

# **APPENDIX B**

- a) Revised Contract Administration Checklist**
- b) Revised Interim Payment Certificate**
- c) Certificate of Valuation for On/Off Site Materials**
- d) Revised Contract Payments Register**

**HARROGATE BOROUGH COUNCIL  
DEPARTMENT OF DEVELOPMENT SERVICES**

<b>CONTRACT ADMINISTRATION CHECKLIST</b>
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Copy to be retained at the front of the Contract File

	<b>Date</b>
<b>PRE-TENDER STAGE</b>	
1. Issue of initial F10 to HSE	_____
2. Pre Tender Health & Safety Plan completed	_____
Either	
3A. Preparing Ad Hoc Tender List:-	
Advertise for Expressions of Interest	_____
DDS Approval of Select List	_____
Inform unsuccessful Contractors	_____
<b>or</b>	
3B. Using Standing Approved List:-	
Obtain Head of Service Approval of Select List	_____
4. Invitation to Tender	_____
5. Notification of Invitation to Tender to Head of Legal & Democratic Service (DR	_____
6. Date and time of return of tenders	_____
7. Copy of tenders received to Head of Service	_____
8. Selection of successful contractor	_____
<b>POST TENDER STAGE</b>	
1. Letter to successful Contractor with insurance forms	_____
2. Letters to unsuccessful contractors	_____
3. Memorandum to Audit Manager and Head of Financial Management (DR) incorporating:-	
Contract Information Sheet	_____
List of Tenders Received	_____

4. Memoranda to Head of Legal and Democratic Services (DR) incorporating:-  
Contract Information Sheet \_\_\_\_\_  
List of Tenders Received \_\_\_\_\_
5. Contract Information Sheet to Health & Safety Adviser (DR) \_\_\_\_\_
6. Details of successful tender included in Council Newsbrief by Head of Service \_\_\_\_\_

POST CONTRACT STAGE

1. Date of Possession of Site \_\_\_\_\_
2. Date of Practical Completion \_\_\_\_\_
3. Defects Liability Period and Release of Retention \_\_\_\_\_
4. Updated F10 sent to HSE \_\_\_\_\_
5. Developed CDM Plan Received \_\_\_\_\_
6. Notification of Scheme to E Team \_\_\_\_\_
7. Notification of Commencement to Health & Safety Adviser \_\_\_\_\_

POST COMPLETION STAGE

1. Inform Head of Legal & Democratic Services to Release Bond \_\_\_\_\_
2. Health and Safety File Received \_\_\_\_\_
3. Submission of Final Account Information Sheet to Audit Manager (DR) \_\_\_\_\_

**HARROGATE BOROUGH COUNCIL  
INTERIM PAYMENT CERTIFICATE**

Certificate No:

\* Contractor's/Consultants Name & Address

Contract No.

Instalment No.

Last Cert. No.

Contract:

Form of Contract: JCT 98/IFC 98/Minor Works/ICE/ICE Minor Works/Other

TYPE: Variable/Fixed Price

**Contract Details:**

Contract sum

Nett Value of Approved Additions or Reductions

±

Nett Value of Price Fluctuations on Certified Work

±

Revised Total

£

p

**Valuation Details:**

Value of Work Completed.....

Architects Certificate Date: ..... QS Certificate Date: .....

Value of Materials On/C

**On Site:** HBC Standard Form Attached Date: .....

**Off Site:** HBC Standard Form Attached Date: .....

Total Gross Value to Date .....

**Deduct:**

Retention on Works

Retentions on Materials ( %)

Other Deductions (Specify)

Total Deductions

£

P

Total Net Value to Date

Payments Made to Date

Total Due to Contractor

Deduct

Total Payable to Contractor on, or before.....

SUPPLIER REF

SUPPL

ORDER NUMBER

INVOICE DATE

GENERAL LEDGER CODE

SHORT CODE

JOB CODE

GOODS  
RECD

CALCNS

SUPER-  
VISED

AUTHORISED

VAT  
AMT



**CERTIFICATE OF VALUATION  
FOR ON SITE/OFF SITE MATERIALS**

**CONTRACT:** .....

**CONTRACTOR:** .....

**CERTIFICATE RELATING TO VALUATION NR:** .....

**MATERIALS ON SITE** (JCT with Contractors Design Clause15.1)

I confirm that I have viewed the materials on the site and the value is as stated on the Valuation

Signature of Project QS/Employer's Agent:

\_\_\_\_\_

*Date:*

\_\_\_\_\_

**MATERIALS OFF SITE** (JCT with Contractors Design Clause15.2)

I confirm:-

- a) The materials are contained in the list annexed to the Employers Requirements, and
- b) The Contractor has provided reasonable proof that the property in the uniquely identified listed item is vested in the Contractor,

OR

If the item is not uniquely identified or if required in Appendix 1, the Contractor has provided a bond,  
*(Delete as applicable)*

AND

- c) The listed items are in accordance with the contract,

AND

- d) The listed items are set apart and have been clearly and visibly marked individually stating they are the property of the Employer and the destination as this contract,

AND

- e) The Contractor has provided proof that the materials are insured in accordance with Clause 15.2.5.

Signature of Project QS/Employer's Agent ..... Date.....





# **APPENDIX C**

**Response and Comment on the Resources  
Overview and Scrutiny Commission Findings (Break  
Out Space Panel)**

## **FINDINGS - APPOINTMENT OF CONSULTANTS AND CONTRACTORS**

1. No external consultant should be authorised to undertake any work on a project before a formal contract is signed with them and written confirmation of roles and responsibilities has been obtained.

*This is the Council's standard procedure. A detailed brief is always supplied to a consultant prior to commencing work and consultant agreements set out roles and responsibilities. In exceptional circumstances where deadlines have to be met and order to achieve programme dates consultants start work on a "goodwill" basis. However, no payments are made to consultants until the contracts are executed and any require warranties/guarantees are in place.*

2. \*The appointment of consultants and contractors must take place strictly according to the Council's Rules

*Agreed.*

3. \*Procedures should be implemented that ensure approved lists of Consultants and Contractors are regularly refreshed and that all those on the lists have an equal opportunity to tender for work, according to the Council's Rules.

*A new system using the "Constructionline" system is being introduced and a new approach to the appointment of both consultants and contractors has been incorporated into a report approved by Cabinet on 25 May 2005. The systems have, and will, include a "rotation" of the contractors to ensure both equal opportunities and value for money is achieved.*

## **PROJECT MANAGEMENT**

### **Findings - Clarity of Roles**

4. All construction schemes should have an individual Project Planning Document and this should Include Detail Regarding the Following:

- The Project definition and brief

*This is included in the detailed proposal for the scheme which would be submitted for approval by Cabinet/Council as appropriate.*

- Roles responsibilities/authorities and accountability

*The new Project Management Code of Practice includes these definitions in detail. In addition specific larger projects will have a robust management document specifically tailored to that scheme.*

- Names and designations of the Project Group

*As above, these would be incorporated in any specifically tailored management structure, or in any report to CMT/Cabinet/Council which gave approval for the scheme to go ahead.*

- Registered address and Company Number of the Main Contractor and any named Sub-Contractors/Suppliers (when known)

*This procedure will be incorporated with the contract documents, but will need to be expanded to include the company number.*

- Detailed Project Management handover arrangements to be identified including dates and stage in the contract. Written confirmation regarding the change of roles should be obtained

*This is specifically written into the new Project Management Code of Practice.*

- Project cost plan and management procedures

- o The cost plan
- o Change control
- o Risk management
- o Cost reporting
- o Contingency management
- o Expenditure profile

*These requirements are built into the new Project Management Code of Practice.*

- Programme management

- o Start and completion dates (including phased work)
- o Milestone events
- o Frequency of review
- o How progress is monitored against programme

*These requirements are built into the new Project Management Code of Practice. The overall project programme would be scrutinised by the Project Board under the new Code of Practice. Detailed progress monitored against programme will be a requirement to show at each progress meeting and this information will be provided by the contractor and verified by any consultant team.*

- Administrative Systems and Procedures

- o Project reporting arrangements
- o Meetings, including frequency and attendance, circulation of minutes, etc

*These requirements are incorporated into the new Project Management Code of Practice, and such items of frequency of meetings and attendance would be included in the specific project management structure tailored for an individual scheme.*

- Technical standards eg format of permanent record drawings or plant and equipment numbering systems

*These are requirements that will be developed with a consultant team on any scheme and are specified by the client and the consultant team to the contractor as part of the contract documentation.*

- Commissioning and technical handover arrangements

*These are issues which are covered as part of the standard contract documentation procedures.*

- Evaluation arrangements

*The requirements for a post contract review is incorporated into the new Project Management Code of Practice.*

## **Findings - Clarity of roles**

5. All Project Planning Documents should be approved by the appropriate body and may include representatives from Departments not directly involved in the scheme to help ensure an independent assessment.

*The Code requires client/user involvement in drawing up both the business plan and ensuring satisfaction of user and operational requirements. The Project Planning Documents will be approved by the Project Board.*

6. Representation from Finance and Legal Services on the Project Group should be identified in the Project Planning Document.

*Incorporated in the new Project Management Code of Practice.*

7. \*The distinction between corporate and non-corporate projects should be abolished.

*The new Project Management Code of Practice does not make this distinction but Section 2.0 sets out guidelines on what is to be a "Council Project". Council Projects are those schemes where CMT have decided to monitor progress and require reports from the Project Owner because of financial impact and risk issues involved which could impact on the whole business of the council.*

8. A Project Manager job description should be developed and applied to all internal or external appointments and this should be included in a guidance document (See later)

*This is included in the new Project Management Code of Practice.*

9. The Project Manager should have overall responsibility for the scheme.

*The specific responsibilities of the Project Manager and the Project Owner are now set out in the new Project Management Code of Practice. The words "overall responsibility" have been avoided. More specifically the Project Manager is tasked with "ensuring liaison, co-ordination, administration and actioning of all that is necessary for the project to come to fruition."*

## **FINDINGS - APPOINTMENT OF PROJECT MANAGER AND RESOURCES**

10. \*A skills/competencies audit should be undertaken of available in-house Managers to establish type, value, etc of suitable projects that they could manage

*This is an item of work that has been difficult to achieve with the limited resources in house. There are only four members of staff in the Property Management Service who would currently be regarded as having appropriate skills to undertake the project management of any substantial scheme of construction. Beyond these officers it is considered appropriate that external resources are used for project management skills to ensure adequate supervision of large projects takes place. The new Project Management Code of Practice incorporates a specific note on external project managers and their relationship with the in house project management.*

11. Appropriate support should be established within DTS (or subsequent equivalent Department) for each scheme/project when the Department takes over Project Management responsibilities (as identified in the Project Planning document) and these should be confirmed with the Project Manager. This will include administration and senior manager support if required by the Project Manager (The skills/competencies audit undertaken of available in-house Managers could assist this process).

*The level of support is assessed for each and every scheme and the external resources required to supplement in house resources are also assessed specifically. Directors and Heads of Service are required to be specifically involved in assessment of resources. The Department of Development Services has a regular resources monitoring meeting and such items are referred to that meeting for assessment and monitoring.*

12. A statement of assurance should be provided from DTS to commit appropriate resources to the project at the appointment of the Project Manager stage (internal and external). At this stage any lack of available in-house resources should be identified and DTS should report this to the Corporate Management Team or appropriate body

*See answer to Number 11 above. Good practice will always ensure that appropriate resources are considered and made available where required. There are, however, unavoidable situations where projects overrun and then overlap into other work which cause demands on resources. Under such circumstances reviews are undertaken and if possible appropriate external support is brought in where necessary.*

13. \*Appropriate training should be identified and provided for all Project Managers (linked to audit of skills and competencies). This should include financial assessment particularly the financial assessment and the complexities of company organisation and structures

*Training in Prince2 (for IT projects) and in Construction project management has been extensively undertaken in the past at Harrogate Borough Council. This level of training will continue. The financial assessment of company organisations and structures is considered but the detailed financial assessment of companies will now form part of the assessment undertaken as part of the "Constructionline" assessment process. In cases where companies fall outside the Constructionline process the Department of Resources (Accountancy) has the appropriate skills to carry out the assessment.*

#### **Findings - Clarity of roles**

14. \*Whatever the grade of the Project Manager relative to other Officers involved it should be ensured that they have overall responsibility even if negotiation with other Departments has been required.

*The new Project Management Code of Practice addresses the issues of responsibility and liaison within the Project Team and with the client departments.*

15. \*The Project Manager should have overall responsibility within the Project Group

*See answer to point 9.*

#### **FINDINGS - GUIDANCE**

16. \*One document should be developed as a guide regarding the use of new and existing procedures. It could be incorporated with the existing procedures and those being currently developed as a Project Managers guide. This should include the job description for the Project Manager.

*The new Project Management Code of Practice has been produced which incorporates these items and it links back to the revised Financial Procedure/Contract Procedure Rules under preparation.*

## **FINDINGS - WARRANTIES/GUARANTEES AND FINANCIAL VETTING**

17. \*Construction work for a scheme/project should not be paid for until a warranty or guarantee is in place (responsibility of Project Manager)

*The terms and responsibilities of the employment of the cost manager/quantity surveyor on construction work would require that they should ensure that warranties and guarantees are in place before payments are authorised. This is a contractual responsibility under the terms of employment of the external consultant, and the roles and responsibilities of the Project Manager in Appendix 5 of the Code clarify the responsibilities.*

18. \*The Project Manager should ensure that they provide copies of the warranty or guarantee to Finance (for information) and Legal Services to confirm validity

*See answer to 17. Such warranties and guarantees are sent directly to the Council's Chief Solicitor to ensure that they are appropriate and valid, and until a positive response is received no payment is made.*

19. \*If a project commences before the contract is signed procedures should be established to ensure that no payment is made before the formal contract is executed and the appropriate warranties are in place

*Revised contract administration forms and checklists are in place to tighten up procedures which should have already covered this aspect of concern.*

20. \*Appropriate time should be given to enable Legal Services to investigate the requirements of a warranty/performance bond

*Appropriate timescales are normally in place to ensure investigation of the requirements of the warranty and performance bond. As referred to above these procedures will prevent payments being made until the contract is in place, and the contract cannot be in place until the warranty/performance bond is approved.*

21. Contracts should have a Dunn and Bradstreet or similar financial report on contractors

*See comments above in relation to the introduction of the "Constructionline" assessment process and the report which will be provided to Cabinet in the near future. See also comments in response to Section 15.*

22. Where the Council has specified the use of a particular (nominated) sub-contractor eg for specialist work it must be ensured that they have had appropriate financial vetting. This will be the responsibility of the Project Manager.

*This finding is noted and supported. However, as moves to more "design and build" type contracts on major works take place the use of nominated sub*

*contractors becomes less frequent. Developed designs produced in partnership and in agreement with the client/Project Manager/designer/contractor mean that the client agrees to the use of a particular sub contractor put forward by the main contractor rather than nominating.*

## **FINDINGS - OFF-SITE MATERIALS**

23. It was agreed that for each contract where payment for off-site materials has been identified the Project Manager should be responsible for justifying why this was necessary.

*A new form has been introduced to ensure that certain specific procedures have been adopted before any payment for off site materials takes place. The requirements for payment of off site materials are extensive on the form which must be signed for by the Project QS/Employers Agent.*

24. \*The inclusion in a contract for payment for off-site materials should be an exception and avoided where possible

*Agreed, but there could be some exceptional circumstances where such a situation is unavoidable.*

25. \*For each contract where payment for off-site materials has been identified the reasons for this decision should be reported to the relevant Head of Department (Identified in the Project Planning Document for construction schemes with a Works value of £500,000 or more)

*Agreed. In addition the payment for off site materials must be considered and incorporated in the contract documents before the contract is signed.*

26. \*If payment for off-site materials is agreed then the process and responsibility for passing of ownership and payment should be clearly established (Identified in the Project Planning Document for construction schemes with a Works value of £500,000 or more)

*Agreed. The new form requires specific details of the ownership having been transferred to be provided.*

## **FINDINGS - COMPLIANCE IN THE FUTURE**

27. A review should be undertaken by Internal Audit after 6-7 months on the progress of the development of any proposals arising from the Internal Audit investigation and the Findings of the Panel and report back to the Council Resources Overview and Scrutiny Commission. It should also review the success of the implementation of these recommendations and Findings after 12-18 months again reporting back to the Council Resources Overview and Scrutiny Commission.

*The Audit Manager will undertake this review.*

28. All major construction schemes should be a priority for internal audit within 6 months of completion

*The Audit Manager will undertake this requirement.*