Standard Operating Procedure (SOP)
Construction Change Orders

SOP No. DC-2350  Revision: 1
Department: Design and Construction  Date: Nov. 12, 2009
Dept. Head Approval: 11/12/2009
Director Approval: 11/13/2009

Purpose

To provide a consistent procedure for review, acceptance, and processing of construction change orders. This procedure supplements and clarifies the provisions of the 2007 AIA A201 General Conditions and West Virginia Supplement General Conditions. Further, this procedure is intended to promote good business practices and allow for change order documentation to be auditable.

Responsibility

1. The following people are responsible for following this SOP:
   1.A. Architect/Engineer
   1.B. Contractor
   1.C. WVU Project Managers (PM)
   1.D. WVU Operations Coordinator (OC)
   1.E. WVU Purchasing

Definitions

1. Change Order Request (COR)—a written request from the Contractor to the Owner for a change to the terms of a contract. The COR is often in the form of a cost proposal.


3. Change Order (CO)—AIA G701 Document

4. WVU Change Order (WVU-CO)—a written instrument issued by WVU Purchasing as an amendment to the original purchase order for the work.

5. Contract Sum—the dollar value of the contract between the Owner and the Contractor as defined in the purchase order.

6. Contract Time—the length, duration, or time constraints of the contract as specified in the purchase order. This is typically described as a number of calendar days to reach Substantial Completion and Final Completion from a Notice to Proceed.
Procedure

1. General

Although changes in work can result from a number of different situations, the following process should be followed. This procedure recognizes that timely authorization of change order work is required during construction, but at the same time, cost controls and appropriate documentation must be maintained. Construction change orders are addressed in Article 7 of the 2007 AIA A201 General Conditions of the Contract for Construction and West Virginia Supplemental General Conditions.

1.A. Change notification occurs. A change order can be initiated by the Owner, the A/E, or the Contractor. It is critical that either party provide written notification of the change in a timely manner in accordance the contract.

1.B. Evaluate the change, including implications on contract sum and time. Typically, the Contractor will provide a cost proposal that includes supporting documentation and if the change has time implications. Acceptable methods for adjusting the contract sum as a result of a change in work are provided in section 7.3.3-.6 and WV Supplemental General Conditions to 7.3.6. The A/E and Owner have the right to request whatever supporting information is required to render a decision on the change or claim.

1.C. Authorize or deny COR. The A/E, in consultation with the Owner, should review the COR and render a written decision to authorize or deny the COR. If possible, the Owner, the A/E, and the Contractor should agree on the cost and time implications of COR prior to authorizing the work to be performed. If is not possible to agree on the cost and time implications in advance, all parties should work toward agreement as quickly as possible. It is critical that all authorizations or denials be documented in writing. The G714 Construction Change Directive (CCD) and the G701 Construction Change Order are the preferred instruments for approving change order requests. The following general options can be used for authorization of the work and associated costs in a change order:

1.C.1. Price and then proceed—cost is approved prior to initiating change.

1.C.2. Proceed and then price with “Not-to-Exceed” cost—cost is submitted and accepted as soon as possible after initiation of work.
1.C.3. Proceed and then price on time and materials (T&M) basis with “Not to Exceed” cost. Cost is submitted on T&M basis cost proposal. T&M cost reports should be approved by WVU representative on a daily basis. See Section 3 for required backup.

1.D. The AIA G701 Change Order is the written instrument used to formalize the change in work. Ultimately, all change orders must be executed with the AIA G701 form. The G701 is prepared by the Architect and signed by the Architect, Contractor, and Owner. Supporting documentation must accompany the G701 to describe the nature of the change. The A/E compiles the G701 with the backup information; such as CCDs, CORs and other associated documentation supporting the scope and cost of the change order.

1.E. A WVU change order is issued by WVU Purchasing to modify the purchase order between the Owner and the Contractor. A WVU change order must be issued in order for the Contractor to be able to bill for the work included in the change order. Per WV Supplemental General Conditions, a WVU CO should be issued within 60 days of authorizing the work.

1.F. PM should confirm availability of funding to cover change prior to any authorization. Funding does not necessarily have to be in place at this point, but the PM should confirm that funding or contingency will be in place when WVU CO is processed. If funding is not in place, funding request should be submitted using Request for Additional Funds Form.

1.G. The PM has the authority to approve CORs resulting from errors, omission, and unforeseen condition through the use of Contingency. If a change order requires a budget increase UPC approval is required. All scope additions must be approved by UPC or "Sponsor" if one has been designated

2. Work Flow for Processing Change Orders

2.A. Contractor submits COR with appropriate cost proposal

2.B. Architect compiles G701 Change Order and forwards to Contractor for signature.

2.C. PM reviews G701 and supporting documentation. If acceptable, project manager signs G701 and completes Change Order Classification form. CO package is then submitted to WVU Purchasing via the operations coordinator (OC).

2.D. The OC will create a TMA requisition for CO and review the back-up material. The OC will verify that sufficient budget is available to process the CO.
2.E. Based on the TMA requisition, the Expert Business Office will create a MAP requisition to encumber the amount of the change order.

2.F. The OC will prepare the Capital Projects Change Order Approval Form for sign-off in accordance with Capital Planning Committee Memorandum. This sign off is required for all construction change orders that increase the contract sum. The PM or manager of construction services will route the approval form for signatures and return to OC.

2.G. The OC forwards the change order to WVU Purchasing where it is reviewed and processed. An electronic copy is returned to the program coordinator/project manager and placed in electronic project file (I-Drive). An electronic copy of the change order is also posted on the PM Dashboard Web site.

2.H. Charges associated with CO cannot be invoiced by the Contractor until CO is completed.

3. Required Change Order Documentation

The change order documentation should be auditable by someone not familiar with the project. The documentation should clearly describe what the change is, the reason for the change, and associated costs. All change orders should include the following items:

3.A. Capital Projects Change Order Approval Form (OC Responsibility)

3.B. TMA Requisition (OC Responsibility)

3.C. Change Order Classification Form (available at PM Dashboard). List should include change order number, a brief description of individual changes, and the reason for the change. Indicate reason for change in accordance with instructions. If change order falls within category 4-8 of Procurement Policy 14.1 additional cost justification may be required. (PM Responsibility)

3.D. G701 Change Order. A detailed description of the scope of work associated with the change order should be included. This can be accomplished in the body of the G701 Change Order, in the G714 CCD, in attached CORs or other documents. (AE Responsibility)

3.E. Cost Backup. Change order costs can be determined in accordance with Article 7.3.3 of the A201 as noted below. The required backup varies as described below based on the method used to price the change order.
3.E.1. Mutual Acceptance of Lump Sum or Negotiated Amount based on accepted method.

3.E.1.a. Although this method does not require a full itemization of labor, materials and equipment as required in item 3.E.2, the costs must be sufficiently itemized and supported by substantiating data to permit evaluation.

3.E.1.b. The supporting documentation must include a statement by A/E or PM noting agreement with costs, including basis of evaluation and verification. Acceptable evaluation and verification methods include, but are not limited to those listed below:

3.E.1.b.1 Published cost estimating guides, references, or industry standards

3.E.1.b.2 Costs for similar work on other projects

3.E.1.b.3 Independent estimates or opinions of cost determined in consultation with other Contractors or vendors

3.E.2. Lump sum change order with full cost itemization (default method dictated in 7.3.6 and WV Supplemental Conditions—if methods above are not mutually acceptable) using WVU Change Order Cost Back-up Form (Exhibit A) which includes:

3.E.2.a. Full itemization of labor, materials, and equipment with appropriate markups as allowed by the contract.

3.E.2.b. Labor itemization should include trade category, work task, labor rate, labor hours, and extended cost.

3.E.2.c. Materials itemization should include description of material, quantity, unit cost, and extended cost.

3.E.2.d. Equipment itemization should include a description of the piece of equipment being charged, the unit of measure, unit cost, and extended cost.

3.E.3. Unit Cost per original contract

3.E.3.a. Documentation from A/E confirming quantities and applicability of unit costs to change request.
3.E.3.b. Log or list quantities multiplied by unit cost rate adding up to total cost.

3.E.4. Time and Materials (T&M)

3.E.4.a. Original agreement or directive with not-to-exceed price.

3.E.4.b. Daily job tickets, signed off by WVU representative or A/E. If WVU representative is not available to sign off work on a daily basis, daily job tickets must be submitted to WVU at the end of the week that the work occurred.


3.E.4.e. List of equipment utilized with applicable rates

4. Backup for time extension

4.A. Request for additional time should be accompanied by written request from Contractor noting reasons for time extension. A construction schedule showing impacts should also be included. If extended general conditions are requested, these should also be itemized and comparable with those listed on original schedule of values.

5. WVU Standard Change Order Log:

5.A. Change orders should be tracked using WVU Standard Change Order Log (Exhibit “B”). This log should be submitted with the Change Order Classification Form and may be used in substitution for the WVU Justification WVU Justification form. Individual change orders that are being submitted should be highlighted on the log.
WVU Change Order Cost Back Up Form (2350 Exhibit A)

Contractor Name (Sub or Prime) circle one

<table>
<thead>
<tr>
<th>CO Number:</th>
<th>Date:</th>
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<table>
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<tr>
<th>Classification</th>
<th>Certified Payroll Base Rate</th>
<th>Fringe Benefits</th>
<th>Total Hourly Rate</th>
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Labor Cost

Sub Total $ -

Social Security @ 6.20% $ -
Medicare @ 1.45% $ -
Unemployment @ 4.50% $ -
Worker Comp @ 4.50% $ -
Public Liability Ins @ 1.80% $ -

Sub Total $ -

Material Cost (Attach material list if necessary, insert total as shown)

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<th>Item</th>
<th>Quantity</th>
<th>Unit</th>
<th>Unit Cost</th>
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Applicable Sales Tax 6% $ -

Material Total $ -

Equipment Cost

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Sub Total $ -

Equipment Total $ -

Summary of work listed

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<thead>
<tr>
<th>Labor Total</th>
<th>Material Total</th>
<th>Equipment Total</th>
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Subtotal for Direct Costs $ -

Mark Up Direct Costs 15.00% $ -

Total Direct Cost $ -
**Sub-Contractors**

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<th>Name</th>
<th>Description of work</th>
<th>Cost</th>
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*Total Subs $ -*

**SUB COST (if applicable) $ -*

**Sub Mark Up 10.00% $ -*

**Sub Contractor Total $ -*

**Bonds 1.00% $ -*

**B&O Tax 2.00% $ -*

**Grand Total for Change Order $ -*
### West Virginia University Change Order Log

**Project Title:**

**Organinal Substantial Completion Date:**

**Contractor:**

**Approved Time Extensions (Days):**

**Current Substantial Completion Date:**

**Organinal Contract Amount:**

**Approved Change Order Amount:**

**Current Contract Amount:**

<table>
<thead>
<tr>
<th>COR #</th>
<th>Description</th>
<th>Date Submitted</th>
<th>Original Amt. ($)</th>
<th>Revised Amt. ($)</th>
<th>Approved Amt. ($)</th>
<th>Time Requested</th>
<th>Time Approved</th>
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<th>WVU CO#</th>
<th>Reason For Change</th>
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**Totals:**

- Original Amt.: $0.00
- Revised Amt.: $0.00
- Approved Amt.: $0.00
- Time Requested: 0
- Time Approved: 0

### Reason For Change Code

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