

Department of Treasury and Finance

# Quality Assurance Manual for Contractors

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Procurement, Risk and Contract Management Branch

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## Introduction

The aim of prequalification is to classify contractors according to their expertise and capability in specific work categories and in a specific financial range.

Contractors who wish to offer services to the Tasmanian Government for building construction and maintenance services, must first become prequalified with the Department of Treasury and Finance (Treasury). This is because agencies are required to only engage prequalified contractors, where suitable categories exist, for procurements valued at \$250 000 or more.

Treasury's Procurement, Risk and Contract Management Branch maintains a register of prequalified contractors (and consultants) for works in their designated fields of expertise up to a specified project cost. The register provides a record of a contractor's expertise, experience, technical capacity and history of their performance on Government projects. Registration is limited to specified categories.

Prequalification means that the contractor has:

- expressed interest in undertaking particular categories of work;
- been assessed as being capable of undertaking specific categories of work; and
- been approved for a specific financial range of project work.

Prequalification does not guarantee that a contractor will be invited to undertake work for the Tasmanian Government.

All contractors that wish to register, or remain registered for Tasmanian Government Building Works - Institutional or Residential with a total value in excess of \$5 million, Facilities Management and Maintenance exceeding \$2 million per annum, or other contractor categories where the component cost exceeds \$2 million, must:

- have a Quality Management System that meets the requirements of Treasury's Second Party Certification criteria for contractors; or
- be certified by an accredited third party certification body when building work (both Institutional and Residential) construction costs exceed \$10 million.

**Contractors that are not certified by a third party certification body**, must demonstrate the implementation of a Quality Management System that meets the requirements of Treasury's Procurement, Risk and Contract Management Branch second party certification criteria. These contractors are required to have their Quality Management System independently assessed by a qualified auditor registered with Treasury's Procurement, Risk and Contract Management Branch. In order to maintain second party certification status and remain registered with Treasury, these contractors are to have their Quality Management System reviewed by a Treasury approved auditor once every two (2) years.

Where an **accredited third party certification body has certified a contractor's Quality Management System**, a current copy of the Certificate and Capability or Scope Statement must be lodged with Treasury's Procurement, Risk and Contract Management Branch. Registered contractors with third party certification must be certified to AS/NZS ISO 9001:2016 or ISO 9001:2015.

Contractors may also be third party certified to Work Health and Safety Standards, AS/NZS 4801:2001 or OHSAS 18001:2007. Some contractors may also wish to pursue certification to ISO 45001:2018.

This manual is provided to contractors who wish to become registered or remain registered with Treasury's Procurement, Risk and Contract Management Branch. This manual is also available to Treasury's Procurement, Risk and Contract Management Branch approved auditors. These auditors are to:

- certify that the contractors have met, or continue to meet, the Second Party Certification requirements; and
- make recommendations to Treasury for initial or ongoing certification.

## Contractor Quality Management Requirements

Unless specified otherwise, the minimum Quality Management System requirements for contractor registration is second party certification based on the following ISO 9001:2015 elements.

*Please note: The requirement for Second Party Quality Assurance does not include all elements in the ISO 9001:2015 Quality Management Systems Requirements standard and consequently, not all elements of that standard are included in this document.*

### 1. Context of the Organisation

#### 1.1 Determining the Scope of the Quality Management System

The contractor organisation needs to determine the boundaries and applicability of the Quality Management System to establish its scope. When determining this scope, the contractor organisation needs to consider the scope of the services it provides. The scope of the contractor organisation's Quality Management System must be maintained as **documented information**. It needs to state the types of projects, construction and project management services covered.

#### 1.2 Quality Management System and its Processes

The contractor organisation needs to establish, implement and maintain a Quality Management System in line with the requirements of this manual. This should include the processes needed and their interactions (or connections), in accordance with the requirements of this manual.

The contractor organisation must maintain and retain **documented information** to support the operations of its processes and to demonstrate confidence that the projects, construction and project management activities are being carried out as planned.

## 2. Leadership

### 2.1 Client Focus

Senior management must demonstrate leadership and commitment with respect to client focus by ensuring that:

- client and applicable statutory and regulatory requirements are determined, understood and consistently met for each project;
- the risks and opportunities that can affect conformity of construction and project management services and the ability to enhance client satisfaction are determined and addressed for each project; and

- the focus on enhancing client satisfaction is maintained.

## 2.2 Quality Policy

Senior management needs to establish, implement and maintain a Quality Policy. This is an important document because it acts as the driver for the contractor organisation. It must provide the direction and form a framework for establishing goals, as well as a commitment to satisfy applicable requirements and to continually improve the Quality Management System. Senior management should ensure the Quality Policy is appropriate and compatible with the contractor organisation's strategic direction. The Quality Policy needs to be communicated to all employees and employees need to understand the part they have in meeting the organisation's stated objectives and requirements. It also needs to be available to interested parties, as appropriate.

## 2.3 Organisational Roles, Responsibilities and Authorities

For a system to function effectively, those involved need to be fully aware of what their role is within each project. Senior management must ensure that key responsibilities and authorities are clearly defined for each project. The contractor organisation must retain **documented information**. For example, this could be done using organisation charts, job descriptions and/or procedures, to define responsibilities and authorities within specific Project Management Plans, etc.

## 3. Planning

### 3.1 Actions to Address Project Risks and Opportunities

Contractor organisations need to understand the range of risks and opportunities relevant to the scope of the organisation and to each project. The organisation needs to determine actions, objectives and plans to address them.

A well-established approach implemented by many organisations is the use of Risk Registers which, if properly managed and implemented, can effectively manage risks and opportunities across a wide range of areas and issues.

Another method of determining the contractor organisation's risks and opportunities could be through the conduct of a SWOT analysis, ie Strengths, Weaknesses, Opportunities and Threats to the organisation and its project, construction and project management activities. These can also be linked in with the organisation's objectives and targets. =

Actions taken to address risks and opportunities, need to be proportionate to the potential impact on the conformity of the contract organisations's services. Options to address risks can include:

- avoiding risks;
- taking risks in order to pursue an opportunity;
- eliminating the risk source;
- changing the likelihood or consequences of a risk;
- sharing the risk; or
- retaining risk by informed decision.

Opportunities can lead to:

- the adoption of new practices;
- launching new products;

- opening new markets;
- acquiring new clients;
- forming partnerships;
- using new technology; and
- other desirable and viable possibilities to address the organisation's or its client's needs.

### 3.2 Quality / Project / Construction Objectives and Planning to Achieve

As part of the planning process, senior management needs to set quality objectives, which will turn the Quality Policy into reality.

Quality / project / construction objectives should be consistent with the Quality Policy and be capable of being measured. The contractor organisation needs to establish quality objectives and plans to ensure that these are clear, measurable, monitored, communicated, updated and resourced, i.e. SMART. (Specific, Measurable, Achievable, Realistic and have a timeframe in which to be achieved).

When planning how to achieve its quality project/construction objectives, the organisation shall determine:

- **what** will be done (S);
- **how the results will be evaluated** (M);
- who will be **responsible** (A);
- **what resources** will be required (R); and
- **when** it will be completed (T).

The organisation must maintain **documented information** on the quality/project/construction objectives. For example, these could be incorporated into, or form part of the Project Management Plan (PMP).

There are many different types of objectives that could be considered:

- market position and / or growth;
- project / construction management effectiveness and/or efficiency;
- maintenance of present position;
- reduction in construction costs;
- improvements in construction / project management conformance;
- improved construction / project management delivery; and
- improved client satisfaction.

The objectives must be meaningful to those who are assigned responsibility for achieving them, as well as to those whose activities contribute to their achievement.

## 4. Support and Resources

### 4.1 People

An effective Quality Management System cannot be maintained or improved without adequate resources. As a function of planning, such resources should be determined and provided. This includes contract or project specific resources. Resources can be:

- financial;
- time;
- competence and awareness of people;
- infrastructure;
- work environment; and
- communication.

The main intention of this section is to ensure that the people working within the Quality Management System are competent to fulfil their duties, supported by equipment and infrastructure that is fit for purpose, e.g. buildings, equipment, IT systems, transport, communication methods or construction methods. There is also the need to determine what maintenance / backup program(s) should be developed to ensure the organisation's continuing capability as part of planning.

The contractor organisation needs to determine and provide the persons necessary for the effective implementation of its Quality Management System and for the operation and control of its projects.

### 4.2 Competence

Competence criteria need to be established for each function affecting project quality. This can then be used to assess existing competence and determine future needs. Where criteria are not met, training, re-assignment, or mentoring/supervising of personnel may even be necessary. Competency requirements are also often stated in job/position descriptions or Project Management Plans.

Recruitment and Induction Programs, Training Plans, Skills Tests, Training Records/Matrices, Licenses, Certificates of Competency and Staff Appraisals, often provide evidence of competence and their assessment.

**Documented information** needs to be retained as evidence of competence.

### 4.3 Communication

The contractor organisation needs to determine the internal and external communications relevant to the Quality Management System and to each project. Mechanisms for communication could include:

- site and client meetings;
- notice boards;
- in-house publications;
- awareness raising seminars;
- toolbox talks;



- intranet/internet; and
- emails.

Communication needs to be planned to ensure that all necessary information is available when needed, from both external and internal sources. This could also include feedback from the client. Documented information could include:

- tenders and contracts;
- specifications;
- drawings;
- emails;
- letters;
- transmittals;
- meeting minutes;
- variation requests; and
- complaints.

Communication with clients and external interested parties should include:

- project and construction information:
- handling enquiries, tenders, contracts, changes;
- obtaining client feedback, including complaints and compliments; and
- handling and controlling documented information provided by the client/consultant/sub-consultant/contractor.

Communication could include considering:

- **what** to communicate;
- **when** to communicate;
- **with whom** to communicate;
- **how** to communicate; and
- **who** communicates.

#### 4.4 Control of Documented Information Including Records

**Documented information** required by the Quality Management System must be controlled to ensure it is available and suitable for use, where and when it is needed. The contractor organisation must also ensure that it is adequately protected (eg. from loss of confidentiality, improper use, or loss of integrity).

The term “**documented information**” now replaces the previously used terms “documented procedure” and “records”. It is up to the contractor organisation to decide what is needed in terms of **documented information**. It can be in any format as long as it provides appropriate evidence to demonstrate compliance. Examples may include:

- organisation charts;
- process maps;
- process flow charts;

- process descriptions;
- procedures;
- work and/or test instructions;
- specifications;
- construction drawings;
- documents containing internal communications;
- production schedules;
- inspection and test plans;
- project management plans (PMPs)
- photographs;
- job safety analysis (JSA);
- safe work method statement (SWMS);
- safe work procedures (SWPs);
- master samples;
- databases;
- software programs;
- strategic/business plans; and
- forms.

When **creating and updating documented information**, the contractor organisation shall ensure appropriate:

- **identification and description** - examples include a title and date of issue, page x of y. Author or reference number are optional;
- **format** - examples include language, software version, graphics, read and print only and master samples;
- **media** - examples include paper, electronic, photographs and product samples;
- **review and approval** for suitability and adequacy prior to use - examples include signatures, initials, titles, email approval, electronic signatures, click-box approval within a document control program or approved document register; and
- **documented information of external origin** determined by the contractor organisation to be necessary for the planning and operation of the Quality Management System, must be identified as appropriate and be controlled. Examples include codes of practice, contract documents, client provided documents, construction drawings, specifications and schedules.

For the **control of documented information**, the contractor organisation needs to address the following activities as applicable:

- **availability** - the **documented information** exists where appropriate personnel are able to gain access;
- **protection** - the **documented information** is protected from tampering, unauthorised changes and damage. Examples are system passwords and employee training;

- **distribution** - personnel can readily access the **documented information**, rather than struggle to find it, especially if a computer or program is necessary to access the **documented information**. In the case of **retained documentation**, records need to be readily retrieved;
- **storage** - the contractor organisation needs to specify where the **documented information** is located. This applies to retained **records** and maintained **documented information**. Examples include current and superseded procedures, work instructions, SWMS, JSAs, construction drawings, specifications and PMP(s);
- **change control** - the contractor organisation is able to ensure that the correct versions of **documented information** is available. When it is revised, it needs to be reviewed and approved, prior to re-issue with the changes readily identified. Examples include, change of date of issue, version control, actual wording highlighted, in different coloured font or change register. There also needs to be safeguards in place to prevent employees from incorrectly accessing and using obsolete/superseded information. For example retaining superseded records in archive folders or removing them from the project / construction site;
- **retention** - the contractor organisation needs to state the period of time that records will be kept. This is completely up to the organisation, its needs, as well as contractual and regulatory requirements; and
- **disposition** - the contractor organisation needs to determine the method of disposal of the records after their retention times have elapsed. Examples include archive, shred, recycle or destroy.

## 5. Operation - Project and Construction Management

### 5.1 Requirements for Planning Projects - Project / Construction Management

The contractor organisation needs to plan, implement and control the processes needed to meet the provision requirements of its construction and project management services and the criteria for the process and acceptance of project / construction needs to be established. The organisation needs to be able to demonstrate how they have determined what **documented information** has been deemed necessary for the organisation.

There must be a process to ensure that the needs and expectations of clients and their requirements are determined. This needs to include verification of the intended project use and any statutory requirements that apply.

### 5.2 Determining, Reviewing and Changes to Project / Construction Requirements

Once the client's needs and expectations have been determined, these requirements need to be reviewed by the contractor organisation prior to any commitment to supply. The contractor organisation needs to ensure that the project and construction requirements are understood, that any anomalies are resolved and that the organisation has the ability to meet the project/construction requirements. The contractor organisation also needs to consider any applicable statutory requirements, as well as those not stated by the client, but necessary for the specified or intended use when known.

Examples of documentation could be:

- enquiries;
- tender documents;
- design and construction drawings;
- contract specifications and clarifications;
- offers or contractor proposals; and
- go / no go reviews.

The contractor organisation shall ensure that it has the ability to meet the requirements of its construction services to be offered to clients. The organisation shall conduct a review before committing to supply its project / construction services or submitting tender documents to a client.

The organisation shall ensure that any contractual requirements, differing from those previously defined, are resolved.

### 5.3 Control and Management of Projects and Construction Activities

Contractor organisations are required to ensure that project management and construction activities are planned and then conducted under controlled conditions. This also includes controlling these activities at the client's premises. Examples include construction, installation, etc.

There are many different ways to achieve control. Methods and **documented information** can include

- controlled processes;
- procedures;
- drawings;
- specifications;
- work instructions;
- safety work method statements (SWMS) / job safety analysis (JSA);
- quality management plans;
- project management plans (PMPs);
- operating and process criteria;
- safe work procedures (SWPs); and
- equipment calibration certificates.

The management of project and construction activities under controlled conditions can include:

- the availability of documented information that defines the characteristics of the construction services to be provided and /or performed and the results to be achieved. (See *above examples*);
- the availability and use of suitable monitoring and measuring resources, including any equipment requiring calibration;
- implementation of inspection and testing activities at appropriate stages of the project / construction, to verify that criteria for control and acceptance criteria have been met. Examples include, site inspections, hold points and associated inspections; and

- appointment of competent persons, including any required qualification(s)/licences, certificates, white cards or specific site induction records.

The contractor organisation needs to identify, review and control any changes made during, or subsequently to, the project / construction activities. This needs to be to the extent necessary to ensure that there is no adverse impact on meeting the project contractual requirements.

The contractor organisation must retain **documented information** to demonstrate that any project / construction changes have been reviewed and authorised where necessary.

The contractor organisation must formally track each construction project against stated timelines, to allow the project's status against the timeline to be known at any given point in time.

The contractor organisation must monitor the progress of the construction project or each stage of the project, to verify that all contractual requirements have been met prior to implementing completion and post-delivery activities. **Documented information** as evidence of conformity with the acceptance criteria and contractual requirements, must also be maintained. This must indicate the person(s) authorising the handover of the project to the client.

#### 5.4 Control of Externally Provided Project/Construction Processes, Products and Services

This requirement is to ensure that the externally provided project / construction processes, products and / or services required for the project, can meet the client's and contractual requirements.

The contractor organisation shall determine and apply criteria for the evaluation, selection, monitoring of performance and re-evaluation of external providers, based on their ability to provide processes, products and services in accordance with specified requirements.

External suppliers / consultants / sub-contractors need to be re-evaluated periodically against pre-determined criteria. The results and actions of these evaluations and re-evaluations need to be maintained as **documented information**. For example, this could be undertaken as part of the annual Management Review meeting.

The contractor organisation also needs to ensure that it provides all necessary information to external suppliers / consultants / sub-contractors / sub-consultants. Clarity is essential, not just in terms of project / construction specification, but also in terms of operator qualification, quality control, documentation and delivery times.

#### 5.5 Control of Non-conforming Outputs and Corrective Actions

The contractor organisation must ensure that non-conforming project / construction outputs that do not conform to their requirements are identified and controlled. This is to prevent their unintended use, delivery or installation, these need to be corrected. Once identified through site inspections, inspections at nominated hold points or quality checking, they should trigger a process whereby an authorised and competent person should decide what course of action is to be taken. Options can include:

- correcting the problem on site;
- changing the construction drawings;
- gaining client or end-client concession; and
- variation request.

**Documented information** of any non-conformance must be retained, including any concessions agreed by the client or end-client.

## 6. Management Review

Senior management must review the contractor organisation's Quality Management System at appropriate intervals determined by the contractor organisation.. This is to ensure its continuing suitability, adequacy, effectiveness and alignment with the strategic directions of the organisation. Senior management should also use the review as an opportunity to identify improvements that can be made and / or any changes required, including the adequacy of and any additional resources needed. Client feedback also needs to be obtained. This must include an analysis of client satisfaction and client complaints in order to monitor the client's perceptions of the degree to which their needs and expectations have been fulfilled. Examples of methods to obtain feedback are:

- interviews;
- client meetings;
- benchmarking;
- repeat business;
- questionnaires; and
- end of project and lessons learned reviews.

Records of management reviews shall be maintained.

### 6.1 Management review Agenda

Management reviews shall include information on:

- client satisfaction and feedback from relevant interested parties;
- the extent to which quality project/construction objectives have been achieved;
- project performance and conformance to contractual requirements;
- non-conformities and corrective actions;
- the performance of external providers e.g. sub-contractors or sub-consultants;
- the adequacy of resources and any additional / future resource needs;
- the effectiveness of actions taken to address risks and opportunities; and
- opportunities for improvement.

## 7. Project Management Plans

The contractor must ensure the development and production of a Project Management Plan (PMP) or similar for specific projects.

Depending on the value and complexity of the project, the Project Management Plan shall include, as a minimum the following requirements:

- a description of the project and timeline;
- client requirements;

- contractor's company structure, including sub-contractors / sub-consultants;
- identified construction and project management risks and methods for controlling those risks;
- control of project documents and records;
- control of the construction/project processes;
- control of non-conformances and corrective action;
- identification of safety issues, hazards, risks and control measures; and
- identification of environmental issues, hazards, risks and control measures.

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