in light of social issues and population growth