

# Contract Administration Phase

BOOKLET 6



**Procurement in Indigenous Communities**



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## About these books

The Procurement Books are a series of books to offer guidance to Indigenous communities who want to get better value for their money when they purchase goods and services. The books outline the general procurement principles, procedures and practices for those Indigenous communities interested to establish a procurement process. The books are designed to address many of the procurement challenges associated with Indigenous communities.

The goal of these books are to help Indigenous communities to purchase goods and services including the construction of homes are acquired by the Communities though a process that is fair, open, transparent (gifting) , non-discriminatory, geographically neutral and accessible to qualified suppliers, subject only to established procurement policies.

The Procurement Books include:

- 1. Introduction to Procurement in Indigenous Communities
- 2. Construction & Procurement in Indigenous Communities
- 3. Roles and Responsibilities, Construction Documents & Construction Contracts
- 4. Pre- Contract Phase – Preparing the Bid
- 5. Contracting Phase
- 6. Contract Administration Phase

7. Post-Contract Phase
8. Guides & Resources
9. Terms & Conditions/Definitions

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## **Disclaimer**

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# **1. Introduction**

This is the part where we actually see the construction build process take shape and come to life.

The contract administration phase can also be considered a “project management stage” typically includes all works required to help achieve the project build objectives. The actual build stage requires a lot of attention to coordinating the various trades; and insures they have the materials and equipment that they need to do their work. Additionally, this is the time where it is important to vigilantly monitor that the work is completed in accordance with the contract documents.

## **2. Project management**

Project management involves the coordination of the construction project works in order to complete the work in accordance with the contract and contract documents. It requires very strong communication skills and a clear definition of what needs to be done, who will accomplish each task and manage and control how much it will cost.

### **2.1 Pre-start job meeting**

This generally involves all the major parties of the contract to attend a meeting to introduce the parties to each other, review the roles that each provides and examine the overall project requirements. Often on larger duration projects this will include periodic scheduling for regular job site meetings. These site meetings are intended to help provide control, advise and review of the work. Typically meeting minutes are recorded and distributed as part of the ongoing project records.

Site meetings are also necessary for proper management and distribution of information to the construction team.

### **2.2 Planning work**

Planning work for a project consists of arranging work activities in a practical order for construction. This includes the use of scheduling to apply dates to start and finish specific work activities. Planning is a key to monitor a project to its intended schedule, to help control costs and if necessary, make any needed adjustments.

Construction contracts commonly require the contractor to submit a schedule of work. This schedule helps form the basis of identifying work progress through to completion.

### **2.3 Contract start-up (project mobilization)**

Construction start-up requires analyzing, planning, scheduling, purchasing, hiring and mobilization.

## **3. Issue contract amendments**

Changes are not uncommon on construction projects. One of the key issues to be resolved prior to the signing of a contract is to ensure that no changes or modifications are required. Changes and modifications can happen after bid closing or during construction. Change

orders provide the chief and council and the contractor flexibility in addressing unexpected conditions during construction.

Changes in the contract work can have a devastating impact on the final cost of a project. The final contract amendment must include the approved changes or modifications if any, in the original contract.

Two of the most common changes are:

- **Addendum** – This change typically happens before the end of the bidding period. Sufficient notice is given to the bidders advising them of the required change, and any subsequent change in price must be reflected and acknowledged in the bid submission.
- **Change order** – Change orders are used to change or modify the construction agreement. This is when the chief and council wishes to know what the cost of a change will be during a project. Change orders modify a construction contract and there must be agreement between the parties regarding the required change. Another point to consider is changes can inevitably lead to possible delays.

If changes are proposed that have a significant impact on the contractor's scope of work, a contractor can request that the chief and council come to an agreement over new contract terms and conditions.



## 4. Monitor progress

Architects and engineers typically have a representative on the job site to monitor the progress of construction work. It is also best for the council/client to have a project manager representative on site to monitor project activity.

It is common to request a schedule of work in order to identify various trades and tasks required to complete the project. A common format adopted is normally that of a Gantt chart. Each activity is listed and given a timescale. The activities are related to each other to build up a full profile of the project. This aids in monitoring the contractors' progress against the plan and provide regular progress reports to the council/client. Web link to Gantt chart - <https://www.gantt.com>

Representatives may be responsible for reporting or recording activities such as measurement (quantities) of materials; actual activity times or taking photographs of construction progress and activities.

Monitoring the work as it progresses can provide a means to verify as well as record and confirm costs or payments to be released based on determining the percentage of work completed.



## **5. Follow up on delivery**

As noted earlier, a monitoring process should include periodic site visits to review the progress of a project. Since payment due to the contractor is often based on the progress draws (consideration of the percentage of work completed) this review can help reduce risk of overpayment.

It is common practice to require the contractor to provide an affidavit, statutory declaration, sworn statement, or alternatively a labour and material payment bond is used indicating that the contractor has paid all bills for the contract work. This assures the chief and council that there will be no claims against the property.

### **5.1 Check proof of delivery**

Materials and other related project supplies can be tracked by delivery slips, or by an onsite inspection. On some large projects it is recorded by a “clerk of works”. Purchasing can involve large sums of money and materials and can provide opportunities for unscrupulous behaviour.

Examples of potential dishonesty: materials, supplies and consumable items are wrongly charged to projects.

Suppliers and/or contractors may conspire to cheat chief and council in cost-plus-fee contracts and may use false invoices.

## **6. Administer progress payments**

To ensure that you are not being overcharged, or that dishonest practices are taking place, check materials and other project supplies through delivery slips, or by an onsite inspection.

Your procurement standards should thrive on its reputation of fairness, quality and reliability.



## **7. Complete financial audits**

Accurate records are an important part of the procurement process. An audit process should include periodic site visits to review the progress of a project. Since payment due to the contractor is often based on the progress draws (consideration of the percentage of work completed) this comparative review helps reduce the risk of overpayment.

It is common practice to require the contractor to provide an affidavit, statutory declaration, or sworn statement to the chief and council indicating that the contractor has paid all bills for the contract work. This assures the chief and council that there will be no claims against the property.

## **8. Claims and disputes**

The CCDC documents cover the topic of dispute resolution that contains a resolution process. However, short of that there may be times when a problem arises that become disputable.

Let's consider one case in point: *As an example, the architect's drawings provided for a contract for a new public municipal building. The tendered construction drawings did not indicate a sewer connection to the building. Furthermore, there was no information regarding the sewer connection in the specifications. At a job site meeting the question was raised regarding the sewer. The contractor claimed it would be an extra while the municipality claimed it should have been a given that a sewer connection would be required. The estimated cost for the work was in the range of \$20,000. Thus, an item claimed to be outside of the contract work was in dispute.*

Eventually an adjudicator was appointed that eventually determined that it was clear that the sewer connection was not on, in, or documented or part of the tender documents, and ultimately the contractor should be entitled to the extra to cover the cost. Alternatively, the adjudicator also recommended that the council could perform the work at their own cost. As a point of clarification - adjudication is a process in which a neutral third party will give a decision based on analyzing the facts in a dispute.

A claim is a request by a contractor for a time extension based on an occurrence that is beyond the control of the contractor. Events such as unforeseen site conditions, long delays

in delivery, extreme weather or even changes directed by the council can cause a claim to extend the proposed work schedule.

### **8.1 Contract termination**

The council or contractor may terminate a contract for breach of contract. This could be caused where a council fails to make payment or where there are delays in the project for an unreasonable period of time. Of course, there could be other reasons, but this provides a couple of examples.

## **9. Need more information?**

Government of Canada – The Procurement Rules and Process  
Chapter 8 – Contract Management

<https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/section/8>