

# contract review

## CMR & LLR PROGRAMMES



NZ TRANSPORT AGENCY  
WAKA KOTAHI

April 2009 Issue 1

### CMR programme well underway

The NZ Transport Agency's (NZTA) Contract Management Review (CMR) programme for this financial year is well underway, with 11 of 26 programmed reviews completed.

To ensure a range of different contracts are nominated throughout the country, reviews cover a range of large, medium and small projects, from both capital and network operations.

This year's programme includes nine maintenance, 10 physical works, and seven professional services contracts.

For example:

- SH20 Manukau extension, Auckland physical works (\$210 million).
- SH8 Pig Hunter's Road realignment, Dunedin physical works (approx \$3 million).
- two post-construction reviews of projects in the Lessons Learnt Review (LLR) Programme.



### CMR common issues identified

A key objective of the CMR programme is to provide suppliers with important and constructive feedback on common and significant issues.

Once a review is completed, suppliers are provided with a report on specific findings and recommendations. Issues and trends will be collated quarterly and presented in this newsletter. The top five issues identified between Oct-Dec 2008 were:

1. Keeping contract management plans (safety, quality, environmental) up to date.
2. Timely submission of contract management reports.
3. Ensuring regular site safety audits are undertaken and recording follow-up on Traffic Management Plan audits.
4. Frequency and recording of QA testing to ensure testing is fully recorded and traceable.
5. Non-compliances (safety, quality, environmental) not being formally investigated.

There have been improvements in a number of areas and the overall trend is positive.

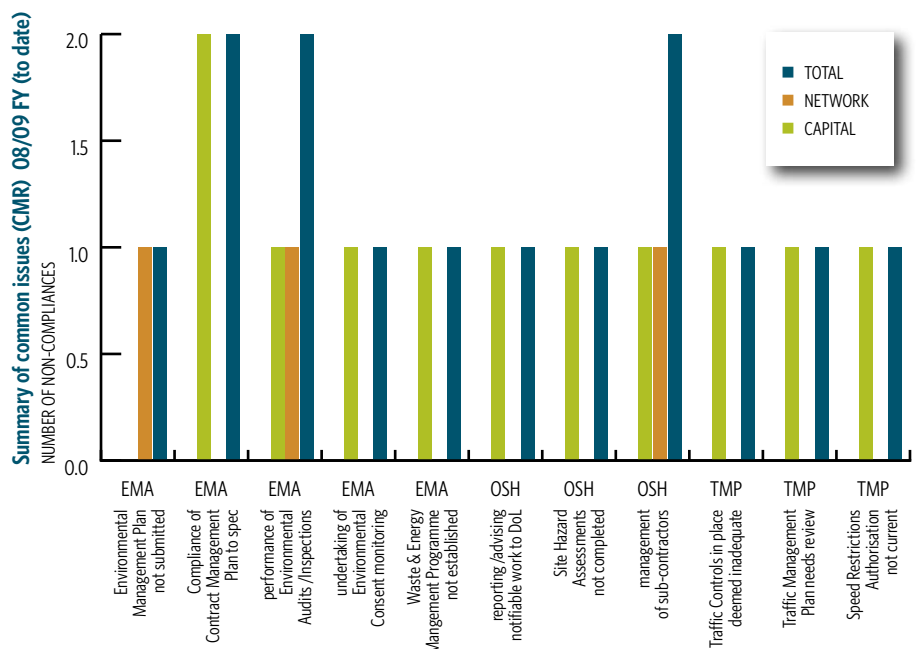
The main area of focus for improvement is compliance with relevant legislation and codes, particularly health and safety and environmental management.

We are also finding that a number of suppliers are not completely aware of or fully applying the NZTA's social and environmental standards (Z/19) and guidelines (PSG/13). (Ref. *State Highway Professional Services Contract Proforma Manual* at [www.transit.govt.nz/technical/view\\_manual.jsp?content\\_type=manual&=edit&primary\\_key=48&action=edit](http://www.transit.govt.nz/technical/view_manual.jsp?content_type=manual&=edit&primary_key=48&action=edit))

The findings for the three main types of contracts (maintenance, physical works and professional services) have been summarised:

- Report - 08/09 Summary of common issues (CMR) - maintenance contracts.
- Report - 08/09 Summary of common issues (CMR) - physical works contracts.
- Report - 08/09 Summary of common issues (CMR) - professional services contracts.

To view the reports, please contact Steve Grounds, Review Programme Manager, Results Management Group.



# LLR – new programme launched

The Lessons Learnt Review (LLR) process, recently developed and introduced by the NZTA, focuses on learning and sharing information.

Following a successful trial on two projects (the SH1 Coastal Highway Median Barrier project and the SH2 Mangatawhiri Deviation) the LLR process has now been introduced nationally.

The programme has been developed by the Procurement Group at the NZTA's National Office, with the assistance of the Results Management Group.

The LLR process is not an audit like the CMR programme. LLRs are a facilitated review involving consultation with parties involved in the project and key stakeholders. The objectives of this review process are to:

- learn from collective management experiences
- identify what worked well and repeat these successes in the future
- ensure what didn't work well is handled differently in future
- target areas of weakness and provide support to strengthen these areas
- provide an opportunity for suppliers to give feedback to and about the NZTA.

LLRs will be undertaken on a selection of recently completed contracts, ie following the issue of a practical completion certificate or towards the end of the defects liability period.

Suppliers involved will be invited to participate in these reviews and the NZTA will provide information to the industry through newsletters, best practice groups and forums such as industry road shows and conferences.

To nominate a project for an LLR, please contact Emer Beatson, Project Manager, Contract Review Programme, NZ Transport Agency.

Images: Centennial Highway project



## CMR areas showing improvement

The CMR programme has been operating for over seven years. During the past four years key areas of focus for reviews have been:

- ensuring compliance with contract specifications, standards and legislation
- management of risk, particularly in relation to health and safety, and environmental issues
- initiating improvements by providing feedback to suppliers and NZTA management.

We have collated and summarised the findings from CMRs over this period and identified trends. Overall, the number of non-compliances being has reduced.

The most notable improvements have been in the area of submission and approval of management plans where we have seen a reduction of two thirds in the number of non-compliances raised.

The number of issues relating to quality assurance and testing has also reduced.

We openly share this summarised information with industry to support greater awareness and continuous improvement.

For more information, please contact Emer Beatson, Project Manager, Contract Review Programme, NZ Transport Agency.



### For more information

We welcome your feedback or questions on the NZTA's Contract Management Review Programme or this newsletter.

Please contact:

**Emer Beatson, Project Manager**  
Contract Review Programme  
E: [emer.beatson@nzta.govt.nz](mailto:emer.beatson@nzta.govt.nz)  
T: 04 894 6315

**NZ Transport Agency National Office**  
Private Bag 6995  
Wellington 6140  
New Zealand

**Steve Grounds, Review Programme Manager**  
Results Management Group  
PO Box 221, Cambridge 3450

E: [steve.grounds@resultsmanagement.co.nz](mailto:steve.grounds@resultsmanagement.co.nz)  
T: 07 827 5508

**For general information about the NZTA:**  
Visit our website at [www.nzta.govt.nz](http://www.nzta.govt.nz) or  
call our contact centre on 0800 699 000.