

Lessons learned from one of New Zealand's most challenging civil engineering projects: rebuilding the earthquake damaged pipes, roads, bridges and retaining walls in the city of Christchurch 2011 - 2016.

Financial Management Plan

Story: Financial Management Plan

Theme: Finance and Business Systems

A document that outlines how timely and accurate information relating to estimating, actual project costs, future commitments, and total forecast cost, will be managed and reported for each project phase in the programme.

This document has been provided as an example of a tool that might be useful for other organisations undertaking complex disaster recovery or infrastructure rebuild programmes.

For more information about this document, visit www.scirtlearninglegacy.org.nz



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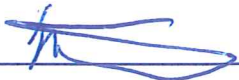

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Financial Management Plan

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ACRONYMS, ABBREVIATION'S AND DEFINITIONS

Term	Definition
AA	Alliance Agreement
AOC	Actual Outturn Cost
ADN	Alliance Defect Notice
BOARD	SCIRT Board of Directors
CCC	Christchurch City Council
CERA	Canterbury Earthquake Recovery Authority
CHIRP	Christchurch Horizontal Infrastructure Rebuild Programme (The Works)
DMP	Design Management Plan
DTL	Delivery Team Leader
EGM	Executive General Manager
EMP	Environmental Management Plan
EOC	Estimated Out-turn Cost
FAT	Factory Acceptance Test
FMP	Financial Management Plan
FOC	Forecast Out-turn Cost
FFC	Forecast Final Cost
GST	Goods and Services Tax
HIRAC	Hazard Identification, Risk Analysis and Control
HIRS	Horizontal Infrastructure Recovery Strategy
HRMP	Human Resources Management Plan
IDV	Independent Design Verifier
IE	Independent Estimator
IFA	Independent Financial Auditor
IRMO	Infrastructure Rebuild Management Office
IST	Integrated Services Team
ITP	Inspection and Test Plan
IWMS	Integrated Work Method Statements
JDE	JD Edwards Accounting System
KPI	Key Performance Indicator
KRA	Key Result Area
MT	Management Team
NZTA	New Zealand Transport Agency
NOP	Non Owner Participant
OPS	Overall Performance Score
PMP	Programme Management Plan
PMS	Programme Master Schedule
QMP	Quality Management Plan
RFQ	Request for Quote
SA	Supply Agreement
SAT	Site Acceptance Test
SCIRT	Stronger Christchurch Infrastructure Rebuild Team
SCHIRP	Stronger Christchurch Horizontal Infrastructure Rebuild Plan
SWG	Specialised Working Group
TLG	Tactical Leadership Group
TMTG	Tactical Management Traffic Group
TOC	Target Out-turn Cost
USC	Utility Service Coordinator

1. INTRODUCTION

1.1 PURPOSE

The Financial Management Plan (FMP) outlines how timely and accurate information relating to estimating, actual project costs, future commitments, and total forecast cost will be managed and reported for each project phase in the Programme.

1.2 OBJECTIVES

The Financial Management Plan (FMP) is critical in enabling the following Alliance Agreement (AA) objectives:

- b) Demonstrate best long run value for money;
- g) Do the right thing right, at the right time to the right standard every time. Complete the rebuild effort to prescribed standards with minimal rework;
- i) Incorporate ideas currently not known;
- k) Rebuild Christchurch ensuring the infrastructure sector maintain a sustainable market condition.

In addition the following management objectives rely on the processes described in this plan:

- Timely and accurate information on financial commitments to date
- Timely and accurate information on actual cost to date
- Timely and accurate information on forecast cost to complete

1.3 REQUIREMENTS

Legislative Requirements

SCIRT as an entity is operating under an unincorporated Joint Venture; therefore it will adhere to all applicable statutory New Zealand legislation. This includes, but is not limited to the Companies Act 1993 and the Commerce Act 1986.

AA Requirements

The Alliance Agreement, the Basis of Compensation, and the Joint Venture Agreement are the governing documents that outline:

- Costs that are reimbursable;
- Invoices and Payments, including GST;
- Audit of Financial Transactions; and
- Taxes and Duties.

1.4 RELATIONSHIP TO OTHER MANAGEMENT PLANS

As all the Management Plans involve activities which attract costs, all plans will interface with the Financial Management Plan. Generally all the plans will generate cost information through the Financial Management Processes and receive Cost Reports in return, in order to fulfil their specific reporting and cost management responsibilities.

Key functional interfaces of note include:

- The relationship with the Risk and Opportunity Plan which receives information from this plan on what risk allowances are included in Delivery TOCs and provides a figure for the programme-wide Risk Provision to be allowed in forecasting the Programme Estimated Out-turn Cost.
- The provision of cost performance information to the Procurement Plan to support that plan's Project Delivery Allocation process.

2. COST PRINCIPLES

The Alliance Services will be completed on a progressive basis across several cost categories, as follows:

- Integrated Service Team (IST), which will be performed on a cost reimbursable basis until such time as the scope of these services can be fully defined and under a three limb commercial framework against a Target Out-turn Cost (TOC) thereafter;
- All projects will be performed under a three limb commercial framework against a Target Out-turn Cost;
- Delivery team offsite P&G set annually under a three limb commercial framework against a Target Out-turn Cost;
- Other works performed on a cost reimbursable basis.

3. COMPENSATION TERMS

The Delivery Teams will be compensated for carrying out work in accordance with the following commercial framework:

- a) Limb 1: Net Actual Cost (for Projects and IST)
- b) Limb 2: Profit and Corporate Overhead (agreed mark-up %)
- c) Limb 3: Performance Based Payments

The processes and terms of payment for projects are described below, and in more detail within Schedule 7 of the AA.

4. THE COMMERCIAL FRAMEWORK

The inclusive commercial process is represented in Figure 1, and includes the following financial management areas:

- Asset Assessment and Project Scoping
- Estimating Management
- Allocation of Projects
- Progress Claims
- Project Changes
- Reporting
- Distribution of programme payments
- Project Completion
- Programme Completion

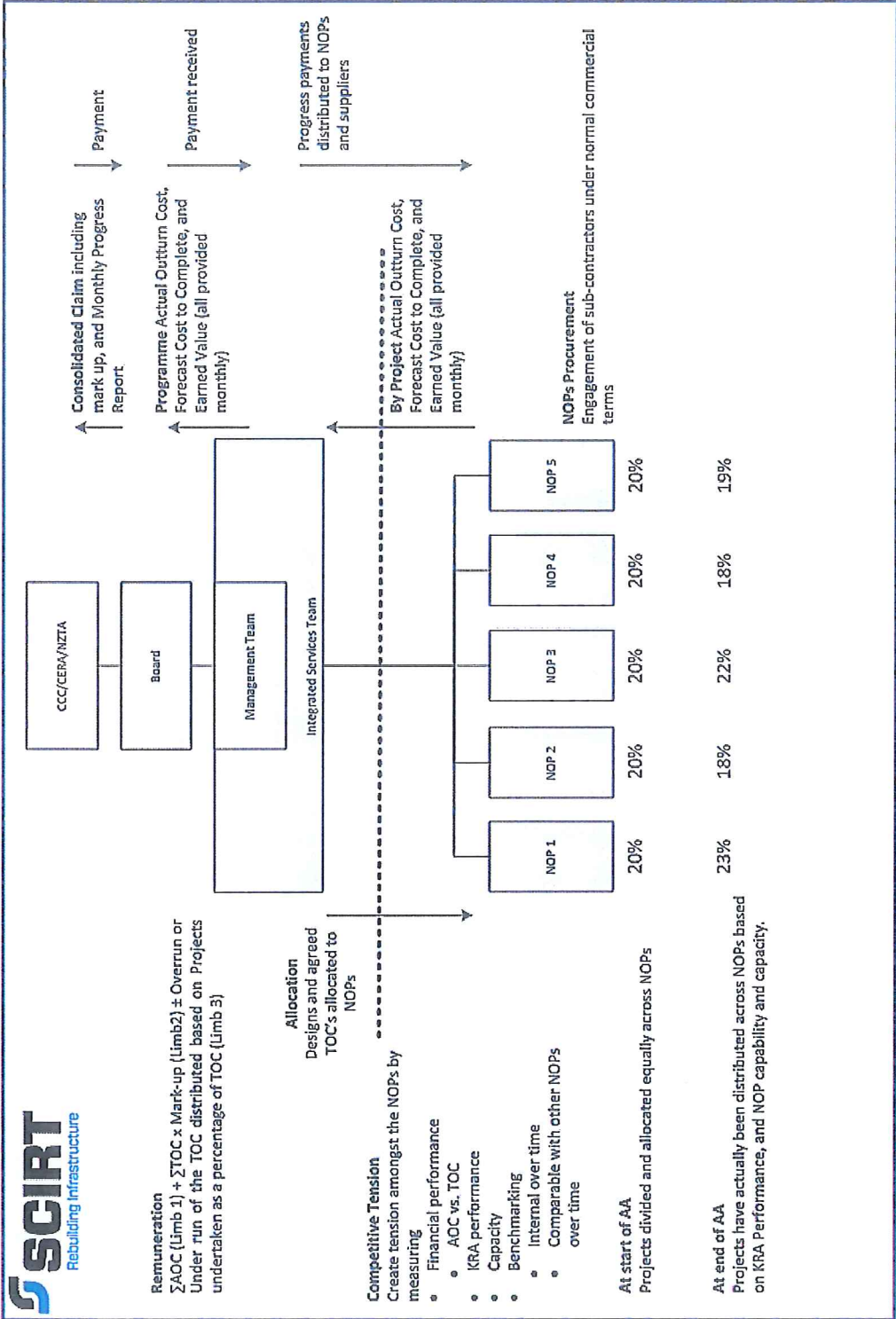


Figure 1. Commercial Framework for SCIRT

4.1 ASSET ASSESSMENT AND PROJECT SCOPING

Asset condition will be investigated and assessed, allowing projects to be identified and scoped by SCIRT. Based on the asset assessments completed, asset condition, network criticality and rebuild complexity will dictate project size and importance. Projects will be heavily influenced by sewer catchment areas, but may include standalone projects or arterial road projects.

All costs incurred in this stage will be treated as a separate Limb 1 "P&G Asset Assessment project(s)" and will (along with other P&G costs) include Limb 2 mark up. These costs will also be incorporated in the Asset Costs at project completion to allow for accurate depreciation accounting by CCC following programme completion. The distribution of these costs will be reviewed at regular intervals and adjusted during the programme term so that actual P&G costs to assets are proportioned appropriately.

4.2 ESTIMATING MANAGEMENT

The estimating of projects, including setting the Programme TOC, managing changes in Project TOCs, and Forecasting is outlined in the Estimating Management Plan.

4.3 ALLOCATION OF PROJECTS

The allocation of projects will be decided as per the agreed Procurement Management Plan.

4.4 PROJECT PROGRESS CLAIMS AND IST INVOICING

Delivery Teams

The Delivery Teams (Figure 2) are responsible for collecting all Limb 1 information with respect to Labour, Materials, Plant, Sub Contractor and On-site P&G costs for Construction Projects, and all IST related costs. These costs also need to be claimed as per the requirements of the AA and as outlined in Figure 2.

A monthly project progress claim for Limb 1 Actual Costs on a life to date basis will be submitted by each Delivery Team based on an agreed Claim Calendar (from dates outlined in the AA).

A monthly invoice, with appropriate supporting information, shall also be submitted for IST Limb 1 Actual Costs by each Delivery Team based on an agreed Claim Calendar (from dates outlined in the AA).

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Limb 2 entitlements will then be calculated by the IST Commercial Team, and claimed on a monthly basis from the Owner Participants, following a review of Limb 1 costs submitted.

Limb 3 pain/gain share will be calculated, claimed or reimbursed as per the AA.

Once the project is complete these costs will be broken down by the Bill of Quantities as per the Estimating Plan and allocated against client assets.

Reporting information of varying detail is also required at month end and during the month, including productivity, earned value, and forecast cost to complete.

Delivery Team Progress Claim and IST Invoice Submission

Delivery Teams must submit all claims and invoices as per the claim and payment timetable provided each year (as per timing requirements in the AA). Any Limb 2 claim will be made per IST claim to the Owner Participants and distributed to Delivery Teams based on the percentage of work completed. The coding structure of the claim is detailed in Appendix B.

SCIRT Payment Claim Submission

SCIRT must submit a combined Progress Payment Certificate to CCC and CERA on a monthly basis as per the agreed claim and payment timetable, signed by the Executive General Manager, Commercial Manager and Finance Manager.

Progress Payments are Provisional

All progress payments will be provisional payments on account only and subject to verification audit by the External Alliance Auditor, at the Owner Participants discretion. Any under payment or over payment determined by the External Alliance Auditor will be formally reported to the Executive General Manager. If the Executive General Manager disagrees with the conclusions in that report they will respond within 10 working days, seeking to resolve the disagreement. If the Executive General Manager does not respond within this timeframe or the findings of the External Alliance Auditor are accepted by the Executive General Manager, the under-payment or over-payment determined by the External Alliance Auditor is to be incorporated in the next progress claim after expiry of the response period.

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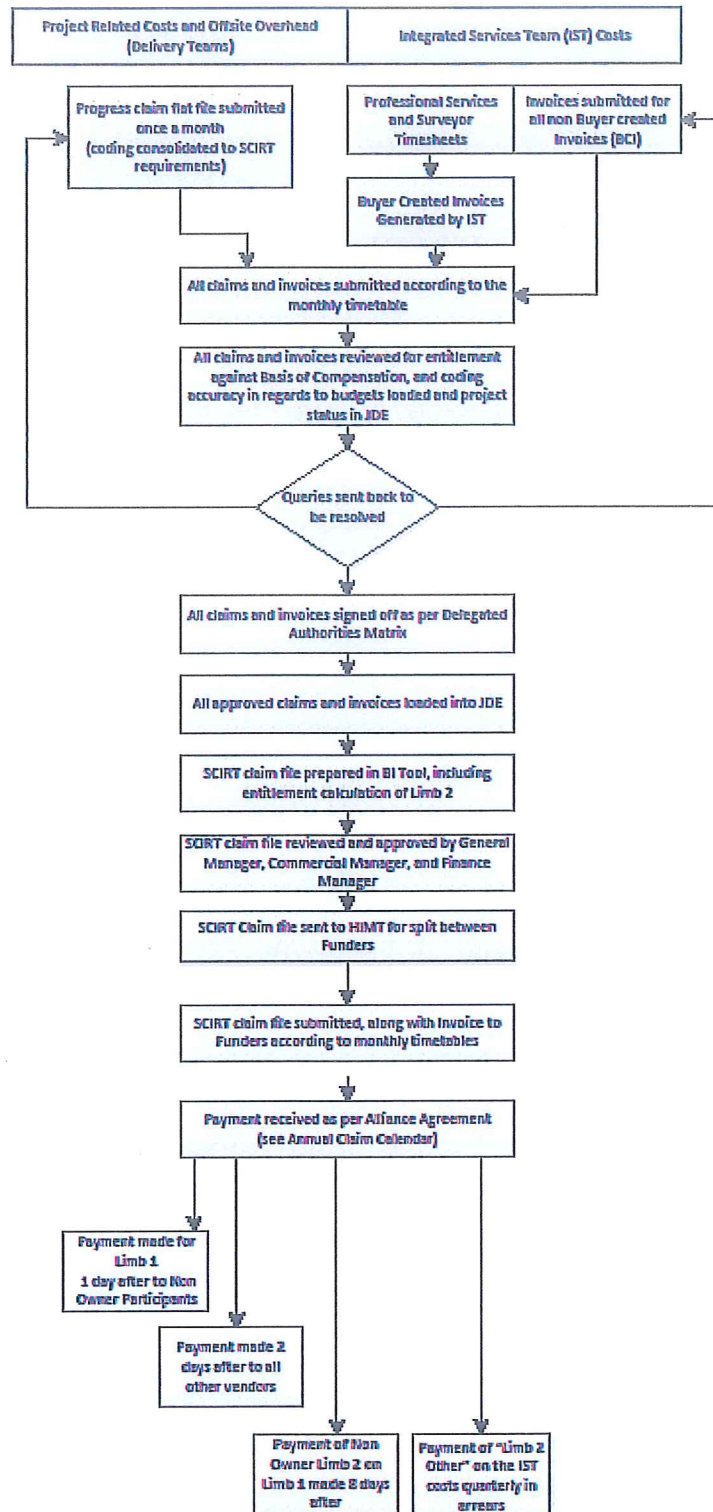


Figure 2. The Progress Claim Process.

4.5 PROJECT CHANGES

The Project TOC may be increased or decreased, by the amount of the estimate accepted by the Executive General Manager for each Work Scope Change approved. The nature of this Alliance is such that the TOC for each Project is expected to be developed and approved on a progressive basis. The Work Scope Change process is outlined in the Estimating Management Plan.

There will be no adjustments to the Baseline Completion Date for any Project otherwise than as described in the Schedule Management Plan.

4.6 REPORTING

As part of the obligations under the AA, the Delivery Teams and SCIRT must report the following on a regular basis:

Phase	By Individual Project	Consolidated Programme
Asset Assessment	Actual Cost Programme Forecast Cost to Complete by assessment type (e.g. CCTV, manhole survey, etc)	Actual Cost Programme Forecast Cost to Complete by assessment type (e.g. CCTV, manhole survey, etc)
Design	Actual Outturn Costs Approved changes in Budget Forecast Cost to Complete, Variance Reporting, Final Forecast Cost against agreed Budget.	Actual Outturn Costs Approved changes in Budget Forecast Cost to Complete, Variance Reporting, Final Forecast Cost against agreed Budget.
Delivery	Actual Outturn Costs Approved changes in TOC Forecast Cost to Complete, Variance Reporting, Final Forecast Cost against agreed TOC.	Actual Outturn Costs Approved changes in TOC Forecast Cost to Complete, Variance Reporting, Final Forecast Cost against agreed TOC.
Completed Projects	Final Actual Outturn Cost Variance against TOC	Final Cost Variance against TOC

Monthly Requirement	By P&G Area	Consolidated Team
IST	Actual Cost against Budget	Actual Cost against Budget

Information and Data

In order to meet the obligations of the AA and provide visibility to all stakeholders associated with the rebuild programme, the Alliance will produce a suite of reports in different formats. The responsibility for the creation and maintenance of all reports lies with the Commercial team, whilst responsibility for the collection and submission of data lies with the Delivery Teams.

The Alliance will collect and collate data from a range of sources which will then be presented in a simple to understand format that is consistent, accurate and current. The collection and maintenance of data are a critical part in delivering the information needs of stakeholders.

HiViz

An integrated data warehouse provides a single source of the truth by aggregating data from SCIRTs key operational systems including Project Centre and JDE. The HiViz web front end is a bespoke reporting engine which provides secure access for IST staff, Delivery Teams and Clients to view and download a growing amount of detailed information pertaining to all aspects of the SCIRT programme.

AA Reporting Requirements

As well as the capture and measurement of KPIs and KRAs which are detailed in the AA, each SCIRT Management Team member will define standard reporting requirements for the Alliance as a whole and for the teams within the Alliance. SCIRT will also gather specific reporting requirements from the following key stakeholders, Christchurch City Council, NZTA and CERA.

There will also be available ad-hoc reports to answer specific issues/questions. The need for Contractors, Subcontractors and Suppliers to perform KPI performance monitoring, outside of standard contractual arrangements will be reviewed by the Commercial Manager from time to time during construction.

Management of Reports

Each report will be documented to articulate assumptions, data source, business and functional requirements and methodology so that the same report can be re-created independently from an audit perspective.

As each standard report is created, the results will be tested and reconciled with other information/report results to ensure consistency, accuracy and currency.

A catalogue of reports will be maintained which will capture the report title, report purpose, audience, creator etc. Standard reports will be published and distributed through Project Centre to record who reports were sent to and when reports were sent.

4.7 DISTRIBUTION OF PROGRAMME PAYMENTS

Payment to SCIRT Joint Venture Account

On the Wednesday, on or before the 20th of the month, the Progress Claim Certificate amount due is to be paid by the clients into the SCIRT Joint Venture Account.

Payments to Non-owner Participants

One working day after clearance of the deposit in the SCIRT Joint Venture Account, each Delivery Teams allocation of the certified (Limb 1) amount is to be paid from the account into each Delivery Team account.

Two working days after clearance of the deposit in the SCIRT Joint Venture Account, all remaining vendors invoices (e.g. IST costs and other Asset Assessment Costs) will be paid from the account.

On the last Thursday of the month after clearance of the deposit in the SCIRT Joint Venture Account, each Delivery Teams allocation of the agreed mark-up on their direct costs is to be paid from the account into each Delivery Team account.

Each Delivery Team's allocation of the agreed mark-up on IST costs not directly related to a NOP is to be paid from the account into each Delivery Team account on the last Thursday of the month, three months in arrears.

Payments to Non-owner Participant's Suppliers & Subcontractors

Delivery Teams are responsible for the timing and amount of payments due to their Suppliers and Subcontractors as per their respective commercial agreements.

4.8 PROJECT COMPLETION

Practical Completion

The Delivery Teams are required to notify SCIRT when a project has reached Project Practical Completion, including submitting minor outstanding works and a list of defects. IST will confirm that all requirements are met before the Executive General Manager can sign off the Certificate of Project Practical Completion. As part of practical completion the agreed list of documents shall also be provided to CCC/NZTA and then entered into TRIM.

Project Completion

The Executive General Manager is required to submit a Certificate of Project Final Completion to the clients.

4.9 PROGRAMME COMPLETION

Programme Practical Completion Payment

The timetable for payment prescribed above shall not apply to the Programme Practical Completion Payment Claim, which shall be submitted no earlier than the month following the month of issue of the Programme Practical Completion Certificate. This Payment Claim will be subject to a final verification audit by the External Alliance Auditor, at the clients' discretion, but within 21 days of Payment Claim Submission Date. Any decision by the client to initiate a verification audit of this claim must be advised to the Delivery Teams within 7 days of submission of the Payment Claim.

Any under payment or over payment determined by the External Alliance Auditor will subsequently be formally reported to the Executive General Manager. If the Executive General Manager disagrees with the conclusions in that report they shall respond within 21 days, seeking to resolve the disagreement and have this resolution reflected in Part 1 of the Payment Certificate.

In the event there is no disagreement notified within 21 days; a partially completed Programme Practical Completion Payment Certificate will then be issued to the SCIRT Board by the Executive General Manager. Within 21 days after the SCIRT Board receives the partially completed Practical Completion Payment Certificate:

- The SCIRT Board will make a determination of the amount owing to or owed by the client as the case may be;
- The SCIRT Board Members will correct Part 1 as necessary and sign Part 2 of the Practical Completion Payment Certificate.

Any amount due on this Programme Practical Completion Payment Certificate will be paid by the relevant Alliance Participant within a further 21 days after the date of issue of the signed Practical Completion Payment Certificate to the Executive General Manager.

Programme Final Payment

The timetable for payment prescribed above shall not apply to the payment of the Final Payment Claim. A Final Payment Claim will be clearly labelled as such and will be subject to a final verification audit by the External Alliance Auditor, at the client's discretion. Any decision by the client to initiate a final verification audit must be advised to the Delivery Teams (Non Owner Participants) within 7 days of submission of the Final Payment Claim. Any under payment or over payment determined by the External Alliance Auditor will be formally reported to the Executive General Manager.

If the Executive General Manager disagrees with the conclusions in that report they are to respond within 21 days, seeking to resolve the disagreement and have this resolution reflected in Part 1 of the Payment Certificate.

In the event there is no disagreement notified within 21 days; a partially completed Final Payment Certificate will then be issued to the SCIRT Board.

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Within 21 days after the SCIRT Board receives the partially completed Final Payment Certificate:

- The SCIRT Board will make a determination of the amount owing to or owed by the client as the case may be; and
- The SCIRT Board Members will correct Part 1 as necessary and sign Part 2 of the Final Payment Certificate.

Any amount due on the Final Payment Certificate will be paid by the relevant Alliance Participant within a further 20 working days after the date of issue of the Final Payment Certificate to the Executive General Manager.

5. JDE CODING STRUCTURE

JDE will administer the financial functions and transaction detail for SCIRT. JDE structures the SCIRT JV in the following manner (also see Appendix A):

Company > Department > Main Project > Sub Project > GL Code

All expenses and claims will be charged to a seven digit project number and four digit GL code:

eg. 1000187.9211 (commercial team salaries)

5.1 DEPARTMENT LEVEL

The SCIRT structure consists of 7 departments:

10001 IST

The main function of IST department will be to capture IST preliminary and general (P&G) expenses within an IST project, house all investigation jobs and submit a progress claim to the clients on a monthly basis.

The specific expenses incurred by SCIRT will be broken down into staff, facility, communication, advertising, stationery and general expense groups at GL code level.

IST Project

The IST main project number is 10001. This has been broken into the following sub-projects by work area:

IST P&G General	1000185
SMT	1000186
Commercial	1000187
Professional Services	1000188
Delivery	1000189
QHSE	1000190

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Human Resources	1000191
Communications	1000192
SCIRT Board	1000193
Resource Coordinators Group (RCG)	1000194

Each month SCIRT will submit a monthly claim to the clients. The drilldown and roll-up nature of JDE will allow for efficient aggregation of expenses and a total claimable amount.

All investigation projects will be housed in the IST department, the project numbers will be allocated as they arise in a numerical order from 17000.

20001 City Care

This department will capture City Care P&G expenses under a specific 'P&G' project. When City Care is allocated a project (to own), the project will belong to this department resulting in Delivery Team ownership, comparability and transparency of project work.

20002 City Care Retentions

The amounts withheld from subcontractors as a normal part of contract management are coded to this project.

30001 Downer

This department will capture Downer P&G expenses under a specific 'P&G' project. When Downer is allocated a project (to own), the project will belong to this department resulting in Delivery Team ownership, comparability and transparency of project work.

30002 Downer Retentions

The amounts withheld from subcontractors as a normal part of contract management are coded to this project.

40001 Fulton Hogan

This department will capture Fulton Hogan P&G expenses under a specific 'P&G' project. When Fulton Hogan is allocated a project (to own), the project will belong to this department resulting in Delivery Team ownership, comparability and transparency of project work.

40002 Fulton Hogan Retentions

The amounts withheld from subcontractors as a normal part of contract management are coded to this project.

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53001 MacDow

This department will capture *MacDow* P&G expenses under a specific 'P&G' project. When *MacDow* is allocated a project (to own), the project will belong to this department resulting in Delivery Team ownership, comparability and transparency of project work.

53002 MacDow Retentions

The amounts withheld from subcontractors as a normal part of contract management are coded to this project.

56001 The Fletcher Construction Company (Fletchers)

This department will capture *Fletcher* P&G expenses under a specific 'P&G' project. When *Fletcher* is allocated a project (to own), the project will belong to this department resulting in Delivery Team ownership, comparability and transparency of project work.

56002 The Fletcher Construction Company Retentions

The amounts withheld from subcontractors as a normal part of contract management are coded to this project.

5.2 PROJECT LEVEL

All projects including onsite P&G Projects will be subject to similar Project Cost Management Disciplines including TOC, cost tracking and forecasting including variance reporting.

P&G projects will be subject to the TOC process as required by the AA.

Physical Projects

All work will be undertaken as discrete "projects" within the Programme to provide for simple and consistent accounting. Where practicable and efficient, costs will be assigned directly to actual physical works projects by the following GL Codes: labour, materials, plant, subcontractors, consultants and onsite P&G.

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All physical projects will contain the following sub jobs:

Sub projects	
Asset Assessment	01
Scope	05
Design Types	
Concept Design	10
Detailed Design	15
Network Guidelines	16
DG43A - 1	17
Design Project Management/Eng Rep	20
Hand-Over	70
Client Insurance Review (IST use only)	21
Client Direct Supply (IST use only)	24
Construction Asset Types	
Waste Water Reticulation	25
Waste Water Pump Stations	30
Water Supply	35
Water Supply Pump Stns/Reservoir	40
Wells	41
Private Laterals	42
Transport - Roding (structures)	45
Storm Water Reticulation	50
Storm Water Pump Stations	55
Parks	60
Transport - NZTA Roding	65
Costs After WTP Cost Notification	74
Defect Liability Period	75
General Overhead	85
Shared Utilities Asset Types	
Utility - Contact Assets	79
Utility - Orion Assets	95
Utility - Enable Assets	96
Utility - Telecom/Chorus Assets	97
Utility - Telstra/Vodafone Assets	98

Further detail in on the split of Asset types coding is available in Appendix C

Shared Utility Assets will only track the costs relating to projects where the utility owner is funding the work,

6. INSURANCE

Following a selection process, Marsh Limited, were chosen as SCIRTs Insurance Brokers.

SCIRT has in place Contract Works Insurance, Public Liability Insurance and Professional Indemnity Insurance in the joint names of the Alliance Participants. The original terms of

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the policies were approved by the SCIRT Board, and unless agreed otherwise all policies shall meet the specific requirements set out in the AA.

While the programme has global policies covering construction activities, Subcontractors are encouraged to take reasonable mitigation steps to avoid claims through exposure to the deductibles payable if an event occurs.

Insurance of Employees

Each Delivery Team shall maintain insurances until the Date of Final Programme Completion against liability for death of or injury to its employees, as required by Act of Parliament (including but without limiting the generality of that statement, the Accident Compensation Act 2001) or by any Regulations made under such Act, and shall ensure that all premiums, levies or contributions are fully paid by the due date. Delivery Teams shall ensure that every Subcontractor is similarly insured.

Motor Vehicle Insurance

Each Alliance Participant will take out and maintain motor vehicle liability insurances until the Date of Final Programme Completion for third party property damage and for personal injury in respect of all motor vehicles used by the Delivery Team in carrying out the Alliance Services. Delivery Teams shall ensure that every Subcontractor is similarly insured.

Construction Plant Insurance

Each Delivery Team will take out and maintain plant insurances until the Date of Final Programme Completion for accidental damage, third party property damage and for personal injury in respect of all plant used by the Delivery Team in carrying out the Alliance Services. Delivery Teams shall ensure that every Subcontractor is similarly insured.

Notices from or to the Insurer

A Delivery Team must, in respect of the insurances it is responsible for arranging pursuant to the AA, notify the other Delivery Teams and SCIRT as soon as practicable whenever an insurer gives a notice of cancellation.

The Delivery Team must, as soon as practicable, inform the SCIRT Board and IST in writing of any occurrence relating to the Alliance services or this AA that may give rise to a claim under a policy of insurance and must keep the IST informed of subsequent developments concerning the claim.

The Delivery Teams must also ensure that Subcontractors engaged in connection with the Alliance Programme similarly inform IST and the SCIRT Board is kept informed in respect of their operations.

7. PERFORMANCE MONITORING AND EVALUATION

7.1 MONITORING

A systematic monitoring and measuring process involving internal verification activities will be undertaken to;

- Identify poor performance against the requirements and objectives
- Provide an ongoing risk management process to independently assess project risks that may influence project objectives.

The monitoring and measuring process to be utilised include;

- Audits by the Alliance Auditor,
- Reviews conducted by the SCIRT Commercial Team,
- Peer Reviews of Delivery Teams.

The following documents relevant to monitoring shall be maintained by the Commercial Team:

- Review reports, including actions requiring mitigation, which shall be transmitted in Project Centre, and tracked to satisfactory conclusion,
- Any other relevant documentation (e.g. supplier agreements, etc)

In addition, should any member of the Alliance have specific issues regarding the status of the accounts, the manager of the group is to advise the Commercial Manager or, if required, set up a review meeting to formally resolve the issue.

Should there be an apparent non-compliance or non-conformance (quality) issue, the Quality Manager or their representative is to be notified and a NCR raised as per the Quality System.

7.2 EVALUATION

The results obtained from monitoring and measuring will be evaluated to

- Correct poor performance
- Identify the reasons for poor performance
- Address the potential likelihood of future poor performance

From the monitoring activities, conformity with the processes and procedure in the management plan set will be evaluated. Non-conformances will be identified and addressed utilising the systems defined in the Quality Management Plan.

Also the results of monitoring will be evaluated against the programme objectives and targets to identify opportunities for improvement, again, addressed utilising the systems defined in the Quality Management Plan.

These evaluation processes will operate independently of any internal or external audit/review function, and are a core management responsibility.

The topics of non-conformance and opportunities for improvement will be agenda items in regular management meetings and significant issues discussed in reports (see reporting section)

8. MANAGEMENT PLAN CONTROL

8.1 AUTHORISATION

Initial authorisation is in accordance with the AA, Section 6.1.1. All plans are also authorised by the EGM and will be submitted to the SCIRT Board for approval in the first SCIRT Board meeting following the execution of the AA.

Subsequent revisions to plans will be authorised by the EGM unless the EGM deems the revision requires endorsement by the SCIRT Board.

8.2 DISTRIBUTION

The Plan is a controlled document and shall be distributed and revised in accordance with the SCIRT Quality Management Plan. Hardcopies are Un-Controlled copies. The Controlled copies are maintained in "Project Centre" which is a secure website which supports various project management functions for the Programme including "configuration management" i.e. version control of documents.

8.3 AUDITING

External Audits of Costs

Independent Audits will be carried out by External Alliance Auditors as required to check the veracity of actual costs within the SCIRT or Delivery Team Accounts.

Internal Audits (System)

Systematic internal audits will be undertaken to monitor the Plan for suitability, relevance and effectiveness. The auditor will be a person who is independent of the activity being audited.

The appointed auditors will present all Delivery Team's with a standard compliance audit report.

Refer to Quality Management Plan for relevant details regarding system audits.

8.4 MANAGEMENT PLAN REVIEW AND REVISION

This management plan is a dynamic document that is current at the time of issue. The process for monitoring and review of the Plan or its implementation and operation are detailed within the SCIRT Quality Plan.

The quality of the information produced under this plan will be measured to assess the effectiveness of the management plan and may initiate a review and revision of the management plan.

Site management will conduct a reassessment of the plan for the purpose of continuous Improvement. The review will consider the results of management monitoring, audit results, analysis of data, corrective and preventive actions as well as feedback from the SCIRT Board, MT, IST, Design Team, Delivery Teams and site personnel. The frequency of the review will typically be as detailed in the Review and Audit section of the Quality Plan

Implementation of resolutions from the review will contribute to continuous Improvement.

Revisions to any management plan will always involve the Quality Manager who will take responsibility for ensuring the management plan set remains co-ordinated when revisions occur.

The document may be revised and updated in response to areas identified for improvement, such as;

- Changes in the Requirements and Minimum Standards defined in the AA
- Substantial changes in design or scope, construction sequence, staging, methodology, process or resource
- Requests by any Statutory Authority
- Internal and external audits
- Suggestions and comments from personnel
- Preventative action following a non-conformance
- Necessity for corrective action
- Senior management review
- Recommendations of the External Alliance Auditor, Independent Estimator or Strategic Review Panel

8.5 FRAUD RESPONSE

The Fraud response plan defines the organisational scope that it applies to, the definition of fraud and the expected response to any potential fraud identified. This has been included in Appendix A of this document for reference.

9. RECORDS AND REPORTING

9.1 PROJECT INFORMATION, DATA & RECORDS MANAGEMENT

The primary location for soft copy filing of all documents and correspondence is in the SCIRT Project Centre system.

For management, storage and archiving of project data please refer to the Administration Plan. For IT Systems, including support, security, licenses and usage, please refer to the Administration Plan.

The following records are required to demonstrate compliance with this procedure:

The following is a list of Procedures, Forms, Processes and other plan documentation referenced in this Financial Management Plan. This list may be updated at any stage throughout the course of the project.

9.2 REPORTING

SCIRT will provide a monthly progress report to the SCIRT Board. The Financial Management Plan will contribute to this report as outlined below

Programme-level report

Report Element	Contribution from Financial Management
SCIRT performance measured as aggregate FFC vs TOC	Σ FFC and Σ TOC reported from JDE
Delivery Teams Performance measured as FFCs vs TOCs	Σ FFC and Σ TOC for each Delivery Team reported from JDE
Project Delivery Allocation split among Delivery Teams	Provide life to date split based on committed Σ TOC value
Design Team Performance measured as Design work completed	By project Design Team, Design TOCs.
Change in Programme Estimated Out-Turn Cost or Programme Target Completion Date (if any)	Current Estimated Out-turn Cost will be reported from JDE.

Project-level report

Report Element	Contribution from Financial Management
Design/ Delivery Progress for the period expressed on an "Earned Value" basis	Actual Costs to date reported

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Design/Delivery Team performance measured as Forecast vs Target	FFC and TOC reported
Change (if any) in Forecast Cost, Forecast Completion Date or Targets	FFC and TOC reported

Report Details

The Administration Plan includes a reporting section describing report design and documentation protocols

10. ROLES AND RESPONSIBILITIES

Each Delivery Team will be responsible for submitting information to SCIRT in the agreed format within the agreed timeframe. Failure to submit information on time or in the correct format means delays in payment or no payment. Responsibilities include:

	Activity	Organisation Responsible	Person Responsible
1	Submission of data to SCIRT in correct format with agreed timeframes	Delivery Teams	Delivery Team Commercial Manager
2	Submission of Delivery Team Claims to Clients	SCIRT	SCIRT Commercial Manager
3	Payment to Delivery Teams	SCIRT	SCIRT Commercial Manager
4	Monthly Reporting	SCIRT	Commercial Team
5	Auditing and Performance Reviews	SCIRT and Alliance Auditors	All Commercial Managers and Alliance Auditor Personnel

APPENDIX A - SCIRT FRAUD RESPONSE PLAN

1 PURPOSE

The integrity of Stronger Christchurch Infrastructure Rebuild Team (SCIRT) and its staff is critical to it giving the people of Christchurch and New Zealand confidence and security in the work it is delivering. SCIRT therefore requires all staff working for them to act at all times in an ethical and honest manner. It will not and does not tolerate fraud and the concealment of fraud.

The purpose of this plan is therefore to address the risk of fraud and to lay out the actions that SCIRT will take when any suspected fraud is reported or discovered.

2 ORGANISATIONAL SCOPE

The plan applies to the following areas across SCIRT:

- a) All personnel seconded from all home organisations into the Integrated Services Team, including all departments (Design, Professional Services, Commercial, Estimating, Human Resources, Value for Money, Stakeholder Communications, Senior Management & Admin, Safety, Quality and Environmental and Asset Assessment);
- b) All personnel directly employed by the Delivery Teams (City Care, Downer, Fulton Hogan, The Fletcher Construction Company, and MacDow) and all their subcontractors and suppliers;
- c) Any other persons or organisations providing services direct to SCIRT (e.g. independent contractors, consultants, surveyors, and suppliers); and
- d) Complements any existing policies and/or procedures (where available) in the home organisations.

3 DEFINITIONS

For purposes of this plan, unless otherwise stated, the following definitions shall apply:

Fraud is defined as any dishonest act or omission that causes loss to SCIRT or results in an unauthorised benefit or advantage, whether to the person acting or omitting or to a third person; and is deliberate or reckless in relation to the harm caused or the benefit or advantage obtained.

Fraud includes, but is not limited to:

- a) Forgery or alteration of documents;
- b) Misappropriation of SCIRT property;
- c) Deliberately altering or reporting incorrect financial or personal information;

FINANCIAL MANAGEMENT PLAN

- d) Soliciting gifts from vendors, consultants or contractors doing business with SCIRT;
- e) Unauthorised use of SCIRT property, equipment, materials or records for personal advantage or gain;
- f) Authorising or receiving payment for goods or services not received or performed;
- g) Authorising or receiving payment for time not worked;
- h) Any claim for reimbursement of expenses that are not incurred for the benefit SCIRT;
- i) Fabrication or falsification of data, or other dishonest practices;
- j) Bribery; and
- k) Identity theft.

4 RESPONSE PLAN CONTENT AND GUIDELINES

Duty to Report

- a) An individual who is aware of or suspects fraudulent activity must promptly report such activity to the SCIRT Commercial Manager or the SCIRT Human Resources Manager;
- b) An individual who reports a suspicion of fraud regarding another individual or the organisation in good faith will in no circumstances be threatened, intimidated, or dismissed because he or she acted in accordance with this plan;
- c) The SCIRT Commercial Manager or the SCIRT Human Resources Manager will notify the SCIRT Executive General Manager and the individual(s) home organisation Human Resources Manager and nominated Senior Manager of the suspected fraud; and
- d) If the SCIRT Executive General Manager determines that an investigation is warranted, the SCIRT Board shall be notified and an investigation team will be established.

Investigations

- a) The investigation team will be responsible for collecting all relevant information in respect of the fraud allegation;
- b) Depending on the nature and seriousness of the alleged fraud, the Investigation Team may consult with, or engage the services of, other persons (such as independent technical experts with IT or forensic accounting skills) as well as external agencies (e.g. the Police);
- c) The investigation team will have:

FINANCIAL MANAGEMENT PLAN

- i. Free and unrestricted access to all records and premises deemed necessary and related to the investigation by the SCIRT Executive General Manager, whether owned or rented;
- ii. The authority to examine, copy, and/or remove all, or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities, within the scope of the investigation;
- iii. If the investigation team concludes that the evidence it has collected does not support the allegation of fraud, where appropriate that outcome may be reported confidentially to the individual who was suspected of fraud and to the complainant. A confidential report will be provided to the SCIRT Executive General Manager as appropriate that sets out the investigation process undertaken and the conclusions reached. The disclosure of that report or any part of that report to any other person will be determined by the SCIRT Executive General Manager; and
- iv. If the investigation team concludes that there is sufficient evidence to support the allegation, it will provide the SCIRT Executive General Manager with a confidential report which includes a recommended course of action and any recommended improvements to internal controls that are identified as a result of the investigation. A summary of this report will be provided to the SCIRT board.

Disciplinary Processes

The home organisation(s) will follow their own disciplinary procedures (set out in their Policy and Procedures, and/or employee agreements) in respect of person(s) suspected of having committed fraud. If required, SCIRT may provide additional support, only after it has been requested by the home organisation.

Actions Following Proved Fraud

Where a suspected fraud is proved, SCIRT will:

- a) Direct the manager of the area where the fraud has taken place, to put controls into place to mitigate further losses and prevent reoccurrence of similar misconduct.
- b) Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud;
- c) Advise SCIRT's insurers as appropriate (depending on the nature of the fraud);
- d) Keep all other relevant personnel suitably informed about the incident, including the Communication and Stakeholder Manager.

Recovery of Loss

Recovering losses of money or property is a major objective of SCIRT following any fraud investigation. The amount of any loss will be quantified as far as possible and repayment or reparation will normally be sought.

4.1.6 Dealing with the Media

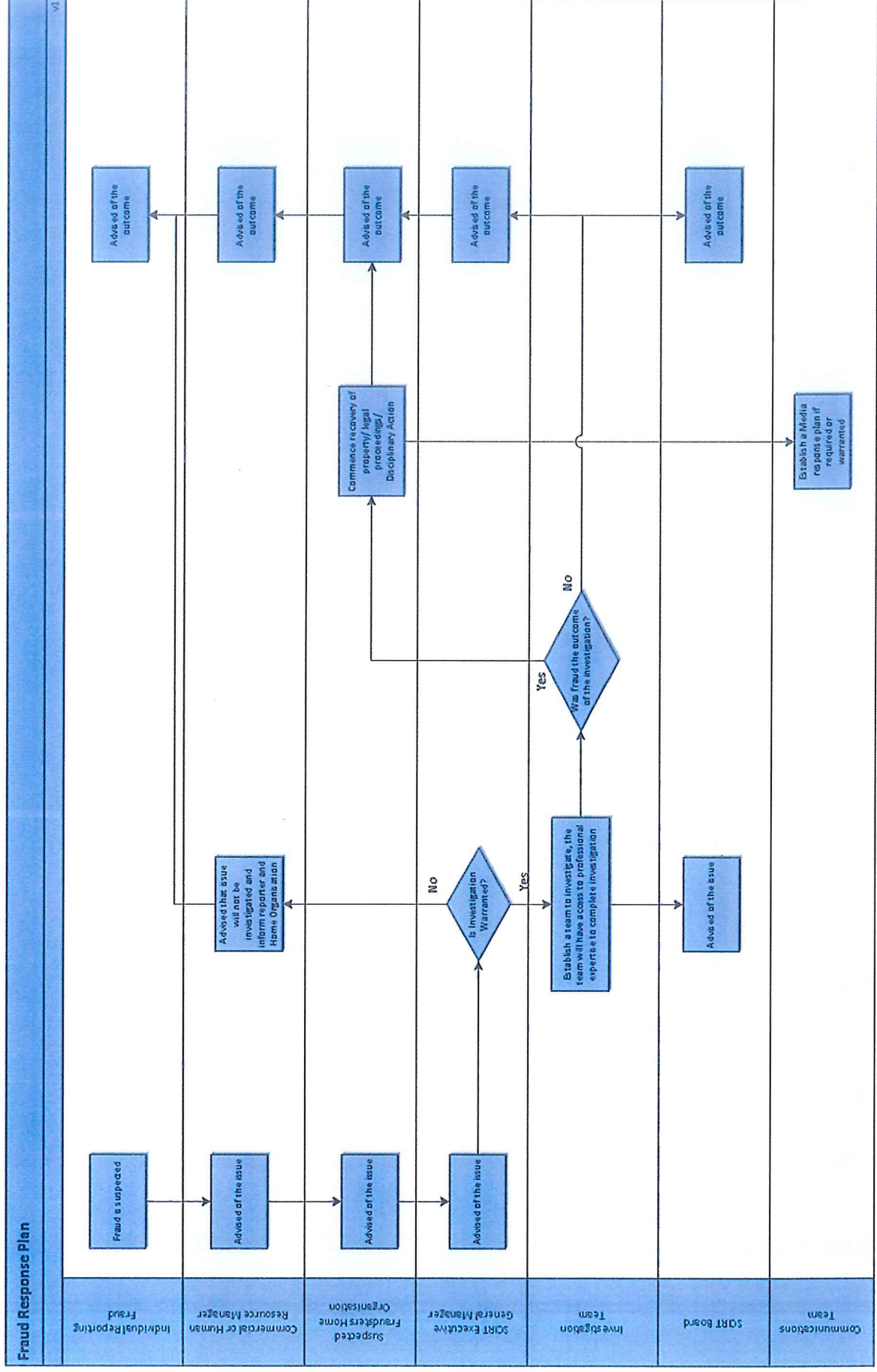
Any person contacted by the media with respect to any fraud investigation shall refer the media to the SCIRT Communication and Stakeholder Manager or the Executive General Manager.

5 LEGISLATIVE COMPLIANCE

All the information that SCIRT creates and manages is discoverable, and as such the following legislation is relevant:

- Crimes Act 1961
- Official Information Act 1982
- Protected Disclosures Act 2000

FRAUD RESPONSE – FLOW CHART



APPENDIX B – CODING STRUCTURE

SCIRT Invoice Coding Structure									
Overhead Departments									
SCIRT Integrated Team									
City Care									
Downer									
Fulton Hogan									
MacDow / Fletcher									
McConnell Dowell									
Petcher									
Special Projects									
IV Non-Chargeable									
Mark-up									
Asset Assessment									
Assets Assessment Projects									
Asset Assessment Investigation Activities on begin at 17030									
Subcatchments									
See SCIRT job numbers for catchments & subcatchments									
Design (10, 15, 20 & 70) and Construction (24, 25-65, 85-99) Projects									
Design and Construction Projects begin at 10300									
For any asset assessment work during Design of Labour Design Time Cost must go to the subcatchment project numbers (e.g. 17xx)									
Construction Projects include the following:									
Catchment Studies									
CCC Capital Works									
Fast Track									
Immediate									
Minor Works									
Standard									
Use Project Centre for Project Classification									
Programme Overheads									
Integrated Services Team Overhead									
Excludes Asset Assessment									
Excludes Project Definition									
Includes Smt Mgmt Team, Commercial, Delivery, SOE									
Communications, & Professional Services									
RMO Smt Cost Contractor Overheads									
ELUE Design Team Overhead									
ORANGE Design Team Overhead									
RED Design Team Overhead									
YELLOW Design Team Overhead									
Project Definition Overheads									
Asset Assessment Overheads									
Delivery Team Overhead									
City Care Overheads									
City Care Retentions									
Downer Overheads									
Downer Retentions									
Fulton Hogan Overheads									
Fulton Hogan Retentions									
MacDow / Fletcher Overheads									
MacDow / Fletcher Retentions									
McConnell Dowell Overheads									
McConnell Dowell Retentions									
Fletcher Overheads									
Fletcher Retentions									
SCIRT IV Non-chargeable/claimable costs									

APPENDIX C – ASSET CODING SPLIT

Subject: Asset Cost Allocation

During January 2015 inconsistencies have appeared around how costs and TOC's have been allocated to asset classes. To establish and clarify the rules this sets out the basic principles that teams should use for coding.

1. Storm water and Roading – refer to DG11 a copy of which has been attached to this document. Note that the diagram on the last page when printed in colour illustrates how assets should be split.
2. Any costs incurred to repair one asset type reside with that asset, for instance;
 - a. A waste water repair project with spend on storm water to facilitate the repair should be coded to the WW asset.
 - b. Costs of moving an Orion asset while working on a retaining wall are part of the retaining wall.
 - c. Costs of repairing a footpath while working on a retaining wall are part of the retaining wall.
3. Utilities includes asset types 95, 79, 96, 97 & 98 – these should only be used if these costs are directly ordered and funded by the utility owner.
4. Costs incurred on different asset types that are grouped into a project and completed for scheduling or size convenience are attributed to the separate asset types.
5. The construction TOC includes an allowance for risk and escalation under asset type 85 (General overheads). If actual costs are incurred for these items they will be coded against the asset class rather than General Overheads.

Number: 11
Design Group: GEN
Revision: 0
Original: 13/07/2012

~~Wastewater~~ ~~Stormwater~~ ~~Geotechnical~~
~~Structures~~ ~~Roading~~ ~~Water Reticulation~~

Subject: Ownership of Stormwater Assets

Original: Richard Bailey

Approved: Steve McNeill

Updated by:

Keywords: Assets, roading, stormwater, drainage, bill of quantities

1. Purpose of guideline

To assist designers in the development of the Bill of Quantities, identifying stormwater assets that are part of the Roading section of the BOQ.

2. Background

There has been confusion identifying where the assets belong.

3. Recommendation

Roading Assets:

- All kerb and channel – incl. kerb only, median kerb, v-channel (e.g. back of path), slot drains, etc.
- Field tile lines and other subsoil drain
- House connection inspection boxes
- House connections to the boundary
- Under channel pipe $\leq 375\text{mm } \varnothing$ including those beneath v channels (including concrete protection)
- Sump connections $\leq 375\text{mm } \varnothing$ except where it is the first length of the Stormwater network
- Sumps, sump tops and grates
- Sump to manhole connections (excludes connections directly to outfall)
- Culverts where there is natural open water upstream and/or downstream of the culvert i.e. not fully piped through adjacent land or a timbered open drain.
- Any culvert or bridge crossing the road. This includes any head walls, manholes and sumps that are part of the culvert or bridge.
- Siphons and siphon inlet/outlet structures i.e. "Bubble up" systems

Components of the network that may be ambiguous are generally Stormwater assets (not maintained by Roads):

SCIRT GL 011 Rev 0

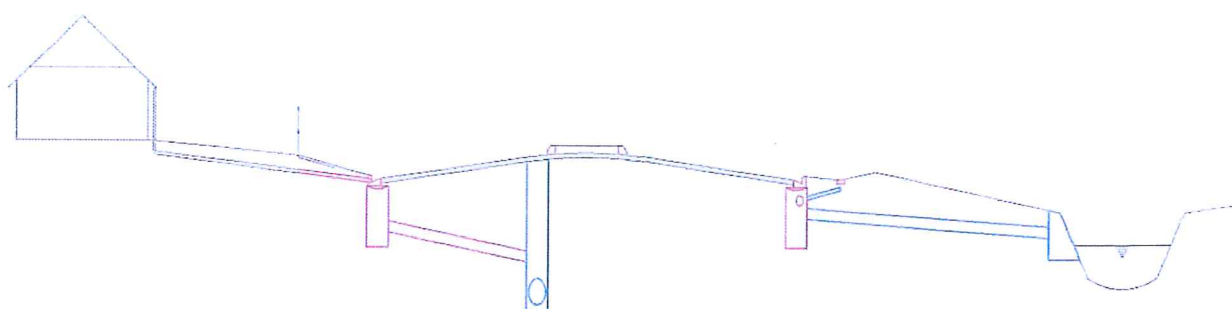
DG11 – Continued 2 of 2

- Any pipes running along the road but not under the kerb and channel. These include under channel pipes laid in the footpath under “V” channels. Often these have Roding sumps connected to them.
- Any pipes that carry a flow from another catchment and not solely draining the road are generally Stormwater assets.

Key

Roding Assets = Red

Stormwater Assets = Blue



(Print this page in colour)

