

Certified Courses



Contract & Project Risk Management & Compliance

INTRODUCTION

- One of the critical outcomes of contract and project management is to ensure that risks to owners and contractor are identified and controlled in a proactive way so that both parties are satisfied with the project outcome. While world class project and contract management cannot, of itself, make risk “go away”, it can, and should, identify the risks and opportunities, determine who is responsible for managing each individual risk, and for the consequences should the risk occur.

The following are the highlights of this training seminar:

- Knowledge to move contracts and project management from the tactical / reactive to the more important proactive / strategic focus
- Critical understandings of the risk mitigation process
- How to examine both the threats and opportunities facing contracts and projects from both a top-down and bottom-up perspective using a proven risk management processes
- Skills in allocating contract and procurement risk
- Ability to identify the warning signs of cost overruns, schedule delays, and poor quality, as early as possible in the project to minimize or mitigate the impact

OBJECTIVES

- Apply useful techniques in identifying, analyzing, mitigation and monitoring risks in the project life cycle
- Use a practical, six-step process to manage project risk
- Review the impacts of different approaches to risk allocation
- Explore different contract types to transfer risks
- Consider the contractual techniques to ensure effective risk allocation
- Learn how to create an effective risk monitoring plan and risk management strategies

TRAINING METHODOLOGY

- Participants will increase competencies through a variety of instructional methods including lecture, exercises, reviewing published articles, checklists, videos, and group discussions. A comprehensive training course manual enabling practical application and reinforcement is provided.
- Delegates are encouraged to bring real problem examples with them, for discussion on a confidential basis, and to share their experience of particular issues. Time will be allowed for general discussions, and for one-to-one discussion with the trainer.

ORGANISATIONAL IMPACT

The organization will benefit by:

- Expanding the expertise of personnel involved in project and contract development and management will allow project, contract, and general management teams to be more effective
- The total cost of ownership will be understood and reduced by properly identifying and managing the risks during the project life cycle
- Clear allocation of risk will reduce the possibility of contractor disputes, and any that do arise should be settled more quickly, with less cost, delay and disruption
- Reducing project failure, poor quality, costly changes, and cost overruns resulting from poor understanding and management of risk
- Implementing better risk management through the understanding of the relationship between scope, cost, and time which improves the chance of project success
- Developing an appreciation of the true effect of contractual indemnities which will enable better decision-making as to contract structures and ensure that risk is passed to others properly and in a cost effective manner

PERSONAL IMPACT

Attendees will gain by participation in this training seminar as a result of:

- Increased understanding of risk and opportunities through the development of risk identification and assessment skills
- Able to control multiple project risks using concise strategies
- Make risk and opportunity integral components of your next project plan
- Better ability to allocate risk, and to select the appropriate project processes and contractual regime to achieve the organizations goals
- Improve the ability to reduce the negative impact of poorly-managed risk on a project or a company
- Identify threats and opportunities and weigh their relative value in your project

WHO SHOULD ATTEND?

- Contracts, Tendering, Purchasing, Procurement, and Project Personnel
- Contract Administration, Engineering, Operational, and Maintenance Personnel
- Risk, Claims, Financial, and Audit Personnel
- Project Management Professionals
- And all others who are involved in the planning, evaluation, preparation and management of tenders, specifications, awards, and contracts that cover the acquisition of materials, equipment, and services and who are in organizations whose leadership want high levels of competency in those involved in these activities

Course Outline

Module I: Contract Risk Management & Compliance

Types and Management of Risk

- The Need for Contractual Relationships
- Defining Risk
- Categories of R for Both Sides of a Contract
- Risk Assessment Process
- Managing Risk
- Qualifying Suppliers
- Defining Internal Control

Minimizing and Transferring Risk

- Transferring Risk through Contract Types
- Firm Fixed Price or Lump Sum Contracts
- Cost Reimbursable Contracts
- Incentive Contracts
- Award-Fee Pricing Arrangements
- Indemnities
- Cross Indemnities
- Insurance

Risk Related Terms & Conditions

- External Events
- Force Majeure
- Strikes and Other Labour Disputes
- Risk and Title
- Use of ICC Incoterms
- Assignment and Novation
- Dealing with Financial Risks
- Controlling Risk Associated with Payments
- Currency Risk

- Economic Risk
- Fraud and Corruption
- Limiting or Excluding Liability
- Distinctions between Liability in Contract, and The General Law
- Gross Negligence
- A Review of Some Sample Clauses from Standard Contracts, and Other Real Documents

Remedies When Bad Stuff Happens

- Mistakes and Misrepresentations
- Impracticability of Performance
- Remedies Generally
- Types of Remedies
- Liquidated Damages
- Warranties
- Cover

Module II: Project Risk Management & Compliance

Risk Management Framework and Planning

- Key Definitions
- The PMBOK® Six Risk Management Processes
- Purpose & Benefits of Risk
- Responsibilities in Project Risk Management
- Integrating Risk Management into the Project Management Process
- Risk Management Planning

Risk Identification Processes

- Project Context & Stakeholders
- Risk Identification Inputs
- Risk Identification Tools & Techniques
- Risk Identification Outputs

Risk Assessment Process

- Project Estimating Techniques
 - Schedule Diagramming - Critical Path Method (CPM)
 - Project Evaluation & Review Technique (PERT)
 - Qualitative Risk Analysis
 - Quantitative Risk Analysis
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Risk Response Plan Development

- Risk Prioritisation
- Risk Response Strategy Guidelines
- Response Strategies for Threats & Opportunities
- Response Planning & Analysis
- Alternative Responses
- Response Validation
- Reserves - Contingency & Management

Risk Response Control

- Resource Management
 - Risk Control Guidelines
 - Risk Control Inputs
 - Risk Control Tools & Techniques
 - Risk Control Outputs
 - Risk Reporting & Documenting
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