Memorandum

U.S. Department of Transportation
Federal Highway Administration
Washington, D.C. 20590

Subject: Audit of Construction Contract Change Orders

Date: SEP 8 '90

From: Director, Office of Highway Operations

Reply to Attn of: HHO-32

To: Regional Federal Highway Administrators
Regions 1-10
Direct Federal Program Administrator

The Office of the Inspector General has recently completed a Departmentwide review of construction contract change orders. In the draft report of this review, one of the findings and recommendations directly addresses the Federal Highway Administration's (FHWA) documentation and use of force account procedures. The report indicated instances where force account procedures were apparently being used as a matter of convenience. This impression was derived from the available change order documentation.

This is a reminder and a follow-up to the Inspector General's review, that contract changes should be settled primarily through negotiations. Force account type procedures should be used only when necessary and then be appropriately documented. We are not convinced that this is a growing problem, but take this opportunity to reaffirm the FHWA's commitment to providing for adequate controls in the administration of highway construction contracts.

DAVID S. GENDELL

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