

GATE 1 REVIEW GUIDE

Options Analysis

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Introduction

Purpose

The Infrastructure SA Assurance Framework (ISAAF) sets out the requirement for assurance reviews on major infrastructure projects.

The ISAAF makes provision for Gate Reviews to be undertaken prior to key decision points in a project's lifecycle to inform directions and decisions about progress. The assurance review process provides a view on the current progress and an understanding of whether it is properly prepared to successfully proceed to the next stage.

The Options Analysis Gate 1 Review will be undertaken in accordance with the ISAAF, the assurance review guide, this guide and the specific Terms of Reference (ToR) that will be developed and agreed to for each assurance review.

This guide should be used by the Senior Responsible Officer (SRO) /project team to prepare for the Gate 1 Review and the review team to conduct the Gate 1 Review. It offers key areas to explore and evidence to examine. As each project is unique and circumstances change, the guide should be used as a guide to the range of appropriate questions and evidence, rather than a full checklist of mandatory items.

The *ISA Assurance Review Guide* provides comprehensive guidance on how to undertake an assurance review in South Australia.

Assurance Review Objectives

The objective of the Gate 1 Review is to specifically investigate:

- how well the project has identified and analysed a range of options to meet the service need and maximise benefits at optimal cost
- how well the project is performing against the five key focus areas, and
- whether the proposed approach to developing the business case is appropriate and achievable and will successfully deliver the key requirements of a robust business case.

When the Gate 1 review is undertaken the sponsor agency should have completed a Strategic Assessment and produced an initial justification for the initiative based on strategic alignment, service demand and business needs. The project should have identified benefits and drafted a Benefits Management Plan to track and measure these.

The sponsor agency should have undertaken an options development process and produced a longlist of solution options, which were then narrowed down to a shortlist. Subsequently, a high-level impact assessment should have been undertaken on the shortlist to arrive at a shorter list of options to investigate further in the business case.

Documents

The assurance review team will require access to a range of documents. The *Options Analysis Template* outlines evidence expected and the plans (either draft or final) that should be available for the Gate 1 Review.

In addition to these documents, the assurance review team may request other information it considers relevant for the review.

Required information at least 5 business days before the planning meeting:

- Strategic Assessment and ISA Initiative Registration form
- Options Analysis (95–100% complete)
- Completed ISA Document List template
- Completed ISA Stakeholder List template

Required information to be prepared for the planning meeting:

- Overview presentation (PowerPoint) that provides an overview of the project and addresses the five key focus areas. This will be delivered at the planning meeting.

Minimum information required for the review (to be provided prior to planning meeting):

- Expected outcomes, benefits management plan and benefits register
- Stakeholder management plan
- Project budget (actuals and forecast)
- Change management plan & change control plan
- Interfaces and dependencies register
- Governance structures/governance arrangements documents (including terms of reference, minutes and agendas (last three) for project steering group or similar decision-making group)
- Organisation chart for project
- Risk register
- Examples of lessons learned captured by or used to inform the project
- Project schedule – including detailed project plan/Gantt chart showing current status and remaining activities planned through to completion
- Any other information/documents sought by the review team.

Interviews

The assurance review team will interview key stakeholders involved in the project. Likely stakeholders to be interviewed include:

- SRO
- Project Sponsor if not SRO
- Project Director and/or Project Manager
- project team members involved in design/cost planning/scheduling/communication (sponsor agency, delivery agency and external)
- specialists/consultants that have contributed to the project
- senior agency representatives responsible for infrastructure planning and prioritisation
- senior representatives of the asset owner and operator
- stakeholders from other agencies, bodies and/or user groups (internal and external)
- intended users of the infrastructure solution.

The sponsor agency must provide a stakeholder list to ISA 5 days prior to the planning meeting. The review team will select who they would like to interview at the planning meeting. The sponsor agency (i.e. SRO) is responsible for ensuring that interviewees (or appropriate proxies) are available on the specified interview days. A final interview record is included in the review report.

Key Focus Areas (KFAs)

Strategic Fit

This KFA examines the strategic alignment, case for change, integration, and intended benefits and outcomes of the project.

In particular, the review team should confirm:

- the project is strategically aligned and meets the business need
- the case for change and underlying investment logic is clear
- the project is well integrated and service planning is underway
- the scope and requirements specifications are realistic, clear and unambiguous, and
- benefits and outcomes are identified, and a benefits management plan is in place.

In addition to the ToR, the review team should explore the following areas and evidence.

Areas and Questions		Expected Evidence
Strategy		
1.1	Does the proposal meet government and organisational policies, strategies, standards and business changes?	<ul style="list-style-type: none"> • Assessment of how the initiative is aligned to the State's greenhouse gas emission reduction targets. • Clear alignment with relevant policy initiatives. • Assessment against government strategies, frameworks, plans, policies and standards. • Assessment against a list of current organisational strategies (including strategic asset management plan), frameworks, plans and policies. • Confirmation of the role this project has in a wider program or policy initiative.
1.2	Is there a clear need for investment and is there a case for change?	<ul style="list-style-type: none"> • Assessment of the current state and current service model. • Assessment of the future need and the evidence for demand is clearly articulated. • The case for change and investment from government is clearly articulated. • The consequences and risks of inaction are clearly identified and described.
Integration		
1.3	Is there a service plan and a clear understanding of how the project integrates with the broader service network?	<ul style="list-style-type: none"> • Service and change management plans. • Assessment of services integration across government and non-government entities. • Assessment and alignment of services across the asset portfolio and the relevant sector.

Areas and Questions		Expected Evidence
		<ul style="list-style-type: none"> Assessment of interfaces with others including dependencies and direct impacts. Description of how any system changes (technology, processes or procedures) will be identified through the development of the Final Business Case.
1.4	Is there a clear understanding of how the project integrates with organisation and sector's assets and infrastructure?	<ul style="list-style-type: none"> Assessment of asset integration with government and non-government entities. Assessment of interfaces with other proposals, including dependencies, direct impacts and opportunities. Assessment of interfaces with other programs, including dependencies and direct impacts. Consideration of the asset owner and the operational impacts across affected organisations.
1.5	How has integration of the project within the built environment been approached (including place-making)?	<ul style="list-style-type: none"> A strategy for developing a best practice design outcome. Place-making has been considered in the development and assessment of each option. Exploration of changes to land uses, integrated urban development and place-making opportunities. Government agencies have been consulted about coordinated and integrated development opportunities.
1.6	Is there a clear design and planning approval process?	<ul style="list-style-type: none"> Identification of all key technical requirements that the proposal needs to meet. Scope and indicative requirement specifications are realistic, clear and unambiguous. A functional brief. Development of design principles for design development and delivery. Strategy for independent design review. Assessment of planning approval pathway. Realistic project schedule that allow sufficient time for the required design quality.
1.7	Is the project aware and complying with legislative, policy and regulatory requirements?	<ul style="list-style-type: none"> Consideration of applicable legislative, policy and regulatory requirements. Compliance with property, health and safety, sustainability and design standards.
Benefits and outcomes		
1.8	Have the project benefits and outcomes sought been clearly identified?	<ul style="list-style-type: none"> Clear link between problem statements and benefits evidenced in Investment Logic Map (ILM) or suitable equivalent.

Areas and Questions		Expected Evidence
		<ul style="list-style-type: none"> • Benefits are clearly stated, meet strategic and business needs and are specific, measurable, agreed, realistic and timely (SMART). • Outcomes sought (including functional and performance requirements, operational capabilities, service changes) are clearly defined and can be delivered. • Project has prepared a Benefits Management Plan and Register.
1.9	Have the critical success factors been identified?	<ul style="list-style-type: none"> • Identification of the essential areas of activity that must perform well if the benefits and outcomes are to be achieved.

Stakeholders

This KFA examines stakeholder identification, engagement and management and the level of support by users and key stakeholders.

In particular, the review team should confirm:

- there is support for the project from key stakeholders and that they have confidence that the project will meet their needs and requirements, and
- the asset owner and operator are engaged and involved.

In addition to the ToR, the review team should explore the following areas and evidence.

Areas and Questions		Expected Evidence
Management		
2.1	How are stakeholders and project partners engaged and how are they being managed?	<ul style="list-style-type: none"> • Stakeholder communication and engagement plan showing roles and responsibilities. • Potential influence of each stakeholder on the project is defined and agreed. • Communication plan, showing key messaging.
2.2	Is communication effective?	<ul style="list-style-type: none"> • Communication in the project team and with internal and external stakeholders, as well as the local and wider community, is working well. • Communication is responsive to each stakeholder group and their engagement preferences. • Approach to engagement and communication is clear and aligns with plans.
2.3	Do key stakeholders support the longlisted and shortlisted options?	<ul style="list-style-type: none"> • Stakeholders have been consulted and their views have been incorporated or considered into options identification and analysis of the longlist and shortlisted options. • Documented outcomes from any facilitated workshops.
Internal & asset owner/operator		
2.4	Have all internal stakeholders been identified, and are their needs and requirements clearly understood?	<ul style="list-style-type: none"> • Internal stakeholders are identified and documented. • Project development and decision-making process is/will be inclusive of all the relevant stakeholders and is both efficient and effective. • Appropriate stakeholder consultation has been considered in longlist development and shortlisting. • Results of any consultations are documented. • If the project crosses organisational boundaries, clear governance arrangements must ensure sustainable alignment with the business objectives of all organisations involved.

Areas and Questions		Expected Evidence
External & asset users		
2.5	Have all external stakeholders been identified, and are their views and/or needs clearly understood?	<ul style="list-style-type: none"> • External stakeholders identified and documented. • Early supply-side involvement to help determine and validate what outputs and outcomes are sought for the project, including proof-of-concept exercises where appropriate. • End-users (including the wider community) of the project identified and documented including any special interest groups. • If consultation has occurred (albeit not required at this stage), the local and broader community supports the program. • The decision-making process is/will be inclusive of all the relevant stakeholders and is both efficient and effective. • If the project crosses organisational boundaries, clear governance arrangements must ensure sustainable alignment with the business objectives of all organisations involved.
2.6	Have Aboriginal stakeholders been identified and are their views and/or needs clearly understood?	<ul style="list-style-type: none"> • Assessment of Aboriginal significance and consultation with local Aboriginal groups. • Documentation of consultation outcomes.

Impact and Value for Money

This KFA examines the economic, social, environmental, sustainability and financial impacts and the overall value for money, affordability and commercial viability.

In particular, the review team should confirm:

- there has been a comprehensive options development and assessment process
- objective assessment criteria and an objective process has been utilised to arrive at the shortlisted options
- an appropriate economic, social, environmental and sustainability assessment has been undertaken in accordance with expectations in the ISA Impact Analysis Cost-Benefit Guide
- an appropriate economic and financial appraisal has been completed and the project is likely to achieve value for money, and
- the overall approach is generally affordable and achievable.

In addition to the ToR, the review team should explore the following areas and evidence.

Areas and Questions		Expected Evidence
Impact		
3.1	Has the base case been clearly defined?	<ul style="list-style-type: none"> • A clear definition of the base case (current state). • Analysis of the current state and the established model of service provision.
3.2	Has the options development process examined a wide enough range of options that will meet the business requirement?	<ul style="list-style-type: none"> • Previously assessed options and non-infrastructure solutions have been explored and documented. • The base case has been included as an option. 'Do minimum' is preferred over 'do nothing'. • A longlist of potential options, including collaboration with other public sector organisations, programs or projects. • The longlist includes both non-infrastructure and infrastructure solutions. • Examination of all options that are acceptable in-principle. • Options have been developed and assessed to identify a 'preferred way forward' without restricting choice to a 'preferred option'. • Options identified and assessed are feasible and are proportionate to the scale of the problem/opportunity to be responded to.
3.3	Has objective assessment criteria and an objective process been utilised to shortlist options?	<ul style="list-style-type: none"> • Application of an appropriate qualitative filtering process/ Multi Criteria Assessment tool to short list options. • At least two options (plus the base case) have been shortlisted and proposed for further development in the business case. • The shortlisted options are clearly aligned to the outcomes, business requirements and key stakeholders.

Areas and Questions		Expected Evidence
3.4	Have locational constraints and opportunities been identified and confirmed?	<ul style="list-style-type: none"> • Location, site history and heritage considerations. • Land and built form constraints are considered and opportunities are confirmed. • Aboriginal significance is considered and opportunities are agreed to and integrated into the project. • Environmental conditions and features are considered and opportunities are confirmed.
3.5	Have economic, social and environmental impacts and opportunities been identified and assessed for the shortlisted options?	<ul style="list-style-type: none"> • Key economic, social and environmental impacts and opportunities have been identified and documented. • Impacts and opportunities have been clearly assessed as either being qualified, quantified or monetised (and those monetised are included in a Cost Benefit Analysis (CBA)).
3.6	Has the project team undertaken a thorough sustainability and resilience assessment?	<ul style="list-style-type: none"> • Preliminary assessment on future adaptability. • Preliminary assessment on overall resilience, including: <ul style="list-style-type: none"> – shocks and stressors – adaptability/flexibility.
Value for Money		
3.7	Is there sufficient evidence to support the monetised benefits for each option?	<ul style="list-style-type: none"> • Appropriate approach to identify and maximise monetised benefits. • Project whole-of-life benefits have been considered. • Appropriate sourcing of benefits (including from guidelines and standards). • Appropriate planning, programming and scheduling of benefits to underpin benefit realisation assumptions. • Appropriate benchmarking of benefits against comparable projects/programs. • There is no double counting of benefits.
3.8	Has there been a detailed assessment of revenues?	<ul style="list-style-type: none"> • Assessment of all potential revenues for the project. • Clear analysis of indicative revenues for each option. • Appropriate assessment of project risks and implication on projected revenues.
3.9	Has there been a detailed assessment of project costs (for each option)?	<ul style="list-style-type: none"> • Assessment of all potential costs for the project. • Clear analysis of indicative whole-of-life costs for each option. • Appropriate assessment of project risks and implication on project cost / budget.
3.10	Is risk appropriately factored into project costs?	<ul style="list-style-type: none"> • Contingency/probabilities and impacts appear reasonable.

Areas and Questions		Expected Evidence
3.11	Has the project team undertaken a rapid/appropriate analysis on the shortlisted options?	<ul style="list-style-type: none"> • Appropriate identification and inclusion of benefits. • A socio-economic appraisal that incorporates a rapid CBA, including Benefit-Cost Ratio and Net Present Value analysis. • CBA appraisal of the options undertaken in accordance with ISA Impact Analysis Cost-Benefit Analysis methodology and sector guidance materials. • Rapid cost-effective analysis (where CBA cannot be undertaken). • An integrated assessment of the social, economic and environmental impacts and opportunities of the shortlisted options. • Appropriate sensitivity and scenario testing for the options.
3.12	Is there sufficient understanding around the affordability of the options, funding possibilities and the commercial approach?	<ul style="list-style-type: none"> • Funding strategies have been considered and the shortlisted options appear viable, affordable and achievable. • The project can be commercially delivered.

Governance and Risk Management

This KFA examines governance, project management, risk management, change management and decision-making.

In particular, the review team should confirm:

- there is internal and external authority and support for the project
- that the major risks have been identified and outline risk management plans have been developed, and
- the project is being well governed and managed.

In addition to the ToR, the review team should explore the following areas and evidence.

Areas and Questions		Expected Evidence
Governance		
4.1	Is there a clearly defined approach to managing the project?	<ul style="list-style-type: none"> • Project management Plan (draft). • Utilisation of project management framework and project management tools. • Assurance reviews are planned and prepared.
4.2	Is there a clearly defined approach to managing change?	<ul style="list-style-type: none"> • Consideration of change control plan. • Consideration of change management plan. • Appropriate decision registers/change logs are used.
4.3	How is the project managing contractors and suppliers?	<ul style="list-style-type: none"> • Requirements for 'intelligent customer' capability considered. • Structure and approach for managing contractors/suppliers. • Where multiple suppliers are likely to be appointed, high-level plans for managing the interfaces. • Appropriate relationship determined and hence optimum scale of contract(s) considered.
4.4	Is the project governance structure appropriate and is it fully utilised and effective?	<ul style="list-style-type: none"> • Documented governance and reporting arrangements. • Organisation chart with named individuals in key positions (such as SRO, project sponsor, project director and/or manager, stakeholder representation), • Project governance chart showing relationships between agency governance/Executive, project Executive/Steering Committee(s), other project management group(s) and reference groups. • RACI matrix. • Key project steering and management bodies are meeting and provided with sufficient information for steering/decision-making purposes. • Key decisions are captured during the development of the initiative (eg on a Decision Register).

Areas and Questions		Expected Evidence
		<ul style="list-style-type: none"> • Appropriate approvals at key milestones or when statutorily required. • If the project crosses sector/organisational boundaries, governance arrangements must ensure sustainable alignment of the business objectives of all organisations involved, with clear lines of accountability and ownership.
4.5	Is project reporting effective?	<ul style="list-style-type: none"> • Regular reporting is being undertaken in accordance with project management and/or governance plans. • Reporting accurately reflects the current project status and provides sufficient detail on key milestones, progress, issues, risks and costs to inform decision making.
Risk Management		
4.6	Are there processes to identify, assess, allocate, manage and monitor current, anticipated and emerging risks and opportunities?	<ul style="list-style-type: none"> • Risk management plan is developed and is in accordance with best practice with defined roles, responsibilities and processes for managing and closing risks. • Ongoing identification and active management of risks and opportunities using a structured and formal methodology • Risk register – which includes assessment, categorisation, prioritisation and planned mitigation options and contingency plans of uncertain events that could adversely affect the achievement of the project objectives. Each event is assigned to an individual.
4.7	Have the key risks for each of the shortlisted options been evaluated?	<ul style="list-style-type: none"> • Anticipated risks for the shortlisted options are classified by probability and impacts. • Risks that would jeopardise proceeding to the next phase are fully assessed. • Risks have been appropriately factored into the project cost and budget.
4.8	Have the risks for the overall project been fully assessed?	<ul style="list-style-type: none"> • Involvement of senior stakeholders in assessing strategic risks. • Risks, costs and benefits demonstrate an appropriate balance of risk and reward, with planned risk-taking and support for innovation where appropriate. • Plans for managing and allocating risk through the contract(s).

Infrastructure Delivery

This KFA examines the capacity, capability and timeframes for the project.

In particular, the review team should confirm:

- there is sufficient capacity and capability in the project team, and
- there are plans for the next stage, planning assumptions are appropriate and that the project team can deliver the next stage.

In addition to the ToR, the review team should explore the following areas and evidence.

Areas and Questions		Expected Evidence
Capability and capacity		
5.1	Are project team skills adequate?	<ul style="list-style-type: none"> • Resource plan for internal staff. • Identification of skills required for next phase of the project. • Skills appraisal and plans for addressing shortfalls. • Training assessment and plans. • Project team has requisite skills or access to specialist expertise. • Current organisational culture, leadership and capability has been considered.
5.2	Are consultant/supplier arrangements logical, clear and transparent?	<ul style="list-style-type: none"> • Continuity of service up to transition to new suppliers/consultants. • Current suppliers will support due diligence during procurement phase. • Clear separation of roles where incumbent supplier is bidding for any replacement contract. • Consideration of workforce issues, where applicable. • Procurement/probity advice is sought (if required).
5.3	Is the project likely to be attractive to the market?	<ul style="list-style-type: none"> • Examination of recent similar procurements by others (if applicable). • There is adequate indication of sufficient capacity, capability and competitive interest in the market to meet the requirement. • Senior management are sufficiently engaged with the industry to be able to assess supply-side risks.
5.4	Has the project assessed whether it is breaking new ground in any areas?	<ul style="list-style-type: none"> • Similar projects or activities from which lessons may be drawn have been reviewed. • Innovative solutions have been identified and considered.

Areas and Questions		Expected Evidence
Time		
5.5	How is the project tracking against the project schedule and is the forward plan realistic?	<ul style="list-style-type: none"> • Project schedule outlining future activities and phases to a sufficient level of detail. • Validation of current assumptions informing the project schedule. • Critical path has been identified. • Targets/milestones set and are realistic. • Senior management are committed to the plan.
5.6	Does the project schedule incorporate key activities to a sufficient level of detail and is there a realistic plan to reach Gate 2: Business Case?	<ul style="list-style-type: none"> • Project schedule identifies approvals and statutory processes, including assurance reviews. • Project schedule includes appropriate time for consultation and stakeholder, asset owner/user input into the project. • Specific objectives, planning assumptions, constraints, activities, quality plans, deliverables and milestones defined and agreed for the next project phase.