

# **GLOSSARY**

## **Construction Management & Auditing Terms**

### **A**

**ABOVE-GRADE** – The portion of a building that is above ground level.

**ACTIVITY BASED COSTING (ABC)** – Cost planning system that represents how activities consume resources and how products or customers trigger activities. These linkages permit management to exact the value creation of each activity to the customer.

**ACCELERATION** – Owner's order to the contractor to complete the project sooner than the contract requirements. Acceleration can also be an order to finish on the original contract date if an extension of time beyond that date exists and if the extension is warranted.

**ACCRUAL METHOD** – The recognition of revenue and expenses when incurred. These are recorded at the end of an accounting period whether cash has not been received or paid.

**ACCUMULATED DEPRECIATION** – The total depreciation that has been collected to date for one asset account.

**ACTIVITY** – 1. A scheduling term; 2. The smallest work unit within a project; the basic building block of a project.

**ADA** – The Americans with Disabilities Act which gives civil rights protection to individuals with disabilities similar to those provided to individuals on the basis of race, color, sex, national origin, age, and religion. It guarantees equal opportunity for individuals with disabilities in public accommodations, employment, transportation, State and local government services, and telecommunications.

**ADDENDUM (ADDENDA)** – Written information adding to, clarifying or modifying the bidding documents. An addendum is generally issued by the owner to the contractor during the bidding process and as such, addenda are intended to become part of the contract documents when the construction contract is executed.

**ADM** – Acronym for Arrow Diagramming Method.

**ADR** – Acronym for Alternative Dispute Resolution.

**AD VALOREM TAX** – Tax levied on the value of property. The common form of ad valorem tax is that levied by states, counties and cities on real estate and personal property.

**AGENT** – One authorized by a client (principal) to act in his/her stead or behalf and owes the client a "fiduciary duty" (Trust). Example: Construction Manager for fee but classified as an independent contractor for tax purposes. A construction manager for fee does not have any financial responsibility whereas a construction manager at-risk does have financial risk similar to a general contractor.



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**AGGREGATE** – Crushed stone, slag or water-worn gravel that comes in a wide range of sizes that is used to surface built-up roofs.

**AGREEMENT** – An arrangement between the parties regarding a method of action.

**ALLOWANCES** – Separately stated sums for a portion of work not yet specifically defined by the project owner. Also refer to contingencies.

**ALLOCATION OF COSTS** – The partitioning of costs to specific periods of time. This allocation can include the assignment of assets to expense and liabilities to revenue. Examples are depreciation and the amortization of intangibles over a specified period of time.

**ALTERATIONS** – 1. A term used to describe partial construction work performed within an existing structure; 2. Remodeling without a building addition.

**ALTERNATE BID** – Amount stated in the bid to be added or deducted from the base bid amount proposed for alternate materials and/or methods of construction.

**ALTERNATIVE DISPUTE RESOLUTION (ADR)** – Method of resolving disputes outside of traditional litigation. ADR employs collaborative techniques and is generally very effective in mitigating the high costs of litigation.

**AMERICAN ARBITRATION ASSOCIATION** – Public service non-profit association offering a broad range of dispute resolution services to business executives, attorneys, individuals, trade associations, unions, management, consumers, families, communities and all levels of government.

**AMERICAN INSTITUTE OF ARCHITECTS (AIA)** – Primary governing body of professional architects, providing the standards for the industry. They offer contract templates and supplemental forms for virtually all commercial construction projects.

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (AICPA)** – Professional organization comprised of practicing Certified Public Accountants. Its objectives are to develop standards of practice for its members and provide technical assistance and advice to its membership and governmental agencies.

**APPLICATION FOR PAYMENT (AFP)** – Contractor's written request for payment for completed portions of the work, and for materials delivered or stored and properly labeled for the respective project. Also referred to as a Pay Application or invoice.

**ARBITRATION** – Process whereby mediator tries to assist two disputing parties in reaching a mutually agreeable solution.

**ARCHITECT** – One who designs and supervises the construction of buildings or other structures.

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**ARCHITECTS BASIC SERVICES** – A recognized series of phases performed by an architect as follows: 1<sup>st</sup> Schematic Design Phase, 2<sup>nd</sup> Design Development Phase, 3<sup>rd</sup> Construction Document Phase, 4<sup>th</sup> Bidding or Negotiated Phase, 5<sup>th</sup> Construction Phase.

**ARCHITECT-ENGINEER**– An individual or firm offering professional services as both architect and engineer.

**ARCHITECTURAL DRAWING** – A line drawing showing plan and/or elevation views of the proposed building for the purpose of showing the overall appearance of the building.

**ARROW DIAGRAMMING METHOD (ADM)** – Scheduling system based on critical path allowing management to develop and monitor a detailed plan for completing a project.

**AS-BUILT DRAWINGS (ALSO KNOWN AS RECORD DRAWINGS)** – Contract drawings marked up to reflect changes made during the construction process. It is good practice to make *As-Built drawings* by marking the changes on reproducible drawings such as sepias for the duplication purposes later.

**ASSOCIATION OF CERTIFIED FRAUD EXAMINERS (ACFE)** – Primary organization for anti-fraud professionals, including Certified Fraud Examiners.

**AUDITS** – Examination of records and procedures with the objective of formulating an opinion as to compliance to prescribed standards either external or internal to the company.

(a) Financial audits are conducted by an independent Certified Public Accountant with the intent of expressing an audit opinion as to whether information examined in its examination of the accounting records conform to Generally Accepted Accounting Principles (GAAP) and fairly represent the financial position of the company.

(b) Internal audits are performed by an internal auditor as a means to evaluate and monitor the company's procedures and operations to assure compliance with established policy, and to ensure that proper controls exist.

(c) Close-out audits are performed at the end of a project by construction auditing specialists to validate that the owner received the product they contracted for and did not overpay for it.

(d) Compliance audits are conducted to ascertain the company's compliance with specified roles and regulations. An example of a compliance audit is a safety audit conducted by OSHA.

(e) Continuous audits are performed throughout the lifecycle of a construction project by construction auditing specialists and are generally more effective than a close-out audit.

**AUDIT TRAIL** – A series of permanent records that tracks a transaction through each sequence of its history that can be used to verify the accuracy of financial statements by outside accountants or auditors.

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### **B**

**BACK CHARGES** – Charges for work performed, services provided or costs incurred by the one party to a contract (usually the general contractor) that should have been performed or incurred by another party to the contract (usually the subcontractor).

**BACK CHARGE LOG** – Log maintained by CM/GC tracking costs to charge back subcontractors, usually for damage caused to other's work while performing their own.

**BACKFILL** – (1) filling in any previously excavated area. (2) in carpentry, the process of fastening together two pieces of board by gluing blocks of wood in the interior angle.

**BACKFLOW** - The flow of liquids through irrigation into the pipes of a potable or drinking water supply from any source which is opposite to the intended direction of flow.

**BACK UP** – The process of storing data on a secondary medium, usually diskettes or magnetic tape, in order to minimize the difficulty of recovering from data loss. Data should be backed up frequently. Generally data files are backed up daily with a full system back up being performed once a week.

**BANKRUPTCY** – Action of discharging of debtor's obligations through a court order. Bankruptcy may be voluntarily declared or result involuntarily from action by the firm's creditors. Major federal law concerning bankruptcy is the Bankruptcy Reform Act of 1978. Chapter 7 provides for the liquidation through a court appointed trustee. Chapter 9 provides procedures for municipal bankruptcy, Chapter 11 provides for reorganization allowing the debtor to remain in possession of the business and in control of the operation. Chapter 13 pertains to personal bankruptcy.

**BEAM** – Structural support member (steel, concrete, lumber) that transfers weight from one location to another.

**BED OR BEDDING** - In glazing, the bead compound or sealant applied between a lite of glass or panel and the stationary stop or sight bar of the sash or frame. It is usually the first bead of compound or sealant to be applied when setting glass or panels.

**BELOW-GRADE** – The portion of a building that is below ground level.

**BENT GLASS** – Flat glass that has been shaped while hot into curved shapes.

**BENCHMARKING** – Management tool used to measure the company's performance against its strategic initiatives.

**BID** – 1. An offer or proposal of a price; 2. The amount offered or proposed. (See RFP) Formal offer prepared in accordance with the specifications of a project to perform all or a

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phase of work on a project for a specified sum of money. Properly completed bids will include terms and conditions of the offer and often list exclusions or alternates.

**BID BOND** – A written form of security executed by the bidder as principal and by a surety for the purpose of guaranteeing that the bidder will sign the contract, if awarded the contract, for the stated bid amount. A bond issued by a surety on behalf of the contractor that provides assurance to the recipient of the contractor's bid, that if the contractor's bid is accepted by the recipient, the contractor will execute a contract and further provide a performance bond.

**BID DATE/TIME** – The due date and time set by the owner, architect or engineer for receiving bids.

**BID FORM** – A standard written form furnished to all bidders for the purpose of obtaining the requested information and required signatures from the authorized bidding representatives.

**BID OPENING** – The actual process of opening and tabulating bids submitted within the prescribed bid date/time and conforming to the bid procedures. A Bid Opening can be open (where the bidders are permitted to attend) or closed (where the bidders are not permitted to attend). (See Bid Date/Time, Open Bid, Closed Bid)

**BID PRICE** – The stipulated sum stated in the bidder's bid.

**BID TABULATION** – A summary sheet listing all bid prices for the purpose of analyzing the bid results. Bid tabulations include the required items of the invitation to bid and usually include bid amount, completion time, addenda included, contract exclusions, bonding rate, etc. Often times, the apparent low bidder is not the low bidder. (see Bid Form)

**BID SHOPPER** – A buyer or client who seeks to play one proposed supplier or subcontractor against the other for the purpose of reducing a purchase price.

**BIDDING DOCUMENTS** – The published advertisement or written invitation to bid, instructions to bidders, the bid form and the proposed contract documents including any acknowledged addenda issued prior to receipt of bids.

**BIDDING PERIOD** – The calendar period allowed from issuance of bidding requirements and contract documents to the prescribed bid date/time. (see Bid Date/Time)

**BIDDING REQUIREMENTS** – The written minimum acceptable requirements set forth by the owner to the contractor during bidding process. The owner usually reserves the right to reject a bid if the Bidding Requirements are not met. (see Bidding Documents)

**BLUE PRINTS**- Architectural plans for a building or construction project, which are likely to include floor plans, footing and foundation plans, elevations, plot plans, and various schedules and or details.

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**BILLINGS IN EXCESS OF COSTS** – Amounts billed on contracts where billings exceed costs and estimated earnings. These amounts are accumulated and presented as a liability on the balance sheet.

**BOND** – (see Bid Bond; Contract Bond; Contract Payment Bond; Contract Performance Bond; Labor and Material Payment Bond; Performance Bond; Subcontractor Bond; surety)

**BONDING COMPANY** – A properly licensed firm or corporation willing to execute a surety bond, or bonds, payable to the owner, securing the performance on a contract either in whole or in part; or securing payment for labor and materials.

**BRACING** - Ties and rods used for supporting and strengthening various parts of a building used for lateral stability for columns and beams.

**BUDGET (CONSTRUCTION BUDGET)** – 1. An itemized summary of estimated or intended expenditures for a given period of time; 2. The total sum of money allocated for a specific project.

**BUDGETING** – Process of expressing the organizational goals in terms of specific financial and operating objectives.

**BUILDING** –1. To form by combining materials or parts; 2. A structure enclosed within a roof and within exterior walls housing, shelter, enclosure and support of individuals, animals, or real property of any kind.

**BUILDING CODE** – The legal requirements set up by the prevailing various governing agencies covering the minimum acceptable requirements for all types of construction. (See Codes)

**BUILDING INSPECTOR/OFFICIAL** – A qualified government representative authorized to inspect construction for compliance with applicable building codes, regulations and ordinances. Courts have ruled that building inspections are exempt from errors and omissions liabilities.

**BUILDING PERMIT** – A written document issued by the appropriate governmental authority permitting construction to begin on a specific project in accordance with drawings and specifications approved by the governmental authority.

**BUILDING PROCESS** – A term used to express every step of a construction project from its conception to final acceptance and occupancy.

**BUILDING SHELL (SOMETIMES REFERRED TO AS BUILDING ENVELOPE OR SKIN)** – 1. The waterproof elements of a building which enclose conditioned spaces through which thermal energy may be transferred to or from the exterior; 2. The outer structure of the building. (See Tenant and Leasehold improvements for building interiors)

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### **C**

**CA** – Acronym for the Contract Administration phase of the Architect’s duties; overseeing the actual project construction.

**CADD** – Acronym for Computer Aided Drafting and Design.

**CANOPY** – An overhanging roof.

**CANTILEVER** – A projecting beam or other structure supported only at one end.

**CIP (CAST IN PLACE)** – Concrete poured and formed on site, opposite of pre-cast concrete.

**CEMENT MIXTURES** – Rich - 1 part cement, 2 parts sand, 3 parts coarse aggregate. Used for concrete roads and waterproof structures. Standard - 1 part cement, 2 parts sand, 4 parts coarse aggregate. Used for reinforced work floors, roofs, columns, arches, tanks, sewers, conduits, etc. Medium - 1 part cement, 2 1/2 parts sand, 5 parts coarse aggregate. Used for foundations, walls, abutments, piers, etc. Lean - 1 part cement, 3 parts sand, 6 parts coarse aggregate. Used for all mass concrete work, large foundations, backing for stone masonry, etc. Mixtures are always listed Cement to Sand to Aggregate

**CEMENT TYPES** – Type I Normal - is general purpose cement suitable for practically all uses in residential construction but should not be used where it will be in contact with high sulfate soils or be subject to excessive temperatures during curing. Type II Moderate is used where precaution against moderate sulfate attack is important, as in drainage structures where sulfate concentrations in groundwater are higher than normal. Type III High Early Strength is used when high strengths are desired at very early periods, usually a week or less. It is used when it is desirable to remove forms as soon as possible or to put the concrete into service quickly. Type IV Low Heat is special cement for use where the amount and rate of heat generated during curing must be kept to a minimum. The development of strength is slow and is intended in large masses of concrete such as dams. Type V Sulfate Resisting is special cement intended for use only in construction exposed to severe sulfate action, such as western states having soils of high alkali content.

**CERTIFICATE OF OCCUPANCY (C of O)** – A document stating that a building is approved for occupancy. The building authority issues the Certificate of Occupancy.

**CHANGED CONDITIONS** – Materially different subsurface or work site condition than that which the contractor anticipated at the time the contract was entered into.

**CHANGE ORDER (CO)** – A written document between the owner and the contractor signed by the owner and the contractor authorizing a change in the work or an adjustment in the contract sum or the contract time. A change order may be signed by the architect or engineer, provided they have written authority from the owner for such procedure and that

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a copy of such written authority is furnished to the contractor upon request. The contract sum and the contract time may be changed only by change order. A change order may be in the form of additional compensation or time; or less compensation or time known as a Deduction (from the contract) the amount deducted from the contract sum by change order.

**CHANGE ORDER PROPOSAL (See Change Order)** – A change order proposal is the written document before it has been approved and effected by the Contractor and Owner. A change order proposal can be issued by either the contractor or the owner. The change order proposal becomes a change order only after it has been approved and affected by the Contractor and Owner.

**CHANGE ORDER REQUEST** – A written document issued by the owner requesting an adjustment to the contract sum or an extension of the contract time; generally issued by the architect or owners representative.

**CLAIM** – Contractors request for additional money or time to perform work that has been rejected by the owner or owner's agent. Claims arise when the contractor has suffered financial damage as result of owner-caused delays in design, specifications and unapproved change orders. Not every request for a contract modification should be considered a claim.

**CLOSED BID PROCESS** – Process of an owner soliciting bids from a selected list of bidders. Closed bids pertain almost always to the private sector.

**CODES (see Building Code)** – Prevailing regulations, ordinances or statutory requirements set forth by governmental agencies associated with building construction practices and owner occupancy, adopted and administered for the protection of public health, life safety and welfare.

**COMPARATIVE NEGLIGENCE** – Serves to reduce the plaintiff's recovery proportionally to his fault in the damage rather than to bar the recovery completely.

**COMPETITIVE BID CONTRACTS** – Contracts that are awarded to the lowest most responsible bidder and are the most frequent method used in contracting.

**COMPONENT** - Any one part of an assembly associated with construction.

**COMPUTER AIDED DESIGN AND DRAFTING (CADD)** – Computer systems commonly used in construction to improve designers' and drafters' productivity.

**CONSTRUCTION DOCUMENTS** – All drawings, specifications and addenda associated with a specific construction project.

**CONSTRUCT** – To assemble and combine construction materials and methods to make a structure.

**CONSTRUCTION** – The act or process of constructing.

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**CONSTRUCTION COST** – The direct contractor costs for labor, material, equipment, and services; contractors overhead and profit; and other direct construction costs. Construction cost does not include the compensation paid to the architect and engineer and consultants, the cost of the land, rights-of-way or other costs which are defined in the contract documents as being the responsibility of the owner. (see Soft Costs)

**CONSTRUCTION DOCUMENTS** – A term used to represent all drawings, specifications, addenda, and other pertinent construction information associated with the construction of a specific project.

**CONSTRUCTION DOCUMENTS PHASE** – The third phase of the architect's basic services wherein the architect prepares working drawings, specifications and bidding information. Depending on the architect's scope of services the architect may assist the owner in the preparation of bidding forms, the conditions of the contract and the form of agreement between the owner and contractor.

**CONSTRUCTION DOCUMENT REVIEW** – The owner's review of the borrower's construction documents (plans and specifications), list of materials, and cost breakdowns for the purpose of confirming that these documents and estimates are feasible and are in accordance with the proposed loan or project appraisal.

**CONSTRUCTION INSPECTOR** – (see Project Representative)

**CONSTRUCTION MANAGEMENT** – Organizing and directing men, materials, and equipment to accomplish the purpose of the designer.

**CONSTRUCTION MANAGEMENT CONTRACT** – A written agreement wherein responsibilities for coordination and accomplishment of overall project planning, design and construction are given to a construction management firm. The building team generally consists of the owner, contractor and designer or architect.

**CONSTRUCTION PHASE** – The fifth and final phase of the architect's basic services, which includes the architect's general administration of the construction contract(s).

**CONSULTANT** – One hired by the owner or client to give professional advice.

**CONTINGENCIES** – Separately stated sum for some part of work not specifically defined by the project owner. Contingencies may be either specific or general. Specific contingencies represent financial risks with known items that cannot be quantitatively estimated. General contingency is a reserve that recognizes the possibility of unknown items or non-quantifiable items having an unknown negative cost effect on a project.

**CONTRACT** – An agreement between two or more parties, especially one that is written and enforceable by law.

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**CONTRACT ADMINISTRATION** – The contractual duties and responsibilities of the architect and engineer during the construction phase of a specific project.

**CONTRACT BOND** – A written form of security from a surety company, on behalf of an acceptable prime or main contractor or subcontractor, guaranteeing complete execution of the contract and all supplemental agreements pertaining thereto and for the payment of all legal debts pertaining to the construction of the project.

**CONTRACT DATE** – (see date of agreement)

**CONTRACT DISPUTE ACT OF 1978** – Provides procedures and jurisdictional bases for appeal of the contracting officer's final decision in a standard government contract.

**CONTRACT DOCUMENTS** – A term used to represent all executed agreements between the owner and contractor; any general, supplementary or other contract conditions; the drawings and specifications; all addenda issued prior to execution of the contract; and any other items specifically stipulated as being included in the contract documents.

**CONTRACTING METHOD** – Manner in which the team of participants to the contract are assembled. Traditionally, the owner engages a design professional to solicit bids and negotiate contracts with the general contractor responsible for constructing the project. The general contractor engages the subcontractor for specific portions of the work. Other contracting methods used are Construction Management (CM), Design Build and Turnkey.

**CONTRACTING OFFICER** – An official representative of the owner with specific authority to act in his behalf in connection with a specific project.

**CONTRACTOR** – A properly licensed individual or company that agrees to furnish labor, materials, equipment and associated services to perform the work as specified for a specified price.

**CONTRACTOR'S OPTION** – A written provision in the contract documents giving the contractor the option of selecting certain specified materials, methods or systems without changing in the contract sum.

**CONTRACTOR'S QUALIFICATION STATEMENT** – A written statement of the Contractor's experience and qualifications submitted to the Owner during the contractor selection process. The American Institute of Architects publishes a standard Contractor's Qualification Statement form for this purpose.

**CONTRACT OVER-RUN (UNDER-RUN)** – The difference between the original contract price and the final completed cost including all adjustments by approved change order.

**CONTRACT PAYMENT BOND** – A written form of security from a surety company to the owner, on behalf of an acceptable prime or main contractor or subcontractor, guaranteeing

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payment to all persons providing labor, materials, equipment, or services in accordance with the contract.

**CONTRACT PERFORMANCE BOND** – A written form of security from a surety company to the owner, on behalf of an acceptable prime or main contractor or subcontractor, guaranteeing the completion of the work in accordance with the terms of the contract.

**CONTRACT P & P BOND** – Combination of Payment and Performance Bonds.

**CONTRACT PERIOD** – The elapsed number of working days or calendar days from the specified date of commencing work to the specified date of completion, as specified in the contract.

**CONTRACT SUM** – The total agreeable amount payable by the owner to the contractor for the performance of the work under the contract documents.

**CONTRACT TIME** – The time period set forth established in the contract documents for completing a specific project; usually stated in working days or calendar days. The contract time can only be adjusted by valid time extensions through change order.

**CONTRACTUAL LIABILITY** – The liability assumed by a party under a contract.

**COOLING TOWER** - A large device mounted on roofs, consisting of many baffles over which water is pumped in order to reduce its temperature.

**COST** – Price paid to acquire, produce or maintain goods and services. Construction project costs are typically broken down into labor, benefits, materials, subcontract, equipment, rentals and overhead.

**COST ACCOUNTING** – System of recording job costs and performing services in aggregate and detail. Cost accounting systems include job order, process, standard and direct costing.

**COST ACCOUNTING STANDARDS BOARD (CASB)** – Body established by Congress to promote consistency in cost accounting practices and to aid in the fair and accurate reporting of costs of government contracts.

**COST ALLOCATION** – Identification of costs with cost objectives. Generally, there are three basic elements to the allocation of costs:

- (a) choosing the object of costing;
- (b) accumulating the costs that relate to the object of costing; and
- (c) selecting the method of identifying the accumulation of costs.

**COST BREAKDOWN** – (see Schedule of Values)

**COST CODES** – A numbering system given to specific kinds of work for the purpose of organizing the cost control process of a specific project.

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**COST CONTROL** – Procedures taken by management to assure that cost objectives established in the planning phase are attained and in manner consistent with its policies.

**COST OF WORK** – All costs incurred by the contractor in the proper performance of the work required by the plans and specifications for a specific project.

**COST PLUS CONTRACT** – (see Cost Plus Fee Agreement)

**COST PLUS FEE AGREEMENT (COST-PLUS)** – A written agreement with the owner under which the contractor or the architect and engineer is reimbursed for his/her direct and indirect costs and, in addition, is paid a fee for his services. The fee is usually stated as a stipulated sum or as a percentage of cost.

**COST PLUS-AWARD FEE** – Contract where the contractor's fee is comprised of a two parts, fixed and variable. The variable portion of the award is based on the specific performance of the contractor. For example, timeliness or cost effectiveness.

**COST PLUS-FIXED FEE** – Contract that reimburses the contractor for the costs incurred to complete a contract plus a predetermined fixed fee. The fee is generally expressed as a fixed flat dollar amount or a percentage.

**COST PLUS-TIME AND MATERIAL** – Contract based on the actual time and materials used to complete the project.

**CRITICAL PATH METHOD (CPM)** – Problem solving technique that uses single time estimate for each step rather than three-time estimate. CPM is used to define the critical path for a project.

**CRITICAL PATH** – The set of activities that must be completed on time for the project completion date to be met. Activities on the critical path have no slack time.

**CRITICAL PATH METHOD (CPM)** – A planning scheduling and control line and symbol diagram drawn to show the respective tasks and activities involved in constructing a specific project.

**CSI** – Construction Specification Institute

**CSI MASTER FORMAT** – The CSI Master Format is a system of numbers and titles for organizing construction information into a regular, standard order or sequence. By establishing a master list of titles and numbers Master Format promotes standardization and thereby facilitates the retrieval of information and improves construction communication. It provides a uniform system for organizing information in project manuals, for organizing project cost data, and for filing product information and other technical data.

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**CURRENT DATE LINE** - A vertical line on the chart indicating the current date.

**CURTAIN WALL** – A thin wall, supported by the structural steel or concrete frame of the building independent of the wall below. Also a metal (most often aluminum) framing system on the face of a building containing vision glass panels and spandrel panels made of glass, aluminum, or other material.

## **D**

**DAILY CONSTRUCTION REPORT (SUPERINTENDENT'S REPORT)** – A written document and record that has two main purposes:

1. they furnish information to off-site persons who need and have a right to know important details of events as they occur daily and hourly, and
2. they furnish historical documentation that might later have a legal bearing in cases of disputes.

Daily reports should be as factual and impersonal as possible, free from the expression of personal opinions and feelings. Each report should be numbered to correspond with the working days established on the progress schedule. In the event of no-work days, a daily report should still be made, stating "no work today" (due to rain, strike, or other causes). The report includes a description of the weather; a record of the total number of employees, subcontractors by name, work started and completed today, equipment on the job site, job progress today, names and titles of visitors, accidents and/or safety meetings, and a remarks column for other job related information.

**DAMPER** - Valve for controlling airflow. When ordering registers, make sure each supply outlet has a damper so the air flow can be adjusted and turned off. Dampers maybe either manually or automatically operated. Automatic dampers are required for exhaust air ducts.

**DAMPPROOFING** - A process used on concrete, masonry or stone surfaces to repel water, the main purpose of which is to prevent the coated surface from absorbing rain water while still permitting moisture vapor to escape from the structure. (Moisture vapor readily penetrates coatings of this type.) "Dampproofing" generally applies to surfaces above grade; "waterproofing" generally applies to surfaces below grade.

**DATE OF AGREEMENT** –

1. Usually on the front page of the agreement
2. If not on front page it may be the date opposite the signatures when the agreement was actually signed
3. or when it was recorded
4. or the date the agreement was actually awarded to the contractor.

**DATE OF COMMENCEMENT OF THE WORK** – The date established in a written notice to proceed from the owner to the contractor.

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**DATE OF SUBSTANTIAL COMPLETION** – The date certified by the architect when the work or a designated portion thereof is sufficiently complete, in accordance with the contract documents, so the owner may occupy the work or designated portion thereof for the use for which it is intended.

**DECK** - An elevated platform. "Deck" is also commonly used to refer to the above-ground floors in multi-level parking garage.

**DEPRECIATION** – Systematic distribution of original cost over the estimated life of a fixed asset.

**DESIGN** – A graphical representation consisting of plan views, interior and exterior elevations, sections, and other drawings and details to depict the goal or purpose for a building or other structure.

**DESIGN-BUILD CONTRACT OR CONSTRUCTION** – When a Prime or Main contractor bids or negotiates to provide Design and Construction services for the entire construction project.

**DESIGN-CONSTRUCT CONTRACT** – A written agreement between and contractor and owner wherein the contractor agrees to provide both design and construction services.

**DESIGN-DEVELOPMENT PHASE** – The second phase of the architect's basic services wherein the architect prepares drawings and other presentation documents to fix and describe the size and character of the entire project as to architectural, structural, mechanical and electrical systems, materials and other essentials as may be appropriate; and prepares a statement of probable construction cost.

**DIRECT COST (OR EXPENSE)** – All items of expense directly incurred by or attributable to a specific project, assignment or task. Direct Costs, Hard Costs, and Construction Costs are synonymous. (see Construction Costs and Hard Costs)

**DISPUTES CLAUSE** – Allows for the architect to act as the initial judge of disputes arising from a claim on a construction project within a specified period of time, generally ten days. Under a standard government contract, it is usually the contracting officer who makes the initial decision.

**DOUBLE-GLAZING** – In general, any use of two lites of glass, separated by an air space, within an opening, to improve insulation against heat transfer and/or sound transmission. In insulating glass units the air between the glass sheets is thoroughly dried and the space is sealed, eliminating possible condensation and providing superior insulating properties.

**DRAWINGS** – A term used to represent that portion of the contract documents that graphically illustrates the design, location and dimensions of the components and elements contained in a specific project.

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**DRY IN** - To make a building waterproof.

**DURATION** – The length of an activity, excluding holidays and other non-working days.

### **E**

**ELEVATION** - A side of a building

**ENGINEER** – (see Professional Engineer)

**ESTIMATED COST TO COMPLETE** – The estimated cost of materials, labor & benefits, equipment, subcontract and other expenses necessary to complete a project within the required amount of time.

**ESTIMATE OF CONSTRUCTION COST, DETAILED** – A calculation of costs prepared on the basis of a detailed analysis of materials and labor for all items of work, as contrasted with an estimate based on current area, volume or similar unit costs.

**ESTIMATING** – A process of calculating the amount of material, labor and equipment required for a given project necessary to complete the work as specified.

**EXCAVATE** - Dig the basement and or all areas that will need footings/foundations below ground

**EXCUSABLE DELAYS** – Delays experienced on a construction project that are not the fault of the delaying party.

**EXPANSION JOINT** – A device used to permit a structure to expand or contract without breakage.

**EXTERIOR GLAZED** – Glazing infill's set from the exterior of the building.

**EXTRAS** – Additional work not included in the original scope. This work is invoiced separately and not included as part of the original contract.

### **F**

**FACADE** - The front of a building. Frequently, in architectural terms an artificial or decorative effort.

**FACILITY OR SITE ANALYSIS** – A visual inspection of a building and on-site improvements for functional or physical deterioration; prepare optional **Replacement Cost Estimate** for making recommendations to improve functional and physical deficiencies to increase market value; AND/OR prepare a **Reserve Study** over five (5) years to increase Net Operating Income (NOI) for the facility.(See Site Analysis)

# **GLOSSARY**

## **Construction Management & Auditing Terms**

**FAIR MARKET VALUE** – Amount that could be received on the sale of an asset when willing and financially capable buyers and sellers exist.

**FAST TRACK CONSTRUCTION (FAST TRACKING)** – A method of construction management which involves a continuous design-construction operation. When a prime or main contractor starts the construction work BEFORE the plans and specifications are complete. Generally increases Owner's cost risk. (See Design-Build Construction)

**FEDERAL ACQUISITION REGULATIONS (FARS)** – Regulations governing US Federal and District of Columbia construction projects.

**FF&E** –

1. An abbreviation for furniture, fixtures and equipment
2. Items classified as personal property rather than real property
3. An abbreviation generally associated with interior design and planning of retail stores or office facilities.

**FFP CONTRACT** – Acronym for Fixed Firm Price Contract.

**FIELD ORDER** – A written order effecting a minor change or clarification in the work not involving an adjustment to the contract sum or an extension of the contract time.

**FIELD REPORT** – (see Daily Construction Report)

**FIELD WORK ORDER** – A written request to a subcontractor or vendor, usually from the general or main contractor, site for services or materials.

**FINAL ACCEPTANCE** – The action of the owner accepting the work from the contractor when the owner deems the work completed in accordance with the contract requirements. Final acceptance is confirmed by the owner when making the final payment to the contractor.

**FINAL INSPECTION** – A final site review of the project by the contractor, owner or owner's authorized representative prior to issuing the final certificate for payment.

**FINAL PAYMENT** – The last payment from the owner to the contractor of the entire unpaid balance of the contract sum as adjusted by any approved change orders. (see Final Acceptance)

**FINISH** – In hardware, metal fastenings on cabinets which are usually exposed such as hinges and locks.

**FINISH CARPENTRY** - The hanging of all interior doors, installation of door molding, base molding, chair rail, built in shelves, etc.

# **GLOSSARY**

## **Construction Management & Auditing Terms**

**FINISH DATE** – The date that an activity or project is completed.

**FINISH GRADE** - Any surface which has been cut to or built to the elevation indicated for that point. Surface elevation of ground, parking lot or other improved surfaces after completion of grading operations.

**FIRE-RATED** – Descriptive of materials that has been tested for use in fire walls.

**FIRE WALL** - Any wall built for the purpose of restricting or preventing the spread of fire in a building. Such walls of solid masonry or concrete generally sub-divide a building from the foundations to two or more feet above the plane of the roof.

**FIT-OUT OR FIT-UP** – Construction of or the renovation of the interior of a building, as opposed to the outer SHELL.

**FIXED FEE** – A set contract amount for all labor, materials, equipment and services; and contractor’s overhead and profit for all work being performed for a specific scope of work.

**FIXED LIMIT OF CONSTRUCTION COSTS** – A construction cost ceiling agreed to between the owner and architect or engineer for designing a specific project. (See Budget)

**FIXED PRICE CONTRACT** – Contract for providing all or a portion of work on a construction project stated in single price. Also, referred to as Lump Sum Contract.

**FLOAT** – Funds in the process of collection measured in days. Float can be defined in the areas of both collection and disbursement. The different types of float are:

- (1) mail processing float - from sender to payee or payee's agent;
- (2) internal processing float - from time of receipt to actually getting into the clearing process; and
- (3) check collection float (availability) - to convert from ledger to collected funds.

**FLOOR PLAN** - The basic layout of building or addition, which includes placement of walls, windows and doors as well as dimensions.

**FOOTINGS** - Wide pours of cement reinforced with re-bar (reinforcing bar) that support foundation walls, pillars, or posts. Footings are part of the foundation and are often poured before the foundation walls.

**FOOT PRINT** – The actual area of ground the project uses, i.e. the “Building Footprint”. See Floor Plan.

**FOREIGN CORRUPT PRACTICES ACT** – Legislation enacted to provide penalties for certain corrupt practices. For example, bribes to foreign officials.

**FRAUD** – Intentional action/misrepresentation by an individual or entity to cheat another causing damage.

# **GLOSSARY**

## **Construction Management & Auditing Terms**

**FRONT-END LOADING** – Process of accelerating progress billings relative to costs incurred by assigning a higher value to the early stages of the contract with the intent of generating increased cash receipts during those stages and not as earned throughout the project.

**FULLY TEMPERED GLASS** – Flat or bent glass that has been heat-treated to a high surface and/or edge compression to meet the requirements of ASTM C 1048, kind FT. Fully tempered glass, if broken, will fracture into many small pieces (dice) which are more or less cubical. Fully tempered glass is approximately four times stronger than annealed glass of the same thickness when exposed to uniform static pressure loads.

### **G**

**GANTT CHART** – The schedule of activities for a project. A Gantt Chart shows start and finish dates, critical and non-critical activities, slack time, and predecessor relationships.

**GAUGE** - The thickness of sheet metal and wire, etc.

#### **GENERAL CONDITIONS (GCs)-**

1. A written portion of the contract documents set forth by the owner stipulating the contractor's minimum acceptable performance requirements including the rights, responsibilities and relationships of the parties involved in the performance of the contract. General conditions are usually included in the book of specifications but are sometimes found in the architectural drawings.
2. Contractor Overhead Costs such as staff salaries, trailers, safety, computers, etc.

**GENERAL CONTRACTOR** – Properly licensed individual or company having primary (prime) responsibility for the work.

**GENERAL CONTRACTING (THE TRADITIONAL METHOD)** – When a prime or main contractor bids the entire work AFTER the final design, plans and specifications are complete and have been approved by the owner. (see Design-Build Construction and Fast Track Construction)

**GENERAL REQUIREMENTS (GRs)** – Usually combined with General Condition costs of a project for a contractor but may be separated out. May also be called Direct Costs to include staff costs performing security, fire watch, traffic control, setting up barricades, etc.

**GUARANTEED MAXIMUM PRICE (GMP)** – Upside limit of contracted cost for project; usually attached to a Cost Plus a Fee agreement.

### **H**

**HARD COSTS** – (see Construction Costs and Direct Costs)

# **GLOSSARY**

## **Construction Management & Auditing Terms**

**HARDWARE** - Metal accessories such as door knobs, towel bars, toilet paper holders, etc.

**HAZARD INSURANCE** - Insurance for a building while it is under construction.

**HVAC** - Heating Ventilation and Air Conditioning.

### **I**

#### **IMPROVEMENTS** –

1. A term sometimes used to describe TI'S or Tenant Improvements.
2. Improvements can be in the form of new construction or remodel work. (see TI'S)

**INCENTIVES** – Clauses in construction contracts that penalize or reward contractors based on their performance.

**INDEPENDENT CONTRACTOR** – One free from the influence, guidance, or control of another or others and does not owe a "fiduciary duty". Example: architect, engineer, prime or main contractor, construction manager at-risk.

**INDEMNIFICATION CLAUSE** – Provision in a contract in which one party agrees to be financially responsible for specified types of damages, claims, or losses.

**INDEPENDENT AUDITOR** – Certified Public Accountant (CPA) in public practice examining financial statements or an independent auditing consultant who performs *continuous* or *close-out* project audit for Owner.

**INDIRECT COST (OR EXPENSE)** – A contractor's or consultant's overhead expense; expenses indirectly incurred and not chargeable to a specific project or task. The terms Indirect costs and soft costs are synonymous . (see Soft Costs)

**INDUSTRIAL DEVELOPMENT BOND (IDB)** – Debt issued by a municipality to finance the construction or improvement of private business.

**INSPECTION** – An official examination or review of the work completed or in progress to determine its compliance with contract requirements.

**INSPECTION FOR DISBURSEMENT OF FUNDS** – An independent vehicle for the disbursement and accounting of construction funds allowing construction obligations to be paid (progress payments) when work is completed, inspected and approved. Job Costs are reviewed prior to making disbursements to establish that the actual construction payments are within the confines of the original estimate confines or schedule of construction values.

**INSPECTION LIST (PUNCH LIST)** – A list prepared by the owner or his/her authorized representative of items of work requiring immediate corrective or completion action by the contractor.

## **GLOSSARY**

### **Construction Management & Auditing Terms**

**INSPECTION REPORT** – Sometimes used to describe an *Inspection List*.

**INSPECTOR** – One who is appointed or employed to inspect something.

**INSTITUTE OF INTERNAL AUDITORS (IIA)** – Governing body of professional internal auditors.

**INSURANCE** – Contractual agreement referred to as a policy, whereby one party, for an agreed premium will provide insurance or pay the insured a specific sum of money upon meeting conditions within the insurance contract.

**INTERIOR FINISH** – A term used to represent the visible elements, materials and applications applied to a building's interior excluding furniture, fixtures and equipment. (see FF&E)

**INVOICE** – A list sent to a purchaser containing the items and charges of merchandise. (see Statement)

## **J**

**JOB DETAIL** – The lowest level of an estimate or job, to which costs can be posted. Details are used to record specific labor, material, equipment, subcontractor, overhead and miscellaneous costs necessary to complete a phase or activity within an estimate or job.

**JOB NUMBER** – An alphanumeric name used to identify a job.

**JOINT VENTURE** – When two or more business entities or persons join together to undertake a specific business venture.

## **L**

**LABOR AND MATERIAL PAYMENT BOND** – A written form of security from a surety (bonding) company to the owner, on behalf of an acceptable prime or main contractor or subcontractor, guaranteeing payment to the owner in the event the contractor fails to pay for all labor, materials, equipment, or services in accordance with the contract. (see Performance Bond and Surety Bond)

**LAMINATED GLASS** – Two or more lites of glass permanently bonded together with one or more inter-layers.

**LEASEHOLD IMPROVEMENTS** – A term used to mean *Tenant Improvements*. Generally, this term is used when building in retail stores as contrasted with the term *Tenant Improvements* which are generally associated with office buildings. The terms are often used interchangeably. (see TI'S)

# **GLOSSARY**

## **Construction Management & Auditing Terms**

**LETTER OF INTENT** – Letter expressing the intention of entering into a formal agreement and generally contains the terms and conditions of such agreement.

**LIEN, MECHANIC'S OR MATERIAL** – The right to take and hold or sell an owner's property to satisfy unpaid debts to a qualified contractor for labor, materials, equipment or services to improve the property. (see Preliminary Lien Notice)

**LIEN RELEASE** – A written document from the contractor to the owner that releases the Lien, Mechanic's or Material following its satisfaction.

**LIEN WAIVER** –

1. A written document from a contractor, subcontractor, material supplier or other construction professional(s), having lien rights against an owner's property, relinquishes all or part of those rights.
2. Lien waivers are generally used for processing progress payments to prime or main or subcontractors as follows: Conditional Lien Waiver, Unconditional Lien Waiver, and Final Lien Waiver.

**LIQUIDATED DAMAGES** – A contract clause that obligates the contractor to pay damages, generally specified in daily amounts, to the owner, as compensation for damages suffered by the owner for the contractor's failure to complete work within a stated period of time.

**LUMP SUM AGREEMENT** – (See Stipulated Sum Agreement)

**LUMP SUM BID** – A single entry amount to cover all labor, equipment, materials, services, and overhead and profit for completing the construction of a variety of unspecified items of work without the benefit of a cost breakdown.

**LUMP SUM CONTRACT** – A written contract between the owner and contractor wherein the owner agrees to pay the contractor a specified sum of money for completing a scope of work consisting of a variety of unspecified items or work.

## **M**

**MANAGEMENT INFORMATION SYSTEMS (MIS)** – Manual or computer system that transforms data into useful information in support of planning, control and decision making.

**MEDIATION** – Act or process, upon consent or invitation to resolve and settle a dispute between two or more parties.

**MEETING ATTENDANCE FORM** – A form consisting of three columns (individuals name, individuals title, and company the individual represents). This form is given to all persons

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attending any meeting. Each person attending the meeting will complete their respective information. The date of the meeting should be included for reference.

**MEETING NOTES** – A written report consisting of a project number, project name, meeting date and time, meeting place, meeting subject, a list of persons attending, and a list of actions taken and/or discussed during the meeting. Generally, this report is distributed to all persons attending the meeting and any other person having an interest in the meeting.

**MILESTONE** – An activity with a duration of zero (0) and by which progress of the project is measured. A milestone is an informational marker only; it does not affect scheduling.

**MODIFIED ACCELERATED COST RECOVERY SYSTEM (MACRS)** – Accelerated depreciation method permitted by tax code.

**MOCK-UP** – A full-size model of a part of the construction project to test materials and/or view lay-out, i.e. a hospital room, building wall, curtainwall, etc.

**MORTAR TYPES** - Type M is suitable for general use and is recommended specifically for masonry below grade and in contact with earth, such as foundations, retaining walls and walks. Type M is the strongest type. Type S is suitable for general use and is recommended where high resistance to lateral forces is required. Type N is suitable for general use in exposed masonry above grade and is recommended specifically for exterior walls subject to severe exposures. Type O is recommended for load-bearing walls of solid units where the compressive stresses do not exceed 100 lbs. per square inch and the masonry wall not be subjected to freezing and thawing in the presence of excessive moisture.

## **N**

**NATIONAL ASSOCIATION OF CONSTRUCTION AUDITORS (NACA)** – Primary association dedicated to controlling construction projects. Awards the Certified Construction Auditor (CCA) and Construction Control Professional (CCP) designations.

**NEGLIGENCE** – Failure to perform appropriately or care, whereby, such failure results in injury or damage to another.

**NEGOTIATED CONTRACT** – Contract agreed to through meetings between buyer and seller. For example. owner and general contractor or general contractor and subcontractor.

## **O**

**OPEN BID/ESTIMATE** – A service offered by [constructionplace.com](http://constructionplace.com) where any bidder or estimator is given access to project specific RFP (Request for Proposal) information. This option is for those seeking bids/estimates from any interested professionals or service with out prequalifying them. For security and easy access, the project poster receives an e-mail showing the links to View the RFP Details and View any Bids as they are received. This gives

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the RFP poster the ability to file and track the respective RFP's using their e-mail filing system. The solicitation of bids by the owner usually by advertisement for all qualified contractors to participate. The open bid process is typical for public sector work and, with few exceptions; the contract is awarded to the lowest bidder.

**OUTPUT METHOD** – System of measuring the performance of a contract in terms of specific units of production or achieved result.

**OVERHEAD COSTS** – The total of all costs of a project less direct costs, sometimes referred to as **general conditions**. Contractors costs to run the project.

**OWNER** – An individual or corporation that owns a real property, usually the one contracting to for a capital project to be completed.

**OWNER-ARCHITECT AGREEMENT** – A written form of contract between architect and client for professional architectural services.

**OWNER-BUILDER** – A term used to describe an *Owner* who takes on the responsibilities of the general contractor to build a specific project.

**OWNER-CONSTRUCTION AGREEMENT** – Contract between owner and contractor for a construction project.

**OWNER-CONSTRUCTION MANAGEMENT AGREEMENT** – Contract between construction manager and client for professional services.

**OWNER REPRESENTATIVE (OR)** – Professional designated by the owner to act on their behalf during the project.

## **P**

**PARAPET WALL** - A low wall around the perimeter of a roof deck.

**PARKING STRIP** - The area in front of a building between the sidewalk and the street usually landscaped with grass. The parking strip serves as a buffer between the road and pedestrians walking on the sidewalk.

**PAVER STONES** - Usually pre-cast concrete slabs used to create a traffic surface.

**PAYMENT BOND** – A bond executed by the contractor that guarantees payment to suppliers of labor, materials and supplies to a construction project upon the contractors failure to make payment for services rendered.

**PAYABLE THROUGH DRAFT (PTDs)** – A promise to pay, which is issued by a corporation or issuer of the draft. PTDs differ from checks in that they are drawn on the issuing

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company, not the bank itself. The bank acts as the collection mechanism. The main benefit to the issuing company is that 24 hours is provided in which to refuse payment of the draft from the time it is received by the bank. PTDs are used mostly to provide disbursement control to many field personnel (e.g., construction site personnel if they have the authority to write checks) or in place of payroll checks issued to field employees.

**PENALTY CLAUSE** – Provision in a construction contract that reduces the amount payable to a contractor for its failure to meet project targets, schedules or specifications.

**PENTHOUSE** - A relatively small structure built above the plane of the roof.

**PERCENTAGE OF COMPLETION** – Method of recognizing income as it is earned over the construction period and/or progress on a long-term construction contract.

**PERFORMANCE BOND** –

1. A written form of security from a surety (bonding) company to the owner, on behalf of an acceptable prime or main contractor or subcontractor, guaranteeing payment to the owner in the event the contractor fails to perform all labor, materials, equipment, or services in accordance with the contract.
2. The surety companies generally reserve the right to have the original prime or main or subcontractor remedy any claims before paying on the bond or hiring other contractors. (see Labor and Material Payment Bond and Surety Bond)

**PERFORMANCE SPECIFICATIONS** – The written material containing the minimum acceptable standards and actions, as may be necessary to complete a project. Including the minimum acceptable quality standards and aesthetic values expected upon completion of the project.

**PERT** – An abbreviation for Program Evaluating and Review Technique. (see Activity; Critical Path Method)

**PERT SCHEDULE** – A diagram that illustrates, charts and reports a projects estimated start and completion times; and work in progress.

**PHASE** – A logical group of related tasks that completes a major step in a project.

**PLAN** –

1. A line drawing (by floor) representing the horizontal geometrical section of the walls of a building. The section (a horizontal plane) is taken at an elevation to include the relative positions of the walls, partitions, windows, doors, chimneys, columns, pilasters, etc.
2. A plan can be thought of as cutting a horizontal section through a building at an eye level elevation.

**PLAN CHECKER** – A term sometimes used to describe a building department official who examines the building permit documents.

## **GLOSSARY**

### ***Construction Management & Auditing Terms***

**PLANNER** – A person who forms a scheme or method for doing something; an arrangement of means or steps for the attainment of some object; a scheme, method, design; a mode of action.

**PLANS** – A term used to represent all drawings including sections and details; and any supplemental drawings for complete execution of a specific project.

**PLAT** - A map of a geographical area as recorded by the county.

**PLATFORM FRAMING/PLATFORM CONSTRUCTION** - The process of constructing a building in one or more consecutively installed platforms. (Usually one story constitutes a platform.)

**POST & BEAM CONSTRUCTION** - Most common type of wall framing, using posts which carry horizontal beams on which joists are supported. It allows for fewer bearing partitions, & less material.

**PRE-CONSTRUCTION PLANNING AND TEAM BUILDING** – A process used for the purpose of establishing below market dollar budget(s), overall project scheduling and design criteria; also identification and selection of the most feasible planning, design and construction team.

**PRECAST** - Concrete building components which are formed and cured at a factory and then transported to a work site for erection.

#### **PRELIMINARY DRAWINGS –**

1. The drawings that precede the final approved drawings.
2. Usually these drawings are stamped or titled "PRELIMINARY"; and the "PRELIMINARY" is removed from the drawings upon being reviewed and approved by the owner.

**PRELIMINARY LIEN NOTICE** – A written notice given to the property owner of a specific project by the subcontractors and any person or company furnishing services, equipment or materials to that project. The notice states if bills are not paid in full for the labor, services, equipment, or materials furnished or to be furnished, a mechanic's lien leading to the loss, through court foreclosure proceedings, of all or part of the property being so improved may be placed against the property even through the owner has paid the prime contractor in full. The notice explains how the owner can protect himself against this consequence by 1. requiring the prime contractor to furnish a signed release by the person or firm thus giving the owner notice before making payment to the prime contractor or 2. any other method or device which is appropriate under the circumstances.

**PRE-QUALIFICATION OF PROSPECTIVE BIDDERS** – A screening process wherein the owner or his/her appointed representative gathers background information from a contractor or construction professional for selection purposes. Qualifying considerations include competence, integrity, dependability, responsiveness, bonding rate, bonding capacity, work on hand, similar project experience, and other specific owner requirements.

# **GLOSSARY**

## ***Construction Management & Auditing Terms***

**PRIME CONTRACT** – A written contract directly between a prime or main contractor and subcontractor for work on a specific project.

**PRIME CONTRACTOR** – Any contractor having a contract directly with the owner. Usually the main (general) contractor for a specific project.

**PRINCIPAL** – The leading participant(s) of a professional practice.

**PROGRAM** – An ordered list of events to take place or procedures to be followed for a specific project.

**PROGRESS PAYMENT** – A payment from the owner to the contractor determined by calculating the difference between the completed work and materials stored and a predetermined schedule of values or unit costs. (see Schedule of values; Unit Costs).

**PROGRESS SCHEDULE** – A line diagram showing proposed and actual starting and completion times the respective project activities. (see Activity)

**PROJECT** – A word used to represent the overall scope of work being performed to complete a specific construction job.

**PROJECT COST** – All costs for a specific project including costs for land, professionals, construction, furnishings, fixtures, equipment, financing and any other project related costs.

**PROJECT DIRECTORY** – A written list of all parties connected with a specific project. The list usually includes a classification or description of the party (i.e., Owner, Architect, Attorney, General Contractor, Civil Engineer, Structural Engineer, etc.); name, address, telephone and FAX numbers opposite their respective classifications or description. It is particularly important that the emergency or after hour telephone numbers are included. These numbers should be kept confidential if requested by the respective parties.

**PROJECT MANAGER (PROJECT MANAGEMENT)** – A qualified individual or firm authorized by the owner to be responsible for coordinating time, equipment, money, tasks and people for all or specified portions of a specific project. (see Construction Manager)

**PROJECT MANUAL** – A organized book setting forth the bidding requirements, conditions of the contract and the technical work specifications for a specific project. (see Specifications)

**PROJECT REPRESENTATIVE** – A qualified individual authorized by the owner to assist in the administration of a specific construction contract. (see Owner Representative)

**PROJECT SITE** – (see Site)

## **GLOSSARY**

### ***Construction Management & Auditing Terms***

**PROPERTY INSPECTIONS AND REPORTS** – A limited visual inspection to identify the general features and major deficiencies of the property. Any area not exposed to view, is concealed, or is inaccessible is not included in this inspection.

**PROPOSAL** – A written offer from a bidder to the owner, preferably on a prescribed proposal form, to perform the work and to furnish all labor, materials, equipment and/or services for the prices and terms quoted by the bidder. (see Bid)

**PROPOSAL FORM** – (see Bid Form)

**PURCHASE ORDER** – A written document from a buyer to a seller to purchase materials, services, equipment or supplies with acceptable purchase terms indicated.

**PUNCH LIST** – (see Inspection List)

## **Q**

**QUALIFIED** – An individual or firm with a recognized degree, certificate, or professional standing; or who by extensive knowledge, training and experience, has successfully demonstrated his/her abilities to identify and solve or resolve problems associated with a specific subject matter or project type.

## **R**

**RECORD DRAWINGS** – (see As-Built Drawings)

**REINFORCED CONCRETE** - A combination of steel and concrete using the best properties of each. The steel consists of rebar or reinforcing bars varying from 3/8 " to 2 1/4 "in diameter and is placed before concrete is poured.

**REINFORCED MASONRY** - Masonry units, reinforcing steel, grout and/or mortar combined to act together to strengthen the masonry structure.

**REIT (REAL ESTATE INVESTMENT TRUST)** – Company that manages a real estate portfolio for shareholders.

**RELEASE OF LIEN** – A written action properly executed by an individual or firm supplying labor, materials or professional services on a project which releases his mechanic's lien against the project property. (see Mechanic's Lien)

**REIMBURSABLE EXPENSES (OR COSTS)** – Amounts expended for or on account of the project which, in accordance with the terms of the appropriate agreement, are to be reimbursed by the owner.

## **GLOSSARY**

### ***Construction Management & Auditing Terms***

**REPLACEMENT COST ESTIMATE** – A cost of constructing a building or structure that would have similar utility, but constructed with modern materials, current building standards, design and layout less depreciation. A land value and cost of on-site improvements can be added if desired.

**RESIDENT ARCHITECT** – An architect permanently assigned at a job site who supervises the construction work for the purpose of protecting the owner's interests during construction.

**RESIDENT ENGINEER (INSPECTOR)** – An individual permanently assigned at a job site for the purpose of representing the owner's interests during the construction phase. (see Owner's Inspector)

**RETAINAGE (RETENTION)** – The amount of money held back on a progress billing by the owner of a construction project to ensure that the project is completed according with the terms of the contract. This amount is billed separately at the end of the contract period and pertains primarily to commercial construction projects. The common industry standard for retainage is ten percent (10%) of the value of the contract inclusive of change orders.

**RFI (REQUEST FOR INFORMATION)** – A written request from a contractor to the owner or architect for clarification or information about the contract documents following contract award.

**RFP (REQUEST FOR PROPOSAL)** – A written request from the requestor (usually the owner or a contractor) to a contractor, design professional or subcontractor for an estimate or cost proposal. The RFP usually contains a specific scope of work. (see Bid) (see Closed Bid/Estimate) (see Open Bid/Estimate)

#### **RFQ (Request for Qualifications)**

A written request from the requestor (usually the owner or a contractor) to a contractor, design professional or subcontractor to allow them to demonstrate their qualifications to perform the requested work.

**ROLL OUT** – A loose term used to describe the rapid succession (completion) of similar projects over a given time period.

**ROOF SYSTEM** - General term referring to the waterproof covering, roof insulation, vapor barrier, if used and roof deck as an entity.

**ROUGH** – In hardware, metal fastenings on cabinets which are usually concealed, like staples

**ROUGH OPENING** – The opening in a wall into which a door or window is to be installed.

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**ROUGH PLUMBING** - All plumbing that should be done before the finish trades (sheetrock, painting, etc), including all waste lines and supply water lines that are in the walls or framing of the building. See also: Plumbing, Sub Rough, and Finish Plumbing.

## **S**

**SAFETY REPORT** – The Occupational Safety and Health Act of 1970 clearly states the common goal of safe and healthful working conditions. A Safety Report is prepared following a regularly scheduled project safety inspection of the specific project.

**SCHEDULE** – A plan for performing work or achieving an objective.

**SCHEDULE OF VALUES** – A statement furnished by the contractor to the architect or engineer reflecting the portions of the contract sum allotted for the various parts of the work and used as the basis for reviewing the contractor's applications for progress payments.

**SCHEMATIC** – A preliminary sketch or diagram representing the proposed intent of the designer.

**SCHEMATIC DESIGN PHASE** – The first phase of the architect's basic services in which the architect consults with the owner to ascertain the requirements of the project and prepares schematic design studies consisting of drawings and other documents showing the scale and project components for the owner's approval.

**SCHEME** –

1. A chart, a diagram, or an outline of a system being proposed
2. An orderly combination of related construction systems and components for a specific project or purpose.

**SCOPE OF WORK** – A written range of view or action; outlook; hence, room for the exercise of faculties or function; capacity for achievement; all in connection with a designated project. (See Performance Specifications)

**SELF-LEVELING** – A term used to describe a viscous material that is applied by pouring. In its uncured state, it spreads out evenly.

**SELF-PERFORMED WORK** – Construction Manager or General Contractor performs trade work that would usually be performed by a subcontractor.

**SHORING** - A temporary support erected in a trench or other excavation to support the walls from caving in.

**SITE** – The place where a structure or group of structures was, or is to be located (a construction site).

# **GLOSSARY**

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**SLAB ON GRADE** - A type of construction in which footings are needed but little or no foundation wall is poured.

**SLACK TIME** – The flexibility with non-critical jobs that allows their start dates to be adjusted without affecting the project completion date.

**SLUMPTEST**- Measures the consistency of a concrete mix or its stiffness. If the tests results are high, one likely cause would be too much water. Low slump-not enough water. The test is measured in inches.

**SOFT COSTS** – Soft Costs are cost items in addition to the direct Construction Cost. They generally include architectural and engineering, legal, permits and fees, financing fees, construction Interest and operating expenses, leasing and real estate commissions, advertising and promotion, and supervision. (see Construction Cost)

**SPECIFICATIONS** – A detailed, exact statement of particulars, especially statements prescribing materials and methods; and quality of work for a specific project. The most common arrangement for specifications substantially parallels the CSI (Construction Specification Institute) format. (see CSI)

**SPECIAL CONDITIONS** – A section of the conditions of the contract, other than the General Conditions and Supplementary Conditions, which may be prepared for a particular project. Specific clauses setting forth conditions or requirements peculiar to the project under consideration, and covering work or materials involved in the proposal and estimate, but not satisfactorily covered by the General Conditions. (See General Conditions)

**STANDARD DETAILS** – A drawing or illustration sufficiently complete and detailed for use on other projects with minimum or no changes.

**STANDARD DIMENSION** – A measurement unique to a specific manufactured item.

**STANDARDS OF PROFESSIONAL PRACTICE** – A listing of minimum acceptable ethical principals and practices adopted by qualified and recognized professional organizations to guide their members in the conduct of specific professional practice.

**START DATE** – The official date that an activity or project begins.

**STATEMENT** – A copy or summary of any account covering a stated period. (See Invoice)

**STATIC LOAD** - The total amount of permanent non moving weight that is applied to given surface areas.

**STATUTE OF LIMITATIONS** – The period of time in which legal action must be brought for an alleged damage or injury. The period commences with the discovery of the alleged

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damage or injury; or in construction industry cases with completion of the work or services performed. Legal advice should be obtained.

**STIPULATED SUM AGREEMENT** – A written agreement in which a specific amount is set forth as the total payment for completing the contract. (See Lump Sum Contract)

**STOP NOTICE** – Notice served upon the project owner or construction lender by which the claimant describes the work performed and the unpaid balance and demands that the owner or construction lender withhold that amount from the next payments to the prime contractor or, if served upon the construction lender, from the owner or prime contractor.

**STRUCTURAL DESIGN** – A term used to represent the proportioning of structural members to carry loads in a building structure.

**STRUCTURAL SYSTEMS (FRAMES)** – The load bearing assembly of beams and columns on a foundation. The beams and columns are generally fabricated off site and assembled on site. Other systems such as non load bearing walls, floors, ceilings and roofs are generally constructed within and on the structural system.

**STRUCTURE** – A building put together based on specific plans and specifications.

**SUB** – An abbreviation for Subcontractor.

**SUBCONTRACT** – A written form of agreement between the prime or main contractor and another contractor or supplier for the satisfactory performance of services or delivery or material as set forth in the plans and specifications for a specific project.

**SUBCONTRACTOR** – A qualified subordinate contractor to the prime or main contractor. Subcontractors are specialists in a given trade, such as electrical, mechanical, etc.

**SUBCONTRACTOR BOND** – A written document from a subcontractor given to the prime or main contractor by the subcontractor guaranteeing performance of his/her contract and payment of all labor, materials, equipment and service bills associated with the subcontract agreement.

**SUBLET** – To subcontract all or a portion of a contracted amount.

**SUBSTANTIAL COMPLETION** – (see Date of Substantial Completion)

**SUBSTITUTION** – A proposed replacement or alternate offered in lieu of and represented as being equivalent to a specified material or process.

**SUBSTRUCTURE** – The supporting part of a structure; the foundation.

**SUB-SUBCONTRACTOR** – A contractor that enters into a contract with a sub-contractor and performs specialized work on the project.

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**SUB-SURFACE INVESTIGATION** – A term used to represent an examination of soil conditions below the ground, including soil borings and geotechnical laboratory tests for structural design purposes.

**SUCCESSOR** – A scheduled activity whose start depends on the completion of one or more predecessors.

**SUPERINTENDENT REPORT** – See Daily Construction Report

**SUPERSTRUCTURE** – The part of a building or other structure above the foundation.

**SUPERVISION (SUPERINTENDENT)** –

1. The act, process, or function of supervising construction materials, methods and processes for a specific project
2. Hands on field direction of the contracted work by a qualified individual of the contractor.

**SUPPLEMENTAL OR SUPPLEMENTARY CONDITIONS** – A written section of the contract documents supplementing and qualifying or modifying the contracts general conditions. (See Conditions of the Contract)

**SUPPLIER** – An individual or firm who supplies and/or fabricates materials or equipment for a specific portion of a construction project but does not perform any labor on the project. (see Vendor)

**SURETY** – (see Bonding Company)

## **T**

**TANGIBLE ASSET** – Asset having physical substance with a useful life greater than one year and not held for resale through the course of normal operations.

**T&M (TIME AND MATERIALS)** – A contracting method. A written agreement between the owner and the contractor wherein payment is based on the contractor's actual cost for labor, equipment, materials, and services plus a fixed add-on amount to cover the contractor's overhead and profit.

**TENANT'S RENTABLE SQUARE FEET** – Usable square feet plus a percentage (the core factor) of the common areas on the floor, including hallways, bathrooms and telephone closets, and some main lobbies. Rentable square footage is the number on which a tenant's rent is usually based.

**TENANT'S USABLE SQUARE FEET** – The square footage contained within the demising walls.

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**TI'S (TENANT IMPROVEMENTS)** – TI'S is a term used to define the interior improvements of the project after the Building Envelope is complete. TI'S usually include finish floor coverings; ceilings; partitions; doors, frames, hardware; fire protection; HVAC consisting of branch distribution duct work, control boxes, and registers; electrical consisting of lighting, switches, power outlets, phone/data outlets, exit and energy lighting; window coverings; general conditions; and the general contractor's fee. The cost of tenant improvements are generally born by the tenant and the costs of tenant improvements will vary with every building, and with tenant requirements. (see Work Letter)

**TILT-UP WALL** - Cast concrete units which are preformed which, when cured, are tilted to their vertical position and secured by mechanical fasteners to prior erected structural steel. May be pre-cast.

**TIME (AS TIME OF THE ESSENCE ASSOCIATED WITH A CONSTRUCTION CONTRACT)** – A provision in a construction contract by the owner that punctual completion within the time limits or periods in the contract is a vital part of the contract performance and that failure to perform on time is a breach and the injured party is entitled to damages in the amount of loss sustained.

**TIME-AND-A-HALF** – A term meaning any individuals normal billing hourly rate is increased by a multiple of 1.5 following predetermined normal working hours.

**TIMELY COMPLETION** – Completing the work of the contract on or before the date required.

**TIME OF COMPLETION** – The date or number of calendar or working days stated in the contract to substantially complete the work for a specific project. (see Date of Substantial Completion)

**TRANSMITTAL** – A written document used to identify information being sent to a receiving party. The transmittal is usually the cover sheet for the information being sent and includes the name, telephone/FAX number and address of the sending and receiving parties. The sender may include a message or instructions in the transmittal. It is also important to include the names of other parties the information is being sent to on the transmittal form.

**TRAVEL TIME** – Wages paid to workmen under certain union contracts and under certain job conditions for the time spent in traveling from their place of residence to and from the job.

**TURNKEY PROJECT** – A construction project where the contractor is responsible for the completion and delivery of a fully operational facility before entitled to payment.

## **U**

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**UNDERWRITER'S LABORATORIES LABEL (UL)** – A label on a product or manufactured item showing the material is regularly tested by, and complies with the minimum standards of the Underwriter's Laboratories specification for safety and quality.

**UBC (UNIFORM BUILDING CODE)** – The Uniform Building Code is one of the family of codes and related publications published by the International Conference of Building Officials (ICBO) and other organizations, such as the International Association of Plumbing and Mechanical Officials (IAPMO) and the National Fire Protection Association (NFPA), which have similar goals as far as code publications are concerned. The Uniform Building Code is designed to be compatible with these other codes, as together they make up the enforcement tools of a jurisdiction.

**UMBRELLA LIABILITY INSURANCE** – Insurance coverage designed for catastrophic liability losses. Its most important function is to provide additional policy limits above those purchased in primary policies (e.g., automobile liability, general liability, and employer's liability policies).

**UNBALANCED BIDDING** – The allocation of a large portion of the total bid profit to bid items that will be completed and billed early in the job.

**UNIFORM SYSTEM** – (see CSI Format)

**UNIT PRICE CONTRACT** – A written contract wherein the owner agrees to pay the contractor a specified amount of money for each unit of work successfully completed as set forth in the contract. For the most part, unit-price contracts are used if the number of units (quantity) cannot be accurately determined at the start of the contract.

**UNIT PRICES** – A predetermined price for a measurement or quantity of work to be performed within a specific contract. The designated unit price would include all labor materials, equipment or services associated with the measurement or quantity established.

## **V**

**VALUE ENGINEERING (VE)** – is a systematic method to improve the "value" of goods or products and services by using an examination of function. Value, as defined, is the ratio of function to cost. Value can therefore be increased by either improving the function or reducing the cost. It is a primary tenet of value engineering that basic functions be preserved and not be reduced as a consequence of pursuing value improvements.

**VAPOR RETARDER (BARRIER)** - A membrane which is placed between the insulation and the roof deck to retard water vapor in the building from entering the insulation and condensing into liquid water.

## **GLOSSARY**

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**VERBAL QUOTATION** – A written document used by the contractor to receive a subcontract or material cost proposal over the telephone prior to the subcontractor or supplier sending their written proposal via mail or facsimile.

**VENDOR** – One that sells materials or equipment not fabricated to a special design.

## **W**

**WAIVER OF LIEN** – A legal instrument, whereby the lien holder relinquishes its rights to property against which the lien was recorded and filed.

**WARRANTIES** – Agreements by the seller of goods or services to satisfy deficiencies over a specified period of time as to quality and performance of the goods or services provided.

**WORK** – The successful performance of the entire scope of the project being performed for a specific construction project including labor, materials, equipment, and other associated items necessary to fulfill all obligations under the contract.

**WORKERS' COMPENSATION** – Program designed to make payments to worker involved in a work related injury.

**WORKING DRAWING** – A drawing sufficiently complete with plan and section views, dimensions, details, and notes so that whatever is shown can be constructed and/or replicated without instructions but subject to clarifications. (see Drawings)

**WORK LETTER** – A written statement (often called Exhibit B to a lease or rental agreement) of the specific materials and quantities the owner will provide at his own expense. The work letter defines the building standards, including the type of ceiling, the type and number of light fixtures, the size and construction of the suite-entry and interior doors. Building standards define the quality of tenant spaces. Generally, a Work Letter is associated with the leasing or renting of office space by a tenant within a Building Envelope. (see TI'S and Building Envelope)

**WORK ORDER** – A written order, signed by the owner or his representative, of a contractual status requiring performance by the contractor without negotiation of any sort.

**WORK PRODUCT UNITS** – The subdivision of each phase of a construction project (e.g. site work, concrete, HVAC, etc.) into specific work tasks or functions, each of which can be tracked in terms of separate material and labor cost components.

## **Z**

**ZONING** – Restrictions of areas or regions of land within specific geographical areas based on permitted building size, character, and uses as established by governing urban authorities.

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**ZONING PERMIT** – A document issued by a governing urban authority permitting land to be used for a specific purpose.