



Illinois Department of Transportation

Division of Highways / Bureau of Construction
2300 South Dirksen Parkway, Springfield, Illinois 62764

Subject:
Contract Closeouts

**CONSTRUCTION MEMORANDUM 12-79
MATERIALS AND PHYSICAL RESEARCH
MEMORANDUM 10-01**

Effective: **May 1, 2012**

Expires: **Indefinite**

This joint Construction/Materials memorandum supersedes joint Construction/Materials Memorandum No. 07-79/07-01 dated January 2, 2007.

Contract Closeouts are an important part of the overall contract administration process. Until a project is closed, and the contractor receives the final payment, the project is not complete. The following closeout process has been developed as a guide to facilitate the timely closeout of projects. Recognizing that projects differ in complexity and size, the time frames given may need to be adjusted in certain situations. Also, the positions listed are suggestions of where the duties may be performed. The actual individual or position completing a process will vary depending on the district, available personnel, if a Local Agency is involved, and other factors. All projects should be closed within six months of the Final Inspection. However, there will occasionally be projects with bonds, performance requirements, liens, warranties, claims, or other special circumstances that may require additional time.

Contract Closeouts

I. Weekly Report (Form BC 239) submittal (Per Memorandum dated 7/28/2005), Final Inspection and Punch List (Art. 105.13) time frames.

- A. Resident Engineer/Technician (Resident) submits Form [BC 239](#) at 99.5% a maximum of 3 days from the date all physical work was complete.
- B. Resident performs inspection a maximum of 2 days after the physical work complete date to determine initial punch list.
 1. No initial punch list by Resident.
 - a. Resident contacts the Field Engineer (FE) to perform final inspection. The FE conducts the final inspection, including other Bureaus and Local Agencies as necessary, within 10 days and if all work is completed, the Resident submits Form [BC 239](#) at 100% within 3 days.

II. Contract records and authorization submittals and time frames after 100% completion date from Form BC 239 is known.

- A. The Support Office must receive the contract records (job boxes) within 30 days after the 100% completion date for Documentation and Material Certification reviews to commence. The Resident is required to contact the support office with an explanation if the 30-day time frame will not be met.
- B. The Resident submits to the FE a balancing authorization of all remaining outstanding contract pay items, except outstanding Force Account work (see II. C.), within 30 days after 100% completion date and notifies Support of any outstanding authorizations. At this point, the Resident and the Contractor have tentatively agreed to "Final" quantities. If there are no outstanding extra work invoices (see II. C), this authorization will be marked by Resident as "Final."
1. The FE checks the authorization for errors and omissions. All District signatures are obtained per CM 4. Support will again check for errors, omissions and BCM screen 64 for 4 (four) signature status. Support will then input authorization data into the District Project Implementation Support database for tracking purposes and to facilitate in the creation of the Net Cost of Section. The processing is completed and the authorization is mailed to CBC. The target time for this process is 2 days.
 2. Support monitors Report to Web daily for authorization posting by CBC and notifies and processes.
 3. The Resident will contact Support personnel if the contract will have no authorizations.
- C. The Resident must receive all extra work invoices from the Contractor within 60 days after completion of the work ([Art. 109.04](#)) in order for the Contractor to be paid for any extra work. This also includes items paid for by [Article 109.05](#). The Resident will only accept corrected invoices after the 60 day parameter has lapsed. Resident submits the marked "Final" authorization to FE 80 days after 100% completion date.
- D. If the above guidelines are not met, non-compliance notifications may be sent by Support to the Resident and the Construction Engineer is copied. The Construction Engineer will intervene if warranted. All time frames can be extended to allow for mitigating circumstances.
- E. Once the acceptable contract files are submitted to the District office, the contract becomes the responsibility of the District. Implementation Support staff in direct charge of closing out the contract, may create and sign the final 'balancing' pay estimate which does not involve significant contract administration issues, when the Resident is not available to do so. District Supervising Field Engineers or higher-line authorities may also create and sign the final pay estimate, or any future pay estimates which may involve significant contract administration issues as needed when re-opening the contract, when the Resident is not available to do so.

III. Final quantity submittal and time frames after “Final” authorization has been posted by CBC.

- A. Support personnel download the Final Quantity Approval Sheets from mainframe TSOA program. These are mailed certified to the Contractor for their signature of approval with a cover letter stating the need for the following submittals. The Final Quantity Approval Sheets must be checked against the hard copy of the Final Pay Estimate by Support and if any payments have not been made by the RE, they are verified and added to the Final Pay Estimate for submittal with final paperwork. As an alternative, a Final Pay Estimate from BCM may be used as long as contractor’s signature and date are still collected.

It is not necessary to wait until Support has completed their review of final quantities to send the contractor the final quantities. If the review finds quantity adjustments need to be made, the RE will generate an authorization to correct the quantity and Support sends the contractor a Final Quantity Adjustment Letter or Revised Quantity Approval Sheets.

1. The Contractor has 21 calendar days from receipt of certified mail to either agree to final quantities or respond in writing indicating the quantities that are in disagreement. Failure to do so will be considered acceptance of the final quantities.
 2. Performance bonds, Form [SBE 2115](#) for each DBE subcontractor (if applicable) and a Form [BC 2115](#) for non-DBE subcontractors (if applicable). Time frames for submittal to Support depend on the Contractor and Subcontractor. Another option is for Support to send this request for submittal to the Contractor with the “Final Inspection Letter” (See I. D).
 - a. Bonds - If a Contractor (Subcontractor) chooses to submit, the time frame is 1 month after Final Quantity Approval Sheets from TSOA have been approved. If not submitted, closeout cannot occur until warranty inspections are performed as directed in the Standard Specifications for Road and Bridge Construction. This can delay closeout by several months.
 - b. Form [SBE 2115](#) and Form [BC 2115](#) – Submitted within one month after Final Quantity Approval Sheets have been agreed to and submitted, this may require intervention by the District EEO liaison.
- B. The Form [SBE 2115](#) is attached to the DBE/WBE Final Documentation Form (Form [SBE 2028](#)) and submitted to the Bureau of Small Business Enterprises (SBE) in the Office of Business and Workforce Diversity. SBE will respond to the District and this entire information becomes part of the final documentation submitted to CBC.
- C. Copies of the Final Quantity Approval Sheets are retained with the other Support final documents and given to Support Documentation and Support Material Certification personnel for the review process.

- D. Support e-mails CBC the Closure Memo with "Final Papers Submitted to Contractor" date. Support will supervise and control the status of all document submittal on a daily basis. Once final quantities are agreed to, Support orders from BCM screen 41 a hard copy of "RE Pay Estimate Report," to prepare for submittal to CBC with other final paper work upon District closeout date.
- E. If the above guidelines are not met, non-compliance notifications may be sent to the Contractor by Support and the Construction Engineer is copied. The Construction Engineer will intervene if warranted. All time frames can be extended to allow for mitigating circumstances.

IV. Support Documentation review and time frames

- A. A contract records check-in sheet is completed by the Resident and submitted with the contract records. The check-in sheet is a fairly comprehensive visual aid for the Documentation personnel to quickly locate certain items. It also aids the Resident to ensure all documents are present.
 - 1. When records are submitted, the Documentation reviewer checks the EEO monthly and Payroll weekly log-in sheets for compliance. This check may also be completed by the District EEO Liaison or the Resident. If any required submittals are not logged-in, notification letters are generated, signed and sent to the Contractor. The district EEO liaison and non-compliant Sub(s) are cc'd the letter. A more comprehensive review of these items will occur when the actual documentation review process begins.
- B. The Documentation reviewer starts the review process within 3 weeks after contract records are submitted. The Documentation reviewer must have Final Quantity Approval Sheets in order to check accuracy of Quantity Book pay item quantities (See III. B.).
 - 1. Target times for initial review completion is 1 day to 3 weeks depending on the number of pay items, the dollar amount of the contract and the volume of documents.
 - 2. The Form [BC 111](#) "Checklist for Engineer's Final Payment Estimate" is started. Items 1-6, 10, 11, 19, 24, 26-28 (revision date of 04/02/08) are completed by the Documentation reviewer with the Resident supporting if necessary. The Form [BC 111](#) is retained in a file on the S drive so that it can be accessed and completed by other Support personnel as the conclusion of closeout nears.
- C. Documentation personnel complete the review process and Resident is notified.
 - 1. Resident has 10 days to complete all contract documentation deficiencies.

- D. Documentation reviewer checks to ensure all deficiencies have been corrected.
 - 1. If corrections are not complete, Resident has 2 days to complete.
 - 2. Documentation reviewer completes review within 2 days, distributes and retains findings.
- E. If the above guidelines are not met, non-compliance notifications may be sent by Support to the Contractor or Resident and the Construction Engineer is copied. The Construction Engineer will intervene if warranted. All time frames can be extended to allow for mitigating circumstances.

V. Support Material Certification review and time frames

This process time can be significantly decreased and therefore, contract closeout time is decreased, if the Resident strictly adheres to Construction Memorandum 76. As stated in 76, "Never pay for work for which you do not have adequate evidence of material inspection." "Paying for work in other than the approved manner may constitute felony."

- A. Material Certifications should be in compliance when contract records are submitted. Resident will have submitted contract records (job boxes) within 30 days of the 100% Form [BC 239](#) Weekly Report submittal.
- B. Materials Certification reviewer starts process within 1 month after Final Quantity Approval Sheets are received (See III. B.).
- C. Material Certification reviewer completes review within 2 weeks and generates a "Shortage Letter" that is sent to Resident and copied to Contractor.
- D. Resident and Material Certification personnel work with Contractor, Subcontractors, Suppliers and Producers to resolve outstanding material certification issues. Material Certification personnel work with other Districts to generate out of district material assignments and with District Materials personnel for approvals. Target time frame for resolution is 1 month.
- E. Material Certification reviewer conducts a final review and completes process within 1 week.
- F. An alternative option is when the contract is 85% complete a preliminary list of material certification deficiencies is compiled and sent to the Resident and Contractor. This provides all entities with another opportunity to reconcile deficiencies before contract records are submitted for review. The process will then follow A. through E.
- G. If the above guidelines are not met, non-compliance notifications may be sent by Support to the Contractor or Resident and the Construction Engineer is copied. The Construction Engineer will intervene if warranted. All time frames can be extended to allow for mitigating circumstances.

VI. Support prepares final documents for submittal to CBC and contract close-out is complete

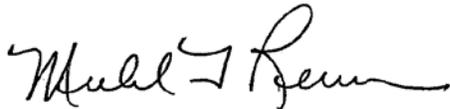
Support personnel obtain all documents necessary for closeout by the time the Material Certification review has been completed. Once the Material Certification review is complete, the close-out and final documents submittal to CBC occurs within 1 day.

VII. Database

Support personnel should manage and track all documents necessary through a database that was created in part with monitoring requirements in mind. The database should also generate various status sheets, reports, letters, etc. that aid in the administration and monitoring of all phases of the closeout processes for all District contracts.

VIII. Contractor

The Contractor is also responsible to ensure projects are closed in a timely manner as described above. This includes the timely submission of all required documentation. The Resident should never pay for work for which there is not adequate documentation to support the quantity paid. Partial payment is discussed elsewhere in the Construction Manual. Failure to timely submit the required documentation, including that necessary to close a project, may result in a finding of non-responsibility on the part of the contractor, resulting in the revocation of their prequalification.



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