



# Framework for the Management of Major Capital Works

## Version Control

<b>Document Name</b>	Framework for the Management of Major Capital Works		
<b>Unit Owner</b>	Office of the Chief Operations Officer		
<b>Version Reference</b>	<b>Version 3.0</b>	<b>Reviewed Version</b>	
<b>Approved by</b>	Executive	N/a	
<b>Date</b>	5 <sup>th</sup> October 2022	N/a	



<b>Table of Contents</b>	<b>Page</b>
Introduction .....	- 2 -
Context.....	- 2 -
Scope.....	- 2 -
Process - Summary .....	- 3 -
Detailed Process.....	- 4 -
<b>Stage 1 – Strategic Assessment</b> .....	- 4 -
<b>Stage 2 – Preliminary Business Case</b> .....	- 5 -
<b>Stage 3 – Final Business Case</b> .....	- 6 -
<b>Stage 4 – Project Implementation</b> .....	- 8 -
<b>Stage 5 – Project Review</b> .....	- 8 -
<b>Stage 6 – Ex-Post Evaluation</b> .....	- 8 -
Specific Roles and Responsibilities .....	- 11 -
Other Considerations .....	- 14 -
Risk Management .....	- 14 -
Project Audits.....	- 14 -
Project Accounting .....	- 14 -
Appendix 1 - Capital Projects Committee (CPC) - Terms of Reference .....	- 16 -
Appendix 2 - Project Steering Groups - Terms of Reference .....	- 17 -



## Introduction

The University, through successive Campus Development Plans, is constantly investing in its existing facilities while also expanding its capacity to meet the ever growing demand for programmes and ancillary support services.

This framework sets out the process that will allow the University's senior management to exercise control, and to meet its oversight responsibilities, for the management of major capital works projects (hereinafter referred to as 'Capital Projects') initiated by the University, or by one of its wholly owned campus companies (hereinafter collectively referred to as the 'University'). It is not intended to be a detailed explanation of the process but it is a high level overview of how the process is to be implemented and managed.

This framework (i.e. version # 3) is the third such document in the University's history and replaces version # 2 which was approved by the University's Executive on the 11<sup>th</sup> of July, 2017.

## Context

Capital projects, by their nature, tend to be large scale, involve a significant financial investment and generally extend over a long period of time.

As a public body in receipt of Exchequer funding the University is required to apply certain guidelines, as determined by the Government, to manage and control capital projects. The application of government guidelines is not optional and the University is required to design a process which adheres to the guidelines and apply them in a manner that is suitable to its own internal governance structure.

The primary government guidelines on which this framework is based are the:

*Public Spending Code (2019): [A Guide to Evaluating, Planning and Managing Public Investment](#)*

## Scope

This framework applies to all forms of capital projects initiated by the University where the intended expenditure is expected to be greater than €750,000.

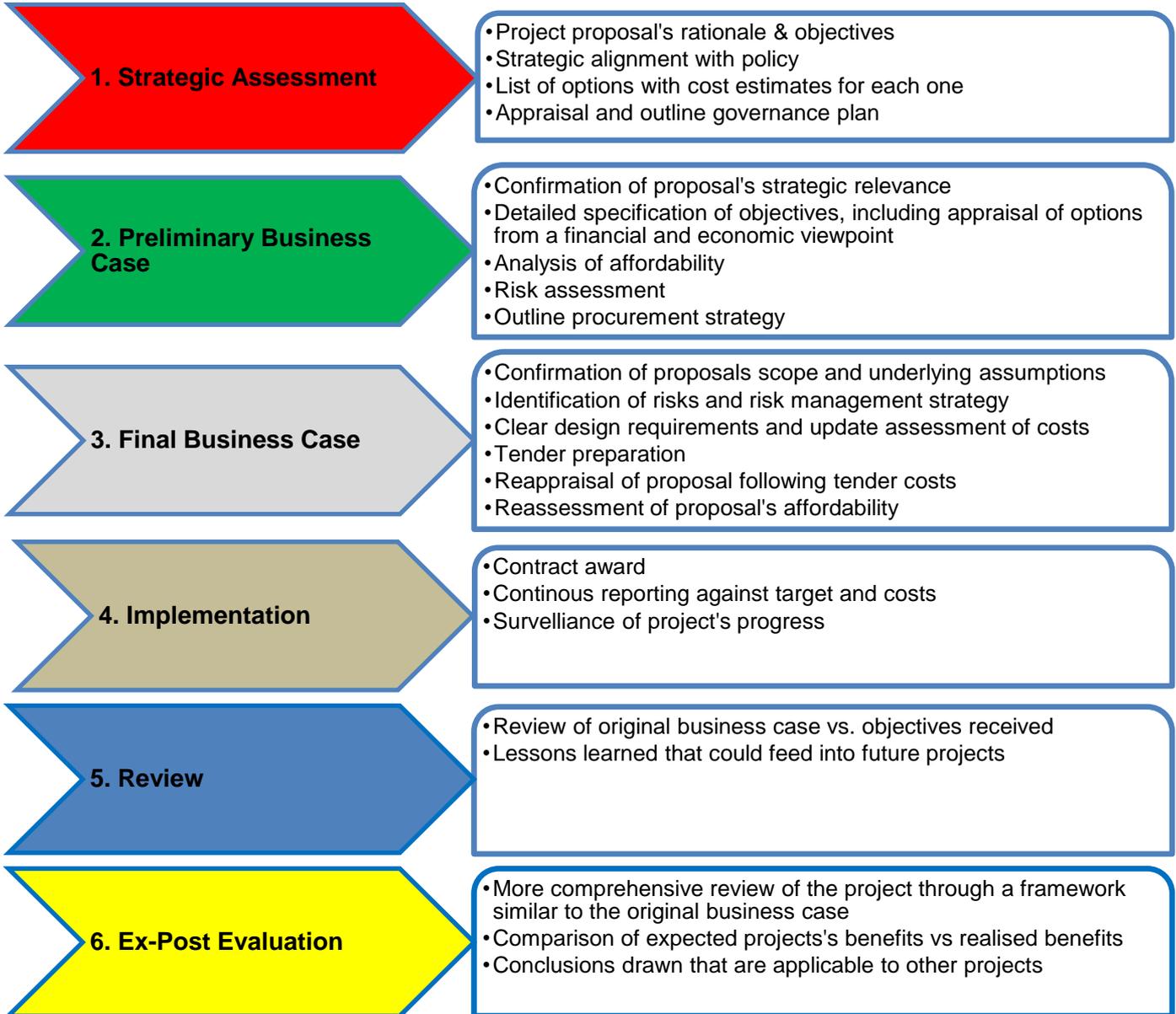
Capital projects include:

- a) conventional or traditional construction projects;
- b) direct purchase of assets; &
- c) the acquisition of shareholdings.

Note: The process set out in this framework is to be applied irrespective of how the project is to be financed.

## Process Summary

The section below summarises the six stages to be followed when implementing capital projects within the University. The main tasks to be addressed at each stage are indicated.





## Detailed Process

### Stage 1 – Strategic Assessment (Gate 0)

#### Context

The Strategic Assessment is the first stage of the project lifecycle for a Project valued at €10m or greater and is critical for early scrutiny of objectives, consideration of options and the identification of risks. This stage must critically examine the specific problem to be addressed and forms an important element of the bridge between the policy and the project. The Strategic Assessment Stage must happen as early as possible in the concept phase of a proposal in order to meaningfully inform key decision points and should be informed by lessons learned on earlier schemes.

The purpose of the Strategic Assessment Stage is to examine the rationale for potential policy interventions and ensure the strategic fit of potential projects and programmes with government policy, in particular the National Planning Framework and National Development Plan.

The output of the Strategic Assessment Stage is the Strategic Assessment Report (SAR). The Report should set out:

- Investment rationale
- Objectives
- Strategic alignment with government policy – in particular the National Planning Framework and National Development Plan
- Preliminary demand analysis
- The long-list of potential options
- The potential range of costs involved, both financial and economic
- An assessment of affordability in the context of available resources
- An identification of risks
- A framework for determining key performance indicators for the proposed intervention such as a logic path model
- An appraisal plan
- An outline governance plan

#### ***Responsibility***

Responsibility for carrying out the tasks related to the project Strategic Assessment stage will fall to the following:

- a) The Senior End User (i.e. the Head of Unit which will be the main recipient of the finished project) working closely with the Estates Office and Office of the Chief Operations Officer is responsible for drafting the Strategic Assessment Report;
- b) the Capital Projects Committee reviews the Strategic Assessment Report and once satisfied recommends it to the University Executive;
- c) the University Executive reviews the Strategic Assessment Report, and once satisfied recommends it to Governing Authority where the project is valued at €750,000 or higher.
- d) The Governing Authority reviews the Strategic Assessment Report and makes one of the following decisions:
  - (i) Abandon the proposal
  - (ii) Seek refinement or further development of the Strategic Assessment Report



- (iii) Gate 0: Approve the proposal to proceed to the next stage, Business Case development.

## **Stage 2 – Preliminary Business Case (Gate 1)**

### **Context**

The Preliminary Business Case Stage aims to develop further the strategic case for the project, consider in more detail the range of options available and decide whether there is a case for proceeding with the proposal. The Preliminary Business Case incorporates detailed options appraisal and when finalised will also incorporate assessments of risk along with the proposed approach to implementation of the proposal.

### **Responsibility**

Responsibility for carrying out the tasks related to the Preliminary Business Case Stage will fall to the following:

- a) Senior End User (i.e. the Head of Unit which will be the main recipient of the finished project) is responsible for drafting the Preliminary Business Case
- b) Capital Projects Committee reviews the Preliminary Business Case and once satisfied recommends it to the University Executive;
- c) University Executive reviews the Preliminary Business Case and once satisfied recommends it to the Governing Authority;
- d) Governing Authority reviews the Preliminary Business Case and makes one of the following decisions:
  - (i) Abandon the proposal
  - (ii) Seek refinement or further development of the Preliminary Business Case
  - (iii) Gate 1: Approve the proposal in principle to proceed to the next stage, Design, Planning and Procurement Strategy in Final Business Case Stage.

The first task is a preliminary appraisal of whether there is a good prima facie business case for considering a project in depth. This will lead to a decision to progress to a detailed project appraisal or to drop the project. In developing the business case the Senior End User will work closely with the Chief Operations Officer, the Finance Office and the Estates Office. The Business case should also be cognisant of the University's Risk Appetite Statement and the alignment of a major capital project with that statement.

The final review, sign-off and approval of the preliminary appraisal will be the responsibility of the Governing Authority for projects with a value of €750,000 or higher.

Points to be addressed in the preliminary Business Case are:

- 1) Confirmation of the strategic relevance of the proposal and detailed specification of the objective of the proposal
- 2) Description of the short-list of potential options to deliver the objectives set out
- 3) Detailed demand analysis and description of underlying assumptions
- 4) Options appraisal, including:
  - a. Financial appraisal



- b. Economic appraisal
- c. Sensitivity Analysis
- 5) Assessment of affordability within existing resources
- 6) Risk assessment, allowance for optimism bias and full risk management strategy
- 7) Proposed approach to procurement
- 8) Proposed approaches to implementation and operation
- 9) Assessment of delivery risk
- 10) Plan for monitoring & evaluation, including key performance indicators
- 11) Recommendation to the Approving Authority

### **Output of Stage 2**

A decision by the Governing Authority, following a recommendation from the University Executive, to either discontinue the proposed project at this stage or to approve it in principle and thereby take it to the next stage i.e. Final Business Case preparation.

## **Stage 3 – Final Business Case**

### **Stage 3a requirements (Gate 2)**

- (i) Final confirmation of the strategic relevance of the proposal and detailed specification of the objectives of the proposal.
- (ii) The Detailed Project Brief as set out in the Planning and Design Phase and as confirmed by the tendering process.
- (iii) Economic and financial appraisal using updated information from the tendering process as necessary.
- (iv) Re-examination of affordability within existing resources and with particular reference to the Medium Term Exchequer Capital Envelope for projects funded from Voted expenditure.
- (v) Full risk assessment and consideration of remaining optimism bias.
- (vi) Detailed delivery schedule.
- (vii) Benefits Realisation Plan.
- (viii) Evaluation Plan.

The Estates Office will prepare the Project Brief for the appointment of the architects / Integrated Design Team. This is a description of the project and will detail the objectives and parameters to be taken into account by the planning professionals. The timeframe for the completion of the project and the services to be provided by the project consultants should be clearly identified. An indication of cost limits at both the planning stage and the construction / delivery stage of the project will be indicated.

The Project Brief should also address the following:

- a) known challenges and potential project risks building on previous appraisal work completed;
- b) the University's space requirements;
- c) proposed Project Team (internal or external experts); and
- d) project Management Structure.



The Project Specific Steering Group will oversee the detailed planning required on the project using the Project Brief. In the case of minor capital projects e.g. less than €5m, a project Specific Steering Group is not required as these projects will be managed by the Estates Office.

### **Output**

Detailed Project Brief and Procurement Strategy will be prepared by the Estates Office which is to be submitted for Pre-Tender Approval to the University Executive and then Governing Authority as the Approving Authority for final approval.

The Governing Authority can decide to:

- a) Abandon the proposal;
- b) Seek refinement, further development of the Detailed Project Brief or Procurement Strategy; or
- c) Gate 2: Approve the proposal to proceed to tendering.

### **Stage 3b requirements**

- (i) Preparation of tender documents in line with EU Law and National Regulations
- (ii) Deployment of one of 5 tendering strategies:
  - a) Open Procedure
  - b) Restricted Procedure
  - c) Competitive Procedure with Negotiation
  - d) Competitive Dialogue
  - e) Innovation Partnership
- (iii) Preparation of tender documents

### **Output**

Tender documentation pack.

### **Stage 3c requirements (Post-tender):**

- I. Update of Detailed Project Brief Based on Procurement Process
- II. Re-appraisal of proposal following on tendered costs (including both economic and financial appraisal)
- III. Full assessment of affordability
- IV. Detailed sensitivity and scenario testing
- V. Benefits realisation plan
- VI. Systems integration planning (where relevant)
- VII. Full risk management strategy

### **Output**

Final Business Case prepared by Estates Office

- a) Capital Projects Committee reviews the Final Business Case and once satisfied recommends it to the University Executive.
- b) University Executive reviews the Final Business Case and once satisfied recommends it to the Governing Authority.



- c) Governing Authority reviews the Final Business Case and makes one of the following decisions:
- i. Abandon the proposal;
  - ii. Seek refinement, further development or retendering of an amended scope; or
  - iii. Gate 3: Approve the proposal to proceed.

## **Stage 4 – Project Implementation**

### ***Responsibility***

The Project Specific Steering Group, Estates Office and the Project Team. The Estates Office and the Project Team are responsible for the day to day management of the project with regular reporting to the Steering Group.

### **Stage 4 requirements:**

- (i) Contract award
- (ii) Continuous reporting – including forward-reporting against target scheme cost and target completion date
- (iii) Surveillance of project progress
- (iv) Intervention by Sanctioning Authority where necessary

### ***Outputs***

Minutes of meetings with monitoring reports for the project, in particular highlighting any risks.

## **Stage 5 – Project Review**

### ***Responsibility***

The Project Specific Steering Group.

The Review Stage should assess the extent to which:

- (i) the project objectives were achieved
- (ii) if the final output is “fit for purpose”
- (iii) the outputs as identified were achieved
- (iv) What the short term impacts were on project beneficiaries
- (v) How successfully the delivered solution addressed the identified need.

### ***Output***

The output of stage 5 will be a Project Review to be completed before the projects itself is fully completed to capture the lessons learned for project management which can be implemented on future projects in order to enhance the project management process.

## **Stage 6 – Ex-Post Evaluation**

The Ex-Post Evaluation should assess the effectiveness of a project through a framework similar to that used at the Final Business Case Stage.

It should evaluate and set out:



1. Were the outcomes, operational performance and benefits as identified in the Final Business Case, Detailed Project Brief and Benefits Realisation Strategy achieved.
2. How effective was the benefits management process.
3. Was the benefits management process proportionate to the size and scale of the project.
4. How accurate were the benefits models and assumptions.
5. Did the management of risk have an impact on expected benefits and outcomes.
6. What the medium to long term impacts were on targeted beneficiaries.
7. Lessons learned for other projects/sectoral and/or national guidance.

### **Output**

Ex-post Evaluation Report 3-5 years post completion of a sample of major capital projects.



## **Summary of the Process**

### **Stage 1: Strategic Assessment**

- Project rationale and objectives
- Strategic alignment with policy
- List of options and cost estimates
- Appraisal and outline governance plan

### **Stage 2: Preliminary Business Case**

- Confirmation of strategic relevance
- Detailed options appraisal including financial and economic
- Analysis of affordability
- Risk assessment
- Procurement strategy

### **Stage 3: Final Business Case**

- Confirmation of scope and underlying assumptions
- Identification of risks and risk management strategy
- Clear design requirements and update assessment of costs
- Tender preparation
- Reassessment of project following tender costs and reassessment of affordability

### **Stage 4: Implementation**

- Contract award
- Continuous reporting against targets and costs

### **Stage 5: Review**

- Review of original business case vs objectives achieved
- Lessons learned that could feed into new future projects

### **Stage 6: Ex-Post Evaluation**

- More comprehensive review of the project through a framework similar to the original business case



## Specific Roles and Responsibilities

**\*\*Definition of Employer’s Representative:** the architect, engineer, quantity surveyor or other person appointed by the Employer as its representative in accordance with the contract.

Group / Entity	Reserved Decisions and Responsibilities	Composition	Chaired By
Higher Education Authority	Provision of Devolved Procedures for major capital projects	N/a	N/a
Governing Authority	The Governing Authority approves all capital works projects with a cost of €750,000 or more.	DCU Governing Authority	Chancellor
University Executive	<p>The Executive approves proposals for capital works, and in the case of projects costing €750,000 or more, forwards them for consideration and ultimate approval by Governing Authority.</p> <p>The Executive retains overall responsibility for all capital expenditure and the proper planning and management of capital projects but it may in practice delegate this task to the Capital Projects Committee.</p> <p>‘Capital Projects Update’ is a standing item on the Agenda of Executive</p>	University Executive	President
Capital Projects Committee (CPC)	The CPC, which is a sub-committee of Executive, will at a high level oversee the planning and implementation of multiple capital projects where any one project’s cost is expected to be greater than €5m.	Chief Operations Officer (Chair of the CPC) & Deputy President &	Chief Operations Officer



Group / Entity	Reserved Decisions and Responsibilities	Composition	Chaired By
	<p>Minutes of each CPC meeting are to be noted at subsequent DCU Executive meetings.</p> <p>The CPC will carry out regular Capital Programme Level Risk Assessments.</p>	<p>Director of Estates(or nominee) &amp; Director of Finance (or nominee)</p>	
<p>Chief Operations Officer (COO)</p>	<p>The COO, as Chair of Capital Projects Committee (CPC), is responsible for:</p> <ul style="list-style-type: none"> <li>- all capital projects initiated by the University (e.g. projects under the Campus Development Plan);</li> <li>- the scheduling of CPC meetings;</li> </ul> <p>&amp;</p> <ul style="list-style-type: none"> <li>- the forwarding of relevant documentation, including the minutes of CPC meetings and recommendations from the CPC, to the Executive and, where appropriate, to Governing Authority for further review and approval.</li> </ul>	<p>N/a</p>	<p>N/a</p>
<p>Project Specific Steering Group</p>	<p>The Project Specific Steering Group is responsible for the project plan and will in practice take high level decisions related to a particular project.</p> <p>The Group is responsible for:</p> <ul style="list-style-type: none"> <li>- project management and associated processes, procedures and project implementation</li> <li>- the project's risk management process and the communication system for the project;</li> <li>- communications (status updates, cost management, issues etc) to the CPC regarding the project,</li> </ul>	<p>Project's Senior End User(s) &amp; COO &amp; Director of Estates &amp; Project Manager / Employer's Rep** (if required) &amp; Nominee of the Finance Department</p>	

Group / Entity	Reserved Decisions and Responsibilities	Composition	Chaired By
	<ul style="list-style-type: none"> <li>- the project's cost management and procurement procedures including:               <ul style="list-style-type: none"> <li>o the setting of monthly change order limits on the project;</li> <li>o the approval of change orders in excess of agreed monthly limits;</li> </ul> </li> <li>&amp;</li> <li>o Tracking of cumulative change orders for the project.</li> </ul>		
Estates Office Team	<p>The Estates Office Team manages the project team, liaises with the Employer's Representative and is responsible for ensuring a project is executed as per the plan, on time, to the required quality and within budget.</p> <p>It will also prepare the Project Brief for the appointment of the design team and specialist advisors and ensure compliance with procurement procedures.</p>	Director of Estates & Estates Office Project Manager & Employer's Rep**	Director of Estates
Director of Estates	<p>The Director of Estates is responsible for the project management of all capital works projects valued under €5m.</p> <p>For these projects the Director of Estates will:</p> <ul style="list-style-type: none"> <li>• ensure these projects are executed as per the plan, on time, to the required quality and within budget;</li> <li>• prepare the Project Brief;</li> </ul> <p>&amp;</p> <ul style="list-style-type: none"> <li>• ensures compliance with procurement requirements.</li> </ul>	N/a	N/a



Group / Entity	Reserved Decisions and Responsibilities	Composition	Chaired By
Project Team	Delivers the project	Design Team & Employer's Rep** & Main Contractor	N/a

## Other Considerations

### Risk Management

Risk management is integral to the entire process of project management. A process to identify, capture, assess, rate and report risks at all stages of the project, from planning through to a projects ultimate completion and review, will be put in place. The risks that will be routinely assessed include contractor risk, financial, health and safety, programme slippage, reputational and procurement compliance. This will be the responsibility of the Project Specific Steering Group. Also projects should be continually assessed to ensure alignment with the University Risk Appetite.

### Project Audits

As a public body the University is subject to scrutiny of its activities by many different agencies. The chief external body which will have an interest in its management of capital projects is the C&AG (Comptroller & Auditor General). In addition, other parties such as the University's commercial auditors, the University's Internal Audit Office and the review departments of Sanctioning Authorities, including funders, also have a right to carry out audits and reviews of particular capital projects and the process for managing projects.

To facilitate these reviews it will be necessary for the governance and decision making structures involved in project management to be transparent. All participants in the Project Management Structure must maintain sufficient written records to allow such reviews to take place.

### Project Accounting

As capital works projects by their nature tend to be large scale and involve significant financial investment over an extended period of time of time it is essential that due recognition is given at the planning and implementation stages to the necessity of putting in place a system for project accounting. Issues to consider are:

- a) Project cashflow;
- b) Set up of project cost codes on the Agresso accounting system;
- c) Liability to taxes such as RCT (Relevant Contract Tax), Professional Services Withholding Tax (PSWT), VAT and Income Tax;
- d) The process, regularity and timelines involved in paying supplier's / contractor's invoices in line with Public Works Contracts obligations;
- e) Reporting of project costs ; and



f) Approval authority levels for the payment of supplier's / contractor's invoices. Proposed authority levels for such invoices are set out in the following table.

**Purchase Order / Invoice Approval Levels**

PO / Invoice Value (Vat Inclusive)	PO / Invoice Approval by:	Additional Considerations
Up to €200,000	Estates Office	1) One signatory. 2) All invoices for approval must be accompanied by a <b>Certificate for Payment issued by the Project Team.</b>
€200,000 to €1,000,000	Two Estates Office Signatories	1) One signatory must be the Director of Estates or nominee. 2) All invoices for approval must be accompanied by a <b>Certificate for Payment issued by the Project Team.</b>
€1,000,000 and above	Director of Estates <u>and</u> Chief Operations Officer or Director of Finance	All invoices for approval must be accompanied by a <b>Certificate for Payment issued by the Project Team.</b>



## Appendix 1 - Capital Projects Committee (CPC) - Terms of Reference

The Capital Projects Committee (CPC), which is a sub-committee of Executive, is tasked with overseeing the assessment, planning and implementation of all University capital projects in accordance with the Government's Spending Code and the University's Framework for the Management of Capital Projects, where any one project's cost is expected to be greater than €5m.

### Membership

1. Chief Operations Officer (Chair of the CPC)
2. Deputy President
3. Director of Estates(or nominee)
4. Director of Finance (or nominee)
5. Nominee of the DCU President

Additional individuals can be in attendance at meetings as required.

### Responsibilities

- Provide oversight of the University's Campus Development Plan and monitoring of cumulative capital spending
- High level capital project management
- On-going oversight of below threshold e.g. €5m capital projects
- Approval of revised capital project budgets and change orders
- Carry out regular Capital Programme Level Risk Assessments
- Ensuring the overall capital programme is aligned with the University's risk appetite

### Reporting

Capital projects is a standing item on the agenda for the University Executive. Minutes of each CPC meeting are to be submitted to Executive for noting.

Recommendations from CPC e.g. capital projects stage gate approval (initial business case, project budget, pre-tender estimates, tenders etc) are to be submitted to Executive for approval.



## Appendix 2 - Project Steering Groups - Terms of Reference

The Capital Project Steering Group is responsible for the detailed project plan, oversight of its implementation and will in practice take operational decisions related to a particular capital project valued at €5m or greater.

### Membership

1. COO (or nominee) (Chair)
2. Project's Senior End User(s)
3. Director of Estates (or nominee) &
4. Project Manager / Employer's Rep\*\* (if required)
5. Nominee of the Finance Department

### Responsibilities

- Project management and associated processes, procedures and project implementation
- Project's risk management process and the communication system for the project
- Communications (status updates, cost management, issues etc) to the CPC regarding the project
- Project's cost management and procurement procedures including:
  - o the setting of monthly change order limits on the project;
  - o the approval of change orders in excess of agreed monthly limits; &
  - o Tracking of cumulative change orders for the project.

### Reporting

- The minutes of each Steering Group meeting are to be submitted to the CPC.
- An urgent or critical issues identified by the Steering Group are to be escalated to the CPC.

**End.**