

THE OPEN UNIVERSITY OF SRI LANKA
DEPARTMENT OF CIVIL ENGINEERING
CONSTRUCTION MANAGEMENT PROGRAMME - LEVEL 7
POST GRADUATE DIPLOMA / STAND ALONE COURSES



Final Examination – 2008/09

036

CEX7105 - Construction Contracts and Claims

Time Allowed : Three Hours

Date: 19th March 2009

Time : 0930-1230 hrs.

Candidates may answer the questions in accordance with any one of the Conditions of Contract stated below.

- (i) ICTAD publication no. SCA/1 (Revised Edition January 1989)
- (ii) ICTAD/SBD/01- Standard Bidding Document for Procurement of Works.
- (iii) ICTAD/SBD/02- Standard Bidding Document for Major Contracts.

The candidates must state explicitly the Conditions of Contract in accordance with which he has answered the questions.

Candidates are NOT permitted to refer to the above publications at the Examination Hall.

Candidates are required to provide comprehensive answers using relevant examples from the industry for clarity.

Answer any four (04) questions. All questions carry equal marks.

Q1.

- (a) Write down in the order of priority, the documents forming the Contract in a 'Measure and Pay' type of Contract.
(10 marks)
- (b) Explain the purpose of including the Conditions of Particular Application (Contract Data) in a contract document and its significance in administering a Contract.
(15 marks)

Q2.

Electrical Installation Work of a building has been entrusted to a Nominated Sub Contractor.

Mainly due to lapses on the part of the Nominated Sub Contractor, the Main Contractor could not complete and hand over the Works on time. Total period of time over run beyond the Intended Date of Completion is 72 days. The Contractor submits a claim for Extension of Time citing the Nominated Sub Contractor's failure to complete his work, as the cause of delay in completing the Main Contract Works.

If you are the Engineer to this Contract state and explain how you would process this claim.

(25 marks)

Q3.

The Particular Specification of a Contract specifies that all door and window frames shall be kiln dried local teak timber of finished size 100×75 mm (overall) once rebated and secured to brick walls with 2 Nos. M S holdfasts on each side. But in the Bill of Quantities, the frames of doors and windows are described as follows; "100×65 mm once rebated Class 1 kiln dried hard wood timber, fixed to openings in brick walls".

Noticing this discrepancy during the construction period, the Engineer instructed the Contractor to strictly adhere to the Specification. The Contractor agreed, but immediately notified the Engineer that the instruction given by him constituted a Variation, and therefore the additional cost arising from the compliance with the Specification would be claimed.

State your view clearly on this issue giving reasons.

(25 marks)

Q4.

The Conditions of Contract contained in the Standard Bidding Documents recently published by the ICTAD stipulates that any dispute of whatever nature arising in respect of the contract entered into by the parties shall in the first instance be referred to Adjudication in accordance with the adjudication procedure set forth in the relevant Conditions of Contract. This is a major deviation from hitherto practiced procedure for resolution of disputes.

Based on the above statements, write an account of the adjudication system in respect of its effectiveness in resolving disputes.

(25 marks)

Q5.

The Employer informs the Contractor that a certain identifiable section of the work will be omitted with the intention of entrusting same to another contractor. Discuss the contractual obligations and rights of the Contractor regarding the curtailment of the work originally awarded.

(25 marks)

Q6.

A contract provides for adjustment of contract price for any change in Law (or subsequent Legislation) during the period commencing 28 days (or any other number of days as stated in the contract) prior to the closing of the bids and ending on the date of completion or termination.

Explain in detail citing examples of instances of change in the Law or subsequent Legislation, which entitles the Contractor for adjustment to the contract price.

(25 marks)