



Australian Government
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 Associate Secretary

CASG Project Controls Cost Estimation – building better practice



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Project Control Services (PCS) is a Directorate within the Program Management Branch, which is part of the Capability Acquisition & Sustainment Group (CASG). PCS supports the Program Management Function. Project Control Services provide services to CASG project controls community by setting the direction on:

Cost Management

Cost Estimation ✓

Cost Forecasting

Schedule Management

Risk Management



Within the Directorate

Across Project Controls disciplines we are working on the following initiatives:

- Policy and Practice
- Tools
- People and Professionalisation
- Governance and Assurance

Improving the How

Improving the How of doing our business started with the development of updated policy and practice

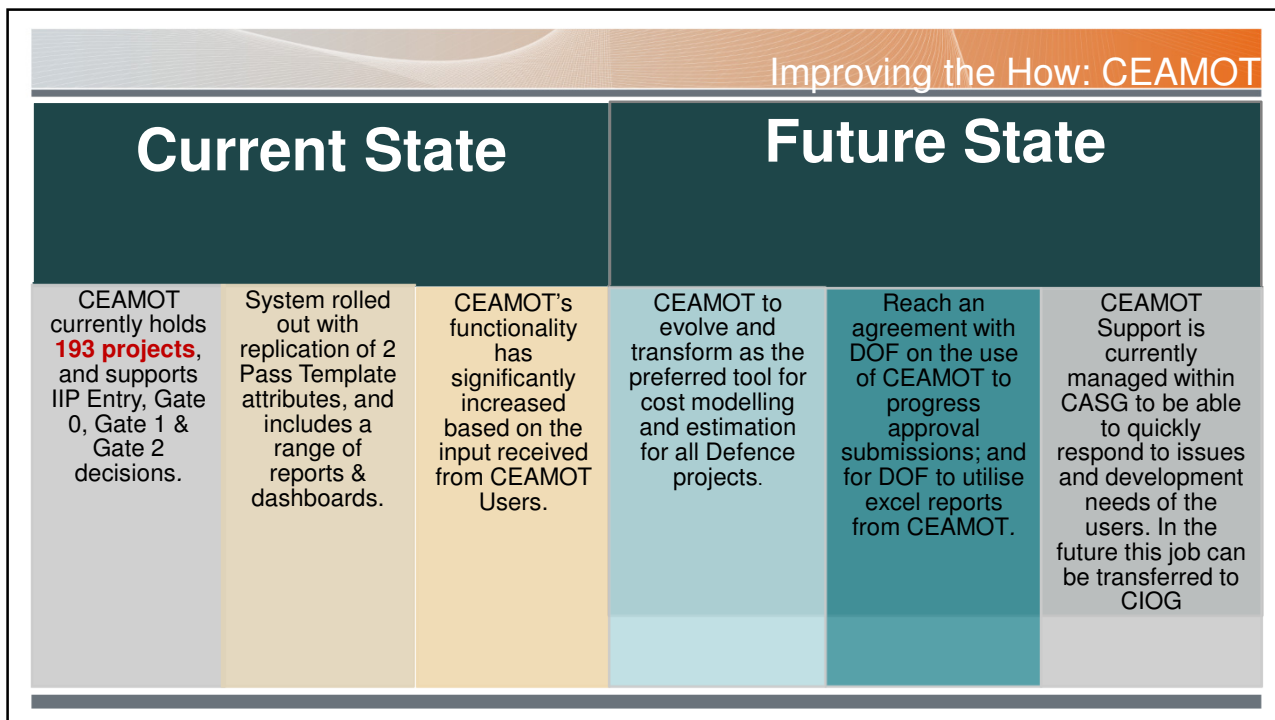
- Policy and Practice**
- Tools
- People and Professionalisation
- Governance and Assurance

Improving the How: Policy and Practice			
Cost Estimation 12 Step Process			
Background	Purpose	Application	The Future
The 12 step process is guidance based on the US Governance and Accountability Office (GAO) Cost Estimating and Assessment Guide and tailored to the Australian Defence environment.	The process represents the better practice methodology that CASG is to apply in the development and analysis of credible, accurate and contestable Cost Estimates.	This process provides the key requirements for an estimator, at each stage of the capability life cycle, commensurate with the size, nature and complexity of the capability being estimated.	Work to continue in developing: Links to other project controls practices of schedule and risk; Overarching One Defence policy; and Detailed templates and work instructions.



Improving the How: Tools			
Cost Estimation Tools – current and new			
Background	Purpose	What do we have	The Future
Improvements to practice can be supported by tools to enable CASG cost estimation community to develop and analyse cost estimates.	Tools are needed to: <ol style="list-style-type: none"> enable the development of estimates throughout the lifecycle; and Be able to collate and report estimates to enable Executive decision making. 	<ol style="list-style-type: none"> To enable development of estimates: ACEIT – best used on receipt of tender quality data. To enable decision making: CEAMOT – new tool 	<ul style="list-style-type: none"> - How to enable parametric estimation; - How to harness Defence cost data to improve estimates into the future; and - Building links to reporting tools to ensure only one source of truth.

Improving the How: Implementation of CEAMOT			
Cost Estimation, Analysis Modelling Tool (CEAMOT)			
CEAMOT is an integrated application powered by IBM TM1 and Cognos Business Intelligence (BI) engines.	CEAMOT supports and maintains an audit trail for project costings from Gate 0 through to Gate 2.	CEAMOT delivers a system that provides a trusted source of truth through a repository of estimates, and delivers standardised presentation of estimates for Government approval	CEAMOT cost estimating and reporting processes replaces the MS Excel based Two Pass template which is unstable, prone to errors and inevitably hard to control in terms of multiple file copies and version control



Improving the How: People and Professionalisation			
Training and Career Planning			
Background	What do we have	Current Initiatives	The Future
<p>People are our most valuable resource and CASG has organised itself into Functions to support our people in their training needs, career planning and be able to respond quickly to changing priorities.</p>	<p>Project Controls Career Pathways have been published.</p> <p>Training on 12 Step Process is available via CAMPUS.</p>	<p>Working with Defence Finance Group (DFG) and Contestability on One Defence view of the job family, considering:</p> <ul style="list-style-type: none"> - What skills are needed in Defence and a plan for how to achieve skill level with formal and on the job training requirements. 	<p>Developing a Project Controls workforce framework to consider how CASG should set up its workforce for success, looking at:</p> <ul style="list-style-type: none"> - The role industry will play; - How to train most effectively; and - How to make CASG an employer of choice.



Improving the How: Governance and Assurance

Governance and Assurance

Background	What do we have	Current Initiatives	The Future
<p>To enable any new practice and embed it into the business we need to set up Governance Frameworks and Assure that business is being followed. If we get this right it will also provide valuable feedback to enable continuous improvements.</p>	<p>Have structures through the contestability and assurance organisations already in place.</p>	<p>Establishment of Performance Reviews (PPR).</p> <p>Working to improve requirements and policy directives (as a One Defence model).</p>	<p>Will formalise a PM Function assurance framework.</p> <p>As One Defence policy directives are formalised PM Function will move to implement these and adjust our governance and assurance as needed.</p>

The Future: Building Better Practice

Major Challenges

<p>Effectively integrating a One Defence view of the Job Family over the CLC with a view of the different requirements for each organisation and stage.</p>	<p>Harnessing Defence cost data in a responsible manner that enables us to improve cost estimation into the future.</p>	<p>Consistent use of costing methodology to avoid differences in the quality of cost estimation undertaken.</p>
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The Future: Building Better Practice

Opportunities

An integrated understanding of cost estimation in the CLC from development, analysis and contestability allows for best practice to be imbedded in the business.

Development of credible cost estimates on projects allows confidence in funding requirements to deliver capability outcomes.

Consistent tools and **practices** allow for high level analysis and affordability discussions to be had to enable trade-offs and priorities to be assessed quickly.

