



Contract Administrator's Toolkit

**Best Practices XXIV Workshop
Wednesday, May 11 2016**





Introductions

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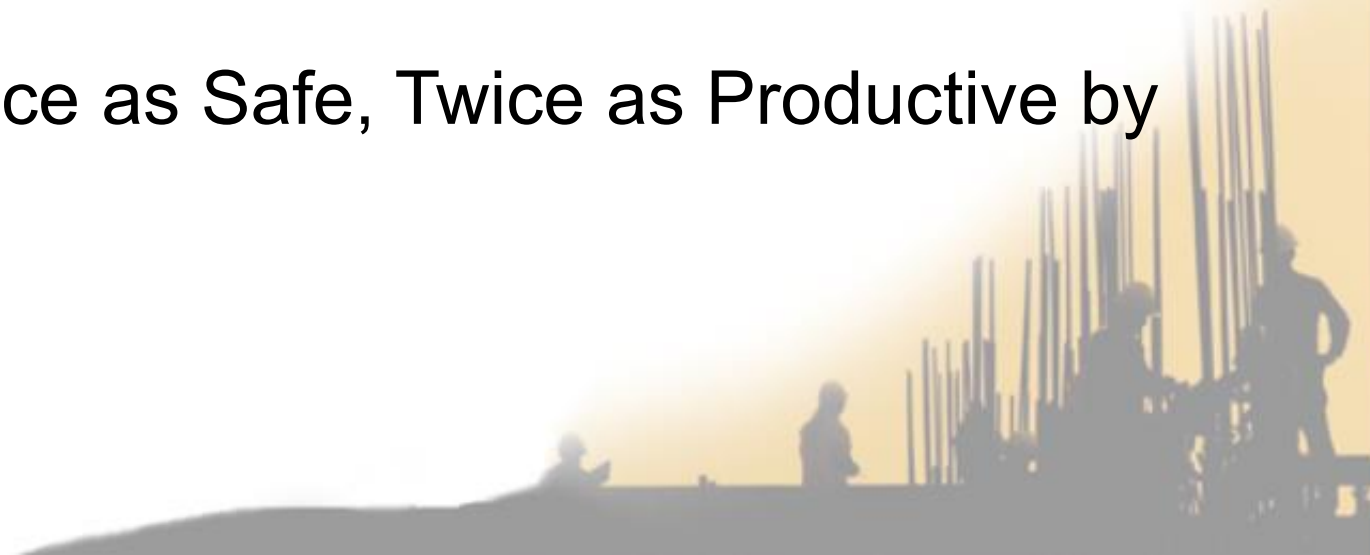
Agenda

- Overview
- Purpose
- Review toolkit
- Discussion



Overview

- Subcommittee of the COAA Contracts Committee
- Goals and focus areas:
 - To create a toolkit for use by Contract Administrators throughout the lifecycle of the Contract
 - Support “Twice as Safe, Twice as Productive by 2020”





Purpose

- Improve project outcomes from effective contracting and contract administration
- Cover the whole life-cycle - from contracting strategy to close-out
- “Starter pack” – subject to further ongoing development
- Toolkit based on COAA Stipulated Price 2003 contract



Toolkit Content

- Contract Strategy
- Contractor Prequalification
- Scope of Work Development
- Tender/Bid Package
- Non-Disclosure Agreement
- Standard Forms of Contract
- Tender Evaluation and Recommendation
- Commercial Risk Summary & Fact Sheet
- Change Management
- Monthly Reporting
- Close-Out
- Other Tools



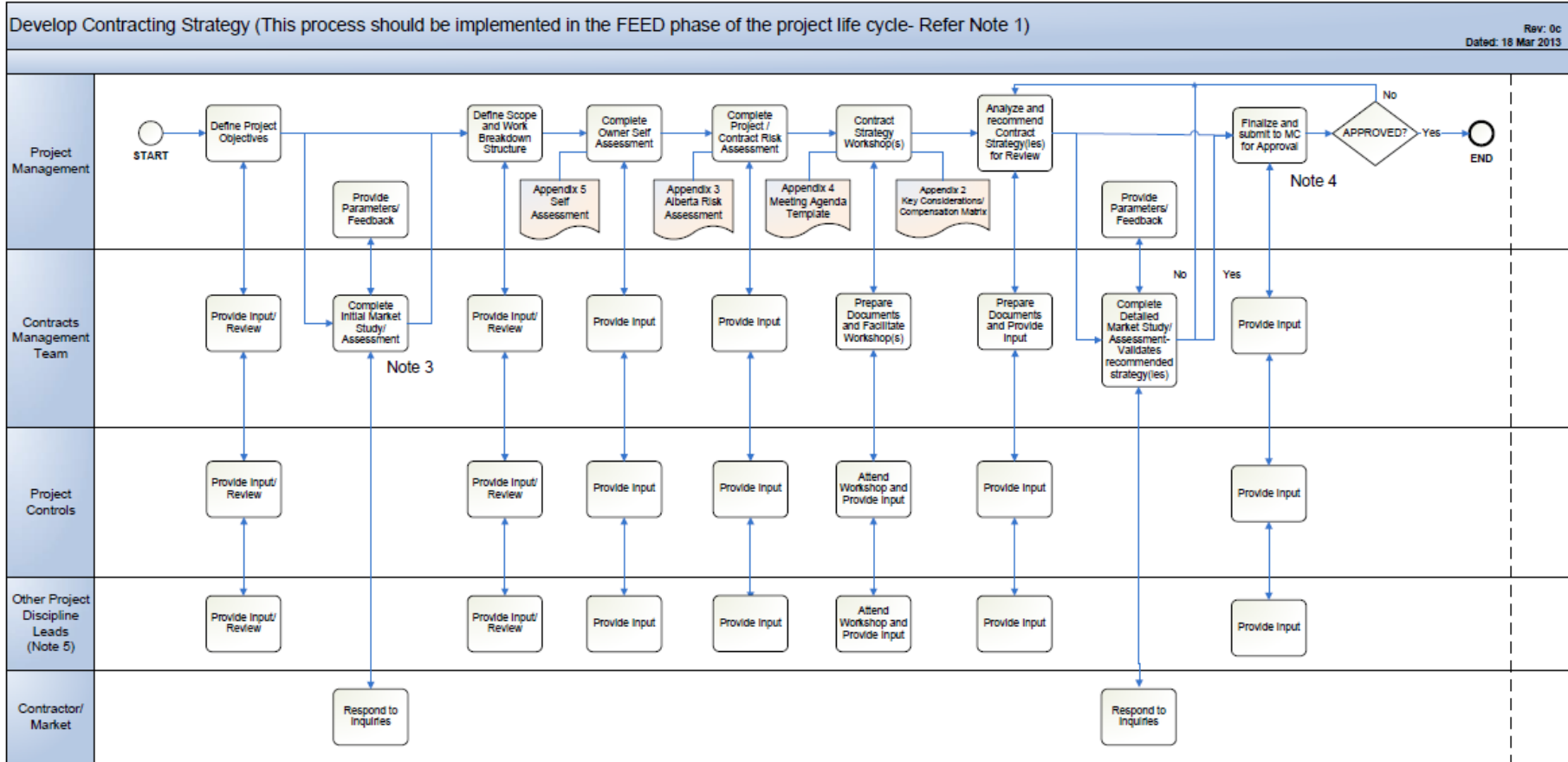


Contract Strategy

- COAA presenting Best Practice at this conference
- Many companies have no documented process
- The Best Practice includes: general process guidance, compensation matrix selection guide, risk assessment model, contract strategy meeting agenda, self-assessment



Contract Strategy



Assumptions and/ or Pre-Requisites (Also refer to Best Practice Guideline 4.3):

1. Project Team is in place.
2. Project Business Case and high level scope is defined.
3. PM is accountable for development of contract strategy, with input from SMEs (i.e. Contracts and other functions as required).
4. Activities forming part of contract strategy development process completed prior to Project sanction.

Notes

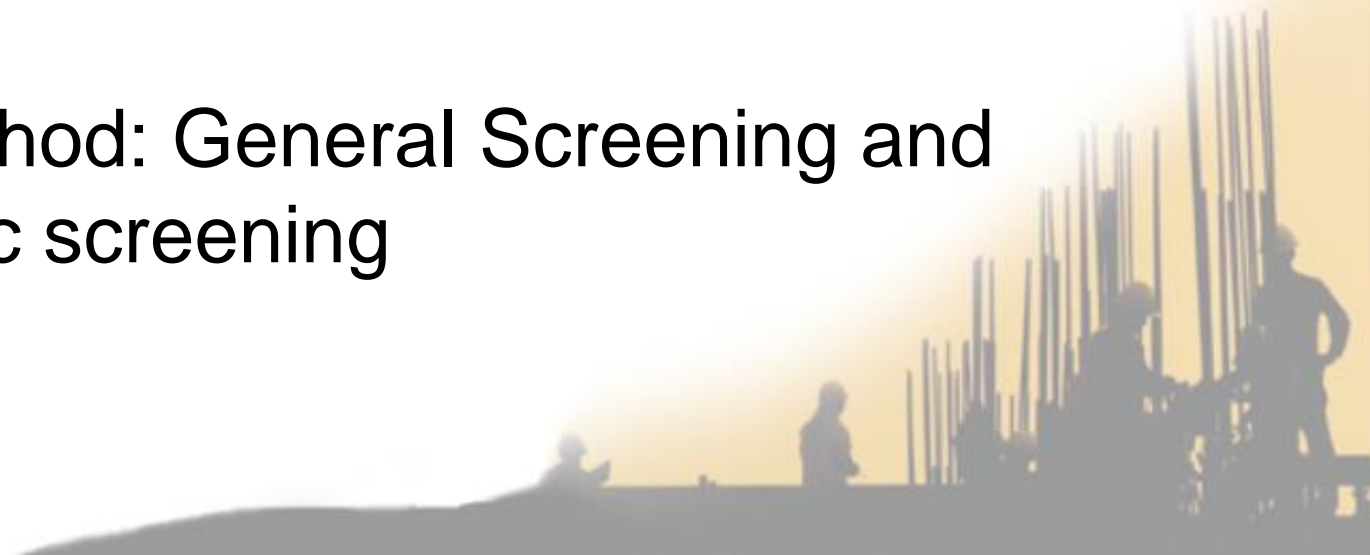
1. Note that if there are major changes in project objectives or conditions during project execution, it is strongly recommended to revisit, revalidate or modify the project contract strategy, using this process.
2. Template Documents shown are appendices of the Best Practice.
3. Reference : COAA Contractor Prequalification Best Practice
4. MC Definition – Management Committee, the senior company management with accountability / authority to fully sanction a project.
5. Refer to Legend tab for Listing

PROJECT SANCTION

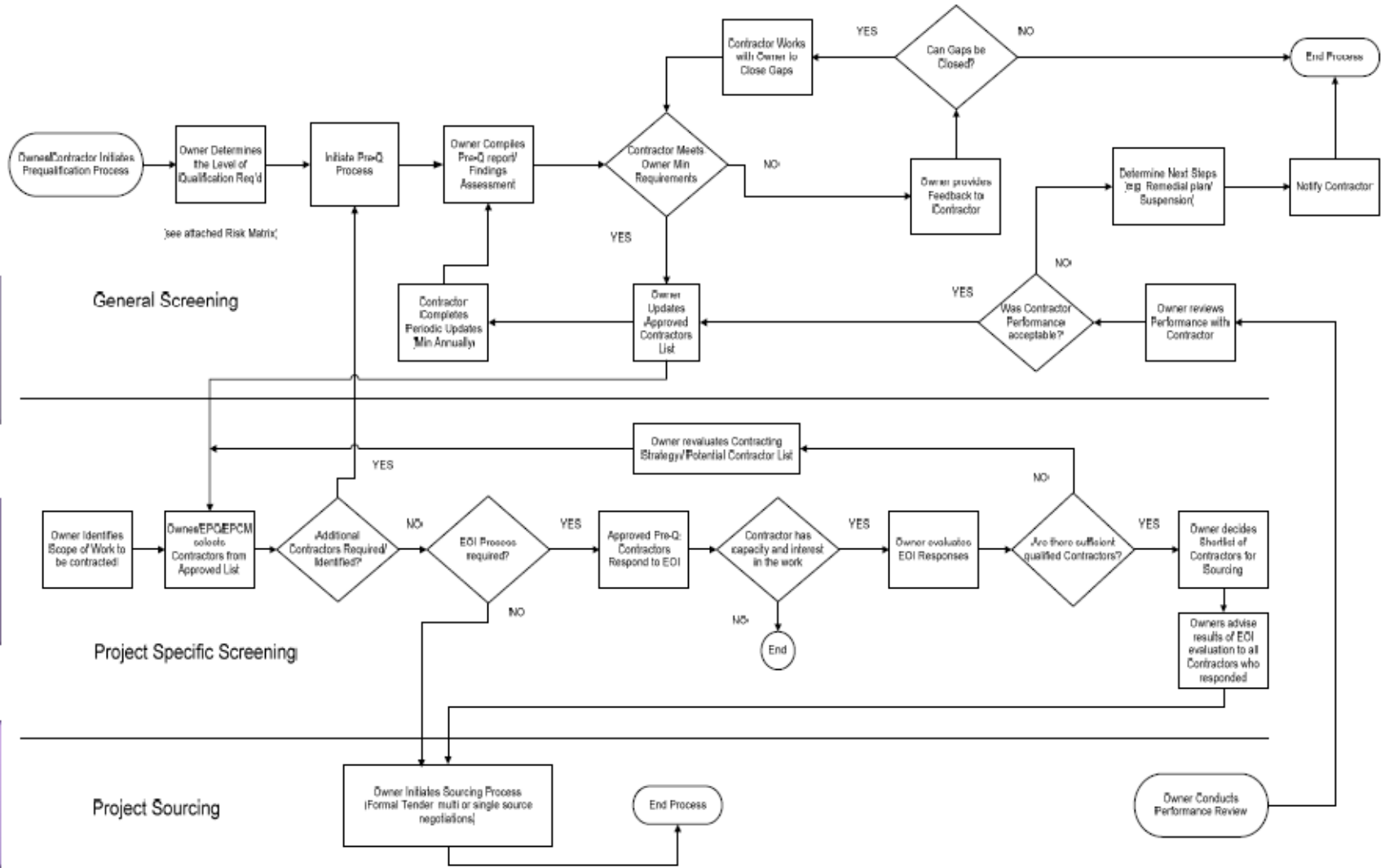


Contractor Prequalification

- COAA published a Contractor Prequalification Best Practice in May 2013, it includes:
 - Appendix A – Evaluation Criteria
 - Appendix B – Evaluation Methodology
 - Appendix C – Risk Assessment Matrix
 - Appendix D – Implementation Guide
- Two-stage method: General Screening and Project-Specific screening



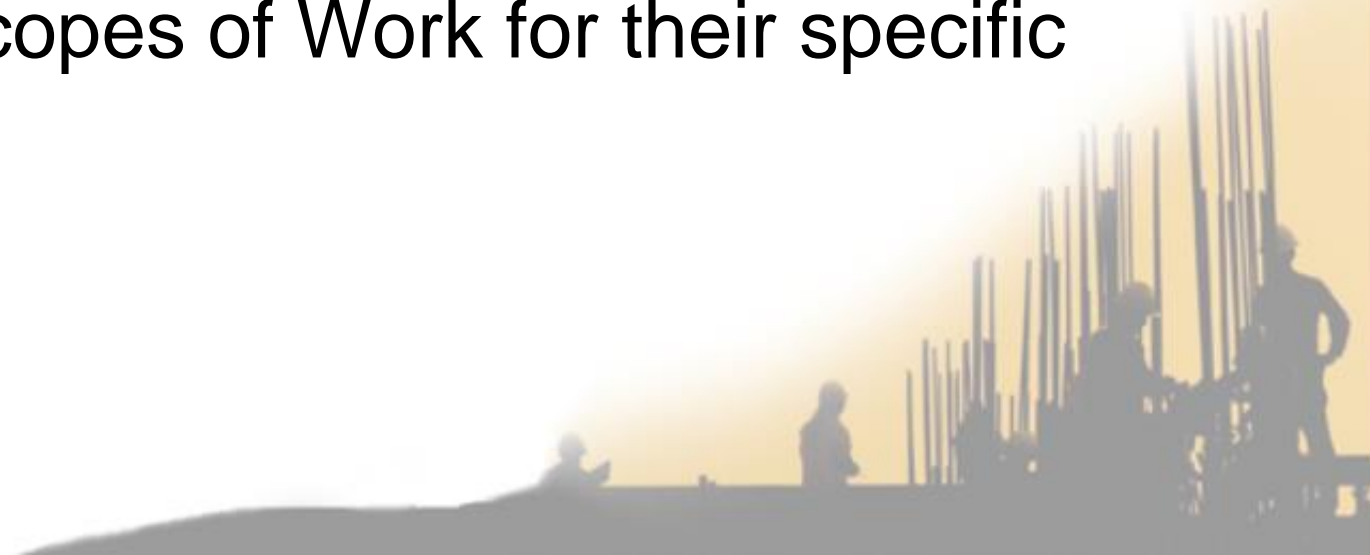
Contractor Prequalification





Scope of Work Development

- COAA developing best practice for scope of work
- The Best Practice will include standardized templates and supporting documents to assist cross-functional project teams to develop a fit-for-purpose Scopes of Work for their specific projects.





Scope of Work Development

Shared Services - Facilities	Contractor	Owner	Third Party	Comments
Install, renovate, relocate and demobilize:				
- construction management office complex(es)				
- lavatories				
Contractors site office trailers				
- storage facilities (such as tool cribs, PPE supplies, cleaning supplies, etc.)				
- warehouse				
- material off-loading				
- security shack(s)				
- brass alley (may be handled by camp)				
- security fencing				
- pedestrian - vehicle separation fencing				
- wash car(s)				
- kitchen(s) and lunch room(s)				
- medical/health trailer				
- access staircase(s)				
- general purpose lighting				
- site fuelling island				

Tender Package

- Information sent to contractors so they may prepare a tender
- The tender package should include all information necessary for a contractor to prepare a tender



Tender Package

1. Invitation to Bid documents
 - a. Instructions to Bidders – All instructions to generate a full and compliant bid and submission of same consistent with bid requirements. Should include key dates and the administrative processes of managing the tenders
 - b. Acknowledgement Form – A document for the contractor to confirm intent to bid
 - c. Commercial Bid forms – Bid forms which specify the format and content of a fully compliant bid response
 - d. Technical Bid forms – Bid forms which specify the format and content of a fully compliant bid response

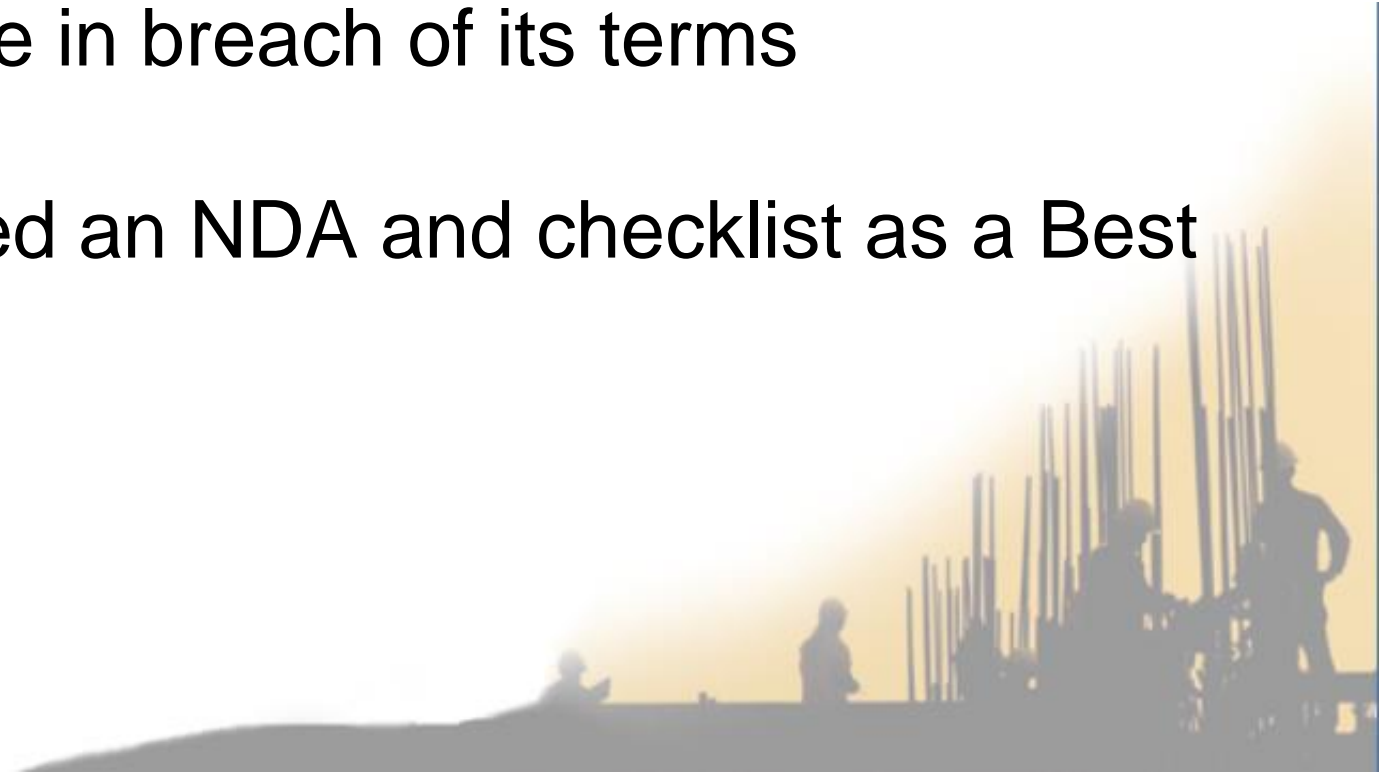
2. Commercial Terms and Conditions
 - a. Terms and Conditions
 - b. Schedule A – Scope of Work
 - c. Schedule B – Payment for Work
 - d. Schedule C – Release and Certificate of Final Payment
 - e. Schedule D – Technical Specifications
 - f. Schedule E – Statutory Declaration
 - g. Schedule F – Key Personnel





Non-Disclosure Agreement (NDA)

- Important during tendering and pre-tendering
- Strict NDAs can cause Contractor/ Bidder/ Proponent to be in breach of its terms
- COAA published an NDA and checklist as a Best Practice



Checklist for Non-Disclosure Agreement (“NDA”)

NOTE: The desirability of some items depends on which side of the equation you are on – discloser vs. recipient

	Check for:	Comments
<input type="checkbox"/>	1. Effective Date	Is it clear whether obligations commence?
<input type="checkbox"/>	2. Parties	Ensure proper legal names are used. Should affiliates be included?
<input type="checkbox"/>	3. Purpose	Is it clearly defined? This usually delineates the scope of the NDA.
<input type="checkbox"/>	4. Reciprocity	Is the obligation of confidentiality mutual / reciprocal?
<input type="checkbox"/>	5. Use of Confidential Information	Confirm use is for the Purpose only.
<input type="checkbox"/>	6. Definition of Confidential Information	Description of list of what will be “Confidential Information”. Does Confidential Information have to be specifically marked? Are both paper and electronic copies covered? Verbal communication – when does it become Confidential Information? What is excluded from Confidential Information: public information; information independently developed or derived; was already known; was provided by a 3 rd party who had the right to do so? Is Confidential Information still protected if it is public in a general form or can be pieced together from multiple sources, none of which shows the whole? FOIP concerns – is the other party a government organization?
<input type="checkbox"/>	7. Degree of Protection / Rules of Control	Standard of care the parties must take – often generalized as being similar to internal practices of looking after its own confidential information. Is an Acknowledgement form for individuals appropriate?
<input type="checkbox"/>	8. Disclosure of and Access to Confidential Information	Which representatives have access to Confidential Information (employees, affiliates, joint venture partners, consultants, etc)? Degree of care (representatives to be bound by a like obligation of confidentiality). Disclosure to only those with a need to know for the Purpose. Obligation to inform representatives that the information is confidential and that there is a NDA. Disclosure to the courts and notification.





Standard Forms of Contract

- COAA has published 3 standard forms of contract:
 - Stipulated Price 2003
 - EPC Contract 2005
 - EPCM Contract 2008
- The contracts use plain language
- Provide flexibility on compensation types





Tender Evaluation and Recommendation

- One of the most challenging and time constrained processes
- Highly dependent on organization's tendering process
- Toolkit includes a templates for tender evaluation and award recommendation





Tender Evaluation and Recommendation

TENDER EVALUATION TEMPLATE					
Project:			Prepared by:		
Tender Pkg No.:			Date:		
Tender Pkg Title:					
	Bidder 1	Bidder 2	Bidder 3	Check Estimate	COMMENTS
DIRECT COSTS					
1) Civil Work 2) Piping Work 3) Electrical Work 4) Instrument Work 5) Painting Work 6) Insulation Work					
TOTAL DIRECT COSTS					
INDIRECT COSTS					
1) Mobilisation 2) Project Site Establishment 3) Construction Management Personnel 4) Insurance 5) Demobilisation					
TOTAL INDIRECT COSTS					
OVERHEAD AND PROFIT %					
TOTAL TENDER AMOUNT	\$0.00	\$0.00	\$0.00	\$0.00	
COST NORMALIZATION					
<LIST ANY ITEMS TO BE NORMALIZED ACROSS BIDS> <item 1> <item 2> <item 3> <item 4> <item 5>					
TOTAL COST NORMALIZATION	\$0.00	\$0.00	\$0.00	\$0.00	
TOTAL TENDER AMOUNT AFTER NORMALIZATION	\$0.00	\$0.00	\$0.00	\$0.00	
Tender Scoring					
COMMERCIAL SCORE Weighting = 75%	22.5	11.25	2.25		<p>A score of 1 to 10 will be given for each of the evaluation criteria with 1 being lowest and 10 being highest.</p> <p>The total score of the Commercial and Technical sections will be weighted to determine the overall score.</p> <p>The Commercial section is weighted as 75% The Technical section is weighted as 25%</p>
<list key evaluation criteria>	10	5	1		
<list key evaluation criteria>	10	5	1		
<list key evaluation criteria>	10	5	1		
TECHNICAL SCORE Weighting = 25%	7.5	3.75	0.75		
<list key evaluation criteria>	10	5	1		
<list key evaluation criteria>	10	5	1		
<list key evaluation criteria>	10	5	1		
TOTAL SCORE	30	15	3		

MEMORANDUM

SUBJECT: AWARD RECOMMENDATION FOR <WORK DESCRIPTION OR CONTRACT PACKAGE NO.>

DOCUMENT NO.: <#####>

Reference is made to the bids opened <date> for the <describe works, reference contract package if applicable>.

<# of bids> bids ranging from <lowest bid amount> to <highest bid amount> were received. After normalization, the bids ranged from <lowest normalized bid amount> to <highest normalized bid amount>. Based on the tender evaluation criteria, the highest scoring bidder is <recommended contractor>.

<insert table summarizing bid results \$ and scoring if applicable>

The bidding was <describe bidding strategy (e.g. competitive, single-source, etc.)>. The key elements distinguishing <recommended contractor> against the other bidders are:

Technical

- <key driver 1 with reference against average score>
- <key driver 2 with reference against average score>
- <key driver 3 with reference against average score>

Pricing

- <key pricing driver 1 with reference against average price / check estimate>
- <key pricing driver 2 with reference against average price / check estimate>
- <key pricing driver 3 with reference against average price / check estimate>

<contact person at recommended contractor> was contacted to confirm the pricing of significant outliers. <contact person> confirmed the pricing and advised the following:

- <reason for key pricing driver 1>
- <reason for key pricing driver 2>
- <reason for key pricing driver 3>

<provide brief experience history of recommended contractor with emphasis on similar projects and projects performed for the Owner's organization>



Commercial Risk Summary & Fact-sheet

- Communication between pre-contract & post contract teams is important
- Risk register
- Contract fact-sheet



Commercial Risk Summary & Fact-sheet

RISK IDENTIFICATION & MITIGATION					RISK ASSESSMENT - RESIDUAL RISK					ACTION PLAN - RESIDUAL RISK			
No.	Category	Risk	Potential Impact	Completed Mitigation Action (to date)	Probly. (1 - 3)	Impact (1 - 3)	Risk Score/ Category	Cost Impact (Project Costs) [\$K]	Schedule Impact [weeks]	Action Plan	Action Owner	Next Action Target Date	Date Achieved
1	Client	Changes to scope of works	Agreed strategies and plans require review and amendment. Cost and time implications	Change Control procedure enforced to provide auditable	1	3	3			Project Reviews implemented to predict and mitigate potential changes	Owner PM		
2	External	Acoustic issues from plant room exceed regulatory limits	Client dissatisfaction	Sandy Brown engaged to carry	1	3	3			Testing and reporting expected next week	Engineering		
3	Contractor	Services isolations, interface, disconnection or removal has an unforeseen impact on current Temporary building operations.	User disruption	Survey of existing building services to ascertain live and redundant services and interface requirements with new services.	2	2	4			Ongoing monitoring during construction works.	Contractor Construction Manager		
4	Construction	Programme – the tendering subcontractors have indicated the currently proposed construction area possession phasing arrangements may not be achievable with the durations allowed.	Additional time taken to complete the works and disruption to the users	Contractor met with users to make them aware of the timescales as returned by tenderers and have started work on re-sequencing the phasing arrangements. Revised programme agreed with users post-contract	2	3	6		2	Monitor execution of the contract to the dates indicated.	Contractor Construction Manager		
5	Construction	Constructability comments, will require further design work if to be implemented.	Changes to the current design for items such as maintenance access.		1	2	2				Engineering		
6	Construction	Some work done at risk to meet programme because of delayed design information provided to the contractor.	Abortive works or delay to construction completion.		1	3	3				Engineering / Owner		

Commercial Risk Summary & Fact-sheet

Risk Scoring Matrix

Impact	High/ Critical	3	3	6	9
	Medium/ Serious	2	2	4	6
	Low/ Marginal	1	1	2	3
			1	2	3
			Low/ Improbable	Medium/ Could happen	High/ Probable
			Probability		

CONTRACT FACT SHEET

Tender Reference:		Revision No.:	
Client:		Completed by:	
Project:		Date:	
Scope of Work:		Form of Contract:	COAA Stip. Price 2003
Contract Value:			

Item No.	Item	Comments
1	Owner's Project Sponsor Contact Details	
2	Contractor's Project Sponsor Contact Details	
3	Owner Representative Contact Details	
4	Contractor Representative Contact Details	
5	Overall Limitation of Liability	
6	Contractor liable for consequential losses	
7	Warranties & Liability for Defects in the Work	
8	Financial Securities (guarantees, bonding, letters of credit)	
9	Project Schedule (Key Milestone Dates & Duration)	
10	Liquidated Damages, Delays, and Late Completion	
11	Gross Negligence / Willful Misconduct	
12	Indemnities	
13	Loss of or Damage to Work	
14	Loss of or Damage to Client's Property	
15	Loss of or Damage to Third Party Property	
16	Insurance Requirements	
17	Payment Terms	
18	Compensation Type	
19	Notice Periods for Changes, Force Majeure, and Delays	
20	Incentives	
21	Dispute Resolution process	
22	Key Risks	
23	Key Opportunities	

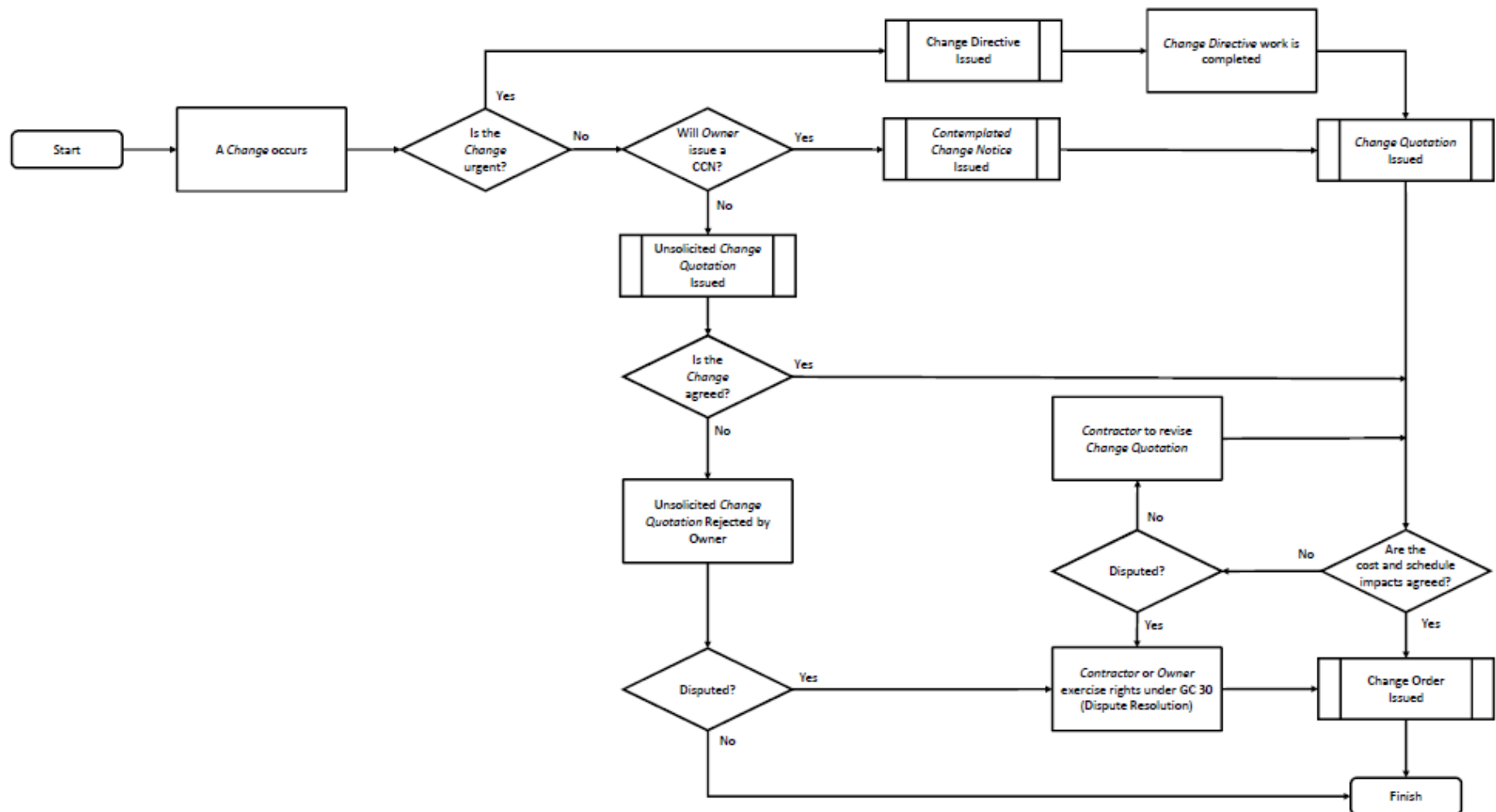
Change Management

- Flow chart for change process under COAA Stipulated Price 2003
- Includes templates for
 - Contemplated change notice
 - Change directive
 - Change quotation
 - Change order
 - Change log



Change Management

COAA Stipulated Price 2003
Change Order Process



Change Management

CHANGE QUOTATION (CQ)

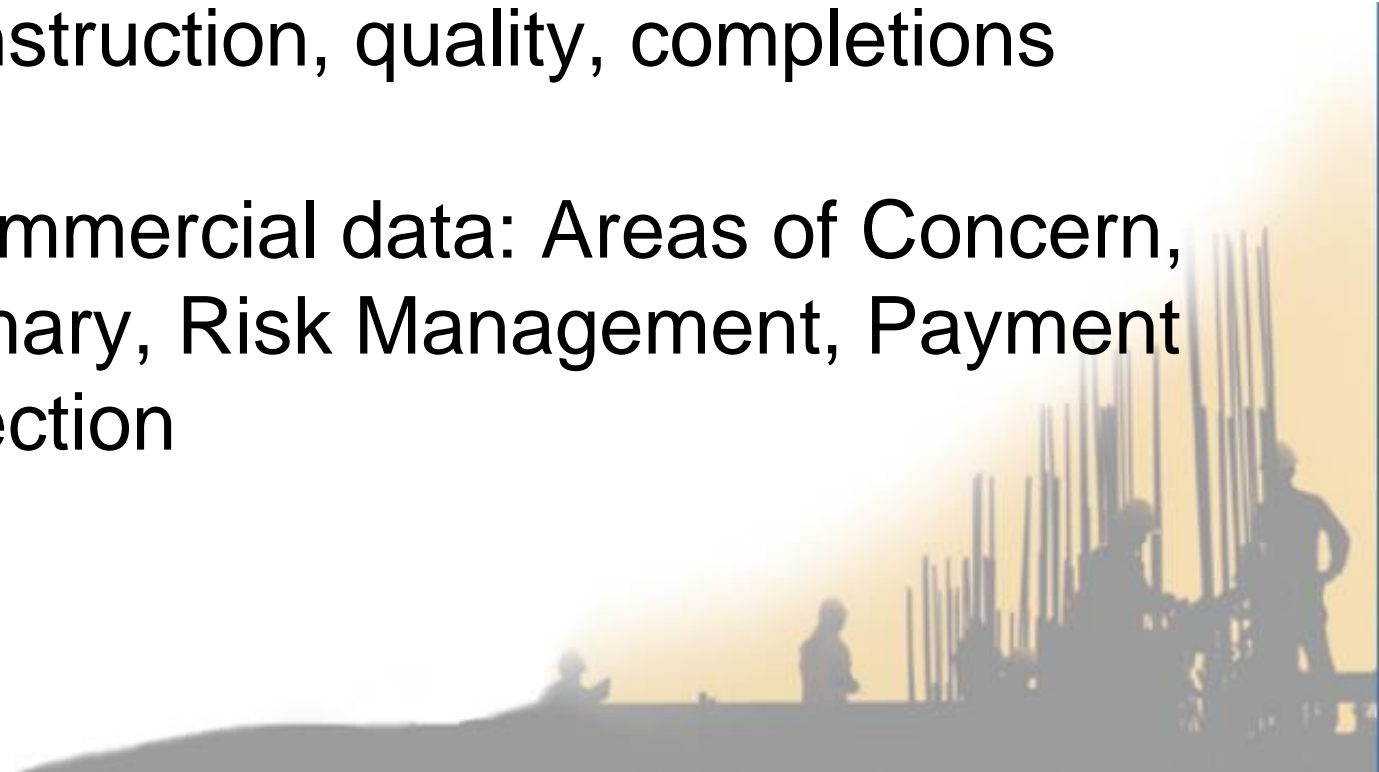
CONTRACT NO.	■	CQ NO.	■
OWNER	■	CONTRACTOR	■
PROJECT	■	DATE	■
CQ Title	■		
Description of Change Quotation	■		
Reason for submitting a Change Quotation:	<input type="checkbox"/> Owner CCN (per GC 8.3) <input type="checkbox"/> Owner action or inaction without a CCN (per GC 8.7) <input type="checkbox"/> Owner does not provide items per Schedule A Article 4 (per GC 8.8) <input type="checkbox"/> Subsurface / concealed conditions differ from Contract (per GC 8.11) <input type="checkbox"/> Delays (per GC 19.1 or 19.2) <input type="checkbox"/> Owner failed to witness test after sufficient notice provided (per GC 10.4) <input type="checkbox"/> Suspended Works (per GC 20.2 or 20.4) <input type="checkbox"/> Change in taxes (per GC 22.1.3) <input type="checkbox"/> Other (please reference GC) _____		
Reference Documents	■		
Method of Adjustment (select all that apply)	<input type="checkbox"/> Unit Rates <input type="checkbox"/> Time & Material <input type="checkbox"/> Lump Sum <input type="checkbox"/> Other _____		
Requested Contract Price Adjustment	■		
Requested Contract Time Adjustment (days)	■	Revised Completion Date	■
This Change Quotation includes all costs and changes in Contract Time reasonably expected to result from a Change including any impact costs or costs of acceleration.			

CHANGE ORDER (CO)

CONTRACT NO.	■	CHANGE ORDER NO.	■
OWNER	■	CONTRACTOR	■
PROJECT	■	DATE	■
Change Order Title	■		
Description of change	■		
Reference Documents	■		
<i>Owner and Contractor agree that Contractor's compensation and or Contract Price is adjusted as follows:</i>			
Contract Price Adjustment	■		
Contract Time Adjustment	■		
Compensation Summary	Amounts [NTD: examples included below for clarity]		
Original Contract Price:	\$1,000,000		
Previous Changes:	\$100,000		
Previous Contract Price	\$1,100,000		
This Change Order:	\$500,000		
CURRENT CONTRACT PRICE	\$1,600,000		
<small>This Change Order includes the entire compensation for the change set forth above. All present and future claims against Owner that are incidental to or as a consequence of the change are satisfied by this adjustment. This Change Order includes, but is not limited to, compensation for engineering, material, equipment, transportation, subcontracts, labor, overhead, interest, loss, costs, changes in scope and/or sequencing, and/or schedule, additions, deletions, effects on productivity, delays, disruptions, ripple effects, impacts, extra work, quantum meruit, and/or equitable adjustment(s), as well as for further claims for compensation for any of them, resulting directly or indirectly from the change.</small>			

Monthly Report

- Native word document
- Sections for major elements of work: HSE, schedule, progress, engineering, procurement, fabrication, construction, quality, completions
- Sections for commercial data: Areas of Concern, Contract Summary, Risk Management, Payment Schedule Projection



Monthly Report

3. AREAS OF CONCERN

Identification of concerns that may result in delay or lead to potential disputes, or any other concern of a contractual nature including what corrective actions have been taken or recommended.

4. CONTRACT SUMMARY

A summary status of compensation as structured:

- Original Contract Price
- Approved Change Orders
- Open Contract Directives (not finalized on a CO)
- Current Contract Price (original + approved changes)
- Pending Changes (open Contract Quotations)
- Forecast (Current Contract Price + Pending Changes)
- Forecast Change for the period (current forecast – previous forecast)
- Value of Work Done (invoiced amounts + accruals)

Close-out

- Includes a set of letter templates for:
 - Final Completion
 - Functional Completion
 - Statutory declaration (COAA)
 - Suspension notice
 - Termination notice
 - Release for final payment (COAA)





Close-out

<DATE>

<CONTRACTOR>

<Contractor Address>

Attention: <Contractor's Representative>

RE: <CONTRACT TITLE>

CONTRACT No.: <#####>

<CONTRACT SCOPE OF WORK>

SUBJECT: FINAL COMPLETION NOTICE

DOCUMENT NO.: <#####>

Dear Mr/Mrs. <Contractor's Representative>:

[NTD: In the case that all obligations have been met]

We acknowledge receipt of your <Contractor notice as required under GC 9.3> and pursuant to General Condition 9.3 of the *Contract* and in accordance with General Condition 9.4 <if applicable>, *Owner* hereby issues this *Final Completion Notice* for <Contract Scope of Work>.

Owner's issuance of this *Final Completion Notice* shall not relieve the *Contractor* of its obligations under this *Contract*, or otherwise.

[NTD: In the case that deficiencies remain]

We acknowledge receipt of your <Contractor notice as required under GC 9.3> and pursuant to General Condition 9.3 of the *Contract*, *Owner* hereby notifies *Contractor* of the deficiencies to the *Work* which must be remedied. Once the below identified deficiencies are remedied, *Contractor* shall notify *Owner*.

<list of deficiencies or reference attachment with deficiencies>

RELEASE AND CERTIFICATE OF FINAL PAYMENT

This is Schedule "C" - Release and Certificate of Final Payment referred to in the General Conditions of Contract made as of _____, _____.

Capitalized terms used and not defined in this Schedule, shall have the meaning given thereto in the General Conditions where so defined.

In consideration of \$1.00, the sufficiency of which is hereby acknowledged:

The Contractor solemnly declares that:

- (a) the Contractor has made full payment, or will make full payment from the final payment to be received from the Owner, of all costs, charges and expenses incurred by the Contractor or on its behalf for the work, labour, services, materials and equipment supplied in connection with this Contract or otherwise used in connection with the Work;
- (b) to Contractor's best knowledge and belief, each of its Subcontractors and Suppliers have made full payment of all costs, charges and expenses incurred by them or on their behalf for work, labour, services, materials and equipment in connection with the Contract or otherwise used by them in connection with the Work;
- (c) all assessments, levies and charges under the *Unemployment Insurance Act*, the *Workers' Compensation Act* and other legislation in respect of the Contract have been paid and, to the Contractor's best knowledge and belief, each and all of its Subcontractors have paid such assessments, levies and charges on their own account; and
- (d) the Contractor unconditionally releases and forever discharges the Owner, the Owner's Site and all property of the Owner from all builder's liens and liens of whatsoever kind or nature arising out of or in connection with the performance of the Contract;
- (e) the Contractor unconditionally releases and forever discharges the Owner from any and all claims, demands, actions or proceedings arising out of the performance of the Work of which it has knowledge, and in respect of which notice in writing has not, by the date hereof, been given by the Contractor to the Owner. The Contractor acknowledges and agrees that nothing herein contained relieves it of any obligations under the provisions of the Contract which by their nature survive completion of the Work including, without limitation, warranties, guarantees and indemnities.

The Contractor makes this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

Other Tools

- Includes a set of other general tools such as:
 - Correspondence log
 - Kick-off meeting agenda
 - Meeting minutes



Other Tools

MEETING MINUTES

SUBJECT: Weekly Progress Meeting
DATE/TIME: [click here to enter text.](#)
LOCATION: [click here to enter text.](#)
ATTENDEES: [click here to enter text.](#)
 (+- attendee, / partial attendee, d- distribution only, * author)

OWNER		CONTRACTOR	
Person 1 (D)	Person 2 (+)	Person 4 (*)	
Person 3 (/)			

MINUTES:

NO.	DESCRIPTION	ACTION/DATE
1.0	Review of previous minutes and acknowledgement	
2.0	Safety Minute	
3.0	Health, Safety, Security, and Environment	
3.1	Review of previous week's incidents	
3.2	Number of new & terminated employees	
4.0	Commercial	
4.1	Review of Open Changes	
5.0	Schedule and Progress	
5.1	Review progress shortfalls and mitigation plans	
5.2	Review status of subcontractor onboarding	
5.3	Camp and flight issues	
6.0	Engineering	
7.0	Procurement	
8.0	Fabrication	

COAA CONTRACT ADMINISTRATION TOOLKIT KICK-OFF MEETING AGENDA

1. Introductions

- 1.1. Opening comments from Sr. Management of Owner, Contractor, Engineer (if appropriate)
- 1.2. Introductions and roles of each person in the post-award phase

2. Objectives

3. Organization and Communications

- 3.1. Functions and authority of key Owner, Contractor, and Engineering personnel
- 3.2. Communication protocols (process, emails, approvals, etc.)

4. Near-term Deliverables

- 4.1. Ensure understanding of near-term deliverables
- 4.2. Review deliverables and approvals required prior to mobilization

5. Contract Specifics

- 5.1. Review key details of the deal
- 5.2. Payment provisions
- 5.3. Change provisions

6. Site-Specific Facility Access & Security Requirements

- 6.1. Staging/lay-down yard and/or office space allocations for contractors
- 6.2. Owner project office locations
- 6.3. Site access requirements / security badging process
- 6.4. Restrictions/allowable equipment (e.g., cell phones, laptops, and radios)
- 6.5. Vehicle access approval requirements
- 6.6. On- and off-hour access

7. Contract Work

- 7.1. Review Scope of Work
- 7.2. Discuss high-level schedule
- 7.3. Review of key risks

Discussion

- What are the main issues for you in your day-to-day contract administration activities?
- Are there any additional tools or templates that you think can help?





Feedback

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