

7 July 2021

To: All firms registered in BCA's Contractors Registration System (CRS)

Circular on Further Simplified Claim Process for Prolongation Costs in Public Sector Construction Contracts due to COVID-19 Events

Further to the BCA circular dated 27 April 2021 on "Simplified Claim Process for Extension of Time and Prolongation Costs in Public Sector Construction Contracts due to COVID-19 Events", this circular informs all contractors registered in CRS that Government Procuring Entities ("GPEs") have been advised on the following, to ***co-share a base \$100,000 per month of certified delay arising from COVID-19 events for eligible contracts above \$100mil.***

Background

2 To ease the claims for extension of time ("EOT") and corresponding prolongation cost incurred due to delay arising from COVID-19 events, the simplified processes for eligible public sector construction contracts were introduced in BCA circular dated 27 April 2021 which comprises:

- (a) Granting a minimum 49-day EOT for delay during the period of 7 Aug 2020 to 31 Dec 2020.
- (b) Providing a base 0.1% of awarded contract sum for every month of delay for contracts up to \$100mil, as payment for co-sharing of prolongation costs (non-manpower related items) under Part 8B of COVID-19 (Temporary Measures) Act ["COTMA"], without the need for contractors to submit substantiation.
- (c) Providing common methodology to calculate the cost-sharing for contractor-owned equipment on ex-gratia basis.

Simplified claim process for prolongation cost claims for eligible contracts above \$100mil

3 To further ease contractors' cashflow, the following simplified processes for prolongation cost claims will apply to **eligible public sector construction contracts above \$100mil: GPEs will co-share a base \$100,000 for every month of delay arising from COVID-19 events (substantiated with EOT).** If the delay period within the calendar month is less than 1 month, GPEs will pro-rate accordingly using the number of days in that calendar month.

4 To expedite the disbursement of prolongation cost claims, eligible contractors can include their claimed amount in their next progress payment claim¹, calculated based on the formula below:

¹ Notwithstanding the steps mentioned in Para 6(a) of the circular dated 27 April 2021 requiring GPEs to calculate and inform contractors the co-sharing amount first, contractors can also include the claimed amount in their next payment claims without

- For eligible contracts up to \$100mil:
 $\text{Claimed amount per calendar month} = 0.1\% \text{ of awarded contract sum} \times (\text{No. of days of EOT granted due to COVID-19 events in the calendar month}) \div (\text{No. of days in the calendar month})$
- For eligible contracts above \$100mil:
 $\text{Claimed amount per calendar month} = \$100,000 \times (\text{No. of days of EOT granted due to COVID-19 events in the calendar month}) \div (\text{No. of days in the calendar month})$

We have reminded GPEs to expedite the payment of prolongation cost claims, in particular for the universal 122 days granted under COTMA Part 8A (Tranche 1) and 49 days ex-gratia common EOT (Tranche 2). See **Annex A** for illustration.

Note:

- 1) To avoid doubt, ***contractors do not need to submit documentary proof (e.g. invoices and receipts) as substantiation to accompany their claim for the cost-sharing amount as mentioned in Para 4.***
- 2) ***If contractors wish to make further claims beyond the base amount*** (e.g. claiming 0.12% instead of 0.1% for contracts up to \$100mil or claiming \$120k instead of \$100k for contracts above \$100mil) for the specified month, including any ex-gratia payment of contractor-owned equipment for the same specified period, ***the contractors shall substantiate the total claim amount² (i.e. 0.12% or \$120k) with documentary proof (e.g. invoices and receipts) for GPEs' assessment.***
- 3) Contractors which have received such cost-sharing amount from GPEs shall continue to fulfill their obligations to co-share qualifying costs under COTMA Part 8B with their sub-contractors.
- 4) Notwithstanding COTMA Part 8B only applies to contracts entered into before 25 March 2020, the base 0.1% (or \$100k) co-sharing will also apply to contracts which were entered into on or after 25 March 2020 but with tenders closed on or before 1 June 2020 as informed in Para 4(a) of BCA's circular "Commencement of COVID-19 (Temporary Measures) Act 2020 – Part 8A and Part 8B" dated 30 November 2020.

Others & Clarifications

5 BCA would like to remind all contractors to remain extra vigilant during this period and take the following steps:

- 1) Adhere to safe management measures
- 2) Ensure employees go for Rostered Routine Testing (RRT)
- 3) Ensure that employees who are feeling unwell see the doctor immediately

6 For clarification on this circular, please direct your queries to <https://www.bca.gov.sg/feedbackform/>. For more information on the simplified claim process, please visit the FAQs weblink at <https://go.gov.sg/bca-faqs-simplified-claim-process>. For latest updates,

the need to wait for GPEs' confirmation. This will apply to the simplified process for prolongation cost claims for all eligible contracts.

² Total claim amount refers to the total incurred prolongation costs under COTMA Part 8B and ex-gratia contractor-owned equipment for the same specified period. Example: GPE has paid \$100,000 to contractor for month of May 2020. Contractor shall substantiate its total claim amount of \$120,000 with documentary proof as incurred for the month of May 2020 and thereby makes further claim of the additional \$20k (\$120k - \$100k).

please visit BCA's COVID-19 webpage (www1.bca.gov.sg/COVID-19) and subscribe to BCA's Telegram channel (<https://t.me/BCASingapore>).

Thank you.

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(Transmitted via email)

Annex A: Sample Calculation of the base \$100k per month of delay as co-sharing

- Awarded Contract Sum: \$150mil
- Specified Period: 7 Apr 2020 to 6 Aug 2020
- Formula: Cost sharing amount per calendar month = \$100,000 × (No. of days of EOT granted due to COVID-19 events in the calendar month) ÷ (No. of days in the calendar month)

The table below shows the application of the cost-sharing amount formula for specified period from 7 Apr 2020 to 6 Aug 2020 (both dates inclusive) which contractor has computed a total cost-sharing amount of \$399,354.84 and will include such amounts in its next progress payment claim provided that there is no previous payment for prolongation cost made for the same specified period. If, under Scenario A, there was previous payment certified (i.e. \$100,000.00) for the same specified period, then contractor will claim only the net additional amount of \$299,354.84 (\$399,354.84 - \$100,000.00).

Month	\$100k as cost-sharing rate [A]	Total number of days of delay from 7 Apr to 6 Aug 2020 [B]	No. of days in calendar month [C]	Cost-Sharing Amount [A*B/C]
Apr	\$100,000	24	30	\$80,000.00
May	\$100,000	31	31	\$100,000.00
Jun	\$100,000	30	30	\$100,000.00
Jul	\$100,000	31	31	\$100,000.00
Aug	\$100,000	6	31	\$19,354.84
<u>Cost-Sharing Amount</u> for Specified Period from 7 Apr 2020 to 6 Aug 2020:				\$399,354.84
Scenario A:	Previous payment made under COTMA Part 8B for the same specified period:			\$100,000.00
	<u>Net Additional Cost-Sharing Amount:</u>			\$299,354.84