

Managing contract changes and variations

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Learning objectives

- **Discuss the need for provision made contracts for variations/change orders**
- **Describe various types of variations**
- **Explain variation analysis**
- **Discuss contract amendments**

Introduction

Change they say, is the only constant. Contract modification/variation in works is normal and required to cater to design shortcomings that may become obvious during implementation. Also new technologies, materials and methods may become available and their adoption may enhance the functionality of the intended final product.

Introduction

Variations as long as they are subjected to careful analysis and justified from a technical and economical perspective should not be perceived as an attempt by any party to seek dubious benefits



**Why
variation/changes?**

- **Change in quantities**
- **Unforeseen site conditions**
- **Incomplete designs/ insufficient design details**
- **Employer requests, sometimes as a result of inadequate collection of requirements/brief**

An engineer's role is very important in the event of variation or change requests arising. An engineer must;

- **Carefully analyze to determine whether justified**
- **Check the threshold and seek necessary approval**

Types of Variations

- **A variation is a change to the scope of the work in construction contracts by way of**
 - addition,**
 - subtraction or**
 - omission from the original scope of work**

Types of Variations

- **Construction projects rarely finish exactly the way they are originally designed. This may be due to**
 - Technological advancements,**
 - Statutory changes and enforcements,**
 - geotechnical anomalies,**
 - non availability of specific materials,**
 - continued development of the design**

Types of Variations

- **Variations can be significant in large scale engineering projects and may include**
 - Alterations to design,
 - Alterations to quantity,
 - Alterations to quality,
 - Alterations to the sequence of work
- Variations may also be deemed to have occurred if the contract demands do not properly describe the works actually required.**

Types of Variations

- **Variations may not change**
 - **Change the fundamental nature of the works,**
 - **Omit work so that it can be carried out by another contractor,**
 - **Be instructed after practical completion,**
 - **Require the contractor to carry out work that was the subject of a prime cost sum except with the consent of the contractor**

Legally, a variation is an agreement supported by consideration to alter terms of a contract. No power to order variation is implied and therefore the need to have a clause in the contract that expressly grants the power to instruct variations. No variation shall vitiate the contract.

Variation Analysis

To be considered

- **Is it a variation or a mere change in quantities after remeasurement**
- **Is it necessary (Justification)**
- **Time implication**
- **Any approval required? (Threshold- clause 89)**

Variation Analysis

To be considered

- **Does it require amendment to the contract?**
- **If it involves amendment to unit rates, bill items or scope of works it must be included in contract amendments**

Variation Amendment

A change to an active contract that alters the fundamental obligations and entitlements of the contract. Values specified originally in the contract being changed.

Thank You.