Programme Governance

3-Waters Capex Programme
Version 1

Date: 17 January 2019

QUEENSTOWN
LAKES DISTRICT
COUNCIL

PROJECT MANAGEMENT OFFICE

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3 WATERS PROGRAMME GOVERNANCE FRAMEWORK

1. BACKGROUND

The Council prepares a Ten Year Plan every 3 years. An Annual Plan is prepared on the years in between to determine the projects, resourcing and budgets for the year. The Ten Year Plan 2018-28 sets the direction of the Council, providing a long term focus on community outcomes, and explains the purpose, direction and cost of each of the activities in the plan. All major projects are included in the Ten Year Plan. This then forms the blueprint for how the district will be run over the next 10 years. A prioritised capital programme, delivering the 'right' projects at the optimum time is detailed in the plan.

The programme of delivery that the 2018-2028 plan contains is three times bigger than any previous plan, being just short of a billion dollars over the next ten years. The investment in 3 Waters Infrastructure alone is approximately $145 million over the next 3 years

Governance supports elected members (Council, its Committees and the Wanaka Community Board) in their leadership role, enabling them to make informed decisions and monitor the delivery of services. These governance structures are responsible for developing and approving the long term strategic and financial plan for the Council (the Ten Year Plan).

In 28 June 2018 the current Ten Year Plan was adopted by Council

2. PROGRAMME GOVERNANCE

The Project Management Office (PMO) will oversee the delivery of the 3 Waters Programme which, over the next 3 years, includes approximately 59 projects to improve and upgrade critical storm water, waste water, and water supply infrastructure across the district to meet growth, demand and service level standards.

The Governance structures within the Programme identify delegations and responsibilities among different stakeholders within the Programme Team and Council and in doing so will ensure efficient and effective delivery of the Programme.

Effective Governance is essential for a programme of such substantial value to ensure the Community is assured that the decision making and spend is in-line with the 3 Waters Programme delegation. Establishing a collaborative relationship between Programme Governance and Programme Management is critical to the success of the programme, ensuring that the identified benefits are realised. The Programme Director and Programme Manager rely on the Executive Leadership Team (ELT) to establish organisation conditions that enable the delivery of the programme and assist in quick resolution of conflicting organisational issues that may arise.

The 3 Waters Programme Governance Framework is guided by the following set of principles;

1. Single Point of accountability for the success of the programme
2. Structure enables clear lines of decision making and efficient and effective governance
3. Separation of programme governance and organisational governance structures
4. Separation of stakeholder management and programme decision making activities
5. Members of the governance group have a sound understanding of the programme, decisions and implications
6. Fit for purpose information is required on a regular basis to enable effective decision making

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QLDC has adopted the PRINCE2® Project Management Method, tailoring and adapting it to reflect our organisational environment. Therefore, consistent with PRINCE2®, QLDC's Project Management Method includes the principle 'defined roles and responsibilities'. PRINCE2® identifies four levels of management within the project management structure. The structure sets out clear lines of accountability, with a clear and linear decision making path and defined roles and responsibilities to empower decision making and reducing confusion, duplication of effort, and inefficiency. An overview of the four levels of management for the 3-Waters Programme are outlined in Figure 1.
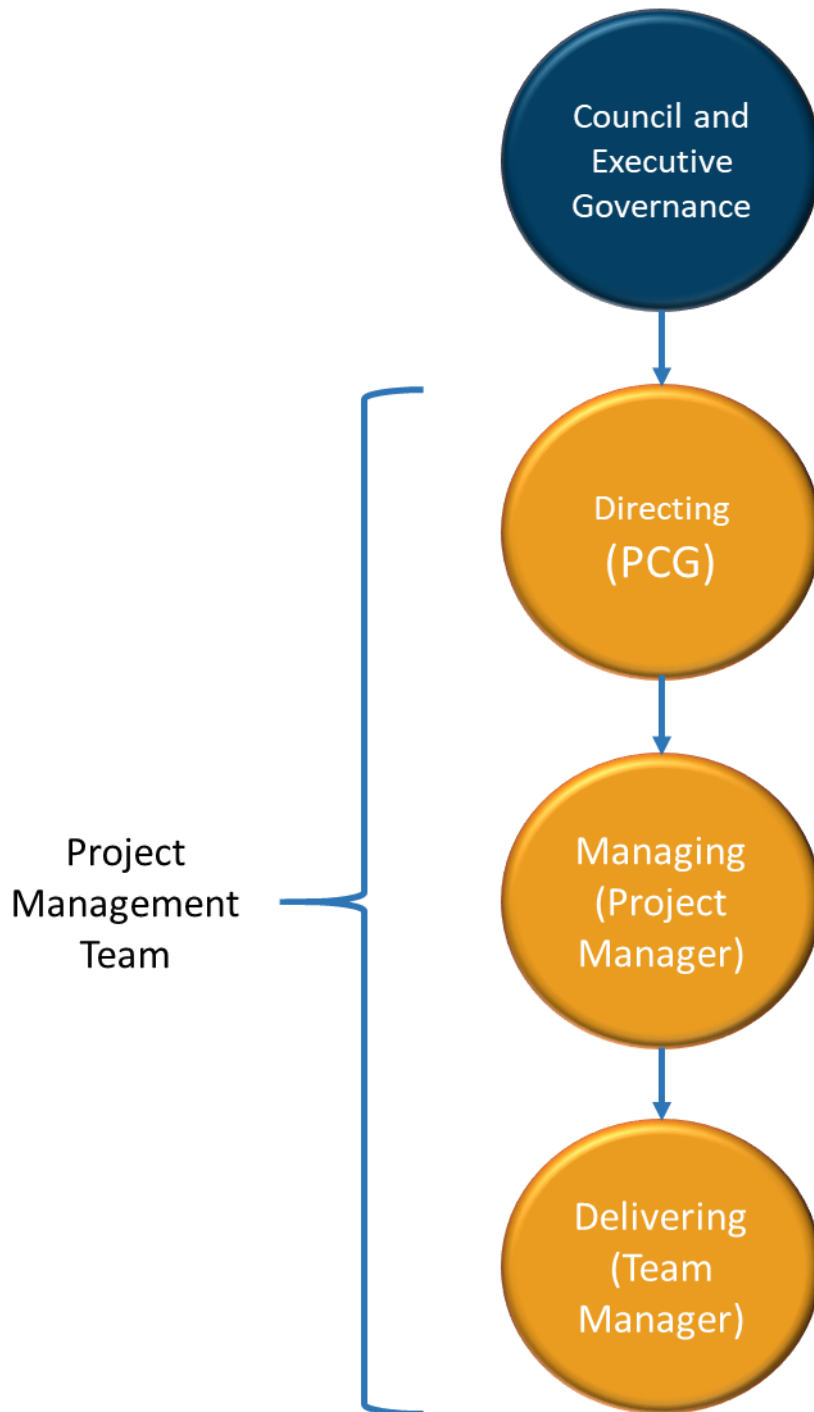
Council and Executive Governance

Directing (PCG)

Project Management Team

Managing (Project Manager)

Delivering (Team Manager)

Figure 1. The four levels of management within the project management structure (Axelos, 2017, as amended)

The roles and responsibilities of the Project Management Team (PMO) are outlined in the Infrastructure Capital Works Procedures Manual. The governance structure for the 3-Waters Programme is outlined in Figure 2 below. Table 1 below provides detailed information regarding the roles and responsibilities associated with Programme Governance.
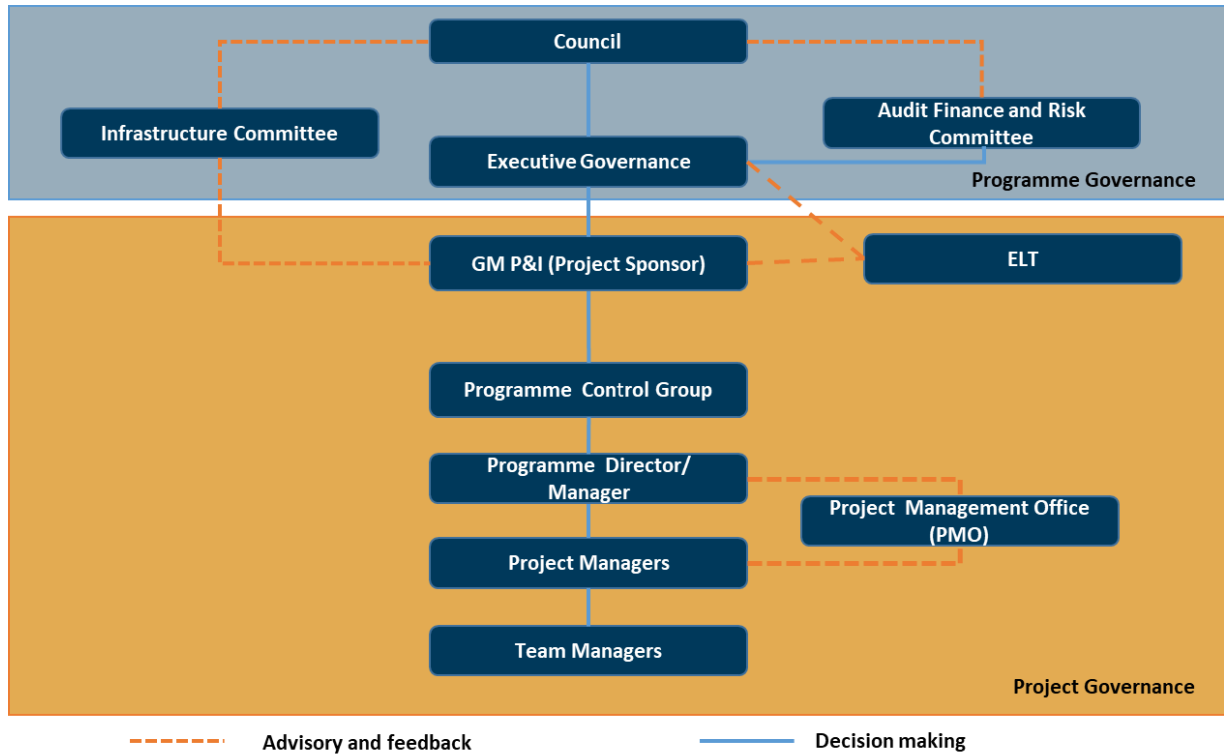
Figure 2. 3-Waters Capex Programme Governance

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Table 1. Roles and responsibilities - 3-Waters Programme Governance.

Members	Key Responsibilities	Authority	Key Accountabilities
Programme Sponsor – GM Property & Infrastructure	▪ Implementation of directions from CE and guidance provided by ELT ▪ Change management in accordance with approved tolerances and change control plan ▪ Monitoring of project tolerances ▪ Provision of clear, concise, timely and accurate reporting to Council and ELT Resolution of project issues and risk ▪ Allocation of resources to the programme ▪ Ensure effective communication both within the project team and with external stakeholders, including ELT, ▪ Ownership of risks and associated mitigation plans within delegation ▪ Escalation of risks and issues as required by delegation ▪ Delegate responsibility for the management of projects through tolerances for time, cost, quality, scope, benefits and risk ▪ Programme leadership and direction ▪ Project facilitation and supervision from inception to completion ▪ Representation of business interests	▪ CE	▪ Accountable for the success or failure of the Programme

Members	Key Responsibilities	Authority	Key Accountabilities
Programme Control Group Members Senior Users – Strategy and Asset Planning Manager, Maintenance and Operations Manager	- Representation of user interests - Gateway signoff against project tolerances - Meet regularly (as defined by Programme Sponsor) to review project progress against tolerance - Accountable for the quality of the outputs delivered by the project - Commits user resources to the project - If necessary more than one Senior User can be represented on the PCG	GM	Representation of user interests
Programme Control Group Members Senior Supplier	- Represents the interests of those designing, developing, facilitating, procuring and implementing the project outputs. - Commits supplier resources to the project - If necessary more than one Senior Supplier can be represented on the PCG - Any technical direction must be considered by at least one Chartered Engineer - the Chief Engineer or delegate	GM	Representation of supplier interests
Chief Executive (CE)	Responsible for holding the General Manger (GM) accountable for 3 Water Programme delivery	Council	- Financial delegation - Risk delegation - Accountable for delivery of the Portfolios which is the collection of Capex Programmes and Special Capex Projects.

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Members	Key Responsibilities	Authority	Key Accountabilities
Audit, Finance and Risk Committee a	▪ Assurance to programme activities ▪ Endorse and accept the Independent Advisors review (EY) detailing observations and recommendations, for the 3 Waters Programme, on the overall readiness of the programme ▪ Hold the GM accountable for the recommendations from the independent review ▪ Independent auditor to monitor overall health of the 3 Water Programme	▪ ELT	▪ Assurance
Council	▪ Approve LTP and Annual Plan budgets	▪ Community	▪ Delegation of budgets approved for the 3 Waters Programme under the LTP/Annual Plan

Table 2. Governance Reporting Activities per Role

Governance Level	Report to	Governance Focus	Frequency	Outputs
Council	Community	• Approval of amendments to Annual Plan	Bi annually	Reforecast approval
Audit, Finance and Risk Committee	Council	• Accountable for the recommendations made by the Executive and the independent Programme Advisor (EY)	Quarterly	Minutes of Committee meeting
Chief Executive (CE)	Council	• Financial approval within delegation	As required	Financial approval
General Manager (GM)	CE	• Financial approval within delegation	As required	Financial approval
Executive Leadership Team (ELT)	CE	• Review and approval of recommendations and updates made by the Programme Control Group (PCG)	Monthly	ELT minutes of meeting
Programme Control Group (PCG)	GM	• Approval of Gateways and Tolerances within programme contingency	Fortnightly	Gateway approval Tolerance approval
Programme Director	• PCG • GM • ELT	• Accountable for decision made within the programme (within tolerances set by PCG) • Financial approval within delegation	Fortnightly	Updated Programme Risk Register Deleagtion approval?
Programme Manager	Programme Director	• Responsible for decisions made within the programme (within tolerances set by PCG) • Programme tracking and risk monitoring • Financial approval within delegation	Daily	• Ad-hoc discussions • Weekly catch-up discussion • Updated Programme Risk Register • Monthly Programme Tracker updates
QLDC Project Managers	Programme Manager	• Accountable for decisions made on projects (within tolerances set by Programme Manager) • Project tracking and risk monitoring • Financial approval within delegation	Daily	• Ad-hoc discussions • Weekly meeting minutes • Bi-weekly progress dashboard • Updated Project Risk Register
Contract Project Managers	QLDC Project Managers	• Responsible for decisions made on projects • Project tracking and risk monitoring	Daily	•Ad-hoc discussions •Biweekly progress dashboard •Monthly schedule update

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3. PROJECT GOVERNANCE

The roles and responsibilities of the Project Management Team (PMO) are outlined in the Property & Infrastructure Capital Works Procedures Manual, governance functions are further summarised in this document below. Further detail is provided here on the roles and responsibilities of Council and Executive Governance.

The Project Sponsor (GM Property & Infrastructure) is accountable for the Programme and the Programme Manager, under the guidance of the Programme Director, is responsible for managing the delivery of the Programme (QLDC infrastructure objectives) as authorised by the ELT.

Projects are to be governed in accordance with the QLDC Project Management Method.
The following diagram is the standard governance structure for projects and is to be applied unless a revised structure is approved in the project-specific Project Execution Plan.

ORGANISATION

QLDC's Project Management Method is principles based. All QLDC projects managed under the 3 Water Programme bundles must follow the principle of 'defined roles and responsibilities (which can be found in the PMO Procedures Manual).

MANAGING

The Project Manager is responsible for the day-to-day management of the project **within the constraints set by the Project Control Group.** The Project manager's key responsibility is to ensure that the project produces the required outputs in accordance with the tolerances defined by the Project Control Group for time, cost, quality, scope, benefits, and risk.

DELIVERING

Team members, including internal and external resources, are responsible for delivering the project outputs **within the constraints set by the Project Manager.**
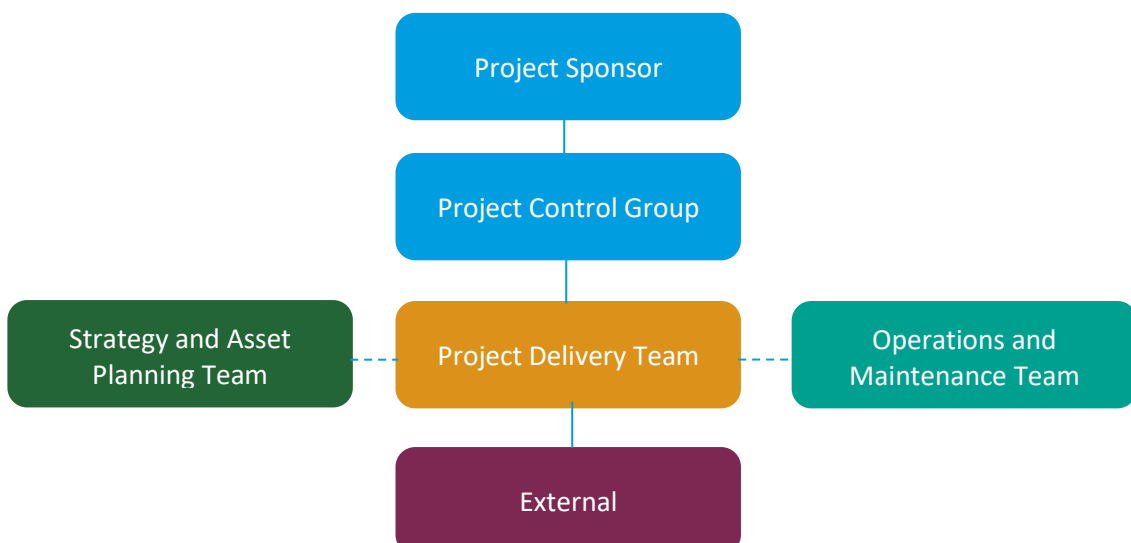
- An explicit **project management team structure** consisting of defined and agreed **roles and responsibilities**.

- **'Business sponsor', 'user' and 'supplier'** representatives on the project management team.

- Clearly defined governance responsibilities, including roles and responsibilities for budget approval and risk acceptance (in accordance with relevant delegations).

4. DELEGATION OF AUTHORITY

Delegation of Authority is an important component of Governance. To effectively implement the Governance structure, above, the following delegation levels apply:

QLDC Officer	Operational Delegation ($)	Capital Delegation ($)
Chief Executive (CE) (Cat A)	1 000 000	4 000 000
GM P&I (Cat B)	500 000	1 000 000
Programme Director (Cat C)	100 000	400 0000
Programme Manager (Cat D)	20 000	100 000
QLDC Project Managers (Cat D)	20 000	100 000

Table 2: Delegation of Authority

In the case of other transactions the power of the Chief Executive Officer together with the Mayor or Deputy Mayor to commit the Council to a transaction (or to terminate or vary any transaction) limit that is within the approved budget of the LTP, per bundle, for the 3 Waters Programme.

5. PROBITY

EY, the 3 Waters Programme Independent Advisor, has completed a review of the PMO's preparedness to deliver the Programme. This initial report and recommendations were endorsed and accepted by the Audit, Finance and Risk Committee in December 2018. EY will continue to provide assurance throughout the programme lifecycle, providing regular reporting to the Audit, Finance and Risk committee.

All procurement processes associated with the 3 Waters Programme will be overseen by the McHale Group, acting as an independent probity auditor.