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Cause and effect: how errors affect construction projects

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Most people are familiar with the concept of cause and effect and the popular saying… '*you reap what you sow*'. In the context of construction projects, this blog discusses examples of:

- the types of errors in construction projects; and
- how errors can affect construction projects.

While the discussion is relatively straightforward, this blog is intended to provide a trigger to help you think of things that need to be checked when compiling a tender or construction contract.

This advice can also be useful in practice to trigger ideas for what to look out for when conducting a 'lessons-learned' practice after project completion.

Three common errors in construction projects

There are many different ways that errors can affect a construction project. This article examines three common errors:

1. Errors in drawings and specifications;
2. Inconsistent information within a construction contract;
3. Errors in the bill of quantities.

1. Errors in drawings and specifications

Although this is, on the face of it, quite a self-explanatory type of issue, it is an issue nonetheless.

Since drawings and specifications are typically the first set of project documents to be prepared, once an error occurs, it has the potential to instigate a domino effect on the project.

When such errors are identified during the tender stage for example, the contractor may know about it but may not want to raise too many queries such that they appear to not understand the tender. The principal may then feel exploited when claims are made during the execution of the work.

Engineers and design consultants adopt various strategies to minimize design errors, such as implementing robust review processes. In a typical project, another common approach is to schedule just three meetings, which may not be enough for a more complex project:

- A kick-off meeting;
- A meeting with the principal in the middle of the project; and
- An acceptance meeting.

Whether the project is simple or complex, a more effective approach would be to incorporate more opportunities for engineers and designers to communicate with the principal or project manager to ensure that errors are found and rectified earlier in the project life cycle.

1. Errors in bill of quantities

This issue is closely related to errors in drawings and specifications because the accuracy of drawings can affect the accuracy of the bill of quantities. To some extent, risk of errors in the bill of quantities can be minimized if errors within the drawings are rectified at an early stage of the project – preferably prior to the tender stage.

Once a tender containing errors is issued, it is more than likely that the bids from the tenderers will contain errors. These errors are therefore more likely to be carried over into the contract which then may result in claims and disputes.

The quality of tender documents is, therefore, important, and a project's success depends on it. The goal here is to reduce the time spent by the contractor during the tender stage in figuring out 'how much' to include in the bill of quantities.

1. Inconsistent information within the contract

When the draft contract is being completed in readiness for signing by the parties, the person responsible for this task has a golden opportunity to find and correct errors.

In larger organisations, the task of checking specific portions of a voluminous contract is divided amongst the different project team members. For example, the health and safety obligations can be reviewed by the relevant team in the organisation, while the drawings are reviewed separately by the design team.

It is important to remember that inconsistent information can either be within one document or between one document and another.

An independent review of the final contract by each party is always recommended before signing. This can be done by an internal employee or by external advisers. This is both at the principal's side and the contractor's side of the project.

How errors can adversely affect a construction project

The following examples demonstrate how errors can affect any type of construction or infrastructure project.

1. Claims by contractors

When the tender documents contain inaccurate information, the bid responses will tend to contain higher margins or markups for contingency costs. If that's not enough, the contractor will be more likely to issue more claims during the execution of the work to recover costs that are higher than anticipated.

1. Reduced efficiency

The tendency for rework due to errors can affect the cost of the project, cause pressure on the schedule and also affect the quality of the work.

Time is wasted on site when work is delayed due to errors in the design. This in turn causes more complexity on the project because the project manager or superintendent will then need to re-organise the sequence of work as best as possible. Engineers and designers also spend a good portion of their time responding to technical queries.

1. Poor bid or no bid responses

The quality of tender documents is directly related to the quality of bid responses. It can be worrisome when your ideal contractor(s) refuses to place a bid due to reasons such as a lack of capacity when, in actual fact, they have formed the view that the principal's tender is of poor quality.

In such cases, the risk for the contractor may outweigh the benefits of engaging in the tender process. One other clue to look out for is when bids are submitted with very lengthy assumptions and clarifications. That could be an indication that the quality of tender documents needs to be

reviewed.

Get help from a construction lawyer

- Do you have an important tender that requires a review?
- Have you finalised your contract negotiations and want to check for inconsistencies between documents?
- Do you have repeat business, or have you signed many contracts of the same type without checking them? It could be time for a periodic review.
- Does your contract management system require a review to check why the same issues arise in your projects?

Wambeti Legal can assist you by conducting a ‘sanity check’ of documentation that is being sent out to tender or conducting a review of contracts that are ready for signing.

This may be a periodic review as part of your quality assurance or audit requirements, or it could be done on a case-by-case basis for those critical tenders or contracts.

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