

CONSTRUCTION PAY APPLICATIONS REVIEW GUIDELINES

UNIT PRICE CONTRACTS

The PM's primary responsibility for reviewing pay applications in a Unit Price Bid Contracts is to track progress. As early in the contract as possible, the PM will agree with the contractor how each pay item will be measured, calculated, and billed. (This is generally outlined in the bid because the contractor provides a cost per unit) Each day of work shall be dated and detailed with information regarding crew size, equipment, quantified materials on site, and any other backup the PM agrees to track via the required daily construction log. This backup will be utilized in verifying the progress the contractor is claiming in their progress pay application. For PM approval of progress payments, the PM shall verify the following:

- Progress in the field to validate the contractor's proposal.
- Calculation of quantities are attached as backup and match the method agreed upon at the start of the contract.
- Labor production has been certified by the Certified Payrolls
- Ensure that schedule % complete in the pay application matches the field progress as of the end of the construction period on the pay application
- A forecast of final quantities is provided as backup.

The protocols outlined above for the PM also apply to any new unit prices added via change order.

Sometimes, in unit price bid contracts, the contract line items cannot be measured in units and therefore will not receive a unit price. These line items that are bid as a lump sum, must have an agreed upon method of measuring progress between the contractor and PM. Lump sum line items are often added as change orders to unit price contracts. The PM must not approve any lump sum line-item values prior to agreeing how they will be tracked and measured. When these lump sum items are billed in a pay application, the PM must utilize the protocols outlined above to verify the performance the contractor is claiming on the given pay application.

For PM approval of Final payments to the contractor, the PM shall verify all the above items. In addition, the final quantities must be calculated in a more detailed manner utilizing industry standards. Utilizing daily reports, material delivery slips, and labor production for the project, the PM shall perform detailed calculations for all contract pay items in order to validate and reconcile the final pay items in the contract. All labor, equipment, material backup and calculations must be attached as backup prior to the PM approving the final pay application. In addition, all as-built data must be submitted and verified by the entire project team.

Any disagreements, challenges, and comments that the PM may have on the unit price pay application submission must be addressed by the general contractor prior to acceptance of payment. UMass Chan will hold all pay applications until all requirements outlined above have been met.

LUMP CONTRACTS

After Notice to Proceed, the contractor must submit a Schedule of Values for approval by the UMass Chan PM (reference UMass Chan SOV Guidelines). The schedule of values shall show fixed, definable, and measurable line items to help the PM track the construction progress monthly as easily as possible. The PM shall track daily production similar to the requirements outlined for unit price contracts. The PM must determine monthly that the portion of the lump sum requested for payment is representative of the work performed. Ideally, the percentage of work performed must be easily calculated for each lump sum line item when tracking progress. For instance, where progress is not easily identifiable, the PM shall consider measuring the progress based on duration of the work according to their construction schedule. Prior to PM approval of progress payments, the following items shall be required as backup:

- Material delivery slips, quantity calculations, and verification of daily production through daily reports.
- Labor production has been certified by the Certified Payrolls
- A progress schedule update with progress taken off the activities in the schedule matches the field progress as of the end of the construction period on the pay application.
- The PM shall assess performance based on actual % complete in the field rather than schedule % complete based on the baseline schedule.
- Verify any stored materials billed for in the pay application have actually been stored in an agreed upon location and the appropriate backup is provided

The protocols outlined above for the PM also apply to any new lump sum items added via change order. The PM shall assess progress for change orders similarly to the measurement of progress for the original schedule of values.

For PM approval of Final payments to the contractor, the PM shall verify all of the above items were submitted on a monthly basis. Where applicable, all final pay application requirements for lump sum contracts shall be the same requirements applied to unit price contracts.

Any disagreements, challenges, and comments that the PM may have on the lump sum pay application submission must be addressed by the general contractor prior to acceptance of



payment. UMass Chan will hold all pay applications until all requirements outlined above have been met.

Table 1 – Pay Application Review Checklist

Pay Application Component	Unit Price	LS
Original Contract Value matches signed contract	x	x
Contract Start Date matches NTP	x	x
Current Contract Value includes all approved change orders	x	x
Contract and PO Numbers are included on Pay application	x	x
Pay Application Amount matches the backup	x	x
Previous Amount matches the amount from the previous pay application	x	x
Base Contract Units Actual Progress	x	-
Base Contract SOV Items % Complete	x	x
Inspected Stored Materials and/or received a certificate of ownership	-	x
General Conditions and Fee are paid on a % representative of overall progress of work	-	x
New Units approved by CO	x	-
Math is Accurate	x	x
Signatures are Included	x	x
As-Builts have been reviewed	x	x
Progress Schedules are realistic and reflect actual progress	x	x
Certified Payrolls have been received	x	x
Overall Contract Retainage held reflects PM approval	x	x
Line Item Retainage reflects PM approval	-	x
Lien Waivers from Subs have been received	x	x
Minority Workforce utilization percentage is being tracked & reported	x	x
Women Workforce utilization percentage is being tracked & reported	x	x
Minority Business Enterprise (MBE) Participation is being tracked against % goal	x	x
Women Business Enterprise (WBE) Participation is being tracked against % goal	x	x
Service Disabled Veteran Owned Business Enterprise (SDVOBE) & Veteran Business Enterprise (VBE) Participation is being tracked against % goal	x	x
Portuguese Business Enterprise (PBE) Participation is being tracked	x	x
Lesbian, Gay, Bisexual, and Transgender Business Enterprises (LGBTBE) Participation is being tracked	x	x
Disability-Owned Business Enterprises (DOBE) Participation is being tracked	x	x