



# Funding Readiness Workbook

**GATE**

**1**



**Government of South Australia**  
Department of Planning,  
Transport and Infrastructure

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# Background

The Gateway Review process examines programs and projects at key decision points. It aims to provide timely advice to the Senior Responsible Officer (SRO) as the person responsible for a program or project. A review provides the SRO with an independent view on the current progress of the program or project and assurance whether it can proceed successfully to the next stage.

Given the aim is to help the SRO at key decision points, each review is short and focussed on the work that is complete at the time. For the best result, a review is carried out shortly before a key decision is made to allow sufficient time for recommendations to be implemented.

The Gateway Review process supports delivery of a wide range of programs and projects and is coordinated through the 3PMO.

## Document Amendment Record

Version	Change Description	Date	Coordinated by
1.0	First Published	29/09/2017	Paula Hollamby, PMO

# Overview

## About this Workbook

This workbook supports the Gate 1: Funding Readiness Review.

This is the first project review which investigates the preliminary business case and proposed way forward to confirm the project is achievable and likely to successfully deliver its identified outcomes.

The review checks that:

- stakeholders are engaged and approved the intended benefits from the project;
- links between program and organisational objectives are clear; and
- optimum balance of cost, benefits and risk has been identified.

This workbook describes the key products, appraisal questions and sources of supporting information, including best practices for review teams. It offers key questions to explore and evidence to look for. Because each program, project or policy is unique and circumstances change, the workbook should be used as a guide to the range of appropriate questions and evidence, rather than a full checklist of mandatory items.

## Funding Readiness

The project initiation process produced a justification for the project based on the business needs and assessment of the project's likely costs and potential for success. This review addresses the preliminary business case (or similar document) before any development proposal goes before a project board, PMC or other group for authority to proceed.

Gate 1 focuses on the project's business justification. It provides assurance that the proposed approach to meeting the business requirement has been adequately researched and can be delivered. It also confirms the project benefits are identified at a high level and their achievement will be tracked using a defined measurement approach – e.g. benefit management plan.

## Purpose of Gate 1

This Gateway Review will:

- confirm the business case is robust and meets the business need, is affordable, achievable, has appropriate options explored and is likely to achieve value for money;
- confirm potential options have been identified and analysed and expert advice has been obtained;
- confirm the underlying investment logic has been reflected and proven by evidence in the business case and the project remains aligned with the objectives and deliverables of the program and organisation;
- establish the feasibility study has been completed satisfactorily and a preferred way forward has been developed and decided in dialogue with the market;
- confirm the market's likely interest has been investigated and appropriate high-level procurement strategies have been considered;
- ensure there is internal and external authority and support for the project;

- ensure that the major risks have been identified and outline risk management plans have been developed;
- establish the project is likely to deliver its business goals and that it supports wider business change;
- confirm the scope and requirements specifications are realistic clear and unambiguous;
- ensure the full-scale intended outcomes, timescales and impact of relevant external issues have been considered;
- ensure there are plans for the next stage, confirm planning assumptions and that the project team can deliver the next stage;
- confirm that overarching and internal business and technical strategies have been considered; and
- confirm quality and plans for the project and its deliverables are in place;
- confirm the project is aligned with the objectives and deliverables of the program and departmental strategy to which it contributes;
- evaluate actions taken to implement recommendations made in any earlier assessment of deliverability; and
- ensure there is buy-in and engagement of the proposed project deliverables across the department's business units to meet their needs and requirements.

# Project Documents

Examples of evidence relevant to the areas of investigation covered in the sections following should be available before the Gateway Review process commences.

The information is likely to be found in the documents suggested below, but may be located in other program or project documents, or elsewhere in the department's systems. These documents include:

- the business case addressing:
  - the business need;
  - affordability;
  - achievability;
  - value for money and the range of options;
  - estimates of the project's cost and benefits;
  - a feasibility study;
  - a sensitivity analysis;
  - market sounding; and
  - the preliminary procurement strategy.
- an updated business case that reflects actual operating conditions;
- a business requirements document, approved by appropriate internal stakeholders;
- a project brief showing the project's scope and the need for change;
- a project initiation document or equivalent;
- an investment logic map, benefit management plan and investment concept brief;
- a quality management strategy;
- the project approach, including how the intended outcome is delivered;
- a strategy outlining the approach to business change including staff training, facilities etc;
- initial assessment of the current and proposed physical and technical environment, e.g. information technology infrastructure and workspace facilities;
- a cost report on the project to date against budget;
- a draft high level definition of the business requirements and total scope of change;
- definition of how to measure the project's success;
- communications strategy to keep stakeholders informed of the project's progress;
- a list of the major risks, with draft plans for managing them;
- high-level activity, time and resource plan for the whole project;
- plans to move the project to the next stage – Gate 2 Review: Market Readiness;
- funds to cover all work to Gate 2 Review: Market Readiness;
- the authority and approval to proceed, or an outline of the process to achieve this;
- how performance is to be reported and monitored;
- project organisation – key roles and governance and/or reporting arrangements; and
- the Recommendation Action Plan from previous Gateway Review(s).

# The Review

This section contains topics that would commonly be considered when undertaking a Gate 1: Funding Readiness Review. Review Teams are expected to use their own expertise in determining whether these topics are relevant and appropriate for the specific project under review. The Review Team may determine additional topics be considered that are also critical to the assessment of the project.

## 1. Policy Context and Strategic Fit

Areas to Probe:		Evidence Expected:
1.1	Are all relevant government initiatives being addressed?	<ul style="list-style-type: none"> <li>evidence that the SRO or equivalent is undertaking their responsibilities in relevant policy initiatives.</li> </ul>
1.2	Does the preferred option meet wider government and departmental policies, strategic objectives, standards and business change programs?	<ul style="list-style-type: none"> <li>an assessment against a list of wider government objectives, standards and programs;</li> <li>an assessment against current departmental strategies, objectives and initiatives, confirmation of the role of the project in a wider policy or program initiative;</li> <li>an assessment of business justification as stated in the business case;</li> <li>account taken of relevant impact assessment and appraisal issues such as regulatory impact, sustainable development and environmental; effects;</li> <li>for IT-enabled projects, compliance with information assurance requirements in relation to business objectives, compliance with security requirements, freedom of information and data privacy requirements; and</li> <li>for construction projects, the contribution to the property and/or workspace strategy; health and safety, sustainability and design quality is considered;</li> <li>procurement innovation and sustainability issues have been considered.</li> </ul>
1.3	Have the internal and external factors affecting the project been identified and addressed?	<ul style="list-style-type: none"> <li>assessment of the objectives, timeframes and scale of the project;</li> <li>legislation, policy and regulatory issues are considered;</li> <li>an assessment of the stability of the current environment and strategic direction;</li> <li>assessment of dependencies, e.g. other programs or projects that could affect current priorities;</li> <li>assessments of the impact on the existing physical and technical environment (e.g. brownfield site, current infrastructure and legacy systems);</li> <li>assessment of the skills and knowledge required by the project for successful implementation, the availability of skills in the project team and access to external expertise, appropriate allocation of key project roles between internal staff and consultants or contractors.</li> </ul>

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1.4	Are there opportunities to integrate the program or project with other government initiatives?	<ul style="list-style-type: none"> <li>• a demonstrated consultation with potential areas of related programs or service-delivery providers, related services or geographically aligned service provision; and</li> <li>• specific integration features.</li> </ul>
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## 2. Business Case and Stakeholders

Areas to Probe:	Evidence Expected:
2.1 Is there a clear and agreed understanding of business goals and how the project will deliver these?	<ul style="list-style-type: none"> <li>• a complete and agreed business requirements document has been prepared;</li> <li>• business objectives for the project are clearly stated in a manner that is specific, measurable, agreed, realistic and timely and meet the needs of the department;</li> <li>• the scope and requirements specifications are realistic and unambiguous;</li> <li>• a strategy for achieving business benefits is defined and agreed with the stakeholders;</li> <li>• evidence of options reviewed and justification for their selection.</li> </ul>
2.2 Is the impetus for change described in the business case?	<ul style="list-style-type: none"> <li>• comprehensive justification of any changes to existing arrangements, including input from stakeholders; and</li> <li>• reference to related project approvals where appropriate.</li> </ul>
2.3 What are the critical success factors (these are the essential areas of activity that must be performed well if the objectives or goals of the project are to be achieved)?	<ul style="list-style-type: none"> <li>• details of the critical success factors for each of the main objectives; and</li> <li>• a benefit management plan.</li> </ul>
2.4 Can the critical success factors be quantified or measured?	<ul style="list-style-type: none"> <li>• an explanation of how the factors will be measured and identification of baseline measures;</li> <li>• a definition of effective systems for measuring and tracking the realisation of benefits; and</li> <li>• design quality indicators.</li> </ul>

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2.5	Have all the stakeholders been identified and their needs clearly understood?	<ul style="list-style-type: none"> <li>• internal and external stakeholders identified and documented;</li> <li>• stakeholders' roles and responsibilities and potential influence on the project are defined and agreed;</li> <li>• end-users for the project are identified and documented;</li> <li>• evidence that the decision-making process is inclusive of all the relevant stakeholders and is both efficient and effective;</li> <li>• results of consultations documented as part of the project stakeholder engagement and/or communications plan; and</li> <li>• if the project crosses agency boundaries, there are clear governance arrangements to ensure sustainable alignment with the business objectives of all agencies involved.</li> </ul>
2.6	Do stakeholders support the preferred option including the potential or recommended delivery approach and mechanisms?	<ul style="list-style-type: none"> <li>• demonstrated stakeholder consultation, involvement, support and endorsement.</li> </ul>
2.7	Has the business case examined a wide enough range of options that will meet the business requirement?	<ul style="list-style-type: none"> <li>• options explored for collaboration with other business units and/or agencies;</li> <li>• rigorous assessment of procurement options including a sound understanding of market capability;</li> <li>• advantages and disadvantages for each option to determine its potential for meeting the critical success factors; and</li> <li>• market sounding indicates that suitable solutions can be found.</li> </ul>
2.8	Is there a clear best option or would several options meet the business need?	<ul style="list-style-type: none"> <li>• options adequately appraised;</li> <li>• examination and ranking of all options that are acceptable in principle; and</li> <li>• clear analysis of whole of life costs for each option.</li> </ul>
2.9	If there are several options how was their robustness tested and was the selection process valid?	<ul style="list-style-type: none"> <li>• a sensitivity analysis of all options;</li> <li>• detail provided on the consequence of doing nothing; and</li> <li>• the major sensitivities included in the list of identified risks.</li> </ul>
2.10	Were the whole of life costs and benefits analysed for all options?	<ul style="list-style-type: none"> <li>• an assessment of operational and capital costs and a comparison using net present value analysis;</li> <li>• the project has identified any actions that could reduce its carbon footprint; and</li> <li>• benefits management plan.</li> </ul>

2.11 Will the project be attractive to the market?	<ul style="list-style-type: none"> <li>• market sounding undertaken including an examination of recent similar procurements by others and an indication of suitable suppliers available to deliver requirements;</li> <li>• there is adequate capacity, capability and competitive interest in the market to meet the requirement;</li> <li>• earlier supply-side involvement to help determine and validate the outputs and outcomes sought for the project, including proof of concept exercises; and</li> <li>• senior management are sufficiently engaged with the industry to be able to assess the supply risks.</li> </ul>
2.12 Have contract management issues been considered?	<ul style="list-style-type: none"> <li>• requirements for intelligent customer capability considered;</li> <li>• arrangements for managing single and/or multiple suppliers considered;</li> <li>• where multiple suppliers are likely to be appointed, high level plans for managing the interfaces; and</li> <li>• the appropriate relationship is determined and the optimum scale of contract(s) appropriately considered.</li> </ul>
2.13 Have assumptions been identified and their validity checked?	<ul style="list-style-type: none"> <li>• details of the assumptions that have been identified and accepted;</li> <li>• plans to verify the assumptions, if any, that are included in the next stage.</li> </ul>

### 3. Project Governance and Planning

Areas to Probe:	Evidence Expected:
3.1 Has the project governance been considered and is there an overall project management process?	<ul style="list-style-type: none"> <li>• has a project board (or similar) been established to oversee the project?;</li> <li>• clear articulation of the role and decision-making power of the project board;</li> <li>• details of the process for providing information to the project board and frequency of meetings;</li> <li>• details of the type of information to be provided to the project board such as budget reports, risk management reports and action items?</li> </ul>
3.2 How will the project be delivered?	<ul style="list-style-type: none"> <li>• has the project delivery method been established?</li> </ul>
3.3 Is there an adequate level of planning evident in the project?	<ul style="list-style-type: none"> <li>• an outline of the project management plan that includes development and implementation schedules with manageable steps;</li> <li>• key milestones clearly identified and an exit strategy clearly articulated;</li> <li>• planning for resource management including required skill sets, staff development and a retention strategy;</li> <li>• change management process for dealing with amended business requirements.</li> </ul>

## 4. Risk Management

Areas to Probe:	Evidence Expected:
<p>4.1 Are there processes to identify, assess, allocate, manage and monitor current, anticipated and emerging risks and issues?</p>	<ul style="list-style-type: none"> <li>• a register of risks and key issues, categorised as strategic, political or reputational, legislative, implementation and operational service risks including business, technical, financial and commercial or contractual risks;</li> <li>• health and safety risks identified;</li> <li>• risk management strategy developed in accordance with best practice;</li> <li>• an individual assigned as responsible for managing risk across the project, mitigation options and contingency plans;</li> <li>• defined roles, responsibilities and processes for managing issues and risk across the project;</li> <li>• process defined for escalation of issues and risks within delegations.</li> </ul>
<p>4.2 Have the risks identified in a previous Gateway Review been resolved satisfactorily?</p>	<ul style="list-style-type: none"> <li>• details of actions taken and their outcomes; and</li> <li>• copy of the Recommendation Action Plan from previous Gateway Reviews.</li> </ul>
<p>4.3 Has the risk for each option been evaluated and has an opportunity for appropriate risk transfer been considered?</p>	<ul style="list-style-type: none"> <li>• current, emerging and anticipated risks classified by probability, impact, ownership, effect on the project and counter-measure, contingency and/or business continuity; and</li> <li>• scope for a risk transfer opportunity analysis for different options, particularly delivery options.</li> </ul>
<p>4.4 Have the risks for the preferred option been fully assessed?</p>	<ul style="list-style-type: none"> <li>• involvement of senior stakeholders in assessing strategic risks;</li> <li>• an assessment of risk, costs and benefits to demonstrate appropriate balance of risk and reward in the preferred option, demonstrating planned risk-taking and support for innovation; and</li> <li>• plans for managing and allocating the risks associated with the preferred option through the contract.</li> </ul>
<p>4.5 Have the worst case implications associated with these risks been assessed?</p>	<ul style="list-style-type: none"> <li>• risk financially assessed and risk allocation estimated.</li> </ul>
<p>4.6 Are the costs and time implications of managing the risks included in the cost and time estimate or treated as a contingency?</p>	<ul style="list-style-type: none"> <li>• costs and time for managing risks are separately identified;</li> <li>• costs and time estimated for risk countermeasures and contingency and business continuity plans;</li> <li>• where risks cannot be reduced, the costs of managing those risks are separately identified and included as a risk allocation provision;</li> <li>• an analysis undertaken of the effects of slippage in time, cost, scope or quality; and</li> <li>• for construction projects, decisions on how residual risks are being managed.</li> </ul>

4.7 Does the project break new ground in any areas – i.e. is it iconic, novel or innovative?	<ul style="list-style-type: none"> <li>• examination of leading-edge projects to assess the project's impacts on the business, stakeholders and end-users;</li> <li>• evidence of similar projects or activities from which lessons may be drawn;</li> <li>• professional advisors have assessed innovative solutions;</li> <li>• the market is consulted to help refine the approach, identify risks and risk mitigation methods;</li> <li>• defined approach to management of change in the affected business units / agencies; and</li> <li>• sufficient account has been taken of the current organisational culture and leadership as well as capability.</li> </ul>
4.8 Should the project be broken down into a series of small steps?	<ul style="list-style-type: none"> <li>• documentation on the chosen approach and justification for making the decision; and</li> <li>• the business case details any phased delivery or expected improvements over time.</li> </ul>

## 5. Readiness for the Next Phase (Pre-Delivery Phase)

Areas to Probe:	Evidence Expected:
5.1 Is there a structure for the pre-delivery phase?	<ul style="list-style-type: none"> <li>• a definition of the project approach to be adopted; and</li> <li>• an assessment of its suitability.</li> </ul>
5.2 Is there a realistic plan to reach Gateway Review 2: Market Readiness?	<ul style="list-style-type: none"> <li>• objectives, planning assumptions, constraints, activities, quality plans, deliverables and milestones are defined and agreed for the next and remaining phases;</li> <li>• an assessment of the validity of current assumptions;</li> <li>• evidence the project addresses short and long-term business requirements;</li> <li>• evidence suitable solutions are available from the market and it has sufficient capacity;</li> <li>• for projects with a design phase, evidence the project timescale allows enough time for development of the required design quality; and</li> <li>• evidence of consideration of a proof of concept stage.</li> </ul>
5.3 Have requirements for external specialist advice been determined?	<ul style="list-style-type: none"> <li>• requirements for specialist expertise considered and resourced; and</li> <li>• external advice being used appropriately.</li> </ul>
5.4 Are the necessary internal and external skills available at the right time and in the right numbers?	<ul style="list-style-type: none"> <li>• a resource plan for internal staff, including identification of skills required for the next phase and skills appraisal and plans for addressing shortfalls;</li> <li>• details of training assessment, plans and training sources;</li> <li>• appropriate allocation of key project roles between internal staff and consultants or contractors; and</li> <li>• the project team has requisite skills or access to specialist expertise.</li> </ul>

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<p>5.5 Is the project timeframe realistic? Does it take into account any statutory lead times?</p>	<ul style="list-style-type: none"> <li>• a time plan identifying statutory lead times and a realistic assessment of time needed for pre-procurement activities (i.e. ministerial, Cabinet or PWC approval);</li> <li>• senior management commitment to the time plan; and</li> <li>• the planned timeline for delivery (including procurement) justified and not longer than necessary.</li> </ul>
<p>5.6 Is there a clearly defined project organisation with agreed roles and responsibilities?</p>	<ul style="list-style-type: none"> <li>• details of project organisation and methodology;</li> <li>• governance and/or reporting arrangements;</li> <li>• named individuals with appropriate skills, experience and status in key positions, including: <ul style="list-style-type: none"> <li>- senior responsible officer;</li> <li>- project manager;</li> <li>- project board;</li> <li>- stakeholder representatives;</li> <li>- user representatives;</li> <li>- subject matter experts;</li> </ul> </li> <li>• if the project crosses departmental boundaries, clear governance arrangements to ensure sustainable alignment of the business objective of all agencies involved, with clear lines of accountability and ownership.</li> </ul>

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# Resources

## Gateway Review Resources

Refer the Gateway Review Process Overview #11680264

Workbooks have been prepared for each Gateway Review. The workbooks provide further guidance on:

- the structure of each review;
- areas of investigation and topics to be explored; and
- examples of the types of evidence / artefacts that the Review Team will seek.

## Additional Information

For further information, please contact the Project Office:

Email: [DPTI.GatewayReviews@sa.gov.au](mailto:DPTI.GatewayReviews@sa.gov.au)

Intranet: [http://cms.dpti.sa.gov.au/portfolio\\_management\\_office/gateway](http://cms.dpti.sa.gov.au/portfolio_management_office/gateway)

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