Compensation Event Flow Chart

61.1 - Project Manager or Supervisor issues an instruction or changes a decision

Project Manager issues a compensation event notice with the instruction

61.1 - Unless the event arises from fault of the Contractor in which case the Prices and Completion Date are not changed

61.2 - Project Manager issues a proposed instruction or changed decision

61.3 - Contractor notifies a compensation event under clause 60.1 of an event that has happened or he expects to happen.

If the Contractor does not notify a compensation event within eight weeks of becoming aware of the event, he is not entitled to a change in the Prices, the Completion Date or a Key Date unless the Project Manager should have notified the event to the Contractor but did not.

61.4 Project Manager decides whether it is a compensation event or not.

Contractor instructed to submit a quotation (61.6 - If the PM decides that the effects of a CE are too uncertain he states assumptions in his instruction)

Yes: No

6.1 Automatic acceptance of a quotation – be careful.

Three weeks

62.1 - The Project Manager may instruct the Contractor to submit alternative quotations based upon different ways of dealing with the compensation event which are practicable. The Contractor submits the required quotations to the Project Manager and may submit quotations for other methods of dealing with the compensation event which he considers practicable.

62.3 The Contractor submits Quotation

Two Weeks

62.4 The Contractor provides additional information

62.5 The Project Manager extends the time allowed for

- the Contractor to submit quotations for a compensation event and
- the Project Manager to reply to a quotation

if the Project Manager and the Contractor agree to the extension before the submission or reply is due. The Project Manager notifies the extension that has been agreed to the Contractor.

62.6 Automatic acceptance of a quotation – be careful.

6.2.6 Automatic acceptance of a quotation – be careful.

Notification that the proposed instruction or a proposed changed decision will not be given

Acceptance of a quotation

Notification that the PM will be making his own assessment

Contractor puts the instruction or changed decision into effect.