Reporting Gateway Red Flags

A Guide for Departments and Agencies

This document provides guidance to Departments and Agencies required to report individual recommendations from Gateway Reviews to the Treasurer under the High Value/High Risk (HV/HR) policy.

# High Value/High Risk (HV/HR)

The methodology for selecting HV/HR asset investment projects is based on the following characteristics:

* a Total Estimated Investment (TEI) of > $100 million (regardless of funding source); and
* high risk projects as identified by the application of the Gateway Project Profile Model (PPM) or as determined by Budget and Expenditure Review Committee of Cabinet (BERC).

There are four changes for HV/HR projects and their interaction with the Gateway Review Process (GRP). The GRP related changes are:

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| **Summary:**   1. Gateway Reviews (1-6) are compulsory for all HV/HR projects. 2. All individual recommendations in a Gateway report with a red rating arising from Gateway reviews 1-4 (‘red’ being defined as being critical and urgent), are to be reported to DTF outlining the risk mitigation/s. The report will be submitted utilising a Recommendation Action Plan (RAP) (attached)[[1]](#footnote-1). 3. HV/HR projects are required to develop a preliminary business case and complete a Gate 1 review prior to asset filtering. 4. All proposals that ‘pass’ through the filtering process will proceed to develop a full business case. A Gate 2 review is to occur prior to a full business case being submitted. |

# Background

The aim of the Gateway Review Process is to provide advice to the project Senior Responsible Owner (SRO) at key decision points in the project lifecycle, with the goal of improving overall investment delivery. In 2010, the Gateway Review Process became compulsory for all high risk and/or high value projects.

### Confidentiality of Reports to the SRO

One of the core principles that enabled the successful delivery of the GRP has been the confidentiality of Gateway reports. Gateway reports contain sensitive, confidential and independent advice on the current state of the project. The overriding aim of a Gateway review is to assist the SRO, through a review of the project by an external peer group, resulting in the provision of key recommendations to the SRO. Reports were issued by the Review Team exclusively to the SRO with no formal response to the observations or recommendations contained in the report necessary. It was at the sole discretion of the SRO to further distribute the report or take any action with regard to its recommendations.

### Non-disclosure

A second core principle of the GRP has been non-disclosure of the Gateway Reports. The Gateway Unit did not distribute Gateway reports to any other party without the prior consent of the SRO[[2]](#footnote-2)\*. All other copies of the report and associated documents are destroyed by the review team at the conclusion of a review. Two (2) copies of the final Gateway report are issued by the review team - one copy for the SRO and the other copy for the Gateway Unit to have on record to enable:

* the compilation of generic project and program lessons learned; and
* forward program planning.

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| **Summary:**   1. GRP mandated since 2003 for high risk projects. 2. Key principles that enabled the successful delivery of the GRP are:  * confidentiality of the Gateway reports; and * the non-disclosure of reports.  1. Gateway reports continue to remain confidential. 2. Only individual red flag recommendations need to be addressed and mitigated. |

# The Recommendation Action Plan

### Maintaining the confidentiality and non-disclosure principles of the GRP

In order to maintain the two core principles of the GRP (confidentiality and non-disclosure) a Recommendation Action Plan (RAP) template was created. The RAP will be used to meet the requirements by projects to report risk mitigation responses to any red rated individual recommendations without disclosing the overall assessment of the project and all recommendations.

The RAP (attached) enables red flag recommendations from the Gateway report to be presented in a separate document for distribution to the Treasurer (via DTF), thus maintaining the overall confidentiality of the Gateway report. The Gateway report itself is retained by the Department and is not required by DTF as part of the red flag reporting process.

As part of good practice however, distribution of the Gateway Report by the SRO to the project steering committee (or equivalent) is recommended.

### Intended distribution of the RAP

The RAP itself will form part of the pre-requisite documentation for Gate 2 (and subsequent) reviews. The effectiveness of the mitigation plan and the potential risk exposure will also be considered by DTF in its analyses of HV/HR business cases and as part of the ongoing approval process post Gate 2.

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| **Summary:**   1. A RAP will be used to describe the mitigation of any red flag recommendations. 2. The RAP will be considered by DTF in providing any recommendations to the Treasurer. |

### Using the RAP

There are three steps in using the RAP, and each is discussed separately:

1. Scheduling a Gateway review;
2. When to complete a RAP; and
3. How to complete a RAP.

## Scheduling a Gateway review

Gateway reviews are mandatory for HV/HR projects. To schedule a Gateway review, make contact with the Gateway Unit – phone (03) 9651 1608 or email [gatewayhelpdesk@dtf.vic.gov.au](mailto:gatewayhelpdesk@dtf.vic.gov.au).

Further information on the Gateway Review Process can be found at [www.dtf.vic.gov.au](http://www.dtf.vic.gov.au).

## When to complete a RAP

## 2.1 Gate 1 reviews (Strategic Assessment)

A Gate 1 review must be completed prior to consideration of a proposal by Government. It is recommended that all new HV/HR proposals schedule a Gate 1 review in the months of March - June in the lead up to the Filtering stage.

## Timing

The RAP should only be completed where a proposal has been approved to continue to full business case development.

Completed RAPs from Gate 1 reviews should provided by the SRO to the Gate 2 Review team as part of the Gate 2 pre-reading documentation.

A flow diagram outlining the sequence of events is presented below.



*2.2 Gate 2 reviews (Business Case)*

Gate 2 reviews are mandatory for all HV/HR proposals that continue to full business case development. A Gate 2 Gateway review must be completed prior to consideration of the business case by the Treasurer and Government. It is recommended that HV/HR proposals schedule a Gate 2 review in the months of October - January in the lead up to the Funding Stage.

## Timing

A RAP should be completed following a Gate 2 review, and should accompany the full business case when lodged. The Gate 2 RAP will be considered by DTF in its analysis of the business case.



## 2.3 Gate 3 reviews (Readiness for Market)

Gate 3 Reviews are mandatory for HV/HR projects and the timing of the review is determined by the project schedule and the SRO, in consultation with the Gateway Unit.

HVHR projects require that the responsible agency seek the Treasurer’s endorsement to:

* release an Expression of Interest (EOI) (if used) ; and
* release a Request for Tender (RFT) or Request for Proposal (RFP).

## Timing

Due to the complex nature of most HV/HR projects, multiple Gate 3 reviews commonly occur. In cases where there is a long timeframe between EOI and tender release, or if the tendering process is complex, a project would benefit from multiple reviews. In particular, prior to release of the EOI and prior to release of the RFT or RFP.

It is recommended that the RAP be completed at the conclusion of the Gateway 3 review and submitted alongside an agency’s request to the Treasurer to release an RFT or RFP. If multiple Gate 3 reviews occur, the process for disclosure will be considered on a case by case basis.



## 2.4 Gate 4 reviews (Tender Decision)

Gate 4 Reviews are mandatory for HV/HR projects and the timing of the review is determined by the project schedule and the SRO, in consultation with the Gateway Unit.

HVHR projects require that the responsible agency seek the Treasurer’s endorsement to:

* announce the preferred bid ; and
* sign the (head) contract.

## Timing

Gate 4 reviews should occur shortly after the selection (or recommendation) of the preferred supplier (prior to contract signature). It is recommended that the RAP be completed at the conclusion of the Gateway 4 review and submitted alongside an agency’s request to the Treasurer to announce a preferred bid.



## 2.5 Gate 5 reviews (Readiness for Service)

HV/HR projects should have continuing DTF involvement post contract execution (through membership of Project Steering Committees or equivalent). Gate 5 Gateway Reviews are to be completed at appropriate points as determined by the project’s SRO and the Gateway Unit.

## Timing

Gateway 5 reviews should occur once the asset or service has been approved as ‘ready for use’. Commissioning will have begun but will not have been completed.

RAPs from Gate 5 reviews are not required to be submitted to DTF, however the Gate 4 RAP should be provided by the SRO to the Gate 5 Review team as part of the Gate 5 pre-reading documentation.



## 2.6 Gate 6 reviews (Benefits Evaluation)

Gate 6 Gateway reviews are to be completed at appropriate points as determined by the project’s SRO and the Gateway Unit. Gate 6 reviews typically occur several times during the life of the operational service. The first review concentrates on the business case and how well arrangements have been set up for service delivery. The first review should be held 6-12 months after completion of the project, when evidence of the delivered benefits becomes available.

## Timing

RAPs from Gate 6 reviews are not required to be submitted to DTF.

## How to complete a RAP

### 3.1 Consider any red recommendations and complete the RAP

At the conclusion of a Gateway review, a report is issued to the SRO with a series of recommendations and associated assessments. All red rated individual recommendations from a Gateway review must be reported to DTF, regardless of the overall rating of the report. The RAP should be signed by the project SRO, outlining a response to each red rated recommendation.

Sample extracts from the RAP are provided below (see Attachment for a full copy):

|  |  |
| --- | --- |
| Project title: |  |
| Gateway number: |  |
| Department: |  |
| SRO name: |  |
| Date report issued to SRO: |  |
| Gateway review dates: |  |

*The fields ‘Project title’, ‘Department’, ‘SRO name’, ‘Date report issued to SRO’ and ‘Gateway review dates’ are self explanatory. The ‘Gateway number’ can be found at the top of the Gateway report on the cover page*.

The second table of the RAP (outlined below) should be copied and pasted as many times as necessary to allow for all red rated recommendations to be reported.

|  |  |  |
| --- | --- | --- |
| Recommendation No. | Recommendation |  |
| 1 |  |  |
|  |  | |
| Action / Response |  | |
| Due/completed date | (dd/mm/yyyy) | |

Notes

* + ‘*Recommendation number’ should correspond with the reference number given to the red recommendation(s) in the Gateway report. These can be best accessed at Appendix C – Summary of recommendations in the Gateway report.*
  + *The ‘Recommendation’ field contains the recommendation as written in the Gateway report. This can simply be copy/pasted from the report, or modified for context where necessary.*
  + *The Action/Response field allows the SRO to enter a response to the recommendation. There is no prescribed limit on the number of words allocated for this, but is expected to be within ~250 words.*
  + *Due date must be entered in the dd/mm/yyyy format and is indicative of when the action/response was (or will be) completed (if relevant). If a date is not relevant to the action/response, state so.*

# Further information

The RAP is attached at Appendix E of the Gateway report. The RAP template can also be downloaded at <http://www.gatewayreview.dtf.vic.gov.au>

If you have any questions regarding this information request, please contact the Gateway Helpdesk:

p (03) 9651 1608 e [gatewayhelpdesk@dtf.vic.gov.au](mailto:gatewayhelpdesk@dtf.vic.gov.au)

1. Gateway Review Reports contain both individual recommendations and an overall colour coded assessment. Red flag disclosure relates to individual recommendations only. [↑](#footnote-ref-1)
2. \* Gateway reports are subject to the Victorian Parliament, FOI, Ombudsman and Victorian Auditor General Office (VAGO) Audits. [↑](#footnote-ref-2)