



VALUE CONTROL WHITE PAPER

Why AI ROI Needs a Governance and Finance Control Layer

A practical method for moving from forecast value to finance-validated, risk-adjusted portfolio decisions

Customer guidance · 30 August 2026

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Important boundary

This paper is management-governance guidance. It is not accounting, audit, legal, tax, investment or assurance advice and does not predict financial results. Each organisation remains responsible for its accounting policy, cost treatment, attribution, risk treatment and authorised decisions.

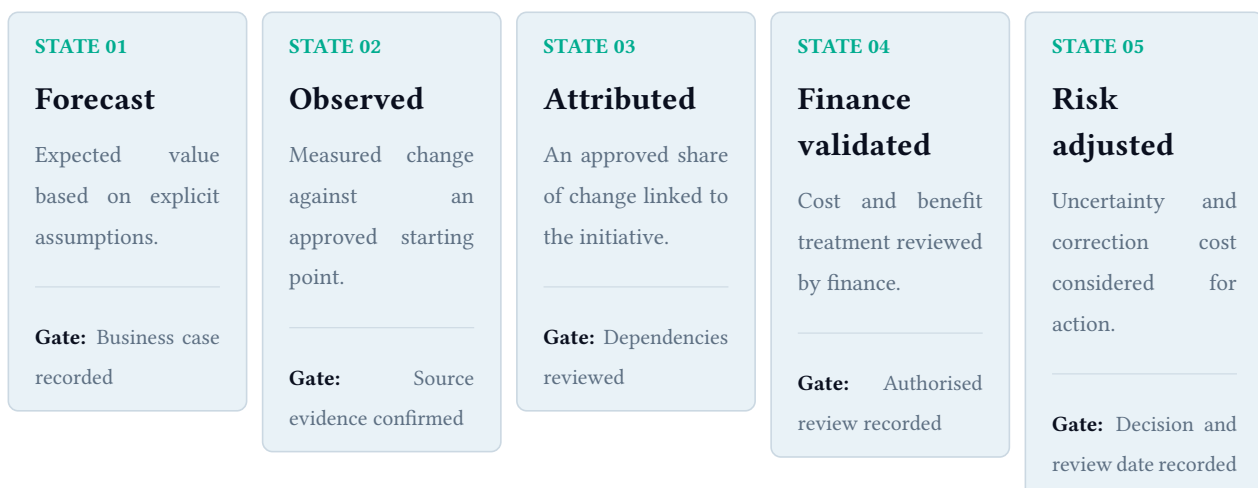
1 Executive summary

AI initiatives are often described through activity measures: licences enabled, models called, workflows automated or agents launched. These measures can demonstrate adoption, but they do not by themselves establish [return on investment \(ROI\)](#). A defensible value decision requires an approved comparison basis, complete enough cost, observable outcomes, a stated attribution method, accountable ownership and finance review.

The central problem is not a lack of dashboards. It is a lack of controlled progression between different value states. Forecast value can be commercially useful without being realised. An observed operational improvement can be genuine without being attributable to the AI initiative. Attributed value can still be unsuitable for finance recognition if the cost basis or benefit definition has not been approved.

The Australian Government Benefits Management Policy treats a [benefit \(benefit\)](#) as a measurable improvement from change that contributes to organisational objectives. Its guidance emphasises baselines, targets, Benefit Owners, dependencies and continuing review. It also makes clear that project delivery does not automatically realise benefits. [1]

This paper proposes five progressive states:



The method culminates in a [accountable portfolio decision record \(decision record\)](#): Scale, Optimise, Review or Retire. Software can assemble evidence, preserve lineage and calculate scenarios. It should not silently convert a forecast into recognised benefit or replace the judgement of business, finance and governance owners.

Core proposition

Govern AI value with the same discipline used for risk and evidence: define the decision, approve the baseline, map the cost, observe the outcome, document attribution, validate through finance and record the accountable portfolio action.

2 Why activity, cost and forecast value are not realised ROI

2.1 Adoption is an input, not an outcome

Activity metrics remain valuable. They show whether an AI capability is being used, where it is operating and how demand changes over time. They can also support cost allocation and capacity decisions. However, they do not answer whether the organisation is better off after accounting for implementation, integration, review, rework, incidents and business change.

Common measure	What it can establish	What remains unresolved
Model calls or tokens	Usage and direct consumption	Business outcome, attribution and full cost
Licences enabled	Access and potential adoption	Effective use, avoided work and realised benefit
Automation volume	Tasks processed through the workflow	Quality, rework, displaced effort and dependency cost
Provider savings estimate	A scenario under stated assumptions	Organisation-specific recognition and evidence
Policy compliance rate	Configured control performance within coverage	Economic value and residual business risk

2.2 A forecast remains a forecast

A forecast is a decision input based on assumptions. It may support approval to proceed, but the assumptions, measurement period and dependencies must remain visible. Re-labelling a forecast as realised value before the relevant outcome and cost evidence is available weakens the investment record.

2.3 A cost dashboard is necessary but incomplete

FinOps (FinOps) brings financial accountability to technology decisions through collaboration among engineering, finance and business teams. The FinOps Foundation explicitly describes the practice as maximising business value—not merely reducing cost—and Microsoft similarly describes the balance among cost, performance, reliability and security. [2] [3]

For AI, that foundation should be extended to include governance evidence, human oversight, correction cost and accountable benefit recognition. A lower provider bill can be beneficial without proving that the workflow delivered the intended business outcome.

Decision test

If a reviewer cannot identify the baseline, cost boundary, outcome source, attribution method, approving roles and current action, the organisation has a value hypothesis—not yet a controlled value record.

3 The five progressive value states

3.1 State 1 — Forecast

Forecast value captures the intended benefit, assumptions, target measure, expected timing and dependencies. The [Benefit Owner \(Benefit Owner\)](#) should be visible before the initiative is treated as a value commitment.

Minimum evidence

- Business objective and intended benefit.
- Proposed measure and [approved baseline \(baseline\)](#).
- Assumption owner and review date.
- Expected cost categories and material dependencies.
- Planned evidence sources.

3.2 State 2 — Observed

Observed value means that a defined measure has changed against the approved baseline. It does not yet establish that the AI initiative caused the change.

Minimum evidence

- Source records and comparison period.
- Stable or documented changes to the process and measure.
- Data-quality exceptions.
- Operational owner review.

3.3 State 3 — Attributed

[approved attribution \(attribution\)](#) links an appropriate share of the observed change to the AI initiative through a method approved for the decision. The method may be conservative when multiple changes occurred at the same time.

Minimum evidence

- Attribution rule and approver.
- Alternative causes and dependencies.
- Manual interventions, rework and exception volume.
- Sensitivity or confidence treatment where appropriate.

3.4 State 4 — Finance validated

[finance validation \(finance validation\)](#) tests whether the benefit definition, cost basis and calculation are suitable for the organisation's management reporting and portfolio decision. It does not confer external assurance.

Minimum evidence

- Benefit category and recognition basis.
- Direct and indirect cost treatment.
- Approved exclusions and estimation methods.
- Finance reviewer, decision and date.

3.5 State 5 — Risk adjusted

risk-adjusted value (**risk-adjusted value**) incorporates the organisation's chosen treatment of uncertainty, correction cost, incidents, control exceptions and unresolved evidence. The purpose is a better portfolio decision—not an artificially precise number.

Minimum evidence

- Current finance-validated value basis.
- Approved risk and correction adjustments.
- Open exceptions and missing evidence.
- Scale, Optimise, Review or Retire action.
- Accountable owner and next review date.

4 Building a defensible baseline and fully loaded cost

4.1 The baseline is a governed artefact

A useful baseline is more than the last available number. It states what is being measured, over which period, using which source, under what process conditions and with which accountable owner. The Australian Government guidance recommends documenting the baseline, reviewing it at critical milestones and governing material changes. [1]

Baseline field	Control question
Measure	What operational or financial outcome is being compared?
Period	Which starting and observation periods are comparable?
Source	Which system or approved manual record supplies the measure?
Conditions	What volume, staffing, quality or policy conditions affect comparability?
Owner	Who approves the baseline and any later variation?
Version	How are changes, reasons and approvals retained?

4.2 Fully loaded cost is scoped, not universal

fully loaded cost (**fully loaded cost**) depends on the decision. A pilot decision may use a narrower cost boundary than an enterprise portfolio review, provided the exclusions remain explicit.

Direct technology cost

- Model and inference usage
- Cloud compute and storage
- Software licences
- Data and third-party services
- Reserved or committed capacity

Operating and change cost

- Integration and implementation
- Change, training and adoption
- Human review and oversight
- Rework and exception handling
- Incident and correction activity

A transparent record should distinguish recorded cost, allocated cost and estimated cost. If a source is missing, the system should show the gap rather than substitute an undisclosed assumption.

Illustrative calculation boundary

Current net value basis = finance-validated benefit less the customer-approved fully loaded cost and approved correction or risk adjustments. The organisation defines each term, period and treatment. The formula is not an accounting standard and does not guarantee that a benefit will be recognised.

5 Evidence, attribution and benefit ownership

5.1 Evidence lineage

A reviewable value record links each material field to its source, period, extraction method and approval state. Useful evidence may include:

- AI platform and cloud usage records.
- Workflow volume, cycle time, quality and rework records.
- Policy decisions, exceptions, incidents and human-review records.
- Finance extracts, allocation rules and approved cost treatments.
- Baseline, target and Benefit Owner approvals.

Technical correlation is valuable, but correlation is not causation. The organisation's attribution method should state how other process, staffing, policy or market changes are treated.

5.2 Benefit ownership

Benefits often fail when accountability stops at delivery. The Australian Government policy separates project outputs from benefits and assigns ongoing accountability to Benefit Owners. [1] For AI initiatives, this creates a useful division:

Role	Primary responsibility	Decision evidence
Delivery	Provide configuration, usage, performance and technical dependency records.	Source completeness and exceptions.
Business	Own the baseline, operational change and intended benefit.	Observed outcome and attribution proposal.
Finance	Review cost treatment, benefit calculation and recognition basis.	Finance validation record.
Governance	Record risk, exceptions, oversight and portfolio action.	Decision owner and next review date.

No single dashboard should erase these distinctions. Shared evidence is intended to improve collaboration, not transfer accountability to software.

6 Finance validation and risk treatment

6.1 Finance validation is a gate, not a label

A finance validation record should identify:

- The benefit definition and category reviewed.
- The cost period, allocation rule and material exclusions.
- The attribution method and sensitivity.
- The reviewer, decision, conditions and date.
- The next review trigger.

Possible statuses may include **not submitted**, **under review**, **validated with conditions**, **validated for the stated decision** or **not validated**. The organisation should define the workflow and authority. The platform must not treat absence of a rejection as approval.

6.2 Risk treatment should remain visible

Risk adjustment may reflect uncertainty, control exceptions, expected correction cost, unresolved evidence or an organisation-specific penalty. It should not produce false precision. Where no approved method exists, the appropriate output may be an unresolved risk question rather than a calculated deduction.

Governance boundary

Finance validation supports an internal management decision. It does not constitute an audit opinion, accounting certification, assurance conclusion or external regulatory approval.

7 Scale, Optimise, Review and Retire

Value governance should end in an action that is recorded and revisited.

Scale

Expand where the validated value and control evidence support broader use. Record the changed scope, dependencies and next evidence gate.

Optimise

Change the model, cost structure, workflow or operating conditions and define how the effect will be measured.

Review

Hold the current scope while evidence, attribution, finance or risk questions remain unresolved.

Retire

Stop, replace or contain an initiative when the approved evidence basis supports exit or when continued operation is not justified.

A **decision record** should state the evidence available, missing evidence, authorised action, owner, effective date and next review date. System-generated recommendations should remain distinguishable from human approval.

8 Starting with one workflow

A bounded pilot tests the method without claiming enterprise-wide value proof.

Step	Activity	Checkpoint output
01	Scope the decision	One workflow, intended outcome, portfolio question and accountable roles.
02	Map sources	Cost, operational, governance, incident, review and finance evidence inventory.
03	Approve the baseline	Measure, period, assumptions, owner and change-control process.
04	Define attribution	Method, dependencies, alternative causes and sensitivity treatment.
05	Configure evidence gates	Required records and approvals for each progressive value state.
06	Hold the decision review	Current state and Scale, Optimise, Review or Retire record.

Selection criteria

- The workflow has a clear business owner.
- An operational outcome can be measured.
- At least one approved cost source is available.
- Finance can participate in the validation design.
- The decision matters even if the result is to Review or Retire.

Timing should be scoped after source and workflow discovery. The pilot is successful when it creates a reviewable decision basis—not when it forces a positive ROI conclusion.

9 What Value Control supports—and what it does not decide

9.1 Supported capability

Value Control is designed to connect cost, operational, governance and finance-review evidence into a progressive value record. In a configured environment, it may support:

- Baseline and target registration.
- Approved cost-source mapping.
- Workflow-level operational evidence.
- Attribution method and dependency records.
- Finance-review workflow and validation status.
- Risk and correction-cost treatment.
- Portfolio action, owner and next review date.
- Evidence export for authorised reviewers.

The exact fields, integrations, data quality and workflow depend on the customer environment and implementation scope.

9.2 Explicit limits

Value Control does not:

- Prove causation without an approved attribution method.
- Convert a forecast or simulation into realised benefit automatically.
- Determine accounting recognition or audit treatment.
- Guarantee savings, margin improvement, risk reduction or compliance outcomes.
- Replace finance, business, legal, risk or governance judgement.
- Make missing data complete through undisclosed estimates.
- Imply that a named finance or FinOps provider is natively integrated unless that implementation has been validated.

9.3 Relationship with existing FinOps and finance tools

FinOps tools and cloud platforms can supply approved cost and allocation data. Finance systems can supply recognised cost and management-reporting evidence. Value Control adds the governance chain between the cost source, outcome evidence, attribution, finance review and portfolio decision.

Customer-approved exports or scoped adapter work may involve systems such as Apptio, CloudZero or Finout. Provider credentials, fields, allocation rules, rate limits and data quality must be validated. Mentioning a provider identifies a potential source pattern; it is not a certification, partnership or production-customer claim.

10 Conclusion

AI value should be governed progressively. Forecasts remain useful when labelled as forecasts. Observed outcomes become more decision-relevant when the baseline and source evidence are controlled. Attribution should be explicit. Finance validation should be recorded. Risk adjustment should preserve uncertainty rather than hide it. The final output should be an accountable portfolio action.

For organisations beginning this work, the practical next step is not an enterprise-wide ROI dashboard. It is one material workflow, one approved baseline, one cost source, one Benefit Owner, one finance reviewer and one decision record.

Cetus AI approach

Songlines Control provides operational and governance evidence from configured sources. Value Control extends that evidence into an approved baseline, fully loaded cost, attribution, finance-validation and portfolio-decision workflow. The implementation starts with the evidence the organisation can actually produce.

11 Glossary

attribution – approved attribution: The documented method used to link an appropriate share of observed change to the AI initiative after considering dependencies and alternative causes.

baseline – approved baseline: The documented starting measure, comparison period, assumptions and owner used to assess change.

benefit – benefit: A measurable improvement from change that is perceived as positive by stakeholders and contributes to organisational objectives.

Benefit Owner – Benefit Owner: The person accountable for the realisation and continuing management of a defined benefit.

decision record – accountable portfolio decision record: The evidence basis, authorised action, owner and next review date for a Scale, Optimise, Review or Retire decision.

finance validation – finance validation: An authorised finance review of the benefit definition, cost treatment, calculation and recognition basis.

FinOps – FinOps: An operational framework and cultural practice for maximising the business value of technology through collaboration among engineering, finance and business teams.

fully loaded cost – fully loaded cost: The customer-approved combination of direct and indirect cost categories within the selected decision scope.

risk-adjusted value – risk-adjusted value: Finance-validated benefit assessed with the organisation's approved treatment of uncertainty, correction cost and governance risk.

ROI – return on investment: A ratio or decision measure whose definition, period, cost basis and recognised benefit must be stated.

12 References

- [1] Australian Government, **Benefits Management Policy – Guidance and Glossary and acknowledgments.** digital.gov.au/policy/benefits-management-policy/guidance and digital.gov.au/policy/benefits-management-policy/glossary-and-acknowledgments. Accessed 30 August 2026.
- [2] FinOps Foundation, **What is FinOps?** finops.org/introduction/what-is-finops. Accessed 30 August 2026.
- [3] Microsoft Learn, **What is FinOps?** learn.microsoft.com/en-us/cloud-computing/finops/overview. Accessed 30 August 2026.