



Government of **Western Australia**
Department of **Treasury and Finance**

The Gateway Review

**Business Case
Workbook**



About this workbook

This workbook supports the Business Case Gateway Review. It is the second in a series of six reviews a project or program may undergo. It investigates the business case and proposed way forward to confirm that the project or program is achievable and likely to deliver what is required.

This review checks that:

- Stakeholders understand the intended benefits from the project or program.
- Linkage with program and organisational objectives is clear.
- The optimum balance of cost, benefits and risk has been identified.

The checklists in this workbook provide review teams with key areas to explore and suggest evidence to look for. At the same time, they provide the Senior Responsible Owner (SRO) with information on the areas the review team will be exploring, the types of documents it will be reviewing and the evidence it will be expecting.

As each project or program is unique and circumstances vary, this workbook should be used as a guide for appropriate questions and evidence, not a full checklist of mandatory items.

Business case

A business case should provide decision-makers with a comprehensive picture of the business objectives and benefits to be realised by the project or program, associated value for money considerations, scope, costs, risks and timing. Focus should be on a project's business justification: what problem does this project aim to solve or what is the need it aims to meet?

The business case is a key document within the suite of project documentation and acts as a point of reference throughout the life of a project or program.

This review focuses on the project's business justification, assuring the steering committee that the proposed approach will meet the business requirements. It also confirms that benefits to be delivered by the project or program have been identified and their achievement tracked using a defined measurement approach.

The business case review takes place after the business case has been prepared and before it goes to the project's steering committee for authority to proceed.

Key areas of review

This review aims to answer the question:

“Does the business case provide assurance that the proposed approach is achievable and likely to deliver the business requirements?”

It investigates the following areas:

Outcomes and objectives: Are the scope, scale and requirements realistic and clear and has a preferred option been identified?

Stakeholders: Are key stakeholders on board?

Context: Have the agency’s strategic plans and policies, central policies, and State Government initiatives been considered?

Project management: Are key roles and responsibilities defined in an organised project structure? Do timelines appear achievable?

Risk: Have the major risks been identified and is there an active risk management plan?

Resourcing: Are there plans for the next stage? Are they included in full in the business case?

Once the evidence for each of these areas has been considered by the review team, the project or program is evaluated on its readiness for the next phase and recommendations to this effect are made.

Structure of review

The Business Case Gateway review is broken up into these sections:

- Policy and business context
- Business case and stakeholders
- Risk management
- Readiness for next phase

The following checklists provide review teams with a range of appropriate questions and evidence to look for in each of the above sections. It also provides the SRO and project teams with a guide as to what the review team will be exploring.

As each project or program is unique and circumstances vary, these questions should be used as a guide rather than a full checklist of mandatory items.

1. Review area: Policy and business context areas to review

Areas to review	Evidence expected
1.1 Are all relevant government initiatives being addressed?	The SRO or equivalent is undertaking their responsibilities as required in relevant policy initiatives.
1.2 Does the preferred option meet wider government and organisational policies, strategic objectives, standards and business change programs?	<p>Assessment against a list of wider government objectives, standards and business change programs.</p> <p>Assessment against a list of current organisational strategy and business objectives and policy initiatives; confirmation of the role of this project in a wider program or policy initiative.</p> <p>Assessment of business justification as stated in the business case.</p> <p>Account has been taken of relevant impact assessment and appraisal issues and sustainability issues have been considered.</p>
1.3 Have the internal and external factors affecting the project or program been identified and assessed?	<p>Assessment of the objectives, timescales and scale of project or program.</p> <p>Legislation, policy and regulatory issues taken into account.</p> <p>Assessment of the stability of the current business environment and strategic direction.</p> <p>Assessment of dependencies (e.g. other programs and projects) that could affect current priorities.</p> <p>Assessment of impact on existing physical and technical environment (e.g. brownfield site, current infrastructure and legacy systems).</p> <p>Assessment of the skills and knowledge required 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.</p>
1.4 Has there been consideration of integrating the project or program with other government initiatives (internal or external to the agency)?	<p>Consultation with potential areas of related programs or service delivery providers (related services or geographically aligned service provision).</p> <p>The agency is realistic about the complexity of the changes and how they can be managed (learning from previous/other projects where appropriate).</p>

2. Review area: Business case and stakeholders

Areas to review	Evidence expected
2.1 Is there a clear and agreed understanding of business objectives and how the project or program will deliver these?	<p>Business objectives for the project or program are clearly stated and specific, measurable, agreed, realistic and timely, and meet the business needs of the organisation.</p> <p>A strategy for achieving business benefits is defined and agreed with the stakeholders.</p> <p>Total scope, including timescales, is documented and agreed with stakeholders (including end-users or their representatives).</p> <p>Scope and requirements specification are realistic, clear and unambiguous.</p> <p>Delivery approach and mechanisms are defined and agreed with stakeholders.</p> <p>Evidence of options reviewed and justification for their selection.</p>
2.2 What are the critical success factors? These are the essential areas of activity that must be performed well if the objectives of the project or program are to be achieved.	<p>The critical success factors for each of the main objectives have been identified.</p> <p>A benefit management plan exists.</p>
2.3 Can the critical success factors be quantified or measured?	<p>Explanation of how the critical success factors will be measured; identification of baseline measures when appropriate.</p> <p>Definition of effective systems for measuring and tracking the realisation of benefits.</p>
2.4 Have all likely stakeholders been identified and their needs clearly understood?	<p>Internal and external stakeholders are identified and documented.</p> <p>Stakeholders' roles and responsibilities and their potential influence on the project or program are defined and agreed.</p> <p>End-users for the project or program are identified and documented.</p> <p>The decision-making process is inclusive of all relevant stakeholders and is both efficient and effective.</p> <p>Results of consultations are documented as part of project stakeholder engagement/communications strategy.</p> <p>If the project or program traverses organisational boundaries, there are clear governance arrangements to ensure sustainable alignment with the business objectives of all organisations involved.</p>

Areas to review	Evidence expected
2.5 Are the external stakeholder issues being addressed?	Plans for each stakeholder showing responsibilities and if appropriate, their role in the project or program.
2.6 Do stakeholders support the preferred option? This includes the potential or recommended delivery approach and mechanisms.	Consultation, involvement, support and endorsement.
2.7 Has the business case examined a range of options that will meet the business requirement?	Options explored for collaboration with other public sector organisations and programs/projects. 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.
2.8 Is there a clear 'best option' or would several options meet the business need?	Examination of all options that are acceptable in principle. Options ranked. Clear analysis of whole-of-life costs for each option.
2.9 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. Detail provided of option to do nothing. Operational costs and capital costs have been assessed and compared (e.g. using net present value analysis).
2.10 Is the project or program likely to be attractive to the market?	Market sounding taken, 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(s). 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.

Areas to review	Evidence expected
2.11 Have contract management issues been considered?	<p>Arrangements for managing single/multiple suppliers considered.</p> <p>Where multiple suppliers are likely to be appointed, high level plans for managing the interfaces.</p> <p>Appropriate relationships determined and hence optimum scale of contract(s) appropriately considered.</p>
2.12 Is the business case complete?	<p>Documentary evidence that the preferred option has been selected from an appropriately wide range, has been rigorously assessed, satisfies the project objectives (including contribution to the business strategy), is likely to offer value for money, is affordable and achievable.</p> <p>Stakeholder views (including the general public, if appropriate) are adequately represented.</p> <p>Objectives are clearly defined and expectations are realistic.</p> <p>Appropriate sources of expert advice have been consulted.</p> <p>It is possible to align the delivery strategy with the overall organisational goal.</p> <p>Assumptions have been identified and validated.</p> <p>Processes have been put in place to revalidate assumptions on an ongoing basis.</p>
2.13 Have project controls been determined, especially where constituent projects or programs will be 'joined up' with other agencies?	<p>Has the project or program followed the Strategic Asset Management Framework?</p> <p>For infrastructure projects or programs, has the agency:</p> <ul style="list-style-type: none"> • Complied with the above Framework? • Liaised with the Office of Major Infrastructure Delivery (OMID) in the Department of Transport and Major Infrastructure / Buildings and Contracts in the Department of Housing and Works. <p>For ICT projects or programs, has the agency:</p> <ul style="list-style-type: none"> • Consulted with the Office of Digital Government (DGov), Department of Premier Cabinet in regard to the ICT proposal? • Demonstrated consistency with the agency ICT strategic plan?

3. Review area: Risk management

Areas to review	Evidence expected
<p>3.1 Are there processes to identify, assess, allocate, manage and monitor current, anticipated and emerging risks and issues?</p>	<p>List of risks and key issues, categorised as strategic, political/reputational, legislative, implementation and operational service risks (including business, technical, financial and commercial/contractual risks within these categories, as appropriate).</p> <p>Risk management strategy developed in accordance with best practice.</p> <p>Individual identified with responsibility for managing risk across the project or program, mitigation options and contingency plans.</p> <p>Defined roles, responsibilities and processes for managing issues and risk across the project or program, with clearly defined routes for bringing issues and risks to the attention of senior management.</p>
<p>3.2 Have the risks for each of the options been evaluated?</p>	<p>Current, emerging and anticipated risks classified by probability, impact, ownership and effect on the project or program, and mitigation strategies identified.</p>
<p>3.3 Have the risks for the preferred option been fully assessed?</p>	<p>Involvement of senior stakeholders in assessing strategic risks.</p> <p>Assessment of risk, costs and benefits to demonstrate appropriate balance of risk and reward in the preferred option. Demonstrated planned risk-taking and support for innovation where appropriate.</p> <p>Plans for managing and allocating, through the contract(s), the risks associated with the preferred option.</p>
<p>3.4 Have the ‘worst case’ implications associated with these risks been addressed?</p>	<p>Risks financially assessed and risk allocation estimated.</p>
<p>3.5 Are the costs and time implications of managing the risks included in the overall cost and time estimate or treated as a separate risk allocation?</p>	<p>Costs and time for managing risks separately identified.</p> <p>Costs and time estimated for risk countermeasures and where appropriate, contingency and business continuity plans.</p> <p>Where risks cannot be reduced, the costs of managing these risks separately identified and included as a risk allocation provision.</p> <p>Analysis undertaken of the effects of slippage in time, cost scope and/or quality.</p> <p>How residual risks are being managed.</p>

Areas to review	Evidence expected
<p>3.6 Has the project or program assessed whether it is breaking new ground in any areas?</p>	<p>Examination of leading-edge projects to assess this project's impact on the business, stakeholders and end-users.</p> <p>Similar projects, programs or activities from which lessons may be drawn have been researched.</p> <p>Innovative solutions assessed by professional advisers.</p> <p>Consultation with the market to help refine approach, identify risks and ways in which risks might be mitigated.</p> <p>Defined approach to management of change in the affected organisations; sufficient account has been taken of the current organisational culture, leadership and organisational capability.</p>
<p>3.7 Should the project or program be broken down into a series of small steps?</p>	<p>Documentation of the chosen approach and justification for taking that decision.</p> <p>Business case details any phased delivery or expected improvements over time.</p>

4. Review area: Readiness for next phase: Readiness for market

Areas to review	Evidence expected
4.1 Is there an overall project or program structure for the delivery phase?	<p>A definition of the project or program approach to be adopted.</p> <p>Assessment of its suitability.</p>
4.2 Is there a realistic plan to reach Gateway review Readiness for Market?	<p>Objectives, planning assumptions, constraints, activities, quality plans, deliverables and milestones defined and agreed for the next phase as well as for the remaining phases.</p> <p>Assessment of the validity of current assumptions.</p> <p>The project or program addresses both short-term and long-term business requirements.</p> <p>Suitable solutions are available from the market.</p> <p>Does the market have sufficient capacity?</p> <p>For projects or programs with a design phase, such as construction, there is evidence that the project timescale allows enough time for the development of the required design quality.</p>
4.3 Are the project team skills adequate?	<p>Resource plan for staff. Identification of skills required for next phase of the project or program. Skills appraisal and plans for addressing shortfalls.</p> <p>Training assessment and plans, including training sources.</p> <p>Appropriate allocation of key project roles between internal staff and consultants or contractors.</p> <p>Project team has requisite skills or access to specialist expertise.</p>
4.4 Have requirements for external specialist advice been determined?	<p>Requirements for specialist expertise considered and resourced.</p> <p>External advice being used appropriately.</p>
4.5 Is the time plan for the next stage realistic? Does it take into account any statutory lead times?	<p>Time plan identifies statutory lead times and realistic assessment of time needed for pre-procurement activities, if appropriate.</p> <p>Senior management commitment to the time plan.</p> <p>Time plan for delivery (including procurement if appropriate) justified and not longer than necessary.</p>

Areas to review	Evidence expected
<p>4.6 Is there a clearly defined project or program organisation with agreed roles and responsibilities?</p>	<p>Project or program organisation and methodology.</p> <p>Governance/reporting arrangements.</p> <p>Named individuals in key positions, with appropriate skills, experience and status: SRO; project manager; project sponsor and/or project director; stakeholder representation; steering committee.</p> <p>If the project or program traverses organisational boundaries, clear governance arrangements to ensure sustainable alignment of the business objectives of all organisations involved, with clear lines of accountability and ownership.</p>
<p>4.7 Are there the necessary funds to go forward to the next stage?</p>	<p>Budget provision.</p> <p>Financial controls for expenditure in place on project or program.</p>
<p>4.8 How have transition issues with incumbent suppliers been addressed, if relevant?</p>	<p>Arrangements in place to provide continuity of service up to transition to new supplier.</p> <p>Agreements with current suppliers on how they will support due diligence during procurement phase.</p> <p>Clear separation of roles where incumbent supplier is bidding for replacement contract.</p> <p>Consideration of workforce issues.</p>

Project documents

Examples of evidence expected for each area should be available before the review starts.

The following is a range of information which would typically be required by the review team:

Background	Project or program initiation document.
Brief	Project brief with the project's scope and the need for change.
Business case	The business case addressing business need, affordability, achievability, value for money and range of options estimating the project's or program's cost and benefits. This should include some form of feasibility study, sensitivity analysis and market sounding.
Proposed delivery	The project or program approach, including how to deliver the intended outcome.
Change management	A strategy outlining the approach to business change (including staff training, new facilities, etc.) Draft of a high-level definition of the business requirements and total scope of change.
Environment	An initial assessment of current and proposed physical and technical environment (e.g. IT infrastructure, workspace facilities).
Budget	Cost report on the project or program to date against budget. Funds to cover all work related to Gateway review 'Readiness for Market'.
Communications	A communications strategy to keep stakeholders informed of the progress of the project or program.
KPIs	How performance is to be reported and monitored.
Project organisation	Key roles and governance/reporting arrangements.
Quality	Quality management strategy.
Procurement	Preliminary procurement strategy.
Risk	A list of the major risks with draft plans for managing them.
Resourcing	A high-level activity, time and resource plan for the whole project or program.
Authority	The authority and approval to proceed.
Benefits	High-level benefits management plan.
Success	Definition of how to judge the success of the project or program.
Readiness for future	Plans to move the project or program to the next review: 'Readiness for Market'.

Contact us

Department of Treasury and Finance

Street address: Djookanup, 16 Parkland Road, Osborne Park WA 6017

Postal address: Locked Bag 11, Cloisters Square, Perth WA 6850

Telephone: 61 8 6551 2777

Website: www.dtf.wa.gov.au

Email: gatewayunit@dtf.wa.gov.au

