GATE 3 REVIEW GUIDE
Procurement

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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 key directions and decisions about how it should 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 Procurement Gate 3 Review will be undertaken in accordance with the ISAAF, 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 SRO/project team to prepare for the Gate 3 Review and the review team to conduct the Gate 3 Review. It offers key areas to explore and evidence to look for. 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 3 Review is to investigate:

- how well the project has developed a procurement and delivery approach to deliver the technical solution and realise the benefits and outcomes outlined in the business case

- how well the project is performing against the five key focus areas, and

- if the project is ready to be released to market and be delivered.

The Gate 3 Review will assess whether the project is ready to invite proposals or tenders from the market, where the business case has:

- recommended an option that best meets the service needs and maximises the benefits to users and the wider community at the optimal cost

- outlined the procurement and contracting methodology and the overall delivery strategy, and

- informed part of the Investment decision by Cabinet.

As the project moves to the procurement stage it is critical that the expected outcomes and benefits sought in the business case are captured in the market documents. The scope of the project should be clear and a well-considered risk allocation between government and the proponent(s) should be reflected in the project's contracting approach.

The sponsor agency and delivery agency should demonstrate the progress made in planning for the project's delivery and provide confidence that the delivery agency can manage delivery of the project to time, cost and government objectives. It is also important that the project team is adequately resourced.

Documents

The assurance review team will require access to a range of documents. These documents, and any other information the assurance review team considers relevant, will be required for the review. If the equivalent information resides in other documents these can be provided by annotating this list to identify the relevant document(s) provided.

Required information 5 business days before the planning meeting

- Previous assurance review report and recommendation action plan (RAP)
- Final Business Case
- Public Works Committee submission
- Procurement strategy/approach (draft/final)

Required information 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 by the planning meeting

- Concept report, masterplan, functional design brief
- Benefits management plan and benefits register
- Stakeholder management plan
- Results from business, commercial or technical benchmarking evaluations
- Acquisition plan
- Evaluation strategy/plan and documents
- Tender documentation (release and response)
- Draft contract/agreement and conditions
- Probity strategy/plan
- Organisation chart for project/program
- Governance structures/governance arrangements documents
- Monthly project reports and dashboards (last three)
- Project Board and Steering Group agendas, minutes (last three) and ToR
- Overall and detailed project budget breakdown (actuals and forecast)
- Risk register and risk management plan
- Issues register and decision log/change control register
- Project brief or mandate with the project's scope and an explanation of the need for the project
- Technical/safety documents
- Market/supplier engagement intelligence
- Examples of lessons learned captured by or used to inform the project
- Detailed project plan/Gantt chart showing current status and remaining activities planned through to completion.

Interviews

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

- Senior Responsible Officer (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 complete a stakeholder list and provide this to the review team before 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. The review team will select who they would like to interview at the planning meeting. 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 remains strategically aligned and meets the need
- the scope and requirements specifications are defined, clear and unambiguous, and
- benefits and outcomes will be sourced from the market and the project will be integrated into the service and asset network.

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

Areas and questions		Evidence expected
Strategy		
1.1	How does the procurement approach meet wider government and organisational policies, strategic objectives, standards and business change programs?	- The initiative remains aligned to greenhouse gas emission reduction targets. - Clear alignment with government strategies, frameworks, plans, policies, objectives and standards. - Clear alignment with organisational strategies, frameworks, plans and policies. - Clear alignment with any wider program or policy initiative.
1.2	Is the investment still required?	Confirmation that government intervention and investment is required.
Integration		
1.3	Are service plan requirements and interfaces with the broader service network factored into the procurement approach and delivery strategy?	- Plans for continuation of service during delivery are in place. - Service plan for new asset(s) is approved. - Procurement and delivery approach appropriately considers service integration across government and non-government entities. - Procurement and delivery approach enables service integration and improvement across the asset portfolio and the relevant sector. - Interfaces with other programs, including dependencies and direct impacts. - Systems change (technology, process or procedural) considerations.

Areas and questions		Evidence expected
1.4	Have all the interfaces with the sector's assets and infrastructure network been considered and addressed?	• Procurement and delivery approaches ensure the project will be integrated with government and non-government infrastructure. • Interfaces with other programs, including dependencies and direct impacts (including early and enabling works). • Confirmation that the asset owner and operational requirements across affected organisations are integrated into the procurement and delivery approach. • Asset management and operational plans.
1.5	Are all built environment outcomes (place-making) incorporated in the procurement and delivery approach?	• Place-making outputs are clearly documented. • Procurement and delivery approach ensure any integrated urban development and place-making opportunities are imbedded and documented – or if to be procured and delivered though separate approaches and methods, the approaches to achieving the outcomes are aligned and agreed to.
1.6	Is there a clear design, documentation and approval process?	• Concept and/or masterplan has been developed to an appropriate level/percentage for procurement approach and delivery strategy. • Location and environmental management plans. • Proactive management of key technical requirements, design reviews and approvals. • Realistic project schedule that allow sufficient time for the required design quality.
1.7	Is the project aware and compliant with legislative, policy and regulatory requirements?	• Appropriate legislative, policy and regulatory requirements have been considered when assessing the options for delivering the all-of-government outcomes/initiatives. • Legislation, policy and regulatory issues have been considered. • Planning and environmental requirements are being addressed.

Areas and questions	Evidence expected
Benefits and outcomes	
1.8 Are the benefits and outcomes embedded in the procurement and delivery approach and do they remain deliverable?	• Scope and project specifications (tender documentation) accurately reflect the service need and objectives outlined in the Final Business Case. • Benefits are clearly defined, embedded in the procurement and delivery approach and can be delivered. • Benefits are reviewed and optimised where possible to add value to the project. • Value-add opportunities are considered. • Outcomes sought (including functional and performance requirements, operational capabilities, service changes) are clearly defined and can be delivered.
1.9 Have critical success factors been described and are they imbedded in procurement and delivery approach?	• Ongoing identification and proactive management of essential activities.

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:

- key stakeholders are engaged, involved and support the project, and
- communication is clear and transparent.

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

Areas and questions	Evidence expected
Management	
2.1 Are stakeholders and project partners being well engaged and well managed?	• Stakeholder engagement plan showing roles, responsibilities and potential influence on decision-making. • Documented identification of stakeholder engagement and communication roles between government and suppliers. • Communications plan, showing key messaging.
2.2 Is communication effective?	• Communication plan and materials have been implemented. • Communication in the project team and with internal and external stakeholders, as well as the local and wider community, is working well.
Internal & asset owner/operator	
2.3 Have all key internal stakeholders been engaged and support/endorse and/or approve the procurement strategy?	• Project development and decision-making process is inclusive of all the relevant internal stakeholders and is both efficient and effective. • Appropriate stakeholder engagement to inform the development of the procurement strategy and documents (including market documents and the evaluation strategy and plan). • Internal and end-user stakeholder endorsement of proposed the approved option, and the procurement and delivery strategies. • Clear documentation of consultation outcomes (including decisions and results) that are communicated back to key internal stakeholders. • Communication and probity protocols during the procurement and delivery phase is documented and clearly communicated with internal stakeholders.

Areas and questions	Evidence expected
External & asset users	
2.4 Have key external stakeholders (including the local and broader community) been identified and engaged, and do they support the approved option and delivery strategy?	• Key external stakeholders or end users support the approved option and delivery strategy. • Clear documentation of consultation outcomes (including decisions and results) that are communicated back to key external stakeholders. • Project procurement and delivery strategies have considered the impacts on the local supply market and broader community. • The local and broader community will (or will likely) support the delivery strategy.
2.5 Have Aboriginal stakeholders been identified and are their views and needs clearly understood?	• Project procurement and delivery strategies consider maximisation of Aboriginal engagement opportunities. • Documentation of consultation outcomes.

Impact and Value for Money

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

In particular, the review team should confirm:

- economic, social, environmental and sustainability impacts are well understood
- risks are understood and the procurement and delivery strategy is appropriate
- 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		Evidence expected
Impact		
3.1	Have options for the proposed procurement been evaluated, including sources of supply?	• Examination of appropriate sourcing options and reasons for selection are documented and justified. • Evaluation of procurement and delivery mechanisms. • Commercial intelligence of market capability and market conditions and comparison with similar projects, other organisational benchmarks and previous experience assessed. • Confirmation that the chosen procurement approach is appropriate.
3.2	Have all the locational constraints and opportunities been identified and confirmed?	• Locational, Aboriginal, heritage and environmental constraints and opportunities are imbedded in procurement and delivery approach. • Project specific constraints are clearly defined and documented. • Client and contractor requirements are clearly defined and documented.
3.3	Have the economic, social and environmental impacts and opportunities been embedded in the procurement and delivery approach?	• Economic, social and environmental impacts are clearly understood and imbedded in the project. • All outcomes remain realisable and measurable.
3.4	Are sustainability and resilience requirements embedded in the procurement and delivery approach?	• Sustainability requirements are clearly understood, embedded in the project and specified in procurement and delivery approaches and documents. • Infrastructure resilience requirements are clearly understood, embedded in the project and specified in procurement and delivery approach and documents. • All outcomes remain realisable and measurable.

	Areas and questions	Evidence expected
Value for Money		
3.5	Is risk appropriately factored into program cost/budget?	• Examination of the sensitivities and financial implications of handling major risks plus an assessment of their effect on the project's return. • Risks are appropriately allocated/assigned.
3.6	Is there a strategy and approach to delivering the benefits and costs (incl. Benefit-Cost Ratio, BCR)?	• The approved Cost Benefit Analysis (CBA) has been reviewed and remains current and achievable. • The project team is actively managing the BCR to reflect any value engineering or innovations proposed.
3.7	Does the project remain affordable and aligned to project budget? Is the project continuing to demonstrate and deliver value for money?	• Decision makers have reviewed and accepted or approved the project budget. • Value engineering and innovation is built in the procurement and delivery approach. • Project costs (including whole-of-life-costs) are within the organisation's forecast spending plans. • Ongoing confirmation that the approved option will deliver on the service need and remains value for money. • The approved option remains the best option to address the need at optimum net cost.
3.8	Is the procurement approach timely, commercially astute and deliverable?	• The procurement approach (e.g. timeframe, level of documentation) minimises costs for both government and proponents. • The evaluation criteria for tenders are designed to deliver maximum benefits and optimum net cost. • Structured and formal methodology for bid management and approval processes. • Comparable and consistent evaluation across the proponents' commercial offers. • The procurement phase is appropriately funded. • Confirmation that the market can deliver/purchase/finance the project. • Confirmation that the project can be commercially delivered.
3.9	How will the procurement approach and delivery strategy meet/realise the project delivery cost/ investment targets?	• Sufficient (and appropriately sourced) cost estimating to an appropriate level/percentage for the respective procurement approach and delivery strategy. • Sufficient benchmarking and validation against comparable projects/programs. • Capital and operational costs (whole-of-life) have been considered in procurement approach and documentation.

Areas and questions	Evidence expected
	- Cost plan/estimate is aligned to the approved budget. - Programming and scheduling of costs to underpin/confirm project cost plan is valid and managed. - Cost plan has been validated prior to release of procurement documentation. - Project budget is well managed.
3.10 How will the procurement approach and delivery strategy reconfirm and realise the revenue targets?	- Approved project and operational revenues (incl. whole-of-life) can be linked and will be realised through procurement and delivery approaches. - High level of confidence in revenue targets. - Revenue report has been, tested, validated and updated. - Revenues are programmed and scheduled to underpin/confirm overall project revenues. - Sufficient benchmarking and validation against comparable projects/programs.

Governance and Risk Management

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

In particular, the review team should confirm:

- recommendations from the Gate 2: Business Case Review have been actioned
- project controls are defined and in place
- there is internal and external authority and support for the project, and
- that risks have been identified and are being managed.

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

Areas and questions		Evidence expected
Governance		
4.1	Is the project management approach appropriate and fit for the project?	• Approved project management plan is up-to-date and being administered. • Utilisation of appropriate project management frameworks and tools. • Assurance reviews are planned and prepared for.
4.2	Is change being managed and controlled?	• Change control plan is developed and in place. • Change management plan is developed and in place. • Appropriate decision registers/change logs are used.
4.3	How is the project managing contractors and suppliers?	• 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 optimum scale of contract(s) considered.

Areas and questions	Evidence expected
4.4 Is the project governance structure appropriate and is it fully utilised and effective?	• Documented governance and reporting arrangements. • Organisation charts with named individuals in key positions (such as SRO, project sponsor, project director, 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. • Governance structure is aligned to the procurement and delivery phase. • Key project steering and control and/or management bodies/groups are regularly meeting and provided with sufficient information for steering/decision-making purposes. • Issues are discussed and acted upon, as required. • Appropriate approvals at key milestones or when statutorily required. • If the project crosses sector and/or 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 Are the relevant procurement frameworks and policies being followed and is the approach approved?	• Approach is consistent with relevant procurement policies and guidelines. • The appropriate market documents have been prepared and are clear. • Evaluation plan has been prepared that includes evaluation criteria and weightings. • Procurement approach is approved by the relevant authority. • Probity will be managed.
4.6 Is project reporting effective?	• Regular reporting is being undertaken in accordance with project management and/or governance plans. • Reporting provides sufficient detail on key milestones, progress, issues, risks, and cost and accurately reflect the current status to inform decision making.

Areas and questions		Evidence expected
Risk Management		
4.7	Are there processes to identify, assess, allocate, manage and monitor current, anticipated and emerging risks and opportunities?	• Risk management plan is developed 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.
4.8	Have the contract and project risks for the solution been evaluated?	• Anticipated risks for the project classified by probability, impact, ownership, effect on the project and countermeasure, contingency and/or business continuity. • Risks which would jeopardise proceeding to the next phase fully assessed. • Risk mitigation factors have been appropriately factored into the project program, cost and budget.
4.9	Have the risks for the overall project been fully assessed?	• Involvement of senior stakeholders in assessing strategic risks. • Assessment of risk, costs and benefits to demonstrate appropriate balance of risk and reward in project, demonstrating 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:

- internal and external resources and capabilities are available and appropriate
- the supplier market capability and performance is understood, and
- the project's project schedule is appropriately detailed and realistic.

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

Areas and questions	Evidence expected
Capability and capacity	
5.1 Are project team skills adequate?	• Resource plan for internal staff. Identification of skills required for procurement and delivery phases. Skills appraisal and plans for addressing shortfalls. • Training assessment and plans. • Appropriate allocation of key project roles between internal staff and consultants or contractors. • Project team has requisite skills or access to specialist expertise.
5.2 Are consultant/ supplier arrangements logical, clear and transparent?	• Arrangements in place to provide continuity of service up to transition to new suppliers/consultants. • Agreements with current suppliers on how they will support due diligence during procurement phase. • Clear separation of roles where incumbent supplier is bidding for replacement contract. • Consideration of workforce issues, where applicable. • Procurement/probity advice sort where required.
5.3 Is market capacity and capability clearly understood?	• Examination of recent similar procurements by others (if applicable) and indication of suitable suppliers available to deliver requirements. • 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. • Industry participation is clear.
5.4 Has the project assessed whether it is breaking new ground in any areas?	• Project's impact on the business, stakeholders and end-users. • Opinions on innovative solutions from professional advisors.

Areas and questions	Evidence expected
Time	
5.5 How is the project tracking against the project schedule and is the forward plan sufficient and realistic?	• Project schedule outlines future activities and phases. • The critical path is identified. • Targets are set and are realistic. • Senior management committed to the plan. • Objectives, planning assumptions, constraints, activities, quality plans, deliverables and milestones defined and agreed for the next phase. • Outline plans for the remaining phases. • Assessment of the validity of current assumptions.
5.6 Does the project schedule incorporate activities to a sufficient level of detail and is there a realistic plan to reach Gate 4: Service Readiness?	• Project schedule identifies approvals and statutory processes – including assurance reviews, Cabinet approvals, Public Works Committee etc. • Project schedule includes procurement, mobilisation, ordering, occupation, management construction works, commissioning, handover and operations. • The forward schedule is sufficiently detailed and realistic, and sufficient resources are available to deliver it.