

D12 Example Subcontractor Management Procedures

How to use this template

This document is an example of the procedures that an Indigenous business could introduce to assist in the management of its subcontractors.

It is important to note that the subjects covered in a subcontractor management policy may vary depending on the extent of subcontracting in the business and the size of the subcontracts that exist (e.g. if an Indigenous business only has one subcontractor in place for a relatively small piece of short-term work then they may not need to implement all of these procedures. However, this template provides an example that a company can then tailor to their own needs.

Note - This document is an example and may not be appropriate for all businesses.

1 Management practices
<p>Successful projects that involve subcontractors all exhibit similar characteristics.</p> <ul style="list-style-type: none">• They all have clear and unambiguous subcontracts established that include a Statement of Work.• The efforts of all subcontractors are integrated into a cohesive project plan with all subcontractors understanding where their efforts fit into the overall picture.• The formal and informal interfaces between the prime contractor and the subcontractors, as well as among the subcontractors, are documented.• Before starting specific work, the subcontractors are granted authorisation to proceed.• A formal team building process is established and implemented. <p>These practices all contribute to reducing the risk of misunderstandings or isolationism</p>
2 Establishing clear subcontracts
<p>Each subcontractor will have a legally binding, written contract that defines the following items.</p> <ol style="list-style-type: none">a. The legal names of the parties involved in the contract will be specified.b. The scope of the contracted work (contained in an attached Statement of Work), will be described in terms of:<ol style="list-style-type: none">i. the responsibilities and authorities of each party to the contract,ii. a clear definition of the deliverables and minimum content to be provided by the subcontractor,iii. a clear definition of the services to be provided by the subcontractor,iv. any and all constraints imposed on the subcontractor by the prime contractor, such as schedule constraints, budget constraints, specific tools to be used, andv. a clear statement of requirements for quality of deliverables and services

including the requirement to allow independent quality inspections of materials and processes.

- c. Appropriate terms and conditions which will be imposed on both the prime contractor and the subcontractor will be identified.
- d. The acceptance process will be clearly identified.

3 Work effort integration

The work of all subcontractors should be coordinated by the prime contractor to assure that the efforts of all parties are integrated into a cohesive whole through the processes of concurrent engineering and top-down project control.

4 Interfaces between prime contractor and subcontractors

Each subcontractor organisation will have a single point of contact with the prime contractor for contractual matters. The subcontractors are expected to identify their own single point of contact for contractual matters. On a day-to-day basis, all subcontractor personnel will be free to interact with any prime contractor personnel as needed to fulfil the subcontract.

5 Work authorisation

Before starting to undertake work, the subcontractor must first receive a signed Work Authorisation Form. The Work Authorisation Form will authorize the start of work, will identify the deliverable(s) of the activity, will identify budget and schedule constraints, will identify the responsible manager, and will identify the reviewers and acceptors of the products or services. When the authorised work is complete, the Work Authorisation Form will be closed, and the authorization withdrawn.

6 Progress reporting

The contractors must keep [INSERT COMPANY NAME] aware of the progress of their project work on a regular basis. The subcontractors will report progress on a weekly or monthly basis as required by the contract manager.

Format of progress reports

The progress reports submitted by subcontractors to the [INSERT COMPANY NAME] project team will be in the form of a weekly progress report or monthly progress report. The report will identify:

- a. authorised work that was scheduled to be performed during the period,
- b. progress made against that authorised work presented as:
 - 1. a textual description of progress,
 - 2. a list of internal milestones attained,
 - 3. an accounting of the hours billed against that job by all subcontractor personnel, and
 - 4. an assessment of the time (in hours) remaining to complete the activities,
- c. a list of unplanned, but authorised work that was conducted, identifying the number of hours spent,
- d. authorised work that is scheduled to be performed during the next week,

including any internal milestones expected to be reached, and

- e. a brief description of any problems encountered in performing the activities of the Cost Account or warnings of schedule slippage.

The Progress Reports will be reviewed by their contract manager. Variance reports will be provided to Project Managers should the variance exceed the acceptable thresholds.

6.1 Contractor Issues Meetings

The Contract Manager will meet with the subcontractor on a regular basis (e.g. weekly or fortnightly) to discuss issues of concern to either party. The subcontractor delegate is usually a senior employee of the subcontractor who is not directly involved in the delivery of products or services. These meetings exist to facilitate the project and to remove any roadblocks to success.

6.2 Milestone Reviews

At key contractual milestones, a formal review will be conducted to assess the extent to which the subcontractor has delivered against their contracted KPI's and targets. Topics covered depend on the milestone but could include such items as:

- a. where we are in the overall project schedule,
- b. an overview presentation of the key points contained in the project deliverables that comprise that milestone,
- c. a briefing on the quality of work achieved to date,
- d. a briefing on the budget and schedule status with major variances clearly highlighted and plans for corrective action presented, and
- e. discussion of any concerns and areas of poor contractor performance.).