

Typical scope, nature of work and project

[Business](#), [Management](#)



Typical Sub-Contractor Arrangements The sub-contractor

arrangements include the following: Execution Partner Work Packages'

Management Cost Reimbursable or fixed price contract with variations. The

contracts are normally used for small scope of work and well-known

environments and possible repetitive type of work. An example might be

fencing for a sub-station. Technical Services – Fixed Price or Cost

Reimbursable. An example might be a consultant performing an

EIA study. Technology Supply – Lump sum Turn Key.

An example might be supply of a water treatment plant. Constructor

(Installer) – Bill of Quantity, re-measured contracts. Examples might be

erecting power distribution between two points, or civil works for site

preparation. Supply Agreements – Fixed Price. Examples might be the

supply of pumps, or 20 miles of electrical cable. Bill of Quantity Re-

Measurable Contracts for Construction or Installation work.

Ideally suitable where work is easily measured by a quantity as measure and

cost by a rate per quantity, like civil works with ft³ (cubic feet) of excavation

at a certain rate per ft³ (cubic feet) or structural steel with ton of steel at a

rate per ton. 4. 1. 5 Sourcing for Project Controls Based on EVM The

success of project controls using earned value management requires

appropriate sourcing. The owner should request from the contractors; Project

Controls using Earned Value Management, as per appropriate specifications.

The different contract strategies require different specifications which need to

be tailored for the specific scope, nature of work and project controls

capability of contractor. The important sourcing mechanisms include the

following:· The Owner is to evaluate and grade contractors according to their project controls capability or maturity level.

· The Owner is to appropriately train, and contract with contractors as and when needed.· Sourcing Approach for EPC and Fixed Price, including Supply Agreements Contracting Environment. o Owner to perform Compliance Inspection to establish the Project Controls confirmation of contractors to specification during a tender period. o Contractors to submit Project Controls methods and project control deliverables for evaluation by the Owner during tender submission to have proposed deliverables and method statements.

o Agree Baseline project deliverables for Project Controls using Earned Value Management during contract negotiations. o Project Controls according to Baseline supported by change management, when needed.· EPCM, Cost Reimbursable, and BOQ Contracting Environment. o Contractors to submit preliminary Project Control methods and project control deliverables for evaluation by the Owner, with tender submission. o Owner to Contract for Project Controls using Earned Value Management by means of specifications, as well as auditing rights to conduct Compliance Inspections. o Agree preliminary project deliverables for Project Controls using Earned Value Management during contract negotiations.

o Control project against preliminary project deliverables for Project Controls using Earned Value Management in first period (60 days). o Agree baseline project deliverables for Project Controls using Earned Value Management during first period (60 days). o Project Controls according to

Baseline supported, by changemanagement when needed, earliest or after preliminary contract period of 60days. The Owner is to perform Compliance Inspection to establish the Project Control confirmation of contractors to specification during contract period. 4. 1.

6 Specifications- When EVM is specified The specifications for Project Controls using Earned Value Management Principles are structured for the contract strategy. 4. 1. 7 EPC and Sales Agreement on Fixed Price Contracts These contracting arrangements will require a good scope definition and contractors with well-developed and mature project control systems. The EVM guidelines provided to contractors for tender and contracting purposes will be the 10-point guideline. The contractor will be expected to submit proposed project control statements and proposed project control deliverables in tender phase. The project control deliverables will be finalized in baseline project control deliverables during contract negotiations. The project controls will be based on the baseline project control deliverables from the start of the project, with change control for any changes required in the baseline.

4. 1. 8 EPCM Cost Reimbursable and BOQ Contracts These contracting arrangements will not have a good scope definition and contractors might not have well-developed and mature project control systems.

The EVM guidelines provided to contractors for tender and contracting purposes will be the 32-point for EPCM contractors, and 10-point guideline for sub-contractors. The contractor will be expected to submit preliminary project control statements and preliminary project control deliverables in tender

phase for definition period of contract. The preliminary project control deliverables will be finalized during contract negotiations and used during the contract definition period, until the baseline project control deliverables are developed and agreed with the Owner. The project controls will be based on the baseline project control deliverables from this point onwards, with change control for any changes required in the baseline. 4.

1. 9 Service Level Agreements The Functions executing projects are also expected to implement project controls using EVM. The sourcing standard specifies the roles and responsibilities, and Service Level Agreements (SLA) specification on project controls specifies the methods and expected project controls. 4. 2 Managing Contractor Maturity Levels The Owner is reliant on contractors, each with their own project controls tools and methods, which can vary in maturity.

Owners will have to consider this mentioned fact when contracting, and managing the contractors (as indicated in the image below). The contractors' maturity will vary from Fundamental, to Intermediate, up to Expert level. Successful project controls for the different levels of maturity will require appropriate governance and support from the owner, including contract strategy, specification, and training. The Owner's team is involved, as indicated in the image below.