

CHANGE ORDER

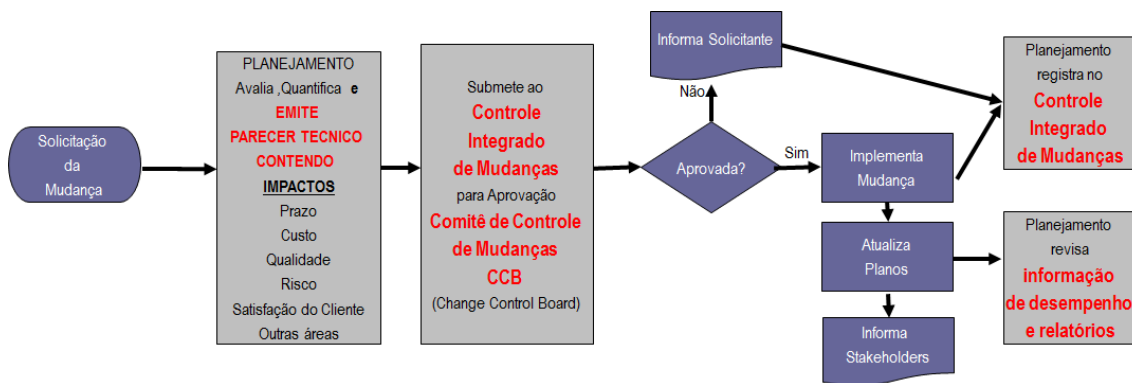


WHY DO SOME CHANGE ORDERS COST SO MUCH?

Changes during most construction projects are inevitable and can lead to extra/increased cost, schedule overruns and other impacts. Managing contract can reduce risk of claims and disputes/litigation.

One point is to understand change orders and claims

Change clauses are normally defined in the contract. Both parties should undertake when a change is required. In this way, the use of a change order is recommended, following procedures. Both sides must approve it before it becomes a legal change to the contract.



AACE defines change management and change order by its recommended practice 10S-90 and 60R-10, and PMI also by PMBOK Guide 5th edition.

Any change to the works that were envisaged at the time the contract was entered into might be described as a variation. This could include changes: to the type and standard of materials to be used; in the quantity of work to be undertaken; to the method of work; the timing or sequence of the works, among others.

Most contracts expressly define what is meant by the term 'variation'. For example, the JCT Standard Contract with quantities sets out a detailed definition of the term 'variation' as the alteration or modification of the design, quality, or quantity of the Works including:

The addition, omission or substitution of any work; the alteration of the kind or standard of any of the materials or goods to be used in the Works; drawing and specifications errors; equipment manufacturing issues; the imposition by the employer of any obligations or restrictions in regard to the matters or the addition or alteration or omission of any such obligations or restrictions so imposed or imposed by the employer in the contract bills or in the employer's requirements in regard to: access to the site or use of any specific parts of the site(differing site conditions); limitations of working space; limitations of working hours; or the execution or completion of the work in any specific order(project duration); constructive changes; force majeure.

In addition, the contract usually includes a dispute resolution clause, which defines the steps to be followed when the parts cannot successfully negotiate a change.

Consideration

- There are still a lot of contracts that don't follow procedures for change order.
- Provide immediately a change order procedure to be followed if you don't have one.
- Following the procedure, get the CCB decision.
- Change orders approved, communicate to all, review documents **and the contract.**
- If not approved by CCB, register and communicate immediately.
- Following the procedure, some claims may be avoided.



A good management considers all the steps mentioned