InfrastructureSA

GATE 2 REVIEW WORKBOOK

Project Definition

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Endorsed: Director Infrastructure Assurance

Approved: Chief Executive

Assurance Review Purpose and Application

Purpose

Assurance Reviews are an objective point in time assessment of a project that provides agencies and Cabinet, as investor, with confidence that a project is being well planned, developed, managed and delivered. Assurance Reviews are a means to support agencies achieve enhanced project outcomes through independent expert review recommendations and findings.

The Review provides early and continuous oversight of government's investment decisions analysing a range of factors including governance, risk management and performance against the key focus areas of time, cost, scope, impact and delivery. It provides agencies with information to better position the project for success through evidence-based findings and recommendations.

All assurance reviews are undertaken in accordance with the Cabinet approved Infrastructure SA Assurance Framework (ISAAF), and ancillary materials such as the Assurance Guide, Review Workbooks and specific review Terms of Reference (ToR).

The **Gate 2 Project Definition Review** builds on the outcomes of Gate 1 and assesses the robustness of the Business Case including how well the project has defined, evaluated and proven that the recommended option best meets the service need, maximises benefits at optimal cost and has established an appropriate delivery strategy. It considers whether the project is ready for a government investment decision, if not already provided.

The review considers whether the project has sufficiently defined the preferred option, delivery approach, costs, schedule, risks and benefits to provide confidence to government, as investor, at this stage of development.

The findings and conclusions of the Gate 2 Review inform subsequent assurance activities, including readiness for Gate 3 Procurement Review, and should be considered in the context of prior review outcomes and the project's overall risk profile.

Application

ISA has developed a Business Case Template as a guide for agencies in the development of the Business Case ("**Report**") that is available for completion to undertake the Gate 2 Review.

This Gate 2 Review Workbook provides agency guidance on how to prepare for the review and the Review Team to conduct the review. It outlines key areas to explore and evidence to examine. As each project is unique and circumstances change, it is a guide to the line of inquiry, range of potential questions and evidence to be examined.

Reviews are undertaken within a risk based assurance framework. While the core objectives of apply to all projects, the depth and breadth of review activity, evidence and analysis will be proportionate to the project's value, risk profile and complexity.

The ISA Assurance Guide provides further information on the assurance review process including development of the review Terms of Reference.

Terms of Reference

In addition to the requirements outlined in the Purpose, the Review Team is required to assess and provide comment on the following project specific TOR questions:

- *To be inserted*
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The Review Team should also assess the extent to which the project aligns with relevant whole of government policies, strategies and guidance applicable at the time of review, and whether any material policy misalignment introduces any key risks.

Previous Recommendations

The Review Team is required to assess the preceding assurance review outcomes and recommendations to:

- confirm which recommendations have been completed and are adequately supported by documentary evidence,
- determine whether any recommendations not yet completed are being appropriately actioned; and
- where appropriate, combine, carry forward or re-word the recommendations that have not yet been closed out into the new Recommendation Schedule for this assurance review.

Documents

Minimum project information required at least **5 business days** prior to planning meeting:

- Business Case "Report" (draft or complete) and any supporting documentation, and
- Completed ISA Document and Stakeholder Lists, and
- Previous ISA review report.

All other supporting information is required prior to the planning meeting. A copy of the planning meeting presentation must also be provided. Each KFA section identifies the minimum expected documentary evidence. The Review Team may request additional documents as required.

Interviews

The **Assurance Review Guide** lists the stakeholders typically interviewed as part of the review.

Conducting the Review

Project and Review Teams please refer to the **ISA Assurance Guide Appendix B 'Undertaking Assurance Reviews'** for information on preparing and conducting the review.

Overall Project Confidence Assessment

The Review Team should consider the cumulative effect of identified risks, interdependencies and uncertainties when assessing overall project confidence assessment and determining the significance and prioritisation of recommendations.

Risks identified across the Key Focus Areas should be considered collectively in forming the Review Team's conclusions.

In forming its conclusions, the Review Team must provide a clear narrative assessment of overall project confidence for the next stage of development.

This assessment should consider:

- the strength and credibility of the business case,
- the level of uncertainty remaining,
- the capability and capacity of the agency to progress to Gate 3 Procurement, and
- the cumulative effect of risks identified across all Key Focus Areas.

The Review Team should articulate how its confidence judgement has been derived from the evidence reviewed and clearly explain any factors that may constrain successful progression if not addressed.

This assessment does not replace detailed findings or recommendations but provides an integrated investor focused view of project readiness.

Key Focus Area (KFA): Scope

This KFA is concerned with ensuring the project's service need and scope is well defined, strategically aligned, and supported by a robust and evidence-based case for change. It assesses whether the project has clearly articulated its purpose, confirmed the underlying need, identified and evaluated a comprehensive range of realistic options, and established the scope and functional requirements necessary to meet its objectives.

At Gate 2, The service need is clearly defined, and a robust evidence-based assessment of options has been undertaken to identify a preferred option that maximises benefit to government and to the community. The project should be able to demonstrate a rigorous and transparent process to identify, assess and evaluate the options against service need, demand and project objectives providing clear evidence that the preferred option optimises benefits and cost.

In particular, the Review Team will confirm:

- The business/service need has been refined to inform the project scope and preferred option with risks and opportunities to maximise benefits identified and examined.
- The service need and demand remain valid and is clearly translated into the scope of the preferred option.
- An objective, robust and evidence-based options assessment process has been applied to identify the preferred option.
- The scope and requirements of the preferred option are aligned to project objectives and forecast demand, are realistic, clear and unambiguous and any variance from the minimum viable lifecycle solution is clearly identified and costed.
- The project has undertaken further stakeholder engagement from Gate 1 and relevant scope related risks have been identified and addressed.
- Integration and interface requirements, including supporting infrastructure, external services and service planning needs, have been identified and appropriately considered.

Expected Level of Evidence:

- Fully developed draft (or Final) Business Case.
- Forecast demand analysis and supporting demand assumptions that inform the scope of the preferred option.
- A defined Service Model and scope description including alignment with Strategic Asset Management Plans.
- Clear articulation of the functional requirements of the preferred option, including any key inclusions, exclusions and assumptions.
- Scope change management and change control plans.
- Documented expected outcomes and/or benefits management plan and benefits register.
- A register of key interfaces and dependencies that have informed the scope.
- Evidence of stakeholder engagement undertaken to inform and validate the proposed scope, including how feedback has been considered.
- Identification of scope related risks, constraints and opportunities, including how lessons learned from relevant projects have informed scope decisions.

Key Focus Area (KFA): Cost

This KFA examines whether the project's cost estimates and financial analysis are sufficiently developed robust and transparent to support an investment decision. It will clearly identify the budget impacts (operating and capital), commercial viability and affordability of the project.

At Gate 2, the financial analysis and cost estimates for the preferred options will have been refined from Gate 1 with appropriate allowances for project related costs and contingencies. Risks will have been assessed and costed consistently across the options and there is transparency on how costs, assumptions and allowances have been applied in the development of the estimates. Opportunities to offset costs (including revenue streams, funding options or operational savings) have been identified and assessed.

In particular, the Review Team should confirm:

- There is confidence that the cost estimation approach and financial analysis is proportionate to the project's scale, risk and complexity.
- Cost planning is transparent and includes whole of life considerations and assumptions including identification of any interdependencies or additional integration works that may be required.
- Allowances for risk and whole of life costs have been applied and are appropriate for the current phase of the project lifecycle.
- Environmental, decarbonisation and sustainability requirements have been identified, measured, costed and accounted for in line with State and Federal guidelines.
- The project has considered its commercial viability and identified potential funding sources, revenue options, offsets or savings that can inform an investment decision.
- The project has undertaken a risk and opportunity assessment as part of the option assessment analysis.

Expected Level of Evidence:

- A cost estimate for the preferred option, including planning, delivery and operational costs (whole of life costing), appropriate for the project's value, risk profile and stage of development.
- Cost estimates for shortlisted options demonstrating consistency in approach and treatment of assumptions, risk and contingency.
- Financial and cost modelling that supports assessment of affordability, value for money and commercial viability of the preferred option.
- Identification and quantification of key cost drivers, assumptions and sensitivities.
- Risk and contingency analysis, or other evidence used to determine appropriate contingency levels at this stage of the project lifecycle.
- Cost benchmarking and early market insights used to assess cost reasonableness of the estimates.
- Identification of revenue options, offsets or operational savings relevant to the preferred option, sufficient to inform an investment decision.

Key Focus Area (KFA): Time

This KFA is dedicated to examining the scheduling and programming aspects of the project, including risk allocations, float, contingency, milestones, key dependencies and external impacts. It assesses whether the project schedule for the preferred option is realistic and sufficiently developed and supported by an appropriate assessment of risks.

> At Gate 2, the project should confirm that the delivery program for the preferred option has been refined and reflects the approvals pathway, key dependencies and risks to timely delivery. It will demonstrate that the proposed project schedule is achievable, that critical path, key milestones, float and contingency, including planning and approval requirements, are clearly identified and that risks to schedule have been assessed and mitigated.

In particular, the Review Team should confirm:

- The delivery schedule for the preferred option has been refined and reflects the current level of project definition.
- Key milestones, decision points and approvals pathway are clearly defined and time related risks have been considered in the development of the schedule.
- Delivery risks and dependencies have been identified, assessed and reflected in the schedule including technical investigations, approvals pathway, resource requirements and stakeholder requirements.
- A critical path analysis has been undertaken on the preferred option and is appropriate for the project's stage and complexity.
- The schedule has been further developed with key stakeholder requirements and potential risk factored into the timelines.

Expected Level of Evidence:

- A refined project schedule or program for the preferred option that reflects the current level of project definition identifying key milestones, decision points and the approvals pathway.
- Evidence that key dependencies, interfaces and delivery risks have been identified and considered in the development of the schedule/program.
- Identification of the critical path and key schedule drivers, where appropriate for the project's scale and complexity.
- Consideration of schedule risk, contingency and float commensurate with the project's risk profile.
- Alignment between the proposed schedule, project delivery strategy and anticipated procurement approach.
- Stakeholder engagement has informed the schedule.
- Risk Management Plan and Register (including evidence that time related risks were considered in the development of the schedule).

Key Focus Area (KFA): Impact

This KFA assesses whether the benefits, disbenefits and broader impacts of the preferred option have been clearly assessed and evidenced to support an informed value for money investment decision. It examines benefit identification, management, delivery and impact of outcomes and benefits – for the investor, asset owner and end user.

> At Gate 2, the preferred option will demonstrate that it maximises benefits at optimal cost across the lifecycle and that social, environmental, sustainability, decarbonisation, cultural heritage and economic impacts have been appropriately considered. It will have been fully assessed to identify the benefits and disbenefits to enable an informed investment decision. The economic analysis and evidence will clearly support the preferred option.

In particular, the Review Team should confirm:

- The benefits of the preferred option are clearly articulated and aligned with the service need, demand, project objectives and considered over the lifecycle.
- The approach to analysing the benefits and disbenefits is supported by a clear and robust logic.
- The economic analysis supports the preferred option and is proportionate to the project's scale and risk.
- Non-monetary benefits, costs and impacts have been identified and considered.
- There is evidence that the preferred option maximises benefits at optimal costs across the lifecycle of the asset.
- A Benefits Management Plan has been developed identifying a full range of benefits (both quantifiable and non-quantifiable) and defined approach to how benefits are valued, measured and captured with clear accountabilities for benefit realisation.
- Relevant stakeholder and community impacts have been identified.

Expected Level of Evidence:

- Impact assessment, cost benefit, economic analysis appropriate to the project's scale, nature and risk.
- Clear articulation of monetised and non-monetised benefits and disbenefits.
- Demand modelling or analysis supporting benefit and disbenefit forecasts and quantification.
- The valuation of benefits and disbenefits is supported by a clear and robust logic.
- A benefit management plan and benefits register, detailing the assumptions and evidence used for valuing each benefit.
- Environmental, sustainability, decarbonisation, social, heritage or cultural impact assessments and any investigation reports.
- Consideration of stakeholder and community impacts relevant to the preferred option.

Key Focus Area (KFA): Delivery

This KFA assesses the impacts of governance, capability, capacity and market approach for successful delivery on time and on budget. It examines delivery feasibility and capability risks confirming that delivery arrangements are sufficiently defined and that the project is ready to proceed subject to an investment decision.

At Gate 2, the project will demonstrate that a clear and credible project delivery strategy has been established, supported by fit for purpose governance arrangements, defined roles and responsibilities, an understood approvals pathway and sufficient capability and capacity to progress to delivery on approval. The approval pathway, procurement and market approach is clear with key delivery risks identified and addressed.

In particular, the Review Team should confirm:

- The project delivery strategy that describes how the project is intended to be governed, funded, resourced, procured and delivered in a manner that is aligned with the project's objectives, risk profile and level of definition has been developed.
- Roles, responsibilities, accountabilities and reporting arrangements are clearly defined and the approvals and decision-making pathway for delivery is understood and documented.
- The project team has sufficient capability and capacity, or clear plans in place to address any gaps.
- Procurement and market approaches are defined and informed by appropriate early market engagement.
- Planning approval pathways have been identified, and plans are well developed to deliver the next stage.
- Delivery risks, barriers and constraints have been identified and are actively being managed.
- Delivery related lessons learned from previous projects have been identified and applied.

Expected Level of Evidence:

- A documented project delivery strategy demonstrating that the proposed governance, resourcing and procurement approach is appropriate for the project's scope, risk and complexity.
- A defined governance framework and reporting arrangements including documented approvals and decision-making pathways for the next stage.
- Project management or project implementation plan including RACI matrix.
- An organisation structure or resourcing approach demonstrating planned capability and capacity.
- A procurement strategy outlining the proposed market approach and key assumptions including evidence of early market engagement or market analysis informing the procurement strategy.
- Identification of key delivery risks, barriers and constraints and how they are being managed.
- Evidence that relevant lessons learned have informed delivery planning.
- Agendas and Minutes (last three) for the project executive/steering and management governance groups.