

CONTRACT MANAGEMENT

3165

(Sept. 1999)

Many repair and improvement projects are constructed by contractors under the terms of specific contracts. These are called "Public Works Contracts" and are discussed in the SAM Section 1200.

The management of a contract involves a great deal of responsibility and the use of good common sense. The contract manager must carefully read and understand the terms and conditions of the contract, both the general conditions and the technical specifications, as well as be knowledgeable of the working drawings and prevailing practices in the construction industry.

Assistance in performing the contract management function can be obtained from the Region or Sacramento Technical Services staff.

INSPECTIONS

3165.1

(Sept. 1999)

The contractor's work must be inspected by the Designer of Record or his designee as it progresses. An Inspection and Observation Sign-off Sheet will be posted at the job site prior to commencing construction. The sign-off sheet shall include all phases of construction and shall identify the State's Representative, the Designer's of Record designee, and the items that need to be inspected as stipulated in the Inspection and Observation Plan. The State's Representative and/or Designer's of Record designee shall sign-off each phase of construction as it is completed and inspected. Construction of the next phase shall not proceed until the previous phase has been signed off. All phases of construction must be signed off before the project will be accepted and final payment will be made. Any materials or workmanship that do not conform to the contract requirements must be rejected.

The inspection of projects that are deemed Essential Services Buildings must be done by certified inspectors, and their records must comply with the requirements of the California Code of Regulations (CCR).

CHANGE ORDERS

3165.2

(Sept. 1999)

During the course of the construction of a project, it is frequently necessary to make changes in the work shown in the working drawings or described in the specifications.

These changes must be documented in the form of a change order (or amendment) to the contract.

A change order must clearly state what terms and conditions of the contract are to be changed, and what additional compensation to the contractor (or credit to the state) is to be made and what the effect on the contract term (increase or decrease in working days) will be.

Change orders must be signed by the contractor and approved by the state just as with the original contract. Thus, if the original contract required approval of DGS, so will the change order. The change order is not fully operable until approved at the proper level by the state.

Proposed changes must be approved by the Designer of Record or his designee prior to issuing a change order. This is to assure that the change will not adversely effect various elements of the design.

SUBCONTRACTORS

3165.3

(Sept. 1999)

The state's contract is with the prime contractor. Subcontractors are recognized in that the prime contractor, at the time his or her bid is submitted, is required to list all subcontractors. The prime contractor must notify the state of any subsequent changes or additions to that list of subcontractors.

The state's contract manager should normally deal only with the prime contractor. If it is necessary to deal with subcontractors in the absence of the prime contractor, the prime contractor should be notified of such action as soon as possible.

PREVAILING WAGES

3165.4

(Sept. 1999)

All contractors and subcontractors are required to pay prevailing wage rates on public works contracts. The Director of Industrial Relations determines the prevailing wage rates and publishes these periodically. Copies of these published rates are retained in the region offices and by Technical Services.

All contractors on public work contracts should be informed that they must pay prevailing wage rates and retain payroll records so that they can provide certified payrolls if required at a later date.

If an employee of a contractor or subcontractor informs the contract manager or inspector that he or she is not being properly paid, the employee should be referred to the Department of Industrial Relations. The following information is to be obtained and transmitted to Technical Services:

- Prime Contractor's Name
- Subcontractor (if appropriate)
- Employee's Name
- Employee's Classification
- Employee's Hourly Rate of Pay
- Date Inspector was Informed
- Period Employee Claims Improper Pay

RECORDS
(Sept. 1999)

3165.5

The contract manager keeps a file of all documents pertaining to the contract. This file should include the following:

- Copy of the contract
- Working drawings
- Specifications
- Correspondence related to the contract
- Change orders
- Submittals made by the contractor
- Shop drawings
- Progress payment computations
- Materials delivery tickets
- Diaries

The contract manager and/or inspector shall keep a diary of all contacts relative to the project, each visit to the job site, and any other information that will assist in developing a complete record of the project. Notes relative to weather conditions and the items of work underway at any time are needed to establish time-extensions. Diaries serve a very important function whenever disputes arise regarding what conditions existed or what statements were made during the course of the project.

PROGRESS PAYMENTS

3165.6

(Sept. 1999)

When the duration of the project exceeds a month and the terms of the contract allow them, progress payments may be made to the contractor. The contractor and the contract manager should meet and discuss the progress of the project once each month. They should agree as to the amount of work completed and its value. On lump-sum contracts, progress is measured as a percentage of the total project. On contracts with measured item payments, progress payments are made for the work accomplished and measured.

The contractor will submit the monthly progress payment statement promptly through channels for payment. If the statement is not approved, it should be immediately returned to the contractor for revision and resubmittal.

GUARANTEES

3165.7

(Sept. 1999)

Frequently, the terms of public works contracts require the contractor to guarantee his/her work for a period of time. The guarantee covers both materials and workmanship and assumes that we will maintain the facility and equipment in a proper manner.

If problems arise during the guarantee period with the contract work, the contract manager should immediately contact the contractor and request that corrective action be taken. This request can be by phone, but must be followed up in writing.

FORMS AND/OR FORMS SAMPLES: RETURN TO ISSUANCE HOME PAGE FOR FORMS/FORMS SAMPLES SITE LINK.

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