Note

Disclaimer
While every reasonable effort has been made to ensure that this document is correct at the time of printing, the State of NSW, its agents and employees, disclaim any and all liability to any person in respect of anything or the consequences of anything done or omitted to be done in reliance or upon the whole or any part of this document.

Copyright
In keeping with the NSW Government’s commitment to encourage the availability of information, you are welcome to reproduce the material that appears in the NSW Government Evaluation Guidelines for personal, in-house or non-commercial use without formal permission or charge. All other rights are reserved. If you wish to reproduce, alter, store or transmit material appearing in the NSW Government Evaluation Guidelines for any other purpose, request for formal permission should be directed to Department of Premier and Cabinet, GPO Box 5341, Sydney NSW 2001, or telephone (02) 9228 5555. You are required to acknowledge that the material is provided by the NSW Government Evaluation Guidelines or the owner of the copyright.

ISBN: 978-0-7313-5499-3
DCC1305
SC000292 11/15
The NSW Government delivers a diverse range of programs that support people and organisations across the state. As we deliver these services, it is vital we have the right evaluation tools in place. We should strive to continually assess how effective our services are, whether they continue to achieve the best value for money and whether they remain relevant to the evolving needs of our customers.

I am delighted to launch the NSW Government Program Evaluation Guidelines. These user-friendly Guidelines include best practice principles to help managers across the NSW Government to plan and conduct program evaluations.

These Guidelines incorporate and build on the lessons and experience from across government. They complement other financial management reforms that we have underway. These Guidelines are an important step in our mission to ensure that NSW is at the leading edge for robust, transparent decision making.

Blair Comley PSM

Secretary
NSW Department of Premier and Cabinet
1 Purpose

The NSW Government Program Evaluation Guidelines (Guidelines) will help agencies to conduct consistent, transparent and high quality evaluations of NSW Government funded programs. All NSW Government departments should conduct their evaluations in line with the principles and standards outlined in these Guidelines.

The Guidelines and our online Evaluation Toolkit1 will help you to plan, conduct and manage an evaluation of any NSW government-funded program. A high quality evaluation will:

» inform decision-making
» improve programs
» share learnings.

Senior executives, program managers and evaluation staff should use the Guidelines to support rigorous evaluation of government funded programs. We also encourage non-government organisations and consultants evaluating government-funded programs to use them.

Defining program evaluation

To establish program evaluation standards, we need a shared understanding of “program” and “evaluation”.

Program

A set of activities managed together over a sustained period of time that aim to achieve an outcome for a client or client group.

These Guidelines use program to refer to policy, strategy, initiative, service or project.

Programs vary in size and structure – from small programs at a single location, to whole of government reforms with many component delivered by different agencies. Programs may be delivered directly by government agencies or government funded delivery partners from the private or non-government sectors. (See Table 2.1 for a detailed description of the program scales).

Regardless of the size and structure of a program, an evaluation that is well designed and managed can yield useful evidence about the effectiveness or otherwise of programs.

**Program evaluation**

A rigorous, systematic and objective process to assess a program’s effectiveness, efficiency, appropriateness and sustainability.

Evaluation plays a key role in supporting program decision making by helping us understand whether a program is working, in what context, when it’s not, and why. Well planned and executed evaluation provides evidence for improved program design, delivery, and outcomes.

These Guidelines cover three key types of evaluation:
1. outcome
2. process
3. economic.

These are most effective when combined to comprehensively assess whether a program:
» achieved the intended outcomes (outcome evaluation)
» was implemented as intended (process evaluation)
» has identified economic benefits and costs (economic evaluation).

**Fig 1.1.** Program effectiveness is measured against outcomes wherever possible. Outcomes represent the highest level of result that is measured.

**Taking a principles based approach**

The Guidelines seek to share an understanding of key elements of the evaluation process for NSW Government programs. This includes nine principles to underpin best practice:

1. **Build evaluation into your program design.** Plan your evaluation before you implement a program to ensure the program has clearly defined and measurable outcomes. This in turn increases the quality of the evaluation.

2. **Base your evaluation on sound methodology.** Use best practice methodologies to suit the program’s size, significance and risk.

3. **Include resources and time to evaluate.** Consider the required evaluation resources and timeframe when planning the project. Ensure evaluation findings will be available when needed to support decision-making.

4. **Use the right mix of expertise and independence.** Choose evaluators who are experienced and independent from program managers, but always include program managers in evaluation planning.

5. **Ensure proper governance and oversight.** Use governance processes to ensure oversight of evaluation design, implementation and reporting.

6. **Be ethical in design and conduct.** Carefully consider the ethical implications of any evaluation activity, particularly collecting and using personal data, and any potential impacts on vulnerable groups. You may need formal review and approval from an ethics committee certified by the National Health and Medical Research Council.

7. **Be informed and guided by relevant stakeholders.** Listen to stakeholders, including program participants, government or non-government staff involved in managing and delivering the program, and senior decision makers.

8. **Consider and use evaluation data meaningfully.** Include clear statements of findings for consideration in evaluation reports. Use reports to inform any decisions about changes to programs.

9. **Be transparent and open to scrutiny.** Publicly release key information about all aspects of the evaluation unless there is an overriding public interest against disclosure. This could include methodologies, assumptions, analyses and findings.
Program evaluation builds evidence and supports decision making. Government agencies need to decide what, how and when to evaluate.

What to evaluate
Programs should be prioritised for evaluation through consideration of their:
- size
- strategic significance
- degree of risk.

Table 2.1 provides a guide to agencies in prioritising programs for evaluation. A program doesn’t need to satisfy each characteristic to fall into a particular scale – instead, take a ‘best fit’ approach when categorising a program. Agencies are expected to prioritise evaluation of programs at the 4 and 3 scale, using components of process, outcome and economic evaluation to maximise insights. You can exercise more discretion about evaluating programs at the 2 and 1 scale.

How to evaluate
These Guidelines describe three key types of evaluation: outcome, process and economic. The most rigorous and effective program evaluations combine elements of all three.

Each methodology has its limitations, so assess this in your planning, and outline how you will manage the limitations in the evaluation plan.

While an evaluation is strengthened with the active participation of program managers, staff and stakeholders, selecting and implementing an appropriate evaluation methodology requires the skills of a suitably qualified and experienced research or evaluation specialist. Most departments have a specialised unit able to provide this advice.

The following sample questions will guide you on what to ask, but these are not exhaustive. Also consider asking questions about appropriateness to support future decision-making.
### Table 2.1 Program scale and evaluation characteristics

<table>
<thead>
<tr>
<th>Scale</th>
<th>Characteristics of program</th>
<th>Characteristics of evaluation</th>
</tr>
</thead>
</table>
| 4     | **Priority:** strategic priority for government  
**Program accountability:** Cabinet or Cabinet Committee  
**Funding:** significant government / department funding  
**Risk:** high risk (e.g. budget, operational)  
**Scope:** multiple government departments/agencies and and/or multiple external delivery partners  
**Other factors:** lack of current evidence base, external reporting requirement (e.g. Commonwealth-State funding arrangements), innovative | **Primary audience:** Cabinet or Cabinet Committee  
**Evaluation type:** coordinated use of outcome, process and economic  
**Responsibility:** Ministers or senior executives consider evaluation findings and implement the ones that are adopted  
**Impartiality:** consider a combination of  
   » Oversight: executive from the lead agency chairs evaluation advisory group, with membership representative of participating agencies, including the central agencies  
   » Independence: use an evaluation centre from inside or outside the lead agency, a consultant evaluator or the Centre for Program Evaluation (Treasury).  
   » Include a peer review of methodology and findings by independent subject experts  
   » Publish findings and methodology  
**Resources:** quarantined evaluation budget and dedicated staffing |
| 3     | **Priority:** strategic priority for department/agency.  
**Program accountability:** responsible ministers.  
**Funding:** significant department/agency funding.  
**Risk:** moderate to high.  
**Scope:** multiple departments/agencies and/or multiple external delivery partners.  
**Other factors:** lack of current evidence base, internal reporting and evaluation requirement. | **Primary audience:** Ministers and Secretaries.  
**Evaluation type:** coordinated use of outcome, process and economic.  
**Responsibility:** Ministers or senior executives consider findings; senior executive implements adopted findings.  
**Impartiality:** consider a combination of  
   » Oversight: executive from lead agency chairs evaluation advisory group, with membership representative of participating agencies, may include central agency(ies).  
   » Independence: use a departmental evaluation centre or consultant evaluator.  
   » Consider a peer review of methodology and findings by independent subject experts.  
   » Publish findings and methodology.  
**Resources:** designated evaluation budget and staffing for duration of evaluation. |
| 2     | **Priority:** named in department/agency strategic plan.  
**Program accountability:** department/agency executive.  
**Funding:** moderate department/agency funding.  
**Risk:** low to moderate.  
**Scope:** responsibility of single department/agency; may involve external delivery partners.  
**Other factors:** limited evidence base, internal reporting and evaluation requirement. | **Primary audience:** department/agency executive.  
**Evaluation type:** coordinated use of outcome and process.  
**Responsibility:** department/agency executives consider findings and implement adopted findings.  
**Impartiality:** consider combination of  
   » Oversight: program manager and evaluator.  
   » Independence: use an internal evaluator if required.  
   » Peer review within the department/agency.  
**Publish findings and methodology.**  
**Resources:** evaluation budget and staffing appropriate to agreed methodology; most likely from within allocated program resources. |
| 1     | **Priority:** low or emerging strategic priority for department/agency.  
**Program accountability:** business unit within department/agency.  
**Funding:** limited department/agency funding.  
**Risk:** low.  
**Scope:** single department/agency; may involve external delivery partners.  
**Other factors:** local delivery, similar to other evaluated programs found to be successful. | **Primary audience:** business unit executive.  
**Evaluation type:** coordinated use of outcome and process components.  
**Responsibility:** business unit executives consider findings and implement adopted findings.  
**Impartiality:** consider combination of  
   » Oversight: program manager and/or evaluator.  
   » Independence: internal evaluation by the business unit, using program staff, if required.  
   » Peer review: within business unit or department / agency.  
   » Publish findings and methodology where practical.  
**Resources:** budget and staffing appropriate to agreed methodology, likely from within allocated program resources. |
Outcome evaluation

Outcome evaluation seeks to verify a causal link between pre-defined program activities and outcomes. Ideally it may also identify who the program works best for and under what circumstances. It is preferable that it also considers any unintended consequences for participants or stakeholders. This is best used when a program has been running for long enough to produce reliable results.

Questions to ask

- Have the outcomes changed?
- Has this program contributed to the change as expected?
- Who has benefited from the program, how, and under what circumstances?
- Are there any unintended consequences for participants or stakeholders?

Evidence to support outcome evaluation

There is a range of evaluation research designs you can use to show causal links between pre-defined program activities and outcomes. Figure 2.1 shows the relative strength of evidence gained from each, and gives some example methodologies.

The methodologies can be divided into three main groups: experimental, quasi-experimental and non-experimental designs.

Experimental and quasi-experimental designs need careful planning and, usually, ethics approval. While potentially costlier than non-experimental designs, they give much stronger evidence of program effectiveness. See Appendix A for detailed definitions.

Experimental design is considered the strongest methodology for demonstrating a causal relationship between pre-defined program activities and outcomes. It measures changes in the desired outcome for participants in an ‘intervention’ group and those in a ‘control’ group. Participants are randomly assigned meaning there is negligible systematic difference between the groups. Results are therefore independent of selection processes and any associated bias.

Quasi-experimental designs are typically used when experimental designs are not feasible or ethical, but some form of control group is possible. High quality quasi-experimental designs can show a causal link between pre-defined program activities and outcomes. These methods compare outcomes for program participants, either against a non-random control group or at different phases in the rollout of a program, as in multiple baseline design.

Non-experimental design is also referred to as descriptive or observational studies. They do not use a control group, but instead examine changes in participants before and after program implementation, or rely only on qualitative data, such as client and stakeholder interviews or expert opinion. These methods alone can’t measure a program’s effectiveness, as they can’t show causal links between activities and outcomes. Although these methods are the weakest, qualitative data can be an excellent aid to quantitative methods. It gives a context for outcomes as well as a narrative for the quantitative data. Because of this, quality outcome evaluations usually include one or more of these methods.
Process evaluation

Process evaluation looks at how a program is delivered, describing the program’s current operating conditions and identifying processes hindering success. When done early it can ensure the program has been implemented as intended (this is called program fidelity).

As an ongoing evaluative strategy, it can be used to continually improve programs by informing adjustments to service delivery.

Process evaluation is most valuable in supporting outcome evaluation. When a program hasn’t met its outcomes, process evaluation can help distinguish implementation issues from design issues.

Process evaluation typically uses recognised business and process analysis techniques. Depending on the type of program, it may include:
- document reviews
- observation
- surveys
- individual or group interviews
- administrative program data analysis.

Questions to ask

Have the program activities been implemented as intended?
Are there any barriers to program delivery? If so, how can the program be improved?
Was the program implemented within the expected timeframe?
To what extent is the program reaching intended recipients?
To what extent is the program meeting the needs of participants and other key stakeholders?

Economic evaluation

Economic evaluation identifies, measures, and values a program’s economic costs and benefits. It can inform decision-making and promote efficient resource allocation. It can also be used to compare alternatives, including a no-policy-change option, on a consistent basis.

Economic evaluation assigns a value to a program’s inputs and outcomes. Therefore, a quality economic evaluation can only be done when a program is producing reliable results data that can be valued. This requires planning for data collection for the purpose of an economic evaluation, before program implementation.

Economic evaluation requires specialist evaluators who can choose suitable valuation methods and identify the inputs and benefits to which an economic, social or environmental value can be assigned.

The two main forms of economic evaluation:

Cost benefit analysis (CBA)
This involves the consistent valuation of costs and benefits in monetary terms for both monetary and non-monetary variables (economic, social and environmental) across time, for a designated community (this can be national, state or local). It is most usefully applied when the major benefits of a program can be reasonably quantified. The two key strengths of CBA are that, firstly, it establishes a set of valuation principles that are not typically available from other evaluations and secondly, it allows a range of options to be compared on a consistent basis.

Cost effectiveness analysis (CEA)
This is used when the benefits of a program cannot be easily quantified in monetary terms, or benefits are considered to be similar for alternative programs. CEA can only be used to compare different programs where the objectives and outcomes are directly comparable; it allows the identification of the lowest cost means of achieving those outcomes.

See Appendix A for detailed definitions.

---

*Economic evaluation can be either forward-looking (ex ante) or backward looking (ex post). In the NSW Government, forward-looking economic evaluation is typically referred to as “economic appraisal” (which is part of the business case process) and “economic evaluation” usually refers to backward-looking evaluation. Where ex ante appraisal has been undertaken, an economic evaluation provides an opportunity to validate the predictions made in the appraisal. Treasury’s Economic Appraisal Guidelines (TPP 07-5) provide further guidance.*
EXAMPLE QUESTIONS
What are the program’s implementation costs?
How do the costs compare with other programs targeting the same need or issue?
Does the program provide value for money?
What is the net benefit to the community?
Can resources be allocated more efficiently?
What are the key components or drivers of the costs?
What are the key components or drivers of the benefits?
What is the economic value of the benefits to society compared with alternatives?
Given the same level of benefits, what is the most cost effective approach?
Is the return on expenditure adequate to justify investment in the program?

When to evaluate
Evaluation findings can be used to:
» improve a program
» justify continuing an effective program
» make a case for expansion
» discontinue an ineffective program.
Early evaluation planning can enhance a program’s design by asking fundamental questions about activities, outputs and outcomes; and how these will be measured, including available data sources. Planning early can significantly increase the evaluation methodologies to choose from. It can also ensure that findings are available to support formal decision making processes for the program’s future. Figure 2.2 shows how to integrate evaluation throughout a program’s lifecycle.

Figure 2.2 Integrating evaluation with a program’s lifecycle enables a stronger evaluation delivered in time to support decision making.

PROGRAM CYCLE

Problem identification and needs analysis
Solution design
Approval to proceed
Program implementation and delivery
Program effectiveness and problem re-analysis

Evaluation Planning Commences
Evaluation Plan Complete
Data collection and related evaluation activity undertaken
Evaluation available to inform decision making

EVALUATION PROCESS
3 Planning Your Evaluation

Program evaluation is best placed to support any decisions when planning commences well in advance of those decisions. Evaluation planning should start when the program is being designed, with much of the planning complete before the program has started to operate.

Before a program begins, it's best practice to have a complete program plan that includes a clear program logic, and a supporting evaluation plan that includes a detailed evaluation methodology.

For existing and ongoing programs, program managers should identify what evaluation plans are in place and work to develop a complete evaluation plan. It's recommended that you work with evaluation specialists to develop your evaluation plan, particularly around selecting appropriate methodologies and suitable data sources. The larger the program the greater the role of the evaluation specialist.

Evaluation plans work best when negotiated and agreed with all delivery partners, including non-government organisations and other key stakeholders. Each will differ in its details and scope, but all plans should consider the following elements:

**Specify the subject of the evaluation**
What program is being evaluated?
This is relatively straightforward for small scale programs (at the 1 & 2 scale). However, as program scale increases it’s essential to decide what is in or out of scope, for instance within a large scale policy reform. The evaluation plan should clearly outline the need or issue the program seeks to address, its activities, outputs, predefined outcomes, key assumptions and external influences. Include any existing evidence and the program development history.

**Know the primary audience**
Who will receive and use the evaluation findings?
The primary audience is the person or group that is most likely to use the evaluation findings, including Cabinet, a Cabinet Committee, or Minister. This is distinct from program participants and interested stakeholders, and may not be the commissioning person or agency.

**Governance and Oversight**
Are effective governance processes in place?
Staff with appropriate seniority and understanding of evaluation should have oversight of evaluation design, implementation and reporting. This will ideally use existing program governance arrangements. You will need to put dedicated governance arrangements in place, where existing arrangements are unavailable or unsuitable.

**Allocate and understand key roles and responsibilities**
Who is commissioning the evaluation?
Who will manage the evaluation?
Who will conduct the evaluation?
Who will be responsible for consideration and implementation of findings?

**Identify key questions**
What are the key questions the evaluation should answer?
It’s also important to consider the evaluation indicators for each question. Have measures been developed? Is data available for your measures, or does it need to be collected?

**Select your methodology**
What methodology will the evaluation use?
Typically more than one methodology is needed.

It’s likely that there are a number of possible methodologies that could answer the evaluation questions. Ensure someone with sufficient evaluation or research expertise from your agency/department or externally is consulted.

Ensure that the selected methodologies can be applied within the available time and resources.
Disseminate the findings
How will you communicate findings to decision makers, service providers, other stakeholders and the community?
Effectively communicating the evaluation findings will increase your likelihood of impacting decision making. Take care to communicate the findings so the primary audience can understand them. This will include helping them to understand how the findings align with required decisions.

Protect privacy and uphold ethics
What ethical issues need to be considered and addressed?
Ensure privacy safeguards are in place for clients and staff.
Does the project need ethics clearance from a relevant body? Refer to the key guidelines on ethical considerations, including:

- Australian Code for the Responsible Conduct of Research
- Ethical Considerations in Quality Assurance and Evaluation Activities
- Guidelines for the Ethical Conduct of Evaluations
- Guidelines for Ethical Research in Australian Indigenous Studies.

Find out more about ethics approval from your specialist research or evaluation units.

Resources
Time and resource availability will impact the evaluation’s design and scale.
How much time is available to conduct the evaluation - when are decisions about the program going to be made?
What is the evaluation budget?
Are there sufficient staff with appropriate skills to conduct or manage the evaluation?
What additional material, like statistical analysis software, and resources, such as project management support, are available to support the evaluation?
What are the key milestones during the evaluation and what are its deliverables?

Include stakeholders
Who are the evaluation stakeholders, and how can they be included in planning, conducting, and understanding the evaluation findings?
Use the online Evaluation Toolkit for more guidance on developing evaluation plans.

---

3 NHMRC (2007)
4 NHMRC (2014)
5 AES (2013)
6 AIATSIS (2011)
4 Commissioning Your Evaluation

A quality commissioning process establishes a strong link between those responsible for a program and the decisions about its future, and those who will deliver the information needed through the evaluation.

Selecting an evaluator – internal or external?

Program evaluation principle 4 is Use the right mix of expertise and independence. In deciding whether to conduct an evaluation internally (e.g. through an internal evaluation unit) or through an external evaluation provider (e.g. from the private sector or a university), key considerations include:

- **Priority** – use the program scale in Table 2.1 to help you prioritise the evaluation.
- **Expertise** – think about the technical or professional skills required, and whether this is available internally or externally.
- **Independence** – an external evaluator can contribute to the independence of the evaluation.
- **Resourcing** – commissioning can bring additional resources required to ensure timely delivery.

Good practice in commissioning evaluation

Program evaluation is most useful in supporting decision making when it combines elements of process, outcome and economic evaluation. Agencies should consider whether to proceed with commissioning an evaluation when it’s apparent insufficient time, data or other resources will likely jeopardise the quality of the evaluation.

The quality and usefulness of an external evaluation is highly dependent on the scope and level of resourcing set by the commissioning agency.

If commissioning an external evaluation, it’s essential you comply with NSW Government guidelines and policies applicable across government, and in your agency. Ask your internal procurement team for specific guidance. A list of pre-qualified program evaluators can be found on the NSW Government Pre-qualification Scheme for Performance and Management Services – see the capability categories ‘Agency and Program Review’ or ‘Policy/Strategy Reviews’.

In preparing a consultancy brief, include all the guidance a consultant will need to design and cost a high quality proposal that meets the agency’s needs.

The brief should contain:

- The policy context for the program.
- The program being evaluated, ideally including a program logic that articulates the intended causal pathway between defined activities and outcomes.
- The purpose of the evaluation, including the strategic context, audiences and intended uses.
- Key questions that the evaluation needs to address and that can be realistically answered.
- Methodological requirements or preferences, if known. This should include information about the availability of data sets, and any access requirements to clients or staff for survey or interview.
- Key stakeholder preferences for engagement with the evaluation.
- Key ethical considerations and risks that the evaluation will need to manage, including any potential requirement for formal ethics approval.
- Governance arrangements for the evaluation, including reporting requirements and review processes during the evaluation period.
- Realistic and clear expectations around the timeframe, deliverables and budget.
- Who will retain the intellectual property produced during the evaluation.
- Expectations regarding dissemination of the evaluation methods and findings including publication.

Agencies should also explain their processes during the tender period, including their tender selection process and criteria, and how they intend to respond to consultants’ questions about the project.

Agencies may also consider whether activities can be built into the evaluation to encourage skills transfer and evaluation capacity-building in the policy area responsible for the program being evaluated. This might include, for example, debriefing by the consultant about the evaluation process at key points, or program staff participating in or observing key data collection activities (such as fieldwork).

---

7The Procurepoint website (www.procurepoint.nsw.gov.au) lists consultants who are prequalified under the scheme. See the Toolkit for more information on using this scheme for evaluation projects.

8Evaluation is one area of government procurement where it may be appropriate to include a budget range, to assist tenderers in understanding the anticipated scale of the evaluation and enable greater comparability between proposals received. Agencies should seek advice from their procurement team on this matter.
Quality government tender documents take time and evaluation expertise to prepare. In cases where an agency anticipates assembling a stakeholder reference or governance group for the evaluation, it is helpful to engage these stakeholders in the tender drafting process, as well as in the tender selection process. It can also take time for a consultant to develop a quality tender/quotation response. Agencies are encouraged to allow 2-3 weeks for consultants to respond; longer if the evaluation is larger or more complex and may require assembly of a partnership or consortium.

Good practice in managing evaluation consultancies

The commissioning process has two key stages:

» **Procurement** – the agency engages the preferred evaluator on the basis of their proposal, and contracts are signed.

» **Evaluation planning** – acceptance of an evaluation plan by the commissioning agency signifies agreement that the evaluators understand their brief and have a proposal that is acceptable. This should build on the original specifications and the tender or quotation.

**After stage 1**

» Set aside time for joint planning as soon as possible. Depending on the evaluation’s scale and timeframe, you may also need to consult program stakeholders.

» Use this planning time to fine-tune the evaluation’s technical design, identify any data collection issues, or renegotiate timeframes and logistics to create a final program evaluation plan.

**After stage 2**

» The evaluation plan becomes the governing document for managing the evaluation.

If the commissioning agency or the evaluator wants to change the plan at any stage, these changes must be clearly communicated. Substantive changes may require a contract variation.

If the evaluator is contracted, it is best to structure their payment schedule to reflect the equal importance of these two stages and create an incentive for them to deliver a quality evaluation plan.

For more information on commissioning an evaluation:

» see the online [Evaluation Toolkit](#)

» talk to your in-house evaluation unit

» contact the [Treasury’s Centre for Program Evaluation](#)
Managing a program evaluation requires considerable time and attention. An evaluation’s quality will depend significantly on the project management and planning by the responsible agency.

Agencies need to communicate openly and continuously with the evaluator, whether internal or external, so that:

» evaluators are kept aware of changes in the policy and stakeholder landscape relevant to the program and its evaluation.

» risks to the evaluation are identified early and managed appropriately.

» emerging findings are fed back to government in a timely manner so it can respond appropriately.

It is also essential to create an authorising environment for the evaluator to work in. Consider any aspects of the evaluation that will need approval or authorisation. For example, agencies should ensure data custodians are aware of upcoming requests for data and the timeframes in which it is required.

Underestimating the time needed to obtain data is one of the common causes for delay in evaluation. Consult with data custodians early to ensure the data will be available, and that it is fit for purpose (i.e. the reason it was originally captured, aligns with its intended use in the evaluation).

The first step in requesting data is to formally seek approval from the appropriate authority within the relevant agency. Similarly, where evaluators require access to stakeholders for interview, approval may be required in advance from the relevant authority. A formal request can facilitate your data request as this provides a basis for a timely response.

These good practice principles include:

» Creating a risk register to identify the type and severity of risks and strategies for minimising and managing them. This should be revisited and updated regularly as a part of project meetings.

» Explicit timelines using a Gantt chart or equivalent

» Regular (e.g. fortnightly) project status reports to the commissioning agency that clearly shows progress towards evaluation milestones and deliverables.

For larger evaluations, the project plan should be updated before and after each project meeting and serve as the ‘source of truth’ concerning the evaluation’s progress.

Stakeholder engagement

The commissioning agency holds overall responsibility for stakeholder management and should develop a stakeholder communication strategy as part of the evaluation plan. This should clearly assign roles for the commissioning agency and the evaluator.

The commissioning agency is typically responsible for ensuring that stakeholders are aware of the evaluation and any expectations for their participation. For example, access to management and staff for interviews, and provision of any data. The evaluator is typically responsible for contacting consenting stakeholders to arrange their participation.

For more information on managing an evaluation:

» see the online Evaluation Toolkit

» talk to your in-house evaluation unit

» contact the Treasury’s Centre for Program Evaluation.
6. Using Evaluation Findings

Program evaluation should always be undertaken with a view to informing decision making. This may include continuing, expanding, ceasing or refining a program. Evaluation is essential in supporting the expansion of innovative programs and continuing existing programs shown to be successful.

The overall aim of evaluation is to inform decision-making at all levels, so start by identifying the group that will make the decisions about a program’s future. This group of decision makers is the primary audience for your evaluation. A quality evaluation process will continue to focus on this group from planning through to reporting findings.

Public reporting and communication

Agencies are required to proactively and publicly release the findings of program evaluations, unless there is an overriding public interest against disclosure of the information in line with the Government Information (Public Access) Act 2009 (GIPA). This helps to:

» Enhance accountability and transparency
» Communicate expenditure choices and outcomes to the community
» Contribute to the available evidence base, allowing for comparison and shared knowledge across similar programs to improve service delivery
» Reduce duplication and overlap.

Best practice involves publication on commissioning agency’s website of the full report and methods used. Alternatively agencies may sometimes choose to release a plain English executive summary and statement of findings on their website.

More active stakeholder engagement may include briefing sessions or seminars. Presenting at conferences and publishing in peer reviewed journals provides an opportunity to share lessons learned across the relevant industry sector.

Evaluation findings for major programs should be reported to Cabinet or the relevant Cabinet committee or other key decision makers.

Evidence from a program evaluation can help with a range of program decisions, such as:

» Immediate decisions, for instance whether to extend a pilot to become a mainstream program
» Longer term decisions about the future scale and continuity of investment, typically decided at budget reviews
» Refining program delivery processes
» Future policy and program design and implementation.

Other benefits of releasing evaluations or their findings include:

» Building confidence in a program’s effectiveness among stakeholders
» Sharing lessons learned with other evaluators in the sector
» Promoting an agency’s work
» Showing a commitment to evaluating programs and evidence informed decision making.

To help build a stronger evidence base and provide a safeguard against errors in design and analysis, agencies are also encouraged to report on:

» The type of the program evaluated, including implementation and context, to support replication and modification of future evaluation design
» The data used, including the safeguards used to protect the anonymity of participants
» Methodologies, analytical assumptions and their testing, and any known limitations of the approach
» Any relationships with past research
» Financial and other potential conflicting interests.

Responding to the evaluation

A process for responding to evaluation findings should be developed in advance of the evaluation. This should be embedded within established evaluation and program governance processes. A formal process should be established for considering the findings and developing a response. Both of these steps should be allocated to appropriately senior staff, see Table 2.1.

This may require coordination across departments and levels of government for large scale programs.
Building evaluation capability is critical for the development of an evaluation culture across the sector.

While some agencies already have considerable evaluation capacity, more needs to be done to further support and develop evaluation capability more broadly across the sector. Departments and agencies will need to invest in training and development to improve evaluation capability and capacity.

Different groups in the sector have different levels of expertise and play different roles during evaluations. To help clusters target appropriate training, Appendix B identifies four key groups, their needs, and ways to build their capability.

Support tools and networks

Evaluation Toolkit

The NSW Government’s online Evaluation Toolkit complements these Guidelines. It contains more information about good practice in planning and conducting evaluations.

Evaluation Centres of Excellence

Centres of excellence can coordinate evaluation activity, provide oversight of evaluation practice and standards, and support capability development within departments and agencies.

Central agencies also have developed evaluation expertise. In Treasury, the Centre for Program Evaluation was established to both conduct evaluations and help build capacity across the government sector, as recommended by the 2012 Commission of Audit Report.

Evaluation Community of Practice

The NSW Government Evaluation Community of Practice fosters a culture of evaluation across the sector, with a broader focus on evidence based policy development. The community encourages:

- Promotion of the role of evaluation in delivering public value for the people of NSW
- Understanding of the strengths and limitations of evaluation and its role in evidence based decision making
- Closer alignment between evaluation and program/policy design
- Sharing of knowledge, expertise and experiences across agency boundaries
- Improving skills and sharing resources.

The community is open to all staff, but primarily provides an opportunity for evaluation specialists and program staff.

Partnerships with specialist bodies

Government departments and agencies may also wish to pursue partnerships with evaluation and academic bodies relevant to their portfolios to build capability and capacity.
8 References


## APPENDIX A: GLOSSARY OF TERMS

<table>
<thead>
<tr>
<th>TERM</th>
<th>DEFINITION</th>
</tr>
</thead>
</table>
| Appropriateness       | Evaluations of appropriateness aim to determine the extent to which 10:
  » Program outcomes continue to align with demonstrable need given what is already known about the social, economic or environmental context.
  » A program is responsive to emerging needs of the community.
  » Program delivery is culturally appropriate while maintaining fidelity with key design elements
  » Program delivery is suitably adapted for local conditions while maintaining fidelity with key design elements |
| Audit                 | An audit is used to assess whether financial statements comply with accounting standards, laws, and regulations11. Audits (including non-financial) should comply with the Australian Government standard on assurance engagements: ASAE 3500 Performance Engagements, Auditing and Assurance Standards Board. |
| Baseline              | Information collected before or at the start of a program that provides a basis for planning and/or assessing subsequent program progress and outcomes.                                                        |
| Cost Benefit Analysis | Cost Benefit Analysis (CBA) compares the costs and benefits of a program in monetary terms. Since costs are incurred and benefits are realised in different time periods into the future, they are discounted back to the base year to reflect the time value of money. The difference between the present value of benefits and the present value of costs is referred to as the net present value (NPV). The program option with the highest NPV represents the most economically viable option. CBA is most usefuly applied when the major benefits of a program can be reasonably quantified. The key strength of CBA is that it allows a range of options to be compared on a consistent basis (i.e. in dollar terms) In practice, the items to be valued in monetary terms for CBA will include:
  » Costs
    1. Capital costs (estimates of the cost of land, buildings and equipment)
    2. Operating costs (running costs for the whole life of the option)
    3. Unintended consequences (indirect costs) of the program.
  » Benefits
    4. Revenue from selling goods and services
    5. Benefits to users of the service not reflected in the price paid, but which can be valued, assessed by surveys or other methods
    6. Cost savings (including avoided costs), such as savings in health costs |

11 See Audit Office (2015)
7. Those benefits to the broader community which can be valued such as reductions in crime events

A comprehensive guideline on CBA is available on the Treasury [website](http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0016/7414/tpp07-5.pdf)

| Cost Effectiveness Analysis | Cost Effectiveness Analysis (CEA) compares the quantifiable relative costs (in dollars) and outcomes (effects) of two or more courses of action. CEA is distinct from CBA, and should be used when the benefits of a program cannot be easily quantified in monetary terms or are considered similar for each option. The costs are compared with outcomes measured in natural units – e.g. per life saved, per life year gained, or per pain or symptom free day. This process is used to identify the lowest cost means of achieving that outcome. |
| Economic evaluation | Economic evaluation involves the identification, measurement and valuation of the costs and benefits of a program. Economic evaluation can be used to compare two or more alternatives (including a no-policy-change option) on a consistent basis. |
| Effectiveness | The extent to which a program achieves its objectives. |
| Efficiency | The extent to which a program is delivered with the lowest possible use of resources, to the areas of greatest need, and continues to improve over time by finding better or lower cost ways to deliver outcomes. |
| Evaluation | A rigorous, systematic and objective process to assess the effectiveness, efficiency, appropriateness and sustainability of programs. |
| Experimental Design | Considered the strongest methodology for demonstrating a causal relationship between program activities and outcomes. It measures changes in the desired outcome for participants in an intervention group and those in a control group who do not differ in any systematic way (e.g. randomised controlled trials). Results are therefore independent of selection processes and any associated bias. |
| Expert opinion | The views of a person generally considered to be very knowledgeable in a particular field. |
| Findings | Factual statements about a program which are based on empirical evidence. Findings include statements and representations of the data, but not interpretations, judgments or conclusions about what the findings mean or imply. |
| Meta-analysis | A method of comparing and combining results of many other studies. |
| Monitoring | A process to periodically report against planned targets (Key Performance Indicators). Monitoring is typically focused on outputs rather than outcomes and is used to inform managers about the progress of a program and to detect problems that may be able to be addressed through corrective actions. |
| Non-Experimental Design | These designs also referred to as descriptive or observational studies. They do not involve a control group, but instead only looks at changes among participants before and after implementation of the program, or relies entirely on qualitative data (e.g. client and stakeholder interviews, expert opinion). They are the weakest methodology, unable to measure cause and effect, and should be avoided wherever possible. It is important to note however that qualitative data from stakeholders (such as program staff and clients) is essential for contextualising outcomes and is useful in providing a narrative around the quantitative data. Therefore quality outcome evaluations will typically include one or more qualitative methods (e.g. in-depth interview, focus groups) to complement a quantitative methodology. |

---

<table>
<thead>
<tr>
<th><strong>Outcome</strong></th>
<th>A result or effect that is caused by or attributable to the program.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome evaluation</strong></td>
<td>Outcome evaluation seeks to verify a causal link between pre-defined program activities and outcomes. It identifies the overall positive or negative outcome, and ideally for whom and under what conditions the program is most effective. It is preferable that it also considers any unintended consequences for participants or stakeholders. Outcome evaluation should occur when the program has been running long enough to produce reliable results.</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>The products, goods, and services which are produced by the program.</td>
</tr>
<tr>
<td><strong>Performance monitoring</strong></td>
<td>A management process to periodically report against planned targets. Generally, monitoring seeks to determine whether sufficient progress is being made towards targets, or a business process is operating within predefined parameters (e.g. upper and lower thresholds). This may include a focus on outputs as opposed to outcomes. Performance monitoring does not seek to establish a causal link between an activity and the result, instead relying on evaluation to first establish this link.</td>
</tr>
<tr>
<td><strong>Pre and post studies</strong></td>
<td>A pre and post study involves observations about participants before and after the program with no control group. This is defined as non-experimental because without a control group, effects cannot be attributed to the program as there is potential for influence from external factors. It only measures whether a change in outcome measures has occurred since a program has commenced. A pre and post study with a control group improves the validity of this study design and the strength of the evidence produced. The control may be selected randomly or more often is selected for suitability, thereby producing a quasi-experimental design. Any change in outcomes before and after the program that are not seen in the control group provides evidence that the effect is likely due to the program rather than some other factor.</td>
</tr>
<tr>
<td><strong>Process evaluation</strong></td>
<td>Process evaluation investigates how a program is delivered, and may consider alternative delivery processes. It can also be very useful in supporting an outcome evaluation, describing the program’s current operating conditions which are most likely to support or impede success. When a program has not produced its planned outcomes, it can help to distinguish implementation issues from ineffective programs. As an ongoing evaluative strategy, it can be used to continually improve programs by informing adjustments to delivery. Process evaluations draw on data from a wide range of sources (e.g. document review, observation, surveys, qualitative inquiry and analysis of administrative program data) depending on the nature of the program being evaluated. Process evaluation frequently uses recognised business and process analysis techniques.</td>
</tr>
<tr>
<td><strong>Program</strong></td>
<td>A set of activities managed together over a sustained period of time that aims to deliver outcomes for a client or client group.</td>
</tr>
<tr>
<td><strong>Program logic</strong> (also known as a logic model)</td>
<td>A management tool that presents the logic of a program in a diagram or chart (with related descriptions). The program logic illustrates the logical linkage between the identified need or issue that a program is seeking to address; its intended activities and processes; their outputs; and the intended program outcomes.</td>
</tr>
</tbody>
</table>

---

13 Sanson-Fisher et al. (2014)
The explicit representation of the assumed logic creates an opportunity for stakeholders to understand and test the assumptions, ensuring that the program design is sound – delivering the anticipated benefits.

**Qualitative methods**

Qualitative methods include focus groups, in-depth interviews or questionnaires administered to program staff, participants or other stakeholders. Qualitative data is essential for contextualising outcomes and is useful in providing a narrative around the quantitative data. Quality outcome evaluations will typically include one or more qualitative methods to support their quantitative methodology.

**Quasi-Experimental Design**

These methodologies seek to compare outcomes for program participants and a (non-random) control group; or through phased rollout of a program (e.g. multiple baseline design). They are typically used when it is not feasible or ethical to use an experimental design (e.g. randomised control trial). High quality quasi-experimental designs are well suited to measuring program impact on intended outcomes.

**Randomised controlled trial (RCT)**

Experimental design originally developed in the health field in which it is considered the gold standard for evaluating the effectiveness of an intervention. Individuals are randomly assigned to receive an intervention or a control condition. Randomisation is central to the design because it eliminates selection bias (i.e. where assignment to the intervention group might be influenced by perceived relevance or potential benefit).

When undertaken with sufficient numbers, randomisation also generally balances groups on variables (both known and unknown) that might affect the outcome of the study. Subsequently, any differences in outcomes observed between groups can be attributed to the intervention rather than to another cause or external factors.14

**Research**

Outcome evaluation is a sub-set of research when asking questions about program effectiveness. Scientific research is the discipline on which experimental and quasi-experimental methodologies used in outcomes evaluation are based. However, research can also ask different types of questions including questions about population characteristics and needs, and identifying causal factors.

Research is a systematic process of inquiry and discovery in order to produce knowledge and understanding. It is based on the process of hypothesis generation and testing. Hypotheses are typically developed on the basis of the existing body of knowledge. A quality hypothesis can be tested with an experiment. The results either support the hypothesis or disprove it.

**Review**

Typically quicker, more operational assessments of ‘how we are going’, often to inform continuous improvement. Reviews generally take place after implementation has started and may be useful when there is insufficient information to conduct an evaluation.

The emphasis is usually on timely generation of sufficient information (e.g. through benchmarking against performance data for other programs) to inform decision-making or identify the scale of a problem or situation15.

The term review is also sometimes used to refer to a review of functions or features common across government which focuses on delivering more efficient and effective government services from a financial point of view.

**Sustainability**

In the context of the definition of evaluation, sustainability considers the social, economic, political, institutional and other conditions surrounding a program.

---

14 Ibid. 15
15 See Treasury Board of Canada Secretariat (2009)
Based on that assessment, the evaluation considers the
i. likelihood of program benefits continuing after resources and funding come to an end; or
ii. capacity of an ongoing program to continue to deliver similar results into the future given prevailing circumstances continue.

(Based on *Handbook on Planning, Monitoring and Evaluating for Development Results* United Nations Development Programme p.170 ff)

| Value for money | Government programs should offer value for money. Value for money is achieved when the maximum benefit is obtained from the program provided within the resources available to the department/agency. Achieving value for money does not always mean that the ‘highest quality’ program is selected. A lower cost option still appropriate to quality requirements may be appropriate where a department/agency has limited funds available. Value for money is achieved when the ‘right sized’ solution is selected to deliver appropriate outcomes commensurate with need.

Because value for money is based on a combination of quantity and quality of services, rigorous assessment of value for money will require the evaluator to separately identify and document (1) the quantity of services (number of units) delivered by the program, and (2) a precise specification of the quality or service standard of each unit of service that was delivered. |
## APPENDIX B: CAPABILITY TARGET GROUPS AND THEIR NEEDS

<table>
<thead>
<tr>
<th>GROUP</th>
<th>EVALUATION SKILLS</th>
<th>PRACTICE SKILLS</th>
<th>OPTIONS TO BUILD CAPABILITY</th>
</tr>
</thead>
</table>
| 1. Senior Executives          | • Understand the role of evaluation as a core component of evidence based decision making  
• Build evaluation into key business processes concerning programs  
• Define decisions to be informed by evaluation  
• Communicate evaluation findings to Ministers  
• Ensure evaluation findings are acted upon | • Lead cultural change in the sector  
• Support open and accountable processes of evaluation  
• Participate in the training program for Group 2 | • Build evaluation Guidelines into existing leadership programs                      |
| 2. Evaluation experts         | • Formulate program logics for large scale or complex projects  
• Conduct complex evaluations  
• Select appropriate evaluation methodology  
• Identify indicators and data for measuring performance in evaluations  
• Formulate clear evaluation questions  
• Present and communicate findings ‘upwards’ and across the agency  
• Implement ethical standards for evaluation research | • Mentoring and coaching skills  
• Coordination and steering functions for evaluation activity  
• Cross agency/cluster knowledge sharing  
• Coordinate repository of completed evaluations  
• Provide expert advice to Group 3  
• Draw on high-level expert advice where appropriate  
• Contribute to training program for Groups 3/4 | • Require high-level evaluation expertise at appointment  
• Work-based learning projects to develop and hone evaluation skills  
• Regular sector wide symposiums with all Group members focused around agreed learning needs (part of the community of practice)  
• Develop accredited evaluation courses that can count toward professional development hours (e.g. for teachers, health workers or members of the legal profession) |
| 3. Other public sector employees | • Build evaluation thinking into all aspects of program and policy design  
• Formulate clear evaluation questions  
• Formulate program logics for medium to | • Within agency/cluster knowledge sharing  
• Document learning from completed evaluation to inform future evaluation  
• Provide peer review for completed | • System of certification involving regular small ‘skills’ workshops designed around the Guidelines.  
• External providers may be engaged in provision of workshops |
<table>
<thead>
<tr>
<th>small scale projects</th>
<th>evaluations</th>
<th>but with involvement of Group 2 members</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Formulate tender briefs for externally provided evaluations</td>
<td>• Act as ‘helpful neighbour’ to other tier members conducting evaluations</td>
<td>• Agency or cluster based workshops as needed by agency/clusters to develop specific needs</td>
</tr>
<tr>
<td>• Contract management and monitoring of externally provided evaluations</td>
<td>• Refer to past experience in developing evaluation plans</td>
<td>• Present findings / learnings from evaluation projects to whole group through seminars / workshops (internally and as part of community of practice)</td>
</tr>
<tr>
<td>• Understand when to use economic evaluation tools such as cost-effectiveness/CBA</td>
<td>• Identify indicators for measuring performance</td>
<td>• Ensure ethics guidelines are met</td>
</tr>
<tr>
<td>• Present and communicate revaluation findings ‘upwards’ and across the agency</td>
<td>• Document and communicate learning from individual evaluations to Group 2</td>
<td>• Specific training requirements to be developed in consultation with the Group 2</td>
</tr>
<tr>
<td>• Ensure ethics guidelines are met</td>
<td>• Facilitate the selection and conduct of appropriate quantitative and qualitative data analysis</td>
<td>• Must involve Groups 2 and 3 in the training program</td>
</tr>
<tr>
<td>4. Non-government service providers</td>
<td>• Develop or contribute to program logics provided by other Groups</td>
<td>• Require participation in the training program for tender bids to deliver services</td>
</tr>
<tr>
<td>• Deliver services in a way that will allow rigorous evaluation, including data needs</td>
<td>• Contribute to the selection of rigorous and appropriate measures of performance, outputs, and outcomes</td>
<td></td>
</tr>
</tbody>
</table>