

 <p style="text-align: center;">STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES</p> <p style="text-align: center;">Policy and Procedure</p>	POLICY AND PROCEDURE NUMBER 05.01.050	PAGE 1 of 7
	EFFECTIVE DATE <p style="text-align: center;">April 25, 2008</p>	
SUBJECT Concurrent Review of Construction Projects	SUPERSEDES 05.01.050	DATED November 15, 2000
CHAPTER Design and Construction	SECTION General Design and Construction	APPROVED BY <p style="text-align: center;">Signature on file</p>

PURPOSE

This formalizes the policy and procedure (P&P) of the department on concurrent review.

POLICY

Construction projects undertaken with the procurement authority of the commissioner are subject to concurrent review in accordance with the following procedure.

Concurrent review is the examination of construction project records, by a person not directly involved in the project, during and after construction in order to determine whether and the extent to which the records comply with contract requirements, to determine whether and the extent to which the records adequately support payments to contractors, and to document and resolve negative findings.

PROCEDURE

Concurrent reviews required under this P&P are performed solely by the quality assurance (QA) units of the regional construction sections. Review may begin when the construction phase begins or when procurement of construction related goods and services begin.

A. Applicability

1. This P&P applies to all state funded highway projects and all federal-aid construction projects administered by DOT&PF and by delegated agencies¹. The purchase of construction related goods and services are considered a construction project for the purpose of this P&P.

¹ In this P&P, delegated agency is a local government, federal agency, or other State of Alaska department, to which DOT&PF has delegated procurement authority under AS 36.30.015 (a) or (b).

2. The definition of construction in AS 36.30.990 (6) applies here, except that design services are excluded. Note, this definition is broad and includes maintenance, repair, and improvement.
3. This P&P does not apply to preventive maintenance projects performed by DOT&PF M&O forces or to contracts administered by DOT&PF M&O. See P&P 07.05.080 for guidance on review of M&O preventative maintenance force account work.
4. This P&P does not apply to state funded public facilities projects.
5. Except as provided in paragraph 3 above, perform review and closeout in accordance with this P&P on all projects with federal funding, including projects delegated by agreement². The department may not delegate review and closeout responsibility on federal-aid projects.
6. On state funded projects where authority is delegated by agreement to a state agency, the delegated state agency has authority to perform review and closeout.
7. On marine highway projects, Alaska Marine Highway System has authority to perform review and closeout.

B. Project Notification to QA

1. When a contract for a construction project is awarded, the regional contracts officer will promptly report it to the QA engineer.
2. When a state funded highway project or a federally funded construction project is transferred to a delegated agency, the DOT&PF project manager will transmit a copy of the Memorandum of Understanding, Memorandum of Agreement, or Reimbursable Services Agreement to the QA engineer for the region where the project is administered. The delegated agency will promptly transmit copies of the notice of Award and Notice to Proceed to the DOT&PF project manager and the project manager will promptly transmit copies of this information to the QA engineer.

² In this P&P, projects delegated by agreement refers to construction projects and procurement of construction related goods and services where DOT&PF transfers, by agreement, all or a portion of its procurement authority to a delegated agency.

C. Project Files

Project files should be organized so that a reviewer not associated with the project can readily verify material quantities and supporting documentation for contractor payments.

D. Level of Review

The level of review is established when the contract is awarded and is based on contract award amount, project administrator, and funding source.

FEMA Projects: All projects in this category will be processed for Final Review and Project Closeout regardless of contract award amount.

DOT&PF Administered Projects with Contract Award Amount Under \$250,000: Projects in this category are processed for Project Closeout only. If the total value of a contract established under small procurement rules exceeds \$100,000 because of change orders, the reviewer must confirm the required waiver (form 25D-026) is in place.

DOT&PF Administered Projects with Contract Award Amount \$250,000 - \$1,000,000: The regional QA engineer will select one in five projects in this category to be processed for Final Review and Project Closeout. The remaining projects will be processed for Project Closeout only.

DOT&PF Administered Projects with Contract Award Amount Over \$1,000,000: All projects in this category will be processed for Final Review and Project Closeout.

E. Review and Closeout Requirements

Review project records as outlined in Table 1, Concurrent Review Requirements, and as described below:

Interim Review: Interim reviews will be performed at the discretion of the QA engineer. The reviewer determines the scope of the review. On projects over \$1,000,000, the QA engineer should consider checking progress estimates and supporting documentation as necessary during construction, to confirm the quantities are being calculated and paid for in accordance with the plans, specifications, and department guidelines.

Final Review: Final review will be performed after construction is complete. The manager responsible for the project submits records and closeout documents to the QA unit for final review. Final review will include at least 30% of all pay items, or at least 30% of the items in the schedule of values on lump sum projects. The review items will consist of the 10% of items with the highest cost and 20% chosen, at the discretion of the reviewer, from the remaining items. If discrepancies in quantities result in a difference greater than \$2,000 or 10% in any one item, the review may be expanded to evaluate all items. If progress payments or the final estimate are not supported by adequate source documentation, the review may be expanded to evaluate all items. Items previously evaluated during Interim Review(s) may be applied toward the minimum 30% required review. For example, if 7% of the highest cost items are evaluated during Interim Review(s), the final review is only required to evaluate the remaining 3% of highest cost items and the 20% balance selected at the reviewers discretion.

Project Closeout: After construction is complete, the manager responsible for the project submits records and closeout documents to the QA unit for Project Closeout. The reviewer checks all pay items to confirm quantities shown on the final estimate are supported by required source documents. The QA engineer reviews the closeout documents and sends them to appropriate regional staff for approval. Additional closeout documentation may be needed depending on the requirements of a particular contract.

When final review and project closeout are both required, they may be performed simultaneously.

Table 1

CONCURRENT REVIEW ELEMENTS	Interim Review	Final Review		Project Closeout
	reviewer discretion	Min 30% of pay items	All items or as noted	All projects
Resolution of Prior Review Findings	■		■	
Contractor Representatives' Authority	■		■	
Subcontract Approval or Contractor Self Certification (Min 1 in 10)	■		■	
Certified Payrolls	■		■	
Labor Compliance	■		■	
Inspector & Project Engineer Diaries	■		■	
Approved Schedule of Values (for lump sum projects)	■		■	
Check for Duplicate Payment of Work under Change Documents	■		■	
Maintenance of As-Built Drawings	■		■	
Approval of Change Documents Prior to Payment for the Work	■		■	
Costs Allocated by Fund Source	■		■	
Approval of Materials Prior to Payment for the Work	■	■		
Quantity Computations	■	■		
Measurement and Acceptance	■	■		
Source Documentation	■	■		
Final Quantity Check – All Pay Items				■
Proof of Payment Documentation				■
Contract Time Computation				■
Liquidated Damages Documentation				■
DBE Documentation				■
Preferences and Bonuses Documentation				■
Letter of Project Completion				■
Final Acceptance Letter				■
Certificate of Occupancy, if Applicable				■
FHWA Project Closeout Checklist, ACM Section 17.45				■
FAA Construction Project Closeout Checklist, ACM Section 17.34				■

F. Review Memorandum and Resolution Report

After any Interim or Final Review, the reviewer issues a memorandum. All findings will be noted in the memorandum along with recommendations on the findings. The Final Review Memorandum may include findings normally identified on the project closeout documentation.

The review memorandum will be distributed as follows:

- Original to the project engineer
- Copy to the project manager
- Copy to the regional construction engineer
- Copy to the DOT&PF chief contracts officer on delegated agency projects
- Copy to the DOT&PF Office of Internal Review
- Copy to the Federal Highway Administration (FHWA) Area Liaison (projects with FHWA funding)

The project engineer will resolve as many of the findings as possible, either by direct action or through others. The section supervisor or equivalent will resolve findings that arise from interpretation of the specifications or procedural problems.

If the QA engineer believes discrepancies identified in an Interim or Final Review are significant, the QA engineer may request a resolution report. When a resolution report is requested, the request is submitted to the project engineer with the review memorandum. The resolution report identifies corrective action taken or contemplated to resolve the issues identified in the review memorandum. The project engineer will prepare the report within thirty calendar days of receipt of the request.

The resolution report will be distributed as follows:

- Original to the QA engineer
- Copy to the project manager
- Copy to the regional construction engineer
- Copy to the DOT&PF chief contracts officer on delegated agency projects
- Copy to the DOT&PF Office of Internal Review
- Copy to the FHWA Area Liaison (projects with FHWA funding)

If there are issues that may affect the department's standard specification language or construction administration practices, the section supervisor or equivalent will send copies of the review memo and the resolution report to the director of Statewide Design and Engineering Services.

G. Final Review Report

The reviewer prepares a final estimate review report and submits it to the QA engineer for approval. This report becomes part of the final estimate assembly, which will be sent to appropriate regional staff for project closeout.

H. Review Documentation

All review documents, including a document describing the scope of the review, become part of the project records. Review work papers remain under the control of the QA engineer, who also retains copies of review memoranda and resolution reports with the work papers. Work papers will be numbered for reference and contain the reviewer's name, date, project name, item being reviewed, and a reference to the source documents from which conclusions were drawn.

AUTHORITY

US Code of Federal Regulations, Title 23 and Title 49 part 18.

IMPLEMENTATION RESPONSIBILITY

Deputy commissioner of highways and public facilities, regional directors, regional construction engineers, and regional M&O directors.

Deputy commissioner of marine highways, AMHS engineering manager

DISTRIBUTION

All department employees via the DOT&PF website.