

SOP PM-003: Stage-Gate Review Process

PM-003 | v01

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1. Purpose & Scope

This SOP defines the standard process for conducting stage-gate reviews on capital projects. It establishes the governance framework, review criteria, decision outputs, and documentation requirements at each gate from project concept through to project close-out.

Scope: Applicable to all capital projects managed or advised by Faolan Consulting where the client framework mandates a stage-gate process, or where the project value exceeds ZAR 50 million. Applies to project sponsors, project managers, controls managers, and independent review teams.

Out of scope: Detailed procedures for estimate preparation at each gate (refer SOP ES-008), schedule classification and development at each gate (refer SOP PS-001 and SOP PS-002), and project close-out reporting.

Primary frameworks referenced:

- Barrick Gold Capital Projects Standard CPS4 Series (gate definitions, decision criteria, and deliverable requirements)
- Glencore Capital Management Framework (CMF) Standard (assurance and approval protocols)
- AACE International Recommended Practice 11r-88 (Project Control System requirements by phase)
- PMI Practice Standard for Project Estimating, 2nd Edition (phase-gate cost maturity)

2. Definitions & Abbreviations

Term	Definition
Stage Gate	A structured decision point in the project lifecycle where a defined set of deliverables is reviewed and a Go / No-Go / Recycle decision is rendered
Gate Decision	The formal outcome of a stage-gate review: Go (proceed to next phase), No-Go (project cancelled or suspended), or Recycle (return to current phase to address gaps)
Gate Package	The full set of deliverables and supporting documents submitted for review at a gate
DRB	Decision Review Board — the governance body authorised to render a gate decision
IAR	Independent Assurance Review — a structured technical audit by parties independent of the project team

Term	Definition
FEL	Front-End Loading — the process of progressively developing project scope, cost, and schedule definition prior to full funding approval
FID	Final Investment Decision — the gate at which capital funding is approved for execution
FEED	Front-End Engineering and Design
PEP	Project Execution Plan
BEP	Basis of Estimate/Plan
Class 1-5	Estimate and schedule classes per AACE 96r-15 and AACE 91r-16, aligned to FEL maturity
CPS4	Barrick Gold Capital Projects Standard, Version 4
CMF	Glencore Capital Management Framework
WBS	Work Breakdown Structure
RAM	Responsibility Assignment Matrix

3. Roles & Responsibilities (RACI)

Activity	Project Sponsor	Project Manager	Controls Manager	Lead Engineer	IAR Team	DRB
Initiate gate review	A	R	C	C	I	I
Compile gate package	C	A	R	R	I	I
Conduct internal readiness check	I	A	R	R	I	I
Arrange and brief IAR team	A	R	C	C	A	I
Conduct IAR	I	C	C	C	R	I
Prepare IAR report and findings	I	I	I	I	R	I
Present gate package to DRB	C	R	R	R	C	A
Render gate decision	C	I	I	I	C	R
Document and communicate decision	C	R	R	I	I	A
Issue conditions of approval	C	R	C	I	I	A

Activity	Project Sponsor	Project Manager	Controls Manager	Lead Engineer	IAR Team	DRB
Confirm conditions cleared before phase start	A	R	R	I	I	I

R = Responsible, A = Accountable, C = Consulted, I = Informed

4. Procedure

4.1 Project Lifecycle Gates

The standard stage-gate framework recognises five gates aligned to project development phases:

Gate	Phase Transition	FEL Stage	Typical Estimate Class	Typical Schedule Class
Gate 0	Opportunity identification to concept selection	Pre-FEL	Class 5	Class 5
Gate 1	Concept to pre-FEED / options selection	FEL 1	Class 4	Class 4
Gate 2	Pre-FEED to FEED	FEL 2	Class 3	Class 3
Gate 3	FEED to FID / execution sanction	FEL 3	Class 1-2	Class 1-2
Gate 4	Execution completion to operations handover	Execution	Final project out-turn	Final schedule

Projects under ZAR 50 million or internal improvement projects may apply a condensed three-gate model (Gate 0, Gate 2, Gate 4) with written justification approved by the project sponsor.

4.2 Gate Package Preparation

1. The Project Manager and Controls Manager jointly compile the gate package not less than 15 business days before the scheduled DRB.
2. The gate package must include, at minimum:

a. Scope Definition Documents

- Updated project scope statement and basis of design
- WBS (current level of detail consistent with project phase)
- Scope exclusions and assumptions register

b. Cost Documents

- Class-appropriate cost estimate (signed by Controls Manager)
- Basis of Estimate (BEP) narrative
- Contingency analysis (Monte Carlo or deterministic, per project risk profile)
- Cost benchmark comparison (where available)

- Escalation assumptions and market conditions summary

c. Schedule Documents

- Class-appropriate schedule (P6 or equivalent CPM format)
- Basis of Plan (BEP) narrative
- Critical path narrative
- Schedule risk assessment (QSRA for Gate 2 and above)
- Milestone list with contractual and key phase gate dates

d. Risk Register

- Updated risk register with residual risk ratings
- Top-10 risk summary with mitigation actions
- Opportunity register (if applicable)

e. Execution Documents (Gate 2 and above)

- Project Execution Plan (PEP) or equivalent
- RAM / RACI for execution team
- Contracting strategy and procurement plan
- HSE and environmental permits status

f. Assurance Documents

- IAR report (see Section 4.3)
- Action log from previous gate (with close-out evidence)
- Readiness checklist (see Section 8)

3. The gate package is submitted to the DRB chairperson and IAR team simultaneously.

4.3 Independent Assurance Review (IAR)

1. An IAR is mandatory for Gate 2 and Gate 3. It is recommended (and may be required by client policy) for Gate 1.

2. The IAR team must be independent of the project team. It typically comprises:

- An independent controls specialist (cost and schedule)
- A technical or engineering lead (discipline appropriate to the project)
- A risk specialist (for Gate 3)

3. The IAR team is briefed by the Project Manager not less than 10 business days before the DRB.

4. The IAR team conducts a structured review of the gate package, which includes:

- Scope completeness assessment
- Estimate quality assessment (using AACE Cost Estimate Classification criteria)
- Schedule quality assessment (logic, critical path, float, constraints, resource loading)
- Risk register completeness and adequacy
- Verification that previous gate conditions have been closed out

5. The IAR team issues a written IAR report to the DRB, clearly stating:

- Overall readiness rating (Ready / Ready with Conditions / Not Ready)
- Findings and recommendations by category
- Any mandatory pre-conditions for a Go decision

6. The IAR report is provided to the DRB not less than 3 business days before the DRB meeting.

4.4 DRB Meeting and Decision

1. The DRB convenes on the scheduled date. The DRB must have a quorum as defined in the project governance document (typically project sponsor plus two independent members).
2. The Project Manager presents the gate package summary (maximum 30 minutes).
3. The IAR team presents their findings and recommendations (maximum 20 minutes).
4. The DRB conducts its review and questions. The project team is available for clarification.
5. The DRB deliberates independently and renders one of the following decisions:

Decision	Meaning	Action
Go	Project meets all gate criteria. Proceed to next phase.	Issue Gate Decision Letter. Update project register. Release phase funding (Gate 3).
Go with Conditions	Project may proceed but must satisfy specific conditions within an agreed timeframe.	Issue Gate Decision Letter with conditions schedule. Assign condition owners. Confirm close-out before material phase expenditure.
Recycle	Significant gaps identified. Return to current phase to resolve.	Issue Gate Decision Letter with mandatory rework list. Set revised gate date. Do not proceed to next phase.
No-Go	Project does not meet criteria and is not viable.	Issue Gate Decision Letter. Archive project. Notify stakeholders.

6. The DRB chairperson signs and issues the Gate Decision Letter within 3 business days of the DRB meeting.

4.5 Conditions Management (Go with Conditions)

1. Each condition in the Gate Decision Letter is assigned an owner and a due date.
2. The Controls Manager maintains a conditions register and reports status at the next project progress meeting.
3. All conditions must be confirmed closed (with written evidence) before the project team initiates material expenditure in the next phase.
4. The project sponsor provides written confirmation that conditions are cleared. This confirmation is filed in the project register.
5. If conditions are not cleared by the agreed date, the Project Manager escalates to the project sponsor for a re-review decision.

4.6 Gate Documentation and Filing

1. All gate documents (gate package, IAR report, Gate Decision Letter, conditions register, and close-out evidence) are filed in the project document management system under the designated gate folder.
2. The project register (master project list) is updated with the gate decision outcome and date within 5 business days.
3. A copy of the Gate Decision Letter is retained in the controls baseline folder for audit purposes.

5. Key Controls and Risk Flags

Risk	Control
Gate package submitted too late for adequate IAR review	Enforce 15-business-day submission rule. DRB chairperson may defer the gate if package is late.
IAR team lacks independence	IAR team composition approved by DRB chairperson before appointment. Team members sign conflict-of-interest declaration.
Conditions from previous gate not closed out	Controls Manager confirms close-out in writing. No Go decision issued until prior conditions are cleared.
Project proceeds to next phase without a formal gate decision	Project register and financial system gate-lock enforced. Phase funding release requires signed Gate Decision Letter.
Estimate or schedule class does not match phase requirements	Gate readiness checklist (Section 8) includes explicit class verification. IAR report must flag class non-compliance as a finding.
DRB quorum not achieved	Gate is deferred. DRB chairperson documents reason and reschedules within 10 business days.

6. Tools and Templates

Tool / Template	Reference	Notes
Gate Readiness Checklist	TMP_PM-003_GateReadiness	Mandatory completion before gate submission
Gate Package Index	TMP_PM-003_GatePackageIndex	Standard table of contents for all gate packages
IAR Report Template	TMP_PM-003_IARReport	Structured IAR report format with scoring matrix
Gate Decision Letter Template	TMP_PM-003_GateDecisionLetter	DRB issue document
Conditions Register	TMP_PM-003_ConditionsRegister	Tracks conditions to close-out
Cost Estimate Classification	AACE 96r-15	Defines Classes 1-5 for estimates
Schedule Classification	AACE 91r-16	Defines Classes 1-5 for schedules
Barrick CPS4 Gate Requirements	Barrick CPS4 PC PD 01001	Client-specific gate deliverable requirements
Glencore CMF Assurance Protocol	Glencore CMF Section 4	Client-specific IAR and DRB requirements

7. References and Source Standards

Reference	Description
Barrick CPS4 PC PD 01001	Capital Projects Standard CPS4 — Stage-Gate Process and Gate Decision Requirements
Barrick CPS4 PC PD 02001	Capital Projects Standard CPS4 — FEL Deliverables by Phase

Reference	Description
Glencore CMF Standard Section 4	Capital Management Framework — Project Assurance and Gate Approval Process
AACE RP 11r-88	Required Skills and Knowledge of Cost Engineering (project control system scope by phase)
AACE RP 96r-15	Cost Estimate Classification System — as Applied in the Mining and Mineral Processing Industries
AACE RP 91r-16	Schedule Classification System
PMI Practice Standard for Project Estimating, 2nd Edition	Phase-gate cost and schedule maturity expectations
SOP PS-001	Schedule Development (by Phase) — referenced for schedule deliverable requirements at each gate
SOP ES-008	Phase-Specific Estimates — referenced for estimate deliverable requirements at each gate
SOP RM-001	Risk Management Framework — referenced for risk register requirements at gate review

8. Quality Criteria / Checklist

The following minimum checks apply before a gate package is submitted to the DRB:

#	Check	PASS criteria
1	Gate package completeness	All mandatory sections present (scope, cost, schedule, risk, execution, assurance)
2	Estimate class	Estimate class matches project phase per AACE 96r-15
3	Schedule class	Schedule class matches project phase per AACE 91r-16
4	BEP current	Basis of Estimate and Basis of Plan are current, signed, and reference this gate revision
5	Risk register	Updated within 30 days of gate submission
6	Previous gate conditions	All conditions from prior gate are confirmed closed with written evidence
7	IAR arranged	IAR team appointed, independent, and conflict-of-interest declarations signed
8	IAR report received	IAR report issued to DRB at least 3 business days before DRB meeting
9	DRB quorum confirmed	DRB membership and quorum confirmed in advance of meeting
10	Gate Decision Letter issued	Signed letter on file within 3 business days of DRB decision

9. Revision History

Version	Date	Author	Description
v01	2026-04-04	Tracker (#2)	Initial draft — URGENT brief B-SOP-003, PM domain

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