Queensland Treasury

Projects Queensland

Preliminary evaluation

Gate 1

Queensland Government

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Overview of Gate 1: Preliminary evaluation

About this workbook

This workbook supports Gate 1: Preliminary evaluation.

This is the first project review, which investigates the preliminary business case (or similar document) and proposed way forward to confirm the project is achievable and likely to deliver what is required.

The review checks that:

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

Purpose of Gate 1: Preliminary evaluation

- Confirm that the preliminary business case (or similar document) is robust—that is, in principle it meets business need, is affordable, achievable, with appropriate options explored and likely to achieve value for money.
- Confirm that appropriate expert advice has been obtained as necessary to identify and/or analyse potential options.
- Establish that a feasibility study has been completed satisfactorily, where necessary, and that there is a preferred way forward developed in dialogue with the market, where appropriate.
- Confirm that the market's likely interest has been considered.
- Ensure that there is internal and external authority, if required, and support for the project.
- Ensure that the major risks have been identified and outline risk management plans have been developed.
- Establish that the project is likely to deliver its business goals and that it supports wider business change, where applicable.
- Confirm that the scope and requirements specifications are realistic, clear and unambiguous.
- Ensure that the full scale, intended outcomes, timescales and impact of relevant external issues have been considered.
- Ensure that the desired benefits have been clearly identified at a high level, together with measures of success and a measurement approach.
- Ensure that 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 taken into account.
- Establish that quality plans for the project and its deliverables are in place.
- Confirm that the project is aligned with the objectives and deliverables of the program and the organisational business strategy to which it contributes, if appropriate.
- Evaluate actions taken to implement recommendations made in any earlier assessment of deliverability.

Preliminary evaluation

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

Gate 1: Preliminary evaluation focuses on the project's business justification. It provides assurance to the project board that the proposed approach to meeting the business requirement has been adequately researched and can be delivered. It also confirms that the benefits to be delivered from the project have been identified at a high level and that their achievement will be tracked using a defined measurement approach.

Review guidance

This section contains topics that would commonly be considered when undertaking a Gate 1: Preliminary evaluation 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 and business context

	Areas to probe	Evidence expected
1.1	Are all relevant government policy initiatives being addressed?	• evidence that the project owner is undertaking their responsibilities as required in relevant Queensland Government policy initiatives such as the Project Assurance Framework, Value for Money Framework and Capital Works Management Framework.
1.2	Does the preferred option meet wider government and organisational policies, strategic objectives, standards and business change programs?	• assessment against list of wider government objectives, standards and business change programs • assessment against the current organisational strategy, business objectives and policy initiatives. Confirmation of the role of this project in a wider program or policy initiative • assessment of business justification as stated in the preliminary business case • for construction projects, contribution to property/workspace strategy: health and safety, sustainability and design quality are considered • for ICT-enabled projects, consideration of information assurance requirements in relation to business objectives, compliance with ICT security requirements, compliance with freedom of information and data privacy requirements. • account has been taken of relevant impact assessment and appraisal issues such as regulatory impact, sustainable development and environment appraisal • procurement innovation and sustainability issues have been considered.
1.3	Have the internal and external factors affecting the project been identified and assessed?	• assessment of the objectives, timeframes and scale of the project • legislation, policy and regulatory issues taken into account • assessment of the stability of the current business environment and strategic direction • assessment of dependencies (e.g. other programs and projects) that could affect current priorities • assessments of impact on existing physical and technical environment (e.g. brownfield site, current infrastructure and legacy systems) • 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.

2. Business case and stakeholders

2.1	Is there a clear and agreed understanding of business goals and how the project will deliver these?	• business objectives for the project are clearly stated in a manner that is specific, measurable, agreed, realistic and timely (SMART) and meet the business needs of the agency • a strategy for achieving business benefits defined and agreed with the stakeholders • total scope, including timescales, documented and agreed with stakeholders (including end-users or their representatives) and technical authorities • scope and requirements specifications are realistic and unambiguous • delivery approach and mechanisms defined and agreed with stakeholders • for ICT-enabled projects: ICT developments defined as component(s) of wider program of business change/new services to citizens • evidence of options reviewed and justification for their selection.
2.2	Is the impetus for change described in the business case?	• comprehensive justification of any changes to existing arrangements, including input from stakeholders • reference to related project approvals, where appropriate.
2.3	Has the preliminary business case sufficiently linked the agency outcomes and programs with the investment objectives?	• confirmation that the investment fits within the organisational objectives of the agency • explanation of how the business case contributes to the agency outcomes and program objectives and how the investment affects the efficiency and effectiveness of program delivery.
2.4	What are the critical success factors (these are the essential areas of activity that must be performed well if the mission, objectives or goals of the project are to be achieved)?	• the critical success factors for each of the main objectives have been identified.
2.5	Can the critical success factors be quantified or measured?	• explanation of how the factors will be measured and identification of baseline measures where appropriate • definition of effective systems for measuring and tracking the realisation of benefits • for construction projects, design quality indicators.

2.6	Have all the likely stakeholders been identified and their needs clearly understood?	• internal and external stakeholders identified and documented • stakeholders' roles and responsibilities, and their potential influence on the project are defined and agreed • end-users for the project are identified and documented • evidence that the decision-making process is inclusive of all the relevant stakeholders and is both efficient and effective • results of consultations documented as part of the project stakeholder engagement and communications strategy • if the project traverses organisational boundaries, there are clear governance arrangements to ensure sustainable alignment with the business objectives of all agencies involved.
2.7	Are the external stakeholder issues being addressed? These may include: • communications • public relations • social inclusion (e.g. equality and diversity issues) • environmental issues • personnel • statutory processes.	• plans for each stakeholder produced showing responsibilities and, if appropriate, role in the project.
2.8	Do stakeholders support the preferred option (including the potential or recommended delivery approach and mechanisms)?	• consultation, involvement, support and endorsement.
2.9	Has the preliminary business case examined a wide enough range of options that will meet the business requirement?	• options explored for collaboration with other government agencies and projects • range of options considered including maintaining the status quo • the advantages and disadvantages for each option to determine its potential for meeting the critical success factors • market sounding indicates that suitable solutions can be provided.
2.10	Is there a clear best option or would several options meet the business need?	• options adequately appraised • examination and ranking of all options that are acceptable in principle • clear analysis of whole-of-life costs for each option.

2.11	If there are several options, how was their robustness tested?	• sensitivity analysis of all appropriate options • major sensitivities included in the list of identified risks.
2.12	Is the project likely to be attractive to the market?	• market sounding undertaken, including an examination of recent similar procurements by others, and indication of suitable suppliers available to deliver requirements • there is adequate capacity, capability and competitive interest in the market to meet the requirement • early supply-side involvement to help determine and validate what outputs and outcomes are sought for the project, including proof of concept exercises • senior management are sufficiently engaged with the industry to be able to assess supply-side risks.
2.13	Have contract management issues been considered?	• requirements for informed purchaser capability considered • arrangements for managing single/multiple suppliers considered • where multiple suppliers are likely to be appointed, high-level plans for managing the interfaces • appropriate relationship determined and hence optimum scale of contract(s) appropriately considered.
2.14	Is the preliminary business case complete?	• documentary evidence that the preferred option has been selected from an appropriately wide range, rigorously assessed and satisfies the project objectives (including contribution to the business strategy), is likely to offer value for money, is affordable and achievable • stakeholder views (including the general public, if appropriate) are adequately represented • objectives are clearly defined and expectations are realistic • evidence that appropriate sources of expert advice have been consulted • evidence that it is possible to align the delivery strategy with the overall organisational goals.
2.15	Were the feasibility study/ preliminary business case completed within time and cost budgets?	• project budget and timetable reports developed.
2.16	Have assumptions been identified and their validity checked?	• assumptions identified and accepted • plans to verify the assumptions, if any, that are included in the next stage.
2.17	Has Queensland Treasury been consulted?	• evidence of consultation with Queensland Treasury on cost estimates and sign-off, where relevant.

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?	• decisions made on reporting/authority boundaries, composition of the project team and external resources/people needed, if any (e.g. expert advisers) • clear articulation of the roles and responsibilities of key players in the project • agreed project management process and project organisational structure, including a design methodology where appropriate • senior management's commitment to the project attained and their key role in decision-making highlighted.
3.2	Has a project board, or equivalent, been established to oversee the project?	• clear articulation of the role and decision-making power of the project board • details of the process for providing information to the project board and frequency of meetings • details of the type of information to be provided to the project board such as budget reports, risk management reports and action items.
3.3	Is there an adequate level of planning evident in the project?	• an outline of the project management plan that includes development and implementation schedules with manageable steps • key milestones clearly identified and an exit strategy clearly articulated • planning for resource management including required skill sets, staff development and a retention strategy • change management process for dealing with amended business requirements.

4. Risk management

	Areas to probe	Evidence expected
4.1	Are there processes to identify, assess, allocate, manage and monitor current, anticipated and emerging risks and issues?	• list 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 within these categories as appropriate) • risk management strategy developed in accordance with best practice • individual with responsibility for managing risk across the project, mitigation options and contingency plans • defined roles, responsibilities and processes for managing issues and risk across the project, with clearly defined routes for bringing issues and risks to the attention of senior management.
4.2	Have the risks for each option been evaluated?	• current, emerging and anticipated risks classified by probability, impact, ownership, effect on the project and mitigation strategies.
4.3	Have the risks for the preferred option been fully assessed?	• involvement of senior stakeholders in assessing strategic risks • 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 where appropriate • plans for managing and allocating, through the contract(s) the risks associated with preferred option.
4.4	Have the 'worst case' implications associated with these risks been assessed?	• risks financially assessed and risk allocation estimated.
4.5	Are the cost and time implications of managing the risks included in the cost and time estimate or treated as a separate risk allocation?	• costs and time for managing risks separately identified • costs and time estimated for risk countermeasures and, where appropriate, contingency and business continuity plans • where risks cannot be reduced, the costs of managing these risks separately identified and included as a risk allocation provision • analysis undertaken of the effects of slippage in time, cost, scope or quality • for construction projects, decisions on how residual risks are being managed.

4.6	Has the project assessed whether it is breaking new ground?	• examination of leading-edge projects to assess this project's impact on the business, stakeholders and end-users • evidence of similar projects or activities from which lessons may be drawn • innovative solutions assessed by professional advisers • consultation with the market to help refine approach, identify risks and ways risks might be mitigated • defined approach to management of change in the affected agencies • sufficient account has been taken of the current organisational culture as well as its leadership and organisational capability.
4.7	Should the project be broken down into a series of small steps?	• documentation of the chosen approach and justification for taking that decision • business case details any phased delivery or expected improvements over time.

5. Readiness for next phase—Readiness for market

	Areas to probe	Evidence expected
5.1	Is there an overall project structure for the next phase?	• a definition of the project approach to be adopted • assessment of its suitability.
5.2	Is there a realistic plan to reach Gate 2: Readiness for market?	• objectives, planning assumptions, constraints, activities, quality plans, deliverables and milestones defined and agreed for the next phase as well as for the remaining phases • assessment of the validity of current assumptions • evidence that the project addresses both short-term and long-term business requirements • evidence that suitable solutions are available from the market and that it has sufficient capacity • for projects with a design phase, such as construction projects, evidence that the project timescale allows enough time for the development of the required design quality • for ICT-enabled projects, evidence of consideration of a proof of concept stage.
5.3	Have requirements for external specialist advice been determined?	• requirements for specialist expertise considered and resourced • external advice being used appropriately.
5.4	Are internal project team skills adequate?	• resource plan for internal staff, including identification of skills required for next project phase and skills appraisal and plans for addressing shortfalls • training assessment and plans and training sources • appropriate allocation of key project roles between internal staff and consultants or contractors • project team has requisite skills or access to specialist expertise.
5.5	Is the project timeframe realistic? Does it take into account any statutory lead times?	• time plan identifies statutory lead times and a realistic assessment of time needed for pre-procurement activities, if appropriate • senior management commitment to the timetable planned • planned timeline for delivery (including procurement if appropriate) justified and not longer than necessary.

5.6	Is there a clearly defined project organisation with agreed roles and responsibilities?	• project organisation and methodology • governance and reporting arrangements • named individuals with appropriate skills, experience and status in key positions, including – project owner – project manager – stakeholder management – user representation – project board • If the project traverses organisational boundaries, clear governance arrangements to ensure sustainable alignment of the business objective of all agencies involved, with clear lines of accountability and ownership.
5.7	Are the necessary funds available and approved to reach a Gate 2: Readiness for market review?	• appropriate budget provision allowed • financial controls for expenditure in place on project.
5.8	How have re-tendering issues been addressed with incumbent suppliers, if relevant?	• arrangements in place to provide continuity of service up to transition to new supplier • agreements with current suppliers on how they will support due diligence during procurement phase • clear separation of roles where incumbent supplier is bidding for replacement contract • workforce issues considered, where applicable.

Project information required for Gate 1: Preliminary evaluation

The areas of investigation together with examples of evidence relevant to the areas of investigation should be available before the Gateway review 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 agency's documentation system. These documents include:

- project brief with the project's scope and the need for change
- project initiation documentation or equivalent
- quality management strategy
- the project approach, including how to deliver the intended outcome
- a strategy outlining the approach to business change (such as staff training and new facilities as appropriate)
- an initial assessment of current and proposed physical and technical environment (such as ICT infrastructure and workspace facilities)
- cost report on the project to date against budget
- draft high-level definition of the business requirements and total scope of change
- definition of how to judge the project's success
- high-level benefits management plan
- the preliminary business case addressing business need, affordability, achievability, value for money and range of options estimating the project's cost and benefits including some form of feasibility study and, where appropriate, sensitivity analysis and market sounding
- a communications strategy to keep stakeholders informed of the project's progress
- a list of the major risks, with draft plans for managing them
- a high-level activity, time and resource plan for the whole project
- plans to move the project through the next stage on to Gate 2: Readiness for market
- funds to cover all work to Gate 2: Readiness for market
- the authority and approval to proceed
- how performance is to be reported and monitored
- project organisation—key roles and governance and reporting arrangements
- for construction projects, design quality indicators
- for ICT-enabled projects, business impacts identified.

Further information

The following documents have been developed to provide further information on the Gateway review process:

- Gateway review process overview
- Gateway review process guidebook for project owners and review teams
- Gate 0: Strategic assessment
- Gate 1: Preliminary evaluation
- Gate 2: Readiness for market
- Gate 3: Investment decision
- Gate 4: Readiness for service
- Gate 5: Benefits realisation

Further information is available on the Queensland Treasury and Trade website
www.treasury.qld.gov.au/clients/government/gateway-review-process.shtml

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