

THE TREASURY

Kaitohutohu Kaupapa Rawa

Gateway Review Process

Best Practice – Gateway to success

Review 2

Delivery Strategy

Detailed Business Case

March 2018

Acknowledgement

The information in this workbook is based on material in the UK Office of Government Commerce (OGC) UK Successful Delivery Toolkit TM and the OGC GatewayTM Review Pack. The Toolkit and Gateway material are Crown Copyright value added products and are developed, owned and published by the UK Cabinet Office. GatewayTM is a trademark of the UK Cabinet Office.

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Published by the New Zealand Treasury
March 2018

ISBN: 978-1-98-853477-0 (Print)
978-1-98-853476-3 (Online)

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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) 5¹ 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)

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 significant² 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.

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.

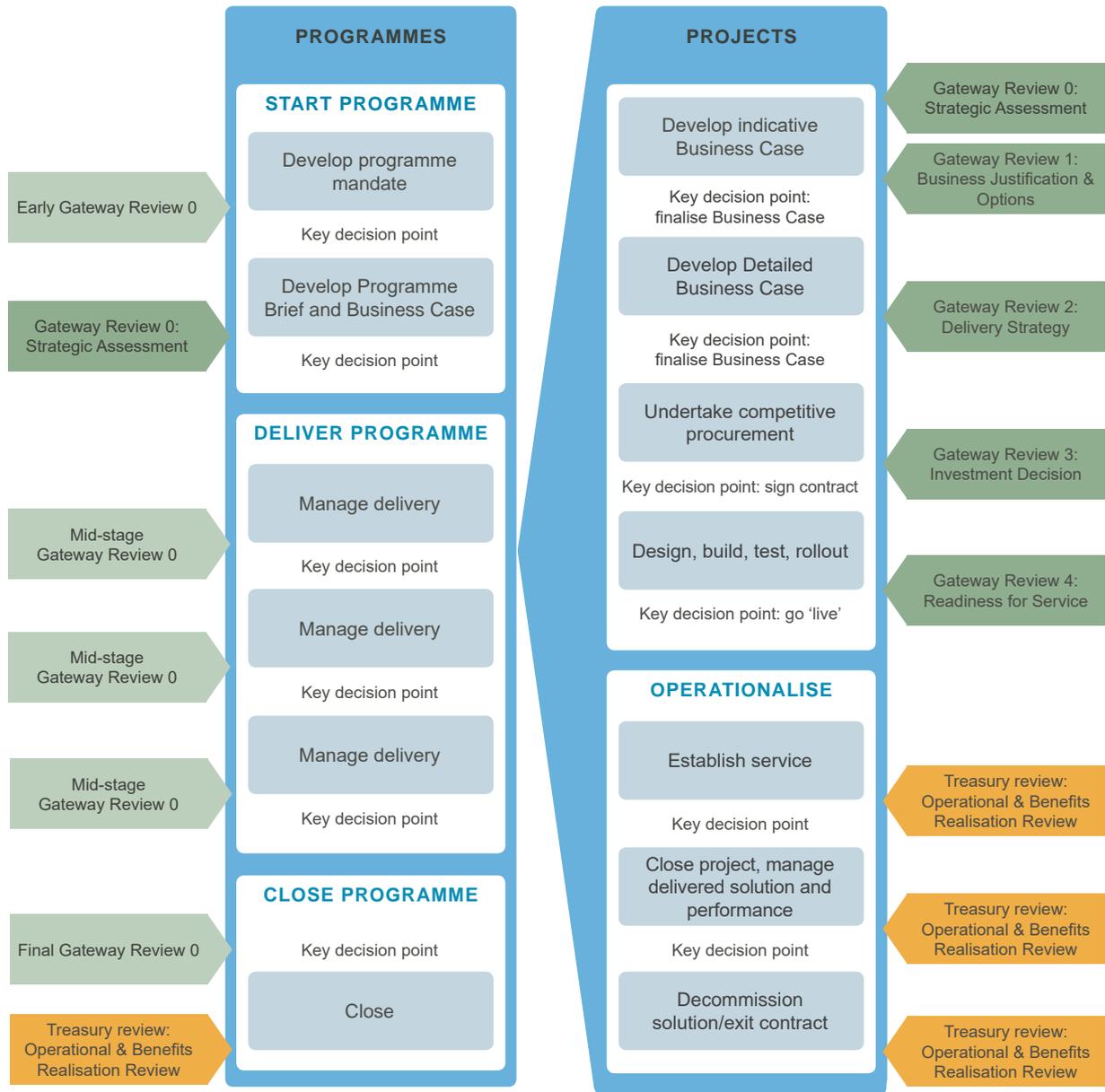
A programme approach should be flexible and capable of accommodating changing circumstances such as opportunities or risks materialising. It co-ordinates delivery of the range of work (including projects) needed to achieve outcomes, and benefits, throughout the life of the programme.

- 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 at intervals as agreed, until the benefits have been realised or the asset reaches the end of its life.

Overview of the Gateway process



Gateway Review 2: Overview

About this workbook

This workbook supports Gateway Review 2: Delivery Strategy – Detailed Business Case. This Review takes place as the development of the Detailed (Stage 2) Business Case nears completion.

The review investigates the assumptions in the Detailed (Stage 2) Business Case and proposed approach for delivering the project. If there is a procurement, the delivery strategy will include details of the sourcing options, the proposed procurement route and supporting information. The Review will also check that plans for implementation are underway.

Purposes of the Gateway Review 2

- Confirm the Detailed (Stage 2) Business Case now that the project is fully defined.
- Confirm that the objectives and desired outputs of the project are still aligned with the organisation and any programme to which it contributes.
- Confirm that appropriate project governance mechanisms are in place.
- Confirm that the benefits to be delivered by the project are well understood and agreed with stakeholders.
- Is there a solid plan for realising and evaluating benefits?
- Confirm that there is a solid Benefit Realisation Plan in place, including measures and a detailed and realistic benefits delivery plan with a schedule. A plan for monitoring and reporting on benefits delivery.
- Confirm that there is regular assessment of risks to benefits, including assessment of proposed project scope changes that includes an assessment of impact of change on benefits delivery
- Ensure that the delivery strategy is robust and that development mechanisms are still appropriate and manageable.
- Ensure that the project's plan through to completion is appropriately detailed and realistic, including initial thinking on contract management strategy and processes.
- Ensure that the project controls and organisation are defined, financial controls are in place and the resources are available.
- Confirm funding availability for the whole project.
- If appropriate, check that the supplier market capability and track record are fully understood (or existing supplier's capability and performance) and there will be an adequate competitive response from the market to the requirement.
- Confirm that the project will facilitate good client/supplier relationships.
- For a procurement project, confirm that there is an appropriate procurement plan in place that will ensure compliance with legal requirements and all applicable Ministry of Business Innovation and Employment (MBIE) and Treasury rules, while meeting the project's objectives and keeping procurement timescales to a minimum.
- Confirm that appropriate project performance measures and tools are being used.
- Confirm that there are plans for risk management, issue management (business and technical) and that these plans will be shared with suppliers and/or delivery partners.
- Confirm that quality management processes are in place.

- For IT-enabled projects, confirm compliance with IT and information security requirements and IT standards.
- For construction projects, confirm compliance with NZ government health and safety regulations and sustainability requirements.
- Confirm that internal organisational resources and capabilities will be available as required for future phases of the project.
- Confirm that the stakeholders support the project and are committed to its success.
- Evaluation of actions taken to implement recommendations made in any earlier assurance appraisal or assessment of deliverability.

Delivery strategy

Following Gateway Review 1: Business Justification & Options – Indicative Business Case, Cabinet determined that the project was feasible and there was a robust Strategic Business Case. The next phase defines the delivery strategy, focusing on establishing a clear definition of the project and a plan for its implementation. Any outstanding assumptions from the business justification for the project should now be verified.

Gateway Review 2 assesses the project's viability, its potential for success, the value for money to be achieved, and the proposed approach for achieving delivery of the project's objectives. Note that the Detailed Business Case (DBC) is not a fully complete business case at this point, as the project has not yet gone to the market (eg, with an RFP). The DBC identifies the preferred option and cost estimates. The Implementation Business Case is the final Business Case with firm quotes and procurement plans.

The main Cabinet decision is on the DBC, although most projects have a report-back following the Implementation Business Case, and full Cabinet or joint minister approval may be required if the costs in the Implementation Business Case are outside tolerances defined in the DBC.

If appropriate, the Review will assess whether the project is ready to invite proposals or tenders from the market.

This Review provides assurance to the Project Board that the selected delivery approach is appropriate for the proposed business change, whether involving the acquisition of goods or services, effecting organisational change, policy implementation, rollout of services to citizens, or other development.

Note that where a strategic partnering arrangement is in place, procurement regulations may still apply, along with market benchmarking, value for money assessments and potential contract changes. Therefore, the Gateway Review 2 appraisal must still be undertaken. 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 the existing supplier that offer value for money.

A project will normally go through a single Gateway Review 2 to validate the proposed delivery strategy, before any commitments are made to prospective suppliers or delivery partners about the acquisition process. However, large procurement projects taking many months may need to go through more Gateway 2 Reviews, as appropriate.

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 likely commercial relationship between the client organisation and the delivery partner organisation.

1: Assessment of delivery approach

AREAS TO PROBE	EVIDENCE EXPECTED
<p>1.1 Have all the relevant options for delivery been investigated and do these consider both the business needs of the organisation and address relevant government priorities?</p>	<ul style="list-style-type: none"> ▪ Selection of the preferred option from the short list of options is robust and justified. ▪ Examination and assessment of options, including the use of internal resources.
<p>1.2 Are the business needs clearly understood by the client organisation and likely to be understood by those involved in delivery?</p>	<ul style="list-style-type: none"> ▪ Detailed output/outcome-based definition of requirements ▪ Statements of Work developed or under development ▪ Acceptance criteria/quality criteria/signoff criteria clearly documented and agreed ▪ Specification includes critical success factors to show how achievement of outputs/outcomes will be assessed ▪ Appropriate quality criteria applied to information provided to the delivery organisation (internal or external).
<p>1.3 Are the project outputs/ outcomes accurately reflected in the requirement specification?</p>	<ul style="list-style-type: none"> ▪ Depending on the nature of the delivery, an appropriate form of requirement specification reviewed and endorsed by stakeholders ▪ Appropriate mechanism to articulate the requirement to potential suppliers, internal or external, quality assured to ensure that suppliers will understand what is wanted.
<p>1.4 Where appropriate, have options for the procurement route been evaluated, including sources of supply?</p>	<ul style="list-style-type: none"> ▪ All appropriate sourcing options examined (eg, use of internal resources, single or multiple suppliers; opportunities for collaboration, Shared Services, use of existing panel contracts and frameworks, etc) ▪ For construction projects, evidence that integrated procurement routes such as Public-Private Partnerships (PPP), Prime Contracting and Design, Build & Operate have been fully evaluated ▪ For IT-enabled projects, the decision to contract for an output or for constituent building blocks or activities is soundly based ▪ For internal projects, assurance that the organisation has adequate expertise and capacity to undertake delivery of the requirement ▪ Comparison with similar projects and analysis, supported by commercial intelligence on market capability ▪ Reasons for selecting sourcing options are documented and justified.

<p>1.5 Will the project be attractive to the market?</p>	<ul style="list-style-type: none"> ▪ Detailed market soundings taken, including an examination of recent similar procurements by others or a commentary on the capacity of the market and the nature of the project's likely suppliers ▪ Initial assessment of likely suppliers ▪ An assessment of market capacity to deliver ▪ An assessment of the competitive interest in the requirement ▪ Analysis of potential variations or innovations.
<p>1.6 Has the proposed procurement procedure been evaluated?</p>	<ul style="list-style-type: none"> ▪ Open two-stage or closed one-stage procedures identified ▪ Reasons for following this procedure understood, related risks evaluated (such as impact on timescales and bid costs for suppliers), decision justified and documented ▪ Legal advice provided on any procurement approach ▪ The project has considered and documented the use of Probity advisors ▪ Where relevant, an earlier Notice has been published in the Government Electronic Tender Service (GETS), indicating good forward planning of the procurement, and possible time saving.
<p>1.7 Is the selected delivery strategy defined and endorsed?</p>	<ul style="list-style-type: none"> ▪ Delivery strategy clearly defined, showing reasons for selection and agreed with stakeholders ▪ Evidence that business continuity and future exit, handover and transition strategies have been considered at high level ▪ Confirmation of development, involvement and endorsement of the delivery strategy by the appropriate individuals ▪ Strategy to include, as appropriate: <ul style="list-style-type: none"> ▪ description of the key objectives, constraints (eg, timescale), funding mechanism and risk allocation; ▪ the delivery route (how the strategy will be achieved) including sourcing option and contract strategy ▪ procurement procedure (eg, Open or Closed); time plan to include any timetable laid down in departmental procurement guidance and time needed for pre-procurement activities, implementation and contingency in the event of unavoidable slippage, with milestones ▪ assessment of marketplace/potential suppliers; the roles, resources and skills needed to manage the delivery strategy ▪ alignment with plans for implementation ▪ Procurement innovation and sustainability issues have been considered.

<p>1.8 Have the factors that influence the delivery strategy been addressed?</p>	<ul style="list-style-type: none"> ▪ Documented evidence that key factors influencing the delivery strategy have been taken into account ▪ Evidence that efficiency and predictability of delivery process have been considered, with a process in place for addressing the impact of any deviation from the plan and timetable ▪ plans for two-way communications with stakeholders and suppliers.
<p>1.9 Will the delivery strategy facilitate communication and co-operation between all parties involved?</p>	<ul style="list-style-type: none"> ▪ Communication strategy and support mechanisms in place ▪ Evidence that the delivery strategy will include: <ul style="list-style-type: none"> ▪ early involvement of suppliers to ensure the design is fully informed by the delivery process ▪ clearly defined performance criteria with key performance indicators and a system for measuring performance.
<p>1.10 Is there adequate knowledge of existing and potential suppliers? Who are the suppliers most likely to succeed?</p>	<ul style="list-style-type: none"> ▪ Evidence showing that adequate knowledge of existing and potential suppliers has been considered ▪ Evidence of commercial market intelligence, market sources and potential suppliers ▪ Evidence that track records from public and private sector have been considered <ul style="list-style-type: none"> ▪ public sector's ability as a customer to work in this way ▪ private sector track record in meeting similar or equivalent business need ▪ Indications of the types of suppliers most likely to succeed in delivering the required outcomes.
<p>1.11 Is the contract management strategy robust?</p>	<ul style="list-style-type: none"> ▪ Contract management strategy takes account of key factors such as the required 'intelligent customer' skills, proposed relationship, management of single or multiple suppliers ▪ Strategy will facilitate a good procurement relationship with the supplier/s ▪ Contract management risks appear in the risk register ▪ Evidence of continuity of key project personnel.

<p>1.12 Has the project team complied with MBIE procurement guidelines in drafting the GETS Contract Notice?</p>	<ul style="list-style-type: none"> ▪ The GETS Contract Notice (draft) reviewed, shown to be complete and containing an accurate description <ul style="list-style-type: none"> ▪ for construction projects, includes requirement for suppliers to provide relevant health and safety information ▪ specification includes government sustainability commitments ▪ The scope of the GETS Contract Notice is broad enough to allow for appropriate flexibility now and in the future ▪ Tender evaluation criteria and weightings produced in accordance with MBIE and OAG guidance reviewed/accepted by the project, and incorporated into the GETS Contract Notice.
<p>1.13 Is the evaluation strategy (including how to demonstrate value for money) accepted by stakeholders and compliant with MBIE and Controller and Auditor-General (OAG) procurement guidance?</p>	<ul style="list-style-type: none"> ▪ Evaluation criteria and model(s) approved by stakeholders ▪ Key evaluation criteria linked to business objectives and given appropriate weighting ▪ Financial and non-financial aspects of the evaluation separated out ▪ Evaluation criteria included in information to potential tenderers and priorities in meeting that need, where applicable (eg, quality of service, innovation) ▪ For construction projects, appropriate weight given to health and safety, sustainability, design quality ▪ Where appropriate, the evaluation includes benchmarking the value for money offered by partnering, internal supplier or framework/call-off arrangement ▪ Consideration of contract duration, in relation to value for money and whole-life costs ▪ Consideration of whether to act on behalf of other public sector organisations in the role of a Central Purchasing Body.

<p>1.14 Is the project aware of the Government standards that might apply to it?</p>	<ul style="list-style-type: none">▪ Evidence that appropriate standards and other Cabinet directives have been considered when assessing the options for delivering the outcomes eg, For IT-enabled projects – compliance with Department of Internal Affairs e-government frameworks such as e-GIF (see the Supporting Guidance section for a full list); consideration of information assurance requirements in relation to business objectives; compliance with IT security requirements▪ Compliance with relevant legislation:<ul style="list-style-type: none">▪ Official Information Act▪ Privacy Act▪ Public Records Act▪ MBIE Procurement Rules.
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2: Business case and stakeholders

AREAS TO PROBE	EVIDENCE EXPECTED
<p>2.1 Does the Business Case continue to demonstrate business need and contribution to the organisation's business strategy?</p>	<ul style="list-style-type: none"> ▪ Continued confirmation that the project will meet business need (including confirmation that priorities remain unchanged where any external factors might have an effect) ▪ Confirmation that the objectives and desired outputs of the project are still aligned with the organisation and any the programme to which it contributes ▪ Are the 'five cases' (Strategic, Economic, Commercial, Financial and Management) well-articulated and compliant with Treasury Better Business Case guidance?
<p>2.2 Is the preferred way forward still appropriate?</p>	<ul style="list-style-type: none"> ▪ Continued confirmation of the way forward, supported by assessment based on indicative assumptions about factors such as interdependencies with other programmes and projects, reliance on partners to deliver, availability of internal resources etc ▪ Implications of the requirements thoroughly considered (eg, ensuring take-up of new services by the citizen), with contingency plans for phasing out current ways of providing the service.
<p>2.3 Is the proposed arrangement likely to achieve whole-life value for money?</p>	<ul style="list-style-type: none"> ▪ Bases for calculating costs (value of requirements) and comparison of delivery approaches (eg, tenders) agreed with key stakeholders ▪ Updated Business Case on the basis of the full project definition, market assessment and initial benefits plan ▪ Delivery strategy reflected in Business Case cost estimates ▪ Examination of sensitivities and financial implications of handling major risks; assessment of their effect on project return ▪ Projects that are not designed to achieve a financial return should include comparisons with similar successful projects, to assess the potential to achieve value for money and to set targets
<p>2.4 Are the costs within current budgets? Is the project's whole-life funding affordable and supported by the key stakeholders?</p>	<ul style="list-style-type: none"> ▪ Reconciliation of projected whole-life costs with available budget, reviewed and accepted or approved by key stakeholders ▪ Project costs within organisation's forecasted spending plans ▪ Quantitative Risk Assessment (QRA), if used to analyse the various likelihoods of project costs, robust and thorough?

<p>2.5 Is the organisation still realistic about its ability to achieve a successful outcome?</p>	<ul style="list-style-type: none"> ▪ Comparison with similar projects (and similar organisations); assessment of past track record in achieving successful change; plans to manage known weaknesses; where applicable, plans for incremental/modular approaches; contingency plans in place ▪ If the project traverses organisational boundaries: there are clear governance arrangements to ensure sustainable alignment with the business objectives of all organisations involved.
<p>2.6 Is there a clear definition of the total project scope?</p>	<ul style="list-style-type: none"> ▪ Updated document showing total project scope including business change, where applicable (see Gateway Review 1: Business Justification & Options – Indicative Business Case).
<p>2.7 Are the risks and issues relating to business change understood? Is there an initial plan to address these issues?</p>	<ul style="list-style-type: none"> ▪ Risks and issues relating to business change reflected in risk register or issues log, with a management plan and owner for each ▪ Account has been taken of relevant impact assessment and appraisal issues such as Regulatory Impact, Sustainable Development and Environmental Appraisal.
<p>2.8 Do stakeholders support the project? Is the organisation still fully committed?</p>	<ul style="list-style-type: none"> ▪ Documented involvement of and endorsement by stakeholders ▪ Any reservations documented and allayed.
<p>2.9 Are the benefits to be delivered by the project understood and agreed with stakeholders? Is there a solid initial plan for realising and evaluating benefits?</p>	<ul style="list-style-type: none"> ▪ Benefits are clearly stated ▪ Initial plan for realising and evaluating delivery of benefits, showing costs offset (eg, by improved quality of service and/or savings over the project's expected life) ▪ Critical success factors for the project are still valid, and agreed with stakeholders ▪ Valid indicators of success for the tangible and intangible benefits used.
<p>2.10 Does the Business Case maximise Value for Money?</p>	<ul style="list-style-type: none"> ▪ Effectiveness – Investing wisely ▪ Efficiency – Investing well ▪ Economy – Investing less.

3: Risk management

AREAS TO PROBE	EVIDENCE EXPECTED
<p>3.1 Are the major risks and issues identified, understood, financially evaluated and considered in determining the delivery strategy?</p>	<ul style="list-style-type: none"> ▪ Major issues and risks logged and up-to-date, including strategic, political, commercial, legislation. In addition: <ul style="list-style-type: none"> ▪ interdependencies identified, if applicable, with other projects within this programme, and with other programmes within and outside the organisation ▪ for construction projects, health and safety risks for the whole life of the project identified ▪ for IT-enabled projects, risks relating to IT and information security and take-up (where applicable) identified ▪ Each risk assessed financially and included in Business Case either as sensitivity or a separate risk allocation ▪ Assessment of all technical risks documented, such as 'buildability' and risks associated with innovation.
<p>3.2 Are there risk management plans?</p>	<ul style="list-style-type: none"> ▪ Project risk management strategy in place, developed in line with best practice ▪ Risk management plans for each risk and responsibilities for managing each risk clearly identified and allocated; approved by stakeholders ▪ Risk reporting process in place for upward referral of risks ▪ Contingency and/or business continuity plans developed if required.
<p>3.3 Have all the issues identified been satisfactorily resolved?</p>	<ul style="list-style-type: none"> ▪ Issue Log and Risk Registers that are regularly reviewed by Project Team and evidence of appropriate action taken.
<p>3.4 Are the external issues being addressed? These include the statutory process, communications, public relations and environmental issues.</p>	<ul style="list-style-type: none"> ▪ List of external issues and related stakeholders, with plans for contact with each to meet the project needs ▪ External relations plan developed and implemented as part of communications strategy.

4: Review of current phase

AREAS TO PROBE	EVIDENCE EXPECTED
4.1 Is the project under control?	<ul style="list-style-type: none"> ▪ Project running to schedule and costs within budget, as shown in project budget and timetable reports.
4.2 What caused any deviations such as over or under-runs?	<ul style="list-style-type: none"> ▪ Reconciliations set against budget and time plan, and in accordance with risk allowances.
4.3 What actions are necessary to prevent deviations recurring in other phases?	<ul style="list-style-type: none"> ▪ Analysis and plans documented in project management documentation that is continually reviewed and updated.
4.4 Are there any assumptions documented at Gateway Review 1 that have not been verified?	<ul style="list-style-type: none"> ▪ Log of outstanding assumptions and plans to verify them; where applicable, classed and managed as issues.

5: Readiness for next phase: Investment decision

AREAS TO PROBE	EVIDENCE EXPECTED
<p>5.1 Is the project plan for the remaining stages realistic?</p>	<ul style="list-style-type: none"> ▪ Clear objectives, deliverables and milestones for the next stage defined and signed off by stakeholders ▪ Recommendations from last Gateway Review actioned.
<p>5.2 Are the project's timescales reasonable, and compliant with MED guidance?</p>	<ul style="list-style-type: none"> ▪ Timescales are likely to meet business and legislative needs and have been verified with internal stakeholders and suppliers ▪ Comparisons with similar projects ▪ Where appropriate, written record available of compliance with MBIE and OAG procurement guidance in relation to all procurement project decisions taken ▪ Analysis of the effects of any slippage that will affect the project (eg, procurement costs) and suppliers (eg, bid costs), with supporting sensitivity analysis.
<p>5.3 What are the arrangements for the next stage of the project? Have its activities been defined and resourced?</p>	<ul style="list-style-type: none"> ▪ Plan showing roles, responsibilities, training requirements, internal and external resources, skills requirements and any project management mentoring resources available ▪ Involvement from a business, user and technical perspective ▪ A suitable/appropriate plan for the selected delivery approach that identifies all key review and decision points, including any preliminary reviews ▪ Appropriate standard form of contract identified, as the baseline for later adaptations as required.
<p>5.4 Does the project have resources with, where required, the appropriate skills and experience?</p>	<ul style="list-style-type: none"> ▪ Requisite skills available in the Project Team, and access to external expertise as appropriate ▪ Requirements for 'intelligent customer' capabilities, where appropriate, identified and plans for putting them in place ▪ Project relationships such as team-working and partnering considered, with a plan to implement them where appropriate ▪ Internal and external commitment to provide the resources required ▪ Job descriptions for key project staff ▪ Skills audit undertaken and plans for addressing any shortfall ▪ Contract management staff identified to join the procurement team at an early stage, to familiarise themselves with the procurement's intent and processes ▪ Appropriate allocation of key project roles between internal staff and consultants or contractors.

Gateway Review 2: Typical project documentation

The areas of investigation, together with examples of evidence, should be available before the Gate 2 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 Detailed (Stage 2) Business Case meeting Better Business Case requirements
- A well-fleshed out benefits management strategy and benefits profiles
- A robust Benefits Realisation Plan including measures and a detailed and realistic benefits delivery plan with a delivery schedule. A plan for monitoring and reporting on benefits delivery.
- Evidence of regular assessment of risks to benefits; assessment of proposed project scope changes must include assessment of impact of change on benefits delivery
- The project's costs to date set against budget
- Specification of the project's expected outputs and outcomes
- The delivery/acquisition approach (including the procurement strategy if appropriate) and documented justification for the approach
- Where required, draft Government Electronic Tender Service (GETS) Contract Notice (not applicable for non-procurement projects, or where there is an existing supplier arrangement, or for use of internal resources)
- Well-developed requirements documentation, preferably as a draft output-based specification or statement of requirements (for procurements)
- Initial work on an evaluation strategy and model for evaluating proposals, including tenders including consideration of evaluation criteria and weightings (for procurements)
- Draft contract, based on suitable standard contract model (for procurements)
- Updated market intelligence and supplier assessment (for procurements)
- Results of any business, commercial or technical benchmarking
- Probity report, if a probity advisor has been engaged
- Proposed implementation strategy for implementing the new service/works contract
- A strategy and plan for managing the business change
- Updated Risk Register, Issue Log and risk management plans
- Current and planned business/technical policies, strategies and constraints (eg, health and safety standards, information assurance requirements such as security schedule)
- Outline project plans to project completion, and detailed plans, including analysis of required resources, for the next phase
- Updated communications strategy and plan
- Project quality plan showing the processes for evaluating the quality of work products
- A strategy for measuring project performance, including health and safety (construction projects)
- Independent Quality Assurance (IQA) reports
- Quantitative Risk Assessment (QRA) analysis.

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