Pre Tender Gate Review Workbook

Gate Three

FURTHER INFORMATION AND ASSISTANCE

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Pre Tender Gate Review Workbook – Issue No. 8 - October 2013

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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.

Gateway Health Check

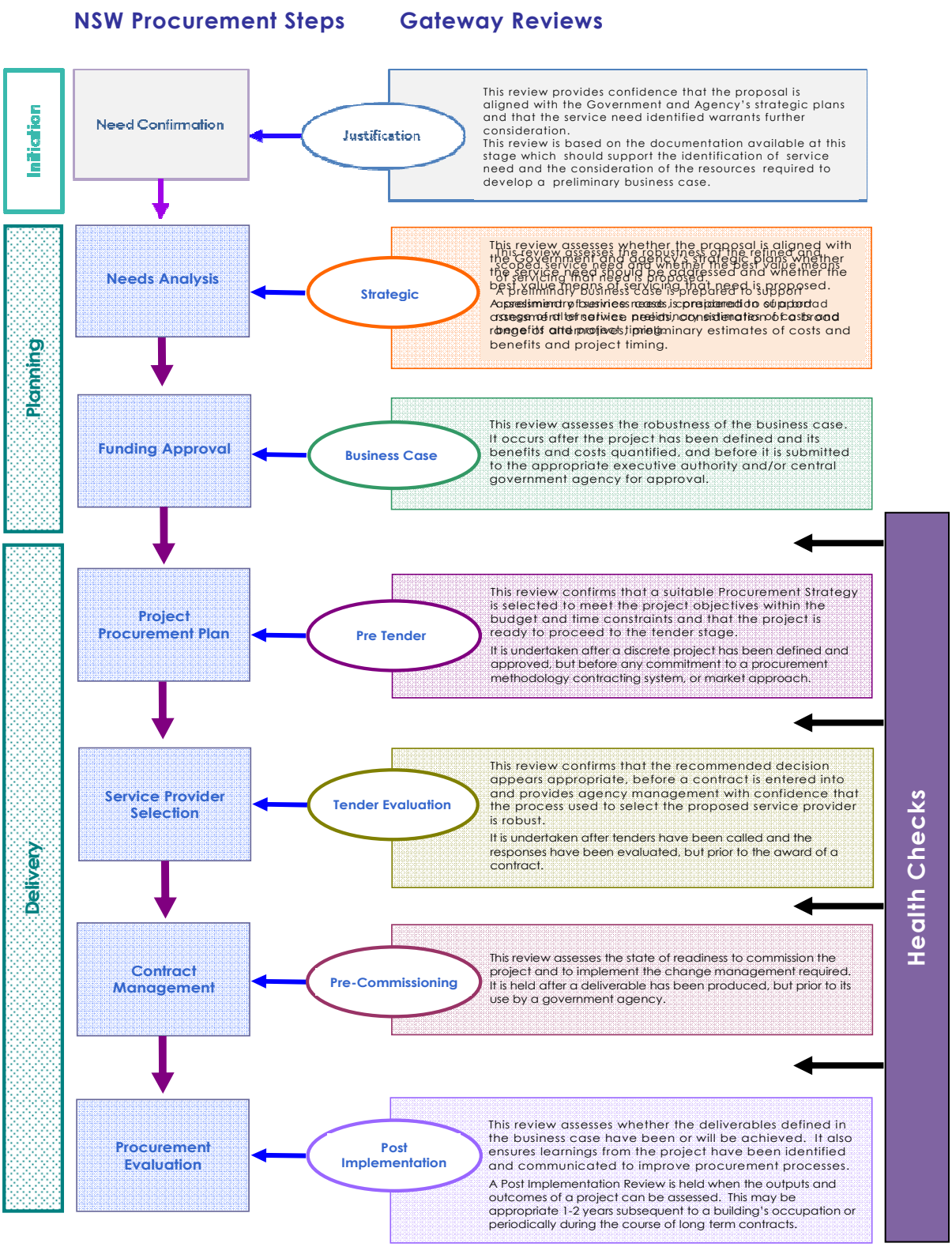
The Gateway Health Check complements the Gate Reviews by providing a 'point in time' insight into areas of concern which may impact completion of the next Gate or project outcomes.

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

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 Pre Tender 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 17.

PRE-TENDER GATE PURPOSE -

A Pre-Tender Review is undertaken after a discrete project has been defined and approved, yet before a commitment is made to a procurement methodology contracting system, or market approach.

The purpose is to confirm that a suitable Procurement Strategy is selected to meet the project objectives within the budget and time constraints. The Review also assesses whether the project is ready to proceed to the tender stage.

The main questions the review seeks to answer are:

"Is the estimate robust, has the scope been managed? Is the supplier market understood?"

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

1. - Service Delivery -	Does the identified service need still exist? Are the project requirements clear and unambiguous? Is the proposed Procurement Strategy appropriate?
2. - Affordability and Value for Money	Is funding available to complete the project? Is the proposed Procurement Strategy cost-effective?
3. - Sustainability	Does the proposed Procurement Strategy maximise the benefits of the project and minimise its negative impacts?
4. - Governance	Does the project team have sufficient expertise for the procurement system selected? Is the project program achievable?
5. - Risk Management -	Has the risk management plan been updated? Does the risk assessment favour proceeding with the project in view of market factors?
6. - Stakeholder Management	Do stakeholders support the Procurement Strategy? Is there a plan for future stakeholder communication?
7. - Change Management -	Are the impacts of the project on infrastructure, resources and processes understood? Does the managing agency accept the need for change management?

DOCUMENTATION

Along with the Tender 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:

Pre Tender Gate Documents

- Funding Approval
- Procurement Plan
- Probity Plan
- Updated Business Case
- Project Brief
- Project Management Plan (including milestones)
- Expressions of interest (EOI) documents including EOI evaluation report
- Request for tender documents
- Tender Evaluation Plan
- Benefits Management Plan
- Preliminary Risk Management Plan
- Draft/Proposed Conditions of Contract
- Reporting mechanisms
- Previous Gateway Review Reports and record of actions
- Preliminary assessment of opportunities for local industry participation
- Community consultation report
- Relevant approvals e.g. Under the EP&A Act; Budget Committee of Cabinet etc.
- Project Management Structure

PRE-TENDER REVIEW INDICATORS

1. - SERVICE DELIVERY

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

Points to consider in evaluating this include:

- The agency has demonstrated that the project in its proposed form complies with Government policies. ☐
- The need for the proposed procurement has been confirmed and is as defined in the approved business case. ☐
- The agency has demonstrated that the project in its proposed form will meet the identified service needs as they currently stand. ☐
- The project requirements are clear and unambiguous. ☐
- Available procurement methods have been assessed and the one that demonstrated it could best achieve the project objectives has been adopted. ☐
- The scope of the project has not increased without appropriate approvals. ☐
- The proposed Procurement Strategy complies with the NSW Government Code of Practice for Procurement and Tendering Guidelines. ☐
- The capabilities of the market have been taken into account in developing the Procurement Strategy. ☐

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.

Points to consider in evaluating this include:

- The availability of funding for the whole of the project has been confirmed. ☐
- The estimate has been substantiated by reference to previous projects or through contact with the marketplace. ☐
- The estimated cost is within the budget approved in the business case, or increases have appropriate approvals. ☐
- Cost estimates include life cycle costs and the costs of procurements (e.g. the cost of tendering). ☐
- Indications from providers/suppliers confirm that the estimate is reasonable. ☐
- The proposed Procurement Strategy has been demonstrated to be the most cost-effective of the options considered. ☐
- The proposed strategy includes an approach for managing unexpected project cost pressures. ☐

Comments:

RATING	RED	AMBER	GREEN

3. - SUSTAINABILITY

In considering sustainability, the review needs to look at whether the project will meet the needs of the present without compromising the ability of future generations to meet their needs.

Points to consider in evaluating this include:

- The proposal demonstrates that the agency has considered and taken into account the Government's social objectives in developing the Procurement Strategy. Social impacts can include workforce diversity, local/rural/regional employment, employee well-being, and corporate governance practices. ☐
- The proposal demonstrates that the agency has considered and taken account of the Government's economic development objectives in producing the Procurement Strategy. Economic impacts can include: economic development, local/rural/regional industry participation, regional and state employment, and the involvement of small to medium enterprises. ☐
- The proposal demonstrates that the agency has considered and taken account of the Government's as well as its own environmental objectives in developing the Procurement Strategy. ☐
- The proposal addresses the requirements of relevant policies including for buildings, fleet, energy and water, waste, recycling and purchasing. ☐
- The proposal as documented, demonstrates that the consumption of scarce materials has been minimised and recycled materials will be used wherever possible. ☐
- Requirements of regulators have been incorporated into the project. ☐
- The recommendations of environmental impact studies have been incorporated into the project. ☐
- The market can be sustained and not depleted by procurement strategy (e.g. no excessive tender preparation costs to industry). ☐

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.

Points to consider in evaluating this include:

- Issues raised at the Business Case Gateway review have been resolved and recommended actions completed. ☐
- Fairness and probity have been properly considered in selecting the procurement method. ☐
- A tender evaluation plan has been prepared to ensure transparency in the decision-making process. ☐
- The cost of managing and evaluating tenders has been budgeted for and funds are available (including the internal processes of managing and communicating with tenderers prior to the awarding of a contract). ☐
- Sufficient and appropriate expertise for the project team has been identified and is available. ☐
- The time allowed for developing documentation and calling tenders has been demonstrated to be achievable. ☐
- The overall project program has been demonstrated to be achievable and meets service delivery requirements. ☐

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.

Points to consider in evaluating this include:

- The risk management plan has been reviewed and updated and includes all risks. ☐
- The risks associated with different (documented) procurement strategies have been considered in determining the preferred option. ☐
- Market, input cost and scope change risks which may affect budget or service delivery have been identified and a management approach adopted. ☐
- The current risk assessment favours proceeding with the project. ☐

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.

Points to consider in evaluating this include:

- Communication with stakeholders has been maintained and documented in the communication plan. ☐
- Stakeholders generally support the project and the proposed Procurement Strategy. ☐
- Stakeholder views have been addressed in developing the project. ☐
- Service providers have indicated that they can comply with the proposed Procurement Strategy. ☐
- A stakeholder communication plan for future stages of the project has been developed and documented. ☐

Comments:

RATING	RED	AMBER	GREEN

7. - CHANGE MANAGEMENT

Change management is the task of managing the change resulting from a 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:

- The agency has evaluated the impact of the proposed project on its staff, other people (including the community), existing infrastructure and processes. ☐
- Agency management has accepted that change will be required and has confirmed that it is prepared to effect the necessary changes. ☐
- Consultation with those likely to be affected has taken place. ☐
- Draft plans for managing the impacts of the anticipated changes have been prepared. ☐
- Agency management structures and systems can meet the demands of supplier and stakeholder management. ☐

Comments:

RATING	RED	AMBER	GREEN

GATEWAY REVIEW REPORT TEMPLATE -

Project: Title

Sponsor Agency:

Gateway Review: Pre Tender 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 the Gateway Review Process is at - the Pre Tender Stage. -

Previous Gateway Reviews undertaken on this project include -

Conduct of the Review

A Pre-Tender Review of was carried out on at . The Review Team consisted of:

-
-
-

The purpose of the review was to consider if sufficient procurement discipline is being applied to the development and implementation of the 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 service need does / does not still exist and the proposed Procurement Strategy is / is not appropriate.

-

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 proposed Procurement Strategy is / is not cost effective and that funding is / is not available to complete the project.

-

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 proposed Procurement Strategy does / does not maximise the anticipated social, environmental and economic benefits of the project.

•

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

4. Governance

The Review indicated that the Project agency has / has not applied adequate governance and accountability systems to the project and the Project Team does/does not have sufficient expertise and that the overall project program is/is not achievable.

•

The Review Team consider the service delivery 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 and that the assessment does / does not favour proceeding with the project.

•

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

6. Stakeholder Management

The Review indicated that stakeholders do / do not support the proposed Procurement Strategy and there is / is not a plan for managing future communication.

•

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

7. Change Management

The Review indicated that the affected organisation does / does not understand the effects of the project on existing infrastructure, resources and process and has / has not provided for suitable change management.

-

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 recommends that additional work be undertaken on the following:

1.
2.
3.

APPENDIX A: REVIEW INTERVIEWEES

The Reviewers are grateful to the following people who 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