

APPENDIX 11.2 POST-COMPLETION REVIEW ON MAJOR CONSULTANCY AGREEMENTS UNDER PUBLIC WORKS PROGRAMME

1. This Appendix describes the requirements and procedures promulgated originally in ETWB TCW No. 26/2003 in respect of post-completion review on major consultancy agreements. The relevant paragraphs from the original circular are basically subsumed hereunder.

Introduction and Background

2. To achieve value for money in the procurement of services for construction and engineering works and consultancy services, the delivery of the product should be to the specified quality and standards. Moreover, the functional and user requirements should be met in a cost-effective and efficient manner. It is considered that a post-completion review which serves the following key purposes is a useful project management tool –

- (a) to measure the success or otherwise of a project in achieving its planned objectives on time, within budget and at the specified quality level;
- (b) to bring up the lessons learned, both good and bad, so that, where appropriate, these can be used to benefit future projects; and
- (c) to provide an opportunity to review the overall effectiveness of the procurement strategy and procedures in place in the light of project performance, so as to identify any necessary improvement areas.

3. The Construction Industry Review Committee was also of the view that such a review and experience sharing process would be conducive to continuous improvement in the performance of all parties involved and the development of long-term partnership, thus recommended in their Report of January 2001 the implementation of a post-completion review by Government.

Policy

4. A post-completion review shall be conducted upon the substantial completion of a major consultancy agreement or a major works contract on projects under the PWP. However, as the practice is new to Government departments, it is not appropriate to lay down a rigid definition for major projects or the minimum number of reviews to be

undertaken by departments. Nonetheless, as a broad guideline, it is considered that post-completion reviews are generally not warranted for consultancy agreements and works contracts of a project which has a total cost less than \$500 million or of a project which does not involve complicated technical and management issues. Some suggested indicators of the involvement of complicated issues are provided in the Appendix for reference. Based on the above guidelines, departments could select agreements/contracts to be reviewed at their discretion.

5. Upon the completion of a post-completion review, the department shall prepare a report documenting all concerned issues, findings, conclusions and recommendations for future reference by the department. If the findings of a review are considered useful to other departments/bureaux, the department may circulate the findings to other departments/bureaux for experience sharing purpose. Furthermore, if input has been offered or provided by any consultant or contractor or other service provider in the review, the report should also be copied to such service provider. Nevertheless, the report copied to a service provider may need to have the information or details of or on the other service providers blocked out.

Guidelines and Procedures of the Review

6. It is desirable that input from major project participants, including the service providers such as consultants and contractors, could be included in the review. Nevertheless, the participation of the service providers or any relevant party in the review is to be on a voluntary and good faith basis. More than one discussion session with the presence of different service providers may be conducted, if necessary. However, as consultancy assignments for feasibility studies or investigation may be completed long before the commencement of the works contract, departments shall consider if separate reviews for such feasibility study/investigation assignments are required taking into account the benefits of such reviews against the resources required.

7. The emphasis and objective of the review are to gain maximum benefit from the experience accrued, rather than to apportion blame, i.e. it is not intended to be an auditing exercise. Any observed shortfall in the procurement, contract management and practices, and monitoring of the performance of the consultants and contractors should however be critically reviewed and rectified to avoid repetition of the same mistakes in the future.

8. Guidance notes for the conducting of a post-completion review and the suggested issues to be examined in the review are given in the Annex A. Nonetheless, departments should determine the scope and details of the review to suit individual project.

Guidance Notes for the Post-Completion Review

(A) Introduction

A post-completion review is a means of recording experience, both success and failure, from past projects, so it can be used where appropriate to improve future projects by avoiding past mistakes and allowing good practices to be better understood by project staff.

In general terms, the review should consider –

- (a) project objectives in terms of cost, time and quality;
- (b) management;
- (c) organization;
- (d) systems and procedures;
- (e) suitability of the design, contract types and contract packaging; and
- (f) public reaction during construction and operation.

Departments may consider conducting a single post-completion review examining aspects in both the consultancy agreement and works contracts together.

(B) On what type of projects should a Post-Completion Review be conducted

It is considered that the post-completion review (being a new initiative and there is also a need to optimize the benefits against resources to be deployed) need not be conducted for consultancy agreements and works contracts of a project which has a total cost less than \$500 million or of a project which does not involve complicated technical and management issues. Indicators that a project involves complicated issues may include the following:

- (a) project involving a variation item costing substantial amount, say over \$1 million;
- (b) project involving a claim of a substantial sum, say over \$1 million;
- (c) project involving design or construction method not commonly used in Hong Kong; and

(d) project involving incidents that attract public attention.

(C) Who and what should be involved in a Post-Completion Review

A post-completion review should be led by the officer in charge of the project (normally at senior professional level or above) and he or she should solicit input from the client and other project participants (such as the consultants, contractors and subcontractors) as appropriate. The department should also determine the depth of the review, taking into account the issues to be examined, and consider if assistance from legal advisor or technical specialists should be sought. Consideration should also be given to inviting project officers who have left the project team to provide input.

A post-completion review may involve both a document review and discussion sessions with the presence of different project participants. Due to the different concerns of different project participants, it may be necessary to have more than one discussion session with different party in order to facilitate better collection of views and exchange of ideas.

(D) When should the Post-Completion Review be carried out

A post-completion review should be carried out within a reasonable period, say 6 months, after the substantial completion of a consultancy agreement or a works contract. However, in case there are on-going disputes with the service providers, it may be more appropriate to defer the review until the disputes are settled or the review may have to be carried out without the participation of the service provider concerned. For a project that comprises a number of contracts/consultancy agreements, the project office may elect, in view of the benefit of an overall review, to conduct a single review upon the substantial completion of the last contract.

(E) The review

The project office could determine issues to be examined in a post-completion and some suggestions are given below:

- (a) pre-contract arrangements/procedures;
- (b) contract administration system/arrangements;
- (c) adequacy and suitability of specifications/brief;
- (d) programme/cost/variation control measures;
- (e) management of consultant's/contractor's performance;
- (f) management and control in relation to subcontractors/subconsultants;
- (g) procedures in relation to the management of quality, safety and environmental aspects and traffic management issues;
- (h) contract documents;
- (i) acceptance, testing and commissioning system/procedures;
- (j) quality/performance of service providers;
- (k) organization of consultants/contractors/other service providers;
- (l) management/handling of public complaints;
- (m) adequacy of contract period/study period.

Departments are also suggested to develop performance indicators to facilitate the review and develop after reviewing the projects, suitable benchmarks of project performance. The relevant indicators and benchmarks for the following aspects of performance or any other appropriate one should be developed:

- (a) Cost performance - say by comparing the final out-turn prices as against the initial estimates and tender prices;
- (b) programme performance – say by comparing the actual project delivery as against the planned programme; and
- (c) staffing performance – say by comparing the adequacy of the level of staffing assigned to the project against any established departmental guidelines.

Established benchmarks should also be subject to review from time to time.

Although the post-completion review is essentially for exploring areas where improvement could be made, it is not expected that consensual views among the client and service providers on all issues examined could be made nor solutions to all problems revealed could be formulated. Nonetheless, the review itself is part of a process of enhancing awareness among the participants in the problematic areas thus would actuate improvement as a natural outcome in the long-term.

(F) Views of the users may be included

If the timing of the post-completion review allows, the view of the users, and management/maintenance parties in the following areas or any others proposed by the users may be included in the review -

- (a) an assessment of whether user requirements have been met, such that they would be better ascertained and conveyed to designers in future;
- (b) an assessment of the costs in use as against the planned operating cost, and how the planned efficiency and effectiveness of the equipment and facilities compare with those as built; and
- (c) any recommendations that the users may wish to make to improve value for money performance of future projects, e.g. facilities which are in fact unnecessary for most users can be omitted from future projects.

The department may also consider, if resources is available, conducting a separate review with the users and management/maintenance parties at a later time, say one year, after they take over the project.