

## STOP-WORK ORDERS – HOW WILL YOU MANAGE THE RETURN TO WORK?

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### THE 30-DAY PERIOD TO FILE A CLAIM

#### INTRODUCTION

Some contractors may not be aware that in the event of a stop-work order, if the order is lifted, the contractor is not only required to return to work immediately, but the contractor only has a 30-day period “*after the end of the work stoppage*” to provide the contracting officer with any cost increases incurred due to the stopped work. A claim for such costs must be submitted in writing to the contracting officer and must indicate all “allowable and reasonable” costs that can be recovered by the contractor. <http://www.mintz.com/newsletter/2013/Advisories/2672-0213-NAT-GOV/index.html>

If the contractor fails to submit a claim within the **30-day period** following the return to work, the **contractor relinquishes its right to file a claim for the stop-work period**. This 30-day period commences upon reinstatement of the contractor’s ability to resume work on the project, even if only partially reinstated.

#### DEFINITION

A stop-work order is a clause by which a contracting officer directs a contractor to stop all or part of the work on a project for up to 90 days. If a stop-work order needs to be extended beyond the initial 90 days, both parties must agree to such an extension in writing. *Id.* The clause applies to Government contracts including fixed-price or cost-reimbursement contracts, supplies contracts, and services contracts and must be given to a contractor in writing. Reasons for issuing a stop-work order can be changes in programs, unavailability of funding, or engineering breakthroughs. <http://construction.about.com/od/Claims-Management/a/Stop-work-Order-Basics-Things-To-Know-Before-Issuing-A-Stop-work-Order.htm>

Contractors are required to take steps to ensure that costs incurred during a work stoppage are kept to a minimum after notice has been received. Contractors should also begin accounting for those costs separately so that proper accounting of costs associated with the stopped work can be tracked for accuracy. <http://stoverteam.com/blog/?p=633>

#### ADDITIONAL CONCERNS

Contractors also need to be aware that they are required to immediately take action to ensure compliance with the requirements of a stop-work order. Some of those actions include:

- Making immediate plans to properly account for all costs that may be incurred during the stop-work period; these costs must be kept separate from other job account costs
- Ensuring that all subcontractors have been notified that a stop-work order has been issued
- Tracking the stop-work period to ensure time is properly tracked for deadlines
- Inquiring about a possible stop-work order cancellation or time extension

Because there are many cost items that a contractor can claim under an equitable adjustment, costs can accumulate quickly. Provisions for equitable adjustments in the case of stop-work orders are broadly construed because the contractor is strongly impacted by the inability to work due to a stop-work order. <http://www.watkinsmegan.com/expertise/resourcesandtools/Documents/Shutdown%20and%20Restart%20Cost%20Recovery1.pdf>

An equitable adjustment provides recovery for time of performance, costs incurred, or both. <http://www.gpo.gov/pdfs/vendors/acquisition/contract-clauses.pdf> A stop-work order is considered to be a contract modification and action must be taken so that the contractor is afforded a just and reasonable recovery. Some of these recoverable costs can include:

- Management costs
- Idle time and facilities
- Remobilization costs
- Additional staff
- Unabsorbed overhead
- And the costs associated with preparing the claim for equitable adjustment

## CONCLUSION

Stop-work orders can be confusing to a contractor, especially one that is unaware of the 30-day period to claim additional costs incurred. Some contractors are unsure what to do during a stop-work period and are left on “standby”, waiting to be told to resume work by a contracting officer. If a contractor is not informed, he may wait out the period stated in the stop-work order then find that the Government plans to terminate the contract for convenience.

**Contractors that attempt a resolution without some expert guidance may find the process very complex.**

Assistance by a consultant should be explored to properly and thoroughly protect a contractor’s interests in the event a contractor is issued a stop-work order. The experts at Excell Consulting International, Inc. can assist and evaluate your company’s position and provide valuable and cost-effective protection for your business. With empowerment through partnership, **you can rest assured that you will be guided through the claim process.**

**In the end, you will be glad you made the call.**

***EXCELL CONSULTING: “HERE TODAY FOR YOUR TOMORROW.”***

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