PROJECT GOVERNANCE AND MANAGEMENT POLICY

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1 PURPOSE OF POLICY

To establish Eastside Community Church's project governance and project management requirements to:

1. Successfully deliver all projects, with minimal and controlled variation to approved plans.
2. Enable fit for purpose management of both minor and major projects.
3. Clarify project related responsibilities.
4. Perform appropriate due diligence prior to authorising expenditure, and commencing work.
5. Manage uncertainty, change, risks and issues.
6. Maintain confidence with church members, external stakeholders, financiers, Project Contractors and Suppliers.

2 APPLICATION

The Minor Projects Policy Statements (refer section 5.1) apply to all projects where:

- the expected project cost (excluding budgeted staff costs) is between $10,000 and $50,000.

The Major Projects Policy Statements (refer section 5.2) applies to all projects where:

- the expected / budgeted project budget (excluding operational budgeted staff costs) for all phases is greater than $50,000;
- a Project Contractor is engaged via contract to manage and / or perform project works;
- a Development Permit or other planning approval is required to deliver any part of the Project; or
- the project is specified as a 'major project' by the Council of Elders.

Where an initiative / project is part of a broader program that satisfies the definition of a Major Project the initiative must comply with the Major Projects Policy Statements within the program's governance and management structure.

For clarity this Policy does not apply to:

- Normal ministry;
- Ministry initiatives or events (unless designated as a project by the Council of Elders, or the non-staff spend exceeds $10,000);
- Administrative activity;
- Routine / regular provision of third-party services;
- Routine purchasing or procurement, including once-off capital expenditure approved under the Financial Policy (unless designated by the Council of Elders); or
- Routine capital replacement.

3 GUIDING PRINCIPLES

Given that God gives us all things and all things are to be used for his glory, it is important that the church wisely stewards resources, whilst not inhibiting ministry because of unnecessary requirements. In light of this, the following principles should guide project governance and management:

- Fit for purpose project management is applied to wisely steward church resources and objectives and minimise unnecessary risk or variation in approved plans.
- Application of project governance arrangements should scale dependent on the project budget, complexity and risk (ie a $3M project needs greater oversight than a $100k project).
- The Church has extremely low risk tolerance for detrimental cost or budget variation, or project financing uncertainly with large capital projects.
- Project Budget approval is a church membership authority either authorised within the operational budget or particular budget authorisation for capital projects. Application of this policy provides appropriate project governance to support budget approval requests.
- The work to fulfil the defined responsibilities in this policy (particularly for the Project Owner) may be delegated, but the responsibility and accountability cannot be transferred or delegated.

4 KEY RESPONSIBILITIES

The following section provides an overview of key responsibilities derived from the Policy Statements. Refer to section 5 for full details of responsibilities and accountabilities for both minor and major projects. Minor projects have substantially less onerous requirements reflecting the greatly reduced risk.

1. The Council of Elders (Elders) are responsible for:
    a. Governing and overseeing all minor projects, and establishing Steering Committees to govern major projects.
    b. Appointing a Project Owner for all projects.
    c. Approving the overall project budget and project financing arrangements, including determining the amount of and use of any "project level" budget contingency.
    d. Obtaining church member approval for project budget and financing arrangements.
    e. Approving the commencement of minor projects and each phase of a major project.
    f. Executing any contracts (authorised officers) with Project Contractors.

2. The Project Owner / Project Manager are responsible for:
    a. Defining project objectives, benefits, and acceptance / success criteria.
    b. Planning and management of the project with support from the Steering Committee, and if applicable a Project Manager and / or Project Contractor. This includes:
        i. Defining project scope and documenting clear deliverable specifications (and Statements of Work for Project Contractor deliverables).
        ii. Preparing and maintaining a project schedule and register of key dependencies.
        iii. Preparing and maintaining project estimates, and records of committed / realised expenses. The Project Owner must not use budget contingency without obtaining Steering Committee approval.
        iv. Managing Project Contractor and Supplier relationships, work / purchase orders, Statements of Work, deliverable verification, and arranging payments.
        v. Identifying and managing project risks, issues, and action plans.
    c. Documenting and seeking Steering Committee approval for any change requests to approved project scope / specification, associated plans, and requests to use budget contingency.
    d. Reporting project status and providing other specified documents and risk / issue notifications to allow the Steering Committee / Council of Elders to govern and oversee the project.
    e. Reporting project progress and relevant information to members at each quarterly meeting whilst the major project is active.

3. The Project Steering Committee are responsible for governing and overseeing a major project including:
    a. Reviewing and approving project objectives, project management deliverables, and project change requests.
    b. Determining project deliverable budget contingency factors to agreed estimates.
    c. Rejecting, varying, or approving requests to use budget contingency; any proposed use of project-level contingency must be referred to the Council of Elders.
    d. Determining the contracting approach, endorse the proposed contract with each Project Contractor directly engaged by the Church, and monitor contractor performance.
    e. Reviewing, challenging and monitoring risk and issue management, and making decisions / directing action as appropriate.
    f. Meeting regularly to monitor and steer project delivery through each phase.

4. The Treasurer is responsible for:
    a. Advising the Council of Elders, project Steering Committee and Project Owner on finance related matters.
    b. Establishing fit for purpose project accounting and financial reporting requirements and processes for major projects.
    c. Reviewing and endorsing major project cost estimates.
    d. Arranging and managing project financing requirements (inclusive of approved contingencies).
    e. Reporting monthly project financials (for major projects) to the Steering Committee and Council of Elders

5 POLICY STATEMENTS

5.1 MINOR PROJECTS

5.1.1 MINOR PROJECT GOVERNANCE

1. The Council of Elders will govern and oversee all minor projects, reviewing the project during its regular meetings.
2. The Council of Elders will designate a responsible Project Owner (usually a Pastor / Elder, or Deacon) for all minor projects.
3. The Council of Elders must approve project objectives, benefits, and acceptance / success criteria and the project plan for a minor project before works commence or funds are committed.
    a. The Council of Elders must ensure project funding approval is obtained as per constitutional requirements.
    b. The Project Owner must submit to the Council of Elders a change request to vary the approved project plan, that may be approved, amended, or rejected at the Council of Elders discretion.

5.1.2 MINOR PROJECT MANAGEMENT

1. The Project Owner must define project objectives, benefits, and acceptance / success criteria for a minor project.
2. The Project Owner must develop and maintain a fit for purpose project plan[1] that defines:
    a. key deliverables and activities and to achieve the project objectives;
    b. major project milestones and schedule constraints;
    c. cost estimates – any variance to these estimates should be tracked and any issues raised with the Council of Elders;
    d. any material risks or issues to delivering the project objectives.
3. The Project Owner must prepare a Statement of Work for deliverables and / or activities to be provided by Project Contractors or Suppliers, irrespective of whether those activities are to be invoiced or voluntary.
    a. The Project Owner must obtain written quotes from external Project Contractors or Suppliers to perform the Statement of Work. The Project Owner may determine whether more than one written quote is necessary.

[1] Refer to section 5.2 for guidance regarding project planning and management, that can be scaled as appropriate to the minor project.

4. The Project Owner must provide the Council of Elders fit for purpose project status reports and notify the Council of Elders of any material issues in achieving approved project objectives.

5.2 MAJOR PROJECTS

5.2.1 MAJOR PROJECT GOVERNANCE

1. The Council of Elders will establish a Project Steering Committee with a Steering Committee Charter to govern all major projects.
    a. If any exemptions or variations to this Policy apply to the project they must be included in the Steering Committee Charter.
    b. The Council of Elders will designate a responsible Project Owner (usually a Pastor / Elder, or Deacon) who will chair the Project Steering Committee.
    c. The Steering Committee membership must include:
        i. Project Owner and Steering Committee Chair;
        ii. Treasurer;
        iii. Church Members with relevant experience;
        iv. Ministry Leader representation if relevant; and
        v. Project Manager (as member or regular attendee).
2. The Steering Committee must perform due diligence and approve project plans prior to each project phase including:
    a. Objectives, benefits, acceptance / success criteria;
    b. Scope (& associated requirements / specification);
    c. Project schedule and dependencies;
    d. Project estimates and contingencies;
    e. Contracting arrangements, proposed and final statements of work;
    f. Risk assessments.
3. The Project Owner after obtaining Steering Committee endorsement of relevant project planning must obtain Council of Elders approval (and church member approval for project budget / financing) to enter the next project phase:
        - Concept / Discovery phase;
        - Design / Planning phase;
        - Delivery / Implementation phase.
    a. Only the Council of Elders may authorise an alternative structure to these otherwise mandatory phases for major projects.

4. The Project Owner must document a change request for any material variation to approved project plans (scope, specification, cost / budget, schedule, contracting arrangements) during the project phase.
    a. The Steering Committee must consider change requests at its regular meetings and approve, amend, or reject the request in a timely manner, considering the impact on overall project objectives and project funding.
    b. The Council of Elders must also approve any change request requiring use of the "project-level" budget contingency, with input requested from the Treasurer.
    c. On approval of the change request, the variation will be included in the approved project plan for the phase.
5. The Project Owner / Project Manager must provide a monthly project status report to the Steering Committee.
    a. The Project Owner / Project Manager must ensure other escalations / notifications required by this policy are provided to the Steering Committee (via email) within the required timeframes.
    b. The Treasurer must support the Project Owner / Project Manager by providing the Steering Committee (& Council of Elders) a monthly project financial report.
6. The Steering Committee must meet regularly (generally monthly) for the duration of the project to:
    a. monitor project objectives, outcomes, and benefits,
    b. perform due diligence on key project deliverables,
    c. monitor budget and cost performance,
    d. monitor schedule,
    e. monitor and review risks and make treatment / acceptance decisions,
    f. determine response to medium and serious issues,
    g. approve / reject change requests, and
    h. discuss any other documents to be considered by the Steering Committee.

    Each Steering Committee meeting must have (submitted at least 5 business days prior to the meeting, and consistently stored as church records):
    - an agenda;
    - a project status report;
    - documents / registers for review and consideration; and
    - meeting minutes (to be approved at the next meeting).

7. The Project Owner and Steering Committee will report to the Council of Elders monthly through providing Steering Committee meeting minutes and the project status report.
    a. The Treasurer will include project-specific financial reporting on a monthly basis to the Council of Elders for the duration of the major project.
    b. As necessary the Project Owner (or delegate) may also provide a briefing / presentation, or other documents to the Council of Elders.
8. The Project Owner must report to members at each quarterly members meeting whilst the project is active.

5.2.2 MAJOR PROJECT OBJECTIVES

1. Project objectives, benefits, and acceptance / success criteria must be defined for a major project by the Project Owner / Project Manager and approved by both the project Steering Committee and the Council of Elders prior to the commencement of each project phase:
    a. Concept / Discovery Phase;
    b. Design / Planning Phase (for both the phase and ultimate project outcomes); and
    c. Delivery / Implementation Phase.
2. The Council of Elders must provide the Project Owner and project Steering Committee direction as to the priority order[2] of the following project constraints:
    a. Scope;
    b. Quality / Specification;
    c. Financial Cost;
    d. Effort / Resources;
    e. Schedule / milestone;
    f. Other critical objective / impact (specific to the project).
3. The Project Owner / Project Manager must identify and seek to manage any material risks or issues[3] to achieving approved project objectives and include in Steering Committee reporting.

[2] What project dimension / objective should be subject to the least variation from approved plans in order to successfully deliver the project and desired outcomes.
[3] Material Risks have a Severe or Critical rating, Material Issues have a Medium or Serious rating.

5.2.3 MAJOR PROJECT SCOPE MANAGEMENT

1. The Project Owner or Project Manager must define the scope for the upcoming phase prior to commencing the phase.
    a. Project scope must be broken down into project outcomes (approx 3-20) that will be the basis for regular governance oversight and reporting
        i. A mandatory project outcome is the 'project governance and management' outcome for the phase and preparation for the subsequent phase approval.
        ii. Relevant external or regulatory approvals / certifications must be clearly defined (separately or as key deliverables of other project outcomes).
    b. Project outcomes must be further defined into key deliverables (approx 3-20) for each project outcome. Project deliverables may be further elaborated as necessary to sufficiently define and agree scope.
2. The Project Owner / Project Manager must prepare a clear specification for each key deliverable. This deliverable specification must include:
    a. Requirements and / or design specifications;
    b. Deliverable acceptance criteria;
    c. Major activities necessary to produce the deliverable;
    d. Schedule / resource / effort / equipment / material requirements and clarification of any dependencies;
    e. Deliverable cost estimate;
    f. Relevant risks to successful delivery and mitigating controls;
    g. Statements of Work for all key deliverables to be performed by a Project Contractor or Supplier; and
    h. Deliverable responsibility.
3. The Steering Committee must approve the project scope and review and approve the deliverable specifications before phase commencement, or funds are committed.
    a. The Steering Committee may seek clarification or advice from internal or external stakeholders (including potential Project Contractors or Suppliers) to ensure the scope definition, deliverable specifications and related design items are sound.

4. The Project Owner / Project Manager must seek Steering Committee approval[4] during the phase for:
    a. desired changes to the approved scope;
    b. significant changes to deliverable specifications; or
    c. cost variations that are anticipated to exceed the approved deliverable budget.
5. The Project Owner / Project Manager must advise the Steering Committee of project outcome' progress, issues, and 'expected costs at completion' (and by exception at key deliverable level) through monthly project status reporting.

[4] Usual practice will be to seek change requests approvals at regular Steering Committee meetings (with a minimum 5 business day notice period). By exception urgent and unforeseen change requests that require immediate Steering Committee direction can be made by email circular.

5.2.4 MAJOR PROJECT SCHEDULE MANAGEMENT

1. The Project Owner must prepare a project schedule to deliver project outcomes, key deliverables, with associated activities defined as necessary.
    a. The project schedule should document for each deliverable / major activity the required resources and effort, expected duration, planned schedule dates and schedule dependencies.
2. The Project Owner / Project Manager must prepare and maintain a register of dependencies between project deliverables or activities outside the immediate control of the Project Manager.
3. The Steering Committee must approve the project schedule and dependency register before phase commencement, or funds are committed.
4. The Project Owner / Project Manager must maintain the project schedule (& progress against approved schedule) and advise the Steering Committee of project schedule performance and any schedule / dependency issues through monthly project reporting.
    a. The Project Owner / Project Manager must advise the Steering Committee of any schedule issues that will cause an impact to approved costs, or to church activities within 5 business days of becoming aware of the issue.

5.2.5 MAJOR PROJECT FINANCIAL AND COST MANAGEMENT

1. The Project Owner and / or Project Manager must estimate expected effort and cost (labour, services, materials, etc) for each key deliverable as part of phase planning.
    a. Wherever possible estimates should be provided by the person or organisation doing the work, and verified by a person or organisation with relevant expertise.
    b. As applicable project risks and mitigating controls / responses should inform the agreed estimates.
    c. The Treasurer must review and endorse the project cost estimates prior to submission to the Steering Committee for approval.
2. The Steering Committee must review and challenge as necessary project estimates and determine project budget contingency factors to be applied to agreed estimates as part of the overall project budget.
    a. Unless a reduced contingency factor is substantiated by a detailed scope / specification, schedule and cost risk assessment the Steering Committee should apply the following contingency factors:
        i. If the relevant estimate is based on a concept with limited supporting specification or design, a project budget contingency of 30-40% must be added to the best available estimate;
        ii. If the relevant estimate is based off a clear specification but associated design / engineering or other Project Contractor investigation has not been performed a project budget contingency of 15-25% must be added to the best available estimate;
        iii. If the estimate is provided by the person performing the work with appropriate design / detailed Statement of Work a risk-based contingency of at least 5% must be added.
    b. Council of Elders in consultation with the Project Owner and Treasurer may determine that an additional project-level contingency be added to the project budget and financing requirements to cater for:
        i. Church initiated change requests to the approved scope or specification; or
        ii. addressing critical unforeseen risks / issues where the Church is responsible for their resolution.
3. The Council of Elders and Church Members must approve the overall Project Budget (inclusive of agreed contingencies, and all other planning requirements) and project financing arrangements according to constitutional requirements before the project phase commences or any funds are committed.

4. The Treasurer is to establish fit for purpose project accounting and financial reporting requirements for each major project:
    a. Overall project costs will be tracked through a separate cost object in Xero;
    b. Project commitments, purchase / work orders, and expenditure will be tracked through Excel;
    c. The Steering Committee and Council of Elders must receive project financial reporting at least monthly;
    d. Church Members must receive summary project financial reporting at least quarterly.
5. The Project Owner / Project Manager must maintain accurate project estimates (to complete) each deliverable and provide to the Treasurer 1 business day prior to the end of month (and include in monthly Steering Committee reporting).
    a. The Project Owner / Project Manager must document and provide to the Steering Committee any issues that may impact delivering key deliverables within approved estimates (exclusive of budget contingency) within 5 business days of becoming aware of the issue.
6. The Steering Committee must oversee and approve the use of any budget contingencies requested by the Project Owner / Project Manager.
    a. The Steering Committee within terms of contract (or agreed variations) may require changes to the approved project plan to ensure project objectives can be successfully delivered in order to manage costs within the approved estimates and budget.
    b. Any proposed changes to scope or specification must be accompanied by a project change request (inclusive of total cost impact) before use of deliverable contingencies may be approved by the Steering Committee.
    c. Any other issues requiring use of the deliverable contingency must be fully documented for Steering Committee consideration including options that do not include the use of budget contingency.
    d. The Council of Elders must also approve any use of project-level (not deliverable-level) budget contingency.
7. The Treasurer is responsible for arranging and managing project financing based on the approved budget (inclusive of contingencies).
    a. The Church's capacity to service / repay any project financing must be based on conservative assumptions.

5.2.6 MAJOR PROJECT CONTRACT MANAGEMENT

1. The Steering Committee is to determine the contracting approach for each major project, and endorse the contract with each Project Contractor directly engaged by the Church.
    a. The Project Owner / Project Manager must perform due diligence on all proposed Project Contractors prior to recommending establishing a contract with the Project Contractor, and provide these details for review and challenge to the Steering Committee, Treasurer, and the Council of Elders.
    b. Project Contractors must have appropriate insurance and licences (eg QBCC) for responsible works.
    c. The Treasurer and the Council of Elders must be consulted prior to establishing any contract with any Project Contractor.
    d. Only Council of Elders authorised "officers" may execute contracts.
    e. Project Suppliers are engaged by Purchase Order (with accompanied Statement of Work as relevant) not contract, but the use of Project Suppliers must be agreed by the Steering Committee as part of its contracting approach.
2. The Project Owner / Project Manager must actively manage the relationship with all Project Contractors and key Suppliers.
3. Unless fully incorporated (and specified) in an executed contract each project outcome, deliverable, or major activity (as applicable) which the Project Contractor has partial / full responsibility to deliver must be accompanied by a Project Owner / Manager authorised Work / Purchase Order, and Steering Committee approved Statement of Work (with agreed specification and estimates / costs) prior to works commencing.
    a. Work on project deliverables that can be viably performed by the Church to manage costs will be agreed with the Project Contractor as part of the Statement of Work.
    Where the Church commits to these works it's the Project Owner / Project Manager's responsibility to execute to these works so as to not delay the Project Contractor or cause cost variations.
    b. The Project Manager must ensure that any Statement of Work variations materially impacting the approved specification or costs are authorised by a Steering Committee approved change request.
    c. Project Contractors must be required to provide a regular (either weekly or monthly depending on the nature of the Statement of Work) progress report inclusive of any risks or issues to delivery to the Project Owner / Project Manager.

4. The Project Owner / Project Manager must record and track all Work Orders / project spending commitments, invoices and payments according to Treasurer requirements, and reference internal scope items and estimates (to enable project cost management and associated reporting).
    a. Project Contractor and Supplier invoicing must be regular[5], and reference Church Work Order / Purchase Order numbers.
    b. Prior to payment the Project Owner / Project Manager must verify that works are completed according to the agreed contract and / or Statement of Work.
    Any issues must be agreed and resolved with the Project Contractor or Supplier in writing prior to any payment being made.
    c. Actual payments to Project Contractors and Suppliers are to be made according to the Financial Policy requirements.
5. As a starting position, any contract entered into involving the development of intellectual property should grant full ownership to such intellectual property to Eastside. This position can be renegotiated but only with the approval of the Steering Committee, Treasurer and Council of Elders.

[5] Generally within two weeks of the relevant work being completed, not exceeding the end of the month.

5.2.7 MAJOR PROJECT RISK AND ISSUE MANAGEMENT

1. The Project Owner / Project Manager must maintain a current project risk and issue register with support from the Steering Committee and key Project Contractors.
    a. Risk, Compliance and Issue Management practices must comply with the Risk and Compliance Management Policy[6].
    b. Material risks must be assessed and control measures put in place to reduce the risk rating as low as reasonably practical (and enhance the overall control effectiveness) prior to approval of the project phase, at each change request and updated if the risk changes for the following items:
        i. project objectives;
        ii. project outcomes and / or key deliverables being delivered according to the project plan;
        iii. external approvals and other legal requirements;
        iv. project cost and finance management;
        v. project schedule; and
        vi. Project Contractor and contract management.
    c. If the Steering Committee or Council of Elders do not accept the risk (or controls) or an identified risk is realised it must be recorded and managed as an Issue, with appropriate Action Plans agreed and executed.
2. The Steering Committee must review, challenge and approve the risk register prior to approving the major project to enter the next phase.
    a. Agreed changes to the risk treatment must be reflected in the project plan and associated documentation / registers.
3. The Project Owner / Project Manager must escalate Material Risks (Severe and Critical) or Material Issues (Medium and Serious), with a proposed Action Plan, to the Steering Committee within 5 business days of becoming aware of the risk or issue, or a change in risk rating of an existing risk.
    a. The Steering Committee will have authority to determine how to manage these risks or issues to a more acceptable level (ie agree the Action Plan), taking advice from relevant stakeholders.
    b. Any risks or issues that may require the use of "project-level" contingency or threaten the overall delivery of project objectives must be escalated (along with recommended response) to the Council of Elders.

[6] The Project Owner and Steering Committee fulfil the responsibilities of the Responsible Leader, and Risk / Control Owners as appropriate.
Other key terms relating to risk and issue management are defined in the Risk and Compliance Management Policy.

c. A current Project Risk and Issue Register must be provided to the Steering Committee as part of monthly reporting, with key changes discussed and a response agreed at the Steering Committee meeting

d. Material Risks and Issues may only be closed and removed from the register on approval from the Steering Committee at its regular meetings.

4. The Project Owner must review the Church's insurance coverage applicable to project works and investigate whether further insurance is necessary to provide recovery funds for risks that can't be effectively mitigated in the event they are realised.

6 RELATED DOCUMENTS

The following policies complement this policy:

- Risk and Compliance Management Policy
- Financial Policy

The following documents / registers support this policy:

- Sample Project Plan – Minor Projects
- Sample Project Status Report
- Risk and Issues Register (refer to the Risk and Compliance Management Policy)

7 DEFINITIONS & ACRONYMS

- Material Issue: an issue with a Medium or Serious impact rating.
- Material Risk: a risk with a Severe or Critical risk rating.
- Project Contractors: a third-party organisation engaged by contact to perform various project works either defined by Contract or subsequent Statements of Work.
- Project Manager: the person appointed to plan and manage the project on behalf of the Project Owner and the Church.
- Project Owner: the church leader with the prime responsibility for delivering the project objectives.
- Statement of Work: a detailed document defining for Project Contractors (and Suppliers) project-specific activities, requirements / specifications, acceptance criteria, timelines, agreed pricing (not otherwise defined by contract), etc for a particular project outcome or deliverables.
- Steering Committee: the governance body appointed to support the Project Owner, and oversee the planning and delivery of the project to ensure it realises the approved objectives.
- Steering Committee Charter: the terms of reference and particular requirements for the Steering Committee responsible for governing a Major Project.
- Supplier: a third-party organisation providing the project with goods or routine services.