In Procurement

Is there confidence that procurement is efficient
and aligned to achieving the best outcome?

we are **insw** **Infrastructure
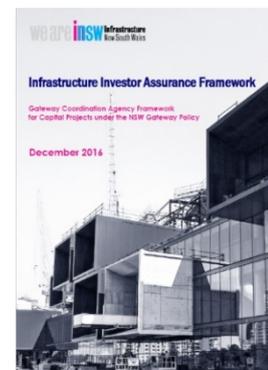New South Wales**

INTRODUCTION TO GATEWAY REVIEWS

The *NSW Gateway Policy* (TPP17-01) sets out guidance and minimum requirements for the delivery and monitoring of Gateway Reviews in NSW. Gateway Reviews are independent Reviews conducted at key points, or Gates, along the lifecycle of a project and are important for providing confidence to the NSW Government (through Cabinet) that projects are being delivered on time, to cost and in line with government objectives.

Infrastructure NSW is the Gateway Coordination Agency (GCA) for the government's capital infrastructure projects and programs. As the GCA, Infrastructure NSW developed, implemented and administers the Infrastructure Investor Assurance Framework (IIAF). The roles and responsibilities of Infrastructure NSW as well as delivery agencies, in relation to assurance processes are set out in the IIAF. It is the responsibility of all delivery agencies to meet the requirements of the IIAF.

Gateway Reviews are one of the four elements of the Infrastructure NSW risk-based assurance approach for all capital infrastructure projects valued at or more than $10 million. The risk-based approach relies on an understanding of an agency's capability and capacity to develop and deliver capital projects and programs.

The outcome of each Gateway Review is a Review Report that includes commentary to inform the NSW Government of a project's progress against objectives. The Review Report also includes a series of recommendations aimed at assisting the delivery agency to develop and deliver their projects and programs successfully.
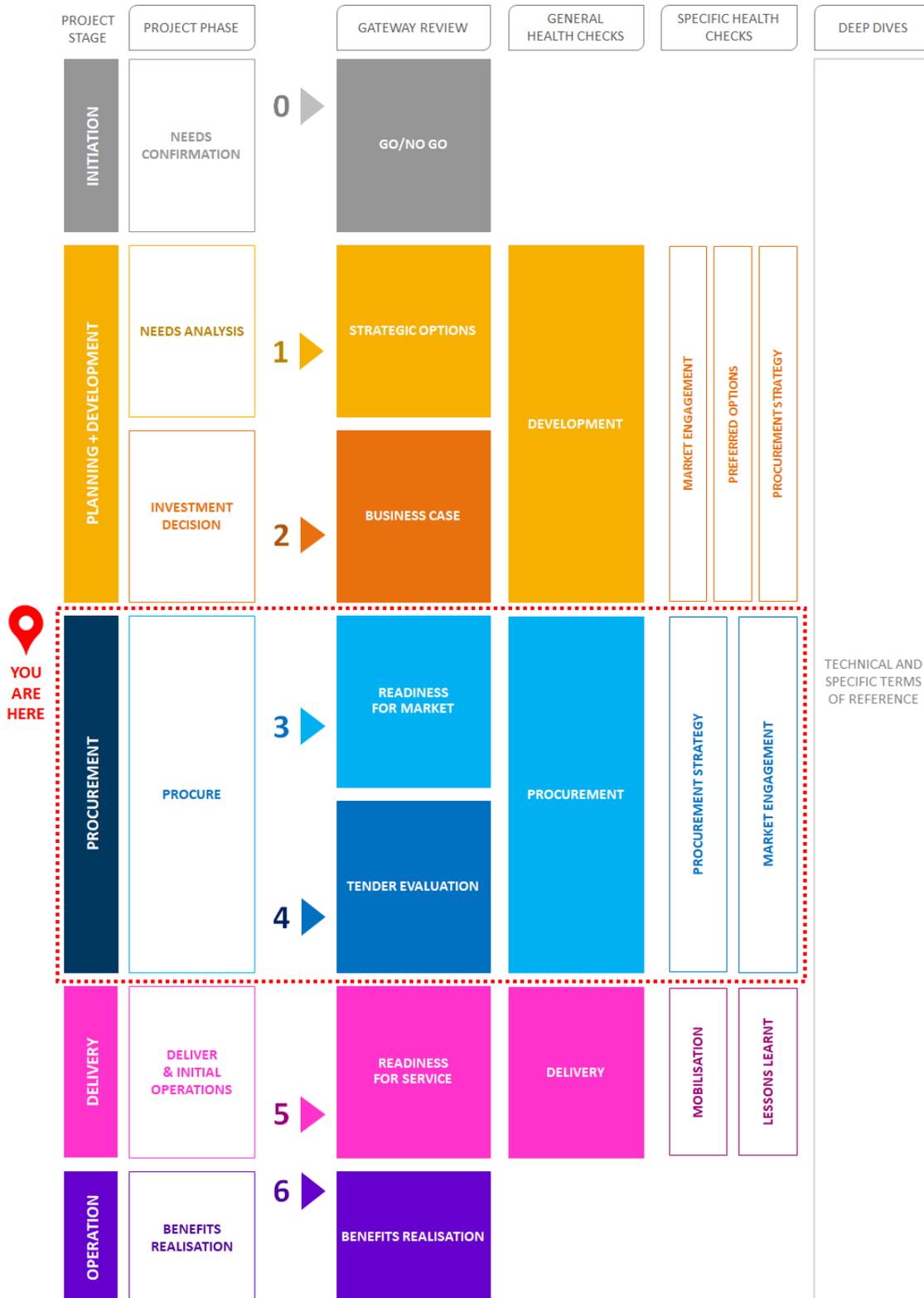
Gateway Reviews can consider an individual project or a program consisting of a number of projects. For the purposes of this workbook, the use of the term 'project' also covers the grouping of projects into a program.

PROJECT LIFECYCLE AND GATEWAY REVIEWS

The diagram below outlines the typical Gates, along a project lifecycle where Gateway Reviews can be conducted. Health Check Reviews can occur at any point through the lifecycle and are tailored to the project's stage and phase.

PROJECT STAGE	PROJECT PHASE	GATEWAY REVIEW	GENERAL HEALTH CHECKS	SPECIFIC HEALTH CHECKS	DEEP DIVES
INITIATION	NEEDS CONFIRMATION	0 ▶ GO/NO GO			
PLANNING + DEVELOPMENT	NEEDS ANALYSIS	1 ▶ STRATEGIC OPTIONS	DEVELOPMENT	MARKET ENGAGEMENT / PREFERRED OPTIONS / PROCUREMENT STRATEGY	TECHNICAL AND SPECIFIC TERMS OF REFERENCE
PLANNING + DEVELOPMENT	INVESTMENT DECISION	2 ▶ BUSINESS CASE	DEVELOPMENT	MARKET ENGAGEMENT / PREFERRED OPTIONS / PROCUREMENT STRATEGY	TECHNICAL AND SPECIFIC TERMS OF REFERENCE
PROCUREMENT	PROCURE	3 ▶ READINESS FOR MARKET	PROCUREMENT	PROCUREMENT STRATEGY / MARKET ENGAGEMENT	TECHNICAL AND SPECIFIC TERMS OF REFERENCE
PROCUREMENT	PROCURE	4 ▶ TENDER EVALUATION	PROCUREMENT	PROCUREMENT STRATEGY / MARKET ENGAGEMENT	TECHNICAL AND SPECIFIC TERMS OF REFERENCE
DELIVERY	DELIVER & INITIAL OPERATIONS	5 ▶ READINESS FOR SERVICE	DELIVERY	MOBILISATION / LESSONS LEARNT	
OPERATION	BENEFITS REALISATION	6 ▶ BENEFITS REALISATION			

YOU ARE HERE (at PROCUREMENT stage)

HOW TO USE THIS WORKBOOK

For Health Checks in Procurement, delivery agencies are expected to demonstrate a robust procurement approach, transparent progress reporting and risk tracking and mitigation. Health Checks in Procurement should provide confidence that the project is being effectively and efficiently moved through its Procurement stage and that there is confidence in achieving the best possible outcome.

Health Check Review workbooks support a consistent, structured approach to Reviews. The workbooks define roles and responsibilities during Reviews and assist delivery agencies and the Review Team to prepare.

PART A	**FOR DELIVERY AGENCIES AND REVIEW TEAMS:** • Background information on the Health Check Review process • Information on the Gateway Review process and how Health Checks apply to projects	**PAGE:** **10**
PART B	**FOR DELIVERY AGENCIES:** • Guidance on how to initiate a Health Check Review • Mandatory information	**PAGE:** **17**
PART C	**FOR REVIEW TEAMS:** • The structure and process to follow in conducting a Health Check Review • Areas for investigation across the seven Key Focus Areas	**PAGE:** **23**
PART D	**FOR DELIVERY AGENCIES:** • Templates to support a Health Check Review	**PAGE:** **28**

HEALTH CHECKS AND DELIVERY AGENCY ASSURANCE PROCESSES

The assurance process, including Health Check Review outcomes, informs the NSW Government (through Cabinet) on the development and delivery confidence of capital projects. Recommendations and commentary emerging from Health Check Reviews also have a focus on adding value to a project through the expertise and experience of the Review Team.

A Health Check Review provides an independent forward-looking snapshot of progress at a point in time. Health Check Reviews **do not replace the need for mandatory Gateway Reviews** and are **not a replacement for a delivery agency's internal governance.**

Every NSW agency should have its own governance structures and resources in place to undertake internal reviews and regularly report on its portfolio of projects.

WHY DO HEALTH CHECK REVIEWS

The NSW Government requires visibility across its capital program and assurance that expected services and benefits will be delivered on time, to budget and in line with government policy. The Government also expects project issues and risks to be transparent, with delivery agencies acting on and mitigating problems before there is an impact on community and stakeholder outcomes.

Gateway Reviews and Health Checks undertaken as part of the Infrastructure Investor Assurance Framework provide the NSW Government with an appropriate level of project visibility based on each project's risk profile.

TRIGGERS FOR HEALTH CHECKS

The GCA will agree the timing of the Health Check with the delivery agency. Health Checks are initiated in one of three ways.

PLANNED	Projects classified as Tier 1 are required to have a Health Check in Delivery Review every six months during the Delivery stage.
UNPLANNED	Requested by the delivery agency, NSW Treasury or the GCA in response to an external event or emerging issue.
PROMPTED	Emerge as a recommendation of a Gateway Review or Health Check Review, to assist in resolving identified project issues.

TYPES OF HEALTH CHECKS

Health Checks are independent expert reviews completed by a Review Team comprising experienced practitioners selected by the GCA to meet the specific needs of the project. A Health Check adds value to the project by providing 'point in time' insight into project elements potentially impacting on successful development and delivery.

Health Checks are initiated as planned, unplanned or prompted activities.

Health Checks can be undertaken in the Development stage, Procurement stage and/or Delivery stage of a project. The Health Checks for each of these stages review the progress of the project against the seven Key Focus Areas. Part C of this workbook includes questions under each of the seven Key Focus Area to assist the Review Team and guide the review.

Each of the Health Checks (Development, Procurement, Delivery) take a general approach based on the project's lifecycle stage. In addition, each Health Check can also consider specific project activities. Part D of this workbook contains general questions relevant to all Health Check in Procurement Reviews and additional questions that the Review Team can choose to include in the Review process to target specific activities or issues.

As with other Reviews, Terms of Reference for each Health Check Review will be agreed and can ask the Review Team to focus on certain aspects of the project. This is particularly important for Health Check Reviews which can have a relatively broad remit.

In summary, the three Health Checks and specific activities are:

- **Health Check in Development, which can include a focus on:**
    - options analysis and appraisal
    - procurement strategy
    - market engagement

- **Health Check in Procurement, which can include a focus on:**
    - market engagement
    - procurement strategy and contract structure

- **Health Check in Delivery, which can include a focus on:**
    - mobilisation
    - lessons learnt

The outcome of a Health Check will be a Review Report commenting on the improving project development or delivery confidence, including a series of recommendations aimed at improving the project.

HEALTH CHECK PRINCIPLES

The following principles apply to the conduct of a Health Check Review:

- **Relevant and aligned** – the delivery agency should be transparent in the information presented to the Review Team.
- **Efficient and flexible** – the Terms of Reference are agreed, appropriate to the stage and phase of the project and can target specific known, potential or emerging issues.
- **Add value** – collaborative and cooperative discussion focused on project issues is essential. Constraints on the delivery agency in terms of resourcing, commercial parameters, level of influence and government policy should be viewed as practical considerations.

In addition:

- The Review Team members are selected for their skillset and, as far as practicable, match to the project's type, needs, stage, scale and complexity.
- The workbook structure is followed by the Review Team in undertaking the Review.
- Reviews are collaborative and constructive with all parties focused on value-adding to the project.
- Review Report commentary and recommendations are focused on practical improvements

CONDUCTING A GATEWAY HEALTH CHECK

Health Check Reviews follow the same format as Gateway Reviews. Delivery agencies should note the following steps and timeframes below:

STEP	ACTIVITY
1	Project approaches milestone, delivery agency checks readiness for Gateway Review and contacts the GCA.
2	GCA Review Manager and the delivery agency confirm the Review dates.
3	GCA Review Manager confirms and appoints Reviewers.
4	GCA Review Manager prepares the Terms of Reference in discussion with the delivery agency.
5	Delivery agency completes the required templates (see Part B) and provides them to the GCA Review Manager.
6	Delivery agency uploads Review documents to GCA data room.
7	Review documents are released to the Review Team.
8	Project briefing (Review planning day) including site visit hosted by the delivery agency.
9	Review days (hosted by the delivery agency – up to 3 days if required) - Day 1 – Interviews - Day 2 & 3 – Interviews / report preparation The time required should be agreed in discussion between the GCA Review Manager, delivery agency and the Review Team Leader.
10	Reviewer Team finalises the Review report for the GCA.
11	Delivery agency debrief (usually attended by the GCA) to the SRO.
12	Report and recommendations table goes to the delivery agency for fact check and responses to the recommendations.
13	Fact checked report and responses to the recommendations sent to the GCA by the delivery agency.
14	Report incorporating response to recommendations finalised by the GCA.
15	Post Review survey sent out to delivery agency, Review Team members and GCA Review Manager.
16	Close-out Plan issued to delivery agency by the GCA.

Planning

Week 1

Week 2

Week 3

Week 4

Week 5

Post Review

KEY FOCUS AREAS

At the conclusion of the Health Check Review, the Review Team will rate the project against each of the seven Key Focus Areas:

KEY FOCUS AREA	DESCRIPTION APPLICABLE TO HEALTH CHECKS
SERVICE NEED	Identification of the problem or opportunity and the service need, along with the drivers for change. Demonstrated alignment to government policy or strategy and evidence of demand for the potential new services or enhancements.
VALUE FOR MONEY AND AFFORDABILITY	Ensure value is delivered by maximising benefits at optimal cost. Evidenced by a clearly defined scope, a cost benefit analysis and a robust cost plan to an appropriate level of detail for the lifecycle stage of the project. An assessment of potential or confirmed sources of funds. The whole-of-life, capital and operational cost impacts have been considered.
SOCIAL, ECONOMIC AND ENVIRONMENTAL SUSTAINABILITY	Understanding the long-term impacts, opportunities and obligations created by the project. These can be social, environmental and economic. Ensuring the project delivers a positive legacy for the community. Areas explored include: socio-economic equity; resilience to climate change; effective place making; integration with broader asset networks; asset adaptability (including technological change); interface with heritage; and the robustness of the project's planning approvals processes.
GOVERNANCE	The project governance is robust. Clear accountabilities, responsibilities and reporting lines are identified and decision-making and approvals are appropriate and understood. The Senior Responsible Officer and project team have the culture, capability and capacity required.
RISK MANAGEMENT	Ongoing identification and active management of risks and opportunities using a structured and formal methodology.
STAKEHOLDER MANAGEMENT	Ongoing identification and proactive management of stakeholders, both internal and external to government, using a structured and robust framework appropriate to the stage in the project lifecycle.
ASSET OWNER'S NEEDS AND CHANGE MANAGEMENT	Demonstration of how change will be managed in the areas of people, organisation, network and systems as the asset enters operations. Proactive management of the handover impacts through the lifecycle of the project. Demonstrated consideration of issues and risks pertaining to the asset manager, operator and end users.

REVIEW RATINGS

The Review Team will rate each of the Key Focus Areas:

KEY FOCUS AREAS RATING HOW THE KEY FOCUS AREA HAS BEEN ADDRESSED AND WHAT RISK DOES IT POSE TO PROJECT DEVELOPMENT AND DELIVERY CONFIDENCE	
STRONG	There are no major outstanding issues that appear to threaten benefit realisation, risk management and project scope definition.
SATISFACTORY	There are issues that require timely management attention.
WEAK	There are significant issues that may jeopardise the successful delivery of the project.

The Review Team will also assign the project an overall confidence rating:

OVERALL RATING CONFIDENCE LEVEL THAT THE PROJECT IS BEING EFFECTIVELY DEVELOPED AND DELIVERED IN ACCORDANCE WITH THE GOVERNMENT'S OBJECTIVES	
HIGH	Successful delivery of the project to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten successful delivery.
MEDIUM	Successful delivery is feasible but significant issues exist which require timely management and attention.
LOW	Successful delivery of the project is in doubt, with major risks or issues apparent in a number of key areas. Urgent additional action is needed.

Each of the recommendations made by the Review Team will also receive a rating, indicating level of urgency for the project:

RECOMMENDATION RATING EACH RECOMMENDATION OF THE REVIEW TEAM IS RATED ACCORDING TO ITS URGENCY AND CRITICALITY	
SUGGESTED	The recommendation is not considered critical or urgent but the development of the project may benefit.
ESSENTIAL (DO BY)	The recommendation is important but not urgent. The SRO should take action before further key decisions are taken.
CRITICAL (DO NOW)	This item is critical and urgent. The SRO should take action immediately. It means "fix the key problems fast, not stop the project."
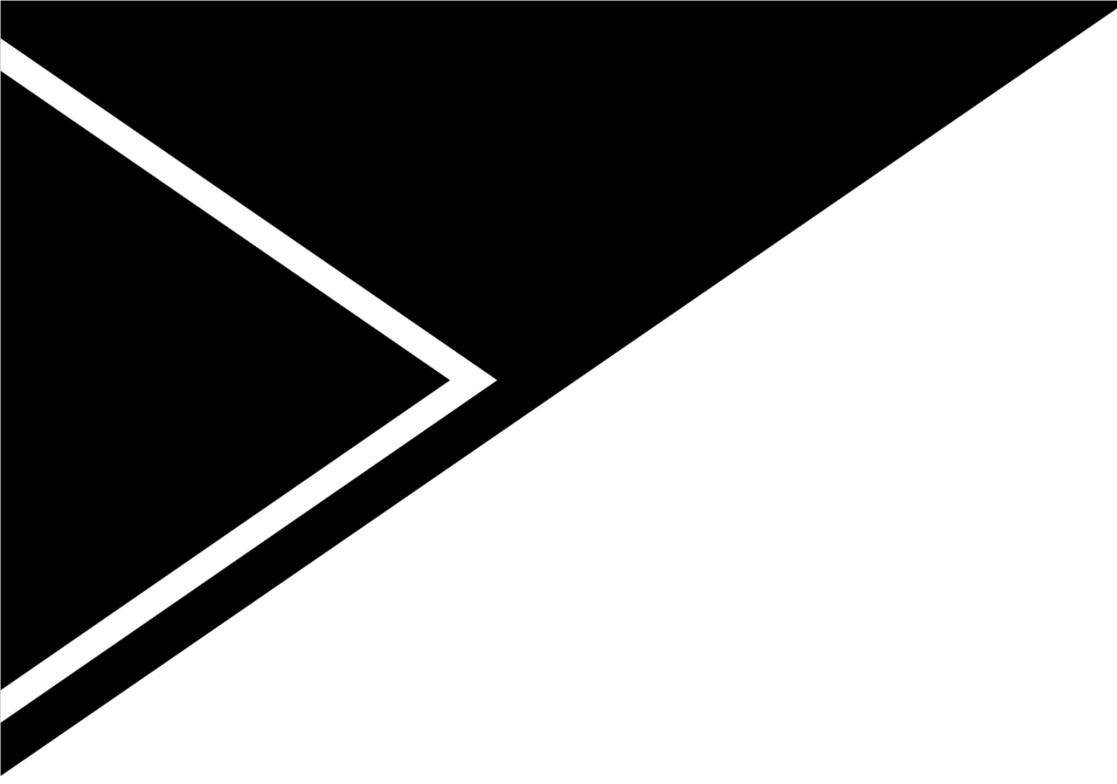
HEALTH CHECK WORKBOOK

Part A

FOR DELIVERY AGENCIES AND REVIEW TEAMS
Background on NSW Gateway and risk based approach to project assurance

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INFRASTRUCTURE INVESTOR ASSURANCE IN NSW

The NSW Government has adopted a formal Assurance Framework for capital infrastructure projects valued at or over $10 million. The Framework is detailed in the Infrastructure Investor Assurance Framework (IIAF), as endorsed by NSW Cabinet in June 2016.

The Assurance Framework takes a risk-based approach to investor assurance. Each project is assigned one of four risk-based Project Tiers (considering risk criteria as well as the value and profile of the project), and this determines the potential assurance pathway for the project. For projects assessed to have higher risk/profile/value, the assurance pathway prescribes progressively greater levels of scrutiny.

There are three components of the assurance pathway for every project or program. These components are complemented by a fourth 'Improving Outcomes' initiative that seeks to enhance overall delivery of capital infrastructure programs and projects across government by sharing good practice and lessons learnt.

GATEWAY REVIEWS, HEALTH CHECKS AND DEEP DIVE REVIEWS

Gateway Reviews are short, focused and independent expert Reviews held at key points in a project's lifecycle. They are appraisals of infrastructure projects that highlight risks and issues which if not addressed, may threaten successful delivery. Gateway Reviews are supported by periodic Health Checks which assist in identifying issues which may emerge between decision points. Health Checks will be carried out, when required, by an independent team of experienced practitioners.

All Gateway Reviews and Health Checks follow a dedicated workbook that provides structure and guidance for the Review.

The results of each Gateway Review and Health Check are presented in a report that provides a snapshot of the project's progress for the purposes of reporting to Cabinet and with recommendations to strengthen program and project outcomes.

REGULAR PROJECT REPORTING

Regular project reports are submitted through the GCA Reporting and Assurance Portal on either a monthly or quarterly basis, depending on the Project Tier.

These project reports focus on the progress of the project against time, cost, quality, risks and impediments to project development/delivery confidence.

PROJECT AND PROGRAM MONITORING

The GCA monitors projects through regular reporting (including mitigation plans for projects at risk), close-out of the Gateway Review Report Recommendations, development and review of project issue mitigation plans and general day-to-day interactions with delivery agencies.

IMPROVING OUTCOMES

Infrastructure NSW seeks to share lessons learnt and good practice across delivery agencies. A number of forums have been established to bring together practitioners to share their insight of the development, procurement and delivery of capital infrastructure projects and programs.

CAPITAL PORTFOLIO

In August 2020, Infrastructure NSW initiated, and NSW Cabinet endorsed the addition of Capital Portfolio Health Check Reviews. This is one of the initiatives in response to the Infrastructure NSW Root Cause Analysis conducted in 2019, which investigated improvement opportunities across government in the delivery of the capital infrastructure portfolio. Nominated delivery agencies will be required to undertake Capital Portfolio Health Check Reviews.

RISK BASED APPROACH TO INVESTOR ASSURANCE

The IIAF, in taking a risk based approach, means that Gateway Reviews are not applied as a 'one-size fits all' requirement to all projects.

Registration is mandatory for all capital infrastructure projects including programs, with an Estimated Total Cost (capital cost) of $10 million or greater. It is the delivery agency's responsibility to register projects.

Minimum mandatory requirements on projects to undertake Gateway Reviews are primarily based on the Project Tier determined when the project is registered through the GCA Reporting and Assurance Portal.

Projects are assigned one of four Project Tiers; 1 to 4, with Tier 1 being the highest profile and risk. Greater intensity/scrutiny is placed on those projects that need it most (i.e. Tier 1) through a greater frequency of Gateway Reviews, Health Checks, regular reporting and project monitoring.

The assurance pathway is outlined in a Project Assurance Plan for endorsement when registering. The Project Assurance Plan must meet the minimum requirement for Gateway Reviews outlined in the IIAF, unless specific authorisation is received through the GCA.

The overarching objective of applying Gateway Reviews in this way is to ensure that the appropriate level of attention is given to projects as they are developed and delivered so that government can optimise the community benefits.
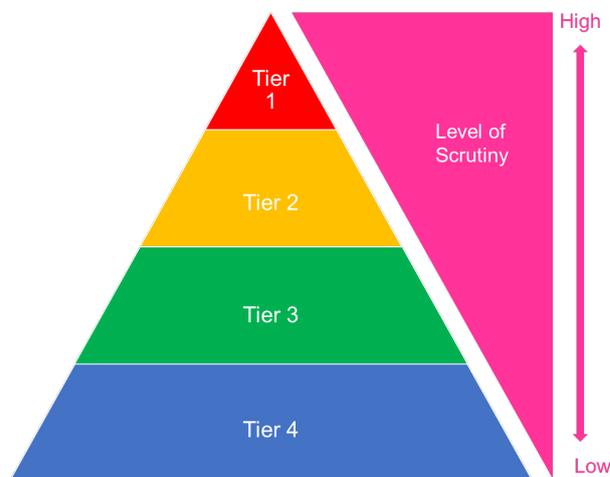
APPLICABLE NSW POLICY

The Gateway Review process aligns with current NSW Government policy and strategies. Projects should ensure they meet latest NSW Government policy and guidelines. Examples of these policies and guidelines include the current versions of:

- NSW Gateway Policy (TPP17-01)
- Infrastructure Investor Assurance Framework (IIAF) (March 2021)
- Infrastructure NSW Framework for establishing effective Project Oversight (2021)
- NSW Government Sector Finance Act 2018
- NSW Government's Capability Framework
- NSW Government Timely Information on Infrastructure Projects (C-2020-22)
- NSW Government Business Case Guidelines (TPP18-06)
- NSW Government Program Evaluation Guidelines (January 2016)
- NSW Government Benefits Realisation Management Framework (2018)
- NSW Government Guide to Cost Benefit Analysis (TPP 17-03)
- NSW Public Private Partnerships Guidelines (TPP17-07)
- NSW Government Procurement Policy Framework (October 2020)
- Public Works and Procurement Amendment (Enforcement) Act 1918
- NSW Procurement Board Directions Enforceable Procurement Divisions
- Australian Government Assurance Reviews and Risk Assessment (Department of Finance)

OVERVIEW OF GATEWAY REVIEW

Gateway Reviews are short, focused and independent expert Reviews into the progress and direction of a project at key points in its lifecycle.

The Gateway Review process identifies the project phases within each lifecycle stage, and these project phases guide the timing of Gateway Reviews. The project phases and the relationship to the lifecycle stages can be represented as:

Each of the seven Gates in the IIAF occur at a point within a project phase, timed to inform government decision-making and project progression.

GATE	NAME OF GATE	LIFECYCLE STAGE	PROJECT PHASE	INFORMS
GATE 0	GO/NO GO	INITIATION	NEEDS CONFIRMATION	Proceeding to develop the options analysis
GATE 1	STRATEGIC OPTIONS	PLANNING & DEVELOPMENT	NEEDS ANALYSIS	Proceeding to develop the final business case
GATE 2	BUSINESS CASE	PLANNING & DEVELOPMENT	INVESTMENT DECISION	The investment decision
GATE 3	READINESS FOR MARKET	PROCUREMENT	PROCURE	Readiness to release procurement documentation
GATE 4	TENDER EVALUATION	PROCUREMENT	PROCURE	Robustness of the evaluation process and readiness to mobilise
GATE 5	READINESS FOR SERVICE	DELIVERY	DELIVERY & INITIAL OPERATIONS	Readiness of the asset to enter service/operations
GATE 6	BENEFITS REALISATION	OPERATION	BENEFITS REALISATION	Benefits promised have been delivered

Bringing it all together, the relationship of the Gates to the project lifecycle stages and phases can be represented as:

GATEWAY REVIEW PROCESS

The Gateway Review process also includes 'Health Checks' and 'Deep Dives', which are Reviews conducted at any point through the project lifecycle. Health Checks follow the same format as Gate 1 to Gate 6 Reviews. Health Checks are general reviews on the progress of the project relevant to its stage of development or delivery but may have an increased focus on a particular set of issues. Deep Dives are specialist technical Reviews on a specific issue or issues.

The Gateway Review process integrates project development and delivery processes with informed decision-making. Each Gate has a clear purpose reflecting the increasing requirement for certainty as a project moves through its lifecycle.

GATE 0 – PROJECT DEVELOPMENT AND DELIVERY

As project development is at an early stage in the project lifecycle, Gate 0 Gateway Reviews follow a different process to that for Gates 1 to 6, Health Checks and Deep Dive Reviews.

Gate 0 Go/No Go Gateway Reviews are guided by the Gate 0 Go/No Go Gateway Review Workbook and have a relatively narrow focus compared to later Gateway Reviews and Health Checks. The Gate 0 Review is not structured around the seven Key Focus Areas but rather focuses on the definition of the problem to be solved, the proposed project's alignment to government policy/strategy and the delivery agency's plan to take the project forward.

Delivery agencies are informed of the Gate 0 Gateway Review outcome and recommendations by the GCA Review Manager.

GATES 1 TO 6 – PROJECT DEVELOPMENT AND DELIVERY

Gateway Reviews (Gates 1 to 6) are independent expert Reviews conducted over a short period. The structure of each of these Reviews is similar and focused on project development and delivery, and high value areas that have greatest impact on successful outcomes.

The seven Key Focus Areas support a consistent structure in undertaking Gateway Reviews and preparing Review Reports. Review Report commentary and recommendations are intended to be constructive and raise issues essential to the project's success.

HEALTH CHECKS AND DEEP DIVE REVIEWS

Health Check Reviews are similar to the Gateway Reviews (Gates 1 to 6) and follow the same format to address and rate overall delivery confidence as well as each of the seven Key Focus Areas. They may also cover additional areas of concern. The customisation of the Health Check is achieved using the appropriate Health Check Workbook and Terms of Reference.

For some projects, Health Checks are conducted at regular intervals (every six to nine months) during the Delivery stage of the project lifecycle. Health Checks during other lifecycle stages are less common and generally only conducted upon request by Government, the GCA, NSW Treasury or the delivery agency.

Deep Dive Reviews have a limited Terms of Reference and do not cover the seven Key Focus Areas, instead they examine and report on a specific or detailed technical issue/s.

PROJECT STAGE	INITIATION	PLANNING + DEVELOPMENT		PROCUREMENT	DELIVERY	OPERATION
PROJECT PHASE	NEEDS CONFIRMATION	NEEDS ANALYSIS	INVESTMENT DECISION	PROCURE	DELIVER & INITIAL OPERATIONS	BENEFITS REALISATION
GENERAL HEALTH CHECKS		DEVELOPMENT		PROCUREMENT	DELIVERY	
SPECIFIC HEALTH CHECKS		MARKET ENGAGEMENT		PROCUREMENT STRATEGY	MOBILISATION	
		PREFERRED OPTIONS		MARKET ENGAGEMENT	LESSONS LEARNT	
		PROCUREMENT STRATEGY				
DEEP DIVES		TECHNICAL AND SPECIFIC TERMS OF REFERENCE				

GATEWAY REVIEW REPORTS

The primary output of each Review is a high quality written report which follows the appropriate Gateway Review Report template and incorporates an Executive Summary, commentary on each of the seven Key Focus Areas, Gateway Review Ratings, the Recommendations Table, and observations of good practice or areas for opportunity. The Review Report may also cover other matters identified in the Terms of Reference. Review Recommendations are grouped by Key Focus Area.

The Review Team provides a rating of how well the project team has addressed each Key Focus Area and an overall rating of the level of confidence in the project's development and delivery. The primary purpose of the Review Report is to inform the NSW Government of project progress and key issues impacting decision-making. The Review Report, once finalised by the GCA, is provided to the NSW Cabinet. The delivery agency is expected to act on the recommendations documented in the Review Report.

The Review Report templates are specific to the Gate or Health Check and reflect the focus of the appropriate workbook. Deep Dive Review Reports are shorter given the more limited focus.

CLEARANCE OF GATE

Following the conclusion of the Gateway Review and the finalisation of the Review Report, the delivery agency can request a 'Clearance of Gate' Certificate from the GCA. 'Clearance of Gate' will be determined by the GCA.

The Certificate confirms the Gateway Review has been completed for a particular stage and that an appropriate Close-out Plan is in place to assist with project development or delivery. To achieve a 'Clearance of Gate' the delivery agency must:

- Respond appropriately to the Review Recommendations (to the satisfaction of the GCA)
- Address all CRITICAL Review Recommendations (to the satisfaction of the GCA)

Delivery agencies do not have to request a 'Clearance of Gate' Certificate but its absence does not negate the mandatory requirement on a delivery agency to respond to and act upon the Review recommendations.

The Certificate is not a Gateway Review approval or an endorsement of the project.

WHAT HEALTH CHECK REVIEWS DO NOT DO

A Health Check Review is not an audit.

The Reviews are intended to be confidential and constructive, providing an expert assessment of a project's development and delivery confidence at a point in time.

Delivery agencies should note that Health Check Reviews will not:

- Represent a government decision in relation to funding, planning, approvals or policy
- Make an enforceable recommendation to halt a project
- Quality check or provide direct detailed assessment of management plans and project team deliverables
- Provide a forum for stakeholders or other parties to inappropriately disrupt the direction or nature of a project.

Review Teams require evidence that work has been completed, but documentation should not be created solely for a Gateway Review. If a project has genuinely reached the point that triggers a Health Check Review, little additional work should be needed other than collating and bringing together evidence and to meet the Review requirements.

The Review Team should also note Gateway Reviews are not adversarial or a detailed assessment of management plans and project team deliverables.

ROLES WITHIN A GATEWAY REVIEW

The typical roles within a Gateway Review are outlined below:

ROLE	DESCRIPTION
GATEWAY COORDINATION AGENCY (GCA)	The Gateway Coordination Agency (GCA) administers the Gateway Review process for the nominated asset type (capital infrastructure, ICT or recurrent). The Head of Investor Assurance within the GCA ensures systems, processes and resources are in place to facilitate successful Gateway Review processes and outcomes. The GCA is responsible for providing reports, briefings and commentary to the NSW Cabinet on the outcomes of Gateway Reviews.
GCA REVIEW MANAGER	The GCA representative responsible for guiding the implementation of the Gateway Review. The GCA Review Manager has Cabinet level reporting responsibilities for project assurance. The GCA Review Manager directs and manages the process of the Review, but does not participate in the Review itself.
DELIVERY AGENCY HEAD	The Secretary or CEO of the delivery agency responsible for the project.
SENIOR RESPONSIBLE OFFICER (SRO)	The delivery agency's nominated senior executive with strategic responsibility and the single point of overall accountability for a project. The SRO receives the Review Report from GCA for action, is debriefed by the Review Team Leader and the GCA Review Manager following the Review. The SRO may also be referred to as the Project Sponsor.
DELIVERY AGENCY'S PROJECT DIRECTOR	The delivery agency's nominated Project Director arranges access to the relevant project documentation and drafts the interview schedule for the Review Team. The Project Director takes an active part in the Gateway Review interviews and assists in responding to the GCA Review Manager and Review Team requests.
REVIEW TEAM LEADER (RTL)	The RTL is appointed by the GCA Review Manager and leads the independent Review Team for the Review. The RTL acts as Chair for the Project Briefing and interview days and has primary responsibility for delivering a high quality, consolidated Review Report using the appropriate template. The RTL acts as the point of contact between the Review Team and the GCA Review Manager. If agreed by the GCA Review Manager, the RTL may act as the liaison between the Review Team and the delivery agency's SRO and/or Project Director. The RTL provides the Review debrief to the GCA and the delivery agency's SRO on behalf of the Review Team.
REVIEW TEAM MEMBER	Provides the benefit of their independent and specialist expertise and advice in the Review of the project, focusing on issues appropriate to the project's lifecycle stage and the level of development and delivery confidence. Each Review Team member participates in the project briefing and interviews, and contributes to the Review Report and recommendations.
STAKEHOLDER	Organisations, groups or individuals, either internal or external to government, that are impacted by the project.
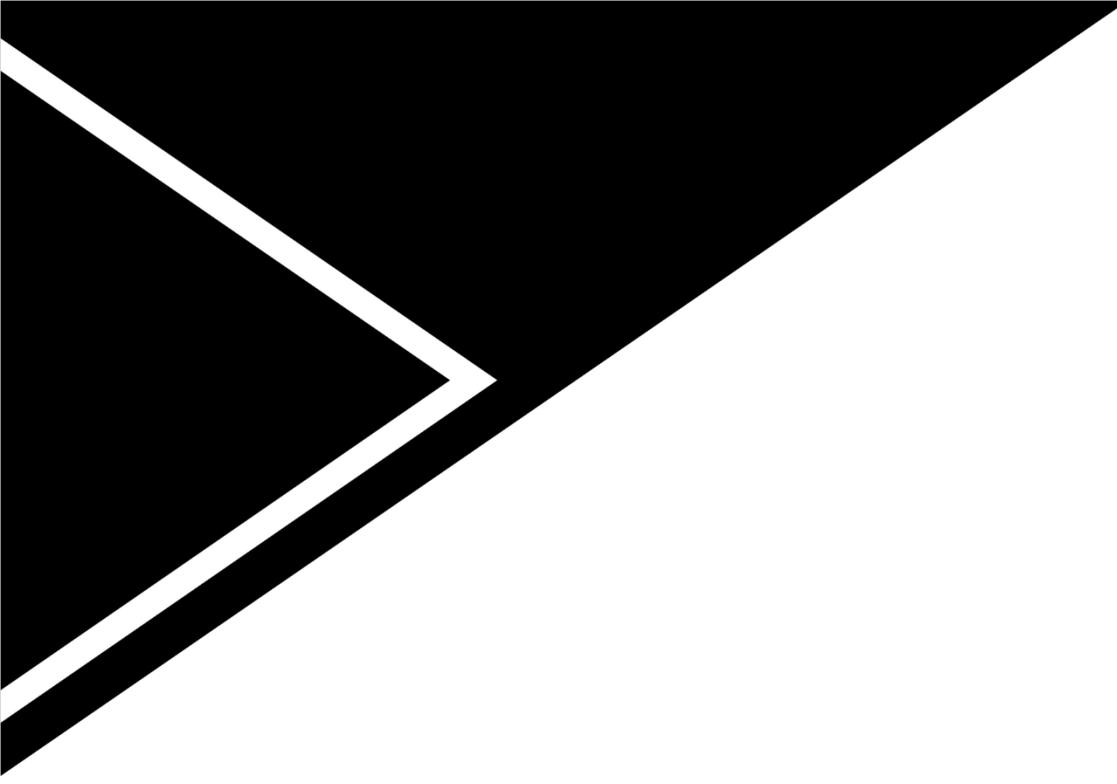
HEALTH CHECK WORKBOOK

Part B

FOR DELIVERY AGENCIES
Initiating and preparing for a Health Check Review

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New South Wales**

HOW TO USE PART B

PART B assists delivery agencies prepare for the Health Check in Procurement Review, including collating documentation and preparing for the project briefing and interviews.

HEALTH CHECK IN PROCUREMENT – INFORMING EFFICENT PROCUREMENT

PROCUREMENT
PROCURE

GATEWAY REVIEW

HC HC HC HC
▽   ▽   ▽   ▽

HEALTH CHECK IN PROCUREMENT

KEY QUESTION

IS THERE CONFIDENCE THAT PROCUREMENT IS EFFICIENT AND ALIGNED TO ACHIEVING THE BEST OUTCOME?

REVIEW DELIVERABLE

MARKET ENGAGEMENT APPROACH SCOPE DEVELOPMENT RISK AND COST PROCUREMENT AND COMMERCIAL APPROACH EVALUATION APPROACH

SPECIFIC HEALTH CHECKS

PROCUREMENT STRATEGY
MARKET ENGAGEMENT

A Health Check in Procurement provides an assessment of confidence that the project is being effectively and efficiently moved through its Procurement stage and that the best possible outcome will be achieved.

The primary focus of a Health Check in Procurement is how project delivery is being managed through the Procurement stage. The Health Check responds to the seven Key Focus Areas and use the same project rating approach as Gateway Reviews (Gates 1 to 6).

Health Checks in Procurement are not mandatory and are initiated by the delivery agency, NSW Treasury or the GCA, or prompted by an earlier Gateway Review or Health Check.

Depending on the timing of the Health Check in Procurement and the project's circumstances, the Review may take a general approach or focus on procurement strategy or market engagement. Terms of Reference will guide any specialist requirements for the Review.

Part D of this workbook contains general questions applicable to all Health Checks in Procurement. For Health Checks in Procurement with a targeted focus, additional questions are provided in Part D to assist in guiding the Review.

The delivery agency should provide documentation and evidence of the project's progress through its Procurement stage, including information on project fundamentals including delivery time-frame, scope to be procured, keys risks and mitigations, commercial model and risk allocation, evaluation approach and robustness of governance to support the Review. It may also be appropriate to include information covering issues such as planning approvals, environmental concerns, issues and interfaces with other projects or packages.

The delivery agency should be able to demonstrate the strength of its procurement and transaction team and a strong approach to probity and governance.

HEALTH CHECK IN PROCUREMENT REVIEW AND DOCUMENTS

The delivery agency is responsible for initiating a Health Check Review at the appropriate time. Delivery agencies should seek authorisation from the delivery agency's governance structure and the Health Check Review should be led by the delivery agency's SRO.

It is intended that delivery agencies **use existing project documentation** and not create or customise documents for the Review.

MANDATORY DOCUMENTS

* Project presentation providing an executive overview of the project

REQUIRED INFORMATION

For a Health Check in Procurement, documents should exist that include information relating to status of the procurement strategy, market engagement, commercial strategy and evaluation approach. The table below highlights the information required to assess the project against the seven Key Focus Areas. In collating the documents, it may also be useful to refer to Part D of this workbook.

The delivery agency must complete a document register for the Review Team and for inclusion in the Review Report. The Document Register template is included in the Gate 2 suite of documents. Typically, no more than 30 documents that are most relevant to the project, should be loaded into the data room.

GENERAL INFORMATION DOCUMENTED TO SUPPORT HEALTH CHECK IN PROCUREMENT
Documents outlining the procurement strategy.
Status of budget and overview of current cost plan.
Planning approval status, conditions of consent and ongoing approvals.
Structure and responsibilities of the project and delivery teams.
Project schedule, showing milestones and any issues potentially impacting procurement or delivery.
Risk register or matrix with evidence of active risk identification, management and mitigation.
Evidence of market engagement approach and activity
Evidence of stakeholder engagement approach.
Documents outlining the evaluation approach.
Records of key governance meetings.

TEMPLATES TO BE COMPLETED

Prior to the commencement of the Review the delivery agency will need to complete the following templates and supply them to the GCA Review Manager.

Each of these templates is available with other Review documentation on the Infrastructure NSW website.

- Project briefing agenda
- Interview schedule

- Interviewee list
- Document register

PART B

INITIATING THE HEALTH CHECK

The delivery agency contacts the relevant GCA Review Manager to initiate the Review.

On initiation of the Review, the GCA will draft the Terms of Reference and appoint the Review Team. The delivery agency uses this time to collate project documentation and coordinate interviewees. The Review commences with the release the project documents to the Review Team. This is followed by the project briefing and site visit, and interviews.

The delivery agency and GCA Review Manager will discuss and agree:

- Dates for the project briefing and interview day(s)
- Any urgency in the completion of the Health Check Review Report
- Any issues to be covered in the Terms of Reference
- Any nominations for Review Team Members (which may or may not be agreed by the GCA).

TERMS OF REFERENCE FOR THE REVIEW

The GCA will determine the Terms of Reference for the Health Check Review in consultation with the delivery agency and provide them to the Review Team prior to the commencement of the Review. The Terms of Reference provide the Review Team with important project-specific information and identify aspects of the project that the GCA and/or delivery agency see as issues. The Terms of Reference should be used in conjunction with the appropriate Gateway Review Workbook.

Delivery agencies should collate sufficient evidence and schedule appropriate interviewees to address the Terms of Reference.

PROJECT BRIEFING AGENDA

The project briefing is held approximately one week after the release of the Review documentation and one week prior to the interviews.

The delivery agency prepares the Project Briefing Agenda and provides it to the GCA. The delivery agency organises the venue and the GCA Review Manager issues diary invitations. The project briefing should include a site visit.

A Project Briefing Agenda template is included in the Health Check in Procurement suite of documents. This template is only provided as guidance and the delivery agency may change the agenda as appropriate.

PARTICIPATION AND INTERVIEWS

The delivery agency prepares an interview schedule and provides it to the GCA Review Manager and the Review Team for comment. The Review Team has discretion over the final list of interviewees and, if they deem necessary, can request additional interviewees, which the delivery agency must then arrange. The interviewees nominated should be appropriate to cover each of the seven Key Focus Areas and the Terms of Reference.

The delivery agency must complete an interviewee list for the Review Team and for inclusion in the Review Report. The interviewee list and schedule templates are included in the Health Check in Procurement suite of documents.

Typically, interviewees for a Health Check in Procurement will include:

- The Senior Responsible Officer
- Project Manager/Director
- Transaction Manager
- Commercial Manager
- Probity advisor
- Manager responsible for risk
- Manager responsible for planning approvals
- Manager responsible for whole-of-life cost considerations
- Project team members (design / scheduling / communication)
- Representatives of the intended operator
- Stakeholders from other agencies or user groups.
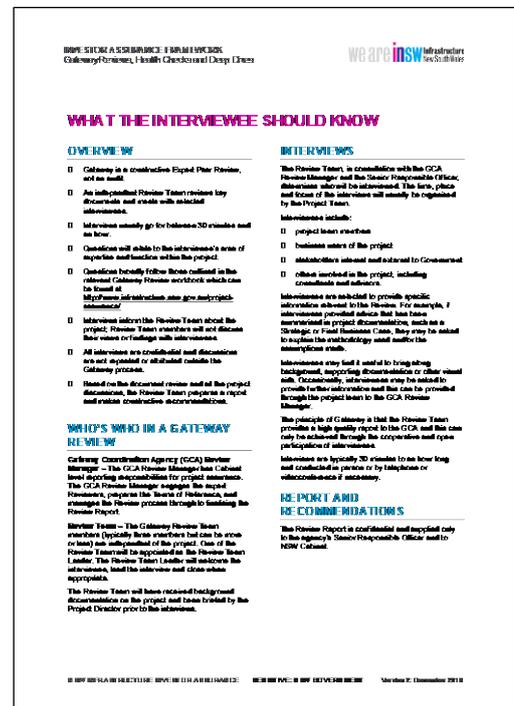
An interviewee information sheet is available with the Health Check in Development suite of documents and it may be useful for the delivery agency to provide this to interviewees unfamiliar with the Gateway Review process.
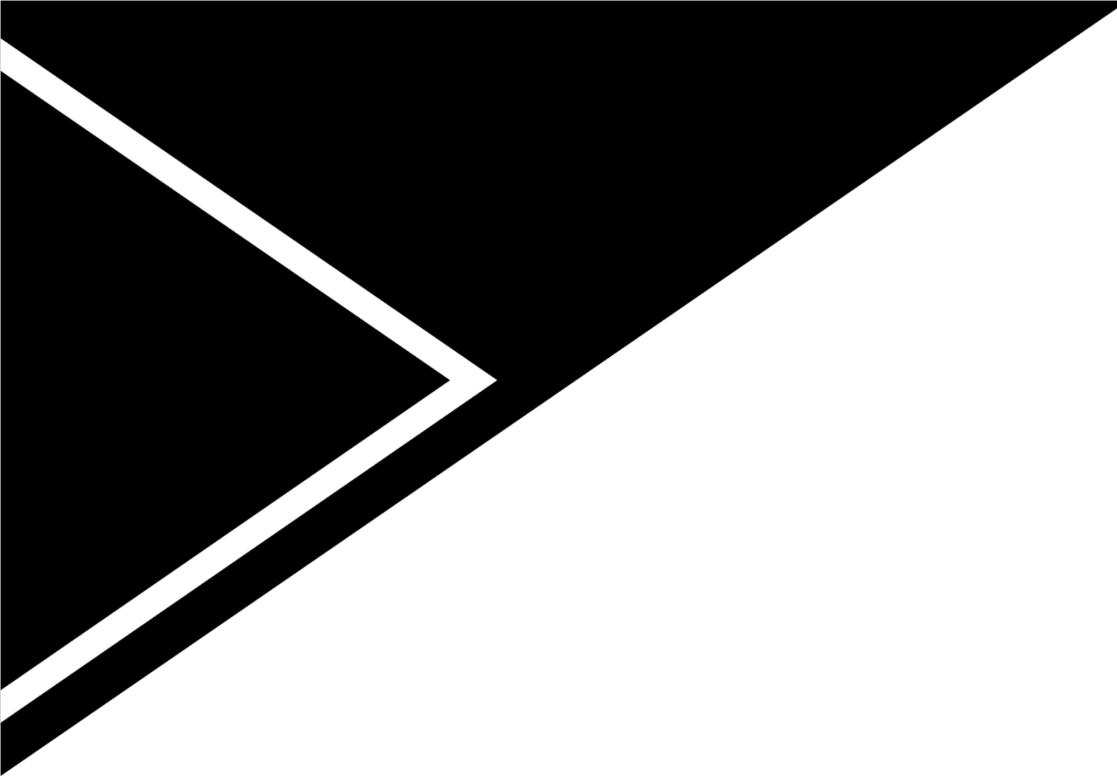
HEALTH CHECK WORKBOOK

Part C

FOR REVIEW TEAMS
Conducting a Health Check in Procurement Review

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HEALTH CHECK IN PROCUREMENT APPROACH

Health Check in Procurement Reviews occur during the Procurement stage of a project, in response to the emergence of actual or potential project issues.

The Review Team should use this workbook to guide an assessment of the confidence in the **procurement process being efficient and aligned to achieving the best outcome.** The Review Team is to provide a robust commentary against each of the seven Key Focus Areas.

The outcome of a Health Check in Procurement Review will provide confidence to government that the project is progressing through the Procurement stage and key risks are being identified and mitigated.

HEALTH CHECK REVIEW

Health Check Reviews are conducted through an examination of the project documentation provided and interviews with project team members and stakeholders. The Review is structured around the seven Key Focus Areas and is informed by the Terms of Reference.

Typically, a Health Check Review includes:

- Project documentation released to the Review Team
- A project briefing and site visit hosted by the delivery agency and attended by the SRO and the GCA Review Manager
- Interview day(s) hosted by the delivery agency
- Review Report drafted by the Review Team for the GCA
- Review debrief with the SRO organised by the GCA and typically attended by the Review Team Leader and the GCA Review Manager
- Finalisation of the Review Report by the GCA and issue to the delivery agency.

HEALTH CHECK REVIEW TEAM SELECTION

For each Gateway Review the GCA Review Manager selects the Health Check Review Team members (typically three members but can be more or less depending on the Review requirements), from the GCA's established Expert Review Panel. One of the Review Team members will be assigned by the GCA as the Review Team Leader.

Each member of a Review Team must be independent of the project. Reviewers must immediately inform the GCA of any potential or current conflict of interest that arises prior to or during Review. The Reviewer's participation in the Review may preclude them, and their organisation, from participating in the project in any other capacity. For all Tier 1 projects, members must be high profile industry experts and independent of the NSW Government (i.e. not currently employed by the NSW Government).

The GCA seeks to appoint a Review Team with the mix of skills and expertise to allow the Team to expertly address each of the seven Key Focus Areas, as relevant to the project stage and the nature of the project. Each member is expected to contribute within their area of expertise, work collaboratively with their Review Team colleagues and take responsibility for producing a high quality, well written Review Report using the appropriate template.

REVIEW TEAM PRINCIPLES AND BEHAVIOURS

Throughout the Review, the Review Team is expected to add real value to the development and delivery of the project by:

- Being helpful and constructive in conducting the Review and developing the Review Report
- Being independent, with the Review Report's recommendations not directed or influenced from outside the Review Team
- Adhering to the Terms of Reference provided by the GCA
- Providing a Review Report that clearly highlights substantive issues, their causes and consequences
- Providing specific and actionable recommendations.

Delivery agencies should immediately inform the GCA if they believe the Review Team is in breach of these principles or displays any inappropriate or disrespectful behaviour at any time.

REVIEW COMMUNICATION PROTOCOLS

TOPIC	DETAILS
REPORT CONFIDENTIALITY	• Review Reports are primarily for the consideration and noting of the NSW Cabinet to assist them in making key decisions about the project or to take action as required. • All Review Reports are marked "SENSITIVE - NSW CABINET" and are submitted to Cabinet. • All participants must keep all information, including documentation, confidential at all times. • Review Team members must not directly contact the delivery agency without the permission of the CGA Review Manager.
REPORT DISTRIBUTION	• Review Team Members must not distribute copies of any versions of Review Reports directly to delivery agencies, project teams or any other party. • The Review Team Leader sends the draft Review Report to the GCA for distribution. • There is no '*informal*' element to a Gateway Review or the Review Report, and action will be taken if a Review Report is distributed without permission of the GCA. • The Review Report must not be distributed outside of the responsible delivery agency until the report is finalised, including a delivery agency response to the Review Recommendations. • Copies of final Review Reports (including delivery agency responses) are only distributed by the GCA in accordance with the protocols outlined in the IIAF. • The final Review Report must not be distributed to any other parties unless directed by the Delivery Agency Head or delegate of the GCA. • The Delivery Agency Head or delegate may distribute the final Review Report at their discretion, having regard to the confidential nature of the Report.
REVIEW DEBRIEF	• The GCA Review Manager and the Review Team Leader will agree on the process and timing to conduct a Review debrief with the delivery agency following the development of the Review Report. The GCA Review Manager will approve the delivery agency representative at the debrief and may attend the debrief at their discretion. • There is no 'informal' element to Gateway Reviews. A debrief to SROs or a delivery agency's executive must not occur without the approval of the GCA representative.
REPORT FORMAT	• All Review Reports must include a document control table. • All Review Reports must include a list of people interviewed by the Review Team. • All versions of reports issued by the Review Team to the GCA are to be in MS Word format. • The final Review Report issued to the delivery agency SRO is to be watermarked as 'FINAL' and issued in PDF.
REPORT TRANSMITTAL	• The GCA is required to keep a record of all parties, noting the Review Report version, to whom reports are issued. • All participants should minimise the use of hard copies of delivery agency documents and must not keep documents in any form following the Review.

CONDUCTING A TARGETED HEALTH CHECK

The GCA will inform the Review Team if the Health Check in Procurement has a targeted focus and this will be reflected in the Terms of Reference.

A Health Check in Procurement may focus on:

- Market engagement
- Procurement strategy

When a Health Check in Procurement takes a focused approach, the Review Team must cover the additional relevant questions posed under each of the seven Key Focus Areas. These questions are provided in this workbook.

HEALTH CHECK REVIEW REPORT

The primary output of a Health Check Review is a high quality written report that is candid and clear, absent of errors and without contradiction and inconsistencies.

The primary purpose of the Review Report is to inform government of project progress and issues with recommendations so appropriate action can be taken.

The Review Report should utilise the appropriate Review Report template incorporating the Gateway Review Ratings and the Review Recommendations Table. The Terms of Reference form part of the Review Report.

Review Reports must include:

- Executive Summary that addresses the Review Team's key findings and includes the recommendations rated as critical and the overall Review Rating with a succinct justification
- Commentary, including a Rating, on the project's response to each of the seven Key Focus Areas
- Relevant recommendations under each Key Focus Area, listed, justified and rated (consistent with the Ratings Guide)
- Commentary under 'Other Matters' for issues that do not fit within the seven Key Focus Areas (including issues identified in the Terms of Reference)
- Recommendations Table in the format provided by the GCA and including each recommendation with its rating and categorisation by theme (see below).

KEY THEME ASSESSMENTS

Infrastructure NSW is required to prepare a report each year on key themes emerging across all reviews. This relies on an analysis of the Review recommendations categorised according to 18 key themes.

Review Teams are requested to assign one of the 18 key themes to each recommendation made.

THEME	DEFINITION
QUALITY OF THE BUSINESS CASE	• Case for change is not clearly articulated or sufficiently succinct and the justification for the investment is not substantiated. • Analysis, assumptions and/or documentation lack rigour, clear articulation and/or is inadequate.
GOVERNANCE	• Governance frameworks are not fit for purpose or understood by team members and/or there is a lack of definition around roles, understanding of responsibilities, decision-making frameworks and single-point accountability. • There is a lack of active senior level support.
DISCIPLINE IN RISK MANAGEMENT	• Key project risks overlooked, missed or not adequately considered, risk management strategy / plan requires strengthening, mitigation measures and contingency management has not been developed or is not up to date.
STAKEHOLDER ENGAGEMENT	• Stakeholder strategy / management plan is missing or is not up to date. • Lack of adequate stakeholder consultation and/or stakeholder views / concerns have not been considered and addressed appropriately.

THEME	DEFINITION
BENEFITS REALISATION	• Lack of a benefits realisation framework strategy/plan, or does not adequately identify, quantify or assign responsibility for benefits.
PROJECT RESOURCING	• The resource plan, including for the next stage in the project lifecycle, has not been developed or resources identified are not adequate, key roles lack appropriate capability and expertise.
PROJECT MANAGEMENT AND REPORTING	• Lack of, or inadequate, project management, scheduling discipline or project controls. • The schedule (program) has not been appropriately developed and is not reflective of the project risks and timing.
PROCUREMENT	• Inadequate procurement strategy, inadequate procurement planning, documentation does not ensure transparency in the decision-making process. • Delivery strategy not appropriately detailed and project staging not addressed.
OPTIONS ANALYSIS	• Identification and/or assessment of options to meet service need is inadequate / incomplete. • Alternative options, including a realistic base case, are poorly explained / justified. • Lack of a clear justification for the preferred option.
COMMERCIAL CAPABILITY	• Insufficient rigour, process and accuracy around cost estimates and contingency estimating, planning and management. • Funding for the next phase not confirmed or allocated, gaps in project funding, lack of suitable funding strategy.
APPROACH TO PLANNING AND APPROVALS	• Planning pathway to achieve planning consent in a timely manner not identified or articulated.
CHANGE MANAGEMENT	• Lack of an effective mechanism to identify the changes necessary to achieve project outcomes. • Lack of a change management plan / inadequate change management plan.
OPERATIONAL READINESS PLANNING	• Lack of, or inadequate mechanisms to ensure effective readiness planning, prioritisation, management and operation. • Operational governance and management structures not determined and/or established.
SHARING KNOWLEDGE ACROSS GOVERNMENT	• Lack of, or inadequate processes to capture and share lessons learnt (errors and successes).
INTEGRATION WITH PRECINCT AND ACROSS SERVICES	• Inadequate consideration of interfacing networks, precincts, projects and services.
UNDERSTANDING GOVERNMENT PROCESSES	• Relevant NSW Government guidelines, frameworks and processes not considered, employed and/or complied with during project development and delivery.
CLEAR PROJECT OBJECTIVES	• The project objectives do not align to Government priorities, are not clear and/or do not articulate the service need. • The scope, scale and requirements of the project have not been appropriately articulated. • The project scope does not align with the project objectives and KPIs have not been developed.
SUSTAINABILITY	• Lack of or inadequate consideration, documentation and assessment of the social, economic and environmental impacts of the project.
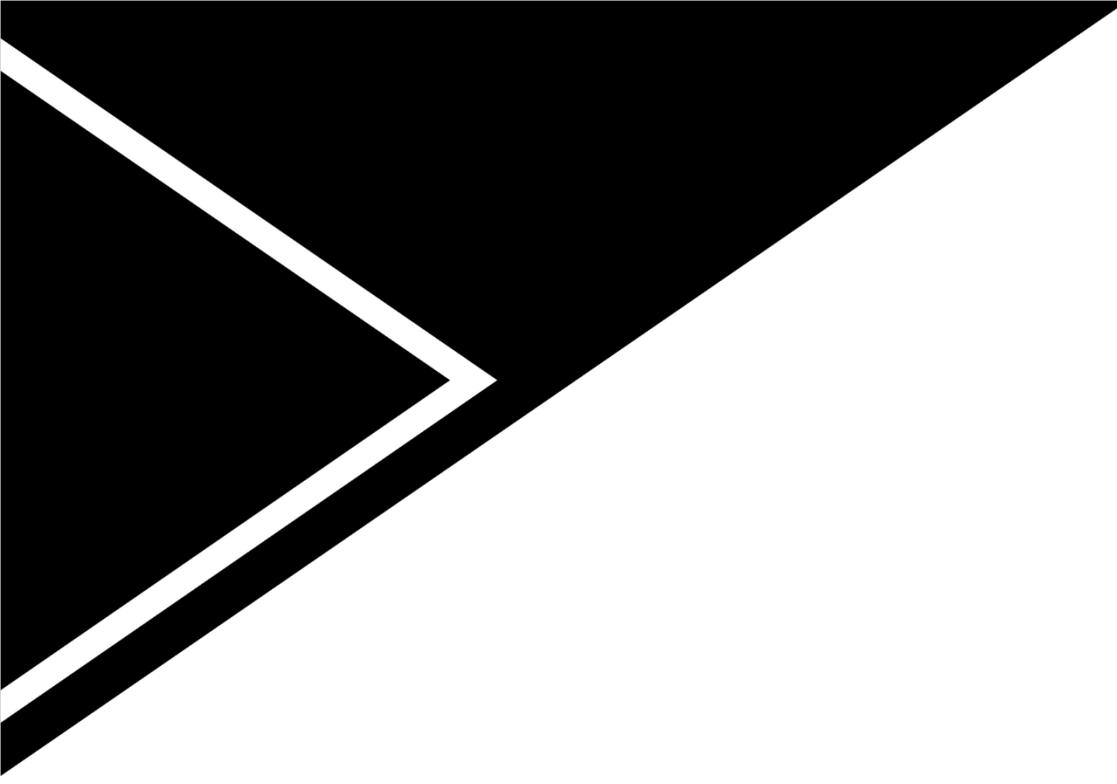
HEALTH CHECK WORKBOOK

Part D

FOR DELIVERY AGENCIES AND REVIEW TEAMS
Areas for investigation in a Health Check in Procurement

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PART D

Infrastructure
New South Wales

WHAT TO LOOK FOR AT HEALTH CHECK IN PROCUREMENT

The Health Check in Procurement Review seeks to answer the question: **Is there confidence that procurement is efficient and aligned to achieving the best outcome?**

KEY FOCUS AREA	GENERAL DESCRIPTION APPLICABLE TO GATEWAY	HOW APPLIED AT HEALTH CHECK IN PROCUREMENT
SERVICE NEED	Identification of the problem or opportunity and the service need, along with the drivers for change. Demonstrated alignment to government policy or strategy and evidence of demand for the potential new services or enhancements.	The project's scope remains aligned to the delivery agency's strategic priorities with clear links between service need. Scope and performance outcomes accurately documented and captured in market facing documentation.
VALUE FOR MONEY AND AFFORDABILITY	Ensure value is delivered by maximising benefits at optimal cost. Evidenced by a clearly defined scope, a cost benefit analysis and a robust cost plan to an appropriate level of detail for the lifecycle stage of the project. An assessment of potential or confirmed sources of funds. The whole-of-life, capital and operational cost impacts have been considered.	The Cost-Benefit Analysis undertaken remains sound. The procurement strategy will drive value for money, within affordability parameters.
SOCIAL, ENVIRONMENTAL AND ECONOMIC SUSTAINABILITY	Understanding the long-term impacts, opportunities and obligations created by the project. These can be social, environmental and economic. Ensuring the project delivers a positive legacy for the community. Areas explored include: socio-economic equity; resilience to climate change; effective place making; integration with broader asset networks; asset adaptability (including technological change); interface with heritage; and the robustness of the project's planning approvals processes.	Social, environmental and economic sustainability requirements integrated into the market engagement process and procurement strategy. Place principles and the project's relationship to the service network are being developed and articulated through the procurement documentation. Planning pathway has been reviewed in-line with procurement strategy.
GOVERNANCE	The project governance is robust. Clear accountabilities, responsibilities and reporting lines are identified and decision-making and approvals are appropriate and understood. The Senior Responsible Officer and project team have the culture, capability and capacity required.	Robust project procurement and evaluation governance structure with clearly articulated responsibilities and reporting lines and appropriate delegations in place, with an emphasis on market engagement, overseeing the procurement approach.
RISK MANAGEMENT	Ongoing identification and active management of risks and opportunities using a structured and formal methodology.	Risks and opportunities identified and appropriately evaluated and documented within a structured methodology to inform the evaluation process. Development of clear risk allocation framework.
STAKEHOLDER MANAGEMENT	Ongoing identification and proactive management of stakeholders, both internal and external to government, using a structured and robust framework appropriate to the stage in the project lifecycle.	Evidence that stakeholders are being engaged to inform the market engagement and procurement approach. Responsibility for stakeholder management through the Procurement stage is clear.
ASSET OWNER'S NEEDS AND CHANGE MANAGEMENT	Demonstration of how change will be managed in the areas of people, organisation, network and systems as the asset enters operations. Proactive management of the handover impacts through the lifecycle of the project. Demonstrated consideration of issues and risks pertaining to the asset manager, operator and end users.	Involvement of the asset owner and/or operator and documentation of operational requirements for the project. Proactive identification of handover points and required change management processes in moving the project through its lifecycle.

DEFINITION OF SCOPE

As projects progress through their lifecycle stages, there should be a strong convergence in the definition of scope, cost and time to deliver the desired outcome and objectives. Gateway Reviews support a project through this process, using the Key Focus Areas to ensure that economic and social impacts have been considered and stakeholder groups have been engaged in developing the optimum solution to address the service need or problem.

This can be illustrated as a funnel representing increasing development and delivery certainty in the project:
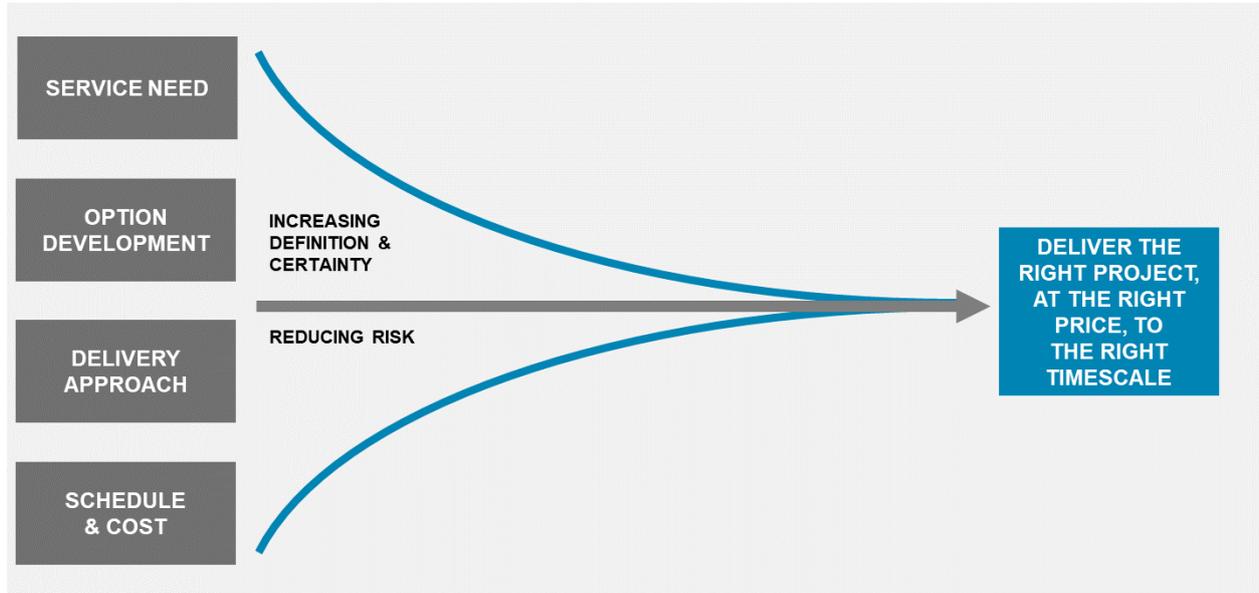
PROJECT DECISIONS

Gateway Reviews also recognise that scope changes have a greater impact on cost as the project progresses through its lifecycle. Robust decision-making and clarity of direction early in project development is important to successful project delivery. A lack of clarity and late decision-making will result in higher costs and greater uncertainty of outcomes.

PROJECT AND SCOPE DECISIONS
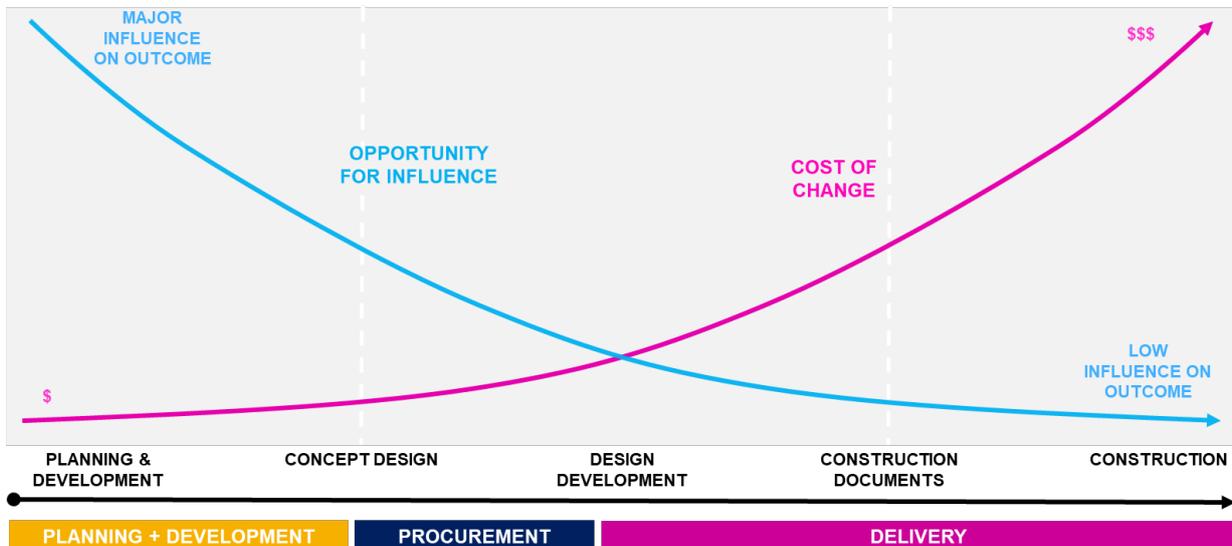
APPLICATION OF REVIEW SUCCESS FACTORS

In examining each of the Key Focus Areas the Review Team should be guided by project development and delivery fundamentals. These fundamentals are the Success Factors for projects underpinning delivery confidence.

The Success Factors provide an overarching context for each Key Focus Area and should assist in developing lines of enquiry. The Success Factors provide context to the commentary in the Review Report and are incorporated into the Review Report.

As a project progresses through its lifecycle there is an expectation that the detail and evidence will increase, providing confidence that the requirements of the seven Key Focus Areas are being met. This can be seen through the lens of three success factors within each Key Focus Area:

	INCREASING SCOPE CONFIDENCE	• Well defined service need • Value-for-money approach in developing an evidence-based solution • Increasing clarity and detail in defining the solution • Increasing understanding and clarity within the delivery agency of how to deliver the solution
	MANAGING RISK	• Increasingly granular and effective identification of risk • Assessment, prioritisation and planned mitigation of uncertain events that could adversely affect the achievement of the project objectives
	REALISING BENEFITS	• Increasing definition of the project objectives and benefits • Linking of those benefits to the service need • Embedding an end-to-end process to ensure that the benefits and objectives of the investment are realised

OPTIMISM BIAS

Optimism bias refers to the tendency to overestimate the likelihood of good events occurring and underestimating the likelihood of experiencing adverse events. Optimistic errors are considered to be an integral part of human nature, requiring conscious effort to manage and promote accuracy in project estimates and analysis. Practical steps for project teams to avoid optimism bias in project analysis include:

- Use independent peer reviewers to verify that cost, demand and benefit estimates are realistic

- Undertake risk workshops, with key stakeholders, and people with knowledge of the project and/or the potential risks, the operator and asset owner involved to review the assumptions made and the risks identified – including the likelihood of the risk occurring, and impact if the risk were to occur.

KEY FOCUS AREA 1 – SERVICE NEED

KEY FOCUS AREA	HOW APPLIED AT HEALTH CHECK IN PROCUREMENT		
SERVICE NEED	**The project's scope remains aligned to the delivery agency's strategic priorities with clear links between service need. Scope and performance outcomes accurately documented and captured in market facing documentation.**		
	Project scope in documentation accurately reflects service need and objectives as in the Final Business Case.	Project approvals' pathways are captured with strong connection between intended scope, documentation and approvals.	Opportunities to maximise benefits appropriately defined, allowing for innovation and additional opportunity to be identified.

AREAS TO EXPLORE

The tables below assist the Review Team to customise the areas explored to better align with the focus of procurement activities at a point in time. The Review Team should select the most appropriate questions to guide the Review.

GENERAL FOR ALL HEALTH CHECKS IN PROCUREMENT
1. **How is the service need, problem definition, project objectives and scope as set out in the Final Business Case appropriately captured and reflected in market facing documentation?**
2. **Are the project approval processes consistent with scope, procurement timeframes and the evaluation approach?**
3. **How are opportunities to maximise benefits being explored and documented?**
4. **How is the project tracking and documenting changes against the Final Business Case?**

ADDITIONAL QUESTIONS FOR TARGETED HEALTH CHECK IN PROCUREMENT
FOR MARKET ENGAGEMENT FOCUS
How does the market engagement keep focus on the approved scope and make clear how the response to this scope will be evaluated?
How is the output of the market engagement process being captured and used?
How is the market engagement process providing clarity on constraints and expectations for proposals, in the interests of making the procurement process as efficient as possible?
FOR PROCUREMENT STRATEGY FOCUS
How is the procurement strategy ensuring the approved project scope will deliver the operational service need?
What activities are being undertaken to ensure project approvals are in place to facilitate sufficient detail around service need and project scope in the contract documentation?
Has the form of contract been evaluated and selected in-line with the complexity of the scope and any program constraints?
How was the performance regime (e.g. KPIs, performance specifications) developed and incorporated into the procurement strategy to ensure the scope delivered facilitates and drives benefits realisation?

PART D

KEY FOCUS AREA 2 – VALUE FOR MONEY AND AFFORDABILITY

KEY FOCUS AREA	HOW APPLIED AT HEALTH CHECK IN PROCUREMENT		
VALUE FOR MONEY AND AFFORDABILITY	**The Cost-Benefit Analysis undertaken remains sound. The procurement strategy will drive value for money, within affordability parameters.**		
	Funding and budget available to complete the project Procurement stage, including market engagement and evaluation.	Value for money, affordability and viability parameters incorporated through the Procurement stage.	Project objectives, interdependencies and whole of life benefits articulated to inform the Procurement stage.

AREAS TO EXPLORE

The tables below assist the Review Team to customise the areas explored to better align with the focus of procurement activities at a point in time. The Review Team should select the most appropriate questions to guide the Review.

GENERAL FOR ALL HEALTH CHECKS IN PROCUREMENT
1. **How is the project ensuring it adheres to Procurement stage budgets with appropriate tracking and reporting?**
2. **What is the approach to ongoing design development and how is it integrated with the procurement approach?**
3. **Have any changes to the scope been reflected within an updated and approved Cost-Benefit Analysis?**
4. **What is the evidence that the scope, cost plan and schedule consider market conditions and are achievable?**
5. **How does the scope to be procured remain aligned with the cost plan, assumptions and contingency?**
6. **How will the funding approval, drawdown and alignment with the procurement approach be confirmed?**
7. **How are operational and whole-of-life cost considerations being reflected in the procurement strategy?**
8. **How is the procurement strategy and approach (e.g. timeframe, level of documentation) being developed minimise costs in the procurement process for both government and proponents?**

ADDITIONAL QUESTIONS FOR TARGETED HEALTH CHECK IN PROCUREMENT
FOR MARKET ENGAGEMENT FOCUS
How will the market engagement be appropriately resourced?
How is market engagement supporting the maximisation of benefits at optimal cost for the project?
FOR PROCUREMENT STRATEGY FOCUS
How will the cost plan be validated prior to the release of the procurement documentation?
How are the tender evaluation criteria being developed and agreed to ensure maximum benefits at optimal cost?
How will the contract structure selected minimise management costs through procurement and delivery?
How will procurement activities be appropriately resourced?
What is the approach to cost focused value engineering and innovation within the procurement stage to maximise benefits while minimising cost?

KEY FOCUS AREA 3 – SOCIAL, ENVIRONMENTAL AND ECONOMIC SUSTAINABILITY

KEY FOCUS AREA	HOW APPLIED AT HEALTH CHECK IN PROCUREMENT
SOCIAL, ENVIRONMENTAL AND ECONOMIC SUSTAINABILITY	**Social, environmental and economic sustainability requirements integrated into the market engagement process and procurement strategy. Place principles and the project's relationship to the service network are being developed and articulated through the procurement documentation. Planning pathway has been reviewed in-line with procurement strategy.**
	Social, environmental and economic sustainability requirements clearly articulated and inform the procurement approach. / Planning pathway and procurement strategy progressed. / Market engagement and procurement approach consistent with the realisation of sustainability benefits.

AREAS TO EXPLORE

The tables below assist the Review Team to customise the areas explored to better align with the focus of procurement activities at a point in time. The Review Team should select the most appropriate questions to guide the Review.

GENERAL FOR ALL HEALTH CHECKS IN PROCUREMENT
1. **How certain is the planning pathway for the project, and are associated responsibilities understood and key issues addressed?**
2. **How certain are the planning approval conditions and has the impact on the project been fully incorporated into procurement documentation and overall project schedule?**
3. **How is the response to heritage being developed in a cost effective way?**
4. **How is the integration with the broader asset networks and services being developed to ensure efficiency and minimise disruption?**
5. **How is community access to services being prioritised through the procurement documentation and engagement with the proponents?**
6. **What level of future proofing and adaptability (climate resilience, technological change, future use) has been incorporated into the procurement documentation?**

ADDITIONAL QUESTIONS FOR TARGETED HEALTH CHECK IN PROCUREMENT
FOR MARKET ENGAGEMENT FOCUS
How is the project taking into consideration feedback from proponents on the practical costs and benefits of sustainability initiatives?
How is the project engaging with the market to understand the implications of the preferred planning pathway on project procurement and delivery?
How is the project engaging with the market to assess whether the project can be delivered within the government's timeframe, and if this represents best value?
FOR PROCUREMENT STRATEGY FOCUS
How are opportunities for place making being developed and considered within the packaging of the project's procurement?
How is the minimisation of environmental impacts (materials, energy, water, footprint) being incorporated through the procurement strategy?

KEY FOCUS AREA 4 – GOVERNANCE

KEY FOCUS AREA	HOW APPLIED AT HEALTH CHECK IN PROCUREMENT		
GOVERNANCE	**Robust project procurement and evaluation governance structure with clearly articulated responsibilities and reporting lines and appropriate delegations in place, with an emphasis on market engagement, overseeing the procurement approach.**		
	Project is appropriately structured, skilled and resourced for procurement and evaluation.	Robust governance structure with allocated responsibilities for time, cost and scope management.	Governance arrangements are in place to ensure the realisation of benefits is a focus of the procurement and evaluation.

AREAS TO EXPLORE

The tables below assist the Review Team to customise the areas explored to better align with the focus procurement activities at a point in time. The Review Team should select the most appropriate questions to guide the Review.

GENERAL FOR ALL HEALTH CHECKS IN PROCUREMENT
1. What is the formal project and delivery agency governance structure?
2. How does the project governance meaningfully involve other agencies, the asset owner and/or service delivery partner in current project activities?
3. What is the evidence to show the governance and project team for the procurement stage have clear responsibilities, accountabilities and decision making delegations?
4. How does the culture within the project team positively and effectively support current project activities?
5. Is there a clear understanding through the governance structure of the benefits to be measured and achieved?

ADDITIONAL QUESTIONS FOR TARGETED HEALTH CHECK IN PROCUREMENT
FOR MARKET ENGAGEMENT FOCUS
How does the probity approach allow for constructive dialogue with proponents, meaningful discussion of potential solutions and sufficient direction to facilitate efficient procurement?
How is confidentiality being managed through the market engagement with proponents?
FOR PROCUREMENT STRATEGY FOCUS
How are ethical and responsible purchasing principles being incorporated into the procurement policy?
Is there clear understanding of the activities required to gain endorsement for the release of the procurement documentation to seek a commercial offer from the market?
Has the project identified all necessary government procurement policies and how are these being incorporated into the procurement strategy?

PART D

KEY FOCUS AREA 5 – RISK MANAGEMENT

KEY FOCUS AREA	HOW APPLIED AT HEALTH CHECK IN PROCUREMENT
RISK MANAGEMENT	**Risks and opportunities identified and appropriately evaluated and documented within a structured methodology to inform the evaluation process. Development of clear risk allocation framework.**

Risks to scope, time and budget identified early and proactively managed.	Active risk management with regular updates that identify, manage and mitigate risks through the Procurement stage.	Risks to objectives and benefits identified early and proactively mitigated.

AREAS TO EXPLORE

The tables below assist the Review Team to customise the areas explored to better align with the focus procurement activities at a point in time. The Review Team should select the most appropriate questions to guide the Review.

GENERAL FOR ALL HEALTH CHECKS IN PROCUREMENT
1. **What is the evidence to demonstrate the risk management approach remains current and free from bias (including risks to procurement) for the project?**
2. **How are the risks to receiving proposals that may not meet budget and time objectives being mitigated?**
3. **How are any emerging regulatory or legislative risks being identified and addressed?**
4. **How is the commercial risk allocation being agreed through the procurement process with the proponents?**
5. **How are project interface risks being approached and captured within the contractual documentation?**

ADDITIONAL QUESTIONS FOR TARGETED HEALTH CHECK IN PROCUREMENT
FOR MARKET ENGAGEMENT FOCUS
How are project delivery risks being approached through the market engagement process to inform procurement and evaluation?
How is the project understanding the risks from the proponents' perspective and how is this informing procurement and evaluation?
FOR PROCUREMENT STRATEGY FOCUS
How is the project minimising risks through the procurement packaging strategy?

KEY FOCUS AREA 6 – STAKEHOLDER MANAGEMENT

KEY FOCUS AREA	HOW APPLIED AT HEALTH CHECK IN PROCUREMENT		
STAKEHOLDER MANAGEMENT	**Evidence that stakeholders are being engaged to inform the market engagement and procurement approach. Responsibility for stakeholder management through the Procurement stage is clear.**		
	The development of the stakeholder approach has a strong connection with the scope.	Clearly defined responsibilities and expectations of stakeholder management activities through procurement and into the Delivery stage.	Engagement of stakeholders in project expectations including delivery impacts and Benefits Realisation.

AREAS TO EXPLORE

The tables below assist the Review Team to customise the areas explored to better align with the focus of procurement activities at a point in time. The Review Team should select the most appropriate questions to guide the Review.

GENERAL FOR ALL HEALTH CHECKS IN PROCUREMENT
1. **What is the ongoing engagement approach with key stakeholders (internal and external to government) through the Procurement stage of the project and who is responsible for leading this activity?**
2. **How is the stakeholder engagement plan for the Procurement stage being resourced, coordinated across the delivery agency and reflected in the current project activities?**

ADDITIONAL QUESTIONS FOR TARGETED HEALTH CHECK IN PROCUREMENT
FOR MARKET ENGAGEMENT FOCUS
How are current and emerging stakeholder issues being worked through with the proponents?
FOR PROCUREMENT STRATEGY FOCUS
What are the proposed stakeholder management responsibilities and accountabilities between the government and proponents and how are they articulated in the procurement documentation?
How have broader outcomes from intra- and inter-agency consultation been incorporated into the procurement strategy?
How are the project interfaces that impact stakeholder management being captured and dealt with in the procurement strategy?

KEY FOCUS AREA 7 – ASSET OWNER'S NEEDS AND CHANGE MANAGEMENT

KEY FOCUS AREA	HOW APPLIED AT HEALTH CHECK IN PROCUREMENT		
ASSET OWNER'S NEEDS AND CHANGE MANAGEMENT	**Involvement of the asset owner and/or operator and documentation of operational requirements for the project. Proactive identification of handover points and required change management processes in moving the project through its lifecycle.**		
	Project team actively involving asset owner/operator to inform operational requirements on the scope being procured.	Managing risks for handover of the project to the selected proponent.	Intended asset owner and/or operator benefits clearly defined and communicated to the proponents.

AREAS TO EXPLORE

The tables below assist the Review Team to customise the areas explored to better align with the focus of procurement activities at a point in time. The Review Team should select the most appropriate questions to guide the Review.

GENERAL FOR ALL HEALTH CHECKS IN PROCUREMENT
1. **How is the project efficiently managing staffing requirements to ensure the project team is adequately skilled and resourced for procurement and evaluation?**
2. **How are the operational/performance requirements being incorporated into procurement documentation and communicated to proponents?**
3. **How are network interfaces being explored and documented by the proponents?**

ADDITIONAL QUESTIONS FOR TARGETED HEALTH CHECK IN PROCUREMENT
FOR MARKET ENGAGEMENT FOCUS
How are end user needs being communicated through the market engagement process?
How are asset owner and/or operator (or operator's service providers) performance requirements and expectations being discussed on a value-for-money basis with proponents?
FOR PROCUREMENT STRATEGY FOCUS
How are end-user needs being explored and documented within the procurement strategy?
How is any potential service disruption, during delivery or in operations, being reflected and addressed within the procurement strategy?

GLOSSARY

TERM	DEFINITION
BENEFIT OWNER	The person responsible for the realisation of the benefit.
CAPITAL PROJECT	A project primarily comprised of one or more of the following elements: • Infrastructure • Equipment • Property developments • Operational technology that forms a component of a capital project.
CEO	Chief Executive Officer.
CLOSE-OUT PLAN	Document outlining actions, responsibilities, accountabilities and timeframes that respond to recommendations identified in Gateway and Health Check Final Review Reports.
COMPLEX PROJECT	A project delivered in multiple stages and potentially across varying time periods. This could also be across a large (but connected) geography. Individual project stages may be identified during the development phase or during the procurement and delivery phases. This occurs when individual project stages are being procured and delivered under different contracts and potentially over different time periods. In some cases these individual project stages may have a different Project Tier to the overall complex project.
DECISION-MAKING	The Gateway, Health Check and Deep Dive Reviews inform decision-making by government. Government in this context refers to all parts of government including delivery agencies.
DEEP DIVE REVIEWS	Deep Dives Reviews are similar to a Health Check but focus on a particular technical issue informed by the Terms of Reference rather than the seven Key Focus Areas considered at a Health Check. These Reviews are generally undertaken in response to issues being raised by key stakeholders to the project or at the direction of the relevant Government Minister.
DELIVERY AGENCY	The Government agency tasked with developing and / or delivering a project applicable under this Framework and the NSW Gateway Policy.
EQUIPMENT	The necessary assets used on or to support an infrastructure system and can include fleet and rolling stock.
ECI	Early Contractor Involvement.
ETC	Estimated Total Cost.
EXPERT REVIEWER PANEL	Panel comprising independent highly qualified Expert Reviewers established to cover all aspects of Gateway Review needs.
FBC	Final Business Case.
GATE	Particular decision point(s) in a project/program's lifecycle when a Gateway Review may be undertaken.
GATEWAY COORDINATION AGENCY (GCA)	The agency responsible for the design and administration of an approved, risk-based model for the assessment of projects/programs, the coordination of the Gateway Reviews and the reporting of performance of the Gateway Review Process.
GCA REPORTING AND ASSURANCE PORTAL	Online portal administered by the GCA for the management of IIAF functions.
GATEWAY POLICY	The NSW Gateway Policy sets out the key points along the project lifecycle important for providing confidence to the NSW Government that projects are being delivered to time, cost and in-line with government objectives.

TERM	DEFINITION
GATEWAY REVIEW	A Review of a project/program by an independent team of experienced practitioners at a specific key decision point (Gate) in the project's lifecycle. A Gateway Review is a short, focused, independent expert appraisal of the project that highlights risks and issues, which if not addressed may threaten successful delivery. It provides a view of the current progress of a project and assurance that it can proceed successfully to the next stage if any critical recommendations are addressed.
HEALTH CHECK	Independent Reviews carried out by a team of experienced practitioners seeking to identify issues in a project which may arise between Gateway Reviews.
INFRASTRUCTURE	The basic services, facilities and installations to support society and can include water, wastewater, transport, sport and culture, power, policy, justice, health education and family and community services.
INFRASTRUCTURE INVESTOR	The NSW Government, representing the State of NSW.
IIAF	Infrastructure Investor Assurance Framework.
KEY FOCUS AREA	A specific area of investigation that factors in Gateway Review deliberations.
PROGRAM	A temporary, flexible organisation created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organisation's strategic objectives. A program is likely to be longer term and have a life that spans several years. Programs typically deal with outcomes; whereas projects deal with outputs. Projects that form part of a program may be grouped together for a variety of reasons including spatial co-location (e.g. Western Sydney Infrastructure Program), the similar nature of the projects (e.g. Bridges for the Bush) or projects collectively achieving an outcome (e.g. 2018 Rail Timetable). Programs provide an umbrella under which these projects can be coordinated. The component parts of a program are usually individual projects or smaller groups of projects (sub-programs). In some cases, these individual projects or sub-programs may have a different Project Tier to the overall program.
PROJECT	A temporary organisation, usually existing for a much shorter duration than a program, which will deliver one or more outputs in accordance with an agreed business case. Under the IIAF a capital project is defined as infrastructure, equipment, property developments or operational technology that forms a component of a capital project. Projects are typically delivered in a defined time period on a defined site. Projects have a clear start and finish. Projects may be restricted to one geographic site or cover a large geographical area, however, will be linked and not be geographically diverse. A particular project may or may not be part of a program. Where a project is delivered in multiple stages and potentially across varying time periods it is considered a 'complex project'. Refer to the definition for 'complex project'.
PROJECT TEAM	The delivery agency assigned group with responsibility for managing the project through the Gateway Review
PROJECT TIER	Tier-based classification of project profile and risk potential based on the project's estimated total cost and qualitative risk profile criteria (level of government priority, interface complexity, procurement complexity, agency capability and whether it is deemed as an essential service). The Project Tier classification is comprised of four Project Tiers, where Tier 1 encompasses projects deemed as being the highest risk and profile (Tier 1 – High Profile/High Risk projects), and Tier 4 with the lowest risk profile.
REVIEW TEAM	A team of expert independent practitioners, sourced from the Expert Reviewer Panel engaged by the GCA to undertake a Gateway Review, Health Check or Deep Dive Review.
SENIOR RESPONSIBLE OFFICER (SRO)	The delivery agency executive with strategic responsibility and the single point of overall accountability for a project.