Contract Administration

Construction Change Order Policy

Effective July 1, 2011

Purpose
The purpose of this policy is to provide a clear and concise process for implementing Contract Change Orders for all construction projects administered through Financial Affairs.

Policy Statement
To ensure accurate and consistent procedures for processing Contract Change Orders. These procedures apply to all Contractors, Architects/Consultants, and UA personnel. No actual work shall begin and no monies shall be expended until the Change Order Request Approval Form (CORAF) has been signed by the Architect/Consultant, UA Project Manager, AVP Construction Administration and the Director of Contract Administration, except in an emergency that affects the integrity or safety of buildings, property, and/or individuals.

Process and Procedures
1. In case of an emergency - see Steps 2 and 8 below. Only declared emergencies for safety concerns allow for a shorter approval process; otherwise, all signatures are required to begin work and/or expend monies as stated in Steps 4 and 5.
2. To obtain a cost proposal for a change in the work to be performed, the Architect submits to Contractor a Request For Proposal (RFP) on company letterhead or via e-mail. This same procedure is followed whether the Owner or Contractor initiates this process.
3. Contract Change Order - The Contractor must submit a detailed cost proposal on letterhead within ten (10) calendar days. At a minimum, the format must include material and/or vendor quotes (with quantity and unit costs), labor classifications/hours/rates/burdens, equipment, and any other information necessary to analyze the cost quotation.
4. Change Order Request Approval - The Architect reviews the quote and, if satisfactory, completes the Change Order Request Approval Form (CORAF), signs, and attaches the RFP form and Contractor's proposal. All documents are sent in the following order for review and signature: UA Project Manager, Assistant Vice President of Construction and finally to the Director of Contract Administration. Approval authorities can ask the Architect for additional information, if needed via e-mail. The approval process stops until required info is received.
5. The Director of Contract Administration returns a copy of the approved CORAF to the Architect and Project Manager. The Architect notifies the Contractor to proceed with the Change in the Work and attaches a copy of the approved CORAF. Additional requests for changes to the work must follow these same procedures by submitting a new CORAF. Once approved, minor changes and/or additions may be added to a CORAF. Major changes should be submitted on a new CORAF Form for approval.
6. The Architect attaches the approved CORAF on top of the actual itemized costs submitted. These costs cannot exceed the original dollar amount quoted when the project was initially approved. The Architect will maintain the CORAF until the Owner or Contractor determines an actual Change Order should be initiated, but in no event longer than sixty (60) calendar days after the change in work is completed.
7. To initiate the Change Order itself, the Architect takes one or more CORAFs with actual backup and adds a Change Order form with Consent of Surety and Power of Attorney if an additive change. If a deductive change, no Consent is required. Approval for the Change Order itself is Contractor → Consent of Surety → Architect → UA PM → AVP Construction → Director of Contract Administration. Once the Director of Contract Administration approves, the Change Order is sent to Business Services, then to Legal, and finally to the AVP Financial Affairs for execution. The AVP Financial Affairs should be able to see that all Changes in the Work were approved prior to the Contractor beginning the Change in the Work as the CORAF will be on top of each Change in the Work. If an emergency was approved, that will show on the CORAF form.
8. In a declared emergency, the AVP of Construction can initiate a change via Time and Materials, Lump Sum or by Unit Price whichever is determined to be in the best interest of the University. The AVP also can authorize the Architect to initiate it. A written justification to declare an emergency must be attached to the CORAF. No Contractor breakdown of Labor and Materials is required at this stage but is recommended. Emergency approval can only be authorized by the AVP of Construction and the Director of Contract Administration. Once approved, the same steps listed above should be followed. Authorization only allows for emergency work to begin.

9. Delegates may be appointed by the Assistant Vice President – Construction and Director of Contract Administration. These delegates have the authority to approve CORAF Forms and must be authorized in writing prior to approving.

Definitions

Additive Change – Increases the amount of the Contract Price.

CORAF – Change Order Request Approval Form is used to initiate a change in the Work.

Contract Change Order – This changes the Contract Price, the Contract Completion Date, or both. Once the change has been completed, the CORAF form is made into an official Change Order executed by both the Contractor and the University, along with Consent of Surety.

Consent of Surety – The Surety approves the Change in the Contract Price/Completion Date as evidenced by signature of an Attorney with appropriate Power of Attorney.

Deductive Change – Decreases the Amount of the Contract Price.

Delegate – A person authorized to act on behalf of either the Assistant Vice President – Construction or the Director of Contract Administration.

Emergency – A situation that could affect the integrity or safety of buildings, property, and/or individuals.

Owner – The University of Alabama, namely in this Policy the department of Construction Administration.

Request for Proposal (RFP) – Formal request from the Architect to the Contractor for detailed pricing on a proposed Change in the Work.

The Work – All the work the Contractor was hired to perform.