



Back Charges

Note: Back charges are expensive to subcontractors, but some have found a way to eliminate the pain of back charges. Subcontractors' inability to keep the schedule often stems from incomplete predecessor activities over which they have little or no control. Maintaining good daily project records offers context to where the Sub is working at a specific time and relieves parties from solely relying on memory. Back charges are often assessed when a GC is forced to supplement a subcontractor's manpower to stay on schedule.

Back charges are most often assessed at project closeout. Good records maintained throughout the project could be the Subs best defense against Project Executives practicing 'selective memory' at the tail end of a job -- not only for defending back charges, but also for change order negotiation, punch list completion, ticket work payment, etc.

Here is a check list to control the cost of back charges:

- Maintain detailed project daily reports including pictures.
- Practice daily cleanup and document such in daily reports.
- Participate in GC coordinated composite cleanup and document such in daily reports. (Ensure cost covered in estimate, negotiate very specific terms in subcontract.)
- Add language to subcontract deeming subcontractor 'a need-to-know party' regarding schedule changes.
- Add language to subcontract allowing the subcontractor to issue a cost increase change order for unilateral modifications to the baseline schedule that has been agreed upon.
- Immediately notify GC of impacts related to schedule revisions.
- Add language to subcontract eliminating costs associated with any corrective or remedial work not caused by subcontractor.
- Submit formal delay notices when subcontractor is unable to perform work as indicated in schedule.

Thanks to Justin Musgrove, RCD, Inc. Electrical Services