Change Management

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Change Order Process/Workflow Overview

Keeley will be using Potential Change Items (PCI) to process external change orders, budget transfers and subcontracts, as well as potential changes to the project. PCIs are items that are expected to result in a change of work or additional work, beyond what was stated in the original agreement. They should be created as soon as information is received about a potential change event on the project and can be linked to RFIs and Issues. In many cases, the life of the PCI begins as an Issue created in the field.

A PCI can and should be updated throughout the life of the change event. Type, status, dates, cost codes and values are items that can be changed prior to posting. Having up-to-date data allows the use of the PCI screen as a change order log and reliable CO reports.

PCIs will be posted to job cost when change orders are executed and posted by Project Controls.

Understanding PCI Types & Statuses

There are 3 change order types to choose from when creating a PCI. These types determine the identifying number assigned to that PCI.

- External – this is an *External Class* and is used to change both revenue and cost budget amounts. It is appropriate to use for owner change orders.
- Risks & Opportunities – this is an *Internal class* and will affect cost budget. This would be used to track potential cost increases or decreases based on project risks and opportunities.
- Transfer – this is also an *Internal class* and is used to move revenue or cost budget from one cost code/category to another. This transfer must balance to a net zero change in order to post.

Each PCI must be assigned a status, which can be updated throughout the lifecycle of the change order.

- Pending – this is a pending status type that will update the amounts within the Pending CO column of the Cost and Budget Status Queries. It will also be included in the calculation of the cost forecast within the Cost Status Query, display in the Contract Forecasting screen, and be included in the WIP forecast. Recommend using this when in a draft stage.
- Owner Approved – this is an approved status type and must be moved to this status type prior to posting. Posted change orders update the "Internal and Transfer CO" and "External CO" columns in the Cost and Budget Status Queries. If in the approved status type but not yet posted, these values will remain in the "Pending CO" column.
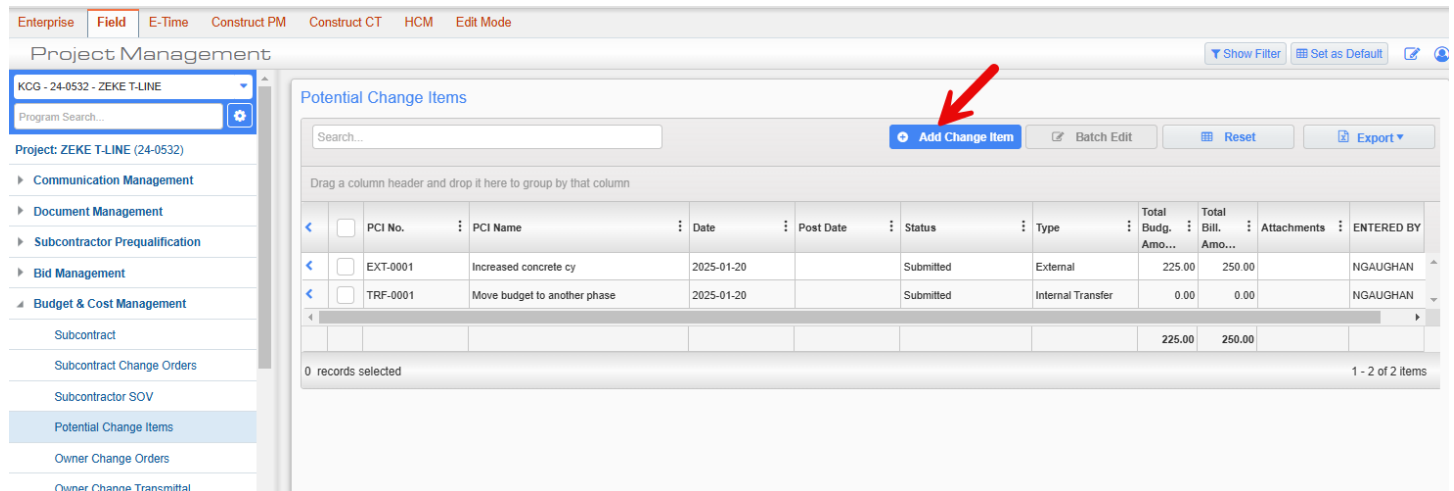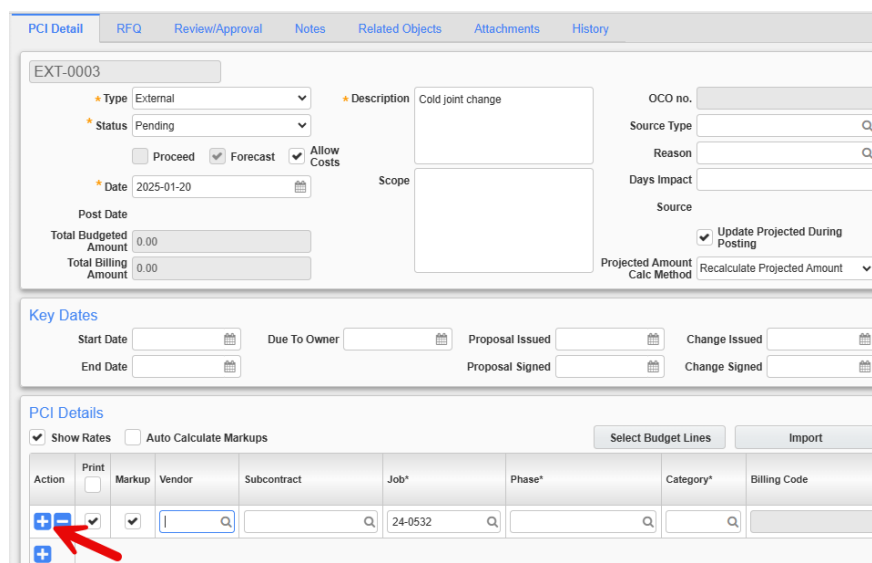 This status also indicates that work has begun and will update amounts within the "Proceeding Projected" column of the Cost Status Query. It will be included in the calculation of the cost forecast within the Cost Status Query, display in the Contract Forecasting screen, and be included in the WIP forecast. Recommend using this with initial verbal or written owner approval and the documents have been submitted; documents have not yet been executed
- Executed - this is an approved status type and must be moved to this status type prior to posting. Posted change orders update the "Internal and Transfer CO" and "External CO" columns in the Cost and Budget Status Queries. If in the approved status type but not yet posted, these values will remain in the "Pending CO" column.
  This status also indicates that work has begun and will update amounts within the "Proceeding Projected" column of the Cost Status Query. It will be included in the calculation of the cost forecast within the Cost Status Query, display in the Contract Forecasting screen, and be included in the WIP forecast. Recommend using this when actual contractual documentation has been signed by all parties that execute the change on the project.
- Rejected – this is a rejected status type that will indicate that the PCI should not be included in the calculation of projected budget or in the forecast of costs.
- Cancelled – this is a cancelled status type and are not available for selection in Subcontracts or Subcontract Change Orders.

Creating PCIs

Navigation: Field > Choose project > Budget & Cost Management > Potential Change Items

- Add Change Item.
- Header Information - all fields with "*" are required to save the record.
    - Choose the PCI Type: External, Internal, Transfer, Original, and Risks and Opportunities
    - Choose the Status: Pending, Submitted, Owner Approved, Executed, Rejected, Void/Cancelled.
    - Enter the date, can be backdated.
    - Enter a short description, more details can be included in the Scope field.
    - Save draft to save changes to the current record and stay in edit mode.
- Key Dates - enter if necessary.

- PCI Details - recommend using the tab key to navigate to the next field.
  - Click the plus sign "➕" to add a new detail row.
  - Vendor & Subcontract – if the detail row is related to a subcontract, choose the vendor and then the subcontract from the list of values window that appears when clicking the magnifying glass. You may also choose "TBD" if that subcontract has not yet been created.
  - The job number will automatically populate and should only be changed if another job is taking on the budget for the PCI detail row.
  - Phase – click the magnifying glass to pull up the list of values (LOV). This will populate all cost codes currently assigned to the project. Choose an existing cost code on the project and click "Accept".

  - If a new cost code is needed related to this PCI, click the "Add New" button. This will pull up a separate window for you to assign new cost codes and categories to the project.
  - Within the Phase field, click the magnifying glass to populate the LOV window. This is a master list of cost codes that are available at the company level and can be assigned to the project. Use the search field to find the desired code.
    - Contact the business unit's Project Controls personnel if a new code is needed on the master list.
  - The Name field will default to the description within the master list but can be overridden for project needs. Once saved, the cost code description can only be updated in the Assign Cost Codes form in Enterprise.

- WM can be updated, along with Quantity for the cost code level production quantity.
- Multiple categories can be assigned to the cost code using the "➕" button.
    - Name, Controlling Category and it's Name are read-only fields and cannot be edited.
    - Billing Code will populate based on the job/cost code/category combination. This should not be changed.
    - WM can be changed if desired, but is not used for claiming quantity. For example, labor defaults to using MH (manhours) which are the budgeted hours on the cost code.
- Clicking the "Save" button will assign the cost code and categories added within this screen to the project. Note that even if the PCI detail row or the full PCI is deleted that the cost code and corresponding billing codes will still be assigned to the job.

o Category – As with cost code, click the magnifying glass to populate the LOV window. This will show all categories currently assigned to that cost code. New categories may also be added here.

o Billing Code – the billing code will automatically populate and is a combination of the job number, cost code and category. This billing code ties to Contract Forecasting and the contract for revenue billing. It is not an editable field.

- Days Impact – the number of days estimated or impacted by the change may be entered here.
  - Spent/Committed – this field will show the amount spent and/or committed for the cost code and category entered.
- Phase Qty – if there are changes to be made to the cost code level quantity (budget quantity that is claimed against for production) they can be made here. Note that only the additions or deductions should be entered as it is cumulative. Do not enter the new total.
- Quantity – this is the budgeted manhours for labor categories and equipment hours for equipment categories. As above, only additions or deductive values should be entered here rather than the new total.
- WM – this is the category level weight measure as the cost code level is listed in the Phase Qty column.
- Rate and Amount fields (Estimated, Quoted, Final) – if there is a value in the Quantity field, then entering a value in any of the rate fields will automatically fill the corresponding amount field (and vice versa).
  - Values can be added in any or all these fields. The system will take the right hand most column as the final amount (EX: if you enter values in both Estimated and Quoted, but not Final, it will use Quoted as the official value when posted).
- Billing Quantity, Billing Rate, Billing Amount – the Billing Amount field is required, whether or not revenue will be recognized on that specific cost code/category combo. Typically, the billing amount should be populated to match the cost budget value. When posted, the Billing Amount will add or reduce the existing revenue budget on that bill code.
- Subcontract Change – select the associated subcontract change code.
- Task ID – select the task ID for the subcontract change order. The PCI will require a Task ID for any "TBD" value related to vendor or subcontract and can be any value as a placeholder for the document. The PCI detail fields will update with the final Task ID assigned to the Subcontract or SCO.

- Vendors – this section shows every vendor associated with the PCI and is display only.
- Allocation – this section shows a summary of the amounts listed on the PCI at the cost code/category level.
- Save – saving the record will move you out of edit mode and allow access to the main toolbar.

Budget Transfers

- Create a new PCI and choose the "Transfer" type.
- Set the status to "Pending".
- Enter the Header Details, note that the Type, Status, Date and Description fields are all required. Save draft.
- Enter PCI Details – there must be at least two rows as the budget must balance to a net zero change. Additions should be a positive number; deductions will be negative.

- Save PCI and review details for accuracy. If desired, check the Cost Status Query "Pending CO" and "Projected Budget" columns.

For PCI's labeled as Transfer, Keeley Construction will require the project team to send the PCI through an internal workflow. When the project team is ready to post their budget change, they will hit the workflow button. Then it goes to the project controls team to validate and post.

For PCI's labeled as External, Keeley Construction will not require any workflow at this time. Once an external PCI is moved into an OCO, that is when the project team will get the change approved by the owner and then project controls will validate and post.

Tying PCI into Subcontract

Subcontract and subcontract change order SOVs can be created using PCI details. Within the PCI detail row, ensure the Vendor and Subcontract fields are complete with specific records or "TBD".

Navigation: Field > Choose project > Budget & Cost Management > Subcontract

- Create new Subcontract
    - o Click "Add Subcontract"

o Enter header information: Vendor, Description, Default Retainage %. Click Save.

o Once saved, a new toolbar will populate at the top. Click "Select PCIs".

o A new window will pop up, listing PCI details that are TBD or specific to the vendor on the Subcontract. Choose desired PCI(s) and click "Accept".

- o The PCI details are now an SOV item. Some fields may be adjusted when in edit mode, including Task Name and Amount.

- Create Subcontract Change Order
  - o Within the Subcontract module, use the search bar to find the correct subcontract.

  - o Once in the subcontract record, move into the Change Orders tab. Click "Create SC Change".

o In the newly created change order, click "Add PCIs" which will pop up an additional window, listing PCI details that are TBD or specific to the vendor on the Subcontract. Choose desired PCI(s) and click "Accept".

- Note that some of the header fields may also be changed, including the description, date and scope of work.

o The PCI details are now a change order SOV item. Some fields may be adjusted when in edit mode, including Task Name and Amount. Note that the Item Code (similar to the original subcontract's task code) is pulled as the PCI number and is not editable.

- Once saved, the PCI field becomes a link to the PCI record and can be accessed by clicking on it to review all the change order details.
- Follow the remaining SCO steps documented in the Subcontracts training manual.

Owner Change Orders

- Create PCI
    - Use the External type and "Pending" status.
    - Enter the Header Details, note that the Type, Status, Date and Description fields are all required. Save draft.
    - Enter PCI Details – cost budget and revenue budget (change order value) should be on separate lines.
    - Save PCI and review details for accuracy. If desired, check the Cost Status Query and Budget Status Query for changes at the phase level.
    - For PCIs labeled as External, Keeley Construction will not require project controls to review the change order until after there is a executed document from the owner approving the change. Once approved, the OCO will be reviewed by project controls and they post the change to the project.
- Create Owner Change Order
    - Navigate to the Owner Change Orders module.
    - Click "Add Change Order".
    - Enter OCO No. (required) – this should match the change order number issued by owner and is recommended to be 3 digits. Example: Change Order 1 = OCO 001.
    - Enter the Title – should be a brief description of the change order. Additional details can be entered in the Notes field.
    - Days Impact – if days were added to the contract, they must be added here.
    - Date Issued, Date Executed, Date Received can be logged in these fields.
    - Click "Add PCI's" to choose which PCIs to link to this OCO. One or many can be linked.
    - Adjust the PCI status if necessary. Note that these need to be an approved status prior to posting.
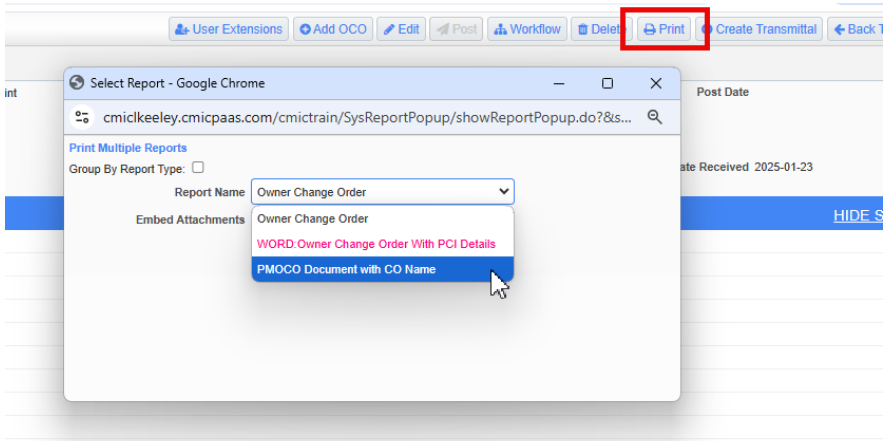
- o Review OCO details and Save.
- o Print and Distribute the OCO document
  - ▪ Click [Print] and choose the template "PMOCO Document with CO Name". Download the pdf.

PM - CHANGE NO. 001

TITLE: Concrete elevation changes at cold joint   Date: 23-Jan-2025

PROJECT: PROJECT NO: 24-0532
ZEKE T-LINE
1383 CO RD 2480E CASEY, IL 62420

TO CONTRACTOR:
Keeley Construction Group, Inc
500 S Ewing Ave G
St Louis MO

THE CONTRACT IS CHANGED AS FOLLOWS:
(Include, where applicable, any undisputed amount attributable to previously executed Construction Change Directives)

EXT-0003   Cold joint change $1,400.00

The original Contract Sum was	$919,567.24
The net change by previously authorized Change Orders	$0.00
The Contract Sum prior to this Change Order was	$919,567.24
The Contract Sum will be increased by this Change Order in the amount of	$1,400.00
The New Contract Sum Including This Change Order	$920,967.24
The Contract Time will be increased by	5 Days
The date of Substantial Completion as of the date of this Change Order therefore is	

ARCHITECT   (Firm name)   CONTRACTOR   (Firm name)   OWNER   (Firm name)

ADDRESS   ADDRESS   ADDRESS

- Move into the Attachments tab of the OCO. Click the [Upload Multiple] button which will bring up a new window. You may browse for the downloaded file or use the drag and drop feature. The upload status will let you know if the file upload can be finalized. If green (successful), click [Upload].

- A new window will show the document type assigned and allow you to edit or enter additional fields. Click [Proceed] to finalize saving the new document.

- The attachment is now visible as a new row. Click [ESign Documents] to begin the docusign process.

- Under Contacts enter the Customer as the first signer, and the Project Manager as the second signer. Select what attachments need to be sent through DocuSign and add a Subject line.
- The project team will have the OCO approved by the owner, the project team will start the workflow so that project controls can post the OCO to the project.

PCI Markups

JOB

Job * 24-0532	☐ Deductive PCI Markup Setup

RULES

New | Edit | Save | Copy From Job

Order	Description	Rounding Rule	Rounding Method	Level	Action
1	GL	No Rounding	Standard	1	🗑
2	Fee	No Rounding	Standard	2	🗑
3	Markup	No Rounding	Standard	1	🗑

DETAILS

	Calculate On			Allocate To						
Action	Job	Phase *	Category *	Job	Phase *	Category *	Calculate On Billing Amount	Budget % *	Billing % *	Action
➕➖	24-0532 🔍	ALL 🔍	ALL 🔍	24-0532 🔍	01-000000 🔍	L1 🔍	☐	0.000000	1.000000	➕➖
➕										➕

This screen allows for the creation of different markup rules that can then be applied to different jobs throughout a project.

- Job - This section is used to specify the job and PCI type for the markup rules being defined.
  - o Job - Select the job for which to define markup rules. Select "ALL" to have the rules apply to all jobs within a project. The "ALL" option only appears if the user has the "PMMRALLJOB - PM: Allows the user to create change item markup rules for ALL jobs" privilege.
    If the "Inherited" option is selected, it means that for every sub job, it will calculate the markup rules and apply the markup rules back to the original sub job.
  - o PCI Type - This field can be used to set markup rules for individual PCI types. To have a markup rule apply to all PCI types, leave this field blank.
    This field is available if the field security for the PCI Type field is set to "UNRESTRICTED". This value is set to "HIDDEN" by default.
  - o Deductive PCI Markup Setup Checkbox - Check this box to set markup rules and detail lines for deductive PCIs.
    This checkbox is only available if the 'Show Deductive PCI Markup Setup flag in PCI Markups Rules' box is checked in Project System Options.
- Rules - This section is used to enter the markup rules for the specified job and PCI type.
  - o Order – Select the order in which the rule is applied.

- o Description – Enter a description for the rule.
- o Rounding Rule - Specifies how the PCI markup amount is to be rounded. The options include the following rounding rules:
    - No Rounding
    - Round to Nearest .01
    - Round to Nearest 1
    - Round to Nearest 10
    - Round to Nearest 100
    - Round to Nearest 1,000
    - Round to Nearest 10,000
    - Round to Nearest 100,000
    - Round to Nearest 1,000,000

  For example:

  PCI Amount: 3,000,000

  Markup Rounding Rule: Round to Nearest 100,000 (hundreds of thousands)

  Markup Rule: 8%

  Markup Amount with No Rounding: 240,000

  Markup Amount with Rounding Applied: 200,000

- o Rounding Method - If a rounding rule other than "No Rounding" has been selected, select which direction to apply the rounding rule.
- o Level - Level at which PCI markup rule is compounded in relation to the other rules (e.g., all level 2 rules are compounded on level 1 rules).
- o Total Markup Flag Checkbox - Check this box to calculate the total markup for the PCI including all above-line costs and individual markup rules. There is no limitation on the number of markup rules that can have this checkbox enabled.
  This checkbox is available if the field security for the Total Markup Flag field is set to "UNRESTRICTED". This value is set to "HIDDEN" by default.
- o [Copy From Job] Button - Press this button to copy markup rule information from another job. This button is not available when "ALL" is selected in the Job field.

- o [Copy From PCI Type] Button - Press this button to copy all PCI Markup rules from a source to a new PCI type. The source and target PCI Types must be saved to the same job. Values in percentage fields will not be copied to the new PCI.
- Details – This section is used to enter calculation details for the selected markup rule.
  - o Phase - Select one or more phase codes (i.e., cost codes) from the Rule Phase LOV or select "ALL" to select all cost codes. The Phase field will display "Multiple" when more than one cost code is selected. The LOV pop-up maintains selected codes when closed and reopened, ensuring that users can see their previous selections. The Selected checkbox on the LOV header can be used to display selected cost codes only. The LOV can also be filtered by the controlling cost code. Each phase code can only exist in one Details row per markup rule, ensuring no duplicate usage per rule. Also, the cost code cannot exist in both the Calculate On > Phase and Allocate To > Phase fields for the same markup rule.

  - o Category - Enter/select a category code from the Rule Category LOV. The category selected will apply to every cost code selected. For example, if the cost codes 03-110000 and 05-090000 were selected with category type "S", the system will calculate on the phase code category combinations 03-110000.S and 05-090000.S.
  - o Calculate Markup on Billing Amount Checkbox - This checkbox is in the detail section of the PCI Markups screen. When the user checks the flag, the system will apply the Budget % to the Billing Amount and allocate it to the Final Amount on the markup line. Field security can be applied to this flag.

- Recalculation of Markups for "Split Out" PCIs - Markups can be recalculated for the new PCI that is created and split out from the original on posting when the 'Use PCI Detail Status' box is checked on the Change Management tab of the Company Control screen. The Markup pop-up window will contain [Recalculate Markups] and [Keep Original Markups] buttons if the 'Auto Calculate Markups' box is unchecked on the same screen and the user clicks the [Post] button while not all detail lines are approved.
  If the 'Auto Calculate Markups' box is checked, then the system will recalculate the markups automatically on the new split out PCI having only approved PCI details, based on the amounts in the new PCI.

  o [Recalculate Markups] Button – When this button is clicked, any markups which were calculated in the original PCI will be re-calculated when the PCI is split. The recalculated markups will apply to the new PCI, based on the amounts in the new PCI.

  o [Keep Original Markups] button – When this button is clicked, there will be no re-calculation of markups and any markups calculated originally in the source PCI will be carried to the new split out PCI.

RFQ Process

The RFQ tab can be used to send requests for quotes to the vendors who are to work, in whole or in part, on the PCI.

- Click "Edit" and the "➕" icon to add a detail line.

- Vendor - Enter the vendor and contact. The contact is the person to whom the RFQ for the selected vendor is sent. Leave the Quoted Quantity, Quoted Rate and Quoted Amount fields blank, as they will be filled in when the contact responds to the RFQ Broadcast and submits their quote. A message will pop up if the record already has these fields filled.

  o RFQs can be sent to multiple contacts from the same vendor but only the record with the sequence number (i.e., Seq column) will be used to update the Quoted fields for the associated PCI detail line, when the quote is submitted into Project Management.

- Dates - The Date Sent field is automatically updated when the "Broadcast RFQs" button is pressed. The value in the Date Due field is then updated based on the Default RFQ Review

period set for the project. The Date Received field is updated after the contact receives and submits the email they are sent.

- Status - The Status field can be used to track the status of the RFQ. There are two status codes to choose from:

    o <mark>Sent</mark> – will populate once it has been sent out to vendor.

    o <mark>Received</mark> – will automatically populate if the Date Received field is updated.

- Broadcast RFQs - Press this button to send the selected RFQs to the persons entered in the fields in the Contact column. Choose the "Request for Quote" template, update with any necessary comments in the Broadcast Message and click "Send Now".

    o Note that the "Print" box must be checked on the RFQ row for the broadcast to be sent.

    o The vendor contact then receives an email from which they can enter their quoted values through the link. Quantity, Rate, and Amounts should be populated and pressing the Submit Quotation button then updates both the RFQ tab and the relevant PCI Detail lines.

- ▪ Note that the date fields autopopulate based on when the broadcast message was sent and the quote was received.

Update SOV Mapping

Project Managers to give accounting instructions for the bill code > bill group mapping for Job Billing. Email to Accounting.