



**NEC[®] Users' Group
Annual Seminar 2014**
*Dynamic Infrastructure
and project delivery*

28 APRIL | LONDON

My experience: Commercial pitfalls

Chartered accountant

10 years+ of experience of providing independent assurance

£50billion of cost reimbursable and target cost contracts

Majority based on NEC

Unpleasant commercial surprises

Impact on employers

Impact on contractors

Common themes

Complacency
Different contractual interpretations
Weaknesses in reporting
Breakdowns in commercial processes

Fraud

Complacency

Failure to spot and deal with problems
Over-reliance on the pain gain
mechanism

Different contractual interpretations

Schedule of cost components

Changes to the Contract

The existence of sub-contracts

Weaknesses in reporting

Costs

Value

Breakdowns in commercial processes

Change

Procurement

Fraud

Lack of oversight and ownership
Lack of infrastructure to manage,
deter, detect

Independent assurance:
Highlight and address problems
early

Competent
Independent
Risk focused

Other lessons:

Apply the contract

Be open to challenge and improvement

Actively manage risks and opportunities

Continuously improve