

Strategic Gate Review Workbook

Gate One

FURTHER INFORMATION AND ASSISTANCE

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GATEWAY REVIEW SYSTEM

The NSW Government applies Gateway Reviews to the procurement of infrastructure, information technology, property, and goods and services. Through this, it aims to improve procurement discipline and outcomes by encouraging better performance in project planning, development and execution.

Gateway Reviews are essentially 'peer reviews' that assess whether the processes used in developing and implementing a project is sound.

Reviews can consider an individual project or a program containing several projects.

Projects have a defined beginning and objectives that identify completion.

Programs consist of a group of projects that are considered together because they have factors in common or interrelated developments, operations or service deliveries.

As programs develop, subsequent Reviews may focus on individual projects or continue to be reviewed as a program. It is important that individual projects contribute to overall program goals.

Projects could be grouped because of:

- their similar or supporting service deliveries
- similar governance requirements
- common stakeholder or change management or similar risk profiles
- similar planning, procurement or implementation timelines

Note that use of the term *project* in this workbook also covers a grouping of projects into a program.

In practice, Gateway is the application of high level, structured reviews at critical points (or gates) in the procurement process.

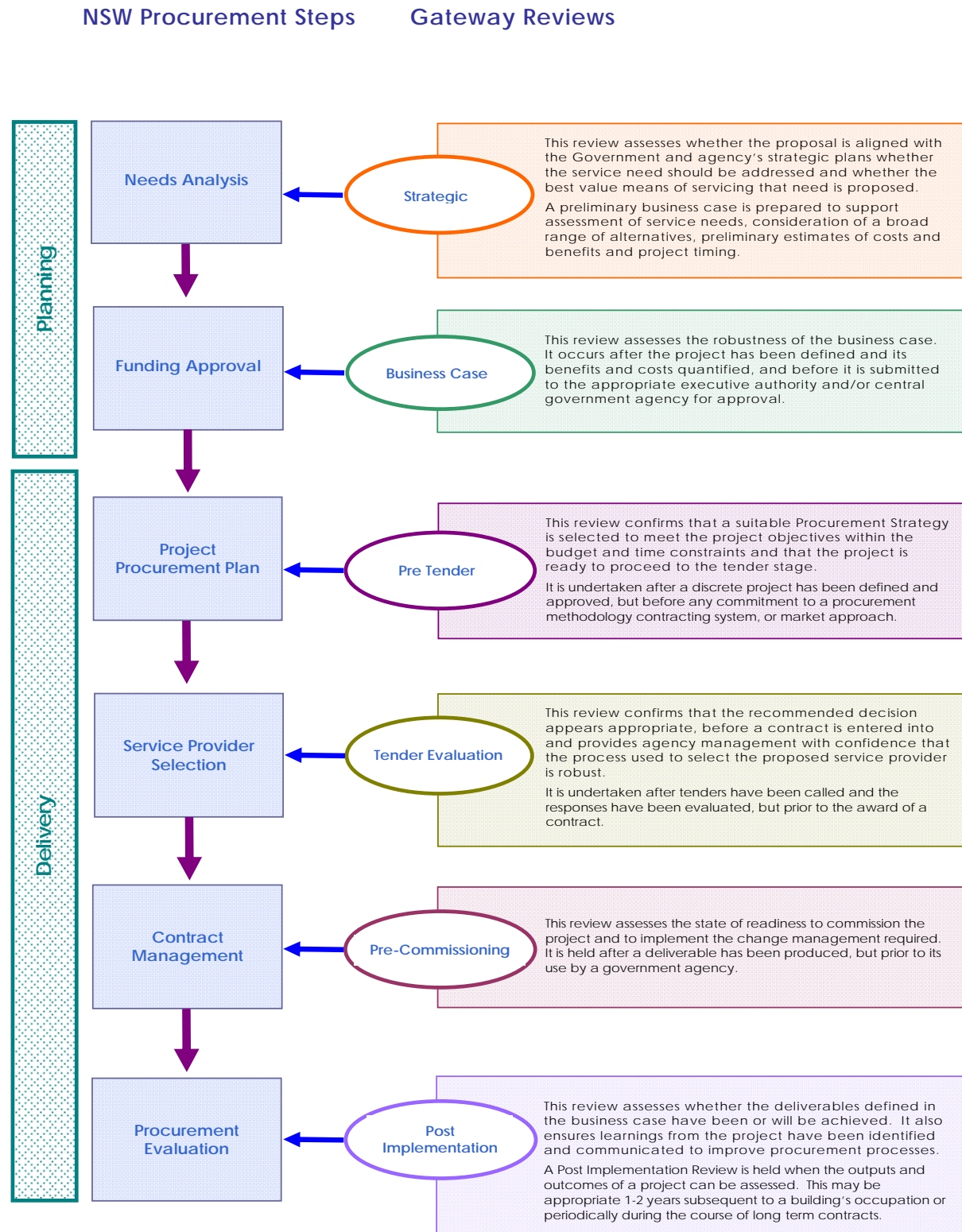
A small team of experienced procurement practitioners who are independent of the project undertake each review. They consider the:

- alignment of the project with agreed objectives
- benefits and value for money offered
- management processes adopted to attain the current stage.

At the conclusion of the review, a report is issued to the Project Sponsor. It indicates the Gateway Review Team's assessment on the state of the project. The report provides recommendations on where further work may be required to improve aspects of the project.

Ultimately, Gateway Reviews help provide Government and agencies with the confidence that an appropriate level of discipline is being applied to the procurement process.

PROCUREMENT PROCESS AND GATEWAY



GATEWAY FRAMEWORK

This workbook provides a framework to conduct the Strategic Gate Review. It is based on considering the project against seven success factors, which are constants throughout the procurement process:

1. Service Delivery
2. Affordability and Value for Money
3. Sustainability
4. Governance
5. Risk Management
6. Stakeholder Management
7. Change Management

Indicators have been developed for each key success factor to assist the Review Team in evaluating a project. The Review Team is encouraged to expand or modify this list of indicators to reflect the specific characteristics of the project if required.

It is intended that the Gateway Review Team use existing project documentation and interview project stakeholders to gather information for the indicators. When this is completed, each of the factors is rated to provide the project team with a snapshot of the project.

RED

It is the Gateway Review Team's opinion that this aspect poses a significant risk to the project and must be clarified or addressed before further consideration of the project is made.

AMBER

It is the Gateway Review Team's opinion that this aspect indicates a minor risk to the project and must be clarified or addressed as part of proceeding to the next stage of the project.

GREEN

It is the Gateway Review Team's opinion that this aspect has been given adequate consideration as not to jeopardise the success of progressing to the next stage of the project.

These ratings, as well as any findings or recommendations a review team may have, are then compiled in a report. A report template is provided on page 16.

STRATEGIC GATE REVIEW PURPOSE

A Strategic Review occurs after a service need has been identified and preliminary justification for procurement has been developed, but prior to developing a detailed project proposal in a business case.

The purpose of the review is to assess whether the proposal:

- is aligned with the Government and agency's strategic plans
- demonstrates that the service need should be addressed and proposes the best value means of servicing that need.

A preliminary business case is prepared at this stage to support the assessment of service needs and the consideration of the broad range of alternative service delivery options. The preliminary business case should also consider the estimates of the cost and benefit of the options and their timing, the governance structure for the project, high level risks, stakeholder consultation and change that may occur.

The main questions the review seeks to answer are:

"What evidence is there that the proposed project will meet the identified service need? Should the service delivery proposal proceed to procurement?"

Specific questions the Strategic Review will address in relation to the success factors.

- | | |
|---|--|
| 1. Service Delivery | What service need will the project address? Do the proposed outcomes align with Government priorities and agency plans? |
| 2. Affordability and Value for Money | Is the project affordable? Can the cost be justified by the anticipated improvement in services? |
| 3. Sustainability | Is the project expected to have social, economic and environmental benefits? |
| 4. Governance | Has a project team with the appropriate skills and experience been established? Has a realistic budget and program been agreed? |
| 5. Risk Management | Have the major risks been identified? Has a framework for dealing with the risks been developed? |
| 6. Stakeholder Management | Have stakeholders affected by the proposed project been identified? Are they in favour of the project? |
| 7. Change Management | Has consideration been given to the implications of the proposed project on existing infrastructure, processes and people that will be affected? |

DOCUMENTATION

Along with the Preliminary Business Case, the Review Team will need to review all relevant project documentation. This includes documentation that provides for the context, planning and delivery priorities of the project.

The information is commonly found in documents such as:

Strategic Gate Documents

- Preliminary business case
- Preliminary Financial and Economic Appraisal
- Agency Corporate Plan
- Preliminary risk management, stakeholder management and change management plans
- Project Management Plan
- Cross agency impact/feasibility studies
- Agency strategic asset management planning of asset acquisition, maintenance and disposal proposals
- Agency Results and Services Plan
- Agency Total Asset Management Strategy
- Preliminary Procurement Plan
- Business Need Statement/Need Analysis
- Preliminary Assessment of Environment Constraints
- Supporting Studies such as, demographics, demand analysis, dilapidation reports, geotechnical reports, quantity surveying estimates, feasibility studies, utilisation studies
- Value Management Report

STRATEGIC REVIEW INDICATORS

1. SERVICE DELIVERY

The Review needs to consider whether the acquisition of the good and/or service will achieve the desired outcome(s) and/or fulfil identified need(s).

Indicators to consider include:

- A need for the proposed or continuing service (the case for change) has been clearly identified.
- The service needs are clearly identified.
- The proposed service aligns with the Government's priorities/objectives
- Proposal aligns with Agency objectives.g. Results and Services Plan/Statement of Business Intent(or equivalent). .
- The agency has demonstrated that the proposed service is consistent with its strategic goals and priorities.
- The existing means of delivering service have been challenged.
- Options of meeting the service need, other than by procurement, have been considered.
- If appropriate options for aggregating services with other agencies have been considered.
- Whether the proposal has been identified in the agency's TAM submission to Treasury.

Comments:

RATING	RED	AMBER	GREEN
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2. AFFORDABILITY AND VALUE FOR MONEY

Affordability considers whether adequate resources will be available to achieve the proposal.

Value for money considers all factors relating to a proposal including experience, quality, reliability, timeliness, service, capital costs, opportunity costs, whole of life costs, to meet the agency's requirements and Government's social and economic policies.

Indicators to consider include:

- A preliminary financial and economic appraisal that indicates the procurement to provide the required service can be justified.
- Alternative options of meeting the service need have been evaluated for comparison.
- Processes have been identified for estimating, monitoring and controlling project expenditure.
- Forward provision for sufficient funding has been made.
- The cost of developing a Business Case has been budgeted for and funds are available.

Comments:

RATING	RED	AMBER	GREEN
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3. SUSTAINABILITY

In considering sustainability, the Gateway Review Team needs to look at whether the project/program will meet the need(s) of the present without compromising the ability of future generations to meet their needs.

Indicators to consider include:

- Preliminary assessment indicates that the proposed project will have social impacts that generally benefit the community. Social impacts can include workforce diversity, local employment, employee well-being, and corporate governance practices.
- Preliminary assessment indicates that the proposed project will have economic impacts that generally benefit the community. Economic impacts can include economic development, local industry participation, regional and state employment, and the involvement of small to medium enterprises.
- Preliminary assessment indicates that any environmental impacts of the project can be successfully managed.
- The preliminary business case addresses the requirements of the NSW Government Sustainability Policy for buildings, fleet, waste, recycling and purchasing.
- Preliminary assessment indicates that the adverse environmental impacts of the proposed project can be successfully managed.
 1. Building energy reduction is being planned for minimising need, optimising usage and the use of renewables.
 2. Building water usage reduction is being planned for minimising need, optimising efficiency and use of alternative sources.
 3. Where applicable the following is being planned to comply with policy:
 - a) Waste recycling
 - b) procurement
 - c) National Australian Built Environment Rating System for office accommodation (NABERS)
 - d) Fleet management

Comments:

RATING	RED	AMBER	GREEN
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4. GOVERNANCE

This factor assesses whether the activities required to ensure a successful project, including resource allocation, time management and process management have been addressed.

Indicators to consider include:

- A Project Team with appropriate skills and experiences have been identified
 - a) For preparing the business case
 - b) To develop the project to achieve desired outcomes
- For a program review, a program structure of the component parts or projects has been developed, outlining how each will contribute to required outcomes.
- A plan to develop the Business Case within the required time frame has been prepared including planning for a Business Case Gateway Review.
- The budget and milestones have been demonstrated to be realistic.
- Appropriate governance processes are in place to manage, monitor and report on project progress and benefit realisation.
- Plans to manage the planning stages/processes have been demonstrated to be realistic.
- The proposal is supported by the CEO.

Comments:

RATING	RED	AMBER	GREEN
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GATEWAY REVIEW REPORT TEMPLATE

Project:

Sponsor Agency:

Gateway Review: Strategic Gate

Status of Report:

Project Sponsor:

Review Dates:
(Planning/Interview/Report)

Gateway Review Team:

Gateway Manager:

Background

The aim of this project is

The driving force for the project is

The proposed benefits of the project are

The current position of the project in relation to Gateway Review Process is at the preliminary business case stage. This is the first Gateway Review to be undertaken for the project.

Conduct of the Review

A Strategic Review of was carried out on at .

The Gateway Review Team consisted of:

-
-

The purpose of the review was to consider if sufficient procurement discipline is being applied to the development of the proposed project and to provide recommendations, where appropriate, on improvement opportunities.

The people interviewed by the Review Team are listed in Appendix A.

The documents reviewed by the Review Team are listed in Appendix B.

Findings of the Gateway Review Team

The findings include the Gateway Review Team's rating for each factor based on the following scale:

RED It is the Gateway Review Team's opinion that this aspect poses a significant risk to the project and must be clarified or addressed before further consideration of the project is made.

AMBER It is the Gateway Review Team's opinion that this aspect indicates a minor risk to the project and must be clarified or addressed as part of proceeding to the next stage of the project.

GREEN It is the Gateway Review Team's opinion that this aspect has been given adequate consideration as not to jeopardise the success of progressing to the next stage of the project.

The Gateway Review Team's findings and observations in relation to each of the prescribed review topics are as follows:

1. Service Delivery

The Review indicated that there is / is not a need for the project and that the proposed outcomes do / do not align with the Government's priorities and agency's plans.

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The Review Team consider the service delivery aspects of the project to be Red/Amber/Green.

2. Affordability and Value for Money

The Review indicated that the project is / is not affordable in terms of "life cycle" costs and can / cannot be justified by the anticipated improvement in services.

-

The Review Team consider the affordability and value for money aspects of the project to be Red/Amber/Green.

3. Sustainability

The Review indicated that the social, economic and environmental impacts associated with the project have / have not been identified.

-

The Review Team consider the sustainability aspects of the project to be Red/Amber/Green.

4. Governance

The Review indicated that a realistic budget and program have / have not been agreed. A Project Team with the appropriate skills and experience has / has not been established.

-

The Review Team consider the governance aspects of the project to be Red/Amber/Green.

5. Risk Management

The Review indicated that the major risks of the proposed project have / have not been identified and a framework for dealing with the risk has / has not been developed.

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The Review Team consider the risk management aspects of the project to be Red/Amber/Green.

6. Stakeholder Management

The Review indicated that stakeholders affected by the proposed project have / have not been identified. These stakeholders are / are not generally in favour of the project.

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The Review Team consider the stakeholder management aspects of the project to be Red/Amber/Green.

7. Change Management

The Review indicated that the implications of the proposed project on existing infrastructure, processes and people have / have not been considered.

-

The Review Team consider the change management aspects of the project to be Red/Amber/Green.

Other Matters

Conclusions and Recommendations

Based on documentation reviewed and interviews conducted, the Gateway Review Team considers that the Preliminary Business Case has been/has not been suitably prepared.

The Gateway Review Team recommends that additional work be considered on the following aspects of the project:

- 1.
- 2.
- 3.

APPENDIX A: REVIEW INTERVIEWEES

The Reviewers are grateful to the following people that gave generously of their time at the interviews. Their contribution assisted the Reviewers in coming to an understanding of the project and the path that led to its formulation.

Person	Agency	Project Role
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APPENDIX B: DOCUMENTS REVIEWED

Document Title	Author	Date of Publication
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