Introduction

Effective contract risk management and compliance are crucial to the success of any project. The main objective of this course is to equip participants with the tools and knowledge necessary to identify, manage, and allocate risks effectively between owners and contractors. While a contract cannot eliminate risks, it can outline the responsibilities of each party and the consequences if risks materialize. This comprehensive course aims to ensure that risks are proactively managed, leading to successful project outcomes and minimized legal disputes.

Targeted Groups

This course is designed for:

- **Contracts**, **Tendering**, **Purchasing**, **Procurement**, and **Project Personnel**
- **Contract Administrators**, **Engineering**, **Operational**, and **Maintenance Personnel**
- **Risk**, **Claims**, **Financial**, and **Audit Personnel**
- **Project Management Professionals**
- Anyone involved in planning, preparing, evaluating, managing tenders, and contracts, especially in organizations that prioritize high competency in contract-related functions.

Course Objectives

By the end of this course, participants will:

- Understand how **risk** arises in contract management.
- Compare different **risk identification and assessment** methods within contract frameworks.
- Review the **impact of risk allocation** on contract compliance management.
- Explore various contract types that facilitate **risk transfer** as part of advanced risk management.
- Gain insights into **contractual techniques** for effective **risk allocation** using contract management tools.
- Learn **risk management techniques** to ensure ongoing compliance throughout the contract lifecycle.

Targeted Competencies

Upon completion of this course, participants will be proficient in:

- **Risk mitigation** and **contract risk management** processes.
- Moving contracts from **tactical** to **strategic** focus, enhancing contract compliance.

- Identifying risks during **contract compliance management**.
- **Allocating risks** effectively between parties, with a keen awareness of **contract management risks**.
- Understanding **contract terms and conditions** that mitigate risk and ensure compliance.

Course Content Outline

Unit 1: Types and Management of Risk

- The need for **contractual relationships** and the role of risk in contracts.
- Defining **risk** and its relevance in **contract risk management**.
- Categories of **risk** on both sides of a contract.
- The **risk assessment process** using contract management tools.
- Managing risk through **contract compliance strategies**.
- Qualifying suppliers based on contract compliance insights.
- The importance of **internal controls** in managing contract risks.
- Understanding **proportionality of control** in contract risk management.

Unit 2: Minimizing and Transferring Risk

- Using different **contract types** to transfer risk.
    - **Firm fixed price** or **lump sum contracts** for predictable risks.
    - **Reimbursable contracts** and their relevance in risk management.
    - **Incentive contracts** that align interests and manage risk.
    - **Award-fee pricing** and its role in managing contract risk.
- Understanding **indemnities** as a tool for managing contract risks.
- **Cross indemnities** in contract compliance management.
- The role of **insurance** in transferring contract risk.

Unit 3: Risk-Related Terms and Conditions

- Managing **external events** and their impact on contract risk.
- The role of **force majeure** clauses in managing unforeseen risks.
- Addressing **labor disputes**, such as **strikes**, in contract compliance.
- Managing **risk and title** in contracts and risk compliance.
- Using **ICC terms** to manage contract compliance.
- Understanding **assignment and novation** in contract risk management.
- Addressing risks associated with **subcontractors** in the risk management framework.

Unit 4: Dealing with Financial Risks

- Controlling risks related to **payments** in contracts.
- Managing **currency risk** in international contracts.
- **Economic risks** in contracts and their management.
- Addressing **fraud and corruption** as risks in contract management.
- Limiting or excluding **liability** in contract risk management.
- Distinguishing between **contractual liability** and **general law** liability.
- Understanding the implications of **gross negligence** in contract risk

compliance.
- Reviewing **sample clauses** from standard contracts to understand risk management.

Unit 5: Remedies When Bad Stuff Happens

- Addressing **mistakes and misrepresentations** in contract risk management.
- Managing the **impracticability of performance** in contract compliance.
- Understanding **remedies** available for contract issues.
- The role of **liquidated damages** in contract compliance management.
- The importance of **warranties** in contract risk management.
- Understanding **cover** and how to handle contract risk events effectively.

Conclusion

The **Contract Risk Management and Compliance** course provides a thorough understanding of how to identify, manage, and allocate risks in contracts. It offers practical tools and techniques for ensuring compliance throughout the lifecycle of the contract, minimizing potential risks, and maximizing project success. By the end of the course, participants will be equipped to handle contract risks strategically, ensuring that both owners and contractors are protected and the project’s objectives are met.