

Construction stage

Department of Health Standard

QH-IMP-374-5:2023

1. Statement

The management of a capital infrastructure project undertaken on behalf of the Department of Health requires the establishment of standards for the management of the construction of the capital infrastructure project to ensure each stage of a project is in accordance with legislation, whole-of-government policy, and the principles of business, planning and project management.

2. Scope

This standard applies to all employees, contractors and consultants within the Department of Health divisions and business units.

This standard may be adopted, re-branded, for use by Hospital and Health Services or statutory bodies.

3. Requirements

Compliance with the requirements in this standard is mandatory.

3.1. Construction contract commencement

- 3.1.1. The Project Director shall prepare and obtain signoff on the Approval to Award Tender.
- 3.1.2. The Letter of Acceptance shall be forwarded for delegate signature at the same time as the requisition is raised in S/4HANA for delegate approval. The delegate who releases the purchase order within S/4HANA is the preferred signatory of the Letter of Acceptance.
- 3.1.3. All construction contracts commence the date noted in the letter of award signed by the appropriate delegate.
- 3.1.4. Following execution of the award letter, the Project Director shall ensure the successful contractor is immediately notified in writing.

3.2. Project Management throughout the construction stage

- 3.2.1. The Project Director shall:
 - 3.2.1.1. update the Capital Project Implementation Plan at the commencement of the construction stage (with the updated

management strategy for the construction and remaining stages of the project)

- 3.2.1.2. seek endorsement of the updated Capital Project Implementation Plan from the Project Steering Committee and seek approval from the Chief Executive Hospital and Health Service and the Executive Director, Planning and Delivery
- 3.2.1.3. ensure the project cost plan and program is updated with the outcomes of the tender to ensure continued alignment with the approved budget and completion timeframes for the project
- 3.2.1.4. ensure for State Government funded projects with a value exceeding \$5 million (excl. GST), or in rural and regional areas with a value exceeding \$2.5 million, a Queensland Charter for Local Content – Project Outcome Report on the value of contracts awarded to local industry shall be submitted annually (and no later than the 15 July for the preceding year) to the Queensland Local Industry Committee, Department of State Development, Infrastructure, Local Government and Planning
- 3.2.1.5. monitor finalisation and implementation of the Commissioning Plan and Program. Refer project commissioning and finalisation standard
- 3.2.1.6. ensure processes are established to meet the requirements of the *Building Industry Fairness (Security of Payment) Act 2017*. This shall include that progress payments are made within legislated timeframes
- 3.2.1.7. ensure the completion of the Building Performance Evaluation Mid-Project Evaluation Sheet at project hold points.

3.3. Design and Contract Variations – design and contract variation management strategy

- 3.3.1. Prior to a project commencing construction, the Project Director shall document an updated design and contract variation management strategy in the Capital Project Implementation Plan. The contract variation management strategy shall include strategies to minimise variations and demonstrate the following requirements have been met:
 - 3.3.1.1. all design and contract variation management processes shall be agreed, understood, and documented by the project team and key stakeholders
 - 3.3.1.2. alternative options for each design and contract variation shall be investigated, analysed, and documented prior to their approval

3.3.1.3. a Variation Register shall be established to record all requests, actions, and status. The Variation Register shall be monitored and endorsed at monthly Project Steering Committee meetings

3.3.1.4. any variations approved shall not impact negatively upon the projects' approved scope, budget, and completion date

3.3.1.5. contingency expenditure shall be ratified by the Executive Director, Planning and Delivery

3.3.1.6. all variations shall be approved by a delegate with required level of financial delegations.

3.3.2. Where a variation will put the project at risk of not delivering the approved scope within the allocated budget and approved timeframe, the Project Director shall seek approval as a minimum from the Executive Director, Planning and Delivery. This includes approval to:

3.3.2.1. alter the approved scope and/or extend completion date to a time after the approved delivery date

3.3.2.2. expend additional project funding above the approved project budget.

4. Human rights

Human rights are not engaged by this standard.

5. Legislation

- *Financial Accountability Act 2009*
- *Building Industry Fairness (Security of Payment) Act 2017*
- Financial and Performance Management Standard 2019

6. Supporting documents

- FMPM 2.1 - Risk management policy
- FMPM 7.18 Purchasing and procurement policy
- FMPM 7.2 - Expenditure delegations of authority policy
- FMPM 7.2.1 - Exercising expenditure delegations standard
- FMPM 7.3 - Approvals of projects and expenditure policy
- FMPM 7.3.1 - Requirement to obtain legal advice standard
- FMPM 7.5 - Contractors and consultants policy
- FMPM 8.32 - Capital funding policy

Construction stage - Standard
Division Name: Health Capital Division
Standard owner: Governance, Risk and Compliance
Effective date: 10 July 2023

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- Capital infrastructure programs and projects policy
- Commissioning and finalisation standard
- Design and documentation stage standard
- Expenditure delegations
- Procurement management standard
- Project definition plan stage standard
- Project initiation standard

7. Definitions

Term	Definition
Building Performance Evaluation	BPE supports benefits management and realisation for capital projects. This methodology facilitates comprehensive evaluation of design and performance outcomes throughout the process of planning and delivery of capital infrastructure to ensure benefits outlined in the business case are enabled and realised.
Business	The business is the relevant Hospital and Health Service or Division.
Business case	A business case provides a substantiated argument for the proposed project and includes analysis and justification for the scope and delivery options to provide best value for the funds requested.
Business change owner	The business change owner (generally the relevant Chief Executive, Hospital and Health Service) is accountable for the business change by providing strategic leadership to ensure the product is capable and the organisation is ready to enable/deliver the business change.
Capital infrastructure requirements	The CIR provides a consistent and standardised approach to health capital infrastructure planning and design in Queensland Health which directly links client requirements to the built solution and promotes the application of contemporary and evidenced based standards.
Queensland Government Building Policy Framework	The QGBPF is the Queensland government's key policy for managing risks in the planning and delivery of government building projects. It identifies the major risk areas and sets out the steps that must be taken to manage those risks. The QGBPF gives effect to the whole-of-government prequalification system for building industry consultants and contractors seeking to undertake government building projects.
Functional design brief	The functional design brief includes:

Term	Definition
	<ul style="list-style-type: none"> description of the models for clinical and operational service delivery summary of the functional space requirements defined at the completion of health service and infrastructure planning specific design and performance information which relates to the project site and building requirements.
Governance	The functions, responsibilities, processes, and procedures that define how a program/project is set up, managed, and controlled.
Governance and management of capital infrastructure program and projects	The intent of the policy is to establish a consistent statewide approach to all health service planning and capital infrastructure program/projects.
Higher authority	The higher authority has the authority to make final approval on project change requests within delegations and provide decision making for high-risk areas for the program or project. This position is appointed by the senior responsible owner and may be the same as the Executive.
Major capital works	<p>Major capital works are capital works that:</p> <ul style="list-style-type: none"> are structural works of a building involve alterations to the building envelope result in additional recurrent operational expenditure result in the need for regulatory compliance certification of the building structure or with building service standards, including building and information technology standards.
Procurement Strategy	<p>Process used to take a building project from its early planning phases to completion and occupation by the building's users. The responsibilities during the project delivery stages for the external contracted services will vary according to the procurement strategy. Procurement options include:</p> <ul style="list-style-type: none"> traditional fully documented – lump sum design and construct – lump sum managing contractor – design and construction management alliance bundling

Term	Definition
	<ul style="list-style-type: none"> Public Private Partnership (identified during planning phase).

8. Approval and implementation

Policy Custodian	Policy Contact Details	Approval Date	Approver
Executive Director, Operations, Health Capital Division	HCDDDG@health.qld.gov.au	10 July 2023	Priscilla Radice, Deputy Director-General, Health Capital Division

Version control

Version	Date	Comments
1.0	20 June 2012	New implementation standard
2.0	5 May 2015	Policy Rationalisation Project review
3.0	10 July 2023	Reviewed and updated following QAO's Performance Audit Report 17 May 2022 – 'Contract management for new infrastructure' Report 16: 2021-22 (Recommendation 11).