### Division of Facilities Management

**Project Management Fee for Capital Works Projects Guidelines**

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<thead>
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<tr>
<td>Short description</td>
<td>Guidelines on the completion of a DFM Project Management Fee for Capital Works Project. Capital Projects can be charged a Project Management fee by the Planning, Design &amp; Construction staff member.</td>
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<td>Relevant to</td>
<td>All Planning, Design &amp; Construction employees</td>
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<td>This Guideline has been approved by Executive Director Division of Facilities Management in accordance with the Policy on Delegations and Authorisations - Delegation Schedule 1, GOV10.</td>
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<td>Responsible officer</td>
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<td>Related University documents</td>
<td>DFM Project Management Fee for Capital Works Procedures</td>
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<td>DFM Project Management Fee for Capital Works Form</td>
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<td>Project Procurement Plan</td>
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<tr>
<td>Related legislation</td>
<td>Charles Sturt University Act 1989</td>
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<td>Charles Sturt University By-law 2005</td>
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<td>Public Finance and Audit Act 1983</td>
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1. PURPOSE

Charles Sturt University has an identified annual capital works budget. This capital works budget is also referred to as the Infrastructure Plan – Capital Development (IP-CD). The Infrastructure Plan itself expands a five year period. It is developed based on the need for additional building works which are identified and prioritised under its short and long term capital development plan. The capital works budget comprises the following:

- Major Capital Works
- Minor Works
- Deferred / Backlog Maintenance
- Teaching Space & Refurbishment
- Other University wide projects

All Capital projects are appointed a Project Manager from the Division of Facilities Managements (DFM) Planning, Design and Construction staff. The Project Managers should be reimbursed for their services and time spent on the Capital Projects. The Project Management fee is a way of capturing the estimated cost of a Project Manager’s time.

2. DEFINITIONS

2.1 Project Director means the nominated representative who is responsible for the delivery of the project within the budget and timeframe in accordance with the project requirements.

2.2 Project Client Representative (PCR) means the DFM Project Manager assigned to represent DFM and to facilitate and support the Client User interface for the project. In particular the PCR shall ensure that the PD has access to sufficient information and corporate knowledge that allows the effective and efficient delivery of the project scope. The PCR shall facilitate discussion, identify risks, advise on internal CSU process and ensure broader strategic organizational and asset management issues are considered and included in delivery where appropriate.

2.3 CSU Project Manager means the DFM Project Manager assigned as the PCR for the project. The DFM Project Manager may also be (if assigned) the Project Director.

2.4 Cost Planner means the consultant appointed to provide specialist construction cost management services

3. ELIGIBILITY

Any project which is over $250,000 is to be registered on the Capital Plan as a Capital Project. In doing so a Project Director is appointed. If a Capital Project is funded by the University, a Project Management fee is applied to the Capital Project. In determining the fee, consideration must be given to the allocation of the Project Director role to an external consultant. Projects may be allocated as follows:

3.1 Project Manager as the Project Director

3.2 Project Manager as the Principal Client Representative with a consultant Project Manager in the Project Director role
3.3 Project Manager as the Principal Client Representative with a consultant Principal Consultant Design in the Project Director role

3.4 Project Manager as the Principal Client Representative with a specialist consultant such as an Engineer; Cost Planner; etc in the Project Director role (refer to 4.4.4)

4. APPLICATION PROCEDURE

4.1 PAYMENT OF CAPITAL WORKS

4.1.1 Expenditure on all major and minor works is controlled within the Division of Facilities Management. The allocation to each Capital Project is approved annually by the Senior Executive Committee and the Financial Review Committee. During the year applications can be made to the Financial Review Committee if the scope of works on a Capital Project should alter. All Project Directors will work to the original Capital Works Project budget.

4.1.2 Purchase Requisitions are budget checked before Purchase Orders are issued.

4.1.3 Invoices relating to capital works are budget checked by the Project Director in conjunction with the CSU Cost Planner before processing of payments. Invoices must be presented with a payment schedule and a statutory declaration stating all sub-contractors have been paid, and will adhere to the Public Finance & Audit Act (1983).

4.1.4 The Project Manager has the authority to charge project fees that have been identified on the Capital Plan on a quarterly basis to the contractor.

4.2 APPROVAL FOR ADDITIONAL EXPENDITURE

4.2.1 Additional costs or new items for any major capital works require prior approval by the Financial Review Committee. It will be the responsibility of the Project Manager to present the reason for needing extra budget to the Executive Director, Division of Facilities Management. The Executive Director will then put forward the case before the monthly Financial Review Committee.

4.2.2 The additional project costs are reported in minutes of the Financial Review Committee. The IP-CD will then be updated and re-issued.

4.2.3 Additional expenditure approval is subject to the rules of the Procurement Review Board

4.3 BUDGET ALLOCATION

4.3.1 Approved funding for DFM Capital Works Projects is identified as a line item in the Infrastructure Plan.

4.3.2 Project Managers and Project Directors are assigned specific Capital Works Projects and they will be responsible for budget control and any expenditure on the project. Project Managers/Directors will adhere to the established contract for the engagement and the Public Finance &
4.3.3 Minor works, Deferred/Backlog Maintenance and Teaching Space & Refurbishment are reflected on the Infrastructure Plan. However the expenditure on these projects is captured in a separate reporting spreadsheet. Expenditure for minor works is allocated on a project by project basis. All Minor works, Deferred/Backlog Maintenance and Teaching Space & Refurbishment

4.4 BUDGET DEVELOPMENT

4.4.1 All project budgets are developed by Facilities Management Project Managers/Directors in conjunction with the CSU Cost Planner.

4.4.2 Project budgets evolve over time and solidify as the design progresses.

4.4.3 The total project budget includes: construction costs, consulting expenses, the CSU Cost Planner, project management fees, the initial complement of furniture, fittings and equipment, and any other major expense.

4.4.4 The Project Director will include in the budget the Project Management Fee approved by the Executive Director, DFM in the Project Procurement Plan, and capped for each individual project. The fee will cover internal and consultant Project Managers/Directors, and the PCR. (Refer to 2.)

4.4.5 Each project budget must include a contingency budget line. A contingency is required for the following: design, program, owner, and construction. The project contingency amount is determined by the Project Director in conjunction with the CSU Cost Planner. The contingency must be a minimum of 5% ranging to 10% at the early stages of the project.

4.4.6 Each construction project should include an escalation budget line item. The escalation to be built in at an average of 4% and is to be determined by the Project Director in conjunction with the CSU Cost Planner.

4.5 CAPITAL BUDGET PROCESS

4.5.1 The Infrastructure Plan maintains a five-year capital plan.

4.5.2 Each year, the University will ask departments and schools for proposals for projects as the next fiscal year's capital budget is developed.

4.5.3 The capital budget is reviewed by SEC in accordance with planning timelines.

4.5.4 The Financial Review Committee can request a meeting with the Executive Director, Facilities Management to discuss project details.
4.5.5 Capital projects expected to span more than one fiscal year will require a cash flow analysis prepared by the Project Manager.

4.5.6 The Project Director must submit a request for a budget modification to the Financial Review Committee if a project’s cost is expected to exceed the approved project budget.

4.5.7 The request will be reviewed by the Financial Review Committee.

4.6 ACCOUNTING AND REPORTING

4.6.1 All capital projects must have a project code and asset number which will be allocated in the Project Procurement Plan. The Project Director in conjunction with the CSU Cost Planner must monitor the expenditure on the capital project.

4.6.2 The CSU Cost Planner will need to complete a cost plan for a capital project. The cost plan will contain key milestones such as:

(a) Initiation
(b) Feasibility study and bid development
(c) Schematic design review and options
(d) Design at 50%, 80% and 100%
(e) Evaluation and analysis
(f) Delivery
(g) Financial Completion

4.6.3 A comprehensive report updated after the close of each month should be presented to the Executive Director DFM and the Director, Planning, Design & Construction to reflect funding and expenditures on projects.

4.6.4 The Project Director’s report must be compared the CSU Banner systems financial information.

4.6.5 The Project Director will include in the budget the Project Management Fee approved by the Executive Director, DFM in the Project Procurement Plan, and capped for each individual project. The fee will cover internal and consultant Project Managers/Directors. (Refer to 2. And 4.4.4) (Note: Special consideration is needed for DEEWR projects)

4.6.6 Project Directors shall monitor all project schedules and keep all interested parties informed of changes to the project’s scopes and scheduled completion date.

4.6.7 The close-out a capital project code should take place no later than one year after occupancy of the facility. As projects are closed out, the account code will be disabled in the Banner system. No charges will be made to the account code once it has been disabled in Banner.

5 APPROVAL PROCEDURE

5.1 Prior to the Executive Director DFM, approving the Project Management Fee, he/she will liaise with the Manager, Facilities Business to confirm that the expenditure has been built into the original budget for the Capital Project and
that the Capital Project has the capacity to pay.

5.2 The Project Directors are responsible for reflecting the Project Management Fee as an item in the Project Budget Build-up.