

Construction stage

Standard

QH-IMP-374-5:2012

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

Compliance with the requirements in this standard is mandatory.

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

This standard can be used by Hospital and Health Services either as is, by re-branding or as a base for a Hospital and Health Service specific policy.

3. Principles

Compliance with this standard will ensure the planning and delivery of capital projects are based on sound business, planning and project management principles.

4. Requirements

4.1 Construction contract commencement

- 4.1.1 All construction contracts commence the date noted in the letter of award signed by the appropriate delegate.
- 4.1.2 Following execution of the award letter, the Project Director shall ensure the successful contractor is immediately notified in writing.

4.2 Project Management throughout the construction stage

- 4.2.1 The Project Director shall:
 - update the Capital Project Implementation Plan (CPIP) at the commencement of the construction stage (with the updated management strategy for the construction and remaining stages of the project)
 - seek endorsement of the updated CPIP from the Project Steering Committee and seek approval from the Chief Executive, Hospital and Health Service and the Executive Director, Capital Projects Unit
 - 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
 - ensure for State Government funded projects with a value exceeding \$5 million or in rural and regional areas with a value exceeding \$2.5million, a Local Industry Participation Plan Outcome Report shall be submitted annually (and no later than the 15 July for the preceding year) to the Chair of the Local Industry Committee, Department of State Development, Infrastructure and Planning

- monitor finalisation and implementation of the Commissioning Plan and Program – see Project Commissioning and Finalisation Standard
- ensure processes are established to meet the requirements of the *Building and Construction Industry Payments Act 2004* (Qld). This shall include that progress payments are made within legislated timeframes
- ensure the completion of the Building Performance Evaluation Mid-project Evaluation Sheet at project hold points.

4.3 Design and Contract Variations – design and contract variation management strategy

4.3.1 Prior to a project commencing construction, the Project Director shall document an updated design and contract variation management strategy in the CPIP. The contract variation management strategy shall include strategies to minimise variations and demonstrate the following requirements have been met:

- all design and contract variation management processes shall be agreed, understood and documented by the project team and key stakeholders
- alternative options for each design and contract variation shall be investigated, analysed and documented prior to their approval
- 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
- any variations approved shall not impact negatively upon the projects approved scope, budget and completion date
- contingency expenditure shall be ratified by the Executive Director, Capital Projects Unit
- all variations shall be approved by a delegate with required level of financial delegations.

4.3.2 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, Capital Projects Unit. This includes approval to:

- alter the approved scope and/or extend completion date to a time after the approved delivery date
- expend additional project funding above the approved project budget.

5. Related legislation and documents

Relevant legislation and associated documentation includes, but is not limited to, the following:

Department of Health:

- Financial management practice Policy and Manual
- Governance and management of capital infrastructure program and projects Policy
- Integrated risk management Policy

Other:

- Department of Housing and Public Works 2012, Capital Works Management Framework
- Department of Infrastructure and Planning 2010, Project Assurance Framework
- Department of Queensland Treasury and Trade 2008. Value for Money Framework

- Department of Housing and Public Works 2013, Queensland Procurement Policy
- *Financial Accountability Act 2009* (Qld)
- Financial Performance Management Standard 2009 (Qld)
- *Queensland Industry Participation Policy Act 2011* (Qld)
- Queensland Government Workplace Relations Management Policy
- *Sustainable Planning Act 2009* (Qld)

6. 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.
Capital Works Management Framework (CWMF)	The CWMF 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 CWMF gives effect to the whole-of-Government Prequalification (PQC) System for building industry consultants and contractors seeking to undertake government building projects.
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 Policy	The intent of the policy is to establish a consistent statewide approach to all health service planning and capital infrastructure program/projects.
Local Industry Policy – A Fair Go for all Local Industry and Queensland Industry Participation Policy Act 2011	Is to ensure that capable, competitive local industry is provided with full, fair and reasonable opportunity to tender for major infrastructure and resource based projects.
Major Capital Works	Major capital works are capital works that: <ul style="list-style-type: none"> • are structural works of a building; or • involve alterations to the building envelope; or • result in additional recurrent operational expenditure; or result in the need for regulatory compliance certification of the building structure or with building service standards, including building and information technology standards.

Version Control

Version No.	Date	Comments
Version 1.0	20 June 2012	New Implementation Standard
Version 2.0	5 May 2015	Policy Rationalisation Project Review – this policy document does not include references to the Investment Management Framework as this framework has not been endorsed at this point in time.