

T&M Change Order Checklist: The Fraud & Error Defense

Time and Materials (T&M) work can be a "black hole" for project budgets. This checklist provides a rigorous standard for evaluating cost or credit determinations resulting from changes in work.

Submission Requirements

A valid T&M proposal must include:

- ***Verified Backup:*** Detailed descriptions of scope, **Work Authorization** documentation, and **signed field tickets**.
- ***Cost Breakdowns:*** Itemized labor, material, and equipment costs with corresponding **actual invoices**.
- ***Strict Markups:*** Verification that markups for self-performance and lower-tier scope adhere to the maximum allowable percentage per contract.

The "Pencil Req" Review

*We perform a **Ticket Evaluation** to catch common errors, such as billing for **ghost employees**, **rework due to mistakes**, or work that is actually covered by **warranty**.*

PM - Time and Materials Change Order Check List

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X/PCO#: _____ Subcontractor : _____ Date: _____

COST OR CREDIT DETERMINATION

The cost (or credit) resulting from a change in the Work shall be determined by one of more of the following methods:

- | | |
|------------|---|
| 1 | Unit Price Change Order: By applying unit prices as stated in the Contract Docs, or if non-applicable unit prices are stated, then as agreed upon. |
| 2 | Lump Sum Change Order: By mutual agreement on a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation by the Architect and Owner. |
| * 3 | Cost Plus C.O. (Time & Materials): By the actual cost of labor, materials and major equipment rentals, determined and recorded as the work progresses, plus a markup percentage fee. |

What Should a T&M Proposal Include?

- Proposal on Subcontractor letterhead (dated, with noted revisions)
- Change Proposal numeric identification
- WHY? - Detail description of 'Scope of Work' performed, and why is it required.
- Work Authorization documentation. (Not to Exceed, Maximum Labor Hours, Premium Time Only)
- Itemized List of Cost items with direct cost subtotal, soft cost and grand total.
 - Labor cost Breakdown
 - Labor Burden - Net cost of payroll taxes + union benefits + worker's comp. insurance
 - Material Cost Breakdown with corresponding invoices
 - Equipment Cost Breakdown with corresponding invoices
 - Bond Cost Breakdown (If applicable)
 - Maximum Markup % Allowable on Work (May Vary per Contract)
 - Direct Scope: ___% Overhead + Profit on Net Direct Cost
 - Lower Tier Scope: ___% profit
- Reference to change event documentation (RFI, Sketch, GC Directive document)
- Contract related documentation (Unit Rates, Alternate Cost, Allowance, Exclusions)
- Photographs of work performed (If applicable).
- GC scope and cost review verification

Ticket Evaluation

LABOR

- Labor hours and rates billed per contract?*
- Labor Rates (ST, OT)
 - Classifications (journeyman, foreman etc.)
 - List of all trademen performing ticket work
 - Billing ghost / Terminated employees
 - Contract Allowance Work?

EQUIPMENT

- Equipment hours and rates billed per contract?*
- Idle equipment
 - Higher / Missing rates
 - Rent vs. Buy
 - Rental Agreement (Daily, Weekly, Monthly)
 - Other Expenses (Travel, Meals, etc...)

MATERIALS

- Materials listed & billed appropriately?*
- Project Bill of Laden
 - Duplicate invoices
 - Excess materials
 - Verified unit rates

REWORK/WARRANTY

- Work that was previously performed and billed again?*
- Emergency services due to mistakes or negligence
 - Back charge to another subcontractor
 - Work covered by Warranty
 - Photos (if required)

KEY INFORMATION

- Dated ticket with Foreman signature
- Scope performed on multiples dates (list dates)
- GC signed and dated (24 Hr sign-off)

KEY INFORMATION

- Detail Scope Description & Work Location
- Ref. Docs. (PCO, RFI, Sketch, GC Directive)