



## **JCR-26**

### **Public Work Contract Change Orders**

October 1975

April 1988, October 1999, April 2004

#### **Recommendations:**

Change orders may be initiated by prime contractors and/or architects-owners. The mechanism used in notification for contractor or subcontractor initiated changes is the Request for Information (RFI). When owner-architect supplies an answer to the RFI or initiates a change of scope through a Construction Change Authorization (CCA), the answer to the RFI or the CCA must be reviewed for change in scope, increased or decreased costs and schedule impact.

#### **Comments:**

- A. For any prime contractor proposals for change orders involving any extension of time, all subcontractors shall be advised for possible effect on their contract.
- B. A change order document will define all the contractor's costs that are to be reimbursed, including rates of labor, equipment, subcontractor's overhead and profit.
- C. Normally allowed the prime contractor is 10% markup for overhead and profit on subcontractor's performed work. Subcontractors are allowed 15% markup only. For work the prime contractor self performs, the markup allowed is 20% for overhead and profit. (The standard markup noted above may not adequately cover administration costs for small change orders.)
- D. It is essential to review the General Conditions of the contract documents thoroughly to understand the contractual rights and procedures regarding changes.
- E. If it is apparent that a change order will not be authorized by the owner-architect, then formal claim procedures must be initiated immediately.
- F. **ISSUANCE OF CHANGE ORDERS TO SUBCONTRACTORS/SUPPLIERS:** After formal approval has been received, change orders must be written to subcontractors and material suppliers, adjusting their original agreements in accordance with their bids on the change of work.

#### **End of JCR-26**

*This recommendation is the result of considerable discussion and deliberation by the Architect and General Contractor members of the Joint Cooperative Committee of AIA North Carolina and the Carolinas AGC. While its provisions are not binding on individual Architects or General Contractors, the committee believes that adherence to the recommendations will benefit the Owner and the Construction Industry in general.*