Gateway Review Process

Best Practice – Gateway to success

Review 3
Investment Decision

March 2018

New Zealand Government

Contents

Introduction to the Gateway process

Why getting programmes and projects right matters

Programmes and projects are the key vehicles for delivering government strategies and implementing changes as a result of government policies. Procurement expenditure through programmes and projects is a significant proportion of total government expenditure. Good and effective management and control of programmes and projects is therefore essential to the successful delivery of Government objectives, to realise their intended benefits for citizens.

The Investment Management and Asset Performance (IMAP) team at Treasury has portfolio oversight of the Crown's investment in the Crown estate.

The IMAP team assists ministers and agency chief executives to have confidence that:

• investment decisions are informed and prioritised well and align with government's long-term goals

• the investment portfolio is delivering high public value

• investment decision making and asset management across the State sector is robust, transparent, effective and efficient.

IMAP aims to ensure the Crown owns the right assets, manages them well, funds them sustainably, and that any risks are managed and all benefits promised are realised.

The **Gateway process** is one of a suite of investment reviews facilitated by IMAP.

The Gateway process is designed to provide confidential, independent guidance to Senior Responsible Owners (SROs), and indirectly to programme and project teams, on how best to ensure that their programmes and projects are successful. Gateway reviews provide Ministers with the assurance that at key points in a high-risk project or programme the SRO has been provided with peer-level independent advice to help improve the initiative's chances of success.

The Gateway process

The Gateway Review process examines programmes and projects at key decision points in their lifecycle. It looks ahead to provide assurance that they can progress successfully to the next stage; the process is recognised as best practice by the United Kingdom, Australian and New Zealand Governments.

Cabinet mandate for Gateway

In 2007, Cabinet Minute 07 44/1 gave initial direction for Gateway's application to projects.

In 2010, Cabinet Circular CO (10) 2 refined the requirement and directed that Gateway Reviews be mandatory for all projects and programmes, in departments and crown agents, identified as high risk through Central Agency assessment of a Risk Profile Assessment.

In 2015, Cabinet Office Circular CO (15) 5[1] extended the scope of Gateway to the following types of organisation (agencies):

• all departments (including departmental agencies) as defined by the Public Finance Act 1989 (PFA)

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1 Cabinet Office Circular CO(15) 5 can be downloaded from the DPMC website: www.dpmc.govt.nz/cabinet/circulars/

- the following types of Crown entities:
    - Crown agents
    - Autonomous Crown entities
    - Independent Crown entities
    - Crown entity companies, including Crown Research Institutes
- companies listed on Schedule 4A of the Public Finance Act.

Gateway reviews are mandatory for high risk projects and programmes of the following types, regardless of the source of funding:

- acquisition/procurement programmes and projects, whether capital expenditure, asset disposals, lease arrangements, or "as a service" investments
- ICT-enabled business change
- property/infrastructure/construction developments.

The principles and process in this workbook can also be applied to management of other areas of expenditure in the organisation:

- policy development and implementation
- organisational change and other change initiatives (with no ICT component).

Qualifying projects and programmes

The process for determining whether a project is 'high risk' and thus eligible for Gateway is:

1   Agencies must complete risk profile assessments (RPA) for all significant[2] investments identified on multi-year plans.

    - Download the RPA from: www.treasury.govt.nz/statesector/investmentmanagement/think, or
    - email IMAP for a copy: investmentmanagement@treasury.govt.nz

2   Agencies must provide to Treasury the RPA for any investment proposal that is assessed as medium or high risk through this process. We recommend, but do not require, that agencies send low risk RPAs to IMAP so that the Corporate Centre is aware that a risk assessment has been done.

3   IMAP circulates the RPA to Functional Leaders and other Corporate Centre groups for review, moderates their comments, and confirms a final risk assessment for the project. The RPA is used to identify Corporate Centre involvement, monitoring and assurance requirements including eligibility for Gateway.

4   Alternatively, a Minister may request that a project be subject to Gateway even if it is not formally identified as high risk.

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2   Significant means a high degree of importance of an investment issue, proposal, or decision in terms of its likely impact on, and likely consequences for:

- the Crown or the agency or sector, customers or clients, or the capacity of State services agencies to perform their functions
- the government's fiscal strategy, or
- the government's investment strategy.

In terms of financial or risk thresholds, significant generally means investments that require Cabinet or Ministerial approval, that is, high risk proposals, or proposals with whole of life costs (WoLC) in excess of $15 million, however funded

Value of the Gateway process

Gateway Reviews deliver a peer review in which independent practitioners from outside the programme/ project use their experience and expertise to examine the progress and likelihood of successful delivery of the programme or project. They are used to provide a valuable additional perspective on the issues facing the internal team, and an external challenge to the robustness of plans and processes.

The Gateway Review process provides support to SROs in the discharge of their responsibilities to achieve their business aims, by helping the SRO to ensure:

- the best available skills and experience are deployed on the programme or project
- all stakeholders covered by the programme/project fully understand the programme/project status and the issues involved
- there is assurance that the programme/project can progress to the next stage of development or implementation and that any procurement is well managed to provide value for money on a whole-of-life basis
- achievement of more realistic time and cost targets for programmes and projects
- improvement of knowledge and skills among government staff through participation in reviews
- provision of advice and guidance to programme and project teams by fellow practitioners.

Gateway Reviews as part of the assurance framework

Every agency should have its own structures and resources for carrying out internal reviews, healthchecks and audits of its activities, including programmes and projects. The Gateway Review process provides a forward-looking snapshot view of progress at a point in time and therefore should be seen as complementary to these internal processes and not a replacement for them.

Organisations should have in place an effective framework to provide a suitable level of assurance for their portfolio of programmes and projects. This requires management to map their assurance needs and identify the potential sources for providing them. Agencies are encouraged to ensure adequate and timely co-ordination and sharing of information, including plans, between the various internal review functions.

In addition, SROs should be aware of the extent and limitations of the various review processes. For example, the fact that a Gateway Review has taken place does not replace the need for a full audit opinion on the effectiveness of risk management, control and governance in the audited area.

Further, none of these review processes is a substitute for a rigorous governance framework in the organisation to manage key processes, including business planning, investment appraisal and business case management (including benefits management), programme and project management, portfolio management, risk management, procurement/acquisition, and service and contract management.

Role of the Senior Responsible Owner

A Gateway Review is conducted on a confidential basis for the Senior Responsible Owner (SRO), who has prime responsibility for initiating the Review. The ownership of the Review Report rests with the SRO, who is accountable for the implementation of the recommended remedial action and the programme/project progression.

The SRO is the individual responsible for ensuring that a programme of change or a project meets its objectives and delivers the projected benefits. The SRO should be the owner of the overall business change that is being supported by the project, and should ensure that the change maintains its business focus, has clear authority and that the context, including risks, is actively managed.

The SRO must hold an executive role in the organisation and must take personal responsibility for successful delivery of the programme/project. He/she should be recognised as the owner throughout the organisation.

Tailoring the Gateway Review

The workbooks published by the Treasury IMAP Gateway team provide guidance on the structure of each Gateway Review and the areas of investigation to be addressed by the Review Team, together with examples of the evidence which would demonstrate to the Review Team that the project team has taken an adequate approach to the topic.

These topics and the examples of evidence should be regarded as indicative and not prescriptive, within the overall objectives of each review stage.

The Review Team should consider whether additional or different topics need to be addressed and the evidence to be sought.

Approaches may vary according to the context of the programme or project, for example, IT-enabled business change, property/infrastructure/construction, or policy development/implementation.

Differences between projects and programmes

A **project** has definite start and finish dates, a clearly defined output, a well defined development path, and a defined set of financial and other resources allocated to it; benefits are achieved after the project has finished and the project plans should include activities to plan, measure and assess the benefits achieved by the project.

- Project reviews are carried out under Gateway Reviews 0 to 4; typically a project will undergo all five of these reviews during its lifecycle – four before commitment to invest, and one looking at readiness for service. In the early stages reviews are often combined (eg, Gate 0/1).
- Project reviews may be repeated as necessary depending on the size, scope and complexity of the project.
- A review of a project must take into account the programme context within which the project is located, and possible inter-dependencies with other projects in the programme. The review will also indicate how far procurements align with strategic and policy objectives.

Programmes typically comprise a number of related projects that are selected, planned and managed in a co-ordinated way to deliver outcomes and benefits related to the organisation's strategic objectives. Programmes are able to deal with uncertainty about achieving the desired outcomes. During a programme, projects are initiated, executed and closed. Programmes provide an umbrella under which projects can be coordinated. Programmes typically comprise a number of related projects that will be completed in several tranches over an extended period.

A programme approach should be flexible and capable of accommodating changing circumstances such as opportunities or risks materialising. It co-ordinates delivery of the range of work (including projects) needed to achieve outcomes, and benefits, throughout the life of the programme.

• Programme reviews are carried out under Gateway Review 0: Strategic assessment.

• A programme will generally undergo three or more Gate 0 Reviews: an early review, one or more reviews at key decision points during the programme (eg, inter-tranche boundaries), and a final review at the conclusion of the programme.

Each of these reviews is described in the appropriate Gateway Review Workbook.

In addition, for both programmes and projects there is a mandated, repeatable Operational & Benefits Realisation review which is also facilitated by IMAP. This review focusses on contract management, benefits and operational performance after transition into service. It is designed to be repeated throughout the life of the service, with an early review typically 6-10 months after project handover to operational service; this informs the mandated report to Cabinet on delivery of benefits 12 months after transition into service. The review can then be repeated an intervals as agreed, until the benefits have been realised or the asset reaches the end of its life.

Overview of the Gateway process

PROGRAMMES	PROJECTS

START PROGRAMME

Develop programme mandate

Key decision point

Develop Programme Brief and Business Case

Key decision point

DELIVER PROGRAMME

Manage delivery

Key decision point

Manage delivery

Key decision point

Manage delivery

Key decision point

CLOSE PROGRAMME

Key decision point

Close

Early Gateway Review 0

Gateway Review 0: Strategic Assessment

Mid-stage Gateway Review 0

Mid-stage Gateway Review 0

Mid-stage Gateway Review 0

Final Gateway Review 0

Treasury review: Operational & Benefits Realisation Review

Develop indicative Business Case

Key decision point: finalise Business Case

Develop Detailed Business Case

Key decision point: finalise Business Case

Undertake competitive procurement

Key decision point: sign contract

Design, build, test, rollout

Key decision point: go 'live'

OPERATIONALISE

Establish service

Key decision point

Close project, manage delivered solution and performance

Key decision point

Decommission solution/exit contract

Gateway Review 0: Strategic Assessment

Gateway Review 1: Business Justification & Options

Gateway Review 2: Delivery Strategy

Gateway Review 3: Investment Decision

Gateway Review 4: Readiness for Service

Treasury review: Operational & Benefits Realisation Review

Treasury review: Operational & Benefits Realisation Review

Treasury review: Operational & Benefits Realisation Review

Gateway Review 3: Overview

About this workbook

This workbook supports Gateway Review 3: Investment Decision. This review investigates the arrangements for the investment decision to confirm that the project is still required, affordable and achievable. The review also checks that the implementation Business Case and supporting implementation plans are robust.

Purposes of the Gateway Review 3

- Confirm the updated Detailed (Stage 2) Business Case (DBC), Implementation Business Case and Benefits Realisation Plans now that the relevant information has been confirmed from potential suppliers and/or delivery partners

- Ensure there is continuing support for the project

- Confirm that the objectives and desired outputs of the project are still aligned with the programme to which it contributes and/or the wider organisation's Business Strategy

- Check that all the necessary statutory and procedural requirements were followed throughout the procurement/evaluation process

- Confirm that the recommended contract decision, if properly executed within a standard lawful agreement (where appropriate), is likely to deliver the specified outputs/outcomes on time, within budget and provide value for money

- Ensure that management controls are in place to manage the project through to completion, including allocation of roles, responsibilities and risks between agency and customer, and that customer-side contract management processes are robust

- Confirm that the approved delivery strategy has been followed

- Confirm that the development and implementation plans of both the client and the supplier or partner are sound and achievable

- Confirm that there is clear traceability of scope and scale of the work: from initial agreed requirements through the Request for Proposal (RFP), RFP responses, and the contract and any supporting Statements of Work (SoW)

- Ensure there are plans for:

  - operation of new services/facilities

  - the development of any new processes, procedures or policies

  - implementation of and transition to the new organisational behaviours

  - preparation of all relevant staff for the business changes involved

- Confirm that there are plans for Risk Management, Issue Management and Change Management (technical and business) and that these plans are shared with suppliers and/or delivery partners

- Confirm that the technical implications, such as 'buildability' for construction projects; and for IT-enabled projects information assurance and security, the impact of e-government frameworks (such as e-GIF) have been addressed

- Check the procurement contracts follow NZ Government principles and are aligned with best practices for SoW, performance controls and acceptance criteria

- Evaluation of actions taken to implement recommendations made in any earlier assessment of deliverability.

Investment decision

Gateway Review 2 reviewed the delivery strategy for achievement of the project's objectives.

For a procurement project, the Gateway Review 2 reviewed the procurement strategy before the organisation invited proposals or tenders against the fully developed requirements specification. For organisations with existing commercial arrangements, it reviewed similar information and decisions about achievability, affordability and value for money.

During the current stage, potential suppliers submitted their proposals or tenders. An evaluation panel analysed these on a 'like-for-like' basis and recommended the proposal (delivery solution) that met all the needs of clients and end-users and which offered the best value for money. 'Suppliers' includes potential vendors, partners, other external delivery organisations or internal units of the client organisation.

This Gateway Review 3 should normally come before whichever procurement agreement used is placed with the supplier or other delivery partner, For example:

- the preferred bidder stage
- award of contract
- placing a work order.

The Gateway Review 3 confirms that the recommended investment decision is appropriate, before the procurement agreement is placed with a supplier. It provides assurances on the processes used to select a supplier, not the supplier selection decision itself.

The review also assesses whether the process has been well managed; whether the business needs are being met; that both the client and the supplier can implement and manage the proposed solution; and that the necessary processes are in place to achieve a successful outcome after contract award (or equivalent). The Project Team and Review Team must be satisfied that due consideration has been given to all the factors, including choices about proposed commercial arrangements with any existing suppliers that offer value for money.

A project will normally go through one Gateway Review 3. However, in some circumstances, it may be necessary for a project to repeat the Gateway Review 3.

For example, for construction projects there may be a requirement for more than one Gateway Review 3 when the investment decision for the project is made. If there is a second investment decision (such as for two-Stage Design and Build), there may be a need for a first Gateway Review 3 for the contract award, and a subsequent Gateway Review 3 to confirm the investment decision based on the construction price. Similarly, for some IT-enabled and service enhancement projects, there may be a need for a first Gateway Review 3 before a pilot implementation or initial design contract is undertaken, and a subsequent Gateway Review 3 to confirm the investment decision before full implementation.

NB: The terms 'supplier' 'bid', 'tender', 'contract' etc in the following sections should be interpreted in the context of the nature of the delivery solution and the proposed commercial relationship between the client organisation and the recommended delivery partner organisation.

1: Assessment of the proposed solution

AREAS TO PROBE	EVIDENCE EXPECTED
1.1 Does the proposed solution meet the business need?	■ Clear documentation of requirements including dependencies between requirements ■ The selected delivery solution fully complies with all requirements with responsibilities clearly defined, for example in SoW ■ Traceability of requirements through to the contract/ SoW; processes in place to ensure continued traceability of requirements through architecture, design, build and test processes as appropriate ■ Consultation with stakeholders during evaluation and their acceptance of the proposed solution ■ If the project traverses organisational boundaries on the client side, there are clear arrangements to ensure sustainable alignment with the business objectives of all units involved.
1.2 Have the suppliers or partners proposed any alternatives or other options in addition to a fully compliant bid?	■ Assessment of options to show whether these are beneficial to the project's outputs/outcomes and still within the scope of the bid request, for example the Government Electronic Tender Service (GETS) advertisement.

1.3 Will the proposed delivery solution deliver the business need described in the DBC?	■ Robust analysis to show that:
	
	   ■ the proposal is defined in business outcome terms
	
	   ■ the client organisation can achieve the necessary organisational and business process changes
	
	   ■ the proposed services and service levels as defined in the contract or agreement will meet the agreed business requirements
	
	   ■ there is clear traceability of scope and scale of the work: from initial agreed requirements through the RFP, RFP responses, and the contract and any supporting SoW.

1.4 Has the proposed solution affected the strategy for business change?	■ Updated plan for managing the business change on the basis of the proposed solution, agreed by Project Board and agreed with users and stakeholders ■ Analysis of differences from original plan ■ The client organisation can accomplish the planned transition path.

1.5	Has the proposed solution affected the expectations of business benefits?	■ Updated descriptions of benefits and their owners ■ Updated plan for benefits realisation ■ Analysis of differences from original plan ■ Changes documented and agreed with users and stakeholders.
1.6	Are the client organisation and supplier prepared for the development (where there are new systems and processes), implementation, transition and operation of any new services?	■ Proposed supplier's development and implementation plans included in delivery solution and recommended to the Project Board ■ Client's implementation plan agreed with stakeholders and users (or their representatives, if the end-user is the citizen), eg, staff training, changes in business processes.
1.7	Is the client realistic about their ability to manage the change?	■ Documented understanding of cultural implications, where appropriate; account has been taken of the current organisational culture ■ Comparison with others.
1.8	Are there plans and processes to address future issues, both business and technical?	■ Strategy for managing issues agreed by all parties, including supplier; documented change management processes including responsibilities and escalation arrangements ■ Evidence that these processes have been used to manage any changes in requirements coverage or solution scope between agreed requirements and the contract or any supporting SoW.
1.9	Is there clear allocation and understanding of responsibilities between all parties, in addition to any contractual liabilities?	■ Defined client organisation and supplier, personnel, roles and responsibilities ■ On the client's side, identified internal relationships and interfaces describing 'who does what' with the supplier ■ Where applicable, partnering arrangements defined ■ Evidence that the client and supplier team will be structured to work together as an integrated Project Team ■ Evidence that escalation procedures are documented and understood ■ If a single supplier, how they will manage their supply chain ■ If multiple suppliers, how the client organisation will manage the interfaces. If there is no prime supplier, clear and documented supplier administration procedures including supplier/supplier interfaces when not covered by sub-contracts ■ If multiple agencies are involved on the client side, there is a nominated prime agency representing all clients with the supplier or prime supplier.

1.10 Are there resources available for the business to fulfil its obligations within the contract/agreement?	■ Plan for implementing the new contract, identifying the quantity, type and quality of resources required ■ Formal management acceptance of resource requirements agreed, with key roles and personnel identified and in place ■ Adequate plans and procedures for contract management, including availability of requisite skills and experience.
1.11 Have the technical implications been assessed?	■ Evidence demonstrates that the delivery solution is technically acceptable ■ For construction projects, Design Quality Indicators used; build capability, project-specific plans for health and safety; sustainable construction practices ■ For IT-enabled projects, evidence that information assurance, security and the impact of e-business etc have been considered ■ For major asset procurement projects, arrangements for bringing into service and operational interfaces with other assts etc.
1.12 Does the project have resources with, where required, the appropriate skills and experience to achieve the intended outcomes of the investment?	■ Plans for providing the required 'intelligent customer' capability, with names allocated to the major roles ■ Internal and external commitment to provide the resources required ■ Job descriptions for key project staff ■ Skills appraisal undertaken and plans for addressing any shortfall ■ Access to external sources of expertise if required ■ Appropriate allocation of key project roles between internal staff and consultants or contractors.
1.13 Do the procurement contracts follow NZ Government principles with alignment to best practices?	■ Evidence that advice has been taken from relevant agencies (eg, Treasury for PPP, Ministry of Business, Innovation and Employment (MBIE) for major procurement, GCIO for Cloud-based services).Documented impacts from any changes to NZ Government standard terms and conditions in supplier contracts.
1.14 Do the procurement contracts include performance controls?	■ Evidence of a performance basis for determining payments, eg, savings sharing or sanctions on delays ■ Contractual incentives for the supplier to minimise issues during implementation and change transition ■ Contractual incentives for the supplier to ensure their project responsibilities do not impact business continuity.

1.15 Are the acceptance criteria reflected in the contracts?	■ Where supplier has primary responsibility for project deliverables, evidence that the stakeholders acceptance criteria form the basis of contractual specifications or SoWs ■ Contract closure procedures include formal acceptance of the project deliverables.

2: Business case and stakeholders

AREAS TO PROBE	EVIDENCE EXPECTED
2.1 Is the project still required?	■ Confirmation that the project still fits with strategic objectives, including Government/organisational objectives ■ Confirmation that external factors have not affected current priorities.
2.2 Is the Business Case complete?	■ Re-assessment of updated Business Case, including strategic, economic, financial, commercial and project management factors.
2.3 Does the recommended way forward meet the business need?	■ Key objectives revisited against final bid and proposed solution.
2.4 Has the most appropriate option been selected?	■ Robust cost/benefit/risk analysis against final bid information and results of evaluation, including sensitivity analysis ■ If the preferred option is not the most economic option, clear documentation of the non-financial justification for selecting the option ■ For construction projects, whole-life design quality, cost and time optimised as far as possible.
2.5 Does the commercial arrangement represent value for money, with an appropriate level of quality over the whole life of the project?	■ Market assessment, other organisational benchmarks and previous experience ■ Results of evaluation (note that clients with existing commercial arrangements must address this area) ■ Where appropriate, assessment of supplier's funding arrangements.

2.6 Does the DBC, when incorporating the delivery solution, still demonstrate affordability?	■ DBC incorporating bid information, including:
	
	  ■ changes from budgetary figures
	
	  ■ returns and value re-calculated with new benefits plan
	
	  ■ costs compared with budget, pre-tender estimates.

2.7 Is there an agreed Benefits Realisation Plan?	■ Benefits management strategy and plans including:
	
	  ■ critical success factors
	
	  ■ individuals responsible for delivering and achieving benefits identified
	
	  ■ agreed process for measuring and assessing benefit
	
	  ■ data available on measurement baselines for benefits assessment
	
	  ■ post-implementation review plan identifies review points and benefits to be assessed; payment mechanisms linked to benefits realisation, where appropriate.

2.8	Have suitable stakeholders, business and user representatives been involved and have they approved the tender evaluation report and draft contract?	■ Involvement of stakeholders and business or user representatives in quality and proposal reviews ■ The views of all stakeholders, including users, have been taken into account ■ Representation on the Evaluation Team ■ Approval by Project Board or Steering Group.

3: Risk management

AREAS TO PROBE	EVIDENCE EXPECTED

3.1 Are Risk and Issue Management Plans up-to-date?	■ Risk Register and Issue Log regularly reviewed, updated and acted upon
	
	■ Risk counter-measures reflected in the project plans where relevant (eg, mitigation, transfer type responses)
	
	■ Updated Risk and Issue Management Plans and Risk Register including:
	  ■ risks associated with project resourcing and funding
	  ■ team competencies
	  ■ legislation
	  ■ technical dependencies
	  ■ users and stakeholders
	  ■ Expired risks archived in Risk Register.

3.2 Have all major risks that occurred during this phase been resolved?	■ Owners of risks/issues assigned; client-side risk transfer plans, where applicable ■ Changes caused by the risk occurrence managed and accepted by stakeholders.
3.3 Are the costs and time implications of managing the risks included in the cost and time estimate or treated as a separate risk allocation? Risks impacting the next phase need to be fully developed. Longer term risks might only be defined at a high level depending on the levels of uncertainty.	■ Costs and time for managing risks separately identified ■ Costs and time estimated for risk counter-measures and, where appropriate, contingency and business continuity plans ■ Where risks cannot be reduced, the costs of managing these risks separately identified and included as a risk allocation provision ■ Analysis undertaken of the effects of slippage in time, cost, scope or quality ■ For construction projects, documentation showing how decisions on how residual risks are being managed.
3.4 Are there business contingency and continuity arrangements and plans that aim to minimise the impact on the business in the event of major problems during implementation and rollout?	■ A business continuity and contingency approach agreed with stakeholders and suppliers ■ Business or client continuity and contingency plans under development ■ Assessment of supplier's continuity and contingency plans ■ For IT-enabled projects, evidence of information assurance including risk assessment and management.

3.5	Does the contract reflect standard terms and conditions and (where applicable) the appropriate allocation of risks between the contracting parties?	■ Contracts comply with standard terms and conditions ■ Any changes to standard terms and conditions assessed for their impact, legality and acceptability ■ Analysis of risk allocation proposed by supplier or partner versus expectations or the original rationale for project.
3.6	For longer-term service or partnering contracts, have the re-competition issues been considered?	■ Plans for exit strategy at the end of the contract, with appropriate review points built in over the life of the contract to update these arrangements.
3.7	If applicable, who owns the intellectual property rights, source code or documentation?	■ Contract or documentation outlining ownership ■ Consideration of escrow arrangements.

4: Review of current phase

AREAS TO PROBE	EVIDENCE EXPECTED
4.1 Is the project under control?	■ Project running to schedule and cost within budget ■ Recommendations from last Gateway Review actioned.
4.2 What caused any deviation, such as over and under-runs?	■ Reconciliations set against budget and time plan ■ Evidence of effective change control mechanisms and formal acceptance of changes to scope, cost or schedule.
4.3 What actions are necessary to prevent deviations recurring in other phases?	■ Analysis and plans documented in project documentation that is continually updated and reviewed.
4.4 Have all the assumptions from Gateway Reviews 1 and 2 been validated?	■ Validation of all assumptions. Any that cannot be validated are being examined; appear in the Risk Register/Issue Log; are assessed and discussed with potential suppliers and partners ■ Documentation of any new assumptions.
4.5 Have all the required organisational procurement and technical checks been carried out?	■ Bid management review and approval processes ■ Compliance with MBIE GETS guidance and Controller and Auditor-General Statement of Good Practice ■ The evaluation strategy, underpinning models and criteria have been followed ■ Demonstration of compliance with statutory requirements, (eg, planning, building regulations).
4.6 Did the Project Team follow the planned steps in the delivery strategy?	■ Documented information confirms that the activities and processes in the delivery strategy and plan have been followed.
4.7 Were the documents and any work products subject to quality review?	■ Quality review records and supporting documentation.

5: Readiness for next phase: Readiness for service

AREAS TO PROBE	EVIDENCE EXPECTED
5.1 Is the working relationship likely to succeed?	■ Realistic assessment of management style/behaviours on both sides ■ Reporting arrangements identified at appropriate levels on both sides ■ Suitable procedures and responsibilities for contract management are defined and agreed ■ For Prime Contractor projects, evidence of plans for managing sub-contractors ■ Plans for integrating the Project Team ■ Continuity of key personnel from the contract award phase into the implementation phase.
5.2 Are all resources and internal funds (the 'client-side budget') in place?	■ Budget provision ■ Manpower provision agreed ■ Subsequent years' expenditure included in programme or project budgets ■ Authorisation/approval process for payments to suppliers ■ Process for expenditure reporting and reconciliation ■ Insurances established by supplier where required ■ Processes to cover internal team member business as usual responsibilities.
5.3 Are the supplier's project, risk and management plans adequate and realistic?	■ Confirmation that the supplier's or partner's project plan meets timescales for achieving the outcome of the investment ■ Realistic supplier's or partner's implementation plan and plans for managing risk.
5.4 Does the client-side plan reflect the supplier's plans, and vice versa?	■ Integrated planning structure so that there is a single perspective of all work that needs to be done on both sides and their interfaces ■ Updated project management plans reflecting tender proposals ■ Defined organisation, personnel and responsibilities on the client's side ■ Supplier personnel cleared to meet project requirements ■ Process for resolving issues agreed with supplier/partner ■ Evidence that all plans have been reviewed, agreed and included in the contract.

5.5	Are the long-term contract administration plan and benefit measurement process complete?	■ Long-term plan with contract management strategy and a detailed service delivery plan ■ Resources, with identified sources ■ Key measures of benefit agreed with supplier/partner (if supplier payments related to benefits delivery) ■ Analysis of project plan showing that resource requirements are identified, planned, budgeted for and available when required ■ Defined roles and responsibilities.
5.6	Are all the mechanisms and processes in place for the next phase?	■ Project Plan confirms arrangements for management, monitoring, transition and implementation ■ If external consultants are used, they are accountable and committed to help ensure successful and timely delivery.
5.7	Are the service management plan, administration and service level arrangements complete?	■ Documented service management strategy and plan ■ Defined and agreed service level management, service levels, service quality and measurement ■ Responsibilities defined for each party ■ Defined and agreed standards for services ■ Defined and agreed monitoring, reporting and review mechanisms.
5.8	Is the management process for service change complete?	■ Change control procedures (both technical and business) defined, agreed and included in contract ■ Defined and agreed management process and responsibilities.
5.9	Is there an acceptance strategy or commissioning strategy, as applicable?	■ Acceptance/commissioning strategy and plan, with fully documented and timetabled decision paths (eg, for preferred supplier choices) ■ Decision makers clearly identified and informed about their role and what information they will be given to make their judgement ■ Acceptance criteria agreed with supplier ■ Validated acceptance testing plan, including technical and business components.
5.10	Is there an implementation strategy?	■ Implementation strategy and plan ■ Users, stakeholders and client business management involved in developing strategy ■ Where applicable, plans for transition to new ways of working ■ Clearly defined roles on client and supplier sides for monitoring and controlling handover.

Gateway Review 3: Typical project documentation

The areas of investigation, together with examples of evidence, should be available before the Gate 3 Gateway Review starts. The information is likely to be found in the documents suggested below, but may be located in other programme or project documents or elsewhere in the organisation's documentation system:

- The 80-90% complete updated Single Stage Business Case, or Implementation Business Case
- Revised and updated Benefits Realisation plans for each of the delivery options that are acceptable in principle:
  - confirmation that all benefits are still achievable and still aligned to organisational and wider public service strategy
  - confirmation that the negotiated and agreed solution(s) will meet outcome and benefit requirements
  - details on how and when benefits will be measured, monitored and delivered and risks to them managed; client and supplier roles and responsibilities documented and agreed
- Procurement strategy documents including processes to manage the probity of the process
- Documents supporting the procurement process; terms of reference for the evaluation team, tender documents, probity documents, confidentiality statements
- An evaluation report containing recommendation of the selected supplier or partner; justification of the selected supplier; details of close contenders and plans for debrief of unsuccessful suppliers
- Draft GETS contract notice about the successful supplier
- Realistic plans from the supplier for development and implementation; outline project plans through to completion and detailed plans for the next phase including client and supplier responsibilities, resourcing and business continuity
- An updated project time plan developed with the selected supplier(s)
- A draft contract, which should be based on a standard form of contract in line with MBIE procurement requirements; supporting Statements of Work (SoW)
- Documentation supporting the contract management including draft contract management plans and processes; documented roles and responsibilities; governance processes including escalation arrangements
- Traceability of scope and scale of the work: from initial agreed requirements through the Request for Proposal (RFP), RFP responses and the contract and any supporting SoWs; showing how all requirements are reflected in the contract and will be traceable through later artefacts including architecture, design and testing, as appropriate
- Project management documents, including:
  - strategies for managing the risks and issues, showing allocation and sharing of risks between agency and supplier, and processes for ongoing management
  - the plan for implementing business change and plans for handling future change
  - the service management arrangements, defining how services will be managed, how their performance will be measured, and service management responsibilities for the client and supplier
  - the Benefit Management Strategy, Benefit Management Plans and responsibilities for delivery
  - the delivery strategy, including a further procurement strategy if appropriate
  - for construction projects, all requirements relating to health and safety and sustainability

- An updated communications plan
- Confirmation of the funds and authority to proceed
- For IT-enabled projects, information assurance documentation.

Supporting guidance

- **Department of Prime Minister and Cabinet** www.dpmc.govt.nz
  - Investment Management and Asset Performance in the State Services – Cabinet Office Circular CO (15) 5 (mandating document for the Treasury Investment Management and Asset Performance processes, including Gateway process: www.dpmc.govt.nz/cabinet/circulars

- **New Zealand Treasury** www.treasury.govt.nz
  - Investment management and asset management in the state sector: www.treasury.govt.nz/statesector/investmentmanagement www.treasury.govt.nz/statesector/investmentmanagement/think
  - Benefits management, including guidance and templates www.treasury.govt.nz/statesector/investmentmanagement/plan/benefits
  - Better Business Cases (BBC), including guidance and templates: www.treasury.govt.nz/statesector/investmentmanagement/plan/bbc
  - Cost Benefit Analysis (CBA) including public sector discount rates: www.treasury.govt.nz/publications/guidance/planning/costbenefitanalysis
  - Investment reviews, including Gateway: www.treasury.govt.nz/statesector/investmentmanagement/review
  - Investor Confidence Rating (ICR): www.treasury.govt.nz/statesector/investmentmanagement/statesector/investmentmanagement/review/icr
  - Long term investment plans (LTIP): www.treasury.govt.nz/statesector/investmentmanagement/statesector/investmentmanagement/think/ltip
  - Monitoring and reporting for Major Projects and Programmes: www.treasury.govt.nz/statesector/investmentmanagement/do
  - Public-Private Partnerships, including guidance and standard form agreements: www.treasury.govt.nz/statesector/ppp

- Information available only to government agencies, on the Public Sector Intranet (PSI):
  - Capital Asset Management in the state sector (Public Sector Intranet): www.psi.govt.nz/home/guidance/investment-management/capital-asset-management/

- **Ministry of Business, Innovation and Employment (MBIE)**:
  - Procurement website: www.business.govt.nz/procurement
  - Procurement lifecycle with emphasis on the planning: www.business.govt.nz/procurement/for-agencies/guides-and-tools
  - Guide to Mastering Procurement – structured approach to strategic procurement: www.business.govt.nz/procurement/for-agencies/strategic-procurement

- **Department of Internal Affairs/Office of the Government Chief Digital Officer**:
  - Major projects and programmes should consult with the DIA GCDO to understand the ICT common capabilities which are available for use, and which services they have been directed to adopt.
  - Information about ICT common capabilities which are generally available, and the ICT common capability roadmap, can be found on www.ict.govt.nz
  - For more information, contact gcdo@dia.govt.nz, or call 04 475 5775.

- **New Zealand Government Communications Security Bureau (GCSB)**:
  - New Zealand Government Information Security Manual: https://www.gcsb.govt.nz/publications/the-nz-information-security-manual/

- **New Zealand Office of the Controller and Auditor-General**: search for the following documents in www.oag.govt.nz/reports
  - Achieving public sector outcomes with private sector partners (2006): www.oag.govt.nz/2006/public-private
  - Managing conflicts of interest: Guidance for public entities (2007): www.oag.govt.nz/reports/docs/conflicts-public-sector.pdf/view
  - Procurement guidelines for public entities (2008): www.oag.govt.nz/2008/procurement-guide
- **Standards New Zealand**: www.standards.govt.nz
  - AS/NZS 8016:2013: Governance of IT enabled projects https://shop.standards.govt.nz/catalog/8016%3A2013%28AS%7CNZS%29/view
  - AS/NZS ISO 31000:2009: Risk Management – Principles and guidelines (supersedes AS/NZS 4360:2004: Risk Management, 2004) https://shop.standards.govt.nz/catalog/31000%3A2009%28AS%7CNZS+ISO%29/view?client=html5
  - SA/SNZ TS 8019:2016 Governance of benefits realization for IT enabled investments: https://shop.standards.govt.nz/catalog/8019%3A2016%28SA%7CSNZ+TS%29/view
- **Australian Government**
  - Australian Audit Office: www.anao.gov.au/Publications
    - Better Practice Guide: Developing and Managing Contracts, February 2012.
    - Better Practice Guide: Implementation of Programme and Policy Initiatives, October 2006
    - Better Practice Guide: Public Sector Governance, July 2003
    - Better Practice Guide: Business Continuity Management – Building resilience in public sector entities, June 2009
- **UK Government**
  - All UK government methodologies and best practices are now available from the official Axelos site: www.axelos.com, including:
  - ITIL – Information Technology Infrastructure Library: www.axelos.com/best-practice-solutions/itil
  - MoP – Management of Portfolios: www.axelos.com/best-practice-solutions/mop
  - MoR – Management of Risk: Guidance for Practitioners: www.axelos.com/best-practice-solutions/mor
  - MSP – Managing Successful Programmes: www.axelos.com/best-practice-solutions/msp
  - P3M3 – Portfolio, Programme, and Project Management Maturity Model: www.axelos.com/best-practice-solutions/p3m3
  - P3O – Portfolio, Programme and Project Offices: www.axelos.com/best-practice-solutions/p3o
  - Prince2 – Managing and Directing Successful Projects with PRINCE2: www.axelos.com/best-practice-solutions/prince2
- **Project Management Institute**
  - Project Management Body of Knowledge Fifth Edition (PMBOK® Guide) www.marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00101388701
  - Construction Extension to the PMBOK® Guide Third Edition www.marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00101025801
  - Software extension to the PMBOK® Guide Fifth Edition www.marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00101457501
  - The Standard for Program Management Third Edition www.marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00101388801
- **Change Management Institute**
  - Change Management Body of Knowledge First Edition www.change-management-institute.com/buycmbok