

SUBJECT: Financial Procedures for the following: Requisition Creation and Approval Schedule of Values Professional Service Invoices Additional Service Construction Payment Applications Line-to-Line Transfers Buyout Savings Transfers Contractor Contingency Transfers Owner Contingency Transfers DOP Tax Savings	Effective Date: 3/4/2016	Procedure Number: FS 2016 FPC0021	
	Supersedes: FS 2013 RM0020	Page 1	Of 11
	Responsible Authority: Facilities & Safety Business Office, Facilities Planning & Construction		

APPLICABILITY/ACCOUNTABILITY:

This procedure applies to the Facilities & Safety Business Office (FSBO) and Facilities Planning & Construction (FP&C).

PROCEDURE STATEMENT:

These procedures are intended to work in conjunction with construction contracts for major and minor projects and do not supersede those contracts. Any discrepancy between these procedures and in-place construction contract terms should be discussed with the Director of Facilities Planning & Construction (FP&C) for clarification and direction.

These procedures define the various methods and processes that Contractors can use to move funds within their contracted amounts (Line-to-Line Transfer, Buyout Savings Transfer, Contractor Contingency) and make requests of additional funds or time not within their contract amounts (Owner Contingency via Change Order, DOP Tax Savings via Change Order, Contract Duration via Change Order, Additional Service.)

These procedures define the required signatures for approval of Requisitions, Line-to-Line Transfers, Buyout Savings, Contractor Contingency, Owner Contingency, Direct Owner Purchase (DOP) Tax Savings, and Additional Service.

These procedures define the order in which Buyout Savings, Contractor Contingency, Owner Contingency, and Direct Owner Purchase (DOP) Tax Savings shall be used.

DEFINITIONS:

Additional Service – additional fees requested by a Professional Service provider (Architect, Engineer, Surveyor, Threshold Inspector) for work that was not included in the original project scope, but that is required to complete a project

Buyout Savings Transfers – funding transfers from Schedule of Values (SOV) line items to/from a Buyout Savings line within the SOV which are a result of portions of the work being contracted for less than the original amount budgeted

Construction Contingency - funding within the Contractor's Guaranteed Maximum Price (GMP) proposal that has not been assigned to specific Schedule of Value line items

Construction Payment Application – request for payment from a Contractor for services rendered

Contractor – an entity contracted directly with the university under one of various delivery methods (e.g., Construction Management or Design Build) to complete work as directed by the university

Direct Owner Purchase (DOP) Tax Savings – tax savings generated from the direct owner purchase of materials and/or equipment on a project

Line-to-Line Transfers – funding transfers directly from one SOV line item to another

Owner Contingency – funding not within the Contractor's Guaranteed Maximum Price (GMP) proposal that is reserved for use by the Owner at its discretion and for the maximum benefit of the project

Professional Service Invoice – invoice from a professional service provider for services rendered

Purchase Order – a document produced by UCF Purchasing authorizing a vendor to complete a specific scope of work for a specific cost. Refer to the UCF Purchasing Procedure Manual for additional information.

Requisition – a document produced by FSBO and approved by the appropriate authority for a specific scope of work and cost in order to create a Purchase Order. Refer to the UCF Purchasing Procedure Manual for additional information.

Schedule of Values (SOV) – a detailed statement furnished by a Contractor outlining the detailed line items that make up the contract sum. It allocates the funding for various parts of the work and is also used as the basis for submitting and reviewing payment applications.

PROCEDURES:

Submission Requirements

- Minor projects – one original of each piece of documentation are required to be submitted and executed.
- Major projects – three originals of each piece of documentation are required to be submitted and executed.
- Justification forms must be submitted separately for each type of funding transfer. For example, an Owner Contingency Justification cannot be combined with a Contractor Contingency Justification.
- Signature Indicators (stickies) will be placed on all locations needing signatures.

Signature Thresholds

- See the chart below for required levels of signature approval per document type:

Type of Item	Original or Electronic Copy	Dollar Value	Required Approvals				
			FP&C PM	FP&C AD	FP&C Dir.	U&ES Dir.	AVP F&S
Minor Project Professional Service Invoice or Requisition	1	\$0 to \$9,999	X				
		\$10,000 to \$49,999	X	X			
		\$50,000 or greater	X	X	X		
Major Project Professional Service Invoice	1	any	X	X	X		
Additional Service	1	any	X	X	X		X
Commissioning Invoice	1	any	X	X	X	X	
Minor Project Preconstruction/Construction Invoice or Payment Application or Requisition	1	\$0 to \$9,999	X				
		\$10,000 to \$49,999	X	X			
		\$50,000 or greater	X	X	X		
Major Project Preconstruction/Construction Payment Application (original required)	1	any	X	X	X		
Major Project Preconstruction/Construction Payment Application - Direct Service Organizations (original required)	2	any	X	X	X		
Line-to-Line Transfer (Use Line-to-Line Transfer Form)	1	any	X	X			
Buyout Savings Transfer (Use Buyout Savings Transfer Form)	1	any	X	X			
Contractor's Construction Contingency (Use Contractor Contingency Transfer Form and Construction Contingency Request Justification Form)	1	any	X	X	X		
Change Order, Minor Projects (Use Construction Contract Change Order Form, Change Order Justification Request Form, and Change Order Approval Form)	1	any	X	X	X		X
Change Order, Major Projects (Use Construction Contract Change Order Form, Change Order Justification Request Form, and Change Order Approval Form)	3	any	X	X	X		X

Requisition Creation and Approval

- Any university project requiring funding for Professional Services or construction requires a Purchase Order issued by UCF Purchasing. In order for UCF Purchasing to create a Purchase Order, FSBO must provide an executed Requisition that defines the scope of work and value of the Purchase Order.
- The FP&C Project Manager will provide the scope of work and value for all university projects to the FSBO for the creation of the Requisition for approval.
- The FP&C Project Manager will obtain all necessary approval signatures as defined in the “Signature Thresholds” section of this Procedure, and return the approved Requisition to the FSBO office for further processing.

Schedule of Values (SOV)

- A Schedule of Values must be submitted to and approved by the FP&C Project Manager and Associate Director, Construction prior to the first payment application or within 10 days of Notice to Proceed. Once approved, the FP&C Project Manager will send the approved SOV to the FSBO accountant in electronic format.
- For all Construction Management and Design Build projects, contracts showing subcontractor value of work must be submitted as backup. If SOV line item budgets exceed subcontractor contract values, secondary line items depicting the value difference must be added to the SOV for tracking purposes.
- The Schedule of Values must be kept updated by the Contractor. Changes to the SOV must follow this procedure for Line-to-Line Transfers, Buyout Savings Transfers, Construction Contingency, Owner Contingency, and DOP Tax Savings.
- All SOV changes must be tracked in the SOV spreadsheet, with notes indicating the type, number, and value of the adjustments.

Professional Service Invoices

- Professional Service Invoices must be submitted on the invoice template found on the FP&C website. Professional Service Invoices must be signed by an authorized representative of the Professional Service company.
- Professional Service Invoices must depict values reflected in the deliverables of their executed contract or approved proposal.

- Professional Services are paid on a deliverable basis (not monthly). The FP&C Project Manager must verify the completeness of deliverables prior to the authorization of Professional Service Invoices for payment.

Additional Service

- Additional Service Requests will only be considered for substantial, owner-generated additions to the project scope.
- Professional Service providers must request any Additional Service in writing on their company letterhead, and must clearly justify how the added cost is reflective of the actual, additional time expended related to the added project scope.
- The FP&C Project Manager must fill out the “Additional Service Request Justification Form” in its entirety, and submit to the Associate Director and Director of Facilities Planning and Construction to determine if the request is valid. If the Additional Service Request is determined to be valid, the FP&C Project Manager will take the request to FSBO for verification of available funds. If the request is determined not to be valid, the FP&C Project Manager will reject the Additional Service Request.
- FSBO will verify that funds are available in the project. If funds are available, FSBO will notify the FP&C Project Manager that the paperwork can be forwarded for further processing. If funds are not available, FSBO will notify the FP&C Project Manager and Associate Director, who will determine if additional funding requests are recommended or if the request should be negotiated with the Professional Service provider.
- The FP&C Project Manager will sign and submit the Additional Service Request and backup to the Associate Director and Director of Facilities Planning and Construction for approval recommendation. The Director of Facilities Planning and Construction will sign and submit the Additional Service Request and backup to the Associate Vice President, Administration and Finance (Facilities and Safety) for final approval.

Construction Payment Applications

- Construction Payment Applications must be submitted using the FSBO template documents. Original or electronic copies must be submitted in accordance with the table under “Signature Thresholds.”
- Professional Service vendors used on a construction project must review and certify the accuracy of the Payment Application prior to submission to UCF.

- The FP&C Project Manager will review the Payment Application and verify the percent complete for the SOV line items.
- If the FP&C Project Manager is satisfied, he or she will route the Payment Application to the appropriate accountant in FSBO, who will review the document for accounting accuracy.
- After review, FSBO will notify the FP&C Project Manager whether the paperwork can be forwarded for further processing, or must be returned to the Contractor for correction(s). Signatures for final approval will be obtained by the FP&C Project Manager, in accordance with the “Signature Thresholds” section of this procedure.

Line-to-Line Transfers

- Line-to-Line transfer movement of funds on the Schedule of Values is only allowed within the same sections of the project:
 - cost of work items can only be transferred to other cost of work items
 - general conditions items can only be moved to other general condition items
 - general requirements items can only be moved to other general requirements items
- The Line-to-Line Transfer Form cannot be used to make any changes to payroll, insurance, bonds, sub-guard, or Contractor fees; these changes must be initiated through an independent Change Order.
- The review and processing of Line-to-Line transfers must be separate from the payment application process. All payment applications must be based on a Schedule of Values that includes all approved/executed modifications. Pending modifications shall not be included in payment applications.
- The Contractor will submit a request to the FP&C Project Manager to move funds on the Schedule of Values using the UCF-provided Line-to-Line Transfer Form. Original or electronic copies must be submitted in accordance with the table under “Signature Thresholds.”
- The FP&C Project Manager will review the form and its content and make every effort to thoroughly understand the reasons for the requested transfers.
- If the FP&C Project Manager is satisfied, he or she will route the request form to the appropriate accountant in FSBO, who will review the document for accounting accuracy.

- After review, FSBO will notify the FP&C Project Manager whether the paperwork can be forwarded for further processing, or must be returned to the Contractor for correction(s).
- Signatures for final approval will be obtained by the FP&C Project Manager, in accordance with the “Signature Thresholds” section of this Procedure.
- If approved, the FP&C Project Manager will provide a copy of the approved Line-to-Line Transfer Form to the Contractor. If rejected, the FP&C Project Manager will notify the Contractor that the request has been denied. Rejections can be transmitted via email or FP&C rejection form. If the Contractor is notified of corrections, this serves as a rejection of the transfer.

Buyout Savings Transfers

- If the Contractor receives bids for portions of the Work that are less than the original amounts budgeted in the Guaranteed Maximum Price (GMP) proposal approved by the Owner, such Buyout Savings may first be used to offset shortfalls on other bid line items within the GMP. This must be completed within the first 90 calendar days of the contract unless otherwise approved by FP&C.
- Buyout Savings movement of funds on the Schedule of Values can only be transferred to other cost of work items.
- The Buyout Savings Transfer Form cannot be used to make any changes to payroll, insurance, bonds, sub-guard, and Contractor fees; these changes must be initiated through an independent Change Order.
- The review and processing of Buyout Savings transfers must be separate from the payment application process. All payment applications must be based on the Schedule of Values, which includes all approved/executed modifications. Pending modifications shall not be included in payment applications.
- The Contractor will submit a request to the FP&C Project Manager to move funds on the Schedule of Values using the UCF provided Buyout Savings Transfer Form. Original or electronic copies must be submitted in accordance with the table under “Signature Thresholds.”
- The FP&C Project Manager will review the form and its contents and make every effort to understand the reasons for the requested transfers.

- If the FP&C Project Manager is satisfied, he or she will route the request form to the appropriate accountant in FSBO, who will review the document for accounting accuracy.
- After review, FSBO will notify the FP&C Project Manager whether the paperwork can be forwarded for further processing, or must be returned to the Contractor for correction(s).
- Signatures for final approval will be obtained by the FP&C Project Manager, in accordance the “Signature Thresholds” section of this procedure.
- If approved, the FP&C Project Manager will provide a copy of the approved Buyout Savings Transfer Form to the Contractor. If rejected, the FP&C Project Manager will notify the Contractor that the request has been denied. Rejections can be transmitted via email or FP&C rejection form. If the Contractor is notified of corrections, this serves as a rejection of the transfer.

Contractor Contingency Transfers

- The review and processing of Contractor Contingency transfers must be separate from the payment application process. All payment applications must be based on the Schedule of Values, which includes all approved/executed modifications. Pending modifications shall not be included in payment applications.
- The Contractor will submit a request to the FP&C Project Manager to use Contractor Contingency using the Contractor Contingency Justification Form. The request will include the proper justifications and backup for evaluation. Contractor Contingency applies to funds only; time extensions must follow the change order process. Original or electronic copies must be submitted in accordance with the table under “Signature Thresholds.”
- The Contractor must certify the completeness and accuracy of the request. The Architect or Engineer (if applicable) must certify if the request is due to circumstances that are or are not errors and omissions.
- The FP&C Project Manager will review the form and its content and make every effort to understand the reasons for the request to use Contractor Contingency.
- If the FP&C Project Manager is satisfied, the request should be verbally discussed with the FP&C Associate Director, Construction. If verbally approved, the FP&C Project Manager will route the request form to the appropriate accountant in FSBO, who will review the document for accounting accuracy.

- After review, FSBO will notify the FP&C Project Manager whether the paperwork can be forwarded for further processing, or must be returned to the Contractor for correction(s).
- Signatures for final approval will be obtained by the FP&C Project Manager, in accordance with the “Signature Thresholds” section of this procedure.
- If approved, the FP&C Project Manager will provide a copy of the approved Contractor Contingency Transfer Form to the Contractor. If rejected, the FP&C Project Manager will notify the Contractor that the request has been denied. Rejections can be transmitted via email or FP&C rejection form. If the Contractor is notified of corrections, this serves as a rejection of the transfer.

Owner Contingency Transfers

- Any change order request must be received in writing, reviewed, and approved before the Contractor may commence with the work. **No work should commence without verification of the availability of funds by the FSBO and final approval of the Change Order.**
- The review and processing of Change Orders must be separate from the payment application process. All payment applications must be based on a Schedule of Values, which includes all approved/executed modifications. Pending modifications shall not be included in payment applications.
- The Contractor will submit a request to the FP&C Project Manager to use Owner Contingency using the Change Order Form and the Change Order Justification Form. The request will include the proper justifications and backup for evaluation, including which party initiated the request (Facilities & Safety, End User, A/E, or Contractor). Pricing will include both cost and time extension, if required. Original or electronic copies must be submitted in accordance with the table under “Signature Thresholds.”
- The Contractor must certify the completeness and accuracy of the request. The Architect or Engineer (if applicable) must certify if the request is due to circumstances that are or are not errors and omissions.
- The FP&C Project Manager will review the form and its contents and make every effort to understand the reasons for the request to use Owner Contingency.
- If the FP&C Project Manager is satisfied, the request should be verbally discussed with the FP&C Associate Director, Construction and the Director, FP&C. If verbally approved, the FP&C Project Manager will route the request form to the appropriate

accountant in FSBO, who will review the document for accounting accuracy and to identify the funding source. **No work should commence without verification of the availability of funds by the FSBO and final approval of the Change Order.**

- After review, the FSBO will notify the FP&C Project Manager whether the paperwork can be forwarded for further processing, or must be returned to the Contractor for correction(s).
- Signatures for final approval will be obtained by the FP&C Project Manager, in accordance with the “Signature Thresholds” section of this Procedure.
- If approved, the FP&C Project Manager will provide a copy of the approved Change Order Form to the Contractor. If rejected, the FP&C Project Manager will notify the Contractor that the request has been denied. Rejections can be transmitted via email or FP&C rejection form. If the Contractor is notified of corrections, this serves as a rejection of the transfer.

DOP Tax Savings

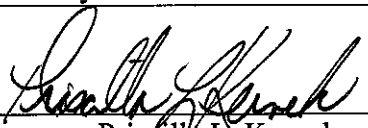
- Refer to Procedure FS 2013 RM0018 for procedures related to Direct Owner Purchase.
- The Request for Direct Owner Purchase Order (RPO) form should be attached to the Change Order Form and only needs one original signature.

Use of Funds

- The use of project funds will be in accordance with the following:
 - Buyout Savings – at the time provided in the contract, if Buyout Savings remain after offsetting any shortfalls, a deductive Change Order shall be issued, reducing the GMP by the sum of all such Buyout Savings. The net amount of Buyout Savings may be utilized by the Owner in its sole and absolute discretion.
 - Contractor Contingency – this is intended solely for work not included in the Construction Documents, but that is necessary to cause the project to conform to applicable building codes or to address unforeseen conditions that were not identified as missing during the review of Construction Documents (through no fault of the Contractor), but expressly excluding any legal costs and expenses, including attorneys’ fees and costs, associated with the project.
 - DOP Tax Savings - the net amount of DOP Tax Savings may be utilized by the Owner in its sole and absolute discretion.

RELATED FORMS:

- **Additional Service Justification Form:**
<http://fp.ucf.edu/sites/default/files/forms/Additional%20Services%20Justification%20Form.docx>
- **Line-to-Line Transfer Form:**
<http://fp.ucf.edu/sites/default/files/forms/Line%20to%20Line%20Transfer.xlsx>
- **Buyout Savings Transfer Form:**
<http://fp.ucf.edu/sites/default/files/forms/Buyout%20Savings%20Transfer.xlsx>
- **Contractor Contingency Transfer Form:**
<http://fp.ucf.edu/sites/default/files/forms/Contractor%20Contingency%20Transfer.xlsx>
- **Contractor Contingency Request Justification Form:**
<http://fp.ucf.edu/sites/default/files/forms/Contractor%20Contingency%20Request%20Justification%20Form.docx>
- **Construction Contract Change Order Form:**
<http://fp.ucf.edu/sites/default/files/forms/Construction%20Contract%20Change%20Order.doc>
- **Change Order Allocation Form:**
<http://fp.ucf.edu/sites/default/files/forms/Change%20Order%20Allocation.xlsx>
- **Change Order Request Justification Form:**
<http://fp.ucf.edu/sites/default/files/forms/Change%20Order%20Request%20Justification%20Form.docx>

Approved By:	Date Approved:
 Priscilla L. Kernek Associate Vice President Administration and Finance Facilities and Safety	3/4/16