



# Investment Decision Workbook

**GATE**

**3**



**Government of South Australia**

Department of Planning,  
Transport and Infrastructure

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# Background

The Gateway Review process examines programs and projects at key decision points. It aims to provide timely advice to the Senior Responsible Officer (SRO) as the person responsible for a program or project. A review provides the SRO with an independent view on the current progress of the program or project and assurance whether it can proceed successfully to the next stage.

Given the aim is to help the SRO at key decision points, each review is short and focussed on the work that is complete at the time. For the best result, a review is carried out shortly before a key decision is made to allow sufficient time for recommendations to be implemented.

The Gateway Review process supports delivery of a wide range of programs and projects and is coordinated through the 3PMO.

## Document Amendment Record

Version	Change Description	Date	Coordinated by
1.0	First Published	29/09/2017	Paula Hollamby, PMO

# Overview

## About this Workbook

This workbook supports the Gate 3: Investment Decision Gateway Review.

This review investigates the business case and the governance arrangements for the tender decision to confirm the project is still required, affordable and achievable. The review also checks that implementation plans are robust.

The workbook describes the main products and provides appraisal questions and sources of supporting information, including best practices for review teams. It offers key questions to explore and evidence to look for. Because each program, project or policy is unique and circumstances change, the workbook should be used as a guide to the range of appropriate questions and evidence, rather than a full checklist of mandatory items.

## Investment Decision

The previous Gateway Review, Gate 2: Market Readiness examined the delivery and procurement strategy for achievement of the project's objectives before the department invited proposals or tenders against the fully developed requirements specification. It may have reviewed similar information and decisions about achievability, affordability and value for money.

During this Procurement Phase, potential suppliers, partners and/or other delivering agencies (or possibly internal units of the department), submitted their proposals or tenders.

An evaluation panel analysed them on a like-for-like basis and recommended the proposal (delivery solution) that met the project's need and offered the best value for money.

The Gate 3 Review is designed to occur before a work order is placed with a supplier or other delivery partner, or at preferred bidder stage, and prior to the award of a contract. This confirms that the recommended investment decision is appropriate before the contract is placed with a supplier or partner. It provides assurances that the processes used to select a supplier are sound. It also assesses whether the process has been well managed; whether the business needs are being met, whether client and supplier can implement and manage the proposed solution; and whether a successful outcome can be achieved. The project team and review team must be satisfied due consideration has been given to all the factors, including choices about proposed commercial arrangements with an existing supplier that offers value for money.

A project will normally undertake one Gate 3 Review. However, in some circumstances it may be necessary for a project to repeat the review when:

- Construction projects, if there is a second tender decisions such as for two-stage design and construct or there may be a need for an initial review for the contract award and a subsequent review to confirm the tender decision based on the construction price;
- For IT enabled and service enhancement projects once the commercial parameters and framework are agreed with the preferred supplier and again once the out-turn costs and performance targets have been developed at the project development phase.

*Note – the terms supplier, bid, tender, contract etc in the following sections should be interpreted in the context of the nature of the delivery solution and the likely commercial relationship between the department and the delivery partner organisation.*

## Purpose of Gate 3

This Gateway Review will:

- confirm the business case and benefits management plan now that the bid information has been verified from potential suppliers and delivery partners;
- confirm that the objectives and desired outputs of the project are still aligned with the program to which it contributes and the wider departmental and government strategy;
- check that all necessary statutory and procedural requirements were followed throughout the procurement / evaluation process;
- confirm that the recommended contract decision, if properly executed with a standard lawful agreement (where appropriate), is likely to deliver the specified outputs / outcomes on time, within budget and provide value for money;
- ensure there is continuing support for the project;
- confirm that the approved delivery strategy has been followed;
- confirm that the development and implementation plans of both the client and the supplier or partner are sound and achievable;
- check the business has prepared for developing new processes, for implementing and operating new services or facilities and the business change involved;
- confirm that there are plans for risk management, issues management and change management (technical and business); and that these plans are shared with suppliers and/or delivery partners; and
- confirm that the technical implications (such as buildability for construction projects, information assurance and security for IT-enabled projects) have been addressed; evaluate actions taken to implement recommendations made in earlier assessment of deliverability.

# Project Documents

Examples of evidence relevant to the areas of investigation covered in the sections following should be available before the Gateway Review process commences.

The information is likely to be found in the documents suggested below, but may be located in other program or project documents, or elsewhere in the department's systems. These documents include:

- project management documents including:
  - strategies for managing the risks and issues, plans and a risk register showing identified and managed risks;
  - plans for implementing business change and handling future change;
  - service management arrangements defining how services will be managed, how their performance is measured and outlining responsibilities for the client and supplier;
  - the benefit management strategy, benefit management plans and responsibilities for delivery;
  - the delivery strategy including a procurement strategy, if appropriate; and
  - the operational requirements and draft contract;
- final business case and benefits plans for each of the acceptable bids to confirm the delivery strategy and that the negotiated and agreed solution(s) remain within the original criteria.
- an evaluation report recommending a selected supplier or partner, justification and details of close contenders and plans for debrief of unsuccessful suppliers;
- an outline project plan through to completion and plans for the next phase;
- an updated project timetable developed with the selected suppliers;
- an updated communications strategy and plan; and
- confirmation of the funds and authority to proceed;
- tenders and tender evaluation documents;
- contract scope and technical requirements documents; and
- contractual documents.

# The Review

This section contains topics that would commonly be considered when undertaking a Gate 3: Investment Decision review. Review Teams are expected to use their own expertise in determining whether these topics are relevant and appropriate for the specific project under review. The Review Team may determine additional topics be considered that are also critical to the assessment of the project.

## 1. Assessment of Proposed Solutions

Areas to Probe:	Evidence Expected:
1.1 Does the proposed solution meet the business needs and government and departmental objectives?	<ul style="list-style-type: none"> <li>• the proposed solution complies with departmental and government requirements; and</li> <li>• consultation with stakeholders and acceptance of the proposed solution.</li> </ul>
1.2 Have the suppliers proposed any alternatives or innovative options beyond a fully compliant bid? If so, how was this assessed?	<ul style="list-style-type: none"> <li>• an assessment showing whether options benefit the project and remain within the scope of the tender documents.</li> </ul>
1.3 Will the proposed delivery solution deliver the business need described in the business case?	<ul style="list-style-type: none"> <li>• analysis showing:               <ul style="list-style-type: none"> <li>- the proposal is defined in business outcome terms;</li> <li>- proposed solution is fit for purpose, meeting business objectives and delivering value for money;</li> <li>- the business can achieve the necessary proposed changes; and</li> <li>- the proposed services and service levels as defined in the contract or agreement meet agreed business requirements.</li> </ul> </li> </ul>
1.4 Has the proposed solution affected the strategy for business change and expectations of business benefits?	<ul style="list-style-type: none"> <li>• the updated plan for managing the business change on the basis of the proposed solution is agreed by the Project Board and agreed with users and stakeholders;</li> <li>• an analysis of changes to the original plan;</li> <li>• an updated plan for realising benefits and descriptions of benefits and their owners; and</li> <li>• changes documented and agreed with users and stakeholders.</li> </ul>
1.5 Are both parties prepared for the development including new systems and processes, implementation, transition and operation of the new services?	<ul style="list-style-type: none"> <li>• the proposed development and implementation plans are included in the delivery solution and recommended to the Project Board; and</li> <li>• the implementation plan is agreed with users, their representatives if the end user is the citizen, and the stakeholders.</li> </ul>

1.6	Are there plans and processes to address future business and technical issues?	<ul style="list-style-type: none"> <li>• all parties agree with the strategy for managing change.</li> </ul>
1.7	Is there clear allocation and understanding of responsibilities between all parties, in addition to any contractual liabilities?	<ul style="list-style-type: none"> <li>• defined client and supplier organisation, personnel and responsibilities;</li> <li>• on the department's side, identified internal relationships and interfaces describing who does what with the supplier;</li> <li>• on the supplier's side, reciprocal arrangement of responsibilities;</li> <li>• where applicable, partnering arrangements defined;</li> <li>• details of how a single supplier will manage their supply chain;</li> <li>• if multiple suppliers, how the department will manage the interfaces;</li> <li>• evidence that the department and supply team will work together effectively; and</li> <li>• if the project crosses government boundaries on the department's side, governance arrangements will align the business objectives of all agencies involved.</li> </ul>
1.8	Are there resources available for the business to fulfil its obligations within the contract and/or agreement?	<ul style="list-style-type: none"> <li>• there is a plan for implementing the new contract which identifies the quantity, type and quality of resources required;</li> <li>• formal management acceptance of agreed resource requirements, with key roles and personnel identified and in place; and</li> <li>• adequate plans and procedures for contract management, including availability of requisite skills and experience.</li> </ul>
1.9	Have the technical implications been assessed such as buildability, health, safety and sustainability issues for construction projects, and for IT-enabled projects, information assurance and security, the impact of e-business and legacy systems.	<ul style="list-style-type: none"> <li>• the delivery solution is technically acceptable;</li> <li>• for construction projects, design quality indicators are used; there are project-specific plans for health and safety; and sustainable construction practices; and</li> <li>• for IT-enabled projects, assurance that the impact of e-business etc has been considered.</li> </ul>
1.10	Does the proposed procurement meet financial approvals and is there an adequate budget for it?	<ul style="list-style-type: none"> <li>• confirm financial approvals have been obtained and budgeted costs are adequate.</li> </ul>

1.11	Does the project have resources with the appropriate skills and experience, where required, to achieve the intended outcomes of the investment?	<ul style="list-style-type: none"> <li>• plans for providing the required intelligent customer capability with names allocated to the major roles;</li> <li>• internal and external commitment to provide the resources required;</li> <li>• job descriptions for key project staff;</li> <li>• skills appraisal undertaken and plans for addressing any shortfall;</li> <li>• access to external sources of expertise, if required;</li> <li>• appropriate allocation of key project roles between internal staff and consultants or contractors.</li> </ul>
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## 2. Business Case and Stakeholders

Areas to Probe:	Evidence Expected:	
2.1	Is the project still required?	<ul style="list-style-type: none"> <li>• confirmation that the project still fits with departmental and government objectives; and</li> <li>• confirmation that external factors have not affected current priorities.</li> </ul>
2.2	Is the business case complete?	<ul style="list-style-type: none"> <li>• reassessment of the updated business case, including strategic, economic, financial, commercial and project management factors.</li> </ul>
2.3	Does the recommended way forward meet the business need?	<ul style="list-style-type: none"> <li>• key objectives are reviewed against the final bid and proposed solution.</li> </ul>
2.4	Has the most appropriate option been selected?	<ul style="list-style-type: none"> <li>• a cost/benefit/risk analysis against the final bid information is complete and results of the evaluation, including sensitivity analysis are available; and</li> <li>• for construction projects, whole of life design quality, cost and time are maximised.</li> </ul>
2.5	Does the commercial arrangement represent value for money with an appropriate level of quality over the whole of life of the project?	<ul style="list-style-type: none"> <li>• market conditions, other organisational benchmarks and previous experience assessed;</li> <li>• evaluation of results; and</li> <li>• assessment of a supplier's funding arrangements.</li> </ul>
2.6	Is the client realistic about their ability to deliver the project?	<ul style="list-style-type: none"> <li>• documented understanding of cultural implications and account taken of the current organisational culture; and</li> <li>• comparison with others.</li> </ul>
2.7	Does the final business case, when incorporating the delivery solution, still demonstrate affordability?	<ul style="list-style-type: none"> <li>• the business case incorporates bid information including:               <ul style="list-style-type: none"> <li>- changes in budgeted figures;</li> <li>- returns and value recalculated with new benefits plan; and</li> <li>- costs compared with budget and pre-tender estimates.</li> </ul> </li> </ul>

2.8 Is there an agreed benefits realisation plan?	<ul style="list-style-type: none"> <li>• benefits management strategy and plans including: <ul style="list-style-type: none"> <li>- critical success factors;</li> <li>- identification of individuals responsible for achieving benefits;</li> <li>- an agreed process for measuring and assessing benefits;</li> <li>- measurement baselines data is available for assessment; and</li> </ul> </li> <li>• the post implementation review plan identifies review points and benefits to be assessed; and</li> <li>• payment mechanisms are linked to benefits realisation.</li> </ul>
2.9 Have suitable stakeholders, business and user representatives been involved and have they approved the tender recommendation and draft contract?	<ul style="list-style-type: none"> <li>• involvement of stakeholders and business or user representatives in quality and proposal reviews;</li> <li>• the views of all stakeholders, including users, have been taken into account;</li> <li>• representation of stakeholders on the evaluation team; and</li> <li>• approval by the project board or equivalent.</li> </ul>

### 3. Risk Management

Areas to Probe:	Evidence Expected:
3.1 Are risk and issues management plans up to date? Are they being monitored?	<ul style="list-style-type: none"> <li>• risk register and issue log regularly reviewed, updated and acted upon.</li> </ul>
3.2 Have all major risks that arose during this phase been resolved?	<ul style="list-style-type: none"> <li>• risk and issue management plans and risk register have been updated to include risks associated with project resourcing and funding, team competencies, legislation, technical dependencies, users and stakeholders.</li> <li>• risks and issues have been assigned to an owner;</li> <li>• risk transfer plans are established.</li> </ul>
3.3 Are arrangements in place to minimise risks to the department in the event of major problems during implementation and rollout?	<ul style="list-style-type: none"> <li>• a business continuity and contingency approach agreed with stakeholders and suppliers;</li> <li>• business or client continuity and contingency plans are under development;</li> <li>• an assessment of supplier continuity and contingency plans; and</li> <li>• for IT-enabled projects, information assurance including risk assessment and management is in place.</li> </ul>
3.4 Does the contract reflect the standard terms and conditions and the required levels of risk transfer?	<ul style="list-style-type: none"> <li>• contracts comply with the standard terms and conditions;</li> <li>• any changes to standard terms and conditions are assessed; and</li> <li>• an analysis of the risk allocation proposed by the supplier or partner versus expectations of the department.</li> </ul>

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3.5 For longer-term service or partnering contracts, have the re-tendering issues been considered?	<ul style="list-style-type: none"> <li>plans for an exit strategy at the end of the contract, with appropriate review points built in over the life of the contract to update these arrangements.</li> </ul>
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#### 4. Review of Current Phase (Procurement Phase)

Areas to Probe:	Evidence Expected:
4.1 Is the project under control?	<ul style="list-style-type: none"> <li>project is running to schedule and costs are within budget; and</li> <li>recommendations from the previous Gateway Review have been acted upon.</li> </ul>
4.2 What caused any deviation such as over and under-runs?	<ul style="list-style-type: none"> <li>reconciliations set against budget and time plan.</li> </ul>
4.3 What actions are necessary to prevent deviations recurring in other phases?	<ul style="list-style-type: none"> <li>analysis and plans included in project documentation that is continually updated and reviewed.</li> </ul>
4.4 Have all the assumptions from Gates 1 and 2 been validated?	<ul style="list-style-type: none"> <li>validation of all assumptions. Any that cannot be validated are examined, appear in the risk register and/or issue management log, and are assessed and discussed with potential suppliers and partners; and</li> <li>documentation of any new assumptions.</li> </ul>
4.5 Have all required departmental procurement and technical checks been carried out?	<ul style="list-style-type: none"> <li>review of bid management and approval processes;</li> <li>compliance with relevant procurement policies and guidelines;</li> <li>evaluation strategy, underpinning models and criteria have been followed; and</li> <li>compliance with statutory requirements such as planning and building regulations.</li> </ul>
4.6 Did the project team follow the planned steps in the delivery strategy?	<ul style="list-style-type: none"> <li>documented information that confirms activities and processes in the delivery strategy and plan were followed.</li> </ul>
4.7 Were the documents subject to quality review?	<ul style="list-style-type: none"> <li>documentation and confirmation from probity advisor or equivalent.</li> </ul>

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## 5. Readiness for Next Phase (Delivery Phase)

Areas to Probe:	Evidence Expected:
5.1 Is the working relationship likely to succeed?	<ul style="list-style-type: none"> <li>• realistic assessment of management style or behaviours from both parties;</li> <li>• reporting arrangements identified at appropriate levels;</li> <li>• suitable procedures and responsibilities for contract management are defined and agreed;</li> <li>• for construction projects, plans for integration of the project team;</li> <li>• continuity of key personnel from the contract award phase to the implementation phase; and</li> <li>• plans for partnering workshops are in place.</li> </ul>
5.2 Are all resources and internal funds in place?	<ul style="list-style-type: none"> <li>• budget provision;</li> <li>• agreed human resources;</li> <li>• subsequent years' expenditure is included in the program or project budgets;</li> <li>• an authorisation and approval process for payments to suppliers;</li> <li>• process for expenditure reporting and reconciliation; and</li> <li>• insurances established by supplier where required.</li> </ul>
5.3 Are the supplier's project, risk and management plans adequate and realistic?	<ul style="list-style-type: none"> <li>• confirmation that the project plan meets timescale; and</li> <li>• realistic implementation and risk management plans.</li> </ul>
5.4 Do the department's plans reflect the supplier's plans and vice versa?	<ul style="list-style-type: none"> <li>• updated project management plan reflects tender proposals;</li> <li>• defined personnel and responsibilities;</li> <li>• supplier personnel cleared to meet project requirements;</li> <li>• process for resolving issues agreed with supplier and/or partner; and</li> <li>• all plans have been reviewed, agreed and included in the contract.</li> </ul>
5.5 Are the long-term contract administration plan and benefits measurement process complete?	<ul style="list-style-type: none"> <li>• long term plan includes contract management strategy and a detailed service delivery plan;</li> <li>• identified sources of resources;</li> <li>• benefit measures agreed with supplier and/or partner;</li> <li>• project plan shows resource requirements have been identified, planned, budgeted for and are available when required; and</li> <li>• defined roles and responsibilities.</li> </ul>
5.6 Are all mechanisms and processes in place for the next phase?	<ul style="list-style-type: none"> <li>• project plan confirms arrangements for management, monitoring, transition and implementation; and</li> <li>• external consultants are accountable and committed to ensure successful and timely delivery.</li> </ul>

5.7	Are the service management plan, administration and service level agreements complete?	<ul style="list-style-type: none"> <li>• documented service management strategy and plan;</li> <li>• defined and agreed service level management, service levels, quality and measurement;</li> <li>• defined responsibilities for each party;</li> <li>• defined and agreed standards for services; and</li> <li>• defined and agreed monitoring, reporting and review mechanisms.</li> </ul>
5.8	Is the management process for service change complete?	<ul style="list-style-type: none"> <li>• technical and business change control procedures are defined, agreed and included in the contract; and</li> <li>• defined and agreed management process and responsibilities.</li> </ul>
5.9	Is there an acceptance strategy or commissioning strategy?	<ul style="list-style-type: none"> <li>• an acceptance and/or commissioning strategy and plan, with fully documented and timetabled decisions paths;</li> <li>• decision makers clearly identified and informed about their role and the information they will be given;</li> <li>• acceptance criteria agreed by both parties; and</li> <li>• validated acceptance testing plan, including technical and business components.</li> </ul>
5.10	Is there an implementation strategy?	<ul style="list-style-type: none"> <li>• implementation strategy and plan;</li> <li>• users, stakeholders and client business management involved in developing strategy;</li> <li>• organisational transition plans;</li> <li>• clearly defined roles for client and supplier to monitor and control handover; and</li> <li>• clearly defined training roles for client and supplier.</li> </ul>

# Resources

## Gateway Review Resources

Refer the Gateway Review Process Overview

Workbooks have been prepared for each Gateway Review. The workbooks provide further guidance on:

- the structure of each review;
- areas of investigation and topics to be explored; and
- examples of the types of evidence / artefacts that the Review Team will seek.

## Additional Information

For further information, please contact the Project Office:

Email: [DPTI.GatewayReviews@sa.gov.au](mailto:DPTI.GatewayReviews@sa.gov.au)

Intranet: [http://cms.dpti.sa.gov.au/portfolio\\_management\\_office/gateway](http://cms.dpti.sa.gov.au/portfolio_management_office/gateway)

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Successful Delivery Toolkit, UK Office of Government Commerce (OGC), 2007

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