Risk Management in the Tendering Process
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Five key areas of risk:

• Concluding the Design
• Tender Processes
• Selection of Contractors
• Appointment
• Contract Risks
Design Completion / ‘Freeze’ Risks

• **Review and define implications of *incomplete design elements***
  – Be open with client about these explaining impact in terms of potential construction / delivery delays and any cost impact
  – Be open with tenderers regarding incomplete any design aspects, taking care not to misrepresent - ‘enticement’ to bid / quote low can cause claims

• **Tender Drawings**: No need for unnecessary design detail:
  – allow tenderers to allocate provisional sums
  – but should only form a small proportion of the overall value
  – still provide adequate information to plan for construction
Design Completion / ‘Freeze’ Risks (Continued)

- **Contract Drawings**: Make clear to what extent changes are necessary between tender and contract drawings, and what can be left to post-tender variations.

- **Construction Drawings**: Ideally issue any variation instructions with the contract drawings prior to any subsequent construction-related instructions.

- **Retain ‘whole of design’ information**: Not just tender documents but also related preparatory docs, sketches, industry literature.

- Risks in this area greatly reduced if earlier design stages incl. feasibility are thorough.
Clear Tender Processes / Checklists for:

- **Conflicts**: Consideration of independence and conflict/potential for conflict and deal with any issues arising openly

- **Tender Invitation**: procedures for preparing tender lists, collating tender documents, establishing the tender period/due date, defining or reviewing criteria for selection to ensure objectivity and transparency

- **Pre-tender meeting** – invite contractors to ensure those tendering have a clear understanding of the overall vision/commitment to the project, (ensure this is part of selection criteria) and answer any queries generally

- **Receipt of tenders**: procedures for receipt of tenders, checking acceptability, witnessing and independent review as appropriate
Clear Tender Processes / Checklists for:

- **Document Check:** on issue / return to ensure none missing (protects both parties)
  - document checklist to ensure this
  - get contractors to confirm

- **Detail Check:** rates, quantities, totals, exchange rates if relevant, page totals etc.
  - checklist for this and/or QS for this purpose

- **Specifications:** particular areas of risk are:
  - industry design responsibilities – clarify which and liaise closely to confirm detail
  - materials / products / subcontract services – clarify which need to be approved by design team and/or client
Risk Management in the Tendering Process

Selection Risks

• Balance objectivity and experience of track record with the design team
  – But beware Remedies Directive!
  – Past performance with design team therefore needs to be part of the selection criteria rather than applied as a factor that negates any original objectivity afterwards

• If tender value exceeds client budget then beware risk of rushing through design changes to accommodate budget
  – Take time to preserve quality of the design and design documents
  – Risk of knock-on effect with design integrity, programme and/or costs

• Try to avoid letters of intent that might cause blurring around award of contract / part of contract (reconcile with contract in any case)
Appointment Risks

- Reconcile tender documents and contract documents and be clear about any changes in the interim

- Review any items that could not be measured as part of tender process and clarify with contractor

- Ensure legal check of contractors T&Cs, any letter of intent and contract documents

- Clarify preliminaries
  - Contract particulars, industry design responsibilities, programmes for submission of information, construction programme, attendances / facilities (power, water, scaffolding etc) site access, health and safety and environmental considerations
Risk Management in the Tendering Process

Contract Risks

- Re-check date of site possession – may need re-negotiating to ensure contract documents are in place prior to possession

- Ensure site supervision and inspection responsibilities are clearly understood - who’s role is to do what, when / to what frequency and to what standards?

- Appoint clerk of works or engineer as appropriate

- Ensure those tendering know if their work must be subject to independent inspection and at what stages / to what quality standards.

- If any of above not clear at tendering or contracting stage, flag for early clarification.
Quality Assurance Approach to Risk Management
QBE has for a long time adopted a QA approach to Risk Management as the features of this have numerous benefits in the way that risks are identified and managed:

<table>
<thead>
<tr>
<th>QA Approach</th>
<th>Minimal Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactive</td>
<td>Reactive / lag in response time</td>
</tr>
<tr>
<td>Corrective &amp; Preventive Action</td>
<td>Remedial Action</td>
</tr>
<tr>
<td>Holistic Risk Management</td>
<td>Compliance</td>
</tr>
<tr>
<td>Comprehensive Management System</td>
<td>Ad-hoc controls / documents</td>
</tr>
<tr>
<td>Embrace all ‘failure’ incidents</td>
<td>Claims &amp; Complaints only</td>
</tr>
<tr>
<td>Learning Culture</td>
<td>Blame Culture</td>
</tr>
</tbody>
</table>
QA Approach to Risk Management - Services

• Remote Assessments using QRisk - 3 levels:
  – RMEQ – ‘Essentials’
  – Standard QA - issue that are high risk for PI claims
  – Comprehensive QA Q – holistic assessment of business

• On-Site Audits and Reviews
  – Using Standard or Comprehensive QAQs
  – At management level only or to compare views within the practice

• Issues Analysis and Review
  – Claims, Circs, Client Feedback, Errors, Waste etc. as required
What is QRisk?

- A unique and innovative web-based risk management software package designed by and for QBE
- It’s exclusive to QBE policy holders* (access can only be gained via a username and password)
- (*Serious prospects can be granted a temporary login to use QRisk)
- Key aim of QRisk is to raise awareness of a wide range of risk management issues affecting our clients and over time, improve risk management profiles to reduce the likelihood of claims

How does it work?

- Main client activity is the self-assessment questionnaire which can be completed by any client, regardless of size, scope or nature of business (*N/A options are built in where relevant*)
- Available for Architects, Engineers, Surveyors and Design & Construct firms (and other professions)
- Other activities such as Business Process Audits & System Reviews by QBE consultants will also use QRisk so that resultant documents are consistent and readily available on QRisk (saving on lost reports and email traffic)
Using QRisk clients can:

- benchmark their firm against a highly developed set of risk criteria using our comprehensive quality assurance questionnaires
- get instant results and report on prioritised recommendation to help them improve their risk profile
- receive automated email reminders when actions become due
- monitor and track risk improvement status and provide QBE underwriters with automated updates on their risk profile
- obtain CPD credits for time spent on risk assessment and consideration

Promo leaflet available and/or contact us on support.qrisk@uk.qbe.com
Welcome to your questionnaires

Quality Assurance Questionnaire

Q. ORGANISATION & STRUCTURE

Do you have a constitutional document in place that sets out the legal framework of the Practice?

Answer
- Yes
- No

GUIDANCE:
For example, a Partnership Agreement or deed, or memorandum and articles of association. This applies equally to Partnerships, LLPs, LDPs and Limited Companies (so do the remainder of this question).

OBTAINING:
Refer to CLE [Volume 1.1a] [2010 6.5.1(2)] [Code of Conduct: 19.5.14]

Precedent Documents

Useful Links

Q. ORGANISATION & STRUCTURE2

Does the constitutional document address:

- entry to, and expulsion or retirement from, the Partnership / Board;
- decision making structure including voting rights;
- financial issues including capital input, repayment and profit sharing;
- authority levels including ability to bind the Practice into a contract;
- requirements fulfilled:
- All
- Some
- No

Print  Save  Submit
You are now viewing your recommendations

Recommendations by status

The chart below shows the status of any recommendations you have outstanding resulting from either site audit or self-assessment activities.

- **Agreed Long Term**: 33.33%
- **Disagree**: 14.29%
- **In Progress**: 14.29%
- **No Response**: 26.19%
- **Under Review**: 11.90%

Recommenations can be updated at any time and changes will be reflected in the chart above. To update your recommendations click on a specific category on the left.

Quick look

Outstanding recommendations

<table>
<thead>
<tr>
<th>Location</th>
<th>Status</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>Agreed Long Term</td>
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<tr>
<td>London</td>
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<td>BFG7</td>
</tr>
<tr>
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<td>Agreed Long Term</td>
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<td>Under Review</td>
<td>C004</td>
</tr>
<tr>
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Activity history

Your remedial recommendation summary is ready to view

[Click to view your results]
Thank You for Listening