



**Institute of
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WHY CONTRACTS CANNOT AUTHORIZE AN OUTCOME

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Outcome Assurance is required as a governing layer to protect outcome accountability beyond project delivery.

Major projects are usually governed by contracts. These contracts set out what work must be done, who must do it, how much it will cost, and what happens if something goes wrong. Contracts are important tools for managing delivery. However, they are often expected to do more than they are able to do.

A contract cannot authorize an outcome.

Authorizing an outcome is not the same as approving work or accepting documents. Authorization is the formal decision that an outcome is ready to be used in the real world. It is the decision to allow an asset, system, or facility to be relied upon in operation, with real people, real risks, and real consequences.

Contracts can assign duties and responsibilities between parties. They can confirm that work was completed as agreed. But contracts cannot make a judgment about readiness. They cannot decide that an outcome is safe, reliable, and fit for ongoing use.

This difference is often misunderstood. As a result, projects are frequently placed into service because a contract milestone has been reached, not because someone has formally decided that the outcome is ready. Completion is treated as readiness, even though the two are not the same.

Authorization is a governance decision. It is the point where risk shifts from temporary project controls to permanent operational exposure. Once an outcome is authorized, issues affect operators, users, and the public, not just the project team. Because of this, authorization must be exercised by an authority whose role is to protect the outcome itself, not to manage cost, schedule, or contract performance.

A contract cannot perform this role. Contracts are negotiated documents. They reflect compromise between parties. Authorization must be based on evidence, not negotiation or commercial pressure.

Contracts also apply only to the parties who sign them. Outcomes affect many others, including operators, maintainers, regulators, and the public. Authorization must consider how the outcome will perform in use, not just whether contractual requirements were met.

Contracts also end. Outcomes do not. Delivery contracts close, but assets and systems may operate for decades. The decision to authorize an outcome carries long-term consequences that extend well beyond the contract period.

For these reasons, authorization cannot be contained within a contract.

In practice, many projects rely on implied authorization. Delivery milestones such as mechanical completion or substantial completion are treated as signals that an outcome is ready. These milestones were designed to track progress, not to confirm operational fitness. When problems appear after start-up, responsibility becomes unclear and is often debated after the fact.

Authorization should not be implied. It should be explicit.

Outcome Assurance does not add bureaucracy. It restores governance. It makes explicit what is already relied upon but rarely defined: that someone must decide when an outcome is ready to operate, and that decision must be grounded in evidence.

Effective authorization requires clarity about what outcome is being authorized, what evidence is required to demonstrate readiness, who has the authority to make the decision, and how that decision is formally recorded. These elements must be defined before delivery begins. They cannot be reliably created at the end of a project.

Owners may contract others to design and build assets, but they cannot contract away responsibility for outcomes. When outcomes fail in use, accountability ultimately rests with those who allowed the outcome to proceed.

Outcome Assurance provides a governing framework to make authorization visible, evidence-based, and accountable. It does not replace contracts. It ensures that contracts are not relied upon to perform a role they were never designed to perform.

Contracts manage delivery. Outcomes must be authorized by people, using evidence, through governance.