Recurrent Expenditure Assurance Framework

TPG24-24

31 July 2024

NSW
GOVERNMENT

Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.
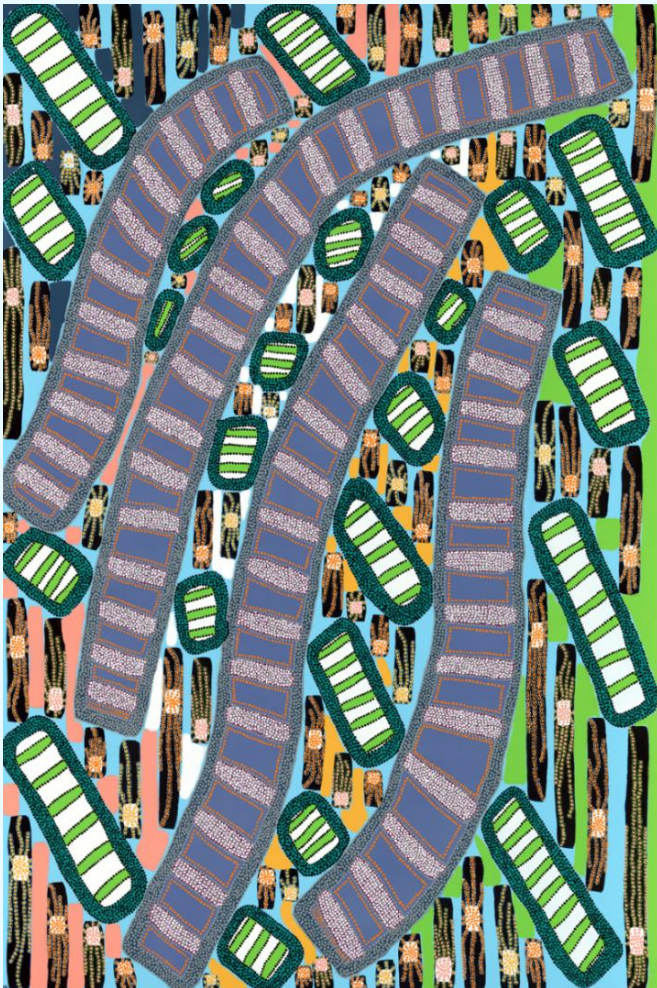
We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:
Regeneration by Josie Rose

Contents

Key information	
Treasury Policy and Guidelines (TPG) is relevant to?	☒ GSF Agencies ☒ General Government Sector ☒ Public non-financial corporation ☒ Public financial corporation ☒ State Owned Corporations ☐ Other
	☒ Executive agencies related to Departments
	☒ Subsidiaries of the NSW Government established under the Corporations Act 2001
Date issued	31 July 2024
Review date	2025
☒ Replaces	Recurrent Expenditure Assurance Framework TPP19-03
Issuing/Publishing entity	NSW Treasury
Related instrument(s)	• TPG22-12 NSW Gateway Policy • Infrastructure Investor Assurance Framework • Digital Assurance Framework • TPG22-04 NSW Submission of Business Cases Policy and Guidelines • TPP18-06 NSW Government Business Case Guidelines • Benefits Realisation Management Framework • TPG23-08 Guide to Cost-Benefit Analysis • TPP19-07 Asset Management Policy for the NSW Public Sector • TPP18-05 Major Projects Policy for Government Businesses
Document approver	Executive Director, Financial Stewardship and Public Reporting, Financial Management and Services
Contact	Financial Management Legislation, Policy and Assurance: gateway@treasury.nsw.gov.au
Document contains	
☒ MANDATORY POLICY compliance set out by NSW Treasury.	
☒ RECOMMENDED POLICY reflecting best practice standards.	
☒ GUIDANCE/ADDITIONAL INFORMATION to provide clarity or explain requirements in detail.	

Revision history				
Document version number	Approval Date	Author	Approver	Description
TPP19-03	February 2019			Recurrent Expenditure Assurance Framework
TPG24-24	July 2024	NSW Treasury Gateway Assurance, Financial Management Legislation, Policy and Assurance	Director, Financial Management Legislation, Policy and Assurance	Recurrent Expenditure Assurance Framework

Recurrent Expenditure Assurance Framework

Purpose

The Recurrent Expenditure Assurance Framework (REAF) outlines the procedures for the application of the NSW Gateway Policy to major recurrent expenditure investments. This Framework sets out the requirements that must be followed by the Delivery Agency, the Major Recurrent Advisory Group (MRAG), the Expert Review Team, and NSW Treasury (as the Gateway Coordination Agency for this Framework).

Background

The REAF is established under the NSW Gateway Policy. It is approved by the NSW Government and applies to Major Recurrent Expenditure Projects being undertaken by agencies.

The objective of the REAF is to provide assurance that the Government's Major Recurrent Expenditure Projects across NSW are delivered on time and on budget by implementing this risk-based external assurance framework. The REAF will also ensure that the Cabinet Standing Committee on the Expenditure Review (ERC) is supported by effective tools to monitor the NSW Government's major new policy proposals, receives early warning of any emerging issues, and can therefore act proactively to increase project success.

The REAF provides advice and assurance that is independent of an agency's existing internal project delivery processes and post-project implementation. These processes are informed by NSW Government policies which guide the development, appraisal, and prioritisation of investments, including the TPP18-06 Business Case Guidelines and the TPG22-22 Evaluation Guidelines.

Application

The REAF applies to all Major Recurrent Expenditure Projects being developed and/or delivered by Government agencies and Government Businesses. Major Recurrent Expenditure Projects are Recurrent Expenditure Projects which meet the Mandatory Registration Criteria.
This Framework has been developed to ensure clear communication by categorising requirements and guidance by each stakeholder group. The Framework allows users to identify easily and quickly:

Mandatory requirements that each stakeholder group must comply with.

Guidance providing information, clarity and context relating to each mandatory requirement.

For the purpose of this Framework, the term 'project' captures both projects and programs.

This Framework applies to projects being developed or delivered by State Owned Corporations to the extent made applicable under TPP18-05 Major Projects Policy for Government Businesses or any successor policy.

Recurrent Expenditure Projects

The REAF applies to all Government investment initiatives that are not related to Infrastructure or ICT Digital. This ensures all applicable major Government spending will receive an appropriate level of assurance, to provide confidence to the NSW Government, as the Investor, that the investment is effectively managed and on track to achieve the objectives.

Recurrent expenditure assurance is not restricted to new funding. It applies equally to the rollover of existing expenditure.

Projects that may fall within the scope of the REAF could include:

- New policy proposals submitted as part of the annual budget process
- Proposals for new spend fast-tracked by Government
- Election commitments that meet one of the criteria.

Mandatory Registration Criteria

All recurrent expenditure projects that meet one of the following criteria are required to be registered with Treasury Gateway Assurance; undertake a Project Tier Assessment; and develop a Project Assurance Plan:

- Projects valued at an Estimated Total Cost (ETC) of equal or greater than $100 million over the first four years or $50 million in any one year
- Projects nominated by ERC, NSW Treasury, or the Delivery Agency.

All projects that meet the above criteria are subject to the REAF regardless of the funding source.

Summary of Principles

The REAF is aligned with the Gateway Principles as set out in the NSW Gateway Policy. Gateway principles, represented in Table 1, support a consistent and comparable assurance process for each Gateway Coordination Agency (GCA) Framework, that is beneficial to both the NSW Government as the Investor, and the Delivery Agency.

Table 1: Application of Gateway Principles to the REAF

Principle	REAF Application
Management of Risks	The REAF implements a risk-based approach to assurance that provides the NSW Government with visibility, assessment, and mitigation strategies for risk across Major Recurrent Expenditure Projects. This ensures the right level of assurance can be applied proportionately to the associated project risk.
Value for the Investor and Delivery Agency	The REAF adds value for the NSW Government, as the Investor, by providing confidence that the projects are effectively managed and are on track to achieve outcomes. The REAF adds value for Delivery Agencies by assisting them to successfully deliver those projects by identifying key risks and making practical recommendations to address them.
Independence and Confidentiality	The REAF provides independent and experienced advice within a confidential environment, sharing outcomes between the Investor and Delivery Agencies, where beneficial. The Gateway review process is confidential and strictly between a Delivery Agency and the GCA, being NSW Treasury.
Transparency and Accountability	NSW Treasury administers the REAF. NSW Treasury is accountable for ensuring that the REAF is clear to all stakeholders. The REAF is a single point of accountability for independent assurance across all NSW Government for Major Recurrent Expenditure Projects which fall within the scope of the REAF.
Continuous Improvement	Continuous improvement ensures that the purpose of the REAF is realised through on-going monitoring and reliable improvements. The Gateway review process should provide insights to improve project development and delivery processes in the future. The efficiency and effectiveness of the REAF will also be regularly reviewed.

Summary of Requirements

The REAF establishes the principles, structure, and roles in the Gateway Assurance system for Major Recurrent Expenditure Projects in NSW. Each key role in the implementation of the REAF is supported by the mandatory requirements. The following summarises the mandatory requirements of the Gateway Process for Major Recurrent Expenditure Projects and is categorised based on each stakeholder group.

Mandatory

1. Delivery Agencies (or Project Teams) must:

- Identify the appropriate Gateway Assurance Framework that is applicable to the nature of their project and notify the appropriate GCA.
- Notify NSW Treasury if the project meets the REAF Mandatory Registration Criteria.
- Undergo the Project Registration and Risk Assessment process.
- Notify NSW Treasury of any material changes to the project.
- Undergo Assurance Reviews as determined by the Final Assurance Plan.
- Complete a formal close-out plan for each Assurance Review and provide updates to NSW Treasury on the status of close-out plans.

2. Major Recurrent Advisory Group (MRAG) must:

- Provide advice to NSW Treasury on a project's Project Tier and Assurance Plan.
- Provide guidance to NSW Treasury on the operation of the REAF.
- Actively support NSW Treasury's annual review of the effectiveness of the REAF.

3. Expert Review Team must:

- Conduct Assurance Reviews in accordance with the Terms of Reference and Gateway Review Workbooks.
- Act ethically, professionally and with integrity, and adhere to the Gateway Principles including Independence and Confidentiality.
- Deliver a high quality, clear, and structured Review Report.

4. NSW Treasury must:

- Confirm if the project meets the REAF Mandatory Registration Criteria.
- Coordinate REAF Assurance Reviews.
- Ensure the REAF Assurance Reviews are conducted ethically, including that Independence and Confidentiality are maintained.
- Oversee the REAF reporting requirements to ensure the application and ongoing effectiveness of the REAF.
- Review the REAF annually.

Core Requirements

1. Core Requirements for Delivery Agencies

Mandatory

1.1 Gateway Framework Identification

1.1.1 Delivery Agencies must identify the appropriate Gateway Framework that is applicable to the nature of their project and notify the appropriate GCA.

1.1.2 Delivery Agencies must notify NSW Treasury if the project meets the REAF Mandatory Registration Criteria.

1.1.3 For mixed projects, Delivery Agencies must identify the predominant purpose of the project and apply the most relevant GCA framework.

1.2 Project Registration and Risk Assessment

1.2.1 Delivery Agencies must undergo the Project Registration and Risk Assessment process, which involves:

    1.2.1.1 Project Registration

    1.2.1.2 Risk Assessment

    1.2.1.3 Final Project Tier and Assurance Plan.

1.2.2 Delivery Agencies must promptly notify NSW Treasury of any material changes to the project risk profile at any point in the project lifecycle.

1.3 Gateway Reviews, Health Checks and Deep Dive Reviews (Assurance Reviews)

1.3.1 During an Assurance Review, Delivery Agencies must:

- Provide all relevant project information

- Complete all relevant Review Templates

- Schedule the project briefing session, stakeholder interviews and SRO debrief

- Perform a fact check and provide responses to Review recommendations in the Draft Review Report.

1.3.2 Delivery Agencies must pay the direct costs of a Review.

1.4 Reporting

1.4.1 Delivery Agencies must complete a formal close-out plan for each Assurance Review.

1.4.2 Delivery Agencies must provide SRO endorsed updates on the status of close-out plans to NSW Treasury.

Guidance

1.1 Gateway Framework Identification

Mandatory
1.1.1   Delivery Agencies must identify the appropriate Gateway Framework that is applicable to the nature of their project and notify the appropriate GCA.

NSW Gateway Policy (the Policy) establishes the principles and structure for the provision of Gateway assurance reviews in NSW and describes the roles of the GCAs, the Delivery Agencies and the Policy Owner.

The Policy sets out the requirements that the GCAs, the Delivery Agencies and the Policy Owner must follow.

The GCAs are:

- NSW Treasury which administers the Recurrent Expenditure Assurance Framework (REAF)
- Infrastructure NSW (INSW) which administers the Infrastructure Investor Assurance Framework (IIAF)
- Department of Customer Service (DCS) which administers the Digital Assurance Framework (DAF)

The Delivery Agencies are GSF Agencies with projects subject to the NSW Gateway Policy.

NSW Treasury is the Policy Owner of the NSW Gateway Policy.

The REAF, administered by NSW Treasury, should be referred to for all Major Recurrent Expenditure Projects. Delivery Agencies will not be required to retrospectively review fully implemented projects or those that are in implementation stage unless they have undergone significant scope changes.

For Capital Infrastructure Projects, Agencies should refer to the Infrastructure Investor Assurance Framework (IIAF), administered by Infrastructure NSW.

For ICT and Digital projects, Agencies should refer to the Digital Assurance Framework (DAF), administered by the Department of Customer Services (DCS).

The scope of each framework is represented in Appendix A.

Mandatory
1.1.2   Delivery Agencies must notify NSW Treasury if the project meets the REAF Mandatory Registration Criteria.

As required by Core Requirement 1.1.1 of this policy, Delivery Agencies must identify the appropriate GCA Framework for a project and promptly notify the Treasury Gateway Assurance regarding any projects falling under the REAF guidelines (refer to Table 2 for each Gateway Framework project definition). If the Delivery Agency is unable to identify the applicable GCA, the Delivery Agency should consult Treasury Gateway Assurance.

Table 2: Gateway Framework Project Definitions

Project Type	Definition
Major Recurrent Expenditure Project (REAF)	A project primarily comprised of: • New policy or service • Renewal, re-tender or outsourcing of an existing policy or service • Material change to an existing policy, service, or operating model • Establishment of a new entity or a unit within an entity • New, continuing or major changes to grants • Development of a strategy or a research program • Enhancement or extension of an agency capability • Response to a regulatory or legislative change • Non-routine maintenance of operating assets • Other projects that do not fall within the scope of IIAF or DAF but meet the REAF Mandatory Registration Criteria
Capital Project (IIAF)	A project primarily comprised of: • Infrastructure • Equipment • Property Developments • Operational Technology that is a component of a Capital Project
ICT and Digital Project (DAF)	A project primarily comprised of: • ICT • Digital Investments • Operational Technology that is not a component of a Capital Project

Mandatory
1.1.3   For mixed projects, Delivery Agencies must identify the predominant purpose of the project and apply the most relevant GCA framework.

If the predominant purpose is unclear, the Delivery Agency should contact Treasury Gateway Assurance through their Agency Relationship Lead at NSW Treasury for guidance.

1.2 Project Registration and Risk Assessment

Mandatory

1.2.1   Delivery Agencies must undergo the Project Registration and Risk Assessment process, which involves:
 	
    1.2.1.1   Project Registration
 	
    1.2.1.2   Risk Assessment
 	
    1.2.1.3   Final Project Tier and Assurance Plan.

For all projects that meet the REAF Mandatory Registration Criteria, the Delivery Agency must register the project with NSW Treasury and conduct a self-Risk Assessment to determine a preliminary Project Tier and proposed Assurance Plan. The Agency will then submit the relevant documents to NSW Treasury and MRAG to obtain a Final Project Tier and Assurance Plan.

Appendix B outlines the Project Registration and Risk Assessment process, and outlines the responsibilities of the Delivery Agency, NSW Treasury and MRAG.

1.2.1.1 Project Registration

The Delivery Agency must register the project with NSW Treasury if it meets the REAF Mandatory Registration Criteria by contacting Treasury Gateway Assurance through their Agency Relationship Lead at NSW Treasury.

1.2.1.2 Risk Assessment

The Delivery Agency must conduct an initial self-Risk Assessment using the Risk Assessment Tool (refer to Appendix C) to determine a preliminary Project Tier and proposed Assurance Plan.

When completing the Risk Assessment Tool, the Delivery Agency must apply a rating for each of the criteria defined in the REAF Qualitative Risk Profile Criteria in Table 3.

Table 3: REAF Qualitative Risk Profile Criteria

Criteria	Definition
Government Priority	The level and timing of project priority, where: • The level of priority for a project is specifically mandated (or mandated through Ministerial authority) in documents such as the NSW Budget, Premier's Priorities, State Priorities, State Infrastructure Strategy, Election Commitment, or • The project is a direct enabler of a mandated priority project • The project is a response to new legislative requirements as a result of changes in law • Priority also depends on whether the timing of the project is within or outside the Forward Estimates.

Criteria	Definition
Interface Complexity	The extent to which the project's success will depend on the management of complex dependencies with other: - Institutions – certain bodies are contributing to the funding of the project or will be given operational responsibility. - Projects or services – there are fundamental interdependencies with other projects or services that will directly influence the scope and cost of the project.
Procurement Complexity	The extent to which a project requires sophisticated, customised, or complex procurement methods (non-traditional), thereby increasing the need for a careful assessment and management of risk. Procurement complexity may also be influenced by the extent of agency experience and capability. For example, complex procurement methods may be used more commonly by some agencies and represent a lower procurement risk.
Agency Capability	The extent to which the sponsor agency has demonstrated capability (skills and experience) or can access through recruitment or procurement the required capability in the development and/or delivery of the type of project proposed and/or its delivery strategy.
Criticality of Service	The degree to which a project is essential to meet the needs of the community, enhances an essential service or addresses a deficiency which would otherwise have adverse impacts on an existing community or the growth of a new community.
Implementation Complexity	The extent to which the project's success will depend on resolution in the agency of challenging industrial relations issues, significant re-organisation of functions or activities within the agency, relocation of functions or activities, changes of business processes, or operational risk.

Project Tier

After undertaking the initial self-risk assessment, the Delivery Agency will receive a Weighted Risk Score from the Risk Assessment Tool (refer to Appendix C). This Score is then applied against the Estimated Total Cost (ETC) to determine a preliminary Project Tier based on the matrix shown in Figure 1. This process categorises projects into risk-based tiers. There are four Project Tiers to which different levels of assurance can be applied:

- Tier 1 (High Profile / High Risk)
- Tier 2
- Tier 3
- Tier 4

Figure 1: REAF Project Tier Weighted Risk Score Matrix

Weighted Risk Score	Estimated cost over the first four years ($m)			
	>500	250–500	100–250	<100
4.1 – 5.0	Tier 1	Tier 1	Tier 1	Tier 1
3.1 – 4.0	Tier 1	Tier 1	Tier 2	Tier 2
2.6 – 3.0	Tier 2	Tier 2	Tier 2	Tier 3
2.1 – 2.5	Tier 2	Tier 2	Tier 3	Tier 4
0.0 – 2.0	Tier 2	Tier 3	Tier 4	Tier 4

The tiered approach is designed to strike the right balance between a robust approach, correctly focused on the highest risks, and achieving value for money. Throughout their lifecycle, projects may move between tiers depending on changing risk profiles.

Assurance Plan

In the Risk Assessment Tool, the Delivery Agency will also propose an Assurance Plan. The proposed Assurance Plan is the Agency's view of Gateway Reviews, Health Checks and Deep Dives to be undertaken based on the preliminary Project Tier and in consideration of their project needs. Refer to Figure 2 for guidance on Gateway Reviews typically applied to each project based on the Project Tier.

Figure 2: Application of Gateway Reviews by NSW Treasury

		TIER 1	TIER 2	TIER 3	TIER 4
Planning	GATE 1 Strategic Business Case	Mandatory	Mandatory	Mandatory	Optional
Planning	GATE 2 Detailed Business Case	Mandatory	Mandatory	Optional	Optional
Delivery	GATE 3 Pre-Execution	Mandatory	Optional	Optional	Optional
Delivery	GATE 4 Tender Evaluation	Mandatory	Optional	Optional	Optional
Delivery	GATE 5 Pre- Commissioning	Mandatory	Optional	Optional	Optional
Completion	GATE 6 Post-Implementation	Mandatory	Optional	Optional	Optional

Note: The above Gates are Mandatory unless otherwise advised by NSW Treasury.

Complex projects may require a customised Assurance Plan where some of the mandatory Gates may be replaced by other forms of Gates.

NSW Treasury will consider individual project needs and stage of the project in the determination of applicable Gateway Reviews.

Depending on the nature of the project, Gateway Reviews may be replaced by other forms of reviews such as a Health Check.

Delivery Agencies will not be required to retrospectively apply Gateway Reviews on projects that have passed the stage of the Gate unless they have undergone significant scope changes.

1.2.1.3 Final Project Tier and Assurance Plan

Once the Delivery Agency has registered the project, the project is eligible for review by Treasury Gateway Assurance and the Major Recurrent Advisory Group (MRAG). MRAG is an advisory group that provides advice to NSW Treasury on a project's preliminary Project Tier and proposed Assurance Plan. The Delivery Agency must submit the following documents for review:

- Risk Assessment Tool with their preliminary Project Tier and proposed Assurance Plan
- Presentation pack
- Business Case or other support which provides context of the project to NSW Treasury and MRAG.

MRAG will provide advice to NSW Treasury for the final decision on the Project Tier and Assurance Plan. NSW Treasury determines and communicates the 'REAF Registration Outcome' which contains the Final Project Tier and Assurance Plan to the Delivery Agency. The Final Assurance Plan determines the Assurance Reviews to be undertaken.

A Delivery Agency can also self-nominate a project for a Project Tier Assessment and request additional Gateway Reviews, Health Checks, and Deep Dive Reviews as part of the Final Assurance Plan. This is because the main objective of Treasury Gateway Assurance is to support Delivery Agencies in the development and delivery of their projects to successfully achieve their objectives and outcomes.

Mandatory
1.2.2   Delivery Agencies must promptly notify NSW Treasury of any material changes to the project risk profile at any point in the project lifecycle.

Material changes could occur due to changes to the project's risk profile criteria, scope, procurement plans or budget. Should any material changes occur, the Delivery Agency must inform Treasury Gateway Assurance in a timely manner.

1.3 Gateway, Health Check and Deep Dive Reviews (Assurance Reviews)

REAF Assurance Reviews are appraisals of Major Recurrent Expenditure Projects. The Reviews are designed to:

- support Delivery Agencies in the development and delivery of their projects to successfully achieve their objectives and outcomes
- support the Delivery Agencies' own decision-making and assurance processes
- support Budget processes throughout the project lifecycle

- highlight risks and issues which, if not addressed, may threaten successful delivery
- provide confidence to NSW Government, as the investor, in the information supporting expenditure decisions.

There are three types of Assurance Reviews under the REAF, applied in specific situations. These are represented in Table 4.

Table 4: REAF Assurance Review Types

Review Type	Purpose
Gateway Review	A review of a project at a specific key decision point (Gate) in the project lifecycle. A Gateway Review is a short, focused, independent expert appraisal of the project. It provides a view of the current progress of a project and assurance that it can proceed successfully to the next stage if any critical recommendations are addressed. Appendix D illustrates how Gateway Reviews, from Gate 1 to Gate 6 are timed to complement key project milestones.
Health Check	Health Checks support Gateway Reviews and assist in identifying issues that may emerge between decision points. Health Checks are required in the instance of a substantial gap between two sequential Gateway Reviews (Gates). Triggers for optional Health Checks may include: • Where an Expert Review Team recommends a Health Check be completed before the next Gateway Review • If there is overall low or medium delivery confidence and there are a significant number of critical and essential recommendations raised in an Assurance Review • If insufficient progress is being demonstrated in closing out recommendations from a previous Assurance Review • If there is a major incident, event or change in the project, such as change of governance or change in Delivery Agency responsibility • If a Delivery Agency self-nominates, or • A Health Check is requested by ERC or NSW Treasury. An Assurance Plan may require a Health Check Review: • A project has already passed a major Gate at the Risk Assessment stage but consider a Review appropriate. • A project does not fit into the stages of Gates 1-6 but consider assurance is appropriate. **A Health Check neither replaces the need for the review at each Gate nor is it a substitute for robust project governance.**

Review Type	Purpose
Deep Dive Review	Deep Dive Reviews focus on a particular issue, rather than a full range of matters that would normally be considered during a Gateway or Health Check Review.
	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 or NSW Treasury.
	Deep Dive Reviews are typically time sensitive. Due to this restraint, the Terms of Reference (TOR) may be limited.

Assurance Reviews are conducted by a highly experienced Expert Review Team who are independent of the Delivery Agency and Project Team. NSW Treasury will seek input from Delivery Agencies when selecting Reviewers from the GCA's established Expert Review Panel. The objective is to appoint an Expert Review Team that possesses the complementary skills, capability, and experience to enable a well-informed assessment and provision of relevant advice.

Reviews are guided by Terms of Reference (TOR) developed by NSW Treasury in consultation with the Delivery Agency and key stakeholders. The TOR aids in selecting appropriate Reviewers and is provided to Reviewers in advance of the Review.

Reviews involve the examination of project documents and interviews with significant project stakeholders. The Expert Review Team will assess the progress of the project against seven Key Focus Areas described in Appendix E and any additional Review items set out in the TOR.

NSW Treasury has developed Gateway Review Workbooks and Review Templates to streamline the Assurance Review process and provide additional guidance to Project and Expert Review Teams.

Mandatory
1.3.1   During an Assurance Review Delivery Agencies must: • Provide all relevant project information   • Complete all relevant Review Templates   • Schedule the project briefing session, stakeholder interviews and SRO debrief   • Perform a fact check and provide responses to Review recommendations in the Draft Review Report.

Delivery Agencies are responsible for ensuring that information provided is accurate, current, consistent, and complete. REAF Assurance Reviews will typically involve the sequential steps outlined in Table 5.

Table 5: Sequential Steps for REAF Assurance Reviews

Category & Action Point	Details

Documents to Reviewers
 	
Project Team to upload Review documents to be examined by the Expert Review Team
	• The Project Team is to upload documents to NSW Treasury's secure data room including:
	  – Documents that support the assessment of the project against the seven Key Focus Areas (refer to Appendix E)
	  – Review Templates completed by the Project Team.
	• The Project Team should refer to the relevant Gateway Review Workbook for guidance on mandatory and non-mandatory documents.
	• Typically, no more than 30 documents should be uploaded.
	• The Project Team is not expected to create new documents for the purpose of the Review, but to supply existing documents, as they are.

Project Briefing Session
 	
Project Team to schedule and host a project briefing session, attended by the SRO, Project Director/ Manager, Expert Review Team and Gateway Review Managers
	• The Project Team is to schedule the project briefing session. Sessions will generally involve:
	  – A presentation on the project by the Project Team
	  – Discussion of any Review matters including any further documents or additional interviewees required.
	• Sessions will be held either in person or online, depending on the Review needs. This will be confirmed by the Gateway Review Manager in consultation with the Project Team.
	• The Senior Responsible Officer (SRO) must attend the Project Briefing Session. The Project Team must invite the SRO, Project Director/ Manager, Expert Review Team and Gateway Review Managers.

Stakeholder Interviews Delivery Agency to schedule Interview Day(s) but only attended by Interviewees and Expert Review Team (Gateway Review Managers may also attend if there is a specific need to ensure a safe interview environment)	• Key stakeholder interviews will be held either in person or online, depending on the Review needs. • The Project Team is to propose Interviewees according to the Terms of Reference and seven Focus Areas (refer to Appendix E). • Interviewees should include representatives internal and external to the Project Team. • The Expert Review Team may request additional interviewees. • The Project Team is to invite interviewees and the Expert Review Team.

Category & Action Point	Details
SRO Debrief Project Team to schedule SRO Debrief, attended by the SRO, Expert Review Team and Gateway Review Managers	• SRO Debriefs are an important and confidential step in the Review process. The Expert Review Team will brief the SRO, who must be in attendance, on their findings from the Review. • The Project Team is to invite the SRO, Expert Review Team and Gateway Review Managers.
Draft Review Report Expert Review Team prepares a draft Review Report	• The Expert Review Team will prepare a Draft Review Report. • After the SRO Debrief, the Expert Review Team will issue the Draft Review Report to NSW Treasury for initial review. • After initial review, NSW Treasury will provide the Draft Review Report to the SRO. This may be done via the Project Team.
Fact Check and Response to Recommendations Project Team on behalf of SRO to perform fact check and provide response to Review recommendations	• The Project Team is to perform a fact check and provide response to recommendations in the Draft Review Report. The Project Team may add comments or seek clarification in the Draft Review Report. • The Project Team is to return the Draft Review Report to NSW Treasury by the agreed date per the TOR. • NSW Treasury will consider the Project Team's comments and seek the Expert Review Team's perspective, if required.
Final Review Report Finalisation and release of Final Review Report	• NSW Treasury will finalise the Review Report. • NSW Treasury will issue the Final Review Report to the Project Team's nominated SRO. • NSW Treasury will issue the Final Review Report* or report on the outcome of the Review to key stakeholders of NSW Government as appropriate for advice or well-informed decision making.

* Review Reports are classified as Sensitive NSW Government by default, and will follow the NSW Government Information Classification, Labelling and Handling Guidelines.

Review Report

The Review Report is point-in-time and provides a snapshot of the project's progress, along with recommendations to strengthen the project. The Review Report is used by the NSW Government to understand the delivery status of the project and to inform investment decisions.

In the Review Report, the Expert Review Team will convey the following information using each of the Rating Scales depicted in Appendix F:

- Overall confidence of successful project delivery using the five ratings in the *Overall Development and Delivery Confidence Rating Scale*
- The project's progress and implementation of processes to support each Key Focus Areas using the ratings in the *Key Focus Area Rating Scale*
- Actionable recommendations and the criticality of each recommendation using the ratings in the *Recommendation Rating Scale*

Mandatory
1.3.2   Delivery Agencies must pay the direct costs of a Review.

Delivery Agencies are responsible for paying the direct costs of a Review. The Gateway Review Manager will provide an indicative cost during the planning stage which is primarily based on Review hours of each Review Team Member and travel, meal, and accommodation costs for out-of-towners if applicable.

1.4 Reporting

Mandatory
1.4.1   Delivery Agencies must complete a formal close-out plan for each Assurance Review.

Close-out Plans (COPs) form part of the Assurance Review process, where Delivery Agencies are required to respond to the recommendations set out in the Review Report.

In the COP, the Delivery Agency will detail specific actions, timelines and accountabilities that respond to the recommendations. Delivery Agencies are required to complete a COP regardless of project tiering outcomes and will need to detail specific actions, timelines and accountabilities in the COP.

NSW Treasury will distribute the COPs to Delivery Agencies on a recurring basis to monitor the progress of closing out recommendations. Delivery Agencies are required to respond within a set timeframe.

Mandatory
1.4.2   Delivery Agencies must provide SRO endorsed updates on the status of close-out plans to NSW Treasury.

These updates serve as a communication and monitoring tool, to ensure transparency and accountability, and provide confidence to NSW Government, as the investor, that the Delivery Agency is on-track delivering the review recommendations.

Confirmation of 'Clearance of Gate'

Once the Delivery Agency has addressed all the recommendations in the COP, NSW Treasury will issue a Confirmation of 'Clearance of Gate' document. This 'Clearance' is not an Assurance Review approval or endorsement of a project. It is a formal document to confirm that the Delivery Agency has addressed all the recommendations in the COP.

2. Core Requirements for the Major Recurrent Advisory Group (MRAG)

Mandatory
2.1 Project Registration and Risk Assessment 2.1.1   MRAG will provide advice to NSW Treasury on a project's Risk Assessment, Project Tier, and Assurance Plan. **2.2 REAF Alignment and Improvement Opportunities** 2.2.1   MRAG will provide guidance to NSW Treasury on the operation of the REAF. 2.2.2   MRAG will actively support NSW Treasury's annual review of the effectiveness of the REAF. 2.2.3   MRAG will champion the benefits of recurrent expenditure assurance within MRAG members' respective clusters, including assisting agencies understanding their compliance obligations.

Guidance

The Major Recurrent Advisory Group (MRAG) was established by NSW Treasury to provide advice and support to Treasury Gateway Assurance. MRAG's responsibilities include reviewing the Delivery Agency's preliminary Project Tier and proposed Assurance Plans, as well as reviewing the effectiveness of the REAF annually and advising NSW Treasury on its operation.

MRAG consists of members drawn from across Government and is chaired by NSW Treasury Gateway Assurance Senior Executives. MRAG members are CFOs or equivalent from the principal Departments. Their role is relevant to NSW Government strategy, budget, and investment. The primary purpose of this structure is to provide NSW Treasury with a sector view, enabling NSW Treasury to make a well-informed decision on final Project Tiers and Assurance Plans.

2.1 Project Registration and Risk Assessment

Mandatory
2.1.1   MRAG will provide advice to NSW Treasury on a project's Risk Assessment, Project Tier, and Assurance Plan.

During the Project Registration and Risk Assessment process, MRAG members will review the Delivery Agency's Self-Risk Assessment and proposed Assurance Plan based on the agency's:

- Presentation Pack; and
- Business Case (if available).

Subsequently, MRAG members will complete their own individual Risk Assessment for each project registration, to provide NSW Treasury with a sector view.

MRAG members will attend MRAG meetings, where Delivery Agencies are expected to present general project information. MRAG members may seek additional information or clarifications from the Delivery Agency. MRAG will provide advice to NSW Treasury, who will determine and communicate the final Project Tier and Assurance Plan to the Delivery Agency.

MRAG is an advisory body. NSW Treasury is responsible for final determinations and advising Delivery Agencies after considering the assessment of MRAG.

2.2 REAF Alignment and Improvement Opportunities

Mandatory
2.2.1   MRAG will provide guidance to NSW Treasury on the operation of the REAF.

NSW Treasury will report high-level outcomes of Reviews to MRAG. This process is to help identify any operational challenges or bottlenecks and seeks opportunities to optimise processes within the REAF. MRAG will provide guidance to support the successful implementation of the REAF to achieve its intended objectives.

Mandatory
2.2.2   MRAG will actively support NSW Treasury's annual review of the effectiveness of the REAF.

NSW Treasury reviews the REAF annually. Throughout this process, Treasury Gateway Assurance will consult with MRAG on the effectiveness of the REAF. This process helps identify areas for enhancement, ensuring that the REAF remains relevant and impactful, is aligned to State Priorities, and supports informed decision making for NSW Government.

Mandatory
2.2.3   MRAG will champion the benefits of recurrent expenditure assurance within MRAG members' respective clusters, including assisting agencies understanding their compliance obligations.

NSW Treasury is accountable for promoting the REAF across the sector. MRAG recognises the pivotal role of the REAF and is committed to leveraging its influence to assist NSW Treasury in advocating it's benefits throughout each member's cluster. MRAG will support agencies in understanding their compliance responsibilities, reinforcing the collective effort towards improved recurrent expenditure assurance.

3. Core Requirements for the Expert Review Team

Mandatory
3.1 Gateway, Health Check and Deep Dive Reviews (Assurance Reviews) 3.1.1 The Expert Review Team must conduct Assurance Reviews in accordance with the Terms of Reference and Gateway Review Workbooks. 3.1.2 The Expert Review Team must provide their independent and specialist expertise in the review of the project. 3.1.3 The Expert Review Team must act ethically, professionally and with integrity, and adhere to the Gateway Principles including Independence and Confidentiality. This includes ensuring that conflicts of interest are properly disclosed and managed. 3.1.4 The Expert Review Team must deliver a high-quality, clear, and well-structured Review Report which aligns with the Gateway Principles.

Guidance

An Expert Review Team will typically comprise a Review Team Lead (RTL) who has additional operational responsibilities and two Review Team Members (RTM). The responsibilities of each role within a Gateway Review are represented in Appendix G.

3.1 Gateway, Health Check and Deep Dive Reviews (Assurance Reviews)

Mandatory
3.1.1 The Expert Review Team must conduct Assurance Reviews in accordance with the Terms of Reference and Gateway Review Workbooks.

Treasury Gateway Assurance will provide the Terms of Reference and relevant Gateway Review Workbook.

Mandatory
3.1.2 The Expert Review Team must provide their independent and specialist expertise in the review of the project.

The Expert Review Team will be selected based on their individual areas of specialist expertise by NSW Treasury in consultation with the Project Team. When selecting the members, NSW Treasury will match the member's expertise to the individual project's needs and stage of the project lifecycle. It is expected that each member will actively contribute and provide the benefit of their independent and specialist expertise in the review of the project.

Mandatory
3.1.3   The Expert Review Team must act ethically, professionally and with integrity, and adhere to the Gateway Principles including Independence and Confidentiality. This includes ensuring that conflicts of interest are properly disclosed and managed.

For further details, see Appendix H.

Mandatory
3.1.4   The Expert Review Team must deliver a high-quality, clear, and well-structured Review Report which aligns with the Gateway Principles.

The Review Report should be accurate, well supported by evidence, and provide for actionable recommendations. The Review Report serves as a critical document for decision-makers; therefore, it is essential to meet the high standards of quality, clarity, and structure.

4. Core Requirements for NSW Treasury

Mandatory
4.1 Gateway Framework Identification
4.1.1   NSW Treasury is responsible for confirming if the project meets the REAF Mandatory Registration Criteria and is applicable for registration.
4.1.2   For mixed projects where the predominant purpose is unclear, NSW Treasury will determine the appropriate GCA Framework for the Delivery Agency's registration.
4.2 Gateway, Health Check and Deep Dive Reviews (Assurance Reviews)
4.2.1   NSW Treasury is responsible for coordinating REAF Assurance Reviews.
4.2.2   NSW Treasury is responsible for overseeing that the Gateway Principles are adhered to, including Independence and Confidentiality.
4.3 REAF Reporting
4.3.1   NSW Treasury will oversee the REAF reporting requirements to ensure the application and ongoing effectiveness of the REAF.
4.4 REAF Alignment and Improvement Opportunities
4.4.1   NSW Treasury will promote the benefits of recurrent expenditure assurance and work towards improving compliance across the sector.
4.4.2   NSW Treasury will review the REAF annually.

Guidance

4.1 Gateway Framework Identification

Mandatory
4.1.1   NSW Treasury is responsible for confirming if the project meets the REAF Mandatory Registration Criteria and is applicable for registration.

For any enquiries, the Delivery Agency should contact Treasury Gateway Assurance through their Agency Relationship Lead at NSW Treasury.

Mandatory
4.1.2   For mixed projects where the predominant purpose is unclear, NSW Treasury will determine the appropriate GCA Framework for the Delivery Agency's registration.

NSW Treasury will assess what the project is primarily comprised of, consult with stakeholders (including other GCAs), and advise to the Delivery Agency of the appropriate GCA Framework to register with.

4.2 Gateway, Health Check and Deep Dive Reviews (Assurance Reviews)

Mandatory
4.2.1   NSW Treasury is responsible for coordinating REAF Assurance Reviews.

This involves:

- Developing the Terms of Reference (TOR) with the Delivery Agency
- Overseeing the completion of reviews according to the TOR and Gateway Review Workbooks
- Assembling the Expert Review Team. NSW Treasury will:
  - Seek to appoint an Expert Review Team with the complementary skills and expertise to allow the Team to expertly address each of the Key Focus Areas represented in the TOR, and as relevant to the stage and the nature of the project
  - Actively seek to appoint a diverse and inclusive Expert Review Team.
- Monitoring the performance of individual reviewers.

Mandatory
4.2.2   NSW Treasury is responsible for overseeing that the Gateway Principles are adhered to, including Independence and Confidentiality.

This involves:

- Managing Independence
  - NSW Treasury will request that Reviewers declare any conflict of interest before beginning a Review. NSW Treasury will continue to manage any risks to independence throughout the course of the Review.
  - If NSW Treasury's substantial involvement in managing a Review jeopardises the independence or perception of independence to the project, an alternative independent GCA must manage the Gateway process.
- Managing Confidentiality
  - Assurance Reviews are a confidential process.
  - NSW Treasury requires that Reviewers complete a Confidentiality Deed before beginning a Review. The Confidentiality Deed requires the Reviewer to take all reasonable steps to safeguard confidential information and asserts that the information may only be used in for the purpose of the Review.
  - Assurance Review Reports are confidential between the Delivery Agency and NSW Treasury. NSW Treasury will distribute reports in limited circumstances, see Appendix I.

4.3 REAF Reporting

The REAF reporting requirements ensure accountability and transparency in its documentation, implementation, performance, and outcomes. Reporting builds trust and confidence in the REAF's effectiveness. It also supports the Gateway Principles and serves as a means of facilitating dialogue and collaboration between stakeholders and ensuring that key information is delivered to NSW Government, as the investor.

Mandatory
4.3.1   NSW Treasury will oversee the REAF reporting requirements to ensure the application and ongoing effectiveness of the REAF.

These include the reporting mechanisms represented in Table 6.

Table 6: REAF Reporting Requirements

Report Type	Description	Application
Gateway/ Health Check/ Deep Dive Review Reports	The results of each Assurance Review are presented in a Review Report that provides 'point in time' insight into the project's progress and recommendations to strengthen the project. NSW Treasury is responsible for the release of the Final Review Report and reporting on Review Report outcomes to key stakeholders. Refer to Appendix I for instances of release of Review Reports or outcomes. Reporting requirements are supported by the REAF Governance Structure depicted in Appendix J.	Routinely
Close-out Plans	Close-out Plans (COPs) form part of the Gateway Assurance Review process. COPs require Delivery Agencies to respond to the recommendations set out in the Review Report. NSW Treasury actively oversees the SRO endorsed progress of closing out recommendations. NSW Treasury is responsible for: • Reporting on the progress of closing out recommendations • COP sign-off and reporting.	Routinely
Confirmation of 'Clearance of Gate'	Following the completion of the Close-out Plan, NSW Treasury will issue a 'Clearance of Gate' Certificate to the Delivery Agency, to show that the recommendations have been addressed and that the Review has been formally closed.	Confirmation of 'Clearance of Gate'
Performance Reporting	NSW Treasury will provide performance reporting to deliver key insights to stakeholders based on the Assurance Reviews. This includes: • Review Report summaries • Status updates on Gateway • Identification of risks and opportunities for improvement.	Routinely

4.4 REAF Alignment and Improvement Opportunities

Mandatory
4.4.1　NSW Treasury will promote the benefits of recurrent expenditure assurance and work towards improving compliance across the sector.

NSW Treasury also takes accountability for promoting the REAF across the sector, as it recognises its critical role in ensuring the effective and efficient management of major recurrent expenditure. The Gateway Assurance process enhances project success, management of risks, and upholds accountability and transparency. This commitment reflects Treasury's dedication to continuous improvement in NSW.

Mandatory
4.4.2　NSW Treasury will review the REAF annually.

This is to ensure the REAF's ongoing effectiveness, covering aspects such as:

- Alignment with key policies and frameworks
- Identifying improvement opportunities, such as addressing operational needs to meet the emerging requirements of NSW Government
- Enhancing gateway process efficiency.

Appendix A: Gateway Policy and Frameworks

Policy Owner	Gateway Policy
	NSW Treasury

Gateway Coordination Agency (GCA)	Recurrent Expenditure Assurance Framework (REAF)	Infrastructure Investor Assurance Framework (IIAF)	Digital Assurance Framework (DAF)
	NSW Treasury	INSW	DCS

Project Scope	Major Recurrent Expenditure Projects	Capital Projects	ICT & Digital Projects
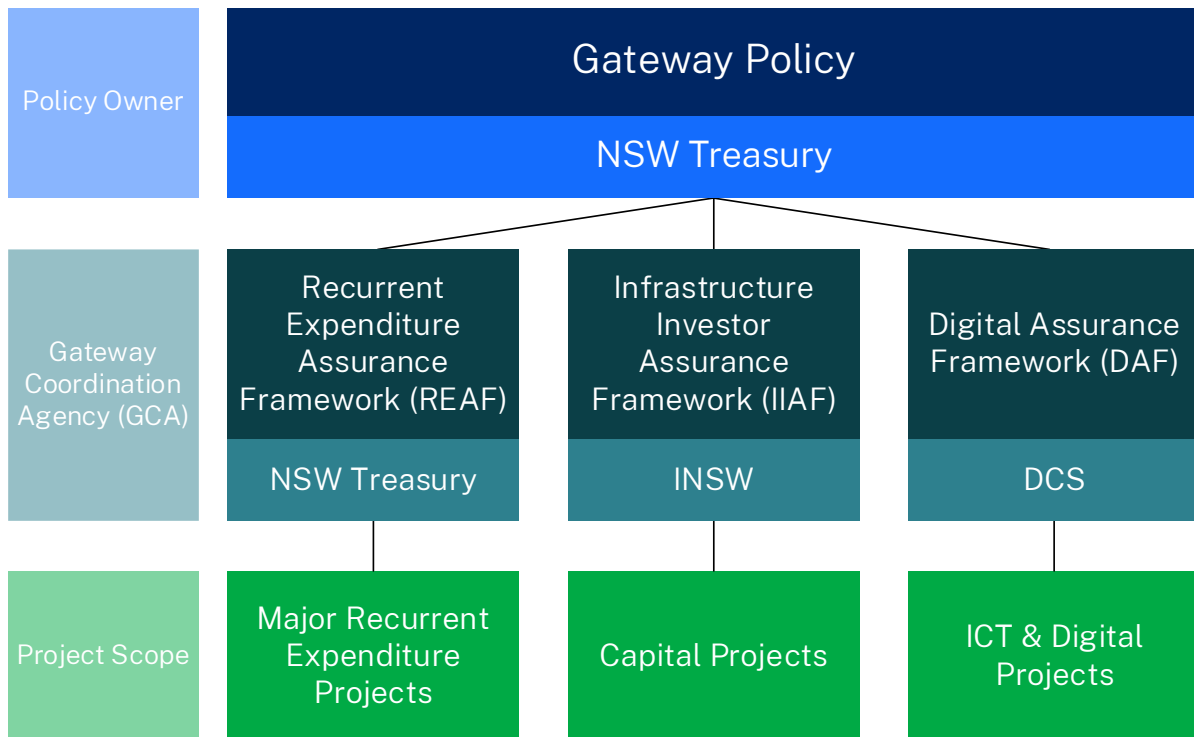
Appendix B: Project Registration and Risk Assessment Process

Delivery Agency registers project	The Delivery Agency registers the project with Treasury Gateway Assurance by contacting their Agency Relationship Lead at NSW Treasury.
Delivery Agency undertakes self risk assessment	The Delivery Agency performs a self Risk Assessment using the Risk Assessment Tool (Appendix B) to determine a preliminary Project Tier and proposed Assurance Plan.

Delivery Agency submits documents in preparation for MRAG	The Delivery Agency submits the following documents to NSW Treasury in preparation for MRAG:
	• Risk Assessment with:
	    - preliminary Project Tier, and
	    - proposed Assurance Plan
	• Presentation pack
	• Business Case and/or other supportive documents which provides context of the project to NSW Treasury and MRAG.

NSW Treasury reviews documents	NSW Treasury reviews the submitted documents to confirm they are appropriate for review by MRAG.
MRAG provides advice	NSW Treasury triages the submitted documents to MRAG for review. MRAG provides advice to NSW Treasury for the final decision on the Project Tier and Assurance Plan.
NSW Treasury makes final determination	NSW Treasury determines the Final Project Tier and Assurance Plan.
NSW Treasury advises Delivery Agency	NSW Treasury advises the Delivery Agency on the Final Project Tier and Assurance Plan.

Appendix C: Risk Assessment Tool

Note: This Risk Assessment Tool is also available as an Excel workbook at from the NSW Treasury website document and resources library at www.treasury.nsw.gov.au

Risk 1: Government Priority

Criteria and Weighting	Priority and Risk Level	Score
Government priority: 15% The level and timing of project priority, where: • The level of priority for a project is specifically mandated (or mandated through Ministerial authority) in documents such as the NSW Budget, Premier's Priorities, State Priorities, State Infrastructure Strategy, Election Commitment, or • The project is a direct enabler of a mandated priority project • The project is a response to new legislative requirements as a result of changes in law • Priority also depends on whether the timing of the project is within or outside the Forward Estimates.	**Very High Government priority** Priority Government project, and project will be fully operational within 12 months	**5**
	High Government priority Priority Government project, and project will be fully operational within the next 1-2 years of the forward estimates period	**4**
	Medium Government priority Priority Government project, and project will be fully operational within the next 3-4 years of the forward estimates period	**3**
	Low Government priority Priority Government project, and project will be commenced within the forward estimates period	**2**
	Very Low Government Priority Agency priority in Agency Strategic Plan over the next 10 years	**1**
	Extremely Low Government priority Not a documented Government or agency priority	**0**

Evaluation Questions

Examples of questions to be considered when assessing the Government Priority Risk Criteria:

Government Priority indicators	Yes / No
Has the project been specifically mandated in the NSW Budget?	
Has the project been specifically mandated in the Premier's Priorities?	
Is the project linked to a project specifically mandated in any Government endorsed whole of Government plan, for example, the State Infrastructure Strategy?	
Is the project an election commitment?	
Is the project a response to a legislative change or to support a legislated Government objective	
Is the project an enabler of a mandated priority project?	
Has there been a Ministerial announcement regarding the project?	
Has the project received significant regional or state-wide media coverage?	

Government Priority indicators	Yes / No
Is the project a strategic priority for Government?	
Is the project a strategic priority for the agency or department?	
Does accountability for the project reside with Cabinet, a Cabinet Committee, or a Minister?	
Project Timing indicators	**Yes / No**
Has planning or implementation of the project already commenced?	
Will the project be fully operational within 12 months?	
Will the project be fully operational within the forward estimates period?	

Risk 2: Interface Complexity

Criteria and Weighting	Priority and Risk Level	Score
Interface complexity: 15% The extent to which the project's success will depend on the management of complex dependencies with other: • Institutions – certain bodies are contributing to the funding of the project or will be given operational responsibility. • Projects or services – there are fundamental interdependencies with other projects or services that will directly influence the scope and cost of the project.	**Very high interface complexity risk** Extensive interface and/or interdependence with other entities, projects, programs, or services	**5**
	High interface complexity risk Frequent interface and/or interdependency with other entities, projects, programs, or services	**4**
	Medium interface complexity risk Some interface and/or interdependency with other entities, projects, programs, or services	**3**
	Low interface complexity risk Minor interface and/or interdependency with other entities, projects, programs, or services	**2**
	Very low interface complexity risk Very little or infrequent interface or interdependency with other entities, projects, programs, or services	**1**
	Extremely low interface complexity risk No interface or interdependency with other entities, projects, programs, or services	**0**

Evaluation Questions

Examples of questions to be considered when assessing the Interface Complexity Risk Criteria:

Interface Complexity indicators	Yes / No
Are other entities contributing to the funding of the project?	
Will other entities be given full or partial operational responsibility for the project?	
Are there other projects, program or services that will directly influence the scope and cost of the project?	

Interface Complexity indicators	Yes / No
Does the project involve multi-agency delivery?	
Are the anticipated project benefits dependent on another project, program or service?	
Will the anticipated benefits be realised by any entity other than the Delivery Agency?	
Does the project involve significant integration (IT or otherwise) with other projects, programs, or services?	
Will members of the public be directly impacted by this project?	
Will the private sector be directly impacted by this project?	
Will the public sector (outside of the Delivery Agency) be directly impacted by this project?	
Will the project involve external delivery partners?	

Risk 3: Procurement Complexity

Criteria and Weighting	Priority and Risk Level	Score
Procurement Complexity: 20% The extent to which a project requires sophisticated, customised, or complex procurement methods (non-traditional), thereby increasing the need for a careful assessment and management of risk. Procurement complexity may also be influenced by the extent of agency experience and capability. For example, complex procurement methods may be used more commonly by some agencies and represent a lower procurement risk.	**Very high procurement complexity risk** Highly complex procurement model	**5**
	High procurement complexity risk Unconventional procurement model	**4**
	Medium procurement complexity risk Some procurement complexity	**3**
	Low procurement complexity Minor procurement complexity	**2**
	Very low procurement complexity risk Business as usual procurement	**1**
	Extremely low procurement complexity risk No procurement complexity	**0**

Evaluation Questions

Examples of questions to be considered when assessing the Procurement Complexity Risk Criteria:

Procurement Complexity indicators	Yes / No
Will/could the project use a non-traditional (complex or customised) procurement method?	
Does the agency have experience in the proposed procurement method?	
Does the agency have a high-level of capability in the proposed procurement method?	
Is the service contract likely to be >10 years?	

Procurement Complexity indicators	Yes / No
Is the project dependent on input from an immature/inexperienced market segment?	

Risk 4: Agency Capability

Criteria and Weighting	Priority and Risk Level	Score
Agency Capability: 20% The extent to which the sponsor agency has demonstrated capability (skills and experience) or can access through recruitment or procurement the required capability in the development and/or delivery of the type of project proposed and/or its delivery strategy.	**Very high agency capability risk** No projects of this type previously delivered over the last 10 years	5
	High agency capability risk Few projects of this type previously delivered over the last 10 years	4
	Medium agency capability risk Several similar projects delivered over the last 5 years	3
	Low agency capability risk Many similar projects delivered over the last 5 years	2
	Very low agency capability risk Many similar projects delivered over the last 2 years	1
	Extremely low agency capability risk Routine business as usual	0

Evaluation Questions

Examples of questions to be considered when assessing the Agency Capability Risk Criteria:

Agency Capability indicators	Yes / No
Are the operations and outcomes of the project aligned to the agency's core business and strategic objectives?	
Does the organisation have a successful track record of delivering initiatives of a similar scope and/or scale?	
Has the organisation been established within the past 12 months?	
Does the organisation have ongoing stable operations?	
Does the organisation have an ongoing, stable source of funding?	
Has the organisation been established for the purpose of delivering this project?	
Has the organisation delivered a project that has been subject to a REAF Gateway Review?	
Has the agency delivered a recurrent, capital or ICT project/program that has been subject to a recurrent, capital or ICT Gateway?	
Will the agency be delivering this project in partnership with a more experienced delivery partner?	
Will the agency be delivering this project in partnership with a less experienced delivery partner?	

Agency Capability indicators	Yes / No
Does the agency have in-house capability to deliver the project, or will the agency be contracting/recruiting?	
Does the agency have the capability to manage the ongoing activities of the project after the procurement stage?	

Risk 5: Criticality of Service

Criteria and Weighting	Priority and Risk Level	Score
Criticality of Service: 15% The degree to which a project is essential to meet the needs of the community, enhances an essential service or addresses a deficiency which would otherwise have adverse impacts on an existing community or the growth of a new community.	**Very high impact on an essential service** Provides an enhancement or addresses an urgent and critical deficiency that could have a highly adverse impact on an essential service	5
	High impact on an essential service Provides an enhancement or addresses a deficiency that could have a significant impact on the delivery of an essential service	4
	Medium impact on an essential service Provides an enhancement or addresses a deficiency that could have a moderate impact on the delivery of an essential service	3
	Low impact on an essential service Provides an enhancement or addresses a deficiency that could have a minor impact on the delivery of an essential service	2
	Very Low impact on an essential service Provides an enhancement or addresses minor deficiency that could have a very low impact upon the delivery of an essential service	1
	Extremely low impact on an essential service Not related to the delivery of an essential service	0

Evaluation Questions

Examples of questions to be considered when assessing the Criticality of Service Risk Criteria:

Criticality of Service indicators	Yes / No
Does the project involve a service that impacts an existing community?	
Does the project involve a service that impacts the development or growth of a new community?	
Is the fulfilment of a legislative requirement dependent on this project?	
Is the delivery of a major Government policy initiative dependent on this project?	
Is the project considered crucial to the operation of the agency?	
Is the project considered crucial to the operation of Government?	
Would the failure of the project have significant implications for the delivery of key public services?	

Criticality of Service indicators	Yes / No
Would the failure of the project have significant implications for regional, state, or national security?	
Would the failure of the project have significant implications for the internal operations of the Delivery Agency?	

Risk 6: Implementation Complexity

Criteria and Weighting	Priority and Risk Level		Score
Implementation Complexity: 15% The extent to which the project's success will depend on resolution in the agency of challenging industrial relations issues, significant re-organisation of functions or activities within the agency, relocation of functions or activities, changes of business processes, or operational risk.	**Very high implementation complexity** There are a significantly high-level of unknowns and/or assumptions involved which may have a significant influence over successful implementation		**5**
	High implementation complexity There are a high-level of unknowns and/or assumptions which may influence over successful implementation		**4**
	Medium implementation complexity There are a moderate level of unknowns and/or assumptions involved which may influence successful implementation		**3**
	Low implementation complexity There are a low level of unknowns and/or assumptions involved which are unlikely to influence the success of implementation		**2**
	Very low implementation complexity There are a low level of unknowns and/or assumptions involved which are highly unlikely to influence the success of implementation		**1**
	Extremely low implementation complexity There are no unknowns and/or assumptions involved which will influence the success of implementation		**0**

Evaluation Questions

Examples of questions to be considered when assessing the Implementation Complexity Risk Criteria:

Implementation Complexity indicators	Yes / No
Does the project involve a significant organisation restructure to deliver services?	
Does the project involve the relocation of existing functions or activities?	
Does the project involve a significant change to business processes?	
Does the project implementation affect existing industrial relations arrangements?	
Does the project involve significant operational or sustainability risk?	

Appendix D: Project Lifecycle and Gateway Reviews (Gates)

Planning

Gate 1 Strategic Business Case
Assesses the robustness of the Strategic Business Case. A Strategic Business Case supports the assessment of a service need, consideration of a broad range of alternatives, preliminary estimates of costs, benefits, and project timeline. The review assesses the defined scope of the service need and determines if the proposed solution offers the best value.

Gate 2 Detailed Business Case
Assesses the robustness of the Detailed Business Case. It occurs after the project has been defined, including its benefits and costs being quantified, and before it's submitted to the appropriate executive authority and/or central Government Agency for approval.

Delivery

Gate 3 Pre-Execution
Confirms that suitable procurement and delivery strategies are selected to meet project objectives within budget and time constraints and that the project is ready to proceed to the tender stage/ project execution stage. It is undertaken after a discrete project has been defined and approved, but before any commitments to a procurement methodology, contracting system, or market approach are made.

Gate 4 Tender Evaluation
Confirms that the recommended decision appears appropriate, before a contract is put in place and provided agency management with confidence that the process used to select the proposed service provider is robust. It is undertaken after tenders have been issued and the responses have been evaluated, but prior to the awarding of the contract.

Gate 5 Pre-Commissioning
Assesses the state of readiness to commission the project and to implement the change management required. It is held after a deliverable has been produced, but prior to its use by a Government Agency.

Completion

Gate 6 Post-Implementation
Assesses whether the deliverables defined in the business case have been or will be achieved. It also ensures learnings from the project have been identified and communicated to improve procurement processes. A post implementation review is held when the outputs and outcomes of a project can be assessed. This may be appropriate subsequent to a building occupation or periodically during the course of long term contracts.

Appendix E: Key Focus Areas

Key Focus Area	General Description
Service Delivery	Considers whether the proposed service(s) will achieve the desired outcome(s) and/or fulfil identified need(s). Demonstrated alignment to Government policy or State Priorities and evidence of demand for the proposed service or opportunity.
Affordability and Value for Money	Affordability considers whether adequate resources will be available to achieve the proposal. Value for money considers all factors relating to a proposal including experience, quality, reliability, timeliness, service, capital costs, opportunity costs, the whole of life costs, to meet the agency's requirements and Government's social and economic policies.
Sustainability	Looks at whether the project will meet the needs of the present without compromising the ability of future generations to meet their needs. In this context, sustainability refers to the potential impacts of the investment on environmental and social outcomes, as well as the impacts that material sustainability risks, including climate change, may have on the costs, benefits, and effectiveness of an investment.
Governance	Assesses whether the activities required to ensure a successful project, including resource allocation, time management and process management have been addressed.
Risk Management	Considers if a structured methodology for identifying, analysing, and managing potential risks is being applied.
Stakeholder Management	Examines whether the exchange of information with stakeholders is being adequately managed and that their concerns are being addressed.
Asset Owner's Needs and Change Management	Looks at how the change will affect stakeholders, expected acceptance or resistance and actions required for progression. Considers managing the change resulting from a project, both inside and outside the managing agency, in a structured and systematic fashion so that the project is completed efficiently and effectively.

Appendix F: Review Report Rating Scales

Overall Development and Delivery Confidence Rating Scale

Rating	Definition
High	Successful delivery of the project to time, cost, and quality appears highly likely, and there are no major outstanding issues that at this stage appear to threaten the successful delivery.
Medium-High	Successful delivery of the project to time, cost, quality, and anticipated benefits is likely, however, constant attention will be needed to ensure risks do not become major issues threatening delivery.
Medium	Successful delivery is feasible, but significant issues exist which require timely management attention.
Medium-Low	Successful delivery of the project to time, cost, quality, and anticipated benefits is unlikely, with major issues apparent in a number of key areas. Urgent action is needed to address these.
Low	Successful delivery of the project is in doubt, with major risks or issues apparent in a number of key areas. Urgent additional action is needed.

Key Focus Area Rating Scale

Rating	Definition
Strong	There are no major outstanding issues that at this stage appear to threaten delivery.
Satisfactory	There are issues that require timely management attention.
Weak	There are significant issues that may jeopardise the successful delivery of the project.

Recommendation Rating Scale

Rating	Definition
Suggested (Do)	The recommendation is not considered critical or urgent. The project team may benefit from the uptake of this action.
Essential (Do by)	The recommendation is important but not urgent. The project team should take action before further key decisions are taken.
Critical (Do now)	This recommendation is critical and urgent. The project team needs to take action immediately.

Appendix G: Roles and Responsibilities

Group	Responsibilities
NSW Treasury	As the NSW Gateway Policy owner, NSW Treasury is responsible for: • Maintaining the NSW Gateway Policy • Monitoring the application of the NSW Gateway Policy • Confirming the applicable GCA Framework and informing the concerned parties where there is dispute or confusion as to the appropriate GCA to deliver Gateway • In the instance a Delivery Agency is unable to determine the appropriate GCA Framework a mixed project should follow, NSW Treasury will be the default for determination • Ensuring consistency of assurance approach across the Gateway Frameworks in NSW • Reporting on the performance of the NSW Gateway Policy, including the performance of the GCA Frameworks, after one year of operation and annually.
Treasury Gateway Assurance	Treasury Gateway Assurance is responsible for Recurrent Expenditure Assurance Framework (REAF) administration and performance, including: • Providing guidance and support to Delivery Agencies through all phases of the Gateway process • Providing a dedicated Gateway Review Manager to coordinate Reviews • Liaising with Delivery Agencies • Coordinating Gateway, Health Checks and Deep Dive Reviews including identifying and engaging expert reviewers • Monitoring the performance of individual reviewers • Ensuring and maintaining independence of Expert Review Team • Maintaining and continuously improving the REAF and application of the Gateway process for Major Recurrent Expenditure Projects • Providing reports to the Policy Owner (within Treasury) on the performance of the REAF • Preparing overview reports post-Gateway Reviews/Health checks/Deep Dive Reviews • Overseeing Close-out Plan sign-off and reporting • Reporting regularly against the REAF • Providing a single point of contact for Delivery Agencies and Central Government.

Group	Responsibilities
Major Recurrent Advisory Group (MRAG)	MRAG provides advice to Treasury Gateway Assurance on the preliminary Project Tier and proposed Assurance Plans provided by Delivery Agencies. It also: • provides guidance on the operation of the REAF and the outcomes of Gateway Reviews • actively supports REAF compliance and improvement opportunities.
Expert Review Team	The Expert Review Team conducts Gateway Reviews, Health Checks and Deep Dive Reviews. Typically, the team consists of three subject-matter experts, with two position categories: • Review Team Lead (RTL) • Review Team Member (RTM)
Review Team Lead (RTL)	The RTL leads the independent Expert Review Team and has primary responsibility for delivering a high quality and structured Review Report. The RTL leads to provide the Sponsor Debrief to SRO and GCA Gateway Review Manager.
Review Team Member (RTM)	The RTM 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 RTM participates in the project briefing and interview sessions and contributes to the Review Report and recommendations.
Senior Responsible Officer (SRO)	The SRO is the Delivery Agency's executive with strategic responsibility and the single point of overall accountability for a project. The SRO: • Secures funding and ensures that the project is focused throughout its life on achieving its objectives and delivering a product that will achieve the forecasted benefits • Ensures that the project provides value for money • Supports Gateway, Health Check and Deep Dive Reviews. Ensures the project meets the objectives of the business case and initiate independent reviews and due diligence checks if required. Such reviews are termed Project Sponsor Commissioned Reviews and are reported to NSW Treasury.

Group	Responsibilities
Delivery Agency	The Delivery Agency, represented by the Senior Responsible Officer (SRO), must identify the appropriate GCA Framework for a project and adhere to the approach of the relevant GCA. For Major Recurrent Expenditure Projects, the Delivery Agency is responsible for meeting the requirements of the Recurrent Expenditure Assurance Framework (REAF), including: **Registration and Risk Assessment** • Identifying any relevant Major Recurrent Expenditure Projects • In the instance of a mixed project (refer to <u>Appendix K</u> for definition), that meets the threshold and scope of multiple frameworks (REAF, DAF or IIAF), the Delivery Agency is required to identify the predominant purpose of the project and communicate with the respective GCA for clarification on applicability. If the Delivery Agency is unable to identify the framework, the agency should consult Treasury Gateway Assurance to determine the relevant framework • Self-assessing the Project Tier and preparing a corresponding Assurance Plan that must be communicated to Treasury Gateway Assurance in a timely manner in order to allow the application of early stage Gateway Reviews if required • Updating NSW Treasury on proposed changes to the Project Assurance Plan. • Updating NSW Treasury on changes of project risk criteria that may affect the Project Tier **Gateway, Health Checks and Deep Dive Reviews** • Providing, in a timely manner, all relevant information to support Gateway Reviews and Health Checks • Ensuring all relevant project team members' participation in Gateway, Health Checks, and Deep Dive Reviews • Responding to requests for fact checks of the draft reports in a timely manner • Providing a Delivery Agency endorsed response to recommendations in a timely manner, starting from a review report draft to finalisation of the report • Preparing formal Close-out Plan, for endorsement by Treasury for each Gateway, Health Check or Deep Dive Review • Providing updates to Treasury on the status of Close-out Plans. Delivery Agencies are responsible for paying the direct costs of a Review.
Infrastructure NSW (INSW)	INSW is the Gateway Coordination Agency for the Infrastructure Investor Assurance Framework (IIAF).
Department of Customer Services (DCS)	DCS is the Gateway Coordination Agency for the Digital Assurance Framework (DAF).

Group	Responsibilities
Expert Reviewer Advisory Group	The Expert Reviewer Advisory Group provides advice on the Expert Reviewer capability, gaps, and requirements to support a high performing Expert Reviewer Panel. The Group also considers Expert Reviewer Panel member nominations and recommendations as well as the performance of individual panel members. Treasury will be represented on the INSW Expert Reviewer Advisory Group along with INSW and DCS to consider the ongoing arrangements for Gateway reviewers across all NSW GCA Frameworks.

Appendix H: Ethical Requirements for Expert Review Team

When undertaking Gateway Reviews, Health Checks and Deep Dive Reviews, the Expert Reviewer must adhere to the principles set out in NSW Treasury's Code of Ethics and Conduct[1] (the Code) and Statement of Business Ethics[2]:

The Code and Statement of Business Ethics extends to all Reviewers engaged by NSW Treasury and applies at all times, when acting in the course of, or in connection with NSW Treasury.

In applying the Code and Statement of Business Ethics, Reviewers must:

- **Act professionally with honesty, consistency and impartiality.**

  Reviewers are required to:

  - Be organised and self-sufficient

  - Be respectful and non-adversarial in dealings with Delivery Agencies

  - Be helpful and constructive

  - Be independent and not be directed or influenced from outside the Expert Review Team

  - Adhere to the Terms of Reference provided by the Gateway Co-ordination Agency

  - Demonstrate and preserve independence and impartiality as a Reviewer

  - Exercise behaviour consistent with the Gateway Principles.

- **Place the public interest over personal interest.**

- **Maintain NSW Treasury's integrity and reputation**.

- **Maintain the confidentiality of all information including documents and emails.**

  Reviewers must take all reasonable measures to prevent the disclosure or misuse of confidential NSW Treasury, Delivery Agency or Cabinet information. This includes not disclosing information to other members of any organisation which employs or retains Review Panel members or anyone outside the Review process.

- **Comply with applicable NSW Government procurement frameworks, policies, and codes of practice and act ethically, fairly and honestly in all dealings.**

- **Not offer Treasury employees, contractors and consultants any financial inducements or any gifts, benefits, or hospitality that is not in accordance with its Gifts and Benefits Policy.**

- **Declare actual or perceived conflicts of interest as soon as such matters arise.**

  Reviewers must proactively inform NSW Treasury of any perceived or potential conflict of interest before accepting an engagement, or as soon as becoming aware of them during the review.

- **Prevent the disclosure of confidential Treasury information and protect Treasury's intellectual property.**

- **Assist Treasury to prevent fraud, corruption and unethical practices in business relationships by reporting wrongdoing.**
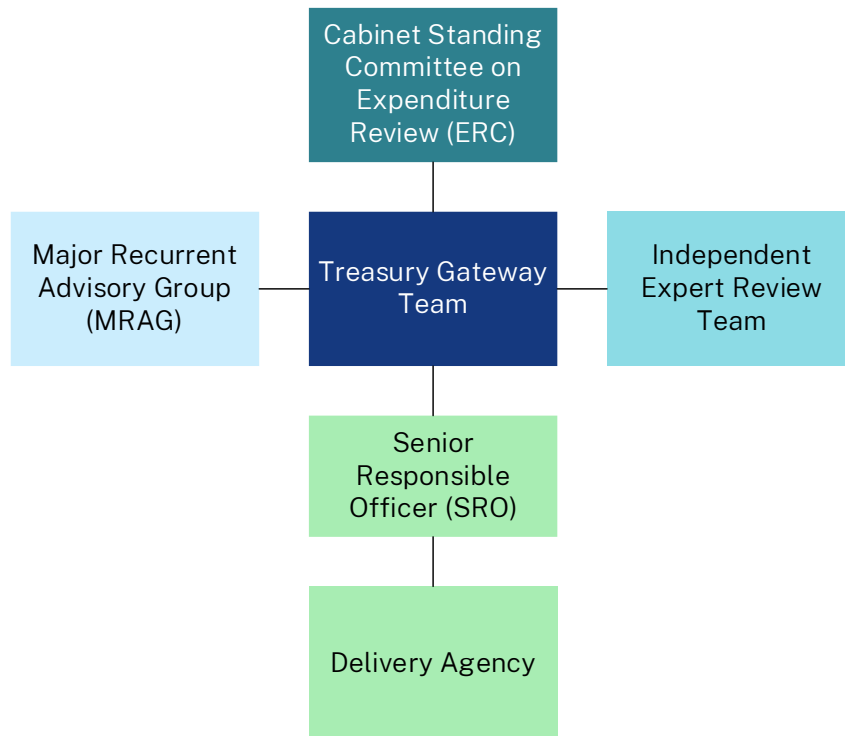
---

[1] Code of Ethics and Conduct | NSW Treasury
[2] Statement of Business Ethics | NSW Treasury

Appendix I: Distribution of Gateway Review, Health Check and Deep Dive Reports

	NSW Treasury	Delivery Agency Secretaries/CEOs	Treasurer	Cabinet Standing Committee on the Expenditure Review (ERC)
Final Gateway, Health Check, and Deep Dive Review Reports	Routinely	Routinely	Upon request	Upon request
Summary of Gateway, Health Check, and Deep Dive Review Outcomes	Routinely	Routinely	Upon request	Upon request
Close-out Plans	Routinely	Routinely	Upon request	Upon request

Appendix J: REAF Governance Structure

Appendix K: Definitions

Term	Definition
Agency Relationship Lead	The Agency Relationship Lead is the Delivery Agency's primary point of contact within the Policy and Budget (P&B) Group at NSW Treasury. The Agency Relationship Lead works collaboratively with agencies to provide high quality advice to the Treasurer and Cabinet Committees on financial management, policy reform and resource allocation.
Cabinet	Refers to the full Cabinet of the NSW Government and any relevant standing sub-committees of Cabinet.
Cabinet Standing Committee on Expenditure Review (ERC)	The role of the Cabinet Standing Committee on Expenditure Review (ERC) is to assist Cabinet and the Treasurer in: • framing the fiscal strategy and the Budget for Cabinet's consideration • driving expenditure controls within agencies and monitoring financial performance • considering proposals with financial implications brought forward by Ministers.
Clearance of Gate	Notification to an SRO of the Delivery Agency, by NSW Treasury, that Treasury Gateway has acknowledged that an Assurance Review for a project has been cleared and the associate review recommendations have been actioned by the Delivery Agency.
Close-Out Plan	A document outlining actions, responsibilities, accountabilities, and timeframes that respond to recommendations identified in Gateway Review, Health Check or Deep Dive Review Reports.
Deep Dive Review	Deep Dive Reviews are similar to Health Checks 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 tasked with developing and / or delivering a project to which the NSW Gateway Policy applies.
Estimated Total Cost (ETC)	Total capital and recurrent spend of the initiative over the period of time as defined in the initiative's business case. This usually refers to nominal undiscounted cost.
Expert Review Panel	A panel comprising independent highly qualified Expert Reviewers established to cover all aspects of Gateway Review needs.
Expert Review Team	A team of expert independent reviewers, sourced by NSW Treasury, engaged to undertake a Gateway Review or Health Check.
Expert Reviewer Advisory Group	An advisory group providing advice on Expert Reviewer capability, gaps, and requirements to support a high-performance Expert Review Team. NSW Treasury will be represented in this Group.

Term	Definition
Full Business Case (FBC)	The Full Business Case builds on the analysis of options undertaken as part of the Preliminary Business Case and provides a more comprehensive analysis of the proposal. This stage includes a selection of the preferred option, which can be delivered while maximising social welfare and value for money, as well as affordability. In addition, the Full Business Case sets up the commercial and management arrangements for the successful procurement and delivery of the project (refer to NSW Government Business Case Guidelines).
Gate	A milestone or decision point in a project lifecycle at which a Gateway Review may be done.
Gateway	A project assurance process that assesses projects based on risk in order to mandate and conduct independent peer reviews at key decision points, or gates, in a project's lifecycle. Gateway provides independent assurance to both the investor and Delivery Agency regarding the project's preparedness for success.
Gateway Coordination Agency (GCA)	The agency responsible for the development and operation of an approved risk-based Framework for the assessment of projects, co-ordination of Gateway Reviews and the reporting of performance.
GCA Framework	A framework designed and operated by a GCA, that assesses the risks associated with a project of a particular nature in order to determine the application of Gateway. A GCA Framework defines the roles and responsibilities to deliver Gateway and should align with the Gateway review process outlined in the NSW Gateway Policy.
Gateway Review	A review of a project by an independent team of experienced practitioners at a specific key decision point (Gate) in the project lifecycle. It is a short, focused, independent expert appraisal of the project. It provides a view of the current progress of a project and assurance that it can proceed successfully to the next stage if any critical recommendations are addressed.
Gateway Review Manager	The Gateway Review Manager guides the implementation of the Gateway, Health Check or Deep Dive Review. The Manager facilitates the Review, provides guidance to the Expert Review Team, and issues the Terms of Reference, but does not participate in the agency interview stage of the Review. The Gateway Review Manager is also responsible for managing conflicts of interest, potential threats to independence and confidentiality.
Health Check	Independent Reviews carried out by a team of experienced practitioners seeking to identify issues in a project which may arise between Gateway Reviews.
Infrastructure	Basic physical and organisational structures and facilities needed for the operation of a society which include water, wastewater, transport, sport and culture, power, policy, justice, health, education and family and community services.
Investor	The Government, representing the State of NSW.

Term	Definition
Key Focus Area	A specific area of investigation that factors in Gateway Review deliberations.
Major Recurrent Advisory Group (MRAG)	An advisory group providing advice to NSW Treasury on the preliminary Project Tier and proposed Assurance Plan provided by Delivery Agencies and reviewed by the Treasury Gateway Assurance.
Major Recurrent Expenditure Project	A project identified as requiring a recurrent Government proposal or funding and meets the Mandatory Registration Criteria set out in this framework.
Mixed Project	A project that contains a material combination of elements relating to multiple GCA frameworks.
NSW 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.
NSW Gateway Policy Owner	NSW Treasury
Operational Technology	Systems used to control critical infrastructure which can include systems relating to service delivery, such as tolling and rail signalling, or technology for the operation of schools and hospitals.
Preliminary Business Case (PBC)	Preliminary Business Case builds upon work undertaken in the Strategic Assessment Stage (refer to NSW Government Business Case Guidelines), providing decision makers with an indication of whether there are beneficial options to address the objectives that are worthy of further investigation. The purpose of the SBC is to: • reconfirm the need for government intervention and the case for change outlined in the Strategic Assessment Stage • consider the value for money and feasibility of a full range of options and based on that reduce the number of options to a shortlist and; • seek the approval of decision-makers to proceed with the development of a Full Business Case. The Preliminary Business Case is the foundation for the development of a Full Business Case and can be used to seek support for a trial or pilot proposal.

Term	Definition
Program	A temporary, flexible organisation created to co-ordinate, 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 long term and have a life that spans several years. Programs typically deal with outcomes, whereas projects deal with outputs. Projects that form part of a program may be grouped together for a variety of reasons including spatial co-location, similar nature, or collective achievement of an outcome. Programs provide an umbrella under which these projects can be co-ordinated. Components 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. For the purpose of this Framework, the term 'project' captures both programs and projects.
Project Assurance Plan	Document prepared by Delivery Agencies and lodged with the Treasury Gateway Team for endorsement when registering projects. Project Assurance Plans detail proposed Delivery Agency initiated project assurance arrangements in line with the requirements of this Framework.
Project Risk Assessment Tool	Appendix C to this framework, available to agencies to self-assess risk profile of projects.
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, agency capability and criticality of service). 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).
Senior Responsible Officer (SRO)	Senior Responsible Officer is the Delivery Agency's executive with strategic responsibility and the single point of overall accountability for a project.
State Priorities	The primary purposes for which budget funding is being expended, i.e., the goals that the NSW Government is seeking to achieve for its citizens.
Treasury Gateway Assurance	The dedicated team within Treasury responsible for • maintaining and administering the NSW Gateway Policy and; • implementing and administering the Recurrent Expenditure Assurance Framework, including organising Gateway Reviews.

52 Martin Place
Sydney NSW 2000

GPO Box 5469
Sydney NSW 2001

W: treasury.nsw.gov.au