



Legal Analysis of Contract Change Orders (CCO) Affecting Addendums in Construction Contracts

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ABSTRACT

This study examines the influence of Contract Change Order (CCO) on addendum in a contract, focusing on the legal aspects and practical implications in the implementation of construction projects. CCO is an important instrument that allows changes in the scope, cost, and time of a project, which can lead to the issuance of an addendum. Through a juridical-normative approach and case study analysis of the Diponegoro Street Widening and Overlay project in Sragen, this study found that CCO has significant legal power in influencing addendum. The results show that CCO not only affects the cost and time of implementation but also the quality of the final project results. The addendum process is crucial to ensure that all changes are officially recorded, as well as to maintain compliance with applicable regulations. This study concludes that effective change management through CCO and addendum is key to achieving construction project success.

INTRODUCTION

In the execution of various infrastructure projects, such as building construction, roadwork, or bridge building, the legal aspect is always an important element. This includes work contracts, the division of responsibilities among parties, and dispute resolution mechanisms. All activities within a project must be protected and regulated by law to prevent potential issues. Moreover, compliance with applicable regulations is crucial for all parties to ensure that the working relationship runs harmoniously and efficiently. With the presence of a contract, each party has clear guidance regarding their rights and obligations, as well as legal protection that ensures the smooth execution of the cooperation.

According to Article 1313 of the Civil Code (KUHPerdata), a contract is defined as an agreement in which one or more parties bind themselves to another party. Charles L. Knapp and Nathan M. Crystal, in their contract law book cited by Prof. Dr. h. Salim HS, S.H., M.S., explain that "A contract is an agreement between two or more parties which is not only based on trust, but also includes a mutual understanding regarding something that will be done in the future by one or both parties," meaning a contract is an agreement based on mutual understanding, not just trust, regarding actions or obligations to be performed in the future. As a legally binding document, a contract provides clarity on rights and obligations, ensuring legal certainty, and supporting fair and mutually beneficial cooperation. This contract can be made in writing or orally, and according to Article 1338 of the Civil Code, once agreed upon, the contract becomes binding for those who have expressed consent for an agreement or collaboration.

In the relationship between the client and contractor, a construction contract plays a crucial role. This contract governs the rights and obligations of both parties, including their responsibilities during the project execution. The existence of a contract helps ensure legal certainty, prevents future conflicts, provides clear rules in case of violations, and supports professionalism and smooth business activities. However, in practice, contracts often face challenges, including the need to amend the agreed-upon plans. These changes are commonly referred to as Contract Change Orders (CCOs).

According to the American Institute of Architects (AIA), a Contract Change Order (CCO) is an official document created after the initial agreement to modify the scope of work, contract value, or project completion schedule. CCO is mutually agreed upon by investors, project workers, and owners and serves as a legal foundation ensuring that changes are made in a lawful and organized manner. Edward R. Fisk, author of "Construction Project Administration," explains that a Contract Change Order (CCO) is a written document that records changes to the contract, including details of compensation given to workers due to these changes. According to Fisk, the purpose of a Contract Change Order (CCO) is to:

1. Modify the method of contract payment;
2. Adjust work details;
3. Approve the addition of work;
4. Manage administrative needs;

5. Adjust unit prices in the contract;
6. Reduce costs through incentive proposals;
7. Adjust the project schedule based on changes that occur;
8. Prevent conflicts between the project owner and contractor.

According to Hanna et al., in their journal "Quantitative Definition of Projects Impacted by Change Orders Contract Change Order (CCO)," construction projects often involve changes in scope, execution time, and costs. These changes are regulated through Contract Change Orders (CCOs), which are used to adjust the initial agreements due to evolving conditions during project execution. CCOs help manage project dynamics and ensure the project continues to align with emerging needs. Meanwhile, Holm, author of "Case Studies in Construction Management," explains that a Contract Change Order (CCO) is a document signed by the project owner, executor, and planner, which functions to record changes to the previously agreed scope of work, whether in the form of additions or reductions. This document provides legal clarity for all parties involved and ensures that each change is clearly recorded, maintaining project continuity toward the intended goals.

In the legal context, changes or updates to agreements are referred to as addendums or amendments. An addendum is a document used to make changes, additions, or deletions to previously agreed-upon terms and conditions. For it to have legal validity, an addendum must comply with the provisions of Articles 1338 and 1320 of the Civil Code. Addendums are used in various types of contracts, such as lump sum, unit price, a combination of lump sum-unit price, and turn-key contracts, to alter, add, or reduce previously agreed terms and conditions. This allows adjustments to the scope of work, prices, or project conditions, ensuring the project progresses smoothly according to the latest agreement.

When a Contract Change Order (CCO) request occurs and affects an addendum (amendment), it must follow procedures to prevent issues. However, even if this is done according to procedure, the Contract Change Order (CCO) can significantly impact the addendum of the agreement, especially in construction contracts, as it brings visible impacts, such as:

1. **Interrelation of processes:** When a CCO occurs, it will create the need for an addendum to be made.
2. **Cost and time efficiency:** A CCO can cause additional costs and delays in project completion. Addendums are necessary to officially record changes in the contract so that involved parties understand the additional costs resulting from the CCO, which often leads to conflicts between the project owner and contractor.
3. **Legality and compliance:** Addendums resulting from a CCO must comply with applicable laws to remain valid (not violate regulations).

A real case regarding this issue has been studied by previous researchers. The "Widening and Overlaying of Diponegoro Road in Sragen" project is a clear

example of the dynamics in construction contracts, especially related to the addendum resulting from changes occurring during project execution.

This project aimed to widen and improve the condition of Diponegoro Road in Sragen District. During its implementation, the project underwent significant changes to the original contract, leading to the issuance of an addendum. The project aimed to expand and repair Diponegoro Road, which had suffered damage and was narrow. This activity is important for improving accessibility and safety for road users.

The Impact of Contract Change Order (CCO) on Addendums in the Widening and Overlaying of Diponegoro Road Project in Sragen

The influence of the Contract Change Order (CCO) on addendums in the Widening and Overlaying of Diponegoro Road project in Sragen can be explained through various aspects, including:

- **Causes of Contract Change Order (CCO) and Addendum**

In this project, the CCO emerged as a response to various factors affecting the execution of the work, including:

1. **Change in Scope of Work:** There were additions and reductions in work items required to adjust to field conditions. For example, the addition of guardrail installation and a reduction in earth excavation items.
2. **Design Inconsistency:** The initial design did not fully reflect the actual conditions in the field, necessitating a revision that led to a change in the contract.

- **Addendum Process**

The contract addendum process took place after a re-evaluation by the contractor, known as MC-0 (Master Change Order). This addendum involved an agreement between the project owner and the contractor regarding the necessary changes. In this case, the initial contract value of IDR 2,070,070,000.00 was adjusted to IDR 2,198,160,000.00 after the changes were made.

- **Types of Addendum**

The addendum resulting from the CCO can be categorized into several types:

- a. **Addendum for Increase/Decrease:** Regulates changes in the contract value, either for additional or reduced work items.
- b. **Addendum for Project Timeline:** Adjusts the project schedule based on changes that occur.

- **Impact of Contract Change Order (CCO) on Addendum**

The impact of CCO on the addendum in this project can be seen from several perspectives:

1. **Cost Increase:** CCO resulted in an increase in project costs, reflecting the additional requirements to complete the work according to field conditions. Research indicates that the addendum affects the overall contract value of the project.
2. **Quality and Execution Time:** Despite the cost increase, the research shows that the addendum did not significantly affect the quality of the

product or the project completion time. This indicates that while the contract value increased, the project performance remained intact.

3. **Design Revision:** The addendum also affected the revision of the initial design, with around 66.67% of respondents stating that design changes had a significant impact on the initial project planning.

The conclusion that can be drawn is that the impact of the Contract Change Order (CCO) on the addendum in the Widening and Overlaying of Diponegoro Road project in Sragen reflects common conditions in construction projects. Although the CCO leads to adjustments in cost and design revisions, its impact on quality and project execution time can be minimized through effective management. The addendum process becomes crucial to ensure that all parties understand and agree to the changes made during the project.

When a Contract Change Order (CCO) request occurs and impacts the addendum (amendment), it must follow procedures to avoid issues. However, even if this is done according to procedures, the Contract Change Order (CCO) can significantly impact the addendum of the agreement, especially in construction contracts, as it brings visible effects such as:

1. **Interrelation of processes:** When a CCO occurs, it creates a need for an addendum to be made.
2. **Cost and time efficiency:** A CCO may result in increased costs and delays in project completion. An addendum is necessary for the official recording of changes in the contract so that involved parties understand the additional costs resulting from the CCO, which typically leads to conflicts between the project owner and the contractor.
3. **Legality and compliance:** Addendums resulting from a CCO must comply with applicable laws to remain valid (not violate regulations).

Issues arising from the Contract Change Order (CCO) also affect the addendum, including changes in scope, budget inconsistencies, administrative challenges, and legal risks. Changes in the scope of work can trigger misunderstandings between the client and the contractor, especially if considered to exceed the agreed capacity or budget. Budget discrepancies often lead to conflicts, as additional costs are not always adequately accommodated. Administratively, delays in the approval of the addendum can disrupt the project schedule. Legally, violations of procedures in creating CCOs or addendums can lead to disputes.

Given these factors, the author is interested in discussing the issues related to the impact of the Contract Change Order (CCO) on addendums in construction contracts and raising the following research questions:

1. What is the legal force of a Contract Change Order (CCO) on addendums in construction contracts?
2. What are the legal consequences of a Contract Change Order (CCO) on addendums in construction contracts?

LITERATURE REVIEW

1. Contract Change Order (CCO)

A Contract Change Order (CCO) is a change that occurs during the execution of a contract. This change can involve the addition or reduction of work volume to adjust to the actual field conditions, or modifications to the project timeline without altering the main terms of the contract. These changes are documented in an addendum, which must be agreed upon by both parties, the project owner and the service provider.

CCO also serves as a formal agreement between the project owner and the contractor to confirm revisions to the plan, including adjustments to compensation costs for the contractor during the construction process. This typically occurs after the initial contract has been signed by both parties. CCO aims to ensure that the changes occurring during the project execution are officially recorded and become an integral part of the contract document, thus reducing the potential for disputes later on.

Generally, contract changes can be classified into two types: directive change and constructive change.

- **Directive Change** is a change formally communicated by the contractor to the project owner to propose modifications to the scope of work, project timeline, costs, or other aspects that deviate from the contract terms. This type of change usually gives the project owner the unilateral authority to modify the scope of work, with the contractor being required to comply with the changes before the work proceeds. This approach emphasizes formal control by the project owner over the implementation of work.
- **Constructive Change** refers to informal actions to modify the contract in the field, which may occur at the request of the project owner, the planner, or the contractor. This type of change is often seen as an unofficial agreement between the project owner and the contractor regarding adjustments to time or costs. While flexible, constructive changes can lead to negative consequences, such as work being carried out without procedural certainty, decreased worker motivation, slower productivity, and increased costs. This type of change reflects the dynamics on the ground, which can affect the efficiency and effectiveness of the project if not managed properly.

The purpose of CCO must align with the construction contract system used by the contractor. These changes can cover various aspects, such as increasing or decreasing the work volume listed in the contract, adding or reducing types of work, changing technical specifications of work to meet field needs, modifying project schedules, and other necessary adjustments. Additionally, changes through CCO can only occur under certain conditions, such as not exceeding 10% of the original contract price and ensuring that there is sufficient budget availability.

One of the main causes of CCO is the project owner's desire to modify the construction specifications after the initial contract price has been agreed upon. CCO is also often triggered by the need to expedite project implementation due

to market considerations, public interest, or political factors. The impact of CCO on project execution can include increased direct costs, extended timelines, and CCO itself. Loss of productivity is often a side effect of these changes, ultimately leading to significant increases in project duration and cost. Furthermore, implementing a CCO often requires additional labor and equipment, which can increase the overall complexity of project management. Therefore, effective management of CCO is crucial to minimize its negative impact on the smooth execution of the project.

2. Contract Addendum in Construction Contracts

The term "contract" is derived from the English word *contracts*, which in Indonesian law is regulated in Article 1313 of the Civil Code (KUHPerdata). This article defines an agreement as "an act by which one or more parties bind themselves to one or more others." According to classical legal doctrine, an agreement is understood as "a legal act based on mutual consent that results in legal consequences." Meanwhile, the modern theory proposed by Van Dunne explains that an agreement is "a legal relationship between two or more parties based on mutual consent to create legal consequences." In other words, an agreement is an event where one party promises to do something for the other, or both parties mutually promise to carry out something. From this definition, an agreement creates an obligation, which is a legal relationship between two parties in which one party has the right to demand something from the other, and the other party is obliged to fulfill it. Thus, the relationship between obligations and agreements is causal, where an agreement is the source of the obligation. The legal relationship arising from the obligation leads to legal consequences in the form of rights and obligations for the parties involved. Rights are seen as benefits or enjoyment, while obligations are considered burdens that must be fulfilled.

The existence of an agreement or what is more commonly known as a contract is inseparable from the fulfillment of the legal requirements of an agreement as stipulated in Article 1320 of the Civil Code. This article sets out four main conditions: mutual consent between the parties, capacity to form obligations, a specific object of the agreement, and a lawful cause. When these conditions are met, the agreement is considered legally valid and has the power to bind the parties, creating legal consequences for them.

The procedures or stages in construction contracts are regulated in the Minister of Public Works Regulation No. 43/PRT/M/2007 concerning Standards and Guidelines for Construction Service Procurement, which sets out the hierarchical order of contract document components. The purpose of this hierarchy is to provide guidance in case of conflicts between provisions in different contract documents. In this case, the higher-level provisions in the hierarchy will take precedence. The general order of the contract document hierarchy is as follows:

- a. Contract agreement and amendments/addendums,
- b. Special contract provisions,
- c. General contract provisions,
- d. Work order,

- e. Minutes of clarification/negotiation,
- f. Addendum to the bidding documents,
- g. Technical specifications,
- h. General specifications,
- i. Drawings,
- j. Minutes of the pre-bid meeting (Aanwijzing), and
- k. Bill of Quantities/Cost Breakdown.

In the contract amendment procedure, several stages must be followed. The service user issues a written order to the service provider to implement the contract change, or the service provider proposes a contract change. The service provider must respond to the change order and propose any changes in price, if applicable, within a maximum of 7 (seven) days. If there is a price change, negotiations are held and the results are documented in the minutes of negotiation. Based on these negotiation results, a contract amendment is made, which includes the new agreements approved by both parties. With these clear procedures, it is expected that contract changes can be carried out transparently and in accordance with the agreed terms, minimizing potential disputes and ensuring the smooth execution of the project.

METHODOLOGY

The approach used in writing this journal is a **juridical-normative approach**, which focuses on the study of theories, concepts, and regulations related to the issue discussed. This approach involves a deep analysis of the applicable legal rules and proper legal interpretation to understand the existing problems. Through this approach, the author aims to provide solutions in accordance with the prevailing legal provisions, as well as gain a more comprehensive understanding of the issues being examined.

1. **Legislative Approach**

This approach involves reviewing all legal regulations that are related to or connected with the issues raised in the research. After searching and analyzing these regulations, the author will be able to resolve the problems that will be addressed.

2. **Case Approach**

The case approach is a research method that focuses on an in-depth analysis of cases related to the legal issues being faced. Researchers explore more complex information to gain a more detailed and comprehensive understanding of the legal problem, and to generate sharper analyses that provide better solutions or insights into the legal issue being studied.

3. **Conceptual Approach**

This approach focuses on the views, opinions, or doctrines that exist and develop in the field of law, particularly in Indonesia. By using this approach, the author will obtain ideas and build their own legal arguments, enabling them to address the issues being raised.

In this research, the author collects data from various relevant sources to delve deeper into the topic being studied. The primary data source used is secondary data, which is obtained from legal references that provide a more profound understanding of the issues discussed. Some of the sources include the **Civil Code** by Prof. R. Subekti, S.H., and R. Tjitrosudibio, which provides relevant legal foundations. In addition, Presidential Regulations (Perpres) No. 54/2010 and No. 16/2018, which regulate the procurement of goods/services in government, also serve as important references. The author also uses other sources such as books, laws, scientific journals, and relevant articles to enrich their insight and understanding of the issues being researched. Thus, this research relies on valid and credible references to ensure a valid and comprehensive analysis.

This research employs **documentation study** techniques to gather data from archives, literature, and books that contain expert opinions, theories, and relevant legal provisions. Once the data is collected, the author processes and analyzes it using **qualitative methods** to obtain in-depth and valid findings. This approach aims to select the most relevant and high-quality data to answer the research questions accurately. The results of the analysis are presented in a **descriptive-analytical** manner, systematically organizing the data to derive conclusions that address the research problem.

RESULTS AND DISCUSSION

I. Legal Strength of Contract Change Order (CCO) in Construction Contract Addendum

Construction contracts are a critical part of project implementation, and changes often occur during the process, commonly referred to as a **Contract Change Order (CCO)**. CCO has significant legal power in relation to the addendum in a construction contract. The legal strength of a CCO is reflected in its definition, purpose, its relationship with the addendum, and the regulations that govern it. A **Contract Change Order (CCO)** serves as the basis for modifying the scope of work, schedule, and costs, and can be included in an addendum to ensure that all agreed changes are formally recorded.

During project implementation, changes often occur at various stages, whether at the beginning, middle, or end of the project. These changes may not only stem from the scope of construction field conditions but also from various other factors. In most cases, the reasons for requesting changes in construction project implementation can be grouped into three indicators:

1. **Construction Indicators:**

This includes factors such as design changes during the project, discrepancies between drawings and actual field conditions (non-compliance with the contract), additions or reductions in the scope of work, and unforeseen events.

2. **Administrative Indicators:**

This often involves changes in material prices, work volume, and delays in material delivery.

3. Resource Indicators:

The most common issue in this category is a lack of communication between field implementers and project supervisors.

The purpose of contract modification requests or changes, commonly known as a **Contract Change Order (CCO)**, is to ensure the success and relevance of the project in the ever-evolving business environment. This process is undertaken to achieve the predetermined project goals and provides a structured process to implement modifications reflecting the project's changing needs while ensuring that all parties agree to the terms and conditions of the changes.

An **addendum** is a document that records and approves the changes proposed through a **Contract Change Order (CCO)**. The addendum serves the following functions:

1. **Officially Recording Changes:**

The addendum provides an official record of all changes that have been agreed upon.

2. **Integrating Changes into the Main Contract:**

The addendum makes the change a part of the main contract, giving it legal force.

Addendum is a common term used in Indonesian construction contracts, as outlined in the **Regulation of the Minister of Public Works No. 07/PRT/M/2011** regarding standards and guidelines for construction services procurement and consultancy services, which is mentioned in **Article 34 (1)**. When a contract change occurs, all changes must be made through a contract addendum. Due to factors that cannot be predicted during project execution, such as weather conditions, changes in the form of addendums are inevitable.

A **contract addendum** refers to changes in clauses or articles in the construction document, typically caused by the addition or reduction in the contract value. Addendum changes aim to increase the productivity of the project, ensuring that the project is completed on time, within the budget, and meets quality standards. However, changes can also involve additional workload, which could potentially reduce project productivity and have negative impacts.

The **legal strength of a Contract Change Order (CCO)** lies in the fact that any proposed changes must be based on mutual agreement between the parties. In this case, CCO serves as the legal foundation for every contract modification. **Article 87 (1) of Presidential Regulation No. 54 of 2010** states that if there is a discrepancy between the actual field conditions and the drawings or technical specifications in the contract document, the **Commitment Making Officer (PPK)** along with the service provider can make contract changes. These changes may include revisions to the scope of work, costs, or project schedules, and must be agreed upon by both parties. This aims to adjust the project to actual field conditions without violating the terms previously agreed upon. Without an

official **Contract Change Order (CCO)**, no addendum can be issued, thus establishing that the CCO is a prerequisite for any valid contract modification. Once a **Contract Change Order (CCO)** is approved, both parties have legal certainty regarding what has been agreed upon. This reduces the risk of disputes later on concerning the changes. Agreements made in a contract must align with **Article 1320 of the Civil Code**, which outlines four essential elements: mutual consent between both parties, the competency of the parties to make the agreement, a specific subject matter of the agreement, and a lawful cause. These elements ensure that the agreement made is valid and legally binding.

After an agreement is reached, any requests outlined in the addendum must bind all parties involved and must be based on **Article 1338 of the Civil Code**, which states that agreements made in accordance with the law are binding and must be carried out in good faith. This means that each party must fulfill their obligations honestly and responsibly.

To ensure legal certainty and reduce the potential for disputes, after the **Contract Change Order (CCO)** has been approved, the next step is drafting the addendum:

1. **Drafting the Addendum:**

All the information contained in the **Contract Change Order (CCO)** is used to draft the addendum to formally record all changes.

2. **Review and Approval:**

The addendum draft must be reviewed by all parties before being signed to ensure there are no misunderstandings or disagreements.

3. The drafting of the addendum must be written, and several related regulations include:

- a. **Article 1320 of the Civil Code (KUHPerdata)**

This article states that for an agreement to be valid, it must meet certain requirements, including mutual consent between the parties. If changes are agreed upon, they must be documented in writing to remain legally valid.

- b. **Article 1606 of the Civil Code**

A construction contract is an agreement where the contractor commits to completing work for another party in exchange for a pre-agreed price. If there are changes in the work, these changes must be formally documented in a written addendum to ensure clarity, avoid disputes, and maintain smooth project execution according to the updated terms.

- c. **Presidential Regulation No. 54 of 2010 on Procurement of Goods and Services Article 87**

states that if there is a discrepancy between the field conditions and the drawings or technical specifications in the contract, contract changes must be made and recorded in a written addendum. This addendum is essential to ensure clear mutual understanding between both parties regarding the changes that have occurred.

d. General Principles of Contract Law

In general contract law practice, any changes or additions to a contract must be made in writing to avoid misunderstandings and ensure that all parties agree to the changes.

Legal Consequences of a Contract Change Order (CCO) on an Addendum in Construction Contracts

An addendum in a construction contract plays a crucial role in managing changes that occur during the execution of a project. Through the addendum, the parties involved can clarify, add, or modify the provisions of the original contract. However, every change made through a Contract Change Order (CCO) and addendum must also consider the potential legal consequences that may arise, including impacts on responsibilities, costs, and project completion time. Some of the legal consequences that may arise include:

1. Changes to the Scope of Work

A Contract Change Order (CCO) allows for changes in the scope of work based on mutual agreement. This may include additions, reductions, or modifications to the work. Article 22 of Law No. 18 of 1999 concerning construction services states that changes in the execution of work can be made with the consent of both parties.

2. Cost Adjustments

The legal consequences of a Contract Change Order (CCO) may result in adjustments to the contract price. If there are additions to the work, the contractor is entitled to request additional costs. Conversely, if there is a reduction in work, the contract cost may be reduced. Article 17 of Law No. 2 of 2017 states that "contract changes can be made based on an agreement between the service user and the service provider to adjust to changing conditions or needs." This is important to ensure a clear understanding of changes related to the scope of work, costs, or time, and to prevent disputes. Good communication and documentation of changes in the addendum are critical for the smooth process of these adjustments. These changes can include additions, reductions, or other alterations in the scope of work, costs, and project timelines. This article provides the legal basis for the parties involved to make adjustments to the agreed-upon contract. When changes occur in the scope of work, whether additions or reductions, the contract cost must also be adjusted. It is important to ensure that all parties understand and agree to the changes made in the contract to avoid misunderstandings and future disputes. Transparency in communication and documentation of changes can help maintain harmonious working relationships and minimize the risk of disputes, creating trust among the parties involved. Article 22 stipulates that construction contracts must include details regarding the scope of work, work value, and the time frame for completion. This provision clarifies the scope, costs, and deadlines of the project and prevents disputes between the project owner and contractor. With clear details, both parties have guidelines that ensure the smooth and successful execution of the construction project. Any changes to the scope of work, whether additions or reductions, must

be clearly recorded in the contract document. This also means that any cost adjustments resulting from these changes must be documented to create a shared understanding among all parties regarding their respective rights and obligations.

Article 37 addresses price adjustments in the event of changes in the cost of the primary components of the contract due to fluctuations in material or labor costs. This article provides room for the service provider to request price adjustments if there are significant changes in material or labor costs affecting the total project cost. This is important to protect the service provider from losses caused by unexpected price increases and to ensure that the project is executed within a reasonable and realistic budget.

Presidential Regulation No. 54 of 2010 concerning the Procurement of Goods and Services by the Government regulates the provisions regarding the procurement process for goods or services by the government. It includes provisions on the procurement procedures for goods or services, which include price adjustments based on changes in the scope of work. This regulation provides further guidelines on how cost adjustments should be made in the context of government procurement. Any changes must be made according to the established procedures to prevent legal violations in the future.

3. Extension of the Execution Time

If changes to the work affect the schedule, the contractor may request an extension of the completion time. This becomes urgent when the contractor needs sufficient time to complete the work in accordance with the agreed-upon changes. The SNI 03-1746-2000 on contract change procedures states that an extension of time may be granted if the changes to the work affect the schedule.

4. Notification Obligation

The contractor is required to notify the project owner of the need for a Contract Change Order (CCO) before making changes. This obligation is important to ensure that all parties agree to the proposed changes. Article 1338 of the Civil Code states that any agreement made according to the law is binding as law for the parties who make it. Such an agreement cannot be canceled unless agreed by both parties or for reasons specified by law. Furthermore, the agreement must be carried out in good faith, meaning with honest and responsible intent.

Article 1338 of the Civil Code stipulates that every agreement must be performed in good faith, which has two main meanings. Objectively, good faith means that the agreement must be carried out in accordance with societal norms of decency and ethics. Subjectively, good faith pertains to the internal attitude of the parties involved in the agreement, requiring them to act rationally and not to harm the other party. In this case, each party is required to provide complete and clear information that may influence the other party's decision to agree or disagree with the agreement. Applying good faith in contracts and agreements not only fulfills legal obligations but also fosters fair and respectful relationships, ensuring that no party feels disadvantaged.

5. Impact on Contract Addendum

The legal consequences of a Contract Change Order (CCO) may become part of the addendum if the changes made are significant and require formal approval. The addendum must be signed by both parties to be valid. The signature in the agreement or contract serves as evidence identifying the signatories and linking them to the signed document; second, as a ceremonial symbol indicating that the signatory understands the legal action taken and avoids unintended involvement; and third, as a form of consent or authorization, indicating that the signatory agrees to the contents and consequences of the document. A signature has strong legal value and reflects the commitment of the parties involved.

6. Legal Risks

If a Contract Change Order (CCO) is not managed well, it may result in legal consequences, such as disputes between the project owner and the contractor. It is crucial to document all changes and approvals in writing to avoid legal issues in the future. Disputes or legal issues arise when someone violates the law and causes harm to another party. Article 1365 of the Civil Code regulates that the party who causes harm through unlawful acts is liable for compensating the damage. This provision protects the harmed party and affirms legal responsibility for actions that harm others. Any person who commits such acts can be held accountable. Some types of liabilities that may arise if the client is dissatisfied with the contractor include:

- If it is purely the fault of the construction executor, the project owner (or client) may request administrative sanctions. Compensation for damages may be imposed on individuals or business entities involved in the construction project, including the contractor who signs the work contract. The construction contract serves as the legal basis for responsibility, where the involved parties must fulfill their obligations and resolve damages caused by violations or mistakes during the project.
- If the fault lies with the construction supervisor, the project owner may request administrative sanctions and compensation obligations may apply to the construction supervisor who signed the construction work contract in the event of violations or negligence. The supervisor is responsible for ensuring the project complies with regulations and can face fines or the revocation of permits for violations. The signing of the contract reinforces the supervisor's responsibility to oversee the project and compensate for damages due to errors or negligence.
- Sanctions against planners, executors, and supervisors who fail in construction projects include written warnings, temporary suspension of work, revocation of execution permits, prohibition of using work results, and blacklisting.

These sanctions aim to maintain the quality of the construction industry, create a deterrent effect, and protect the interests of all parties involved in the project.

Under Indonesian law, if a harmful act occurs and liability is requested but not executed, there are several options to resolve this:

- **Negotiation**, where the harmed party may negotiate for a peaceful settlement.
- **Mediation or arbitration**, where if negotiations fail, the involved parties may opt for mediation or arbitration according to the terms of the contract.
- **Legal action** may be taken in court, and after the decision becomes legally binding, all parties must implement it. If the losing party refuses to execute the decision, the winning party may request the court to enforce the decision by force. This enforcement aims to ensure that the court's decision is implemented, even if the losing party is reluctant. The execution of this decision highlights the importance of a successful legal system in enforcing justice and maintaining order.

CONCLUSION AND RECOMMENDATION

The Contract Change Order (CCO) holds significant legal force in construction contracts, as defined in Article 1313 of the Civil Code, which defines a contract as an action that binds one or more parties with another, creating obligations and rights for all involved. Meanwhile, Article 1338 of the Civil Code states that a valid contract applies as a law for the parties that create it and cannot be canceled unless both parties agree or there is a legal reason to do so. The contract must be executed in good faith, meaning that the parties involved must act with sincere intent and respect for applicable legal norms, ensuring that no party is harmed and creating a fair relationship. Article 1338 of the Civil Code indicates that the contract is binding, and the principle of good faith applies throughout the entire contract phase, from pre-contractual, contractual, to post-contractual stages. The Contract Change Order (CCO) itself serves as the basis for making changes to the scope of work, time, and project costs, which must be recorded in the change to ensure that all changes have valid legal force. The addendum itself is a document that records changes mutually agreed upon through the Contract Change Order (CCO). This process must be conducted procedurally to avoid future issues. The addendum must comply with applicable legal provisions, including those in Article 1320 of the Civil Code, which discusses the requirements for a valid contract, and Article 1338 of the Civil Code to remain valid.

The Contract Change Order (CCO) itself has impacts on the addendum that can be classified into three types:

1. **Costs and time:** The Contract Change Order (CCO) can cause increased costs and additional project completion time. This is reflected in additional expenses caused by the changes made.
2. **Project quality:** Although there are cost adjustments, research shows that the impact on product quality and completion time can be minimized through effective management.
3. **Design revisions:** The Contract Change Order (CCO) often requires revisions to the initial design, which affects the project's planning appearance.

Thus, it can be concluded that managing changes through the Contract Change Order (CCO) and addendum is a crucial aspect of construction contracts to maintain legal certainty and the smooth execution of the project.

In this research, the author encountered several limitations. The research relies on existing literature and limited case studies, so the analysis results may be influenced by the availability and limitations of empirical data. Not all construction projects can be accessed for case studies, limiting insights into the application of CCO in various types of projects. This research focuses more on the theoretical legal aspects and does not go into detail about how the implementation of CCO procedures and addendums is carried out in practice on the ground. This suggests the need for further research to identify practical challenges in the application of CCO. Therefore, future research is expected to expand the geographic scope and compare the regulations and application of CCO in several countries or international construction sectors, to provide more comprehensive insights into the global challenges of contract change management. Future research is also expected to develop a more empirical approach, such as surveys with construction practitioners, contractors, and project owners to understand their real-life experiences in facing CCO, and identify factors influencing the successful implementation of contract changes in the field.

ADVANCED RESEARCH

In writing this article the researcher realizes that there are still many shortcomings in terms of language, writing, and form of presentation considering the limited knowledge and abilities of the researchers themselves. Therefore, for the perfection of the article, the researcher expects constructive criticism and suggestions from various parties.

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