



## VALUE CONTROL METHODOLOGY

# Value Control Recognition Methodology

Evidence gates, cost treatment and accountable AI portfolio decisions

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## Important boundary

This methodology is a governance and management working method. It is not accounting, audit, tax, legal, investment or assurance advice and does not predict financial results. Each organisation remains responsible for its accounting policy, benefit definition, cost treatment, attribution method, evidence acceptance, risk treatment and authorised decisions.

# 1 Purpose and scope

Value Control is intended to help an organisation distinguish an AI value hypothesis from an observed operational result, an attributed benefit, a finance-validated working record and a risk-adjusted portfolio decision. The methodology establishes the evidence and approval gates between those states.

The method is deliberately conservative. It does not allow a forecast to become realised value because time has passed, a dashboard has produced a number or an AI system has recorded activity. Each progression requires a defined source record, an accountable owner and an explicit review.

The Australian Government Benefits Management Policy emphasises measurable improvement, baselines, targets, Benefit Owners, dependencies and continuing review. It also distinguishes delivery of an initiative from realisation of its intended benefits. [1] The FinOps Foundation similarly connects technology spending to business value while requiring clear metric definitions, data sources, allocation choices and review cadence. [2] [3]

## Decision principle

A calculation may recommend an action. Only an authorised review can record the accountable Scale, Optimise, Review or Retire decision.

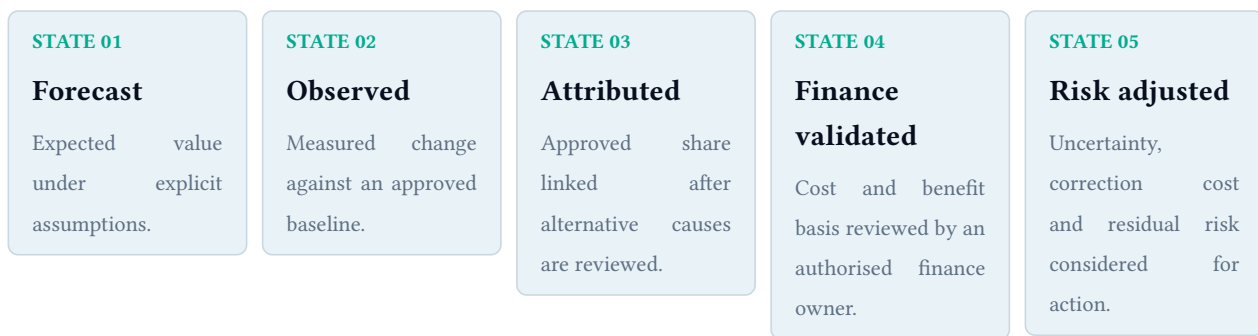
## 1.1 What the methodology governs

| Area               | Controlled record                                                | Accountable question                                               |
|--------------------|------------------------------------------------------------------|--------------------------------------------------------------------|
| Decision scope     | AI initiative, workflow, owner, users and covered period         | What decision is the organisation trying to make?                  |
| Expected value     | Benefit definition, target, timing, assumptions and dependencies | What must become measurably different?                             |
| Cost basis         | Direct, shared and indirect cost categories within scope         | What will the organisation count and exclude?                      |
| Outcome evidence   | Observed measure, source, period and quality exceptions          | What changed against the approved starting point?                  |
| Attribution        | Method, alternative causes, dependencies and approved share      | What portion may reasonably be linked to the initiative?           |
| Finance validation | Authorised review of cost, benefit and calculation basis         | Is the working record suitable for the intended internal decision? |
| Portfolio action   | Scale, Optimise, Review or Retire, with owner and next date      | What happens now, and who is accountable?                          |

## 2 Core definitions

|                             |                                                                                                                                                                                       |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AI initiative</b>        | The governed programme, use case or investment for which expected value, cost and accountability are recorded.                                                                        |
| <b>AI workflow</b>          | The bounded operational process, agent activity or model-assisted task selected for measurement and decision review.                                                                  |
| <b>Approved baseline</b>    | The documented starting measure, comparison period, source, assumptions and owner used to assess change.                                                                              |
| <b>Target</b>               | The intended measure and date used to assess progress. A target is not evidence that the benefit has occurred.                                                                        |
| <b>Observed outcome</b>     | A measured change against the approved baseline using the stated source and period. Observation alone does not establish attribution.                                                 |
| <b>Approved attribution</b> | The documented method used to link an appropriate share of observed change to the AI initiative after considering dependencies and alternative causes.                                |
| <b>Fully loaded cost</b>    | The customer-approved combination of direct usage, licences, implementation, integration, data, change, review, rework, incident and correction costs within scope.                   |
| <b>Finance validation</b>   | An authorised finance review of the working benefit definition, cost treatment, calculation, period and recognition basis. It is not external accounting approval or audit assurance. |
| <b>Risk-adjusted value</b>  | A finance-validated working value considered with the organisation's approved treatment of uncertainty, residual risk and correction cost.                                            |
| <b>Decision record</b>      | The evidence basis, authorised action, owner, conditions and next review date for Scale, Optimise, Review or Retire.                                                                  |

## 3 The five progressive value states



### 3.1 State 1 — Forecast

Forecast captures the decision hypothesis before reliance on realised value. It should state the intended benefit, baseline, target, expected timing, cost categories, dependencies, evidence sources, assumption owners and review date.

#### Minimum gate evidence

- Approved business objective and benefit definition.
- Named benefit owner and finance review role.
- Baseline source, measure, period and quality limitations.
- Target, expected timing and material dependencies.
- Forecast cost categories, exclusions and assumption version.

### 3.2 State 2 — Observed

Observed means that the approved measure changed during the selected period. The record should preserve source evidence, changes to the measurement process and known confounding events. It remains separate from an assertion that the AI initiative caused the change.

#### Minimum gate evidence

- Source record and comparison period.
- Baseline-to-current calculation with versioned method.
- Data-quality exceptions and process changes.
- Operational owner review.
- Explicit statement that attribution is not yet approved.

### 3.3 State 3 — Attributed

Attributed means that an authorised method has assigned an appropriate share of the observed change to the AI initiative. The method may use controlled comparison, matched cohort, pre/post analysis with documented controls, process evidence or another approved approach. The chosen method, limitations and alternative causes remain visible.

#### Minimum gate evidence

- Attribution method and rationale.
- Dependencies, alternative causes and excluded effects.
- Attributed share or amount and approving role.
- Sensitivity or uncertainty treatment where material.

- Link to the underlying observed-outcome record.

### 3.4 State 4 — Finance validated

Finance validation records that an authorised finance owner has reviewed the working cost and benefit basis for the intended decision. It does not mean external audit, statutory recognition, accounting-policy approval or assurance unless those activities have occurred independently and are explicitly evidenced.

#### Minimum gate evidence

- Approved cost categories and allocation rules.
- Reconciliation to the selected source totals.
- Benefit definition, period and recognition basis.
- Calculation version, exceptions and finance reviewer.
- Validation date and conditions or reservations.

### 3.5 State 5 — Risk adjusted

Risk adjustment prepares the working record for an accountable portfolio decision. The organisation defines how it treats uncertainty, correction cost, residual governance risk and material dependencies. The method should not imply that one universal discount factor is appropriate for every initiative.

#### Minimum gate evidence

- Organisation-approved risk-treatment method.
- Residual risk, correction cost and unresolved exceptions.
- Sensitivity or decision threshold where applicable.
- Governance and finance owner review.
- Proposed action, owner, conditions and next review date.

## 4 Cost basis and allocation

A Value Control record should distinguish direct usage cost from the broader cost required to deliver and operate the selected workflow. The cost boundary is approved by the customer and should align with the intended decision.

| Cost category  | Possible source                                | Review requirement                           |
|----------------|------------------------------------------------|----------------------------------------------|
| AI consumption | Provider billing, model or agent usage records | Cost type, currency, period and workload key |

, [Platform and licences], [Contracts, subscriptions and internal chargeback], [Covered users, entitlements and allocation rule]), [Implementation], [Project, integration and engineering records], [Included period and capital or operating treatment]), [Human review], [Approved labour or activity source], [Role, rate basis, time source and exclusions]), [Change and training], [Programme and workforce records], [Scope, attribution and duplication check]), [Rework and incidents], [Service, issue and exception records], [Causation boundary and correction treatment]), [Shared services], [FinOps allocation or finance policy], [Fixed, proportional or usage-driver method]), )

The FinOps Foundation describes allocation as the assignment and sharing of cost through organisational structures, metadata and approved shared-cost strategies. It recognises that organisations may use fixed, proportional or proxy-metric approaches depending on maturity and decision need. [3]

**Allocation control**

The method should surface unallocated cost, shared cost and exceptions. It should not force unmatched records into a workflow merely to make the totals appear complete.

**4.1 Minimum reconciliation**

For a selected period, the working record should make the following relationship visible:

$$\text{Source total} = \text{accepted direct cost} + \text{accepted allocated cost} + \text{exceptions} + \text{excluded cost}$$

The categories and signs used for adjustments must be documented. A difference should remain an exception until it is explained, rather than being silently absorbed into an allocated amount.

**5 Attribution and finance validation****5.1 Attribution is a governed method, not an automatic conclusion**

The methodology does not prescribe one causal technique. It requires the organisation to select a method proportionate to the decision, document why it is suitable, preserve alternative explanations and record the approving role.

| Method family         | Potential use                           | Material limitation                              |
|-----------------------|-----------------------------------------|--------------------------------------------------|
| Controlled comparison | Comparable groups, periods or workflows | Comparability and contamination must be assessed |

, [Matched cohort], [Similar cases with and without the intervention], [Matching quality and selection effects remain visible]), [Pre/post with controls], [Stable process with documented external changes], [Time effects and concurrent initiatives may confound]), [Process evidence], [Task, hand-off, quality or review changes traceable in workflow records], [Operational evidence may not establish financial benefit]), [Expert judgement], [Low-frequency or risk-based outcomes with defined reviewers], [Subjectivity and conflicts require disclosure]), )

An attributed working amount may be expressed as:

$$\text{Attributed benefit} = \text{observed change} \times \text{approved attribution share} \times \text{approved unit value}$$

Every input must retain its source, owner, period and version. Where a unit value or attribution share is uncertain, the uncertainty should remain visible rather than being presented at false precision.

**5.2 Finance-validation record**

| Field    | Required working record                              |
|----------|------------------------------------------------------|
| Reviewer | Authorised finance role and organisational authority |

, [Purpose], [Decision for which the validation may be used]), [Benefit basis], [Definition, source, period and recognition treatment]), [Cost basis], [Included categories, allocations, exclusions and reconciliation]),

[Attribution], [Approved method, limitations and attribution share]), [Reservations], [Conditions, unresolved issues and reliance limits]), [Approval], [Status, date, calculation version and next review]), )

## 6 Risk treatment and accountable decision

Risk adjustment is a management decision aid. The organisation may use sensitivity analysis, scenario ranges, probability weightings, decision thresholds, explicit correction costs or another approved method. Cetus AI does not prescribe a universal accounting or valuation rule.

The final decision record should include:

- Action: Scale, Optimise, Review or Retire.
- Authorised decision-maker and decision date.
- Evidence-state reached and unresolved exceptions.
- Current cost, benefit and risk basis.
- Conditions, dependencies and required controls.
- Delivery owner and finance owner.
- Next review date and evidence expected at that review.

| STATE A                                                  | STATE B                                                            | STATE C                                                               | STATE D                                                               |
|----------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|
| <b>Scale</b>                                             | <b>Optimise</b>                                                    | <b>Review</b>                                                         | <b>Retire</b>                                                         |
| Extend within stated conditions and evidence thresholds. | Continue while changing cost, quality, control or workflow design. | Hold or continue within limits while resolving evidence or risk gaps. | Withdraw or replace the initiative through an accountable transition. |

## 7 Data quality, exceptions and change control

A defensible working record should preserve evidence completeness, not merely the result. Minimum exception handling includes missing records, late-arriving data, duplicates, unmatched keys, changed allocations, currency conversion, restatements, baseline changes, methodology changes and reviewer reservations.

Material changes should create a new version. The previous record, reason for change, approver and effective period should remain reviewable. Where a source can be corrected after publication, the record should show whether data is provisional or final.

FOCUS provides common terminology and minimum schema requirements for technology billing data. Where a customer source supports FOCUS, its terminology may reduce mapping ambiguity. This methodology does not claim FOCUS conformance and does not assume that a normalised billing record is automatically complete for fully loaded cost or benefit recognition. [4]

## 8 Synthetic worked example

The following example is intentionally synthetic. It illustrates progression and exception handling; it is not a customer result or forecast.



| Record         | Synthetic example                                                                      |
|----------------|----------------------------------------------------------------------------------------|
| Decision scope | One internal document-review workflow for a defined team and three-month review period |

, [Forecast], [Expected reduction in review effort, subject to adoption and quality assumptions]), [Baseline], [Approved average handling measure from the prior comparable period]), [Observed], [A lower handling measure is recorded; two concurrent process changes are disclosed]), [Attributed], [The owner approves a partial attribution share after considering the concurrent changes]), [Cost], [Provider usage, platform, integration, review, training and correction categories are included]), [Finance validation], [Finance accepts the working calculation for the portfolio review with stated reservations]), [Risk treatment], [Sensitivity range and unresolved quality exception remain visible]), [Decision], [Optimise – continue within current scope, address quality exception and review next quarter]), )

The example does not include a monetary return because the methodology is designed to establish the evidence structure before organisation-specific source data and finance policy are available.

## 9 Roles and review cadence

| Role           | Primary responsibility                                        | Typical approval              |
|----------------|---------------------------------------------------------------|-------------------------------|
| Business owner | Benefit definition, workflow outcome and operational evidence | Forecast and observed outcome |

, [FinOps or cost owner], [Cost source, allocation, unit metric and reconciliation], [Cost working record]), [Finance owner], [Benefit and cost treatment for the intended internal decision], [Finance-validated state]), [Risk or governance owner], [Policy, residual risk, exceptions and review conditions], [Risk-adjusted basis]), [Technical owner], [Source instrumentation, mapping, data quality and control coverage], [Source acceptance]), [Decision authority], [Portfolio action, conditions, owner and next review], [Scale, Optimise, Review or Retire]), )

The review cadence should match the decision and data cycle rather than a universal schedule. Material exceptions, control failures or method changes may require an earlier review.

## 10 Implementation checklist

1. Select one workflow and one portfolio decision.
2. Name the business, finance, cost, technical and governance owners.
3. Approve baseline, target, period and evidence sources.
4. Define fully loaded cost categories, allocations and exclusions.
5. Establish the observed-outcome source and quality controls.
6. Approve attribution method and alternative-cause treatment.
7. Configure evidence gates and exception states.
8. Reconcile cost and preserve unmatched records.
9. Record finance review and reservations.
10. Apply the organisation's approved risk treatment.

11. Hold the decision review and record the authorised action.
12. Set the next review date and evidence expectations.

### **Pilot boundary**

A Value Realisation and Finance Validation Pilot begins with one workflow, one approved baseline, one cost source and one accountable finance owner. Scope and timing are confirmed after source, workflow, security and finance discovery.

## **11 Limitations and customer responsibilities**

Value Control can organise evidence, preserve lineage, surface exceptions, support calculations and record approvals. It cannot independently prove causation, determine accounting recognition, guarantee savings, certify compliance, provide audit assurance or replace authorised business, finance, legal, risk and governance judgement.

Customers remain responsible for source rights, data quality, credential scope, allocation policy, accounting policy, legal and tax treatment, attribution method, risk method, decision authority, record retention and any external assurance.

## **12 References**

- [1] Australian Government, **Benefits Management Policy Guidance**. <https://www.digital.gov.au/policy/benefits-management-policy/guidance>
- [2] FinOps Foundation, **Capability: Unit Economics**. <https://www.finops.org/framework/capabilities/unit-economics/>
- [3] FinOps Foundation, **Capability: Allocation**. <https://www.finops.org/framework/capabilities/allocation/>
- [4] FinOps Open Cost and Usage Specification, **FOCUS Specification 1.4**. <https://focus.finops.org/docs/specification/v1-4/>
- [5] Cetus AI, **Why AI ROI Needs a Governance and Finance Control Layer**. <https://www.cetusai.com.au/downloads/why-ai-roi-needs-governance-finance-control-layer.pdf>
- [6] Cetus AI, **Value Control**. <https://www.cetusai.com.au/value-control.html>