

Commercial Golden Rules



1. Avoid Surprises

Avoid surprises in your monthly project cost reports by reporting accurately and transparently. Always highlight any risks and opportunities as and when they happen.



6. Obtain Approvals for Changes to Contracts

Remember that any deviations to the general conditions of our suite of downstream contracts must be approved by your Commercial Manager. Also, termination of contracts requires approval.



2. Administer the Head Contract & Subcontract

Always administer the head contract and downstream subcontract in accordance with the terms and conditions. Never miss a notification date under the head contract especially where an entitlement is subject to a time bar. For example, variation and EOT notifications. If in doubt notify.



7. No Order, no Start

Never instruct a subcontractor to start work without a formal contract in place. If you do, you run the risk of the subcontractor reneging on the price and program once started. You also expose the company to insurance / liability risks in the event of an injury or death. Company policy does not allow payment to be made if a contract is not in place.



3. Follow Limits of Authority

Never exceed your limits under the Limits of Authority policy. Familiarize yourself with the policy especially on procurement and head contract variation submission limits. Ensure an AFE is raised for trade packages > \$100K (also for trade packages <\$100K if over budget).



8. Follow Procurement Rules

Never refer to subcontractor's quote or email in a contract. The quote or email may refer to the subcontractor's conditions which will likely conflict with ours. Always include clear details of the scope, cost (including breakdown) and program. This avoids arguments when making payment or if work is deleted. Also follow the Contract Selection Matrix on the MMS and AFE requirements.



4. Obtain Payment & Deposit Approvals

Obtain approval for change in subcontractor / supplier payment terms and payment of upfront deposits from your Commercial Manager. You run the risk of not recovering the deposits if the subcontractor / supplier defaults so careful consideration needs to be given.



9. Follow MMS / REF

Always follow the systems and procedures on the MMS. There will be a form available on the MMS / REF for the application you require. Please ask if you have a query or an improvement suggestion. Always ensure you use the most up to date form. Please do not use forms from previous companies.



5. No Letters of Intent

Never issue a letter of intent to start a subcontractor on site. Letters of Intent are against company policy and could cause disagreements as the rules of engagement are not finalized or clear. Also, it would likely delay the agreement of a formal contract.



10. Keep Records

Ensure project records are kept in the form of a site diary. Proper, reliable and detailed "daily" record keeping is essential to protect our financial interests. Also use the official document control system (Aconex) to ensure all correspondence and documents are captured.