

Guidelines for compiling documentation for contracts

This TECHguide describes the procedures for developing and compiling documentation using the AUS-SPEC system for contracts.

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GUIDELINES FOR COMPILING DOCUMENTATION FOR CONTRACTS

1 GENERAL

1.1 Introduction

This TECHguide is an overview of the compilation procedure for project contract documentation using the AUS-SPEC contract document system. AUS-SPEC addresses each stage of the contract cycle: project initiation; project delivery; compilation of contract documents; contract management and contract administration; operation; maintenance and asset management. Different types of contract documentation are applicable to the various services.

AUS-SPEC uses the term worksection to describe the foundation unit of the Technical Specifications. Before compiling the various worksections into the Technical Specifications, identify the following contract requirements for the project:

- Conditions of tendering: For tender documentation only.
- Conditions of contract: General conditions, Annexures and Special conditions of contract.
- Quality management system: Quality Assured or Integrated Management.
- Method of payment: Schedule of Rates or Lump Sum or a combination of both.

These requirements will have a bearing on the selection of the worksections from the GENERAL workgroup as well as the changes necessary for the other worksections so that they are compatible.

1.2 Referenced documents

Refer to NATSPEC TECHnote GEN 005 *Specifications* for an overview of the importance, roles and forms of specifications. The following documents are incorporated into this TECHguide by reference:

Worksections

- 0010 *Quality requirements for design.*
- 0123 *Conditions of tendering.*
- 0124 *Tender submission documents.*
- 0136 *General requirements (Construction).*
- 0147 *Conditions of contract.*
- 0161 *Quality (Construction).*
- 0167 *Integrated management.*

TECHguides

- TG102 *Guidelines for Principals - standard contracts.*
- TG103 *Guidelines for Principals - period supply and services contracts.*
- TG 104 *Guidelines for Principals – sample contracts.*

Standards

- AS 2124-1992 General conditions of contract
- AS 4120-1994 Code of tendering
- AS/NZS ISO 9000: 2006 Quality management systems – Fundamentals and vocabulary

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2 CONTRACT REQUIREMENTS

2.1 Conditions of tendering

The *0123 Conditions of tendering* worksection includes detail procedure for inviting, examining, assessing and accepting tenders. It reflects the principles of Australian codes of practice, including AS 4120 which is cited in the codes of practice of a number of state governments. This worksection does not form part of a contract. *The Government Codes of Practice* differs from state to state and can be found on local and state government websites. Refer to *TECHguide 102 Guidelines for principals-standard contracts*.

Relevant worksection: *0123 Conditions of tendering*.

Complete project specific information in *0123 Conditions of tendering* including: contract number, project title, address, quality management system and method of payment.

2.2 Conditions of contract

The *0147 Conditions of contract* worksection comprises a single set of general conditions of contract suitable for a wide variety of civil engineering, building, electrical and mechanical engineering and other types of construction contracts. This worksection is based on AS 2124. However, it can also be used for AS 4000, NPWC3 and GC21 standard contracts.

Relevant worksection: *0147 Conditions of contract*.

Complete project information in *0147 Conditions of contract* including: contract number, project title, address, quality management system and method of payment, General Conditions of contract applicable to the project, Annexures and Special conditions to the General conditions of contract.

2.3 Quality management system

2.3.1 Quality assured system

A quality assured contract requires that the implementation of all the planned activities within a Contractor's/Supplier's Quality management system which is required to conform to AS/NZS ISO 9000. The Contractor is required to submit a project specific Quality plan. Particular documentation is required during the tender process, with the remaining information generally required within 21 days of the date of tender acceptance.

Relevant worksection - Design: *0010 Quality requirements for design*.

Relevant worksection - Construction: *0161 Quality (Construction)*

2.3.2 Integrated Management system

An Integrated management contract requires the implementation of a Project management plan to make sure OH&S, environmental and quality control applies to all work under the contract, both on-site and off-site.

Typically control testing and surveys are arranged by the Contractor and the results are submitted to the Superintendent to demonstrate conformance to the requirements of the worksections. The cost of control testing as documented is met by the Contractor.

Relevant worksections: *0161 Quality (Construction)* and *0167 Integrated management*.

2.4 Method of payment

2.4.1 Schedule of Rates

A Schedule of Rates is applicable if individual activities in the work are well defined but the extent of work required may vary in quantity and/or time. Examples include bituminous sprayed sealing, pavement patching and landfill waste services. The Schedule of Rates can have provisional quantities where the accuracy is less certain.

All AUS-SPEC construction worksections are suitable for direct application to a Schedule of Rates Contract. **Pay items** are listed at the end of each worksection for reference to a Schedule of Rates for the estimated quantities provided in the tender documents.

Delete **Pay items** that are not required for the project from the Schedule of Rates.

Provide estimated quantities for **Pay items** within a range of $\pm 20\%$. Nominate specific prime cost items where this level of accepted accuracy is not available.

Each tender submission includes a Schedule of Rates completed with unit rates for the estimated quantities. These rates and quantities are used to produce the tender price.

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2.4.2 Lump Sum

A Lump Sum Contract is applicable if the work is well defined and significant variations in either quantities or the nature of the work are unlikely to occur, for example, road and recreational facilities construction. The Contractor is responsible for the following:

- Completing the works as documented for a total Contract Lump Sum price.
- The accuracy of the quantities involved in the works.

Each tender submission includes a priced Bill of quantities consisting of a price break-down for each significant item of work. This is used to assess the Tenderer's understanding of the works, as a guide for progress payments and the evaluation of variations.

Amend *0123 Conditions of tendering* to advise tenderers to ignore any restriction on the use of Lump Sums and clarify the context for any references to Schedule of Rates, scheduled rate or deductions. Include the following text in the Technical specification for construction for Lump Sum Contracts:

This Contract is a Lump Sum Contract. Schedule of Rates means Bill of Quantities. Scheduled rates and Pay items mean components of the Lump Sum price. If a worksection allows for recognition of a deduction in payment, apply the percentage deduction to the cited Pay item component of the Lump Sum.

For a Lump Sum Contract, it is recommended that **Pay items** are included in the **MEASUREMENT AND PAYMENT, Pay items** clause/subclause of each worksection with the following text:

The Pay items listed in this worksection have no direct relevance to this Lump Sum Contract, except for the purpose of evaluating the quantum of progress payments and variations when the Pay items are included in the Bill of quantities. Additionally, the Pay items included below and in the Bill of quantities constitute a basis for the calculation of deductions when applicable.

2.4.3 Combination of Lump Sum and Schedule of Rates

A contract which combines Lump Sum and Schedule of Rates is applicable if part of the work is well defined and unlikely to vary in either the quantity or nature of the work. It may also be applicable to contracts containing separable parts, for example, a maintenance contract where establishment and management costs are annual Lump Sum and actual maintenance work is based on a Schedule of Rates.

2.4.4 Combination of Lump Sum, Schedule of Rates & Daywork rates

This is a variation to the above and is applicable if significantly different amounts of work may be required than indicated in the Schedule of Rates or if there are item(s) that cannot be forecast at the time of compiling the Schedule of Rates.

3 MANAGEMENT OF CONTRACT DOCUMENTATION

3.1 General

Implement a management procedure to make sure the compilation of contract documents is effective, efficient, and adequate to realise the commissioned Works in the assigned timeframe and budget, whether undertaken in-house or by external consultants. Assign the responsibility for supervision of conformance with an appropriate contracts policy and consistency across all contracts.

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3.2 Management flow chart

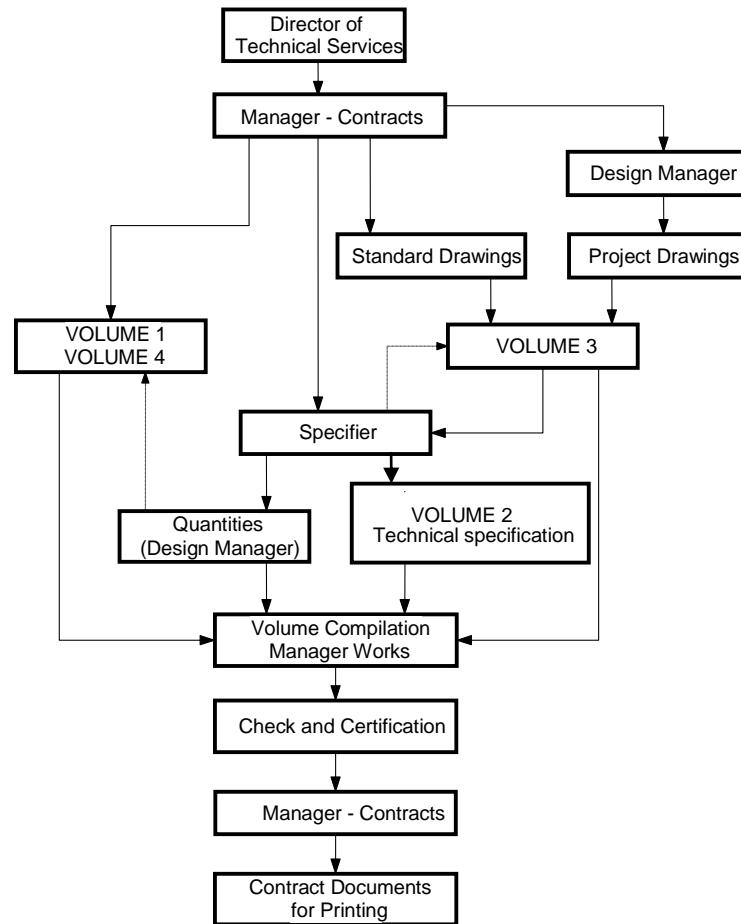


Figure1 Sequence of activities and personnel involvement required for the full contract document compilation
 Note: This flow chart shows a typical example of the sequence of activities and personnel involvement required for the full contract document compilation using AUS-SPEC worksections.

Management titles may vary due to differing management structures, however, there generally will be professional officers in each organisation with one or more of the assigned responsibilities.

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4 CONTRACT COMPILATION

4.1 Contract documentation volumes table

Contract volumes	Include the following AUS-SPEC worksections and related documents	Notes
Volume 1 CONDITIONS OF CONTRACT	<i>0147 Conditions of contract</i>	This worksection outlines the general conditions of contract, the annexures to the contract and the special conditions of contract. The General conditions of contract (e.g. AS 2124) is included in the contract documents by reference in <i>0147 Conditions of contract</i> .
	Annexure to General conditions of contract	Pre printed forms of Annexure Part A and Part B for standard contracts are available from SAI Global.
	Special conditions of contract	
Volume 2 TECHNICAL SPECIFICATIONS	<i>General: 0136 General requirements (Construction)</i>	This worksection is applicable to the site requirements of the Principal and includes a description of the project, specific requirements, work not in the contract, site investigations, signage, survey control, environmental planning, noise and vibration controls, utilities and authorities and site facilities.
	<i>Quality: 0161 Quality (Construction) or 0167 Integrated management.</i>	Select worksections based on the Quality management system for the project. For quality assurance system: <i>0161 Quality (Construction)</i> . For integrated management system: <i>0161 Quality (Construction)</i> and <i>0167 Integrated management</i> .
	Specific requirements: Other worksections	Select other worksections as required. Refer to the National worksection matrix . Construction services: Workgroups 2, 3, 11 and 13. Maintenance services: Workgroups 14 -18.
Volume 3 DRAWINGS AND SCHEDULES	Project drawings	Separate compilation not covered by this guide.
	Standard drawings	
	Schedules	
Volume 4 TENDER SUBMISSION DOCUMENTS	<i>0124 Tender submission documents</i>	This worksection outlines the tender submission documents required for the contract such as: <ul style="list-style-type: none"> • Tender forms • Schedule of rates or Bill of quantities • Tenderer’s particulars • Declarations. Separate compilation not covered by this guide.
ADDITIONAL INFORMATION		Associated documents not included in

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Contract volumes	Include the following AUS-SPEC worksections and related documents	Notes
DOCUMENTS		Volumes 1-4, for example: <ul style="list-style-type: none"> • Geotechnical information • Environmental protection agency information • Council's OH&S policy • Council Handbook (Water)

4.2 Assembly and binding

Assembly: Assemble the contract documentation in 4 volumes as outlined in **contract documentation volumes table**. Make sure the documents are free from discrepancies and omissions.

Volumes: Bind volumes separately.

Exhibit copies: Spiral bind and keep a record of different editions for legal and contractual reasons.

Working copies: Assemble in ring binders.

Associated documents: Bind separately without volume status to indicate their exclusion from the formal contract documents.

4.3 Registration of document

Assign a contract title and number to use consistently throughout project management and register the contract tender documents on the Council Contract Administration System.

Cite the contract title and number when arranging access to up-to-date worksections.

4.4 Review of Council documentation (Major works)

For projects with an estimated capital cost exceeding \$150,000, a party independent of the compilation team must complete the checklist in Annexure A of these guidelines.

4.5 Security of documentation

The Contracts Manager is responsible for the following:

- The security of all the copies of contract document components and plans.
- The avoidance any release of information in advance of formal release of tender documents.
- The securing of an electronic copy of all documentation in conformance with archiving policy.
- Certification that established contract documentation compilation procedures have been followed and that this has been verified by the independent check.

4.6 Quality check

ANNEXURE A of this guide provides a checklist proforma. Using this, review the compiled documents to ensure that they are:

- Appropriate for the scope and nature of the work.
- Expressed in plain English.
- Document requirements which are practical to build, to the program and budget.

Establish a Hold point on advertising for tenders until the execution of a satisfactory check of the contract documentation. Release the Hold point only on the authority of the Contracts Manager for a specific contract.

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5 COMPILATION OF TECHNICAL SPECIFICATION

5.1 Select worksections required

Use SPECbuilder Live to select the AUS-SPEC worksections applicable to the project and compile a draft specification.

The following material included in your AUS-SPEC package may be useful and can be found at www.natspec.com.au:

- National worksection matrix for a full list of worksections.
- Introductory Guidance text to each worksection for worksection applications.
- SPECbuilder Live Guide for step-by-step instructions on using the SPECbuilder Live specification compilation software.
- Specification Word Processing and Production for more information on using Microsoft Word for AUS-SPEC specifications.

5.2 Identify clauses not required

Identify and delete clauses which are not required for a particular contract. Clauses are cross-referenced in the worksection text by **CLAUSE TITLE** only. Using only clause titles for cross references helps in identification of the referenced clause in the event of a clause number change.

5.3 Identify subclauses not required

Identify and delete subclauses which are not required for a particular Contract. Subclauses are cross-referenced in the worksection text by **Subclause title** only. Using only clause titles for cross references helps in identification of the referenced clause in the event of a clause number change.

5.4 Complete all relevant write-in options

Some worksections, for example *0136 General requirements (Construction)* in particular, require project specific input. Prepare this early in the compilation process. Prompts **[complete/delete]** have been introduced where input is required.

5.5 Edit standard text

Keep the AUS-SPEC worksection format, to develop uniformity across Australian Councils. Only edit standard clauses where necessary and develop a policy to authorise and monitor alterations if required.

5.6 Add Special Requirements

If a project contains items of work of a specific or unique nature not covered by the existing clauses, add project specific requirements to the worksections to produce a complete specification.

5.7 Complete job specific annexures to complement the specification

Detail special project performance requirements and additional information to the worksection (e.g. sketches) in Annexures at the end of each worksection.

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6 ANNEXURE A - CHECKLIST FOR CONTRACT DOCUMENT COMPILATION

Contract Name: _____ Contract Number: _____

1. Transmittal Records confirm edition dates received for all standard documents utilised for the documentation compilation.

Transmittal Dates:

Technical Specification _____/_____/_____

Drawings _____/_____/_____

Conditions of contract _____/_____/_____

Submission Document Proformas _____/_____/_____

- 2. Scope of contract clearly defined
- 3. Physical Location and Extent of Work clearly defined
- 4. Type of contract payment clearly indicated (e.g. Schedule of Rates, Lump Sum/Combination)
- 5. Quality Assurance or Integrated Management System Requirements clearly stated, Minimum Lot Sizes and Frequency of Testing checked for appropriateness to the project
- 6. Measurement and Payment method clear and comprehensive
- 7. Change control procedures utilised correctly for any editing of standard documents and all project specific annexures are complete
- 8. Cross referencing to Drawings correct
- 9. Security of documentation assured

Check undertaken by: _____

Signature: _____ Date: _____

CERTIFICATION

Projects with an estimated capital cost exceeding \$150,000 require Contracts Manager certification as follows:

The contract tender document master copy has been checked by a suitably qualified and experienced person(s) who is independent of the project compilation team. The checking result is validly reflected in the checklist entries above.

Final adjustments have been made where necessary and the documentation is expected to prove appropriate for the project construction.

Independent checking has been provided by: _____
(Title)

Signed: _____ Date: _____

CHECKLIST CERTIFIED BY: _____
(Signature) (Contracts Manager)