



***REVITALIZATION OF THE CHELTENHAM
RECREATION CLUB AND COMMUNITY***

PROCUREMENT MANAGEMENT PLAN

Version **1.0**

01/07/2019

VERSION HISTORY

Version #	Implemented By	Revision Date	Approved By	Approval Date	Reason
1.0	<i>Chris Cooper</i>	<i>01/07/2019</i>	<i>Michael Fitzgerald</i>	<i>01/07/2019</i>	<i>Initial release</i>

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1 INTRODUCTION

The purpose of the Procurement Management Plan is to define the procurement requirements for the project and how it will be managed from developing procurement documentation through contract closure. The Procurement Management Plan defines the following:

- Items to be procured with justification statements and timelines
- Type of contract to be used
- Risks associated with procurement management
- How procurement risks will be mitigated through contract performance metrics, insurance, or other means
- Determining costs and if/how they're used as evaluation criteria
- Any standardized procurement templates or documents to be used
- How multiple suppliers will be managed if applicable
- Contract approval process
- Decision criteria
- Establishing contract deliverables and deadlines
- How procurement and contracts are coordinated with project scope, budget, and schedule
- Any constraints pertaining to procurement
- Direction to sellers on baseline requirements such as contract schedules and work breakdown structures (WBSs)
- Vendor Management
- Identification of any prequalified sellers if applicable
- Performance metrics for procurement activities

2 Procurement Management Approach

The Procurement Management Plan defines processes to clearly identify the necessary steps and responsibilities for procurement from the beginning to the end of a project. The project manager ensures that the plan facilitates the successful completion of the project and does not become an overwhelming task in itself to manage. The project manager will work with the project team, contracts/purchasing department, and other key players to manage the procurement activities.

Please refer to Project governance structure in section 10 below.

3 Procurement Definition

This plan describes the procurement process for the delivery of the following:

- Concept design
- Development application

- Complete construction of the new facility as defined on the drawings and specifications.
- Miscellaneous items for DDA compliance

Item/Service	Justification	Needed By
Concept design	To allow DA submission	30/9/19
Development application	For approval to construct and to allow builder to price	31/12/19
Construction of the facility	To construct the new facility	1/3/2021

Note: The Construction of the facility will be let to one builder. The builder will be responsible for the procurement and services required to deliver the project. The project requires long lead time items such as prefabricated steelwork. It will be the responsibility of the Project manager to review the programme to ensure the builder procures all items in accordance with the construction programme.

4 Type of Contract to be used

The construction of the main facility will be let under a lump sum subcontract. The proposed main subcontract will be AS4000.

Miscellaneous items under \$10,000 will be let as minor subcontracts or purchased orders in accordance with authorized levels of authority.

5 Procurement Risks

Procurement risks include:

- The builders prices coming in within budget
- The builder does not allow for all scope and looks for variations / claims
- Risks involved with the builder not understanding the intricacies of building a real tennis court. ie floor and wall surfaces.
- Poor contract definition
- Our drawings and specifications are changed throughout the p[project

- Contractual risks
- Latent condition risks such as unknown services and geotechnical unknowns
- Scope risk with the Telstra / Optus equipment
- Safety and quality risks
- Long lead time items
- Builder goes into administration
- Builder relationship
- Builder does not meet the programme

6 Procurement Risk Management

Prior to issuing request for quotations to tenderers the Project governance team will complete a risk assessment which will include the risks identified above as a minimum. These risks will be assessed in regards to likelihood and consequence. Risk mitigation processes will then be documented and the revised risk score will

		CONSEQUENCE				
		C1- Minor	C2- Moderate	C3- Serious	C4- Major	C5- Catastrophic
LIKELIHOOD	L5-Almost certain	Med 1 1	High 1 6	Extreme 2 0	Extreme 2 3	Extreme 2 5
	L4-Likely	Low 7	Medium 1 2	High 1 7	Extreme 2 1	Extreme 2 4
	L3-Possible	Low 4	Medium 9	Medium 1 3	Extreme 1 8	Extreme 2 2
	L2-Unlikely	Low 2	Low 5	Medium 1 0	Medium 1 4	Extreme 1 9
	L1-Rare	Low 1	Low 3	Low 6	Low 8	Medium 1 5
CONSEQUENCE Of an event occurring						
C5 – Catastrophic						
C4 – Major						
C3 – Serious						
C2 – Moderate						
C1 - Minor						

Likelihood = Probability

LIKEHOOD	Frequency of an Event	MANAGEMENT RESPONSE		
L5-Almost certain	Common or repeating occurrence, most likely	Level of Risk Prior to control(s) applied		Actions to be taken Assess/ verify proposed hazard controls to be applied in order to reduce residual risk to low.
L4-Likely	Known to occur, or, "it has happened"	20-25	Extreme	Stop – This is an unacceptable risk
L3-Possible	Could occur	16-19	High	Rework solutions
L2-Unlikely	Not likely to occur/ remote	9-15	Medium	OK
L1-Rare	Practically impossible/ rare occurrence	1-8	Low	OK

7 Cost Determination

The budget for this project is \$2.75mil including contingency however we will be working to minimize all costs. We will be issuing request for quotations to 3 potential builders. Once tenders are received we will review submissions and work with the proposed builder to finalize a budget. This will include design development and cost tracking. The contract value will be the projected cost.

During the course of the works the contractor will make monthly progress claims which will be authorized by the Project manager. These costs will be monitored monthly against budget breakdowns.

8 Standardized Procurement Documentation

As there will only be one large contract on this project standardization of the procurement process is not required.

9 Procurement Constraints

Procurement constraints must include:

- Site and Project management
- Quality, safety and environmental considerations
- Potential unsuitable geotechnical conditions
- Existing and new services
- Long Service levy

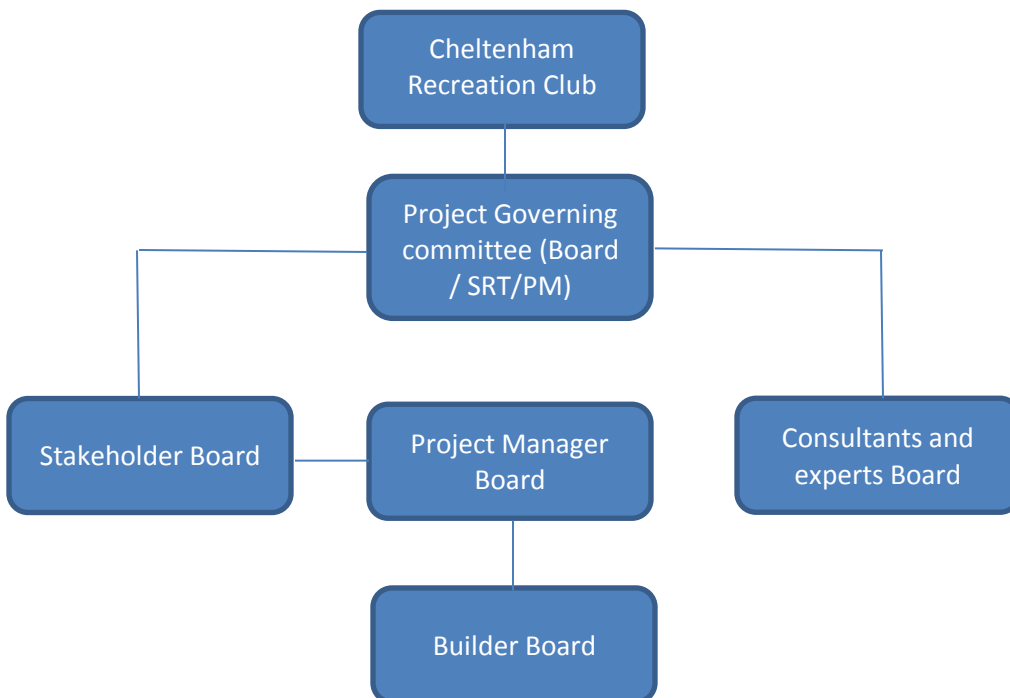
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- Heritage constraints
 - Access and working space constraints
 - Stakeholder management
 - Long lead time items

10 Process

The project will be overseen by the Cheltenham Recreation club Board. The CRC will establish a specialized Governance committee made up of Board members, Sydney Real Tennis subsection members, and external project manager. This Governance committee will be responsible for all processes involved with the procurement of the facility. They will also be responsible for all aspects of the project including budget, quality and time amongst other criteria they consider.

The Governance committee are to meet monthly to review the progress and report to the CRC Board.

The Proposed Governance structure is illustrated below.



Unless the Governance committee determine otherwise the procurement rules are as follows:

All Contracts over \$10,000 must:

- Have 3 quotations received and assessed
- The assessment must be submitted to the Governance committee for review.
- The Governance committee will approve the proposed contractor in writing
- The project manager will let the contract to the successful contractor using AS4000 with special conditions

Purchases for goods and services under \$10,000 can be authorized by the Project manager as a Purchase order or subcontract as long as it is within budget. All purchases over budget must be approved by Governance committee

11 Decision Criteria

The governance committee will be responsible for setting the decision criteria and this shall be established prior to releasing the request for quotation. The decision criteria should include as a minimum:

- Previous experience
- Current workload
- Quality and reputation
- Time
- Finance security

12 Vendor Management

The management of all purchases and subcontracts will be in accordance with the purchasing and receiving procedure. This procedure along with the contract will cover:

- Quality
- Safety

- Responsibilities
- Commercial aspects such as progress claims and payments
- Retention / Security
- Time

13 Performance Metrics for Procurement Activities

The table below is to be developed with the builder to determine measurable procurement objectives. It is to be reviewed on a monthly basis by the PM, builder and Governance committee

The scoring is as follows.

- 1 – Unsatisfactory
- 2 – Acceptable
- 3 - Exceptional

Vendor	Product Quality	On Time Delivery	Documentation Quality	Development Costs	Development Time	Cost per Unit	Transactional Efficiency
Builder							

- 1 – *Unsatisfactory*
- 2 – *Acceptable*
- 3 – *Exceptional*

14 Sponsor Acceptance

Signature: _____ Date: 1/7/19

Print Name: Michael Fitzgerald

Title: President

Role: _____