

MDOT LAP Virtual Workshop for Locals

FORCE ACCOUNT & YOU

... Its not so scary! Really!



MDOT LAP Virtual Workshop for Locals

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PREAMBLE

Force Accounts

- Force Accounts are a valuable tool, **but should not be overused.**
- FHWA Force Account policy directives is that **use should be “rare”.**
- However, Force Account should not be feared when all other means to substantiate cost for extra work fails.
- **Required** to have MDOT Region Engineers Approval Before Use.. (If not gather cost 100% L.A.)
- Force Accounts are under closer scrutiny and subject to review during FHWA CAP Reviews and Project Audits.– All risk shifts to owner if cost deemed unfounded

WHEN TO USE FORCE ACCOUNT

Methods of Approving Contract Revisions

- Existing Contract Unit Prices (109.05.B)
- Negotiated Prices (109.05.C)
Engineer may request estimate of labor, equipment, and materials. (Shared Risk)
- **Force Account (109.05.D)**
 - Use if Contractor's price cannot be justified
 - Use if scope cannot be reasonably determined



COMMON examples WHEN F.A. IS APPROPRIATE

- Urban construction projects with complex underground utilities,
- Cases when shifting all risk to the owner is appropriate because scope of work cannot reasonable be determined (cold weather protection).
- Time of of the essence and price cannot be established prior to starting the extra work.
- When contractors submitted price quotes are out of line with the engineer's professional judgement.



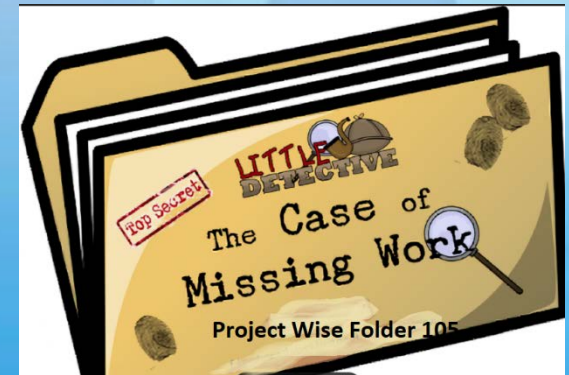
Again: Don't let the contractor turn the word "Force Account" into a scary word and the reason you agree to prices you can't substantiate or explain. The final cost may be higher, or it may not be, BUT you can substantiate the cost when audited and haven't put your Local Agency at risk.

Common Force Account Audit Issues

- Engineer accepting contractor price info without required supporting documentation. Most common reasons heard:

- 1) *Per Consultant, "The Local Agency Supervisor said the price was OKAY!"*
- 2) *"Well, we all know its going to be super expensive if we go FA, so we just accepted contractor cost."*
- 3) *Contractor said he was doing us a favor, with a super low price.*
- 4) *FA "Like", "Modified" FA or "Time & Material" Acceptance*

- No Work Plan
- Lack of paid invoice for materials
- Ineligible items (small tools, etc..)
- Not verifying FA labor cost to Certified Payroll
- Not using FHWA rate from Blue Book (Equipment Watch)



Known Force Account Material Issues

- Per Specifications, Contractors are reimbursed actual paid invoice cost of materials used, plus 15% markup
- Lack of **paid** invoice documentation (*no quotes, no estimates*)
- Materials are defined as permanently incorporated into the project, not tools or equipment which are under section 6
- New guidance creates rental rate sheet for some common contractor owned items (temp sheet pile, road plates, etc..)
 - Use will be suggested rate, if used, no documentation required
 - Contractor can provide documentation to support higher rates

Reference the WIKI Construction Manual

Force Accounts

- CFS reviews all COR claims containing force account documentation
- Office of Commission Audits (OCA) also reviews all projects over 10% (Tier III) on behalf of the State Transportation Commission.
- FHWA still lists force accounts as an area of emphasis. Unchecked FA can be a means of abuse and fraud by the Contractor.

Checklist used by CFS to review all Force Account

Force Account Checklist

1. Region Construction Engineer Approval
2. Work Plan
3. Contractor Records
 - a. Force Account Statement
 - b. Certified Payroll (verify)
 - c. Equipment
 - i. Bluebook - Equipment Watch Info (verify)
 - ii. Lease invoices (verify)
4. Department Records
 - a. Daily Field Record (1101A)
 - b. IDR Info
5. Communications
 - a. Initiation/Work Order
 - b. Emails
 - c. Letters



YOUR OFFICE SHOULD COMPLETE THIS CHECKLIST BEFORE SENDING FORCE ACCOUNT CONTRACT MODIFICATIONS TO TSC FOR REVIEW & SIGNATURE.

SUMMARY:

Force Account Checklist in excel to include PW Hyperlinks

Reference MDOT Construction Manual to stay update on Force Account Procedure: [109.05 Payment for Contract Revisions - MediaWiki \(state.mi.us\)](#)

Force Account Checklist:						CS- JN:	
Item of Work Name:							
Necessary Documents Present							
	Documentation Item	FA Reviewer (Initial)	Engineer Verified (Initial)	Document viewed by TSC Rep	PW Link to Document	Comments	
1	TSC Email Notification of Extra Work						
2	Work Order outlining Extra Work (Signed by Both Engr & Contr)- If applicable * ¹						
3	Region Construction Engineer Approval to use Force Account (Supplied by TSC) *²						
4	Work Plan per Spec Section 109.05D (Signed by Contractor and Approved by Engineer)						
5	Contractor Supplied Records						
	a. Force Account Statements						
	b. Foreman's IDRs * ³						
	c. Contractors Company Owned Equipment Blue Book rates						
	d. Leased equipment invoices (If Applicable)						
	e. Material invoices (If Applicable) Invoices must show as "PAID" in full. *⁴						
	f. Subcontractor/ Direct Services Invoices (If applicable)						
6	Local Agency Engineer Supplied Records						
	a. MDOT Form 1101A_Daily Force Account Record (Signed by Inspector & Foremen)						
	b. Inspectors Daily Reports (IDR)						
	c. Copy of Payroll for FA dates showing work hrs and pay received matches that on FA						
	d. Copy of Contractors Fringe Payment Plan Verifying fringe payments on FA.						
	d. Bluebook - Equipment Watch (To Verify Contractors Rates_Used FHWA Rate)						
	<small>(Per Wiki- TSC an help provide Equipment Watch Documentation if necessary)</small>						
7	Communications						
	a. Emails						
	b. Letters						
	* 1. Work Order will be NA if FA cost being tracked for potential Claim or Notice of Intent						
	* 2. This is a requirement. Metro Region Engineer must give final authorization to proceed via FA. TSC will notify Metro Region when TSC notified.						
	* 3. Supplemental- This indicates, the document may be supplied by the contractor; however, it is not a necessity, as engineers records can suffice.						
	* 4. Material Invoices must show as "PAID" in full. Do Not Pay Quotes, Estimates or Purchase Orders.						
		_____ Consultant Engineer/ Local Agency Signature		_____ Date			
		_____ TSC Reviewer's Signature- LAP Engineer		_____ Date			
<p>Note: TSC signature represents TSC has ensured the presence of necessary documents. It does not certify the validity of the information contained within the documents.</p>							

Force Account References

- MDOT Construction Manual
- [109.05 Payment for Contract Revisions - MediaWiki \(state.mi.us\)](#)

MDOT Spec for Const, Section 109 “Measurement and Payment”

- [MDOT - Standard Specifications for Construction \(state.mi.us\)](#)
- Link to Force Account Checklists
- Link to Work Plan



Questions / Comments?