Field Change Orders
SCM - Procurement Operations
Field Change Orders

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FCO-What It Is –

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  - A “Field Change Order” (FCO) for construction may be issued in accordance with terms specified in the subcontract. The Project Manager and the Subcontractor agree on a worst-case, not-to-exceed amount for each proposed change and work can begin.
  - The Project Manager will normally notify the PS within one business day of FCOs issued. FCOs are appropriate where a significant delay in subcontract performance or demobilization of the subcontractor’s workforce would occur.

A FCO can be issued by the PM or FCM up to NTE $25K
A FCO should only be used for mitigation of significant delays and if “…there is insufficient time to negotiate a price agreement…”*
A FCO can be issued and revised by the PS for NTE greater than $25K but should be the exception and not the standard practice.

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FCO-What It Isn’t

• A FCO is Not a Blank Check
  - The scope of work must be defined in detail and the period of performance must be stated
  - The FCO can not be used for new work or out of scope requirements.
  - The FCO can not be used for the project’s convenience
  - The Project’s FCO authority can be revoked by Procurement

• A FCO is not a Time and Materials Agreement
  - Actual costs must be collected by the Subcontractor and validated by timesheets, invoices and quotations
  - By mutual agreement the Subcontractor should notify SLAC when they have used 80% of the NTE funds to determine if the NTE should be increased or not.

• A FCO is not an Unauthorized Commitment clean up tool
  - The FCO must be issued prior to commencement of work
  - Unauthorized work is subject to Ratification process
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FCO-When and How To Use

- The Project Manager has the responsibility and authority to determine that a situation exists that requires a FCO
- Unforeseen site conditions are the #1 basis for FCOs. Design correction issues are #2. The FCO is mainly used to maintain project schedule
- “Field Change Order_sample” form located in PDG, Part 7, Limited Access Documents
  - PS, PM or FCM completes form, signs and issues to Subcontractor who signs as acknowledgement of receipt.
  - If issued by Project management, Procurement Specialist, is informed within a business day and assumes FCO management.
  - Project management is responsible for site management of FCO actions inclusive of cost monitoring and acceptable completion of FCO task.
  - The NTE amount can be revised by SLAC if the cost projections warrant. The FCO scope cannot be revised unless it directly affects the baseline scope.
Definitization

• The FCO is a member of the unilateral modification family.
• Unilateral modifications directs the subcontractor to proceed with requested changes which are within the general scope of the subcontract and may include revisions to specs, drawings or designs, as well as performance of the work.
• The Subcontractor has 20 days after notice of the FCO or other unilateral change to submit a claim for equitable adjustment.
• The FCO must be definitized as a bi-lateral modification in the shortest possible time.
• The subcontractor’s price submittal for construction work must follow the format in Article 33 of the FP Construction T’s & C’s.
• Additional guidance provided in the PDG, Part 5, Tab E-3
References:

Procurement Description:

21.1 Supplemental Modifications
21.2 Unilateral Modifications
21.3 Field Change Order

Procurement Desk Guide:

Part 5 E-3 Modifications/Support Documentation
Part 5 E-4 Field Change Order

FP Construction Terms & Conditions:

Article 32 Changes
Article 33 Justification for Pricing Changes...