GATE 5 REVIEW GUIDE

Benefits Realisation

CONTENTS

Introduction

Purpose

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

The ISAAF makes provision for Gate Reviews to be undertaken prior to key decision points in a project/program's lifecycle and 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 Benefits Realisation Gate 5 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 workbook should be used by the SRO/project team to prepare for the Gate 5 Review and the review team to conduct the Gate 5 Review. It offers key areas to explore and evidence to look for. As each project/program 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.

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

Assurance review objectives

The objective of this review is to investigate:

- how well the project has delivered the benefits identified in the business case and benefits management plan
- how well the project has performed against the five key focus areas, and
- what can be learned and how future projects can be improved.

The Gate 5 Review will review the performance of the project and consider how performance and benefits realisation can be improved going forward.

The project team has delivered the infrastructure and, in most cases, the project is in the operations and benefits realisation phase. The Gate 5 Review is generally held:

- twelve months after the commissioning of the infrastructure has taken place, or introduction of the service
- when sufficient evidence of benefits is available, and
- a post completion review has been undertaken by the sponsor agency.

Reviews may take place at later stages as conditions change or the project is approaching the transition or contract end-point of a major contract or business/service change.

The sponsor agency is required to identify, capture and report on direct and indirect benefits delivered by the project, and should be confident of the controls in place to capture benefits and the implementation of the benefits management plan. The sponsor agency SRO may have changed, and the project team may have transitioned.

The areas, questions and evidence expected for this review can be very wide and complex, particularly where multiple organisations are involved. The review will assess the effectiveness of contract management against the commercial strategy and the impact of the benefits on the operational performance of the organisation. This should also include an assessment of the contribution of the benefits to achieving the organisation's business strategy, as outlined in the Business Case and Benefits Management Plan and Register.

Positive outcomes from this review will be achieved if the project team can demonstrate appropriate performance during the project delivery phase, as well as operational results and service outcomes (including benefits) achieved in accordance with those detailed in the original Final Business Case.

The review will also cover the lessons learned and how those lessons have been recorded and disseminated to improve future projects.

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 ahead of 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
- Post completion review (evaluation / post implementation review)
- Benefits realisation plan and register demonstrating actual/planned benefits.

Required information for the planning meeting:

- Overview presentation (PowerPoint) that provides an overview of the project including the scope delivered, the timeline and costs to date, and the current status together with any residual risks and issues. This will be delivered at the planning meeting.

Minimum information for the review: (one day after planning meeting)

- Benefits management framework, benefits realisation reports/metrics
- Business strategy and business plan
- Performance reports/KPIs
- Stakeholder engagement review and close-out documents
- Organisation performance management framework
- Any plans for contract improvement and service improvement
- Customer surveys (if available)
- Project closure documentation
- Lessons learned report(s) produced by the project
- Financial review and summary of the project
- Procurement probity report
- Operational budget
- Organisation chart
- Governance structures/arrangements documents
- Risk register, management plan and issues register
- Change control and decision/change log/register
- A summary of operational contract changes since Gate Review 4, where applicable
- Resources, skills appraisals and personnel plans to continue managing/operating the asset and service
- Monthly reports and dashboards (last three)
- Project Board and Steering Committee agendas, minutes (last three) and ToR.

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
- Specialists/Consultants that have contributed to the project
- Senior agency representatives responsible for asset ownership, management and operation
- Senior representatives of the asset owner and operator
- Stakeholders from other agencies, bodies and/or user groups (internal and external).

The sponsor agency must complete a stakeholder list and provide this to the review team before the planning meeting. The review team will select who they would like to interview on 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, the case for change, integration and the intended benefits and outcomes of the project.

In particular, the review team should confirm:

- the project solved the problem / realised the opportunity as intended
- the project is fully integrated by the asset owner and operator
- the original projected benefits are being achieved and realised, and
- key users/beneficiaries of the project are receiving the expected benefits.

In addition to the Terms of Reference (ToR), the review team should explore the following areas and evidence.

Areas to probe		Evidence expected
Strategy		
1.1	Is the project contributing to targets relating to wider government and organisational policies, strategic objectives, standards and business change programs?	• Assessment of performance against State's greenhouse gas emission reduction targets. • Assessment of performance against government strategies, frameworks, plans, policies, objectives and standards. • Assessment of performance against organisational strategies, frameworks plans, policies and objectives. • Assessment of performance against any wider program or policy initiative.
1.2	Was the solution appropriate for the problem?	• Assessment on the performance of the solution in addressing the problem.
1.3	Is the operational service aligned to the business strategy and service need?	• Regular review of service need. • Service need linked to strategic business objectives. • Performance measures.
1.4	Is the Sponsor Agency setting realistic performance targets for continuous improvement from this service?	• SMART (Specific, Measurable, Agreed, Realistic and Timely) targets for each benefit defined.
1.5	Will future business requirements be met through current operational arrangements?	• Periodic consideration of business and end-user needs. • Projection of future requirements.

Areas to probe		Evidence expected
1.6	Is asset management robust?	- Assets are recorded in asset register and recognised in a strategic asset management plan/strategy. - Asset management plan is in place. - Plans for the delivery of maintenance over the lifecycle of the asset are defined and documented. - Replacement/decommissioning of any surplus assets has been achieved or robust plans are in place to decommission the legacy asset at an appropriate time.
Integration		
1.7	Were interfaces with the broader service network well managed and are they working well?	- Consideration of service and operational integration with: - government and with non-government entities - the asset portfolio and the relevant sector - interfaces with other programs. - Systems changes (technology, process or procedural) have been / are being addressed. - Plans for continuity of service and operational delivery.
1.8	Were interfaces with the sector's assets and infrastructure network well managed and are they working well?	- Understanding and evidence of how well services and operations have been integrated across government and non-government infrastructure. - Understanding and evidence of how well service and operations have been coordinated and integrated across the asset portfolio and the relevant sector. - Interfaces with other programs including dependencies and direct impacts have been / are being addressed and working well. - Confirmation that the asset owner and operational requirements have been / are being met. - Evidence that asset management and operational plans are in place and fit for purpose.
1.9	Were built environment (place-making) outcomes well delivered and how well are they operating and functioning?	- Best practice design outcomes. - Integrated urban development and place making opportunities were well delivered and are enhancing service delivery and generating additional benefits.

	Areas to probe	Evidence expected
1.10	Is the service/facility fit for purpose?	• Operating parameters are updated as needs change and documented in change control and service level agreements (SLAs) that are reviewed and revised as necessary. • Service delivery is measured against expected performance, reported and managed effectively. • Measures to address poor or non-performance. • Health and safety standards are met. • System security and privacy requirements are met. • Customer/stakeholder satisfaction experiences are assessed.
1.11	Did the project comply with legislative, policy and regulatory requirements – and is it still doing so?	• Compliance with applicable strategic and organisational policies and standards. • Legislation, policy and regulatory requirements are met.
Benefits and outcomes		
1.12	Have the benefits and outcomes been delivered or are they on track to be delivered?	• Benefits in the business case and benefits management plan and register (and any agreed changes) have been/are being realised. • Benefits are identified and enhanced to add value to the project. • Value add opportunities are present and innovation is embedded in operating model. • Evidence that the outcomes sought (incl. functional and performance requirements, operational capabilities, service changes) are meeting the operation and service needs. • Project performance criteria and key performance indicators (incl. design quality indicators) were met or exceeded.
1.13	Have critical success factors been delivered and realised?	• The essential areas of activity that must be performed well have been/are being realised.
1.14	If the project broke new ground in any areas, how was it managed and what are the lessons for future projects?	• Identification and assessment on innovations and performance. • Opinions on innovations and solutions from professional advisors.
1.15	How have lessons learned for future projects been identified and documented?	• Documentation of lessons learned for current and future projects. • Documentation of innovative solutions for current and future projects.

Areas to probe		Evidence expected
1.16	Is there a robust process to continuingly manage and measure benefits?	• For collaborative projects, all parties understand and agree with their responsibilities and arrangements for benefits realisation. • Appropriate baselines for assessing benefit outturn and KPI's against historical performance. • Means of measuring benefits and KPI's agreed with the service provider and partners. • Contract management includes a sufficiently robust framework to assess performance. • Corrective action plans to address any benefits that have not optimally realised on schedule. • Processes in place to identify, action and measure new/unanticipated future benefits (emergent benefits) or dis-benefits. • Processes in place to mitigate disbenefits.
1.17	Is there ongoing assessment on the effectiveness of benefits management?	• Evidence of lessons learned being applied. • Formal regular review of the approach. • Corrective action being taken where necessary. • Regular capability assessments.

Stakeholders

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

In particular, the review team should confirm:

- key stakeholders were engaged and outcomes were realised during delivery
- key stakeholders are engaged and involved and support operation
- communication is clear and transparent, and
- that lessons learned have been captured and communicated to relevant stakeholders.

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

Areas to probe		Evidence expected
Management		
2.1	Were /are stakeholders and project partners being well engaged and managed?	• A defined and agreed stakeholder engagement plan showing roles and responsibilities, potential stakeholder influence on the project. • Clearly identified and documented stakeholder engagement and communication roles between government and suppliers. • Outcome/feedback of stakeholder engagement activities.
2.2	Is communication effective?	• Relevant communications to stakeholder groups centred on the realisation of remaining benefits. • Benefits categorised by stakeholder group and communicated appropriately to enable positive behaviours. • Commitment from the communications/external relations team to benefits realisation.
Internal & asset owner/operator		
2.3	Was/is business change management effective?	• Assessment of the organisation's change readiness along with follow-up post completion and performance reviews.
2.4	Was the transition to operational service effective?	• Handover was successful.
2.5	Have/are agencies and partners worked/are working together to identify opportunities for improvement through innovation?	• Details of innovation achieved in service delivery by using industry surveys, benchmarking, reviews by external consultants and reports from the service provider. • People at all levels have / can contribute and was/is this encouraged by using feedback and staff suggestion schemes.

Areas to probe		Evidence expected
External & asset users		
2.6	Does the local and broader community support the outcome?	• Impacts on the local and broader community were/are addressed. • Community /customer satisfaction surveyed and assessed.
2.7	Were/have key external stakeholder issues been addressed and resolved, including Aboriginal stakeholders?	• Key external stakeholder and partner issues have been resolved. • Decisions and outcomes from consultation have been resolved. • Stakeholder satisfaction is assessed.
2.8	Are the users satisfied with the transition to operational service?	• All required documentation handed over at the appropriate time. • Statutory, environmental and other external obligations satisfied. • Transition issues are logged and tracked and reflected in lessons learned artefacts. • Extra resources brought in for the transition phase have been released. • Details of user groups and their outputs and feedback. • Indication that users are prepared for changes in the way in which services will be delivered under any contract. • User-friendly guide available on the services that are provided by the service provider.
Areas to probe		Evidence expected

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:

- economic, social, environmental and sustainability impacts were well managed/realised
- accuracy of revenue and value for money
- accuracy of capital budget and value for money
- operational costs / revenues are on target and the budget remains appropriate and is being well managed, and
- the maintenance budget remains appropriate.

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

Areas to probe		Evidence expected
Impacts		
3.1	Is the asset and service continuing to address the need at optimal net cost?	• Assessment of delivery and confirmation that the asset and service provision is delivering the intended outcomes. • Project is continuingly seeking opportunities to improve outcomes. • Operational and whole-of-life costs are within expected parameters.
3.2	How were/are all the locational constraints and opportunities managed/ realised?	• Locational, Aboriginal, and environmental constraints and opportunities were managed/are being managed/realised.
3.3	Were/are economic, environmental and social target impacts addressed/managed?	• Economic, environmental and social target impacts were/are understood and were managed/will be realised. • All outcomes that can be measured have been or will be.
3.4	Were/are sustainability and resilience target impacts addressed/managed?	• Sustainability outcomes are being managed and realised. • Infrastructure resilience evidenced during operation (if applicable). • Assessment of the performance of the infrastructure (eg how it responded to any shocks or stresses experienced to date). • All outcomes that can be measured have been or will be.

Areas to probe	Evidence expected
Value for Money	
3.5	Were project delivery revenues met and how are whole of life revenue targets being realised and met?	• Assessment of project delivery revenues against budget. • Project overruns or revenue reductions have not been addressed through project de-scoping, impacting operational costs or resulting in increased maintenance. • Approved operational revenues are/will be realised. • Planning/programming/scheduling of future operating revenues is ongoing. • Confidence in the revenue budget.
3.6	Was the project delivered within budget and how is whole of life expenditure being managed?	• Assessment of project delivery costs against budget. • Funding/budget has been obtained for scope items not delivered during project delivery. • There is an approved expenditure budget that includes all operating costs. • Agreed approach to budgeting/forecasting with clear ownership of the relevant cost centres. • Appropriate mitigation of financial risks.
3.7	Was risk appropriately factored into program cost/budget?	• Examination of the sensitivities and financial implications of risks and events during project delivery. • Examination of the sensitivities and financial implications of operating risks, and these are accounted for. • Insurance is in place.
3.8	Is there an appropriate funding allocation to ensure the measurement and reporting of benefits realisation?	• Budget for measurements and post completion reviews.

3.9	Does the operational contract provide appropriate incentives to drive the supplier's performance?	• Example may include:
		  ○ Payments to the supplier, dependent on business benefits being realised through delivering the contract.
		  ○ Targeted incentive mechanisms where work is task-based.
		  ○ Incentives are provided to ensure the supplier assigns the most appropriate and skilled resources to deliver the contract.
		  ○ The approach to incentivisation is not inadvertently driving negative behaviours.

Areas to probe		Evidence expected
3.10	Are there any additional operational costs incurred as a result of the service and are these being managed effectively?	• Agreed approach to contract budgeting/forecasting with clear ownership of the relevant cost centres.

3.11	Is the service provider seeking to maximise the value of the asset at the end of the contract period?	• Examples may include:
		
		   o Contract information relating to asset condition at end of contract (e.g. mechanical and electrical systems and building fabric).
		
		   o Supplier maintenance plans and agency/end user understanding of these (e.g. responsibility for updating of software).

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 4 – Service Readiness Review have been actioned
- governance and risk management were effective during delivery
- service delivery and any contract in place is adapting effectively to meet evolving requirements
- the effectiveness of supplier performance including contract management
- the validity of any exit strategy, and
- whether risks and issues relating to benefits are being managed effectively.

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

Areas to probe		Evidence expected
Governance		
4.1	Has there been a review of how well the project was managed?	• Project governance and management has been considered in Post completion review.
4.2	Was the governance framework fit for purpose during project delivery?	• Assessment of the effectiveness of organisational and governance arrangements, change management and risk management.
4.3	How well did the project manage contractors and suppliers?	• Procedures to ensure agreed actions are taken forward and dealt with operationally. • Provision for regular reviews between supplier and client and these being carried out. • Documented improvements and evidence that changes to the contract or cost model are justified. • There is measurement of contract improvements.
4.4	Is the governance framework for operations fit for purpose and, in particular, is there commitment to key roles and responsibilities for this service within current corporate priorities?	• Organisation charts with named individuals in key positions. • The governance structure is aligned to the operations phase. • If the project crossed sector and/or organisational boundaries, evidence that all parties are formally engaged in governance; clear arrangements to ensure sustainable alignment with the strategic objectives of all organisations involved. • Active monitoring of management information with corrective action taken when necessary.

Areas to probe		Evidence expected
4.5	Were/are governance arrangements effective?	• Up-to-date document library with no materials or documents still to be added and responsibilities for maintaining all materials and documents defined. • An appropriate governance model for continued oversight and monitoring of benefits. • Clear ownership of benefits at both executive and operational level. • Evidence of senior level commitment to benefits realisation. • Benefits realisation is regularly reported to the asset owner. • Governance representation of agency/end user and suppliers is at an appropriate senior level with sufficient decision-making authority. • Roles, responsibilities and delegation arrangements are clearly defined. • Procedures to ensure agreed actions are taken forward and dealt with operationally. • Provision for regular reviews between supplier and agency/end user and these are being carried out. • Documented improvements and evidence that changes to the contract or cost model are justified. • There is measurement of contract improvements.
4.6	Was project reporting effective?	• Regular reporting was undertaken in accordance with project management and/or governance plans. • Reporting provided sufficient detail on key milestones, progress, issues, risks, and cost and accurately reflected the current status to inform decision making.
Risk Management		
4.7	During delivery, which risks materialised, how they were managed, and where mitigations effective?	• Risks managed in accordance with policies and/or risk management plan and demonstrate best practice. • Defined roles, responsibilities and processes for managing risk and opportunities across the project, with clearly defined processes for bringing them to the attention of senior management and processes for managing and closing risks. • Assessment /review of the way risks were identified, categorised, managed and mitigated.

Areas to probe		Evidence expected
4.8	Are ongoing risks being identified and mitigated?	• 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. • Risks are being managed in accordance with policies and/or risk management plan and demonstrate best practice. • Involvement of senior stakeholders in assessing strategic risks.
4.9	Are there workable and tested business contingency or continuity plans?	• Full documented plans. • Where appropriate plans cover ICT components as well as the business. • Roles and responsibilities defined, resources allocated, and staff trained. • Approach agreed with supplier. • On-going training plans and relevant supporting material, if required.

Infrastructure Delivery

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

In particular, the review team should confirm:

- that the operator/asset owner continues to have the necessary resources to manage the asset/contract successfully
- continuity of key personnel involved in contract management and 'intelligent customer' roles, and
- the service provider/operator has the capability and capacity to manage the contract/asset going forward. Confirm the exit strategy timeframe is appropriate

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

Areas to probe	Evidence expected
Capability and capacity	
5.1 Was there sufficient capability (agency and contractor sides) and capacity when delivering the project?	- Capability and capacity have been considered in post completion review. - Appropriateness of contracts have been considered in post completion review.
5.2 Are their sufficient operational resources with appropriate skills and experience?	- Position descriptions for key project staff. - Key project roles allocated appropriately between internal staff and consultants or contractors. - Internal and external commitment to provide the resources required. - Resource plan for internal staff. - Identification of skills required. Skills appraisal and plans for addressing shortfalls. - Training assessment and plans, training resources/sources.
5.3 Are there appropriate skills within the organisation to influence and manage the realisation of benefits?	- The key position holders have appropriate experience in benefits management, contract management, asset management etc. - An understanding of benefits management and how it contributes to improved business performance. - Access to specialist expertise within the wider organisation or externally.
5.4 Is the organisation successfully implementing the new services and maintaining existing services?	- A resource plan showing capacity and capability. - Resources are available to meet commitments.

Areas to probe		Evidence expected
5.5	Are there appropriate commercial skills within the organisation to manage the operations and maintenance contracts?	• The Senior Responsible Owner/Head of Procurement or other appropriate executive oversees the management of the contract. • The key post holders have appropriate experience in contract management. • Access to specialist expertise within the wider organisation. • Capability to implement an exit strategy.
Time		
5.6	How well did the project track against the project schedule	• Review of project and delivery schedules in the post completion review
5.7	Are the benefits being realised in line with the schedule in the agreed benefits plan?	• Plan/schedule highlighting the dates for realising individual benefits along with dependencies on project/program delivery dates.