Quality Management Plan

KHG-PLA-QCC-1143

PROJECT	DESCRIPTION

REV	DATE	ISSUE	PREP	APP'D	CLIENT
A	05/07/2019	PRELIMINARY REVIEW	RA	KW	N/A
B	03/04/2020	Annual Review	RA	JZ	N/A
C	19/01/2021	Annual Review	WH	JZ	N/A
1	06/09/2022	Annual Review	YW	JZ	N/A
2	09/07/2023	WHS Review	YW	KW	N/A
3	06/08/2024	Annual Review	SR	WT	N/A

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1. PURPOSE

The Quality Management System (QMS) manual is the prime document for the management of quality for all works undertaken by KHG Contracting (KHG). This plan provides information and guidance on how our organisation will meet all quality requirements.

By implementing the QMS, our organisation aims to:

- provide assurance to customers that its products and services will meet the customer's specified requirements.
- ensure that purchased items conform to specification before incorporating them in the works.
- address risk and opportunities associated with its context and objectives.
- plan and control work processes.
- plan and carry out inspection and testing to verify that the work processes are effective and that all finished products comply with the contract requirements.
- ensure careful selection of subcontractors and confirmation that their work complies with the contract requirements.
- acknowledge and rectify any nonconforming work and improve work processes to prevent recurrence of nonconformities.
- keep orderly records to demonstrate that the works comply with the contract; and
- improve procedures and work practices when opportunities are identified to minimise errors, waste, and product nonconformities.

The quality management system enables KHG to manage the way we deliver projects to our clients, with a commitment to ongoing continual improvement.

The quality management system is driven by commitment to achieving quality awareness throughout all levels of our organisation to deliver quality products and services to our clients.

KHG seeks feedback on this delivery to ensure that we implement improvements as part of our continual improvement cycle.

Client requirements, goals and expectations provide a defining role in the technical approach that we apply to our work. We consider external factors such as legislation, codes of practice, industry regulations, standards, and expectations. Commercial considerations and our goals further influence the way we operate.

We monitor and measure the processes and products relative to the policies, objectives, and requirements for the product. We record and report the results and use this as a basis for continual improvement.

amended to meet changed conditions or objectives during the project’s life span.

2. POLICY

QUALITY POLICY

KHG-POL-QCC-1013

KHG is pursuing excellence by implementation and continuous improvement of our business management systems including those for health, safety, and the environment.

In line with the KHG vision to be the service partner of choice for our clients, the system aims to improve our performance by:

- Employing a Quality Management System to guide the quality of our activities
- Developing measurable quality objectives and monitoring progress against these objectives
- Documenting work processes and best practices to support employees in carrying out their work
- Establishing, communicating, and reviewing key performance indicators for all employees
- Engaging suitably qualified, skilled, and experienced people
- Providing sufficient and suitable resources to implement and maintain the Quality Management System
- Educating and training to continually improve the skills of our people, awareness and knowledge of quality issues and practices
- Identifying, reporting, investigating, and resolving all non-conformances and taking action to prevent a recurrence
- Monitoring and evaluating the quality performance of consultants, subcontractors and suppliers and implementing effective communication with them on quality and compliance issues

To ensure ongoing suitability and improvement, the system is audited internally for compliance and improvement and aims to meet or exceed the requirements of ISO9001. Management shall review this policy periodically and communicate the objectives regularly to all employees and suppliers.

Kevin Wang
Director

Review Date: 01/07/2023

KHG-POL-QCC-1013 Quality Policy_3

3. STANDARDS AND GUIDLINES

The system has been developed to comply with the requirements of:

- AS/NZS ISO 9001:2016 Quality management systems – Requirements

4. REFERENCES

Standards:

- ISO 9001:2016 Quality management systems - Requirements
- ISO 9000:2016 Quality management systems - Fundamentals and vocabulary

Other significant documents referenced in this QMS manual include:

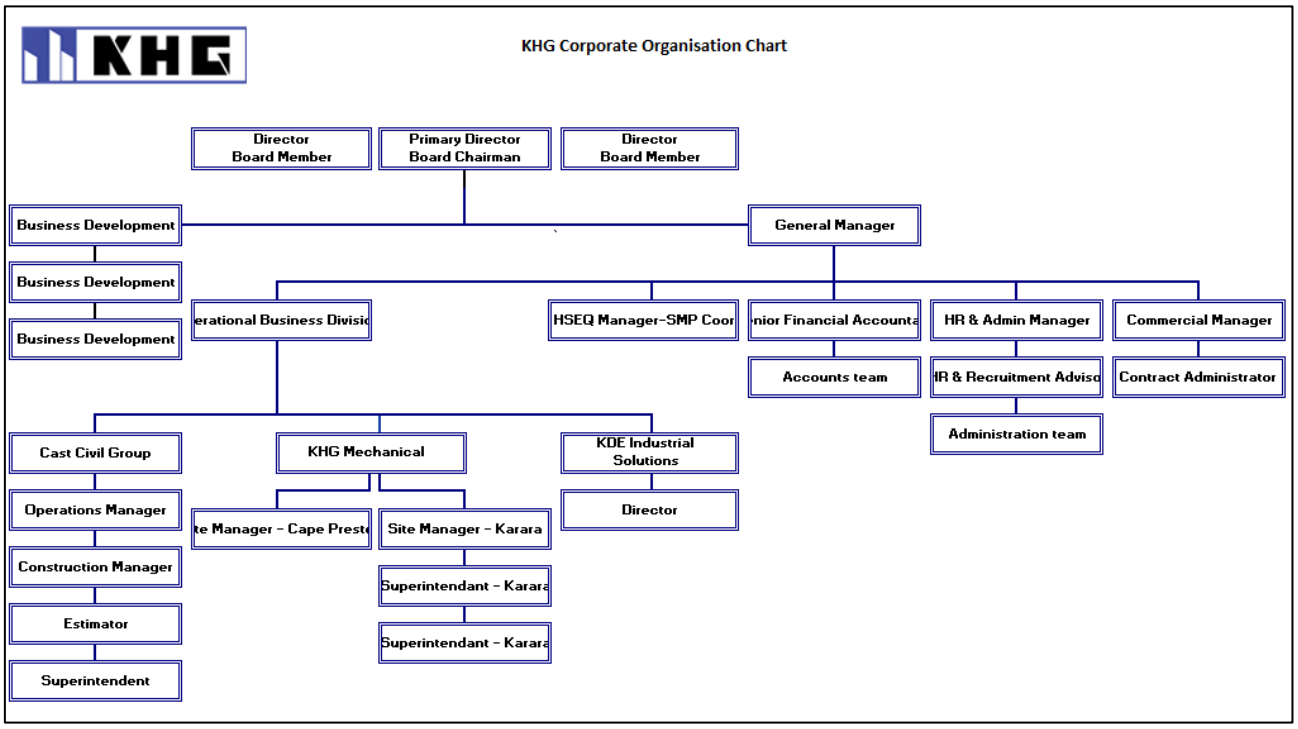
- Our organisation's Business Plan
- OHS Management System
- Environmental Management System

5. DEFINITIONS

KHG	KHG Contracting Pty, Ltd.
Organisation	Person or group of people that has its own functions with responsibilities, authorities, and relationships to achieve its objectives. Organisation includes, but is not limited to, sole-trader, company, corporation, firm, enterprise, authority, partnership, association, charity or institution, or part or combination thereof, whether incorporated or not, public, or private.
Senior Management	Person or group of people who direct and control an organisation at the highest level. Top management has the power to delegate authority and provide resources within the organisation. If the scope of the management system covers only part of an organisation, then top management refers to those who direct and control that part of the organisation.
Context of the organisation	Combination of internal and external issues that can influence an organisation's approach to developing and achieving its objectives.
Interested party	Person or organisation that can affect, be affected by, or perceive itself to be affected by a decision or activity. EXAMPLE: Customers, owners, people in an organisation, providers, bankers, regulators, unions, partners, or society that can include competitors or opposing pressure groups.
Competence	Ability to apply knowledge and skills to achieve intended results. Demonstrated competence is sometimes referred to as qualification.
Work environment	Set of conditions under which work is performed. Conditions can include physical, social, psychological, and environmental factors (such as temperature, lighting, recognition schemes, occupational stress, ergonomics, and atmospheric composition).

QMS	Quality Management System
QMP	Quality Management Plan
KPI	Key Performance Indicators
QM	Quality Manager
ITP	Inspection and Test Plan
PM	Project Manager

6. ORGANISATION STRUCTURE



Contact numbers and organisation structure for each project is detailed in the project-specific Quality Management Plan (QMP).

7. ACCOUNTABILITIES, RESPONCIBILITY and AUTHORITIES

Quality WHS and environmental performance in the workplace is the responsibility of all personnel, including contractors. The following non-exhaustive list of accountabilities are essential to the business's success and its policies.

7.1 Director

- Establish and maintain the Quality Policies.
- Promote the use of and compliance to the Quality management system and ensure regular audits are conducted, and findings are satisfactorily addressed.
- Promote and encourage awareness of Customer requirements at all levels.
- Provide sufficient and suitable resources to implement and maintain the QMS, and
- Ensure all non-conformances are promptly and thoroughly investigated and appropriate measures taken to prevent a recurrence.

7.2 General/Operations Manager

- Promote a culture of continuous improvement based on staff and Customer feedback,
- Promote and enforce the use of and compliance to the QMS.
- Promote and encourage awareness of Customer requirements at all levels.
- Monitor that sufficient and suitable resources are in place to implement the QMS.
- Non-conformance reporting requirements are satisfied in terms of frequency and content.
- Provide ongoing education and training to continually improve the skills of staff, awareness and knowledge of quality issues and practices.
- Ensure that:
  - Requirements of the QMS are communicated to employees and other persons to ensure that obligations are clear.
  - QMS performance is regularly reviewed, and corrective measures are instigated when required, and
  - The workplace and QMS procedures are audited regularly, and findings are satisfactorily addressed.

7.3 Quality Manager

The HSE / Quality Manager has primary responsibility for assisting the Director and General Manager to structure, implement and maintain the QMS to ensure compliance with KHG Contracting policies, applicable legislation, and ISO 9001, ISO14001 and ISO 45001 standards.

Specifically, the HSE / Quality Manager maintains an independent position and is free of cost and production restraints in carrying out the following tasks:

- Maintaining the Quality Management System (QMS).
- Maintaining knowledge of current standards and obligation requirements.
- Verifying that company policies and procedures are implemented and maintained by establishing and implementing the audit program to assess quality system performance is compliant and effective.
- Reporting on the performance and effectiveness of the QMS.
- Ensuring that customer focus is recognised throughout the company as paramount to its success.

- In consultation with Senior Management and the workforce, monitor the QMS to determine where improvements are needed and recommends any corrective actions,
- Represents KHG on required matters relating to the QMS matters.

7.4 Workforce Responsibilities

KHG's workforce has a requirement to:

- Comply with the requirements of the QMS.
- Report to a Supervisor any situation that is not conforming to the QMS that they cannot rectify.
- Immediately report any non-conformance that arises during, or in connection with, their work.
- Suggest practical ways to improve the QMS.
- Ensure that quality work methods are always followed.

7.5 Contractor Responsibilities

Where KHG Contracting engages contractors, they will:

- Comply with the requirements of the KHG Contracting QMS and Customer systems and processes where specified.
- Comply with the requirements of the QMS.
- Report to a Supervisor any situation that is not conforming to the QMS that they cannot rectify.
- Immediately report any non-conformance that arises during, or in connection with, their work.
- Suggest practical ways to improve the QMS.
- Ensure that quality work methods are always followed.

8. PERFORMANCE INFLUENCING FACTORS

The Senior Management has identified external and internal performance influences that have an impact on the products and services that we deliver to our clients. These are identified during our annual management reviews.

Identified external issues are:

- Changing client requirements
- Technology changes to plant, equipment, and construction materials
- Industry regulations, standards, and expectations
- Market competition

Identified potential internal issues are:

- Culture of our staff
- Skills and competencies to adapt to work methods, materials, and equipment changes.
- Performance of our organisation against our plans, objectives, and targets

Senior management continually monitors information about the external and internal influences that drive our KHG purpose and strategic direction.

The external and internal issues are reviewed yearly during the management review process; see section *management review*.

8.1 Interested Parties

The Senior Management has identified relevant interested parties and prioritised interested parties relationship that need to be managed.

Identified relevant interested parties and their requirements that are relevant to the QMS are:

Interested parties	Requirements
Our clients	Works delivered on time. Zero defects on workmanship Zero Harm No variations on costs
Our employees	Adequate work environment Training
Suppliers of construction materials	Accurate specification on purchase orders Availability of certain materials, advanced orders
Suppliers of plant and equipment	Hired plant arranged with sufficient advance time
Suppliers of services such as subcontractors works	Availability of competent subcontractors

Interested parties influence the performance of our organisation. Sustained success is more likely to be achieved when the organisation manages relationships with all its interested parties to optimise their impact on its performance,

Our organisation monitors and reviews information about the interested parties and their relevant requirements. The identified relevant interested parties and their requirements are reviewed yearly during the management review process.

9. QUALITY MANAGEMENT SYSTEM FRAMEWORK

9.1 Quality Management System Operational structure

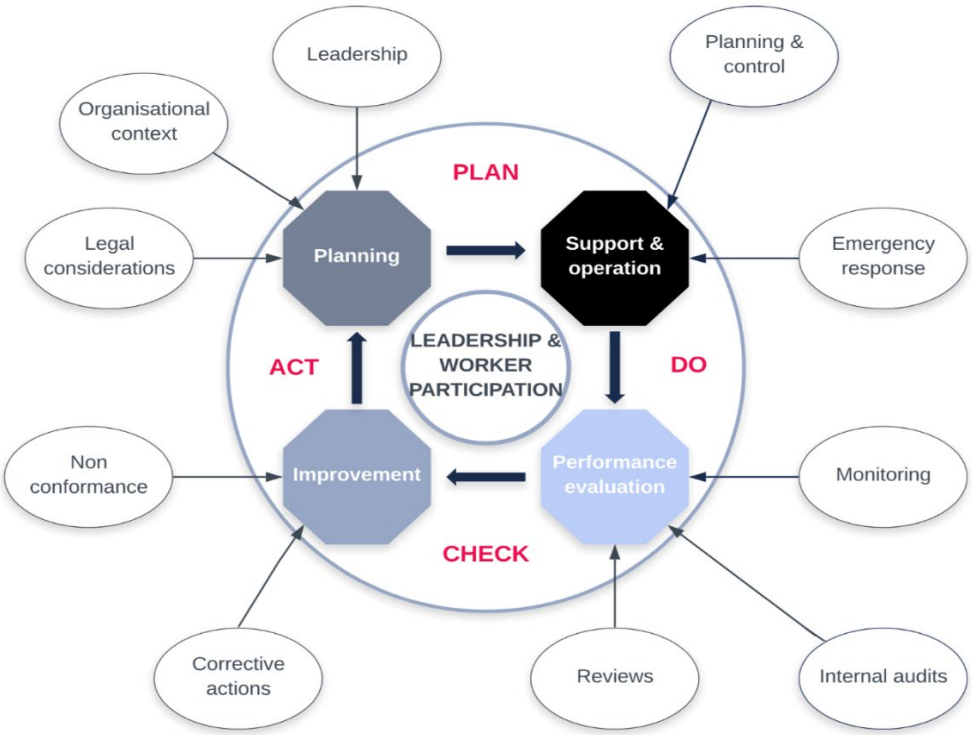
System Requirements	Standards	AS/NZS ISO 9001:2016 Quality management system - requirements
	Specification	Contract requirements / Customer requirements
	Company requirements	Requirements of company business plans
How requirements are addressed	QMS Manual	The QMS manual sets out how system requirements are addressed The Quality Management System: • details the organisation's quality structure, policies and resources and identify who is accountable for this. • details the integration of quality requirements with the general management procedures, practices and performance standards of the organisation.

		• defines who has responsibility for quality and outlines how these policies, practices, standard and procedures are communicated. • details the methods used to make sure that the organisation and its service provider in the supply chain understand their quality responsibilities
How the system is implemented	QMS Procedures	The QMS standards procedures set out in detail how requirements of the system are implemented
	Projects	How the system is implemented in a project environment is set out in the QMP. The QMP sets-out out the specific tasks, responsibilities, procedures and practices for a particular project. The QMP contains technical procedures and inspection & test plans to address specifications for products and processes. They are project-specific and are developed from standard templates. Relevant policies and procedures available from the QMS manual are referenced as appropriate in the QMP.
	Instructions	Instruction documents are provided when the implementation of a procedure requires technical know-how
	Local procedures	Procedures are developed by individual business units to address the requirements of their particular operations. These are controlled locally.
Evidence of implementation & performance	QMS Forms	Forms are the basis of records that demonstrate compliance with system requirements. Various forms are used to help keep record of quality performance. Forms may be referenced from the QMS manual or standard procedures

KHG uses a risk and evidence-based approach to quality management system (see Figure below) that incorporates the Plan-Do-Check-Act (PDCA) methodology as described below. PDCA stands for:

Plan:	Set the objectives of the system and processes to deliver results. (“What to do” and “how to do it”).
Do:	Implement and control what was planned.
Check:	Monitor and measure processes and results against policies, objectives and requirements and report results.
Act:	Take actions to improve the performance of processes.

The PDCA methodology operates as a cycle of continual improvement, with risk-based thinking at each stage.



The Quality management System is designed as a number of interrelated processes that could be grouped into six categories: leadership, planning, support, operation, performance evaluation and improvement.

The quality management system:

- determines the processes needed to meet the objectives and policies and to produce the intended outputs.
- determines how the processes flow in sequence and interaction.
- assigns responsibility and authority for each process.
- identifies the processes needed for the quality management system and their application throughout the organisation, as described in this document.
- determines those processes that need to be formally defined and how they are to be documented.
- determines the activities needed to achieve the intended outputs of the process and risks of unintended outputs.
- Determine where and how monitoring and measuring should be applied. This should be both for control and improvement of the processes and the intended process outputs.
- Determine the need for recording results.
- Implement actions necessary to achieve planned activities and results.
- Determine the resources needed for the effective operation of each process.
- Confirm that the process is effective and that the characteristics of the processes are consistent with the purpose of the organisation.
- Change the processes to ensure that they continue to deliver the intended outputs.

The structure of the quality management system documentation is shown in ***Attachment B***.

10. PERFORMANCE OBJECTIVES AND PLANNING

KHG's objective is to meet customer and other requirements. The objectives are measurable and consistent.

Business plans are produced annually. The strategic direction is set by the senior management team aligning with action plans to achieve the objectives. Senior management reviews the business plans regularly and performance against the objectives is measured.

KHG has identified a number of objectives and targets relating to our business known as internal Key Performance Indicators (KPI's).
The following is a list of typical "Objectives" & "Targets". This list is by no means exhaustive and may be added to from time to time. The most likely time for the list to be updated would be after a quality management system review or significant changes to standards.

10.1 Key Performance Indicators

KHG Quality objectives and action plan to achieve them is detailed below:

No	Objective / Initiatives	Target	Performance Indicator
1	**Internal audits conducted as scheduled:** Initiatives: 1. The 1st internal project audits are scheduled within the 1st three months and then every six months.	100% of audits conducted as scheduled	100%
2	**Improve subcontractor management:** Initiatives: 1. Analyse and report subcontractor performance across all projects 2. Strengthening subcontractor management procedures based on risk management	100% of subcontractor's performance reviewed	100%
3	**Review of HSEQ Documentation** Initiatives: 1. Documentation update to new templates Development of the Project Managers Induction package and protocols. 2. Review all documents, including this and update to new templates.	100% of documents reviewed and updated to new template	60%
4	**Improve customer satisfaction information:** Initiatives: 1. Build relationships with customers. 2. Review products & services outputs before handling to customers 3. Obtain customer feedback on each delivered project	100% of projects delivered to customer satisfaction	100%

10.2 Key Performance Indicators Action Plan

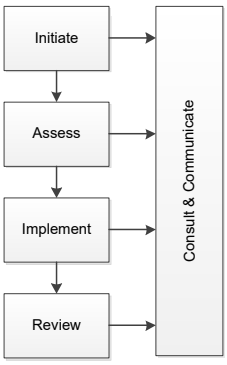
Objective 1: Internal audits conducted as scheduled				
Initiative 1: The 1st internal audit on projects scheduled within the 1st three months and then every six months.				
Action	**Responsibility**	**Resources**	**Measurement / Deliverable**	**Frequency**

QM to ensure internal audit is schedule as the initiative	QM	Internal auditors	Audit report	Quarterly
Objective 2: Improve subcontractor management				
Initiative 2: Analyse and report subcontractor performance across all projects				
Action	**Responsibility**	**Resources**	**Measurement / Deliverable**	**Frequency**
Measure and evaluate subcontractor performance.	QM	PM	Subcontractor Performance Report	Quarterly
Objective 3: Review of HSEQ Documentation				
Initiative 3: Review all documents, including this and update for any relevant Standards of Legislative changes.				
Action	**Responsibility**	**Resources**	**Measurement / Deliverable**	**Frequency**
Documentation update to new templates	QM	PM	Management System Documentation review	Quarterly
Objective 4: Internal audits conducted as scheduled				
Initiative 4: The 1st internal audit on projects scheduled within the 1st three months and then every six months.				
Action	**Responsibility**	**Resources**	**Measurement / Deliverable**	**Frequency**
QM to ensure internal audit is schedule as the initiative	QM	Internal auditors	Audit report	Quarterly

Objective and targets may also be set up at project level; they are documented in the QMP for the project.

11. MANAGEMENT OF CHANGE

Changes to any process, material, process or plan shall be conducted using the KHG Change management procedure to ensure any change is controlled under a formalised risk based process, the primary components under the KHG Change management process follows the below methodology:



A change proposal may be initiated by any employee regardless of complexity or urgency, and all change proposals will be subject to a formal review process.

Change proposals must include preliminary investigation details i.e. it has been determined or deemed likely, that the change will precede. For large projects, this step will take place prior to detail design commencement.

11.1 Planning for Change

KHG recognises that its operations are subject to rapid change due to factors as described in Section 9 of this plan, as such KHG seek opportunities for positive change and to control negative change by reviewing for any emerging:

- Changing client requirements and feedback.
- Technology changes to plant, equipment, and construction materials
- Industry regulations, standards, and expectations
- Market competition.
- Surveying the culture of our staff.
- Skills and competencies to adapt to work methods, materials, and equipment changes.
- Performance of our organisation previous performance against our plans, objectives, and targets.
- Anticipating and planning for possible changes through risk analysis contingency plans.
- Bringing issues, which could have a major impact on the nature or substance of the project, to the project Steering Committee so they can re-evaluate the project or make adjustments.
- Using an iterative process of change within the scope of a single project.
- Reflecting changes of project scope in Project Business Plan iterations.

12. PROJECT SPECIFIC REQUIRMENTS

To meet our customer needs on individual projects, a Project-specific Quality Management Plan may be developed which details the specific and additional requirements for that project to ensure compliance within both parties Quality requirements.

Where required by a particular project or contract, specific procedures or safe work instructions are documented and provided with the QMP.

Project specific quality management plans are provided as separate document, Project managers are responsible for the preparation of project quality management plans (QMP) utilising the Change management process.

13. MANAGEMENT REVIEW

13.1 Corporate Evaluation

The Quality manager tables all reported KPI's relating to KHG quality management system for review by senior management.

Actions and targets are then set out and a program is developed to accomplish the objectives and targets; the actions are tabled on Form 131 QMS review action plan.

13.2 Project Evaluation and Review

For all KHG projects the progress reports will be utilised to review the ongoing project performance against the defined project performance targets.

At the completion of a project a close out review will be undertaken to produce opportunities for improvement and management review utilising the below inputs as a minimum

- Performance to contractual key performance indicators.
- Customer expectations before the project compared to customer review after the completion.
- Operational strength and weakness learnings during the project,
    - What went well.
    - What could have been done better.

All relevant stakeholders be included within the review process.

Project Site Manager will be responsible for the review.

The Site QA Engineer will perform the review.

KHG Senior management is responsible for the post implementation review process and implementation of corrective actions or opportunities for improvement.

The Reports will be delivered to senior KHG Management and Client Management.

14. DOCUMENT CONTROL

14.1 Record keeping

All records will be managed in accordance with KHG Document control procedure.

15. OUTPUT CONTROL

15.1 Output Quality Control

Quality control for projects will be achieved by defining the relevant quality criteria for the outputs, or what characteristics make them 'fit for purpose'.

Critical elements a project will be captured during planning stages and as defined by Clients Scope of works for quality control standards and will be registered, measurable performance criteria assigned, tracked and monitored in the project reports as a KPI.

These measurable considerations will include:

- Storage,
- Maintenance and servicing,
- Critical spares,
- Calibration,
- Activation/deactivation,
- Removal/installation.

15.2 Output Quality Criteria

Quality planning includes defining the output quality criteria and standards that will be used to determine their acceptability and 'fitness for purpose'. This should reflect an appropriate level of quality in the context of the project risk and target market. And take into account the balance between time and cost. Remember there is no point a delivering an inferior model.

Relevant methodologies, standards and guidelines will assist in determining output quality criteria. These usually contain technical specifications or other precise criteria to be used consistently as rules, guidelines, or definitions of characteristics, to ensure that any materials, products, processes and services required for output development are fit for their purpose. For example:

- *Standards, such as ISO and Construction industry standards.*

'Fitness for purpose' is also determined by the needs, expectations, requirements and 'critical success factors' of key stakeholders such as:

- Business Owner(s) - It is essential that the future Business Owner has early input into the output quality assurance processes that will assist with ensuring the outputs are fit for purpose before delivery. The Business Owner(s) may be required to contribute resources to the project during their development in order to ensure that the outputs are being developed satisfactorily. This involvement is continuous from the early conceptual stages through to reviewing and/or testing the completed products. Such involvement will ensure the Business Owner takes 'ownership' of the outputs early in their development and has a vested interest in long term maintenance.
- Advisory Groups (i.e., forums of experts) to provide advice or technical expertise in relation to output development and quality assurance.
- Reference Group(s) – provide forums to achieve consensus among groups of stakeholders, which may include assessing the fitness for purpose of particular outputs.

- Working Group(s) - consist of small specialist work groups, each dedicated to producing a well-defined output within a specific timeframe.
- Consultants - to provide specialist expertise/advice in relation to the development of specific outputs.

For example, the criteria are determined by an Advisory Group/Working Group and informed by the technical expertise of a consultant, the criteria is then ratified by the Business Owner and endorsed by the Steering Committee.

Fitness-for-purpose criteria must be developed and documented for each output. They may be documented as business requirements, functional, technical or design specifications, or more simply as an appendix to the Quality Plan.

15.3 Output Review Procedures

- Output testing and review:
  Usually it is assumed testing only applies to IT systems but it is also relevant to other outputs that require testing to ensure they meet specified functional requirements. It is also necessary to formalise the output change management procedures that will be used to document problem reporting and rectification.
- Progressive audits or appraisals to be conducted throughout the project:
  These reviews are undertaken progressively, as quality cannot be built in at the end of a project. These reviews should be identified and included in the project schedule, and may include the use of other external consultants with the relevant 'technical' experience, to provide advice or perform a review of outputs or their components.

15.3.1 Output Change Control

- A structured process for facilitating the introduction of the change.
- An assessment of the impact of the proposed change.
- A method of authorising change.
- An audit trail of changes.

The Change Control Process for the projects will involve the Management of Change Procedure.

15.4 Output Acceptance Procedures

- What processes the Business Owner(s) will apply to conduct final review and acceptance of the outputs based on the agreed criteria.
- How the sign off by the Business Owner that they have accepted the output(s) and related ongoing management responsibilities and accountabilities is to be documented (e.g., via an exchange of emails, Steering Committee minutes or by formal agreement captured in appropriate documentation such as a Handover Plan or as part of the Outcome Realisation Plan).

16. OPORTUNITIES FOR IMPROVMENT

16.1 General

Our organisation continually improves the performance and effectiveness of the quality management system to meet customer requirements and enhance customer satisfaction; this is done reviewing the quality policy, quality objectives, customer feedback, audit results, analysis of data, nonconformity, and corrective actions; and management review.

16.2 Nonconformity and corrective action

KHG ensures that products and services, which do not conform to requirements, is identified, and controlled to prevent its unintended use or delivery.

KHG deals with nonconforming products or services by:

- taking action to eliminate the detected nonconformity.
- authorising its use, release, or acceptance under concession by a relevant authority and the customer.
- informing the customer.
- taking action to preclude its original intended use or application.

If nonconforming product is detected after delivery or use, appropriate action is taken to the effects, or potential effects of the nonconformity.

Our organisation takes action to eliminate the cause of nonconformities to prevent recurrence or occur elsewhere. In particular, corrective action seeks to:

- review nonconformities including customer complaints.
- discover and eliminate the underlying cause of problems and non-conformance.
- provide recorded evidence of the problems being addressed.
- provide a record of the events and circumstances that inform decisions and direct changes to the system.
- determine and implement the corrective action needed.
- review the corrective action taken.
- ensure that senior management is made aware of all these factors.

16.3 Continual improvement

KHG understands the importance of continuous improvement and that non-conformities indicate that part of the quality management system may not be performing to its full potential or requires improvement.

Non-conformances principally relate to a systematic failure of an established process. This can include quality, health, safety and environmental incidents.

KHG continually improves the effectiveness of the quality management system by reviewing the quality policy, quality objectives, performance against KPI's customer feedback, KHG team member feedback, internal and external audit results, analysis and evaluation of data, non-conformance corrective actions, and management review procedures.

KHG also recognise the benefit of identifying the potential for change by seeking opportunities that are emerging and while have not yet caused a nonconformance can be proactively identified and planned for as described in section 21.1 of this plan.

The principal techniques utilised by KHG Contracting to identify and implement Continual Improvement are:

- KHG Contracting's Management System – preventing non-conformities by providing guidance and instruction on how to perform key tasks.
- Selection of workers – ensuring staff have the skills and competencies necessary to ensure the work is completed problem free.
- Risk Management – assessing the scope of operational activities in order to identify potential problems and apply controls to eliminate them.
- Training – Ensuring staff have the continued skills and competencies necessary to ensure the work is completed to Customer timeframes and expectations.
- Internal Audits - Conducting operational checks to detect non-conformities and take action.
- Management Review – analysis of data and information captured by the management system to identify repetitive non-conformities, trends and patterns, which may result in either - further training, and /or systemic changes to prevent future non-conformities.
- Lessons Learned - conducted as appropriate.