

OFFICIAL

HEALTH CHECK WORKBOOK

# Capital Portfolio

What is the level of confidence in the agency's capability and capacity to successfully prioritise & deliver their capital infrastructure portfolio?

NSW INFRASTRUCTURE  
INVESTOR ASSURANCE

Version 2: November 2023

Infrastructure NSW

OFFICIAL

## INTRODUCTION TO GATEWAY REVIEWS

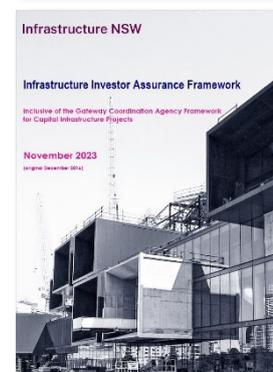
The *NSW Gateway Policy* (TPG22-12) sets out guidance and minimum requirements for the delivery and monitoring of Gateway Reviews in NSW. Gateway Reviews are independent Reviews conducted at key points, or Gates, along the lifecycle of a project and are important for providing confidence to the NSW Government (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 and programs 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.

Gateway (Health Check) Capital Portfolio Reviews contribute to assessing the level of confidence in an agency's capability and capacity to successfully deliver their capital infrastructure portfolio.

The outcome of each Gateway Review is a Review Report that includes commentary to inform the NSW Government. The Review Report also includes a series of recommendations aimed at assisting the Delivery (or Accountable) Agency to develop and deliver their projects and programs successfully.



Infrastructure NSW

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## PROJECT LIFECYCLE AND GATEWAY REVIEWS

The diagram below outlines the typical Gates, along a project’s lifecycle stages 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        | KEY QUESTION  | REVIEW DELIVERABLE  | HEALTH CHECKS   |
|------------------------|------------------------------|-----|-----------------------|---|---|---|
| INITIATION             | NEEDS CONFIRMATION           | 0 ▶ | GO/NO GO              | HOW HAS THE PROJECT DEMONSTRATED THAT THE SERVICE NEED IS ALIGNED TO GOVERNMENT POLICY AND DIRECTION?   | EVIDENCE THE PROBLEM & SERVICE NEED EXISTS<br>REGISTRATION ON GCA REPORTING & ASSURANCE PORTAL<br>COMPLETED GATE 0 TEMPLATE OR EQUIVALENT                     | <div style="border: 1px dashed red; padding: 2px; display: inline-block;">CAPITAL PORTFOLIO</div><br><br><b>YOU ARE HERE</b> |
| PLANNING + DEVELOPMENT | NEEDS ANALYSIS               | 1 ▶ | STRATEGIC OPTIONS     | HOW WELL HAS THE PROJECT ANALYSED A RANGE OF OPTIONS TO MEET THE SERVICE NEED AND MAXIMISE BENEFITS AT OPTIMAL COST?  | WELL DEFINED SERVICE NEED<br>EVIDENCE OF HOW THE PROJECT SCOPE MEETS THE SERVICE NEED<br>OPTIONS ANALYSIS<br>APPROPRIATE LEVEL OF COST BENEFIT ANALYSIS       | DEVELOPMENT   |
|                        | INVESTMENT DECISION          | 2 ▶ | BUSINESS CASE         | HOW WELL HAS THE PROJECT PROVEN THAT THE PREFERRED OPTION BEST MEETS THE SERVICE NEED AND MAXIMISES BENEFITS AT OPTIMAL COST?   | FINAL BUSINESS CASE<br>DETAILED RISK REGISTER<br>DETAILED COST PLAN<br>DETAILED COST BENEFIT ANALYSIS<br>PROCUREMENT AND DELIVERY STRATEGY                    |   |
| PROCUREMENT            | PROCURE                      | 3 ▶ | READINESS FOR MARKET  | HOW WELL HAS THE PROJECT DEVELOPED A PROCUREMENT AND DELIVERY APPROACH TO REALISE THE BENEFITS OUTLINED IN THE FINAL BUSINESS CASE?                                       | CLEAR SCOPE DEFINITION<br>PROCUREMENT DOCUMENTATION<br>PROCUREMENT AND COMMERCIAL APPROACH<br>EVALUATION STRATEGY<br>PROBITY PLAN                             | PROCUREMENT   |
|                        |                              | 4 ▶ | TENDER EVALUATION     | IS A SCOPE BEING PROCURED THAT WILL DELIVER THE BENEFITS OUTLINED IN THE FINAL BUSINESS CASE AND IS THE PROJECT READY TO PROCEED TO DELIVERY?                             | EVALUATION REPORT<br>PROBITY REPORT<br>SUMMARY OF DEPARTURES AND VARIATIONS<br>EVIDENCE OF DELIVERY READINESS AND HANDOVER APPROACH                           |   |
| DELIVERY               | DELIVER & INITIAL OPERATIONS | 5 ▶ | READINESS FOR SERVICE | HOW WELL HAS THE PROJECT DELIVERY TEAM AND ASSET OWNER AND/OR OPERATOR PLANNED A HANDOVER THAT WILL ENSURE THE BENEFITS OUTLINED IN THE FINAL BUSINESS CASE ARE ACHIEVED? | INDEPENDENT VERIFIER REPORTS CONFIRMING SCOPE DELIVERY<br>TESTING AND COMMISSIONING DOCUMENTATION<br>OPERATIONAL READINESS DOCUMENTATION<br>HANDOVER STRATEGY | DELIVERY  |
| OPERATION              | BENEFITS REALISATION         | 6 ▶ | BENEFITS REALISATION  | HOW WELL HAVE THE BENEFITS OUTLINED IN THE FINAL BUSINESS CASE BEEN REALISED AND WHAT LESSONS CAN BE LEARNT FROM THIS?  | EVIDENCE OF OPERATIONAL PERFORMANCE<br>BENEFITS REALISATION PLAN<br>RECORD OF LESSONS LEARNT<br>COMPLETED GATE 6 TEMPLATE                                     |   |

## HOW TO USE THIS WORKBOOK

For Capital Portfolio Health Checks, Delivery (or Accountable) Agencies are expected to demonstrate diligent program management, capability, capacity, governance and financial supervision across the development, procurement and delivery of their infrastructure capital portfolio.

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<br><b>A</b> | <b>FOR DELIVERY AGENCIES AND REVIEW TEAMS:</b> <ul style="list-style-type: none"> <li>Background information on the Health Check Review process</li> <li>Information on the Gateway Review process and how Health Checks apply to agencies</li> </ul> | PAGE:<br><b>09</b> |
| PART<br><b>B</b> | <b>FOR DELIVERY AGENCIES:</b> <ul style="list-style-type: none"> <li>Guidance on the Capital Portfolio Health Check content</li> <li>Documentation required</li> </ul>  | PAGE:<br><b>15</b> |
| PART<br><b>C</b> | <b>FOR REVIEW TEAMS:</b> <ul style="list-style-type: none"> <li>Guidance on how to conduct a Capital Portfolio Health Check Review</li> </ul>   | PAGE:<br><b>22</b> |
| PART<br><b>D</b> | <b>FOR DELIVERY AGENCIES AND REVIEW TEAMS:</b> <ul style="list-style-type: none"> <li>Areas for investigation across the Key Focus Areas</li> </ul>   | PAGE:<br><b>25</b> |

## HEALTH CHECKS AND DELIVERY AGENCY ASSURANCE PROCESSES

The assurance process, including Health Check Reviews, informs the NSW Government (through Cabinet) on the development and delivery progress of an agency's capital infrastructure projects and program. Recommendations and commentary emerging from Health Check Reviews also have a focus on adding value to an agency through the expertise and experience of the Review Team.

A Health Check Review provides an independent snapshot of project status and performance at a point in time. Health Check Reviews are **not an audit** and **not a replacement for a Delivery Agency's internal governance**.

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

## WHY DO PORTFOLIO HEALTH CHECK REVIEWS

The NSW Government requires visibility across the government's capital program and assurance that agencies have the required capability and capacity, governance and financial supervision in place to successfully develop and deliver projects and programs on time, to budget and in line with government policy and stated benefits. The Government also expects Delivery Agencies to have the structures and controls in place to transparently identify project issues and risks; and mitigate problems before there is an impact on the community and stakeholder outcomes.

## CAPITAL PORTFOLIO HEALTH CHECKS

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Capital Portfolio Health Checks are **independent peer reviews** undertaken by a Review Team, selected by the Gateway Coordination Agency (GCA), comprising experienced practitioners who can provide expert advice on the program management approach, capability, capacity, governance and financial supervision of an agency's capital infrastructure program.

A Capital Portfolio Health Check adds value by providing 'point in time' insight of portfolio and program management level issues and risks that potentially impact on the successful development, procurement and delivery of projects within a capital program or portfolio.

The outcome of a Capital Portfolio Health Check is a Review Report commenting on an agency's portfolio management approach, capability, capacity, governance and financial supervision. The Review Report will include an assessment of confidence in the agency's ability to deliver its capital infrastructure portfolio to time, cost and promised benefits. The Report also includes specific and actionable recommendations aimed at improving agency performance in the delivery of its capital infrastructure.

## HEALTH CHECK PRINCIPLES

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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 in the Review.
- **Efficient and flexible** – the Terms of Reference are agreed, appropriate to the stage and phase of the portfolio 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 to match to the agency's type, needs, stage, scale and complexity.
- The workbook structure, Terms of Reference and report template are followed by the Review Team.
- The Review Report provides insights for government, including an assessment for the level of confidence in the agency's capability and capacity to successfully prioritise and deliver its capital infrastructure portfolio.
- Review Report commentary and recommendations are focused on practical issues and outcomes.

## CONDUCTING A CAPITAL PORTFOLIO HEALTH CHECK

Capital Portfolio Health Check Reviews follow a similar format as Gateway Reviews. Delivery Agencies should note the following steps and timeframes below:

| STEP | ACTIVITY   |                               |
|------|--|-------------------------------|
| 1    | GCA informs agency it has been approved for a Review and discusses timing. Agency approaches agreed Review date, checks readiness and contacts the GCA.  | Planning<br>Up to 3<br>Months |
| 2    | GCA Review Manager and the Delivery Agency confirm the Review dates.   |                               |
| 3    | GCA Review Manager determines the Terms of Reference in discussion with the Delivery Agency.   |                               |
| 4    | GCA Review Manager confirms and appoints Reviewers.  |                               |
| 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.  | Week 1                        |
| 8    | Review briefing (Review planning day) hosted by the Delivery Agency.   | Week 2                        |
| 9    | Review days (hosted by the Delivery Agency – up to 4 days if required) <ul style="list-style-type: none"> <li>Day 1 &amp; 2 – Interviews</li> <li>Day 3 &amp; 4 – Interviews / report preparation</li> </ul> The time required should be agreed in discussion between the GCA Review Manager, Delivery Agency and the Review Team Leader. Can be over a two-week period. | Week 3 & 4                    |
| 10   | Review Team drafts the Review Report.  | Week 6 & 7                    |
| 11   | Review Team opportunity for an additional day of interviews if issues remain or clarifications are required.   |                               |
| 12   | Review Team finalises the Draft Review Report and provides it to the GCA.  | Week 8                        |
| 13   | Review Team debrief to agency (attended by the GCA) to the Agency Head.  |                               |
| 14   | Report and recommendations table goes to the Delivery Agency for fact check and responses to the recommendations.  | Week 9                        |
| 15   | Fact checked report and responses to the recommendations sent to the GCA by the Delivery Agency.   |                               |
| 16   | Report incorporating response to recommendations finalised by the GCA.   | Post Review                   |
| 17   | Post Review survey sent out to Delivery Agency, Review Team members and GCA Review Manager.  |                               |
| 18   | Close-out Plan issued to Delivery Agency by the GCA.   | Post Review                   |

## KEY FOCUS AREAS

At the conclusion of the Review, the Review Team will rate the Capital Portfolio against each of the Key Focus Areas:

| KEY FOCUS AREA  |   | DESCRIPTION APPLICABLE TO THE CAPITAL PORTFOLIO HEALTH CHECK  |
|---|---|---|
|    | <b>PORTFOLIO MANAGEMENT</b>                   | The agency has the necessary approach, systems, accreditations and tools to prioritise, scope and coordinate programs and projects within their capital portfolio. There is demonstrated oversight and conformance to whole-of-Government directions, policies and requirements. There is effective integration of the project, program and portfolio-level management functions (financial, reporting, resourcing, tracking benefits).   |
|    | <b>FINANCIAL RESPONSIBILITY</b>               | The agency has robust approaches to setting total and annual project and program budgets, managing contingency, financial/cashflow forecasting, and cost-to-date reporting. Financial control at a portfolio level is supported by a comprehensive benchmarking framework, clear delegations, budgeting approvals process and tracking of key financial metrics. Robust change control is in place. Financial/budget risks are transparent and reported.  |
|    | <b>ORGANISATIONAL CAPABILITY AND CAPACITY</b> | The approach to the planning, selection and management of portfolio, program and project level resources is clear and appropriate, as is the ongoing proactive review of performance. Roles and responsibilities are clearly understood. Capability requirements (including qualifications, skills, personal attributes, and experience) are clearly understood and applied. Sufficient dedicated and shared resources are provided, allocated and managed in accordance with outcome and performance expectations.   |
|  | <b>TEAM DYNAMICS AND OUTCOMES</b>             | Team dynamics and alignment is critical to program outcomes. Impacts on team dynamics include how trust and respect is built, how free project and program teams are to deliver bad news, and how senior management react. The resilience to continue to pursue great outcomes is best tested during project failure and setbacks. Organisational norms include approaches to commercial dispute resolution and sharing knowledge between projects. All of these alignment factors influence the desirability of the organisation as an employer and how impactful teams can be in delivering optimal project results.  |
|  | <b>GOVERNANCE AND CHANGE CONTROL</b>          | The agency governance structure for projects, programs and the portfolio is clearly defined and articulated. Governance sets standards, provides assurance, brings foresight and advice and disseminates integrated information across the portfolio. Reporting lines are transparent with clear delegations, responsibilities and accountabilities. Project, program and portfolio executives and members of key governance committees are appropriately skilled. Project and program scopes are actively managed and controlled. Project, program and portfolio reporting is standardised, clear and succinct. Relevant government and agency policies are in place and known to staff. |
|  | <b>RISK AND OPPORTUNITY MANAGEMENT</b>        | There is a formal, consistent and diligent approach to risk and opportunity management across the portfolio, with clear evidence of risk 'ownership' and risk 'management' being allocated and agreed. Probabilistic and deterministic risk is applied appropriately at project level. An appropriate portfolio level and project level risk and opportunity management framework is in place. Project and program risks and opportunities are reported at the portfolio level and external risks are appropriately managed. Portfolio risk management focuses on the aggregation of project and program level risks and external risk conditions that impact the portfolio.              |
|  | <b>ASSET OWNER'S REQUIREMENTS</b>             | Asset owner's costs and requirements, including the requirements for operations and maintenance, are identified and considered early in the project and program lifecycle. Scrutiny and assessment of requirements is frequent and ongoing throughout project delivery. There is appropriate representation on behalf of the asset owner, operator and maintainer at portfolio governance forums. Lifecycle cost impacts are understood, with consideration given to CAPEX vs OPEX in project budgeting and change management.  |

## REVIEW RATINGS

The Review Team will assign the agency an overall confidence rating:

| <b>OVERALL RATING</b><br>CONFIDENCE LEVEL THAT THE AGENCY IS DEMONSTRATING PORTFOLIO MANAGEMENT AND OVERSIGHT OF ITS CAPITAL INFRASTRUCTURE DEVELOPMENT AND DELIVERY RESPONSIBILITIES. |   |
|--|---|
| <b>HIGH</b>  | High quality portfolio management, capability, capacity, governance and financial supervision is in place to successfully prioritise, develop, procure and deliver the agency's capital infrastructure program to time, cost and quality, in-line with expected benefits. Clear demonstration that the agency is proactive and can identify and quickly resolve issues that threaten successful development and delivery.   |
| <b>MEDIUM</b>  | The portfolio management, capability, capacity, governance and financial supervision is in place and generally sufficient to successfully prioritise, develop, procure and deliver the agency's capital infrastructure portfolio to time, cost and quality, in-line with the expected benefits. However, there remains issues and program level risks that require proactive resolution by the agency's executive.  |
| <b>STRESSED</b>  | The Review Team lacks confidence there is sufficient proactive and capable program management, capability, capacity, governance or financial supervision in place to successful prioritise, develop, procure and deliver the agency's capital infrastructure program to time, cost and quality, in-line with expected benefits. Significant risks or deficiencies exist and are placing stress on the management of the program, requiring urgent senior executive support. |
| <b>LOW</b>   | The agency does not have the necessary program management, capability, capacity, governance or financial supervision in place to successfully prioritise, develop, procure and deliver its infrastructure program to time, cost and quality, in-line with the expected benefits. Major risks exist and urgent action is required by the agency's executive.   |

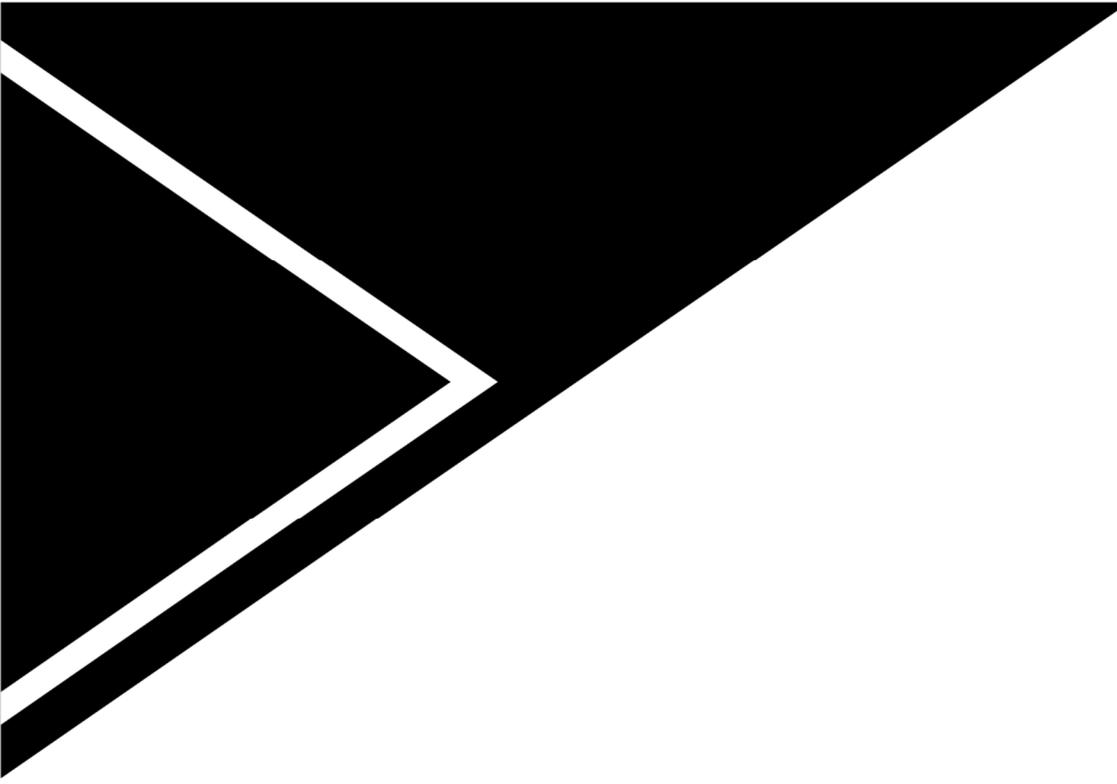
The Review Team will also rate each of the Key Focus Areas:

| <b>KEY FOCUS AREAS RATING</b><br>HOW THE KEY FOCUS AREA HAS BEEN ADDRESSED AND WHAT RISK DOES IT POSE TO THE CAPITAL PORTFOLIO DEVELOPMENT, PROCUREMENT AND DELIVERY CONFIDENCE |  |
|---|--|
| <b>STRONG</b>   | There are no major outstanding issues that at this stage appear to threaten the capital portfolio.   |
| <b>ACCEPTABLE</b>   | There are issues that can be addressed and are manageable, however require timely management attention.  |
| <b>WEAK</b>   | There are significant issues in this key focus area that may jeopardise the successful development, procurement and delivery of the capital program. |

## RECOMMENDATION RATINGS

Recommendations made by the Review Team will also receive a rating, indicating level of urgency and criticality for the agency:

| <b>RECOMMENDATION RATING</b><br>EACH RECOMMENDATION OF THE REVIEW TEAM IS RATED ACCORDING TO ITS URGENCY AND CRITICALITY |  |
|--|--|
| <b>RECOMMENDED (DO)</b>  | The recommendation should be assessed by the Agency Head for its potential to enhance the prioritisation and management of the capital portfolio and appropriate action should be taken.   |
| <b>ESSENTIAL (DO BY)</b>   | The recommendation is important but does not need to be acted on immediately. Action should be taken in an appropriate timeframe. The Agency Head needs to prioritise and monitor progress towards resolution of the risk or issue raised. |
| <b>CRITICAL (DO NOW)</b>   | This item is critical and urgent. The Agency Head should take action immediately. "It means fix the key problems fast, not stop projects."   |



**HEALTH CHECK WORKBOOK**

**Part A**

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

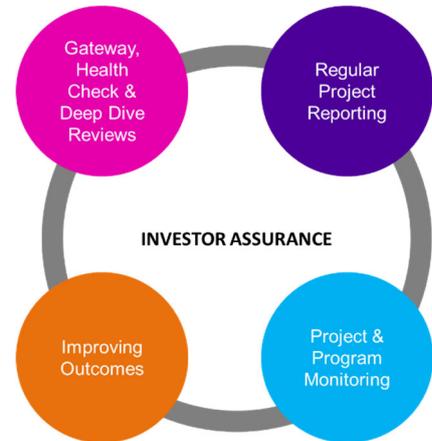
## PART A

## 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.



### CAPITAL PORTFOLIO

Capital Portfolio Health Checks are periodically conducted into Delivery Agency capability and capacity to prioritise and manage the agency's entire capital infrastructure program. The focus is on portfolio management, rather than individual projects or programs of works. Nominated Delivery Agencies will be required to undertake Capital Portfolio Health Check Reviews.

### 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. Deep Dives are conducted at any stage of a project's lifecycle but focus on a few major issues that have been identified and are based on the Terms of Reference prepared by the GCA. Health Checks and Deep Dives, when required, are carried out by an independent expert review team.

The results of each Gateway Review and Health Check are presented in a report that provides a snapshot of the project or program'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 NSW Assurance Portal on either a monthly or quarterly basis, depending on the Project Tier, and focus on progress against time, cost and other risks.

### PROJECT AND PROGRAM MONITORING

The GCA monitors projects and programs through regular reporting (including mitigation plans for projects at risk), close-out of the Gateway Review Report Recommendations 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.

## PART A

## 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 programs and 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.

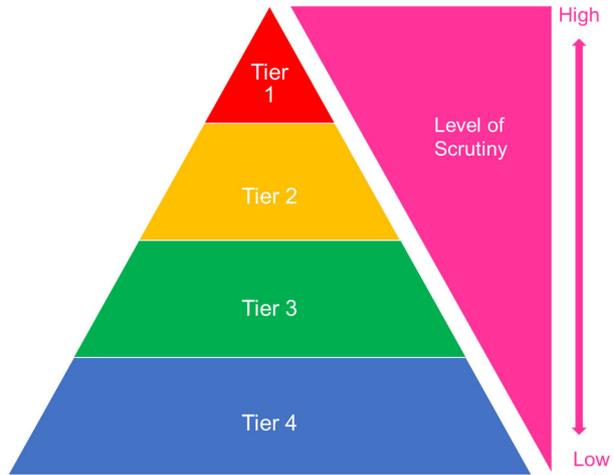
Minimum mandatory requirements on projects to undertake Gateway Reviews are primarily based on the Project Tier determined when the project is registered through the NSW Assurance Portal.

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 determined at project registration but may change over time through discussions between the GCA and Delivery Agency. The assurance pathway 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.

Collectively the infrastructure projects that an agency is prioritising, developing, procuring or delivering make up its capital portfolio. Agencies are expected to have robust portfolio and program management practices in place to manage issues and risks for both individual projects and across their capital portfolios.



## APPLICABLE NSW POLICY

**The Gateway Review process aligns with current NSW Government policy and strategies. Agencies should have the necessary capability, capacity, governance, program management and financial supervision in place to ensure capital projects and programs meet the latest policy and guidelines.**

Examples of these policies and guidelines include the current versions of:

- NSW Gateway Policy (TPG22-12)
- Infrastructure Investor Assurance Framework (IIAF)
- NSW Government Sector Finance Act 2018
- NSW Government Capability Framework
- NSW Government Cost Control Framework (CCF)
- NSW Treasury Guidelines for Capital Business Cases (TPP08-5)
- NSW Government Business Case Guidelines (TPP18-06)
- Asset Management Policy for the NSW Public Sector (TPP19-07)
- NSW Government Guide to Cost Benefit Analysis (TPG23-08)
- NSW Government Program Evaluation Guidelines (January 2016)
- NSW Government Benefits Realisation Management Framework (2018)
- NSW Public Private Partnership Policy and Guidelines (TPG22-21)
- NSW Government Procurement Policy Framework (April 2022)
- Public Works and Procurement Amendment (Enforcement) Act 2018
- NSW Procurement Board Directions Enforceable Procurement Divisions
- Australian Government Assurance Reviews and Risk Assessment (Department of Finance)

## PART A

## GATEWAY REVIEW REPORTS

The primary output of the 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 Key Focus Areas, Gateway Review Ratings, the Recommendations Table, and observations of good practice or areas for opportunity. The Review Report will also cover other matters identified in the Terms of Reference.

The Review Team provides a rating of how well the agency has addressed each Key Focus Area and an overall rating of the level of confidence in the agency's approach. The primary purpose of the Capital Portfolio Review Report is to inform the NSW Government of an agency's program management approach, capability, capacity, governance and financial supervision of its capital infrastructure portfolio. 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.

## REPORT DISTRIBUTION

- Capital Portfolio Health Check Reports are Cabinet documents.
- 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.
- The Review Report must not be distributed outside of the responsible Delivery Agency until the report is finalised, including agency responses to the Review Recommendations.
- Copies of final Review Reports (including agency responses to the Review Recommendations) 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. No Report may be distributed outside the NSW Government by either the GCA or Delivery (or Accountable) Agency Head, unless permission is explicitly granted by the Chief Executive of Infrastructure NSW.
- The Delivery Agency Head or delegate may distribute the final Review Report at their discretion, having regard to the confidential nature of the Report – but this does not include outside the NSW Government.

## WHAT HEALTH CHECK REVIEWS DO NOT DO

**A Capital Portfolio Health Check Review is not an audit.** Reviews are intended to be confidential and constructive, providing an expert assessment of an agency's program management approach, capability, capacity, governance and financial supervision of its capital infrastructure program.

Delivery Agencies should note that Health Check Reviews will not:



- Represent a government decision in relation to funding, planning, approvals, procurement or policy.
- Make an enforceable recommendation to halt an agency's activity.
- Detailed quality check or provide direct detailed assessment of individual management plans and project/program deliverables.
- Provide a forum for stakeholders or other parties to inappropriately disrupt the direction or nature of projects or programs.
- Provide a detailed mark-up of management plans and specific PMO team deliverables.

## PART A

## ROLES WITHIN A GATEWAY REVIEW

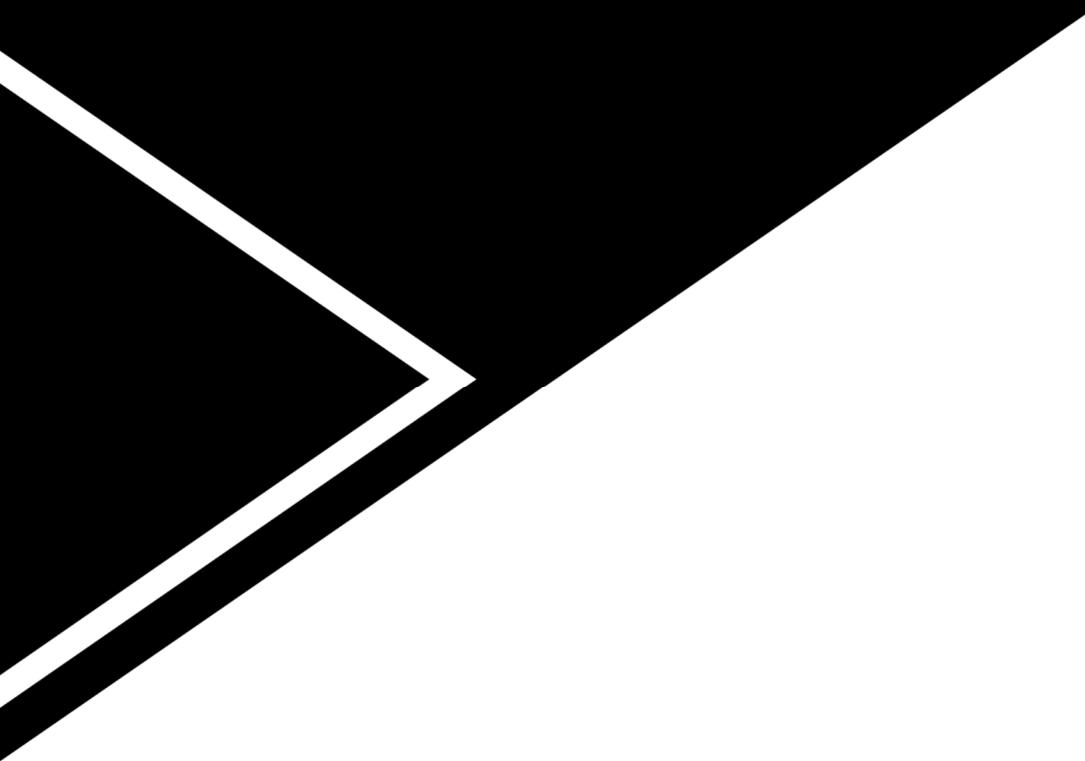
The typical roles within a Gateway Review are outlined below:

| ROLE                                     | DESCRIPTION   |
|--|---|
| <b>GATEWAY COORDINATION AGENCY (GCA)</b> | <p>The agency identified in the NSW Gateway Policy as responsible for the Gateway Review processes, procedures, advice and reporting for either infrastructure, recurrent or ICT projects.</p> <p>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.</p>   |
| <b>GCA REVIEW MANAGER</b>                | <p>The senior GCA representative responsible for guiding the implementation of the Gateway Review. The GCA Review Manager has Cabinet level reporting responsibilities for assurance. The GCA Review Manager directs and manages the process of the Review, but does not participate in the Review itself.</p>  |
| <b>DELIVERY AGENCY HEAD</b>              | <p>The Secretary or CEO of the Delivery (or Accountable) Agency. The Agency Head receives the Review Report from the GCA for action, is debriefed by the Review Team Leader and the GCA Review Manager following the Review.</p>  |
| <b>REVIEW TEAM LEADER (RTL)</b>          | <p>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 Review briefing and interview days and has primary responsibility for delivering a high quality, consolidated Review Report using the appropriate template.</p> <p>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 Senior Responsible Officer (SRO) and/or Project Director, however, this only extends to logistics to organise reviews or clarify Review Team requirements. There is no 'informal' aspect to Reviews and specifics of the Review Report commentary or recommendations are not to be discussed outside the protocols set by the GCA, including with Agency Heads or SROs. The RTL provides the debrief to the GCA and the Delivery Agency's SRO on behalf of the Review Team.</p> |
| <b>REVIEW TEAM MEMBER</b>                | <p>Provides the benefit of their independent and specialist expertise and advice in the Review, focusing on issues appropriate to the agency's capital portfolio. Each Review Team Member participates in the Review briefing and interviews and contributes to the Review Report and recommendations.</p>  |
| <b>STAKEHOLDER</b>                       | <p>Organisations, groups or individuals, either internal or external to government, that are impacted by the agency's capital portfolio and may be interviewed at the discretion of the Review Team Leader.</p>   |

## PART A

## REVIEW COMMUNICATION PROTOCOLS

| TOPIC                  | DETAILS  |
|------------------------|--|
| REPORT CONFIDENTIALITY | <ul style="list-style-type: none"> <li>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.</li> <li>All Review Reports are marked "OFFICIAL: Sensitive - NSW Cabinet" and are submitted to Cabinet.</li> <li>All participants must keep all information, including documentation, confidential at all times.</li> <li>Review Team Members must not directly contact the Delivery Agency or stakeholders without the permission of the GCA Review Manager.</li> </ul>  |
| REPORT DISTRIBUTION    | <ul style="list-style-type: none"> <li>Review Team Members must not distribute copies of any versions of Review Reports directly to Delivery Agencies, project teams or any other party.</li> <li>The Review Team Leader sends the final draft of the Review Report to the GCA for review and distribution.</li> <li>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.</li> <li>The Review Team may not keep any copies of any version of the Review Report, or supporting documents, following submission to the GCA.</li> </ul> |
| REVIEW DEBRIEF         | <ul style="list-style-type: none"> <li>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 agency representatives that attend the debrief and may attend the debrief.</li> <li>There is no 'informal' element to Gateway Reviews. A debrief to the Agency Head or any Delivery Agency executive must not occur without the approval of the GCA representative.</li> </ul>  |
| REPORT FORMAT          | <ul style="list-style-type: none"> <li>All Review Reports must include a document control table.</li> <li>All Review Reports must include a list of people interviewed by the Review Team.</li> <li>All versions of reports issued by the Review Team to the GCA are to be in MS Word format.</li> <li>The final Review Report issued to the Agency Head is to be watermarked as 'FINAL' and issued in PDF.</li> </ul>   |
| REPORT TRANSMITTAL     | <ul style="list-style-type: none"> <li>The GCA is required to keep a record of all parties, noting the Review Report version, to whom reports are issued.</li> <li>All participants should minimise the use of hard copies of Delivery Agency documents and must not keep documents in any form following the Review.</li> </ul>   |



HEALTH CHECK WORKBOOK

# Part B

FOR DELIVERY AGENCIES

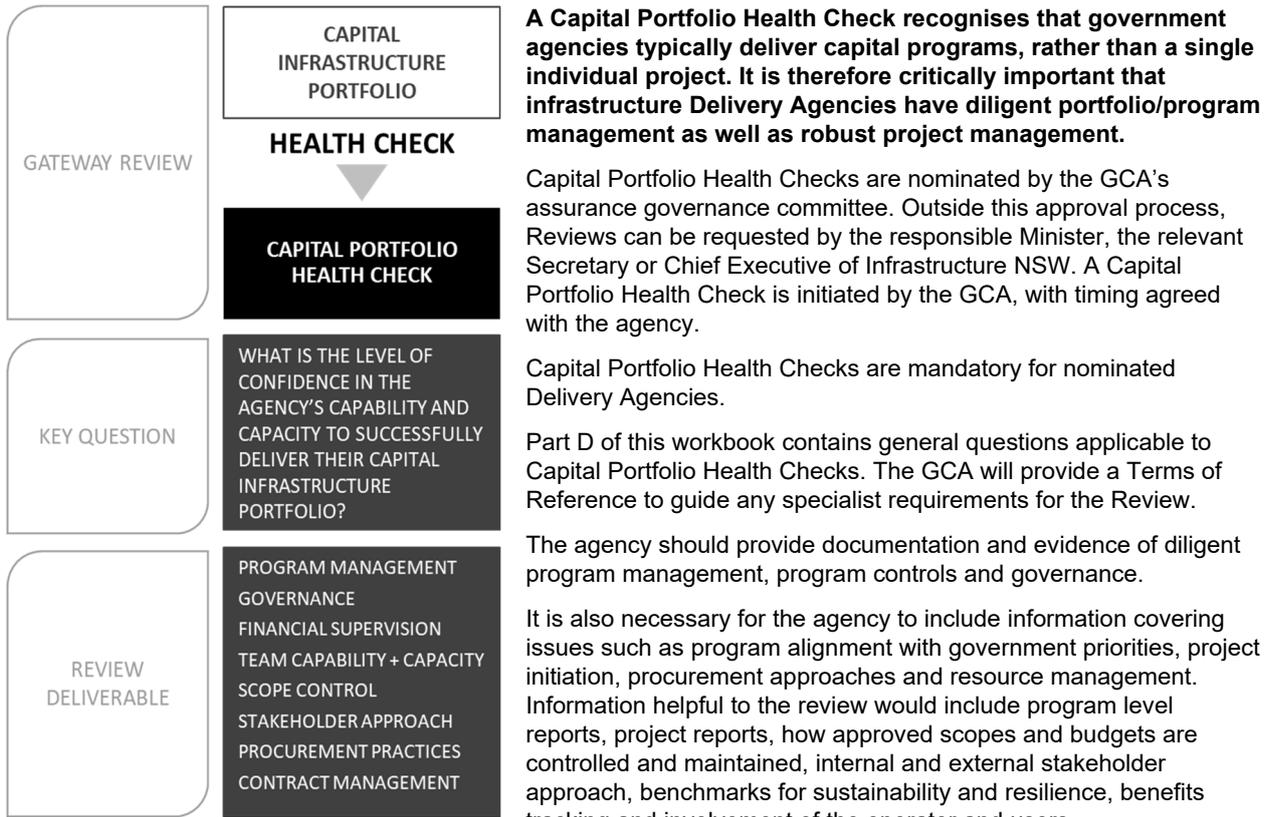
Initiating and preparing for a Capital Portfolio Health  
Check Review

# PART B

## HOW TO USE PART B

PART B assists Delivery Agencies prepare for the Capital Portfolio Health Check Review by providing guidance on the Health Check’s focus, typical documentation required and templates to be used.

## CAPITAL PORTFOLIO HEALTH CHECK – INFORMING AGENCY DELIVERY CONFIDENCE



The agency should be able to demonstrate it has the diligence in program management, capability, capacity, governance and financial supervision to successfully plan, develop, procure and deliver its capital infrastructure portfolio to time, cost and quality and in-line with the expected benefits.

## PART B

## CAPITAL PORTFOLIO HEALTH CHECK REVIEW AND DOCUMENTS

---

The GCA is responsible for initiating a Capital Portfolio Health Check Review at a time agreed with the agency. Delivery Agencies should seek authorisation from the agency's governance structure and the Capital Portfolio Health Check Review should be led by the Agency Head or nominated delegate.

Review Teams require evidence that work has been completed, but documentation should not be created solely for a Capital Portfolio Health Check Review. It is intended that Delivery Agencies **use existing project documentation**.

The Review Team use the documentation provided to inform the interviews with agency staff and stakeholders and in writing commentary for the Review Report.

### MANDATORY DOCUMENTS



- Presentation providing an executive level overview of the infrastructure capital portfolio scope, cost, governance and controls
- Document outlining projects in the program

### REQUIRED INFORMATION

For a Capital Portfolio Health Check, documents should be provided that address the Key Focus Areas of the Review. The table below provides suggested guidance for collating the appropriate documents. It may also be useful to refer to Part D of this workbook. Agencies should aim for no more than 40 documents to be loaded into the data room.

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 Capital Portfolio Health Check suite of documents.

## PART B

| GENERAL INFORMATION TO SUPPORT CAPITAL PORTFOLIO HEALTH CHECKS   | DESCRIPTION / EXAMPLES   |
|--|--|
| Governance structures and Terms of Reference   | Agency governance structure or framework showing how project level governance is integrated into portfolio governance. Terms of reference and membership of the various steering groups, control groups and committees.                        |
| Decision making and approval mechanisms and procedures   | Documentation / reports / minutes demonstrating how decisions are made within the governance hierarchy in a timely and effective manner.   |
| Prioritisation processes for projects within the program   | Strategic plan aligned to government policy. Investment / prioritisation framework identifying the process for prioritising projects through the program, aligned to project lifecycles, resourcing and funding needs.                         |
| Delegation management  | Delegations manual or similar aligned to the governance framework and organisational structure.  |
| Financial controls, management and reporting (including updates to NSW Treasury)                           | Program level Board / Executive reports, reports to Treasury and other internal and/or external reporting to support appropriate decision making.  |
| Budgeting and contingency management   | Cost management protocols / guidelines, contingency management protocols and reporting at a project level and portfolio level.   |
| Program reporting and tracking   | Executive Steering Committee minutes, project control group minutes, other project level information that is reported at a portfolio level.  |
| General agency policies (e.g. HS&E, Sustainability, employment) applied across all projects in the program | Internal agency policies that apply across the portfolio, including workplace health and safety, sustainability, employment and recruitment.   |
| Individual project reporting templates and approach (with examples)  | Executive Steering Committee reports, project control group reports, other project level information that is reported at a portfolio level. Reporting that demonstrates conformity and comparability across projects at a portfolio level.     |
| Risk Management Framework, program risk and issues tracking  | Audit and Risk Committee terms of reference, internal audit plan, annual audit report, risk register and risk management processes.  |
| Relevant organisation structure and resourcing   | Organisation chart showing staff in each position, vacancies and staff retention. Recruitment procedures and onboarding processes. Recent People Matters Engagement Survey (PMES) results.   |
| Program management overview and procedures   | Key evidence sources explaining agency processes to ensure consistency and compliance against all internal and external policies, standards and other relevant requirements. Description of program management office activities.              |
| Program stakeholder mapping, oversight, policies and communication strategies                              | Summary of program level internal and external to government stakeholders, procedures and processes for communication with these stakeholders at a portfolio level.  |
| Overview of internal assurance processes   | Internal assurance framework and procedures, procurement guidelines, tender evaluation and probity.  |
| Benefits realisation tracking and lessons learnt (capability building) approach                            | Benefit realisation plans and tracking, recognising that this may be primarily captured by the operating agency. Demonstration of how information is provided back to the Delivery Agency and informs the management of the capital portfolio. |

# PART B

## 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 relevant documentation on the Infrastructure NSW website.

- Review briefing agenda
- Interview schedule
- Interviewee list
- Document register

GATEWAY REVIEW  
Capital Portfolio Health Check

Infrastructure NSW

[agency]  
[date and location]

**CAPITAL PORTFOLIO BRIEFING AGENDA**

Review Team Members: [names of Review Team members]  
GCA Review Manager: [name of GCA Review Manager]

| TIME          | FOCUS  | REPRESENTATIVE          |
|---------------|--|-------------------------|
| 9:00 – 9:10   | Introduction   | GCA Review Manager      |
| 9:10 – 11:15  | Introduction of the Capital Portfolio<br>• Program progress and status<br>• Governance arrangements  | Agency Head or delegate |
| 11:15 – 11:30 | <b>BREAK</b>   | ALL                     |
| 11:30 – 13:00 | Summary overview of how each of the Key Focus Areas have been addressed:<br>• Program management<br>• Financial responsibility<br>• Organisational capability and capacity<br>• Governance and decision making<br>• Risk management<br>• Asset owner's needs and change management | Executive Team          |
| 13:00 – 13:30 | <b>WORKING LUNCH</b> – Discussion of interview schedule  | Agency Head or delegate |
| 13:30 – 14:00 | Review Team discussion   | Review Team Only        |

**CONTACT DETAILS:**  
[name of delivery agency contact for day]  
[mobile number of delivery agency contact]

NSW INFRASTRUCTURE INVESTOR ASSURANCE SENSITIVE: NSW GOVERNMENT Version 1: February 2021

GATEWAY REVIEW  
Capital Program Health Check

Infrastructure NSW

[agency]

**INTERVIEWEE LIST**

| PERSON | ORGANISATION | ROLE | EMAIL / PHONE |
|--------|--------------|------|---------------|
|        |              |      |               |
|        |              |      |               |
|        |              |      |               |
|        |              |      |               |
|        |              |      |               |
|        |              |      |               |
|        |              |      |               |
|        |              |      |               |

NSW INFRASTRUCTURE INVESTOR ASSURANCE SENSITIVE: NSW GOVERNMENT Version 1: February 2021

GATEWAY REVIEW  
Capital Portfolio Health Check

Infrastructure NSW

[agency]  
[date and location]

**INTERVIEW SCHEDULE**

| [DAY AND DATE] (DAY 1) | TIME                   | NAME AND POSITION OF PRESENTER | DETAILS | KEY FOCUS AREA |
|------------------------|------------------------|--------------------------------|---------|----------------|
|                        | 9:00 – 10:00           |                                | •       |                |
|                        | 10:00 – 11:00          |                                | •       |                |
|                        | 11:00 – 12:00          |                                | •       |                |
|                        | 12:00 – 12:45          |                                | •       |                |
| 12:45 – 13:30          | <b>LUNCH BREAK</b>     |                                |         |                |
|                        | 13:30 – 14:15          |                                | •       |                |
|                        | 14:15 – 15:00          |                                | •       |                |
|                        | 15:15 – 16:00          |                                | •       |                |
|                        | 16:15 – 17:00          |                                | •       |                |
| 17:00 – 17:30          | Review Team discussion |                                |         |                |

NSW INFRASTRUCTURE INVESTOR ASSURANCE SENSITIVE: NSW GOVERNMENT Version 1: February 2021

GATEWAY REVIEW  
Capital Portfolio Health Check

Infrastructure NSW

[agency]

**DOCUMENT REGISTER**

| DOCUMENT NAME | DATE | CONTEXT / PURPOSE |
|---------------|------|-------------------|
|               |      |                   |
|               |      |                   |
|               |      |                   |
|               |      |                   |
|               |      |                   |
|               |      |                   |
|               |      |                   |
|               |      |                   |

NSW INFRASTRUCTURE INVESTOR ASSURANCE SENSITIVE: NSW GOVERNMENT Version 1: February 2021

# PART B

## INITIATING THE CAPITAL PORTFOLIO HEALTH CHECK

Infrastructure NSW will nominate a list of agencies (or relevant part of an agency) for a Capital Portfolio Health Check Reviews each year. The timing between Capital Portfolio Health Check Reviews for the same agency should be a minimum of 2 years.

This list will be provided through the IIAF governance for review and approval, providing an opportunity for agencies to provide feedback and input into review planning.

Outside of this nomination process, Cabinet, the responsible Minister, the relevant Secretary or the Chief Executive of Infrastructure NSW may determine that a Capital Portfolio Health Check Review is to take place.

In all cases, agencies will be given sufficient time to prepare and coordinate for the Review.

The GCA Review Manager will contact the agency to plan and 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 documentation and coordinate interviewees.

The Review commences with the release of the documentation to the Review Team by the agency. This is followed by the Review briefing and interviews.

The Delivery Agency and GCA Review Manager will discuss and agree:

- Dates for the Review briefing and interview day(s).
- Any urgency in the completion of the Capital Portfolio Health Check Review Report.
- Issues to be covered in the Terms of Reference.
- Agency 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 Capital Portfolio Health Check Review in consultation with the relevant agency.

The Terms of Reference is provided to the Review Team approximately a week prior to the commencement of the Review. The Terms of Reference will be agency-specific and identify aspects of the development and delivery of the capital portfolio that the GCA and/or Delivery Agency see as issues.

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

GATEWAY REVIEW  
Capital Portfolio Health Check

Infrastructure NSW

GATEWAY REVIEW TERMS OF REFERENCE

**GATE:** Capital Portfolio Health Check

**DELIVERY AGENCY:** [Delivery agency responsible for the capital portfolio]

**CLUSTER:** [Cluster delivery agency belongs to]

**AGENCY HEAD:** [Agency Head name]      **EMAIL:** [Agency Head email]

The Review will be conducted in line with Infrastructure NSW's mandate to provide investor assurance for infrastructure projects and programs valued at or over \$10M and in accordance with the Capital Portfolio Health Check Review Workbook.

The Review Report produced following this Review is primarily for the consideration of and noting by, the NSW Cabinet. The Terms of Reference form part of the Review Report.

**CAPITAL PROGRAM BACKGROUND**

[Capital portfolio summary and scope]

[Program objectives and intended outcomes]

**GATEWAY TIMING**

The timing of the Gateway Review is:

| ACTIVITY  | DATE                  |
|---|-----------------------|
| Documents to Reviewers                          | [Enter date dd/mm/yy] |
| Capital Portfolio Briefing (half day)           | [Enter date dd/mm/yy] |
| Interview Days (all day)                        | [Enter date dd/mm/yy] |
| Report and Recommendations Table from Reviewers | [Enter date dd/mm/yy] |
| Final Report with delivery agency responses     | [Enter date dd/mm/yy] |

NSW INFRASTRUCTURE INVESTOR ASSURANCE
SENSITIVE: NSW GOVERNMENT
Version 1: February 2021

## REVIEW BRIEFING AGENDA

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

The Delivery Agency prepares the Review Briefing Agenda and provides it to the GCA. The agency organises the venue and the GCA Review Manager issues diary invitations for the Briefing.

A Review Briefing Agenda template is included in the Capital Portfolio Health Check suite of documents. This template is only provided as guidance and the 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 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 Capital Portfolio Health Check suite of documents.

Typically, interviewees for a Capital Portfolio Health Check will include:

- Agency Head and relevant Deputies/Executives
- Senior executives with SRO responsibilities
- Senior executives with organisational responsibilities for:
  - Program management function
  - Procurement
  - Risk
  - Governance
  - Resourcing, performance and culture
  - Internal assurance
  - Finance / budget management
  - Central reporting
  - Operator, asset management and asset owner
- NSW Treasury representatives familiar with the agency's capital portfolio
- Stakeholders from other agencies or user groups
- Other interviewees appropriate to specific issues.

An interviewee information sheet is available with the Capital Portfolio Health Check suite of documents on the Infrastructure NSW website and it may be useful for the agency to provide this to interviewees unfamiliar with the Gateway Review process.

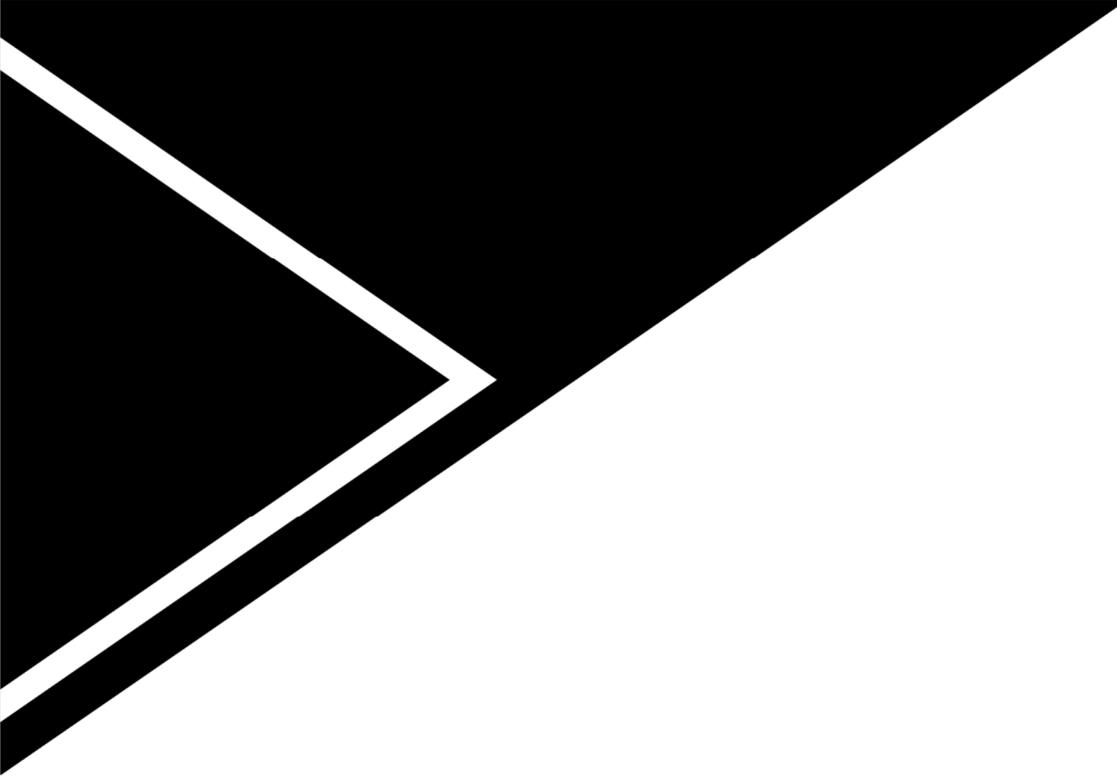
## DRAFT AND FINAL REVIEW REPORT

The GCA will issue the agency SRO with a copy of the Draft Review Report that has been prepared by the Review Team. The agency then 'fact checks' the Report and provides marked-up corrections of any factual issues in the commentary. This does not extend to challenging or rewriting Review Team observations, professional opinions or recommendations.

The agency also provides responses to the recommendations made in the Draft Report in the table provided.

Once the fact-check and response to recommendations is complete, the Report is then sent by the agency to the GCA for finalisation. The Report only becomes final once the GCA has reviewed and approved the Report. The GCA will send a copy of the final Report to the SRO and it will be included in Assurance Cabinet reporting.





HEALTH CHECK WORKBOOK

# Part C

FOR REVIEW TEAMS

Conducting a Capital Portfolio Health Check Review

# PART C

## CAPITAL PORTFOLIO HEALTH CHECK APPROACH

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The Review Team should use this workbook to guide an assessment of **the agency's management of its capital portfolio**. This should cover diligence in program management, prioritisation, capability, capacity, governance and financial supervision.

A robust commentary should be provided against each of the Key Focus Areas and **any other specific issues noted in the Terms of Reference**. The Review is conducted as part of the oversight the GCA provides to government on the status of the management of the agency's capital portfolio.

The outcome of a Capital Portfolio Health Check Review will provide an assessment of confidence to government that the agency has the necessary approach, supervision and controls to deliver its capital portfolio.

## HEALTH CHECK REVIEW

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Health Check Reviews are conducted through an examination of the review documentation provided and interviews with senior executives 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:

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

## HEALTH CHECK REVIEW TEAM

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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 Reviewer 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 agency and its current projects and programs.

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 Key Focus Areas, as relevant to the agency's capital portfolio. It is expected that the Review Team will act collaboratively to add real value to the development and delivery of the capital portfolio.

## REVIEW TEAM PRINCIPLES AND BEHAVIOURS

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Throughout the Review, the Review Team is expected to add real value to the agency 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 by external parties
- 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.

Gateway Reviews are not adversarial or a detailed assessment of management plans and project team deliverables. Poor or disrespectful behaviour will not be tolerated by the GCA.

# PART C

## REVIEW COMMUNICATION PROTOCOLS

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Review Communication Protocols are contained in full in Part A of this workbook. In summary, Review Team Members:

- Must keep all information, including documentation, confidential at all times
- Must not directly contact the agency without the permission of the GCA Review Manager
- Must not distribute copies of any versions of the Review Report directly to agencies, project teams or any other party
- Must minimise the use of hard copies of agency documents and must not keep documents in any form following the Review.

## TERMS OF REFERENCE FOR THE REVIEW

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The GCA Review Manager will prepare Terms of Reference in consultation with the agency.

When finalised, the Terms of Reference will be issued to the Review Team. The Terms of Reference provide agency specific guidance and should be used in conjunction with the Capital Portfolio Health Check Review Workbook.

## CAPITAL PORTFOLIO HEALTH CHECK REVIEW REPORT

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Following the review of agency documentation, briefing day and interview days, the primary output of a Review is a high-quality written report in the nominated template that is candid and clear, absent of errors and without contradiction and inconsistencies.

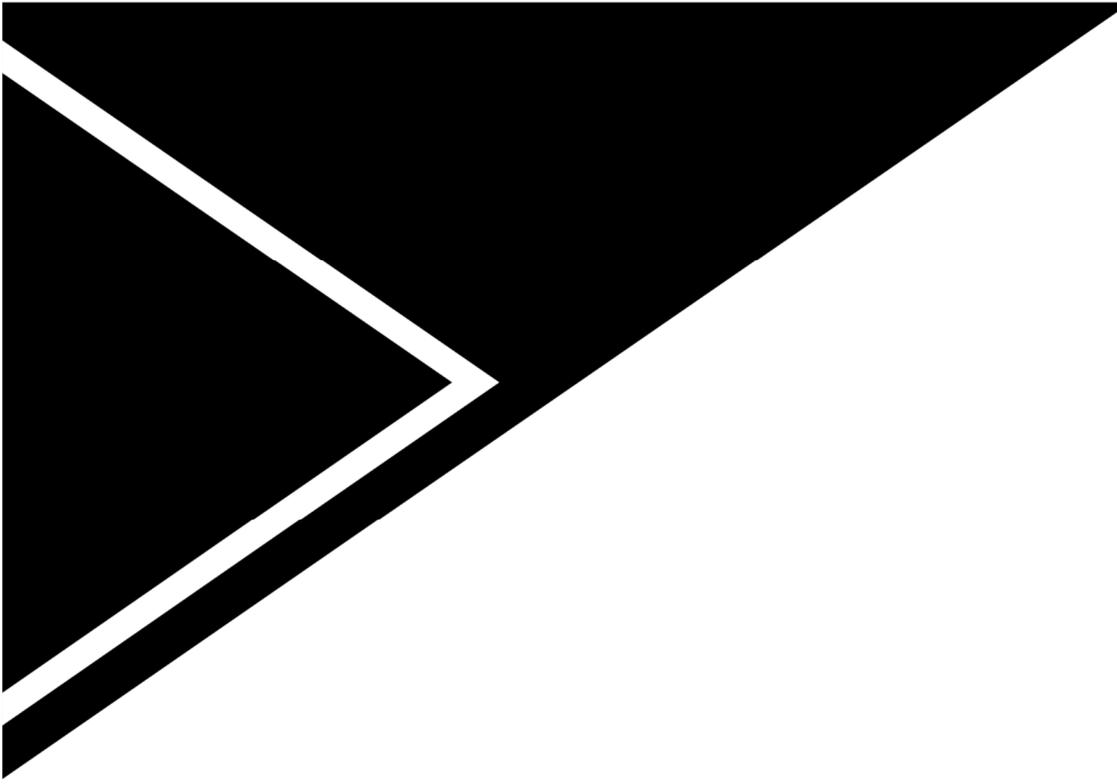
The Capital Portfolio Review Report includes the Review Team's assessment and comment on whether the agency can demonstrate that they have diligent program management, project prioritisation, capability, capacity, governance and financial supervision across the planning, development, procurement and delivery of their infrastructure capital portfolio.

The Review Team 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 agency's response to each of the 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 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.

The Review Report is written by the Review Team for the GCA and for the purpose of the oversight function the GCA has been assigned by the NSW Government.



**HEALTH CHECK WORKBOOK**

# Part D

**FOR DELIVERY AGENCIES AND REVIEW TEAMS**  
**Areas for investigation in a Capital Portfolio Health  
Check Review**

# PART D

## WHAT TO LOOK FOR AT A CAPITAL PORTFOLIO HEALTH CHECK

The Capital Portfolio Health Check Review seeks to answer the question: **Does the agency have the necessary capability and capacity to deliver its capital infrastructure portfolio?**

For Capital Portfolio Health Checks, Delivery Agencies are expected to demonstrate diligent program management, capability, capacity, governance and financial supervision across the prioritisation, development, procurement and delivery of their portfolio of infrastructure capital projects.

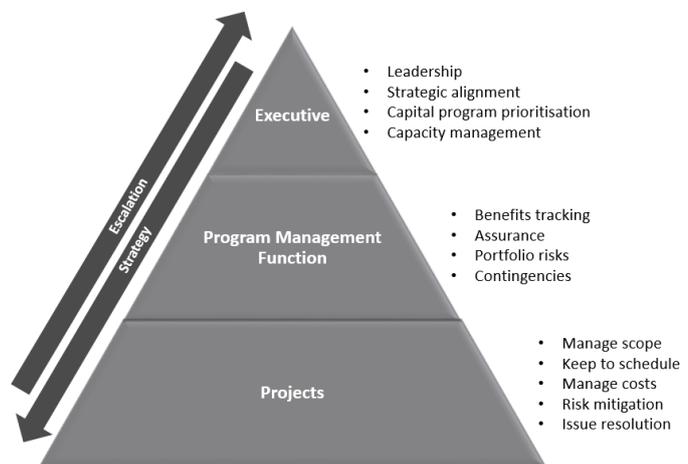
Whilst the level of detail and evidence required to support a Review should not be onerous for a Delivery Agency, it should be sufficient to demonstrate that risks in the portfolio and opportunities for proactive, timely and effective interventions are in place. To assist, guidance questions have been provided in Part D under each Key Focus Area. These questions do not need to be asked verbatim, but the general area of the question must be covered, unless irrelevant to the Delivery Agency.

## PORTFOLIO MANAGEMENT AND GOVERNANCE

Capital Portfolio Health Checks are not an examination of individual projects but rather assess the agency's capability and capacity to deliver their capital portfolio to achieve the intended benefits. Central to this is how the portfolio is managed and how governance overall is structured.

Typically, the Executive sets the strategy which is then implemented by the Program Management function through efficient delivery of individual projects.

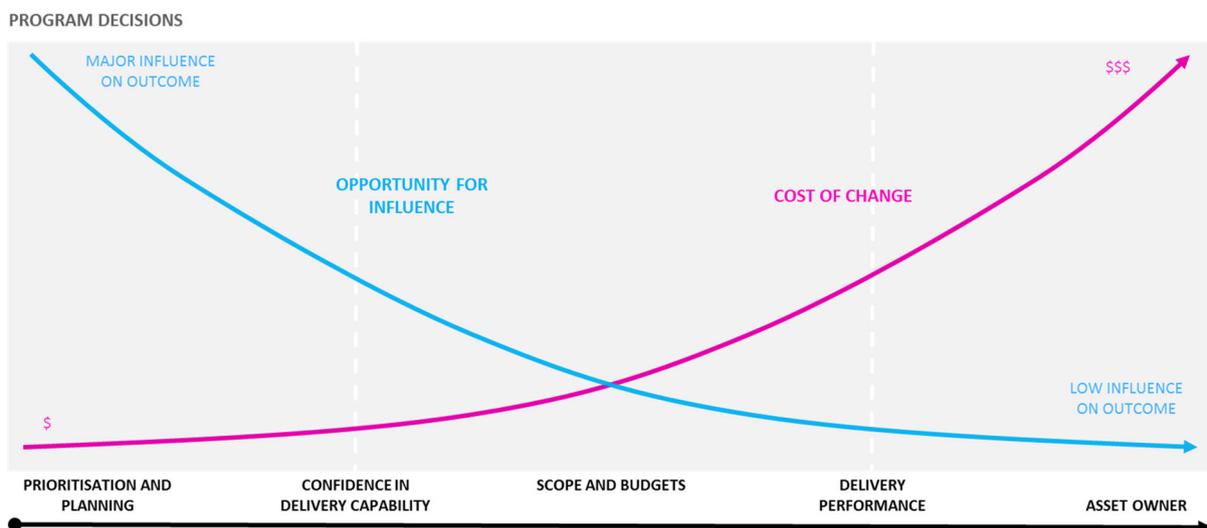
Clear criteria for escalation of decisions and risks needs to be understood by the project teams and Program Management function. Effective issue resolution must be supported by efficient decision making and enabled by the governance structure.



## PROGRAM MANAGEMENT AND DECISION MAKING

Diligent program management means early identification and intervention in whole-of-portfolio issues, as well as sufficient transparency and monitoring of individual projects so that targeted interventions can occur.

A lack of clarity and late decision-making at a program management level will impact the successful delivery of the capital portfolio, resulting in higher project costs, risk to contingency provisions and greater uncertainty of outcomes.



## PART D

## KEY FOCUS AREA 1 – PORTFOLIO MANAGEMENT

| KEY FOCUS AREA  | HOW KEY FOCUS AREA IS APPLIED AT CAPITAL PORTFOLIO HEALTH CHECK   |
|---|---|
|  <p data-bbox="209 600 389 651">PORTFOLIO<br/>MANAGEMENT</p> | <p data-bbox="448 472 1417 663"><b>The agency has the necessary approach, systems, accreditations and tools to prioritise, scope and coordinate programs and projects within their capital portfolio. There is demonstrated oversight and conformance to whole-of-Government directions, policies and requirements. There is effective integration of the project, program and portfolio-level management functions (financial, reporting, resourcing, tracking benefits). Appropriate project control procedures and mechanisms are in place across the portfolio.</b></p> |

1. How robust and formalised is the agency's approach to portfolio management across its capital program?
2. How consistent is the quality of reporting and governance structures for project management, finance, resourcing, stakeholder engagement, communications, and benefits management?
3. What is the status of the agency's accreditations and does this place any limitations on program delivery performance?
4. How does the agency prioritise projects in the portfolio and is there clear evidence this is done to align with government policies, priorities and services?
5. How does the agency demonstrate that it has optimised its capital portfolio within its overall capital program funding?
6. How does the agency's executive demonstrate their engagement in the oversight of the capital portfolio?
7. How is the agency responding at a portfolio level to the need for increased sustainability and resilience across government infrastructure?

## PART D

## KEY FOCUS AREA 2 – FINANCIAL RESPONSIBILITY

| KEY FOCUS AREA  | HOW KEY FOCUS AREA IS APPLIED AT CAPITAL PORTFOLIO HEALTH CHECK   |
|---|---|
|  <p data-bbox="196 607 399 658">FINANCIAL RESPONSIBILITY</p> | <p data-bbox="448 474 1406 611">The agency has robust approaches to setting total and annual project and program budgets, managing contingency, financial/cashflow forecasting, and cost-to-date reporting. Financial control at a portfolio level is supported by a comprehensive benchmarking framework, clear delegations, budgeting approvals process and tracking of key financial metrics. Robust change control is in place.</p> <p data-bbox="448 611 1386 663">Financial/budget risks are transparent at the project, program and portfolio levels and reported.</p> |

1. How does the agency establish total project and program budgets over the forward estimates and does this meet government's capital financial management requirements?
2. What is the agency's approach to cost benchmarking and how does the agency track and maintain a library of historical cost estimates to inform estimation and cost planning across the portfolio?
3. What is the role at a portfolio level for reviewing, evaluating and managing cost, contingency and forecasting risks?
4. How robust is the approach for managing escalation, contingency and scope control at a portfolio level, especially when responding to changing market conditions?
5. What is the approach to financial delegations for change management and controls, and is it appropriate and transparent across the portfolio?
6. What are the key financial metrics being monitored and reported, are they effective for controlling costs across the portfolio?

## PART D

## KEY FOCUS AREA 3 – ORGANISATIONAL CAPABILITY AND CAPACITY

| KEY FOCUS AREA   | HOW KEY FOCUS AREA IS APPLIED AT CAPITAL PORTFOLIO HEALTH CHECK  |
|--|--|
|  <p data-bbox="188 629 408 712"><b>ORGANISATIONAL CAPABILITY AND CAPACITY</b></p> | <p data-bbox="448 517 1406 712"><b>The approach to the planning, selection and management of portfolio, program and project level resources is clear and appropriate, as is the ongoing proactive review of performance. Roles and responsibilities are clearly understood. Capability requirements (including qualifications, skills, personal attributes, and experience) are clearly understood and applied. Sufficient dedicated and shared resources are provided, allocated and managed in accordance with outcome and performance expectations.</b></p> |

1. How effectively are roles, responsibilities and authorities communicated at a portfolio, program and project level?
2. How do the portfolio and program management functions support and ensure appropriate project team resourcing (capacity) and suitability (capability)?
3. What shared resources are provided across the capital portfolio and are these sufficient to adequately support individual projects?
4. How is capability proactively developed across the capital portfolio?
5. To what extent does the agency utilise service providers and contractors within integrated project teams, and how does the mix of agency staff and contractors impact performance?
6. How is the procurement and performance management of service providers (e.g. design, delivery partners) monitored and tracked at a portfolio level?

## PART D

## KEY FOCUS AREA 4 – TEAM DYNAMICS AND OUTCOMES

| KEY FOCUS AREA  | HOW KEY FOCUS AREA IS APPLIED AT CAPITAL PORTFOLIO HEALTH CHECK   |
|---|---|
|  <p data-bbox="188 618 395 669">TEAM DYNAMICS AND OUTCOMES</p> | <p data-bbox="421 472 1409 689"><b>Team dynamics and alignment is critical to program outcomes. Impacts on team dynamics include how trust and respect is built, how free project and program teams are to deliver bad news, and how senior management react. The resilience to continue to pursue great outcomes is best tested during project failure and setbacks. Practical issues that arise through team and organisation norms include approaches to commercial dispute resolution and sharing knowledge between projects. All of these alignment factors then influence the desirability of the organisation as an employer and how impactful teams can be in delivering optimal project results.</b></p> |

1. What are the steps the organisation takes to build trust and mutual respect among project teams, between staff and management and with stakeholders?
2. What are the examples of when project staff have promptly escalated critical issues to senior management and how does the organisation measure and encourage transparency and courage in these situations?
3. How does the organisation measure the effectiveness and efficiency of commercial/contractual dispute resolution, while discouraging game-playing and adversarial posturing?
4. What are some examples of how the organisation has handled project failure or setbacks and how has this been managed?
5. What is the level of staff turnover across the project portfolio over the last 24 months? What are examples of the causes of this turnover and how is it measured in relation to impact on projects and programs?
6. What is the formal recognition or reward system in place for high-performing project delivery? How is this assessed?
7. How does the organisation promote knowledge sharing and continuous learning among project teams and are there examples of these initiatives?

## PART D

## KEY FOCUS AREA 5 – GOVERNANCE AND CHANGE CONTROL

| KEY FOCUS AREA  | HOW KEY FOCUS AREA IS APPLIED AT CAPITAL PORTFOLIO HEALTH CHECK   |
|---|---|
|  <p data-bbox="204 633 379 712"><b>GOVERNANCE AND CHANGE CONTROL</b></p> | <p data-bbox="421 472 1382 743"><b>The agency governance structure for projects, programs and the portfolio is clearly defined and articulated. Governance sets standards, provides assurance, brings foresight and advice and disseminates integrated information across the portfolio. Reporting lines are transparent with clear delegations, responsibilities and accountabilities. Project, program and portfolio executives and members of key governance committees are appropriately skilled. Project and program scopes are actively managed and controlled. Project, program and portfolio reporting is standardised, clear and succinct. Whole of government and agency policies for project, program and portfolio development, procurement and delivery are in place and known to staff.</b></p> |

1. How clear, effective and efficient is the agency's governance structure in relation to capital project delivery (incl. adequate delegations to support timely decision-making)?
2. How are the skills, experience and capability of individuals with governance responsibilities assessed as appropriate?
3. What is the evidence that project, program and portfolio level governance groups have documented Terms of Reference and are appropriately focused on cost, schedule, risk, scope and benefits?
4. How are changes (e.g. to requirements, benefits, scope, cost and schedule), issues/risks, and opportunities appropriately assessed, escalated and controlled throughout the various project stages?
5. What is the evidence that project, program and portfolio reporting is transparent, standardised, clear and succinct, and appropriate to support decision making and accountability at a project, program and portfolio level?
6. How are client, operator and deliverer roles defined within the agency and how is this represented through the governance of the project, program and portfolio?

## PART D

## KEY FOCUS AREA 6 – RISK AND OPPORTUNITY MANAGEMENT

| KEY FOCUS AREA   | HOW KEY FOCUS AREA IS APPLIED AT CAPITAL PORTFOLIO HEALTH CHECK   |
|--|---|
|  <p data-bbox="209 633 384 712">RISK AND OPPORTUNITY MANAGEMENT</p> | <p data-bbox="443 472 1417 745">There is a formal, consistent and diligent approach to risk and opportunity management across the portfolio, with clear evidence of risk 'ownership' and risk 'management' being allocated and agreed. Probabilistic and deterministic risk is applied appropriately at project level. An appropriate portfolio level and project level risk and opportunity management framework is in place. Project and program risks and opportunities are reported at the portfolio level and external risks are appropriately managed. Portfolio risk management focuses on the aggregation of project and program level risks and external risk conditions that impact the portfolio. Assessment of risk is directly linked to quantified financial and schedule (time) impacts.</p> |

1. How robust and appropriate is the portfolio level approach and framework/methodology used for the identification and management of risk and opportunities (e.g. property, investment, delivery risks and opportunities)?
2. How is the quantification of risks aggregated at a portfolio level, reported and actioned through governance?
3. How are the material project level risks reported at the portfolio level, especially including actual and forecasted schedule, costs, scope changes and contingency?
4. How competent is the agency in managing external risks that impact the portfolio, program, and projects including market conditions, industry environment, political environment, and the natural environment?
5. Are portfolio level forecasts regularly reviewed and updated to reflect the changing conditions and environment such as market conditions, industry environment, and emerging disruptions?
6. What is the agency's approach to consistency in commercial principles and contracts to ensure an appropriate risk allocation, ownership and management?

## PART D

## KEY FOCUS AREA 7 – ASSET OWNER'S REQUIREMENTS

| KEY FOCUS AREA  | HOW KEY FOCUS AREA IS APPLIED AT CAPITAL PORTFOLIO HEALTH CHECK   |
|---|---|
|  <p data-bbox="197 645 395 698">ASSET OWNER'S REQUIREMENTS</p> | <p data-bbox="443 474 1414 743"><b>Asset owner's costs and requirements, including the requirements for operations and maintenance, are identified and considered early in the project and program lifecycle. Scrutiny and assessment of requirements is frequent and ongoing throughout project delivery. There is appropriate representation on behalf of the asset owner, operator and maintainer at portfolio governance forums. Lifecycle cost impacts are understood at an asset, project, program and portfolio level, with consideration given to CAPEX vs OPEX in project budgeting and change management. For projects entering operations, the operator, impacted staff and users are informed and engaged. There is evidence of active, formal and assured knowledge management and transfer.</b></p> |

1. How is the asset owner engaged at portfolio level in development of the scope of projects and ongoing scope and cost control?
2. How does the agency maintain a robust knowledge management and 'lessons learnt' process, at the portfolio level, to capture, analyse, and share information across all projects?
3. How is an understanding of customer needs, and the benefits and impacts of the capital portfolio embedded in the overall management and governance?
4. How are operator's and maintainer's requirements, costs and investment plans managed and considered at the portfolio level?
5. How does the agency evaluate recurrent costs and operational needs within the decisions made across the capital portfolio?
6. How does the agency support projects and asset owners through lifecycle transitions to minimise handover impacts?

## GLOSSARY

| TERM                              | DEFINITION   |
|-----------------------------------|--|
| ASSET OWNER                       | The agency, authority or entity which ultimately owns or is the custodian of the asset.  |
| ASSET OPERATOR                    | The organisation responsible for operating and/or maintaining the asset.   |
| BENEFIT OWNER                     | The agency or role responsible for the realisation of the benefit.   |
| BENEFITS                          | The aggregation of positive infrastructure project outcomes at a portfolio level.  |
| CAPABILITY                        | The skills, expertise and experience within an agency and demonstrated through people, systems and processes.  |
| CAPACITY                          | The resources available (and required) to manage, develop and deliver an agency's capital portfolio.   |
| CAPITAL PROGRAM                   | The ongoing and coordinated development, procurement and delivery of capital infrastructure projects by an agency. A Delivery Agency's capital program is comprised of all of its capital infrastructure projects.   |
| CAPITAL PROJECT                   | A project primarily comprised of one or more of the following elements: <ul style="list-style-type: none"> <li>• Infrastructure</li> <li>• Equipment</li> <li>• Property developments</li> <li>• Operational technology that forms a component of a capital project.</li> </ul>  |
| CEO                               | Chief Executive Officer.   |
| CLOSE-OUT PLAN                    | Document outlining actions, responsibilities, accountabilities and timeframes that respond to recommendations identified in Gateway, Health Check and Deep Dive Final Review Reports.  |
| CULTURE                           | The overall character of the agency, including values, beliefs, behaviours, goals, attitudes and work practices. Ideally the agency culture will be positive and aligned to the management, development and delivery of the agency's capital portfolio.  |
| 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 Dive Reviews are similar to a Health Check but focus on a particular technical issue informed by the Terms of Reference rather than the 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 (also the Accountable Agency) tasked with developing and/or delivering a program or project at its stage in its lifecycle applicable under the Infrastructure Investor Assurance Framework (IIAF) and the NSW Gateway Policy.  |
| DELIVERY AGENCY HEAD              | The Secretary or CEO of the Delivery Agency. The Agency Head receives the Review Report from the GCA for action, is debriefed by the Review Team Leader and the GCA Review Manager following the Review.   |
| ECI                               | Early Contractor Involvement.  |
| EQUIPMENT                         | The necessary assets used on or to support an infrastructure system and can include fleet and rolling stock.   |
| 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.   |

| TERM                    | DEFINITION  |
|-------------------------|---|
| 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.   |
| 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.<br>A Gateway Review is a short, focused, independent expert appraisal of the program or project that highlights risks and issues, which if not addressed may threaten successful delivery. It provides a view of the current progress of a program or project and assurance that it can proceed successfully if any critical recommendations are addressed.   |
| HEALTH CHECK            | Independent Reviews carried out by a team of experienced practitioners seeking to identify issues in a program or 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.  |
| NSW ASSURANCE PORTAL    | Online portal administered by the GCA for the management of IIAF functions.   |
| PORTFOLIO               | Refers to the agency's total infrastructure capital program of projects. The aggregation of all individual projects.  |
| 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.<br>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.<br>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. |
| PROGRAM MANAGEMENT      | The technical discipline of tools, systems and people required to track, monitor, risk assess and intervene on projects within an agency's capital portfolio.   |
| 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.<br>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.<br>A particular project may or may not be part of a program.  |
| PROJECT TEAM            | The Delivery Agency's assigned group with responsibility for managing a project within the capital infrastructure program.  |
| 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 and agency capability). 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 1 to 5, Health Check or Deep Dive Review.   |

| TERM                              | DEFINITION   |
|-----------------------------------|--|
| REVIEW TEAM LEADER (RTL)          | <p>For Gates 1 to 5, Health Checks and Deep Dives 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. For Gate 6 the RTL is the Lead Reviewer.</p> <p>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.</p> |
| REVIEW TEAM MEMBER                | <p>For Gates 1 to 5, Health Checks and Deep Dives 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.</p>   |
| RISK REVIEW ADVISORY GROUP (RRAG) | <p>A committee of the Gateway Coordination Agency (GCA) that reviews project registrations made by agencies in the NSW Assurance Portal and recommends a risk tier (being tier 1, 2, 3 or 4) to the GCA. RRAG is a multi-agency committee and its recommendation is based on a risk review conducted across four criteria, along with the Estimated Total Cost of the project.</p>   |
| SENIOR RESPONSIBLE OFFICER (SRO)  | <p>The Delivery Agency executive with strategic responsibility and the single point of overall accountability for a program or project.</p>  |