

# Topic 4 Section 11

# Commissioning and Acceptance

## Contents

Acceptance of Work.....	2
Clean Up .....	4
Obligations .....	5
Section 11 – Assessment Activities .....	7

# Acceptance of Work

Acceptance of the work and payment must be in accordance with the conditions set out in the contract documents.

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**Note!**

*The procedures described in this section are those used for close-down of a state government project involving a contractor and the Main Roads Department or similar authority. Where a contractor is completing work for a private owner, the procedures are usually simplified. Not all of the stages described here may be relevant, or written records (e.g. for acceptance of work or obligations of subcontractors) may be resolved by informal meeting or 'handshake' contract.*

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Although the methods for completing these steps may vary according to the size and type of job, in a state government contract the procedures would normally commence with advice from the contractor that the work is complete. At the same time, the contractor will request an inspection.

The contractor advises completion of stages throughout the contract period and at practical completion. In general, there will be two inspections:

- To establish those areas requiring correction or remedial work.
- To check off and ensure that all work is completed and that all identified corrections have been made.

## First Inspection

To initiate the first inspection, the contractor advises the resident engineer that he or she believes that the element of work in question has been completed, or that it is capable of being used for its intended purpose.

Clause 2 in AS 2124 defines this as practical completion.

Clause 42.5 in AS 2124 states:

**“The Contractor shall give the Superintendent at least 14 days notice of the date upon which the Contractor anticipates Practical Completion will be reached.”**

This period of time allows the resident engineer to organise an inspection of works, because the Clause states further:

**“When the Contractor is of the opinion that Practical Completion has been reached, the Contractor shall in writing request the Superintendent to issue a Certificate of Practical Completion. Within 14 days of receipt of the request, the Superintendent shall give to the Contractor and to the Principal a Certificate of Practical Completion certifying the Date of Practical Completion or give the Contractor in writing reasons for not issuing the Certificate.”**

Issuing a certificate does not in any way constitute approval of the work, and does not prejudice any claim by the principal. However, once the certificate has been issued, the

contractor enters the defects liability period. The length of the period depends on the size and type of work— for example, it is between 6 and 12 months for bridge work.

### *Lists of Rectification and Remedial Work*

After the contractor has advised the resident engineer of completion, the contractor and resident engineer jointly inspect the works and compile a list of all work that needs to be rectified and of remedial work undertaken (including that needed to attain practical completion).

They may also do this during the contract period. At practical completion, all previous lists of rectification and remedial work are combined into one.

There is no time during construction that generates more trouble and time consuming delays than the period involving corrective work prior to acceptance. The list must therefore be complete, and clear.

If the contractor and the resident engineer agree on the list, they should sign the document.

Outstanding items on the list should also be attached to the certificate of practical completion. The resident engineer should advise the contractor to undertake the work during the defects liability period.

When the certificate of practical completion is issued, the contractor submits a claim for payment.

During this period, the quantities should be finally checked. If there are differences between the contractor's and resident engineer's measurements, they must be resolved.

A retention amount is held until the end of the defects liability period, and on the successful completion of all the listed remedial work, the money is released. If, however, the contractor does not complete the work to the satisfaction of the resident engineer, others may complete it, and the cost becomes a debt accrued to the contractor.

Where a contractor disputes the quantities prepared by the resident engineer, the contractor can issue a notice of dispute to the principal. This must be resolved in accordance with Clause 47.

## Completion of Contract

There is a difference between practical completion and completion of contract. 'Practical completion' exists where the owner or principal is able to use the project for its intended purposes, and the remaining activity of the contractor does not interfere with such use.

In situations where a certificate of practical completion has been issued, and the contractor is continuing work on site, the following must be considered:

- Responsibility for maintenance and utilities in areas from which the contractor has been excluded.
- Effect on the contractor's insurance.

- Where liquidated damages are applicable, when do such damages begin to accrue?
- If work is to be undertaken in these areas, when will the contractor be allowed access, and will it attract overtime rates? If so, how are they to be paid?

One way of overcoming these difficulties is accept part-completed work in areas where all work have been completed to the satisfaction of the resident engineer, and handing them over to the principal. However, the contractor is still responsibilities for defects during the defects liability period.

## Clean Up

The contractor must keep the job site clean during the progress of the work, and must thoroughly clean up the construction site at the end of the job.

However, the end-of-work clean up is a bigger and more time-consuming job than previous clean up work. The site must be demobilised, and all of the following items must be removed:

- Temporary utilities
- Haul roads
- Temporary fences
- Field offices
- Detours
- Stockpiles
- Surplus materials
- Scrap, rubbish, etc.



Where the contractor's work has affected other property, the contractor must also reinstate all facilities or items that were removed to allow the work to proceed.

# Obligations

## Obligations of Contractor and Subcontractor

The contractor is responsible for handing over the completed work in an acceptable condition. This includes the work of any subcontractor. The contractor should:

- continually check the standard of work, including that of the subcontractors, while the work is in progress.
- ensure, from the start of the job, that all deficiencies in workmanship and materials are rectified as the job progresses.
- correct unsatisfactory work immediately, and not permit such work to remain uncorrected until the end of the job.
- correct the work of a particular subcontractor before that person leaves the job.

During the finishing stages of the project, the contractor and the inspector (and where employed, the subcontractor), should progressively inspect and correct any faulty work.

When the contractor considers that the work has been completed to a satisfactory standard, and in terms of the contract, he or she must notify the resident engineer, who will then make a decision about accepting the work.

## Obligations of Owner, Principal and Superintendent

The inspector should make frequent inspections of all work as the job progresses, and should point out deficiencies as they are discovered. Defects must be rectified as soon as possible, and must not be left until the end of the job.

In the finishing stages, the inspector should accompany the contractor (and where necessary, the subcontractor), on inspections.

Once the contractor advises that the work has been completed, the inspector should make arrangements for the pre-final inspection of the work. This is normally undertaken in conjunction with the contractor. The two people who would undertake this task are the contractor's senior foreman and the inspector. The check list of work to be undertaken is prepared from this inspection.

The remaining steps to complete the contract are:

- As a result of the inspection, the contractor and inspector agree on dates for testing of equipment, systems validation, and other acceptance tests and checks.
- After the inspection, and after the contractor has completed all items required for practical completion, the resident engineer formally prepares the check list. He or she then forwards the list to the contractor, along with the certificate of practical completion. The resident engineer also advises the contractor of the duration and expiry date of the defects liability period, and the period in which the defects and omissions are to be completed.
- Before the defects liability period expires, an inspection should be undertaken to

identify any outstanding work. This should also be a joint inspection between the contractor and the field supervisor.

- Within 28 days of expiration of the defects liability period, the contractor shall submit the final claim. This must detail all outstanding claims, or else the contractor is barred from claiming for them.
- Within 14 days of this submission, the superintendent must issue a final payment certificate to both the contractor and principal.
- A further 14 days after the issue of this certificate, the principal shall release to the contractor any retention money and/or securities that may be held.

If the contractor does not accept the resolution of any issue, he or she may take the matter further, through the disputes resolution procedures set out in the general conditions of contract.

## Section 11 – Assessment Activities

For information on how these assessment activities may be used as part of the learning process, see the section on ‘Assessment’ in the ‘Topic Descriptor’ section at the front of this topic.

### Theory Questions

The following questions allow you to assess your progress in understanding the material presented in Section 11. The questions may be of any of the following types:

- multiple choice (identify correct answer or answers)
- multiple choice (identify incorrect answer or answers)
- fill in the gaps in a sentence or statement
- identify a sentence or statement as TRUE or FALSE
- write a few sentences or a short paragraph.

Answers to the question are shown in the separate ‘Answer’ section.

#### Question 1

Indicate whether you think that the following statement is true or false:

Practical completion exists where the owner or principal is able to use the project for its intended purpose and the remaining activity of the contractor does not interfere with such use.

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#### Question 2

The contractor must thoroughly clean up the construction site at the end of the job. Name three different areas that might need to be cleaned up after a road works job.

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**Question 3**

What can the contractor do if he/she is does not accept the resolution of any issue that has arisen?

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**Question 4**

Define 'date of practical completion'.

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**Question 5**

List five of the steps involved in the completion of contract.

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