

Initiation/Justification Gate Review Workbook

Gate Zero

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 when the project is complete.

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 the project, the Agency and broader Government with the confidence that an appropriate level of discipline is being applied to the procurement process.

Gateway Health Check

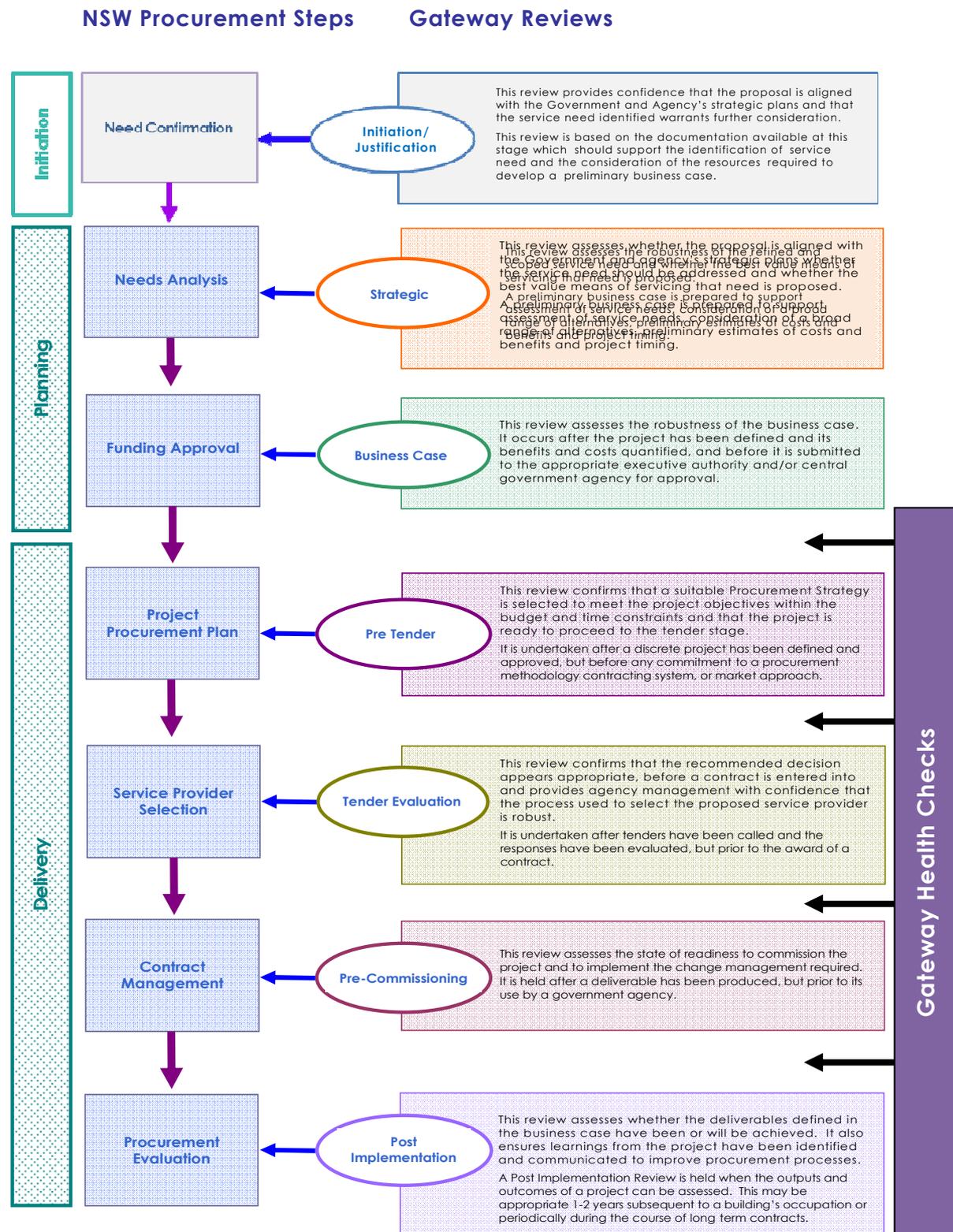
The Gateway Health Check complements the Gate Reviews by providing a 'point in time' insight into areas of concern which may impact completion of the next Gate or project outcomes.

Gateway Health Checks are conducted (for example):

- On an interval basis (in particular where there is a long gap between Gates); or,
- When there is a material change in operating environment or staff; or,
- At the specific request of the Project Sponsor of Government (Treasury or INSW).

It should be noted that a Gateway Health Check neither replaces the need for review at each Gate nor is it a substitute for robust project governance.

PROCUREMENT PROCESS AND GATEWAY



GATEWAY FRAMEWORK

This workbook provides a framework to conduct the Initiation/Justification 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 in evaluating a project (detailed from page 10). 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 Sponsor 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 18.

INITIATION/JUSTIFICATION GATE REVIEW PURPOSE -

An Initiation/Justification Review occurs after a service need has been identified and at the earliest point in the development of the proposed service or service change and when appropriate analysis has been undertaken to allow the review to occur.

The Review should take place at the concept or project stage before any significant funds are expended and prior to developing a preliminary business case.

The purpose of the review is to consider:

- the alignment of the project with Government & Agency priorities
- whether the service need identified has merit and warrants further consideration¹
- whether sufficient governance processes and resources are available to support development of a preliminary business case.

This review is based on the documentation available at this early stage which should support the identification of the service need and the consideration of the resources required to develop a preliminary business case. However, it is not the intention that new documentation is created as a result of this workbook, rather that the collection of current documents will inform its completion.

The main questions the review seeks to answer are:

“Has a legitimate service need been identified which is aligned with Government & Agency priorities? Does the project warrant proceeding to development of a preliminary business case? Is there a resource plan in place to achieve this? Does this plan have Sponsor approval?”

Specific questions the Initiation/Justification Review will address in relation to the success factors.

- | | |
|---|--|
| 1. - Service Delivery - | What service need will the project address? Would addressing the service need align with Government priorities and Agency plans? |
| 2. - Affordability and Value for Money | Does the project appear to offer value for money? - Can the estimated cost be justified by the - anticipated improvement in services? - |
| 3. - Sustainability | Is the project expected to have social, economic - and environmental impacts? Are these understood, - aligned with sustainability policies and manageable? - |
| 4. - Governance | Has an appropriate sponsor for the project been - identified? Does the Agency have the capacity and - capability to deliver the project? Have appropriate - |

¹ Either by the initiating Agency or by another Agency once transferred through a pre-agreed process (e.g. Local Health Departments and Health Infrastructure)

governance processes been established?

5. **Risk Management** - Has the NSW Treasury Risk Assessment Tool been applied? Have the major risks been identified? Has a framework for dealing with risks been developed?
6. **Stakeholder Management** - Have stakeholders affected by the proposed project been identified? Have engagement processes been considered within the preliminary business case development plan?
7. **Change Management** - Is the likely extent of change understood? Have the people who will be impacted by the change been identified? Have sufficient resources been allocated to investigate the scale and scope of the change as part of preliminary business case development?

DOCUMENTATION

The Review Team will need to review all relevant project documentation. The information is commonly found in documents such as:

Initiation/Justification Gate Documents

- Agency Corporate Plan
- State Strategic Plans, e.g. NSW 2021, State Infrastructure Strategy, NSW ICT Strategy
- Agency strategic asset management planning of asset acquisition, maintenance and disposal proposals
- Agency Total Asset Management Strategies and other TAM - documentation -
- Internal documentation created to date which may include:
 - Project initiation documents
 - A plan including resource estimates for completion of the preliminary business case
 - Any indicative costings prepared to date
 - Briefing documents and Executive board packs
 - Treasury Risk Assessment Tool Profile
 - Any supporting evidence of the service need (e.g. clinical service plans, white papers, departmental review reports)
 - Any supporting governance documentation
 - Ready Reckoner.

READY RECKONER -

The Ready Reckoner is designed to provide the Project Sponsor with a high level evaluation of the project against the seven success factors.

Criteria is aligned to the review indicators which are provided to enable the project to be rated as Red, Amber or Green against each of the success factors.

The review indicators on page 10) can be used to support the rating, if required.

To prepare the Ready Reckoner the Project Manager should:

- Complete the Treasury Risk Assessment Tool
- Assess each criterion within the Ready Reckoner and indicate an overall ranking (based on the most pessimistic score achieved)
- Include other supporting documents, as identified above, to the Project Sponsor for sign off.

Before submitting the project for Gateway review, the Sponsor should:

- Review the workbook and supporting documentation and sign off the Ready Reckoner
- Obtain sign off from CEO
- Projects which are ranked as Red should not proceed further without a mechanism to rectify within the project development process or a decision by the Sponsor to accept this risk. Notwithstanding, projects which are ranked as Red for the Service Delivery indicator should not proceed further, regardless of risk mitigation mechanism.

The Ready Reckoner must form part of the submission to Gateway for review for the Initiation/Justification Gate.

GATEWAY ZERO – READY RECKONER -

| 7 Success Factors | Summary Rating | | | Project |
|---|---|--|--|-----------------------|
| | Green | Amber | Red | |
| Service Delivery The identified need of the project... | ...responds to a requirement arising from new legislation OR from regulatory requirement | ...responds to one or more of the Agency's or Government's key strategic objectives | ...does NOT respond to any of the Agency's or Government's key strategic objectives | Green Amber Red |
| Affordability and Value for Money In proceeding to development of a preliminary business case, the project... | ...resource requirement is understood, suitable resources are available AND funding for this stage is available within forward estimates |resource requirement is understood, suitable resources are available, or can be procured, funding will need to be reallocated / reprioritised ² | ...resourcing requirement is NOT well understood, or suitable resources are NOT available and NO funding can be allocated or reprioritised | Green Amber Red |
| Sustainability The project's expected social, economic or environmental impacts... | ...are well understood, based on similar projects and are expected to be manageable | ...are uncertain OR based on similar projects may be significant | ...are unknown OR have not been considered and may be significant | Green Amber Red |
| Governance The project is being supported by... | ...established, proven decision making processes and controls which are appropriate for the project | ...initial processes which will be developed through the preliminary business case | ...no defined governance processes or controls | Green Amber Red |
| Risk Management The project is assessed as... | ...low risk using the NSW Treasury Risk Assessment Tool | ...medium or high risk AND has risk and issue management in place or incorporated in the resource plan for the preliminary business case | ...medium or high risk without risk and issue management OR has not completed an assessment | Green Amber Red |
| Stakeholders Management The project has... | ...identified the limited number of stakeholders (all internal to the Agency) likely to be impacted AND has a management approach in place ³ | ...identified the internal and external stakeholders that will be impacted AND has resourced for stakeholder engagement as part of preliminary business case development | ...not identified the major stakeholder groups likely to be impacted AND / OR has not identified a mechanism to engage stakeholders | Green Amber Red |
| Change Management The expected change impacts of the project are... | ...internal AND / OR a management approach is in place ³ | ... external AND change impacts are incorporated in the resource plan for the preliminary business case | ... external AND / OR are not resourced in the preliminary business case | Green Amber Red |

² In accordance with current approval guidelines

³ This includes where the Agency already has an appropriate established management approach in place

Overall Ranking (Based on the most pessimistic score achieved above – e.g. if a single indicator is rated a 'Red' then the overall rating is 'Red')

- Green
- Amber
- Red

Based on the above ranking, it is recommended the Project:

- Proceed to development of a preliminary business case
- Does not proceed

Comments to support recommendation:

Note: in the event any success factor is ranked as red and the Project is recommended to proceed, a brief commentary on the focus for the Preliminary Business Case to address this factor(s) should be added.

Signed and dated by agency Secretary/CEO etc

INITIATION/JUSTIFICATION 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 service has been identified
- The Agency has demonstrated that the proposed service is - consistent with its strategic goals and priorities -
- The Agency has demonstrated that the proposed service is - consistent with Whole of Government strategic goals and priorities -
- The scope of the service needing to be addressed is aligned with - other related projects and programs -
- The proposal has been identified in the Agency's TAM submission to - the Treasury or the TAM Plan has been modified accordingly -
- A new legislative or regulatory change necessitates the proposed - service or a change to an existing service -
- The State Infrastructure Strategy or other State or Commonwealth - plans have identified the need -
- A demonstrated infrastructure / service need gap has been - identified -
- The Agency has considered whether the service need could be - addressed without the need for procurement (for example, through - demand management) -
- There is an awareness of interdependent projects and joint Agency - proposals have been considered where appropriate -
- The major objectives, benefits and outcomes of the project will be - delivered by the identified service -

Comments:

| | | | |
|---------------|------------|--------------|--------------|
| RATING | RED | AMBER | GREEN |
|---------------|------------|--------------|--------------|

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:

- There is an understanding of scope and indicative whole of life - cost range for the project -
- There is reasonable support for the indicative whole of life cost - range -
- The major benefits that will be achieved by addressing the service - need and benefiting stakeholders are identified -
- Other feasibility studies have been undertaken which indicate the - value for money of this project -
- So far as reasonably practicable, interdependencies with other - projects which could influence success or impact value for money - are known -
- The indicative timeframes for delivery are understood
- Processes have been identified for estimating, forecasting, - monitoring and controlling project expenditure -
- The Agency has identified that additional funding (capital - investment or recurrent funding) is likely to be required to address - the required service need -
- Required funding to complete the development of the preliminary - business case and economic appraisal is understood and - budgeted -
- Funding is available within forward estimates or could be allocated - / reprioritised and is sufficient and understood -

Comments:

| | | | |
|---------------|------------|--------------|--------------|
| RATING | RED | AMBER | GREEN |
|---------------|------------|--------------|--------------|

3. - SUSTAINABILITY

In considering sustainability, the review 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:

- The major social, economic, or environmental factors which impact - the project are well understood (i.e. based on similar projects) -
- The sustainability impacts of the project are expected to be - manageable -
- The scale of the sustainability impact is understood
- Where appropriate, evidence of the sustainability impacts has - been collected -
- The major social, economic or environmental policies which could - impact service need requirements have been considered -

Comments:

| | | | |
|---------------|------------|--------------|--------------|
| RATING | RED | AMBER | GREEN |
|---------------|------------|--------------|--------------|

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:

- The CEO supports the project and the project sponsor has been formally appointed to the project -
- The proposal is supported by the sponsor who has sufficient:
 - expertise in the area of the service need
 - capability and capacity to fulfil the sponsor role
 - financial delegations which are of a level appropriate to the envisaged scale of the project -
- There is a documented, realistic plan to develop the preliminary business case within the required time frame and budget including planning for the strategic gateway review -
- A formal governance structure has been established
- Suitable and sufficient controls and monitoring arrangements are in place or are proposed -
- Established governance processes are in place or are proposed to manage, monitor and report on project progress and benefits realisation. -
- The required skills and capabilities to deliver the preliminary business case are available in house or can be procured, taking account of the organisation's current commitments and capacity to deliver -
- There is evidence that the Agency has the capability to deliver projects of this scale and nature -
- There is evidence that the Agency has the capacity to deliver the project given other current or planned project commitments -
- Management of similar projects can be evidenced and lessons learnt provided for the planning stages from the manager(s) and sponsor(s) -
- Sufficient project controls (e.g. change control) are in place or are proposed and interfaces with other Agencies are established (e.g. secondment arrangements, cross-Agency governance body representation or draft memoranda of understanding) -

Comments:

| | | | |
|---------------|------------|--------------|--------------|
| RATING | RED | AMBER | GREEN |
|---------------|------------|--------------|--------------|

5. - RISK MANAGEMENT

This factor considers if a structured methodology for identifying, analysing and managing potential risks is being applied.

Indicators to consider include:

- The Treasury Risk Assessment Tool has been completed and the risk - profile for the project is understood -
- Areas of key risk have been reflected in the preliminary business - case development plan (including a mechanism for costing - contingencies) -
- The key service, project and delivery risks for completing the - preliminary business case are understood -
- Suitable controls and monitoring arrangements for dealing with risk - are proposed for preliminary business case development or are - already in place -
- Major risks in addressing the service need have been identified
- A risk management framework, appropriate to the project's risk - profile and complexity is in place or is under development -
- Key stakeholders who will need to be consulted with regarding risk - assessment have been identified -
-
- The risk management process is linked to the agency's wide - management framework -

Comments:

| | | | |
|---------------|------------|--------------|--------------|
| RATING | RED | AMBER | GREEN |
|---------------|------------|--------------|--------------|

6. - STAKEHOLDER MANAGEMENT

The review needs to examine whether the exchange of information with stakeholders is being adequately managed and that their concerns are being addressed.

Indicators to consider include:

- Stakeholder groups affected by the proposed project have been identified. This includes other agencies for multi-Agency projects -
- Whether identified stakeholders are only internal or internal and - external (other Agency and groups or community groups) -
- An outline of the requirements for stakeholder engagement is understood -
- Adequate resources for stakeholder engagement are included in the plan -
- The likely concerns of stakeholder groups have been captured and a process for formal identification is in place -
- Processes have been identified for securing common understanding and agreement by the key stakeholders -

Comments:

| | | | |
|---------------|------------|--------------|--------------|
| RATING | RED | AMBER | GREEN |
|---------------|------------|--------------|--------------|

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.

Indicators to consider include:

- The nature of service need changes or impacts are understood
- The nature of operational changes or impacts are understood (e.g. - HR, ICT etc.) -
- The likely extent of change (high / medium / low) that would occur - as a result of the project is understood -
- The stakeholders which may be affected by these changes are - understood -
- The relationship of affected stakeholders to the Agency (i.e. - whether they are internal to the Agency, external to the Agency or - external to Government) is known -
- There are sufficient resources allocated to investigate the scale - and scope of the change as part of preliminary business case - development -
- The Agency has identified or has in place a process to identify a - framework for managing change -
- The Agency has identified their commitment to achieving the - change -

Comments:

| | | | |
|---------------|------------|--------------|--------------|
| RATING | RED | AMBER | GREEN |
|---------------|------------|--------------|--------------|

GATEWAY REVIEW REPORT TEMPLATE -

Project: **GATEWAY REVIEW WORKBOOK**

Sponsor Agency:

Gateway Review: **Initiation/Justification Gate**

Status of Report:

Project Sponsor:

Review Dates:
(Planning/Interview/Report)

Gateway Review Team:

Gateway Manager:

Estimated Total Cost:

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 initiation/justification stage. -

This is the first Gateway Review to be undertaken for the project. -

Conduct of the Review

An Initiation/Justification 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 addressing the service need does / does not align with the Government's priorities and Agency's plans.

-

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 does / does not offer value for money, has / has not been considered as part of forward estimates and estimated whole of life costs 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 understood, are / are not aligned with sustainability policies and are / are not manageable.

-

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

4. Governance

The Review indicated that an appropriate Sponsor has / has not been identified, - the Agency does / does not have the capacity and/or capability to deliver the - project. 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 NSW Treasury Risk Assessment Tool has been applied, 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.

-

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

6. Stakeholder Management

The Review indicated that stakeholders groups affected by the proposed project have / have not been identified and engagement processes have / have not been considered within the preliminary business case development plan

-

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

7. Change Management

The Review indicated that the likely extent of change is / is not understood. The people who will be impacted as well as business processes and practices affected by the change have / have not been identified and sufficient resources have / have not been allocated to investigate the scale and scope of the change as part of the preliminary business case development.

-

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 case for meeting the identified service need has been/has not been suitably prepared to warrant Preliminary Business Case development to occur.

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 |
|---------------|---------------|---------------------|
|---------------|---------------|---------------------|

APPENDIX B: DOCUMENTS REVIEWED -

Document Title

Author

Date of Publication -
