

## **Contract Administration System Manual: Procedure – CAP010M**

# **Contract Closeout**

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## 1 Introduction

### 1.1 Purpose

The purpose of this procedure is to obtain a consistent approach to the provision of contract closeout requirements.

### 1.2 Scope

This procedure is mandatory for all regions.

### 1.3 Definitions, Abbreviations and Acronyms

Abbreviation	Description
CAR	Corrective Action Request.
Contractor	The person identified as the Contractor in the contract.
Date for Practical Completion	Where the Annexure provides a date for Practical Completion that date, where the Annexure provides a period of time for Practical Completion, the last day of the period.
Date of Practical Completion	The date certified by the Administrator in a certificate of Practical Completion issued pursuant to Clause 42.5 of the GCoC to be the date upon which Practical Completion was reached.
Department / Departmental	Department of Transport and Main Roads.
Designer/Design Consultant	Person or firm who undertakes the design (for TIC the design is prepared by the Principal who may have a firm undertaking this work). Designer also has a specific meaning under WHS legislation.
DLP	Defects Liability Period.
GCoC	General Conditions of Contract – TIC.
PM	Project Manager – appointed by the Principal to manage the overall project of which the TIC may be one of a number of separate contracts under the project.
Practical Completion	The stage in the execution of the work under the Contract where the Works are able to be handed over to the Principal.
Principal	The Principal as stated in the Annexure (State of Queensland acting through the department).
TIC	Transport Infrastructure Contract.
RSAR	Road Safety Audit Report.
ASP	Administrator's Surveillance Plan.
Administrator	The person appointed as the Administrator by the Principal.

## 1.4 General

Contract closeout signifies the ending of the Contract whereby the Contractor, having fulfilled its obligations under the Contract, hands over the completed Works and other closing activities. Contract Closeout (CAP010M) includes:

- Determining the Date of Practical Completion and issuing the *Certificate of Practical Completion* (Form C7881)
- Preparing the defects and omission lists (items which do not impact on Practical Completion)
- Advising the Principal to prepare for the reduction of securities and retention monies
- Notifying the commencement of the various Defects Liability Periods
- Instructing the timeframe for rectifying minor omissions and minor defects
- Confirming suitability of the As-Constructed Drawings (if required under the Contract)
- Completing the required terminal reports
- Post construction review
- Archiving the required records and documentation, and
- Issuing the *Final Certificate* (Form C7882).

Additional activities may include finalisation and evaluation of the project with the Project Manager and the Principal and any other stakeholders, such as those involved in the development and provision of the community works (including paintings, murals, sculptures, commemorative plaques, etc).

## 2 Responsibilities

The Project Manager is responsible for compiling all closeout activities, with input by the Administrator, and forwarded to the Principal for review and records.

## 3 Process

The Administrator's *Contract Closeout Checklist* (CAC056M) should be referenced.

### 3.1 Practical Completion (Clause 42.5 of the General Conditions of Contract)

The Contractor gives at least 10 business days' notice to the Administrator of the date upon which he anticipates that Practical Completion will be reached.

When the Contractor is of the opinion that Practical Completion has been reached, the Contractor shall, in writing, request that the Administrator issue the *Certificate of Practical Completion* (Form C7881).

If the Administrator believes Practical Completion has been reached, the Administrator may issue a *Certificate of Practical Completion* (Form C7881) even if the Contractor has not requested it.

The Administrator prepares a list of defects and omissions, with the Contractor based on a detailed site inspection. The inspection team should include the Contractor's Representative and preferably the department's maintenance and operational team (as they will be required to maintain the Works). The departmental team can provide advice to the Administrator on operational maintenance issues but have no direct impact on the Administrator's decision regarding issuing the *Certificate of Practical Completion* (Form C7881).

The Administrator's decision to issue the *Certificate of Practical Completion* (Form C7881) must be on the basis that the Works are complete except for minor omissions and defects that do not prevent the Works being used for their intended purpose. This includes the completion of all line marking, regulatory signs, advisory signs, street lighting, traffic signals and all other aspects relating to the safety of the road user. In assessing the requirements to allow Practical Completion, the Administrator must be aware of the implication that in issuing the *Certificate of Practical Completion* (Form C7881), knowing the site is not safe, may place a liability on the Administrator. On the other hand, to not issue the *Certificate of Practical Completion* (Form C7881) when the Works are fit and safe for use may lead to a claim by the Contractor (for example removal of silt socks, minor repairs to the pavement edges, bald spots in the hydra mulch, missing plants etc). If in doubt, seek advice from the relevant departmental officers.

The issue of the *Certificate of Practical Completion* (Form C7881) starts the Defects Liability Period and possession of site reverts to the Principal.

The Administrator issues the *Certificate of Practical Completion* (Form C7881) using standard letter *Certificate of Practical Completion* (CAL024M) and includes the timeframe for rectification with the list of defects and omissions attached. Should the Administrator decide not to issue the *Certificate of Practical Completion* (Form C7881), the reasons for not doing so are required to be provided in writing, using standard *Practical Completion has not been Reached* (CAL025M).

Within 10 business days after the Date of Practical Completion, the Contractor shall remove temporary works and construction plant.

### **3.2 Securities and Retention Money (Clause 5 of the General Conditions of Contract)**

Upon issue of the *Certificate of Practical Completion* (Form C7881), the Administrator advises the Principal using *Release of Securities* (CAL021M) and *Request for Release of Security* (Form C7874) to reduce the primary security and retention security as per the percentages stated in *Item 11B of the Annexure to the General Conditions of Contract*, or as otherwise stated.

### **3.3 Defects Liability Period (Clause 37 of the General Conditions of Contract)**

The Defects Liability Period is the period of time nominated in 37A or 39A of the *Annexure to the General Conditions of Contract*, or 90 days if not stated. During this period, the Works are put into service and the Contractor is responsible for the rectification of any minor defects or omissions. In the *Certificate of Practical Completion* form (Form C7881) and *Certificate of Practical Completion* letter (CAL024M), the Administrator shall state the start date and timeframe for the completion of the defects and omissions. If the Contract contains separable portions, or the Administrator has created, a separable portion, separate Defects Liability Periods apply (refer to Clause 35.3 *Separable Portions, of the General Conditions of Contract*).

During this time, the Administrator monitors the rectification works and will reassess the risk assessment, and amend the risk register accordingly (refer to *Administrator's Surveillance Plan* (CAF001M) and *Implementation of the Administrator's Plan* (CAP006M)). The surveillance team may face a different risk environment as traffic is likely to be involved during any surveillance conducted on the Works from this point onwards.

If, at any time prior to the 10 business days after the expiration of the Defects Liability Period, the Administrator may direct the Contractor to rectify any omission or defect in the work under the Contract by using *Notice to Rectify Defects* (CAL027M).

### **3.4 As-Constructed Certificate and Drawings**

The Administrator is responsible for confirming that the “As-Constructed Certificate and Drawings” are completed, have been collated together with the electronic models and have been returned to the Project Manager within four weeks of the *Date of Practical Completion* (refer MRTS50 *Specific Quality System Requirements*). The incorporation of the as-constructed details into electronic updates of the drawings should be the responsibility of the Administrator’s team. Check the documents as this responsibility varies from contract to contract.

### **3.5 Road Safety Audit Report (RSAR)**

The RSAR, which is commissioned by the Project Manager, is to be completed within four weeks of the anticipated Date for Practical Completion.

It is essential that this audit be conducted on the basis of the approved design and the original scope of work in the approved business case.

The issues raised in the RSAR will be prioritised by the auditor based on risk. The aim is to close out the highest priority issues raised in the report. The Administrator needs to consider the recommendations carefully and either, arrange for them to be implemented or provide a report back stating why the findings of the audit are not in the scope of the works.

### **3.6 Post Construction Review**

A post construction review is held as soon as possible after Practical Completion and is attended by representatives of the Principal, the Administrator, the Contractor and the design consultant. The purpose of the conference is to review the Works (including design, documentation, construction quality, issues and costs, the construction program, job management, community liaison, maintenance and traffic management). A template for the agenda and minutes for this conference can be found in *Post Construction Conference Agenda - Meeting* (CAF032M). The minutes from this conference will assist in the preparation of the *Post Construction Report* (CAF012M).

### **3.7 Final Certificate (Form C7882) (Clauses 37, 42.7 and 42.8 of the General Conditions of Contract)**

The Administrator is not obliged to issue the *Final Certificate* (Form C7882) until the Contractor has fulfilled its obligations under the Contract, including the rectification of all defects and omissions.

The Administrator should conduct a final inspection of the Works within 10 business days of the end of the Defects Liability Period (refer to the *Administrator’s Surveillance Plan* (CAF001M)) and ensures all temporary works such as erosion and sediment control devices installed by the Contractor have been removed prior to issuing the *Final Certificate* (Form C7882).

Within 20 business days of the expiration of the Defects Liability Period, the Contractor will submit their final payment claim to the Administrator. The Contractor will outline all monies which they consider to be due from the Principal, including all outstanding claims in dispute.

Within 10 business days of receiving the Contractor’s final payment claim, the Administrator issues the Final Certificate to the Contractor using *Final Certificate* form (Form C7882) – and letter (CAL028M) and sends a copy to the Principal using *Final Certificate* (Form C7882) – and letter (CAL029M). As part of the *Final Certificate* (Form C7882), the Administrator is required to certify the amount of money owing to either the Contractor or Principal. If the Contractor fails to submit his Final Claim within the prescribed period he is barred from making any subsequent claim.

### **3.8 Release of Securities (Clause 5.11 of the General Conditions of Contract)**

If the Administrator certifies that the Contractor does not owe the Principal any money in the *Final Certificate* (Form C7882), the Administrator must then advise the Principal to release any outstanding primary security, retention security or retention monies to the Contractor and Subcontractor *Request for Release of Security* (Form C7874). The release of primary security and retention security or retention monies to the Contractor must happen within 10 business days of the issue of the *Final Certificate* (Form C7882), and the release of subcontractor payment security to the Contractor must happen within 4 months of the issue of the *Final Certificate* (Form C7882).

### **3.9 Terminal Reports**

The following terminal reports are prepared by the Administrator and forwarded to the Project Manager:

- The *Maintenance Report* (CAF009M) is to be completed within two weeks of the issue of the *Certificate of Practical Completion* (Form C7881) and outlines issues on the project which are significant to the ongoing maintenance of the Works. The advice given by the department's local maintenance team at the final inspection is valuable for completing this report.
- The *Performance Report on Design Consultant* (Form C7563) is to be completed within two weeks of the issue of the *Certificate of Practical Completion* (Form C7881). This report evaluates the adequacy and accuracy of the design product and the cooperation of the design consultant during the construction phase.
- The final *Contractor Performance Report* (Form C7901 or C7902) is to be completed within eight weeks of the issue of the *Certificate of Practical Completion* (Form C7881). It evaluates the performance of the Contractor for consideration by the prequalification committee, as a check to confirm a Contractor's prequalification entitlement and provides data on a Contractor's performance history. If partnering is used, the results of the monthly scores may be useful in completing the relationships assessment.
- The *Administrator's Report* (CAF010M) is to be completed within one week of the issue of the *Final Certificate* (Form C7882). It includes the completed *Contract Closeout Checklist* (CAC056M), a summary of the audits carried out by the Administrator, maintenance issues not covered by the *Maintenance Report* (CAF009M), outstanding issues such as claims from the Contractor and safety audit issues and recommendations for future projects if applicable.
- Where a project involves more than 2000 tonnes of asphalt, or for projects of a lesser quantity where a performance report is deemed suitable, an asphalt supplier performance report shall be completed and forwarded to the Pavements Materials and Geotechnical Branches.
- The *Post Construction Report* (CAF012M) should be prepared by the Project Manager with the assistant of the Administrator. It is to be completed before the issue of the *Final Certificate* (Form C7882). It includes details of the Contract, construction aspects, program and progress details and areas requiring improvement. The performance reports, As-Constructed drawings, financial data and monitor registers are included as attachments. The minutes from the post construction meeting can be used to compile this report.



### **3.10 Contract Administration Records**

The Administrator is responsible for compiling the contract administration records and handing them over to the Project Manager. Contract administration records include diaries; records of minutes; photograph register; *Installation and/or Removal of Regulatory Traffic Signs/Devices* (Form M994); all traffic management plans and quality assurance documents from the Contractor; the RSAR; the executed contract documents and any other documentation submitted for retention (refer to *Reports* (CAP004M)).

## **4 Reference documents**

- [CAS TIC Procedures \(CAP prefix\)](#)
- [CAS TIC Standard Forms \(CAF and SF prefix\)](#)
- [CAS TIC Standard Letters \(CAL prefix\)](#)
- [Transport Infrastructure Contract](#)

