

Tender Evaluation Gate Review Workbook

Gate Four

FURTHER INFORMATION AND ASSISTANCE

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Tender Evaluation Gate Review Workbook – Issue No. 7 – June 2011

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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.

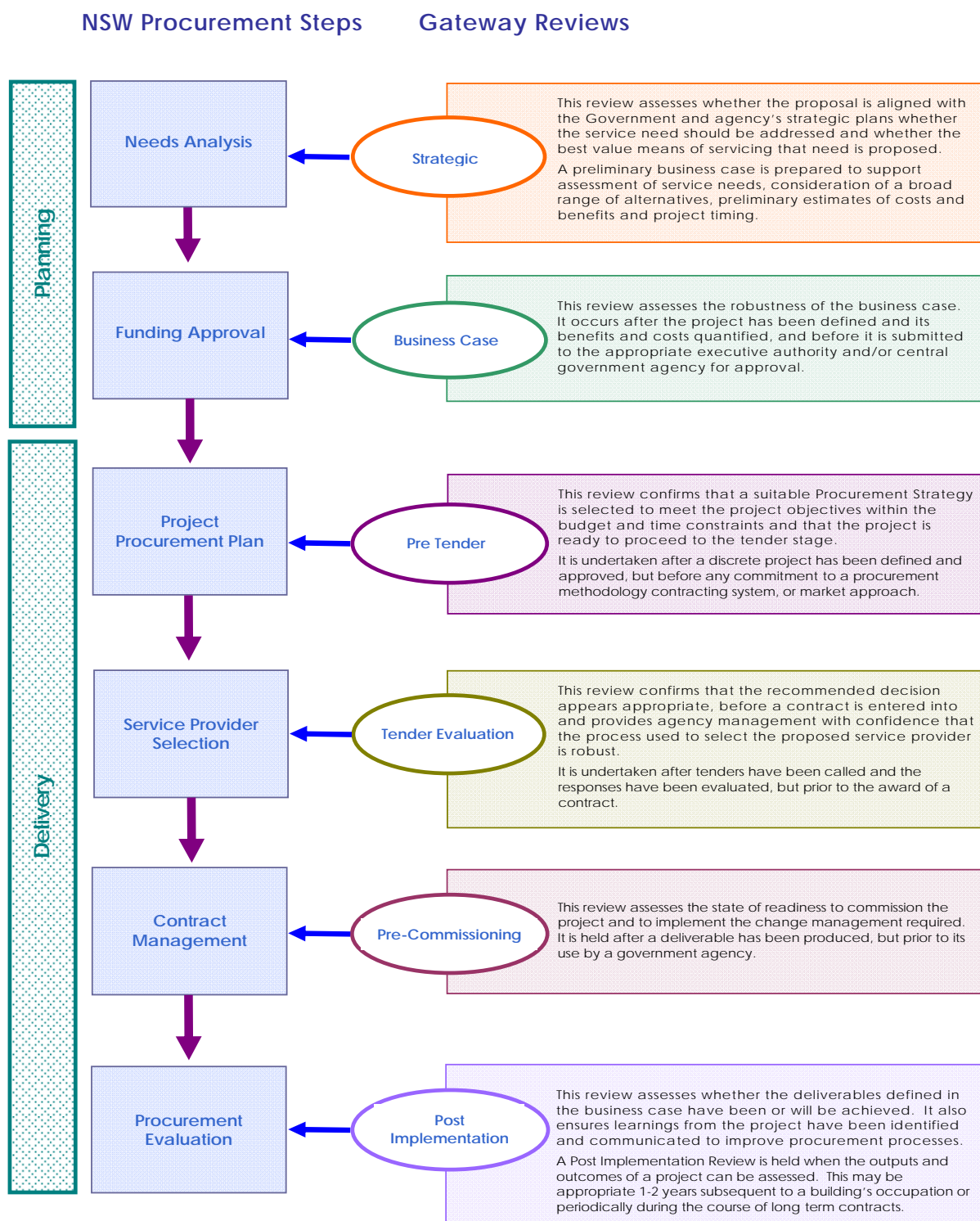
A small team of experienced procurement practitioners who are independent of the project undertake each review. They consider the:

- 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

Gateway Reviews are essentially an assessment of whether the processes used in developing and implementing a project are sound. They do not consider technical minutiae or investigate other options for developing and implementing a project.

This workbook provides a framework to conduct the Tender Evaluation 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 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.

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.

TENDER EVALUATION GATE PURPOSE

A Tender Evaluation Review should be undertaken after tenders have been called and the responses have been evaluated, but prior to the award of a contract.

The purpose is to confirm that the recommended decision appears appropriate, before a contract is entered into. The review also aims to provide agency management with confidence that the process used to select the proposed service provider is robust.

The main questions the review seeks to answer are:

“Has the evaluation plan been followed? Has the best offer been identified?”

Specific questions the Tender Evaluation Review will address in relation to the seven success factors include:

- | | |
|---|---|
| 1. Service Delivery | Has the service need changed as a result of events or circumstances external to the project? Will the recommended proposal meet the present service need? |
| 2. Affordability and Value for Money | Is funding available for the life of the project? Does the recommended proposal offer best value for money? |
| 3. Sustainability | Does the recommended proposal offer the social, economic and environmental benefits identified in the project planning stages? |
| 4. Governance | Have the agreed tender processes been followed? Are adequate resources with the required expertise available to manage the project? |
| 5. Risk Management | Has the risk management plan been updated to include the recommended proposal? |
| 6. Stakeholder Management | Have stakeholder concerns been addressed? Is a plan for communication in place? |
| 7. Change Management | Do affected organisations accept that change will occur and understand its extent? Are there draft plans for managing change? |

DOCUMENTATION

Along with the Tender and Evaluation documents, 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:

Tender Evaluation Gate Documents

- CDP Evaluation Plan
- Tender/Proposal Documents
- Tender Evaluation Report
- Contract Documents
- Recommendation of Preferred Provider
- Stakeholder Consultation Report
- Change Management Plan
- EOI Evaluation Plan
- Call for Detailed Proposals (CDP)
- CDP Evaluation Report
- Project Management Plan
- Financial Assessment of Proposed Provider
- Updated Business Case
- Risk Management Plan
- Previous Gateway Review Reports and record of actions

3. SUSTAINABILITY

In considering sustainability, the 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.

Points to consider in evaluating this include:

- Social benefits identified in the project planning stages are included in the recommended proposal.
- Anticipated social costs have been considered in the evaluation.
- Economic development benefits identified in the project planning stages are included in the recommended proposal.
- Anticipated economic development costs have been considered in the evaluation.
- Environmental benefits identified in the project planning stages are included in the recommended proposal.
- Anticipated environmental costs have been considered in the evaluation.
- The recommended proposal addresses requirements of the NSW Government Sustainability Policy for buildings, fleet, waste, recycling and purchasing.
- The agency has verified that the preferred tender includes appropriate environmental measures.
 1. Building energy reduction is planned for minimising needs, optimising usage and the use of renewables.
 2. Building water usage reduction is planned for minimising need, optimising efficiency and use of alternative sources.
 3. Where applicable the following has been addressed 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 for a successful project, including resource allocation, time management and process management have been addressed.

Points to consider in evaluating this include:

- Issues raised at the Pre-tender Gate Review have been resolved and recommended actions completed.
- Agreed tender processes and statutory requirements have been followed.
- The tender has been evaluated in accordance with the agreed Tender Evaluation Plan.
- Probity Assurance procedures were followed during the development of documents and the tender process.
- Where the cost of the proposal varies from the estimate, justification has been provided and a revised budget has been approved if necessary.
- The project budget includes an appropriate contingency allowance
- Appropriate resources (in terms of numbers, skills and experience) have been allocated to manage the contract and roles and responsibilities have been defined.
- The recommended tenderer proposes an appropriate team to manage the project.
- The managing agency has appointed personnel to direct the project.
- The project management plan is up-to-date and has been demonstrated to be achievable.

Comments:

RATING	RED	AMBER	GREEN
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7. CHANGE MANAGEMENT

Change management is the task of managing the change resulting from the project, both inside and outside the managing agency, in a structured and systematic fashion so that the project is completed efficiently and effectively.

Points to consider in evaluating this include:

- Affected organisations recognise the extent of change required and accept the implications.
- The lead agency, at executive level, accepts its responsibility to manage the required change.
- The recommended proposal is compatible with existing processes, or appropriate strategies that are in place effect change.
- The need for change has been accepted by those directly affected.
- A change management plan has been prepared to suit the recommended proposal.
- The agency has demonstrated that adequate funds have been allocated for the change process.
- The communication plan for those affected by change is being implemented.

Comments:

RATING	RED	AMBER	GREEN
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GATEWAY REVIEW REPORT TEMPLATE

Project:

Sponsor Agency:

Gateway Review: Tender Evaluation Gate

Status of Report:

Managing Agency:

Project Sponsor:

Review Dates:
(Planning/Interviews/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 the Gateway Review Process is at the Tender stage.

Previous Gateway Reviews undertaken on this project include

Conduct of the Review

A Tender Evaluation Gate Review of was carried out on at .

The Gateway Review Team consisted of

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-
-

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 Review Team's findings in relation to each of the seven factors are as follows:

1. Service Delivery

The Review indicated that the recommended proposal would / would not meet the present service need.

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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 funding is / is not available for the life of the project and the recommended proposal does / does not offer value for money.

-

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 recommended proposal does / does not offer the social, economic and environmental benefits identified in the project planning stages.

-

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

4. Governance

The Review indicated that the agreed tender processes had / had not been followed and that sufficient funding and resources were / were not in place to implement the project.

-

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

5. Risk Management

The Review indicated that the risk management plan has /has not been updated to include the recommended proposal.

-

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

6. Stakeholder Management

The Review indicated that stakeholders concerns have / have not been addressed and a communication plan is / is not in place.

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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 change resulting from the project has / has not been recognised and accepted, and that plans are / are not in place for managing these changes.

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

Other Matters

-

Conclusions and Recommendations

The Gateway Review Team concludes that the project is / is not ready to proceed to the next stage.

The Review Team recommends that additional work be undertaken on the following: [List recommendations and areas where deficiencies/gaps were identified. Be as specific as possible.]

- 1.
- 2.
- 3.

APPENDIX A: REVIEW INTERVIEWEES

The Reviewers are grateful to the following staff 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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