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MITCHELL E. DANIELS, JR., Governor
THOMAS O. SHARP, Commissioner

May 25, 2005

Writer's Direct Line

MEMORANDUM
05-09

TO: District Directors
District Construction Engineers
Toll Road Operations Engineer
District Materials and Tests Engineers
District Area Engineers
Project Engineers/Supervisors

FROM: Dennis A. Kuchler, Chief
Contracts and Construction Division

RE: Change Order Procedures

With the reorganization that is currently taking place at this time with INDOT, I know there is confusion as to procedures and approval levels for change orders. A new policy will be approved as soon as we know the final layout of our organization chart and new titles for certain personnel. Until that time, INDOT is still working under our existing change order policy as outlined in Memorandums 00-13 and 05-02.

The main reason for this memorandum is to bring to everyone's attention a procedure that is stated in our General Instruction to Field Employee Manual (GIFE) that I know has not been being followed by most districts. In Section #40, page 40-34, the third paragraph after the Level of Authority's table there is a paragraph that states the following:

"The Scheduling Manager shall review all change orders over $500,000.00 to ensure that all necessary funds are available prior to approval. The approval authority as outlined above shall provide the Scheduling Manager with the necessary information to conduct the review. No approval shall be made prior to the review being completed."

I know that it has been felt that this procedure of bringing a change to the attention of the Scheduling Manager was something that appeared to be not necessary because the work had to be done and that the manager would always therefore provide the needed approval. Our internal affairs/audit section for some time now has been noting that this procedure is not being followed. We are therefore being written up for not following policy. I have checked with Mr. Richard Whitney, INDOT's Chief Financial Officer and our Chief Engineer, Mr. Richard Smutzer and both have stated for INDOT to best manage our budget and funds, this review for large dollar change orders is needed. I will need to have our GIFE in this area revised because the Division of Budget & Fiscal Management has stated that the term "Scheduling Manager" is wrong. The correct title of the person that needs to be contacted is "Project Accounting Administrator".

The person that is currently INDOT's "Project Accounting Administrator" is Mr. Gary Eaton at (317)-232-5643. His Fax number is (317) 232-5144. Please follow this procedure by calling Gary and then faxing his office a copy of the change order for his files. He will only be reviewing the dollar amount of the change order not reviewing the work involved.

DAK
cc: Operations Support Division
Ed. King