

CMR update



Review focus

Victoria Park Tunnel

The Victoria Park Tunnel project involved the construction of a new 450m long cut and cover tunnel under Victoria Park in central Auckland. Due to the location and nature of the works, the NZTA implemented an Urban and Landscape Design Framework (UDF). This was the first time that the UDF and associated master planning process had been used in a structured manner on such a large and complex project.

The special purpose audit was designed to review the NZTA's urban design processes through the planning, design and construction phase of the project to ensure lessons learnt from the project were captured and adapted or applied to other NZTA projects and NZTA urban design guidance material.

The review involved meetings with key stakeholders (including Auckland Council, resident and interest groups) and a facilitated workshop.

A key finding from the review was that the master plan delivery through the detail design process on a project of this scale was difficult to achieve due to the ongoing evolution of the design. As a result of this feedback, the NZTA has reviewed their UDF and master plan processes and adapted this process to sector plans ie smaller areas. The process around conditions of designation has also been reviewed and amended to ensure that the urban design conditions that are accepted can be implemented.

Programme 2013/14

The CMR programme for the 2013/14 year has been established with the first reviews of the new financial year due to commence in July. In order to continually improve the value of the reviews, changes to the 2013/14 CMR programme include:

- a focus on large scale roads of national significance (RoNS) projects (including alliances)
- reviews of the new outcome maintenance contracts (OMC)
- CMRs that are undertaken during the physical works phase will review all contracted parties, ie consultant and contractor
- greater emphasis on the conduct of LLRs at key project milestones, ie other than just construction completion.

Programme 2012/13

The Contract Management Review (CMR) programme for the 2012/13 year is now complete. In the 2012/13 year 8 CMRs, 15 Lessons Learnt Reviews (LLRs) and 3 Special Purpose Audits (SPAs) were completed.

The smaller number of CMRs reflects the smaller pool of projects and the restructuring of the maintenance contracts that is currently underway.

The SPAs that have been completed this year include:

- a review of the Urban and Landscape Design Framework, (UDF) using the Victoria Park Tunnel (VPT) project as a case study. The objective of this review was to identify and outline the process followed through the planning, design and construction phases specific to urban and landscape design
- an unsustainable tenders review of a selection of contracts with a tendered price more than 10% below the pre-tender estimate. The aim of this review was to identify what happened during the contract and review the effectiveness of the evaluation process.

CMR themes

There are a number of themes that can be derived from the non-conformances and observations that are identified as part of the Contract Management Reviews. If suppliers are looking for some easy wins, these are a good place to start.

Getting the basic contract management processes right

It may seem obvious, however, getting basic contract management processes right is one of the most common issues identified in CMRs. These include ensuring that:

- management documents cover everything they are required to. (There is also an inherent responsibility for the NZTA contract manager to specify what they want)
- management documents, programmes, plans are accepted/approved as required and that this is recorded
- management documents are fit for purpose and kept up to date, ie reviewed regularly
- there is adequate version control in place
- the team knows what documents have been produced, where to find them and when they were last updated. Registers can be a useful tool
- there are appropriate controls in place to manage change – scope, programme, cost, personnel, contract conditions and contract requirements. Significant change should be formally recorded but for other changes, a meeting record may be sufficient
- stakeholder contact, correspondence, agreements, etc are adequately tracked
- the monthly report covers all requirements including those noted in other manuals (eg *Cost estimation manual*). There is also a need for the NZTA contract manager to consider and document what they need in the monthly report.

Sub-consultant management

When employing a sub-consultant there a number of things that they need to know about how to do the package of work that they are being contracted to do. This applies equally to sub-contractor management. Things to be considered include:

- environmental constraints
- programming constraints
- quality assurance requirements – checking, review, verification, inspection, testing
- reporting requirements
- induction requirements.

In addition, there is a need to ensure that the duties as principal under the Health and Safety in Employment Act are fulfilled, such as transfer of hazard information, PPE requirements, etc.

Financial forecasting

In tight financial environments, it is particularly important to ensure that the NZTA has no surprises.

- Commentary should be provided in the monthly report where there is any discrepancy between forecast and allocation.
- The NZTA needs to ensure that they identify and review the NZTA managed costs.
- Ensure that there is a common understanding on what the forecast should include, eg variations priced but not agreed, uncertain quantities, risk items, second coat seal.
- Need to provide the forecast for future years too.

Risk management

Minimum standard Z/44 – Risk management will shortly be the default requirements document for NZTA HNO asset management and improvement contracts. Suppliers are being actively encouraged to review the new standard which will replace the existing AC/MAN/1 in all future HNO contracts being awarded. Key elements in ensuring appropriate application of satisfactory risk management include:

- understanding client requirements
- demonstrating understanding of client requirements in tender documentation
- contract execution and risk management are integral
- demonstrating the provision of good practice and continuous improvement.

Inspection and testing

One area, during the construction phase of contracts, where there are a number of issues is ‘inspection and testing’. The key areas to consider are:

- identifying a comprehensive list of inspection and test plans (ITPs) early on and ensuring that these are developed before they need to be used

- ensuring the ITPs document any specific requirements of the contract
- identification of hold points for the engineer/designer and making sure these are signed off
- using ITPs to proactively manage the activity
- ensuring ITPs are signed off as construction progresses
- ensuring the random verification and testing plan is also in place.

Health and safety

With the increasing focus on health and safety it is worth reinforcing some of the H&S themes. While most of these relate to construction contracts, it is important to remember that there are a number of professional services activities with higher H&S risk, eg surveying, site inspections, geotechnical investigations. It is encouraging to see that a number of contractors and consultants have already adopted the new NZTA personal protective equipment standards. These become mandatory from 1 July 2013.

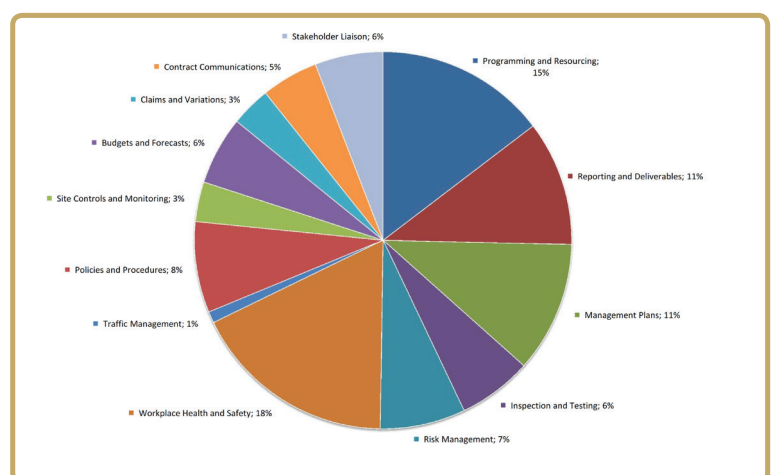
- Ensure a site specific hazard assessment is completed – don’t just rely on a generic one.
- Link hazard assessments to a method of work statement.
- Review and update hazard assessments.
- Ensure that the site hazard board is kept current.

Common issues for CMRs

The top five categories of non-conformances and observations identified in CMRs in the 2012/13 year are workplace health and safety, management plans, programming and resourcing, reporting and deliverables and inspection and testing.

This is consistent with the top categories identified at the end of the 2011/12 year.

National non-conformance and observations

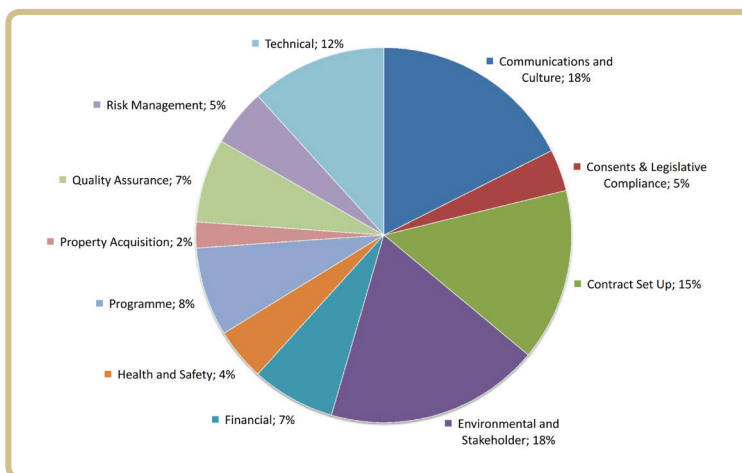


Common issues for LLRs

The top five lessons learnt categories identified in LLRs are environmental and stakeholder, communications and culture, contract set up, technical and programme. Lessons learnt cover both the good things that are being done as well as the things that could be improved.

Again, this is consistent with categories identified at the end of the 2011/12 year.

National lessons learnt



Lessons learnt alerts

Another enhancement of the CMR/LLR programme that is being progressed with the NZTA is lessons learnt alerts.

The aim of the lesson learnt alert is to provide a simple process to capture specific lessons learnt on a project, as and when they occur and disseminate this information within the NZTA and in the future to the wider roading industry.

The lessons learnt alerts capture significant issues and action taken to rectify or avoid recurrence in the future. The intention is not necessarily that the action taken should be replicated across every other situation but that practitioners are aware of the issue and can use the experiences of others in the delivery of successful NZTA work.

The lessons learnt alert offers a number of significant benefits to the NZTA:

- Learnings can be captured when they happen.
- Simple mechanism to record and disseminate.
- Enables early action to be taken to avoid recurrence.

There is an aspiration that the lessons learnt alerts will be held on the CMR webpage and therefore made available to industry.

Improvements

It is essential to act on review findings to realise their full potential and to keep people engaged with the review process. A focus over the past year has been working to identify how to transfer the findings from the review programme back to the NZTA and its suppliers. The agreed process will involve review of potential improvements by the Project Management and Asset Management VATs and development and monitoring of an action plan for the improvements.

One of the things it has been really great to hear about is that organisations are sharing the review outcomes internally and using these to improve their management systems and processes.

As a first step to making CMR/LLR information more available, an information page is now available on the NZTA website. Visit the site for newsletters and more information on the review process -www.nzta.govt.nz/network/tenders-contracts/review.html (or just type 'cmr' into the search field).



For more information

We welcome your feedback or questions on the NZTA's Contract Management Review programme or this newsletter. Please contact:

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For general information about the NZTA, visit our website at www.nzta.govt.nz or call our contact centre on 0800 699 000.