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Variation and Change Order Management Procedure

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Variation and Change Order Management Procedure

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1.0 PURPOSE

This procedure describes activities and documentation required to handle variations effectively within a project organization and the means of ensuring that the appropriate approval authorization from the Entity is obtained to validate the issuance of a Variation or Change Order

This procedure applies to Works performed under all Government construction projects executed throughout the Kingdom of Saudi Arabia.

2.0 SCOPE

This procedure applies to Contract activities conducted under the administration and management of the Contracts Management Department.

3.0 DEFINITIONS

The definitions and procedures set forth herein are based on typical Entity issued contracts. Different contract terms may be required by certain Entities based on the modifications to the standard Contract Documents and following would require appropriate modification.

Term	Definition
2nd Party	Contractor, Consultant, Engineer or Supplier who expresses interest in prequalifying for a specific package of Works or Services and upon Award becomes the entity contracted to perform such Works or Services
Laws	Government Tenders and Procurement Law issued pursuant to Royal Decree No. (M/128) dated 13/11/1440 AH and the Implementing Regulations thereof issued pursuant to the Minister of Finance's Resolution No. (1242) dated 21/3/1441 AH and as amended thereafter.
Agreement	Contract or Purchase Order (collectively "Agreement") between the Entity and a 2nd Party
Amendment	Formal modification of a contract, signed by both parties, which must be mutually agreed upon to effect a change to the rights and obligations of one or both. An Amendment may be used to modify price and time of performance instead of a Variation Order but normally will be used only for modifications outside of the scope of the Variations clause.
Authority Commitment Approval (ACA)	The group originating the service requisition responsible for obtaining appropriate authorization to commit project funds. Prior to issuing the change, these ACA signatures must be recorded
Change	Modification to the work, time or method of performance authorized by the Variations clause in the Contract within the scope of the Contract.
Change Notice	A document issued by the Entity notifying the 2nd Party of a potential directed contract change which may affect the cost or time of performance and obligate the Entity to compensate the 2nd Party, but do not provide any funding for payment. The Change Notice shall be used to:



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	a. Transmit all new or revised drawings, data or any other instructions to the 2nd Party. b. Invite a proposal for new prices or schedule. c. Direct changes (revisions, additions and deletions) within the general scope of the contract. The Change Notice requires the 2nd Party either to confirm the Entity's adjustments to time and/or compensation (if any), or to submit its proposal for compensation and/or adjustment to time.
Change Proposal	A proposed adjustment to a Contract price and/or time of performance in response to an Entity Change Notice or a 2nd Party Change Request or any other circumstance in which the 2nd Party believes an adjustment to the price or period of performance is due. Proposals should conform to the Contract requirements for pricing of adjustments
Change Request	A 2nd Party-initiated request for an Entity Change Notice due to some differing site conditions, constructive change, or similar event justifying issuance of a Change Notice
Construction Contractor	The Main or Principal Contractor responsible for undertaking the Construction Works on the Project.
Directed Change	A directed change is one in which the 2nd Party is directed to proceed with the work independent of resolution of the commercial impact (if any) arising from the change.
Directive to Proceed	A document ordering the 2nd Party to proceed with the defined work under a Directive Change despite a lack of agreement as to whether the work is within the scope of the contract or when both parties agree that there is a commercial impact, but have not reached agreement on the appropriate price and schedule adjustment. The need for a Directive to Proceed arises when the 2nd Party asserts that such work should be compensated as a change (additional time and/or money) or that the equitable adjustment should be greater than proposed by the Entity but the Entity's position is that the work is within the work scope and thus not the subject of a Change Notice, or that the equitable adjustment is less than the adjustment asserted by the 2nd Party. The Directive to Proceed will instruct the 2nd Party to segregate all costs associated with the work described in the directive. This work should be managed and monitored as force account work pending resolution of whether or not the work is a contract change or whether the Entity proposed equitable adjustment is adequate.
Entity	Government Entity, Authority or Ministry responsible for the Project(s)
Extra Work	Work that the 2nd Party is requested to perform and agrees to perform that is outside of the general scope of the Contract. The Entity cannot issue a directed Change Notice if the changed work is beyond the parties' original contemplation of the scope of work. The Agreement with the 2nd Party for Extra Work is formalized in an Amendment that defines scope, payment terms and schedule. The addition of Extra Work should be treated as a sole source acquisition requiring appropriate approvals. Not all additional work is Extra Work.
Project	Project to be undertaken by an Entity that consists of single or multiple Agreements with 2nd Parties to perform Works or Services as part of the execution plan to deliver such a Project
Requisition	Requisition for Tendering



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Services	Provision of technical or consulting services for design, studies, investigations (geotechnical, surveying testing), specialist advice or the like that are not the Works but necessary to support them
Site Construction Department	Department within the Project Management Company that is responsible for Construction activities/operations.
Contracts Management Department	Department within the Entity Project Management Organization (EPMO) or at corporate level authorized to conduct contracts formation and administration activities.
Site Document Control	Department within the Project Management Company that is responsible for the control of all project Documents using ECMS.
Site Engineering Department	Department within the Project Management Company that is responsible for Engineering or design activities/operations.
Variation	An Entity document that represents the commercial and technical resolution of a Contract Change. A Variation describes the scope, price, schedule and method of payment for a change. It may be agreed to and signed by both parties; or, if authorized by the terms of the contract, issued unilaterally representing the Entity's determination of an equitable adjustment.
Works	Construction or supply of goods, facilities or the like of permanent and temporary nature as contracted by the Entity
Bid Evaluation Committee	

4.0 REFERENCES

Article One Hundred and three (113), One Hundred twenty-four (124), One Hundred twenty-five (125), and One Hundred twenty-six (126) of the Implementing Regulations.

5.0 ROLES & RESPONSIBILITIES

The following defines the individual roles and responsibilities associated with the Change Management procedure:

Individual	Role
Accounts Payable	Responsible for reviewing, checking and processing invoices
Authorized Representative	The individual assigned to manage the Agreement on behalf of the Entity.
Construction Manager	The individual with primary responsibility of managing the day-to-day activities of the 2nd Party at the Site, verification of Works performed and liaising with the Contracts Administrator in reviewing and processing invoices
Contracts Administrator	Responsible for the administration of the Contract in full compliance with its requirements
Contracts Management Department Manager	Responsible for the management of the overall Contract in accordance with Project procedures and requirements
Contract Variation/Change Order Evaluation Committee	Responsible for review & evaluate the legitimacy of the Variation/Change Order and Price Justification and issue Committee Report which is a pre requisite for approval of Variation/Change Order by Entity.
Department Manager	The managers of Contracts Management Department, Engineering Management Department, Construction, Project Controls, Finance & Accounting, Quality Assurance/ Quality Control (QA/QC), or Health, Safety,



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	Security, and Environmental (HSSE) and any other departments on the Project
Department Representative	The representative of the Engineering Management Department responsible for Consultancy Contracts; the representative of the Construction Department responsible for Construction Contracts; and the representative of other departments for Technical Service Contracts
Document Controller	Responsible for managing the incoming and outgoing flow of documentation on the Project.
Originator	Issues the Requisition Revision and provide the information needed to issue the Change Notice/Variation Request. The Originator also reviews the Requisition to assure compliance, accuracy, and quality.
Resident Engineer	The individual with the primary responsibility of managing and coordinating the day-to-day activities of the 2nd Party. The Resident Engineer will liaise with the Contracts Administrator to ensure effective management of the Contract



6.0 PROCESS

Variations are used to document the resolution of modifications made pursuant to the Variations clause (i.e., modifications within the general Scope of Work). Furthermore, variations, which can be issued unilaterally, allow the Entity to compensate the 2nd Party based on the Entity's determination of an equitable adjustment (time and money) when agreement cannot be reached. Bilateral Changes may also be exercised by increasing or decreasing the quantities listed in the bill of quantities (BoQ) with no revisions to the rates specified in the contracts, and within the limits specified in the law.

2nd Party may elect to continue to pursue additional compensation, but the incentive to do so is diminished considerably because of the amount already paid. Amendments should be used for contract modifications outside the general scope of work of the contract, or to change the basic provisions of the contract (i.e., outside the operation of the Changes clause) and require bilateral agreement.

6.1 Change Request from the 2nd Party

The 2nd Party may submit unsolicited proposals in response to what they view as a change under the Changes or Variation clause. An unsolicited 2nd Party request may take the form of a Proposal for Work that the Entity agrees is a change, or it may take the form of a claim in which the Entity has made an initial determination of no entitlement to a prior request from the 2nd Party.

A claim is a disputed demand by the 2nd Party for time and/or money, or even an unapproved deviation to the specifications and technical requirements of the Contract. It may arise from a Contract Change where impact is at issue, or from something the 2nd Party believes to constitute a compensable change but entitlement is at issue. The term "claim" has often been applied to any unsolicited proposal, but should only be applied to disputed requests.

6.2 Request for Variations by Entity

The Entity may make changes to a Contract that is within the general scope of the contract in accordance with the Variations/Changes provisions of the Contract. Changes in the drawings, designs or specifications, method, manner or sequence of the 2nd Party's work; changes to Entity furnished facilities, equipment, materials, services or site; directing acceleration or deceleration of the work and modifying the contract schedule or contract milestones qualify as contract changes.

The formal lines of communication for design changes must be consistent with approved project procedures, and communicated to the 2nd Party at the Agreement Kick-off Meeting.

Engineering changes to drawings and specifications made in the Engineers/Designers Offices and/or Entity's Home Office, and not formally controlled and communicated to the 2nd Party or the Construction Manager, may, if they affect the 2nd Party, constitute "constructive changes" by the Entity and result in additional costs and delays for which the 2nd Party may have to be compensated.

6.3 Preparation of Change Notice / Variation Request by Entity

A Change Notice is prepared by the Entity and will include all related data, drawings and documentation that are available at the time of its issuance. Change Notices authorizing work to proceed require a Commitment Authorization.

Each Change Notice will be sequentially numbered and entered in a Change Notice Log. The approved Change Notice will be transmitted to the 2nd Party. All transmittals to the 2nd Party will contain a serialized letter number. A Change Notice Checklist will cover the key requirements that should be addressed for Change Notices.



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The scope of each change should be clearly defined and coordinated with the on-site team by the responsible Entity representative through issuance of a Requisition. The Originator will, within the body of the Requisition, provide complete and accurate information containing the following: scope of work, specifications, drawings, and data sheets, 2nd Party Drawing and Data Submittal Requirements (DSR) and schedule recommendations, detailed cost estimates, schedules, quality requirements and 2nd Party quality surveillance requirements. Scoping drawings are recommended to clearly define the 2nd Party's work responsibilities. The originator's supervisor or designee shall review the Requisition to assure overall programmatic compliance, interdisciplinary and interdepartmental coordination, accuracy and quality. As a function of originating a Requisition (or issuing a Requisition revision), the originator is responsible for:

- a. Obtaining Requisition numbers
- b. Obtaining and identifying budget and estimate information, cost information, and approval from Project Controls
- c. Obtaining Site Manager's approval
- d. Transmitting the Requisition with attachments to Contracts Management Department in accordance with project administration procedures, for further action
- f. Upon receipt of an approved Requisition, the designated Contracts Administrator shall assume responsibility for any required coordination and clarification of the proposed change, including:
 - Obtaining the proper signatures from authorized persons on the Contract Change Notice
 - Obtaining an Entity developed cost and schedule analysis from Project Controls, if not provided as a component of approved Requisition. The cost estimate is also required for the commitment authorization if the Entity intends to issue a directed change.
 - All proposed contract changes shall be communicated and confirmed in writing by using a Change Notice and then incorporated into the contract by use of either a Variation or Amendment, depending upon the contract terms and project procedures.
 - As a minimum, the following items shall be included in the Change Notice:
 - (i) Descriptive scope of the change
 - (ii) Method of payment (lump sum, unit prices, or cost reimbursable)
 - (iii) Time (schedule) adjustments (if known)
 - (iv) Direction to proceed or to wait for notice
 - (v) Schedule of Technical Documents that are proposed to be changed (revised by Change Notice, or issued as "new" to the Agreement) as a consequence of the Change Notice (Drawings, Specifications, Procedures, Plans, etc.)
 - (vi) 2nd Party Acknowledgment of receipt to be returned to the Contracts Administrator
 - (vii) Marked up 2nd Party-submitted drawings that are not expected to require an adjustment in time or money may be returned to the 2nd Party by controlled transmittals in accordance with Project Engineering procedures. The project transmittal form should have language similar to the Request for Information (RFI) form that indicates that the transmittal is not a Change Notice and that the 2nd Party is not to proceed on work it considers to be a change without an Entity Change Notice or Directive to Proceed. The 2nd Party should be advised that they must initiate a Change Request to secure a commercial adjustment for the contract.
 - (viii) Marked up 2nd Party drawings being returned with comments that constitute contract changes shall be transmitted to the 2nd Party by Change Notice.



6.4 2nd Party Response to Change Notices / Variation Requests

The 2nd Party shall be required to respond to each Change Notice.

All 2nd Party responses, whether acknowledgments without comment, disagreement with the Change Notice, or 2nd Party counter-proposals shall be entered in the Change Notice Log. The Log shall be updated on a regular basis to status "open"; Change Notices and follow up should occur where there have been no responses.

The 2nd Party's proposals are tracked and monitored by utilizing a Proposals Summary. The Proposals Summary helps to assure all proposals are resolved and provides historical data which documents how each proposal was resolved.

Each proposal shall be entered into a Change Proposals/Claims Log that is required for each contract. A 2nd Party Proposals Checklist will cover the key requirements that should be addressed for the 2nd Party Proposals.

6.5 Pricing of Variations/Changes

Price adjustments will fall into one or a combination of three categories: (1) lump sum, (2) unit price, or (3) cost reimbursable. The preferred method of pricing a change generally follows the base contract pricing.

The contract Changes article normally provides the Entity the right to prescribe the pricing method, regardless of the base contract pricing method (e.g., unit rates in lieu of lump sum). The below sections describe the options that are available subject to the conditions of the Agreement:

6.5.1 Fixed Price (Lump Sum or Unit Price) Contracts

For a lump sum contract, the preferred method of pricing a change is to estimate the cost for the effect of the change and negotiate a fixed price. If the change is priced before the work is performed, the fixed price will be based on the estimated cost for the effect of the change plus a reasonable pre agreed percentage profit stipulated in the Contract based on traditional profit factors, such as risk, resources required and investment.

If the change is negotiated after the work is performed, the 2nd Party and the Entity may both take advantage of the actual costs incurred to assist in establishing an appropriate price for the change. However, do not rely solely on cost records if a lump sum settlement is being negotiated after the work is partially performed or completed. Cost records are a tool for the Entity to use to evaluate the proposed settlement values and are not necessarily indicators of the reasonable amount the Entity is obligated to pay. The 2nd Party is entitled to an equitable adjustment for the change. That may or may not be reflected in the amount the 2nd Party has spent depending upon its productivity, skill and efficiency.

Unit Rate Variations shall be estimated based on the Engineers determination of the change in quantities multiplied by the unit rates established in the Agreement. In the absence of a Unit Rate relative to the scope of the Variation, the estimated value shall be calculated using the following paragraph:

The estimated cost is based on the expected direct costs for material, labor and equipment, to which negotiated factors are applied for the indirect costs (scaffolding, cleanup, etc.), for overhead (site facilities, site management, etc.) and for general and administrative (G&A) expenses (home office support, etc.). Note that it may be expedient to establish the factors for indirects, overhead and G&A early in the project that will be used for changes and thereby avoid renegotiation of the rates for each change. Where available and appropriate for the nature of the change, the contract unit prices should be used to price quantity changes. Changes that add work for which no applicable unit rates exist will necessitate the establishment of new unit prices, as well changes for which established unit prices are inappropriate. Unit prices are actually a form of fixed price and negotiated new unit prices will be based on the estimated cost for the changed work, plus a reasonable profit, similar to the method described above for lump sum work. When large quantity additions



or deletions occur, the existing unit prices may not be appropriate. In fact, large quantity deviations may require that the unit prices be renegotiated in their entirety.

6.5.2 Cost Reimbursable Contracts

Changes on *cost reimbursable contracts* are generally less complicated and controversial to administer (although more labor intensive) than fixed price contracts. The 2nd Party will always recover its reimbursable costs, and will generally recover at least the site overhead as a factor applied to direct costs.

Cost plus fixed fee contracts typically include language that requires adjustment in the "fixed" fee for changes. The "negotiated" fee adjustment is not necessarily based on the ratio of the original fee to the original estimated cost. The fee for each change should be evaluated for its own impact based on the traditional consideration of risk, investment and resources.

Cost plus percentage of cost contracts normally require no negotiations for any changes. All elements of cost and profit are adequately recovered directly or in the percentage fee. It is seldom appropriate to contract on a cost-plus percentage basis, cost plus percentage contracts are not desirable because they provide little incentive for the 2nd Party to perform efficiently.

6.5.3 Time and Materials Work

Time and materials (T&M) work is usually a combination of unit rates for labor and cost plus a percentage (typically 10%) for materials. Equipment is priced based on negotiated rates or percentage (typically 80%) using industry publications.

The unit rate for labor normally includes a markup for supervision, tools, overhead and profit. The percentage markup for materials may cover the labor effort to purchase, inspect, expedite, warehouse and handle the materials plus a profit.

T&M work, while convenient, is often expensive. T&M work should be limited to those occasions when the scope of the change work to be performed is not very large, not well understood and must proceed on an expedited basis rather than waiting until the scope is better defined. The 2nd Party should be required to submit a Daily Summary of Time and Materials Work to the Entity for approval as a means of monitoring any 2nd Party T&M work.

6.6 **Schedule (Time) Impact of Variations on Agreement Durations**

Adjustments to the contract period of performance generally will be based on the effect the change has on the time required to perform the contract work. However, there are many factors to consider in evaluating the actual impact of a change on a 2nd Party's schedule. For example, even though changed work may require some time to perform, the change may not affect any work on the critical path of the current approved schedule. Consequently, it would be inappropriate to modify the contract milestones or completion date. Similarly, the effect of a change may be exaggerated because of a performance problem for which the 2nd Party is responsible. The period of performance should only be adjusted for the effect for which the Entity is responsible. When delays are caused by concurrent events for which both the 2nd Party and the Entity are responsible, the period of extended performance is excusable but not compensable.



6.7 Entity Estimates

The Entity shall prepare its own estimate of the Change Notice for both the impact to the Contract Price and the Contract Schedule using one or more and combinations thereof of the pricing options listed in Section 4.5.

This Estimate shall be prepared in advance of entering into negotiations with the 2nd Party on the Impact of the Change / Variation as a basis to establish a fair and reasonable adjustment to the Contract. Entity's Estimate is a confidential document, hence precautions shall be taken with proper control measures to maintain confidentiality and access shall be restricted on a need to know basis.

6.8 Negotiation of Variations/Changes

The Bid Evaluation Committee shall be the authorized negotiator when change requests by 2nd Party are related to price changes as stated in the Law. Other changes requiring compensation without revising contracts rates shall be determined by Contracts Management Department

All negotiations with a 2nd Party shall be documented.

All proposed settlements shall be approved internally (Negotiation Plan or ACA) prior to negotiation with the 2nd Party.

Negotiations should be conducted with the objective of reaching a fair and equitable resolution of the change, not to coerce settlements that deny either party their full rights under the contract.

The final agreement of the Variation shall have a duly executed Commitment Authorization.

6.9 Contract Variation/Change Order Evaluation Committee Report

A Change Variation/Change Evaluation Committee shall be appointed by the Entity. The Committee will be chaired by the Contracts Management department, and members from the following departments shall be part of the Variation/Change Evaluation Committee :

- Engineering Department
- Construction Department
- Financing & Budget (Project Controls) Department

The Committee will review and evaluate the Contract Variation/Change Order legitimacy and price justification based on the following criteria in accordance with the Contract Variation/Change Order Evaluation Committee Report Attachment 08:

- Cost of Contractor's proposal and comparison with the Entity's Cost Estimate approved by Financing & Budget (Project Controls) Department
- Analysis of unit rates and prices, their feasibility and compatibility with similar items in other contracts with the Entity.
- Impact on Contract Price as a result of the Variation/Change Order.

The committee shall submit to the Bid Evaluation Committee their assessment reports to formally issue the final recommended entitlement for changes relevant to revision of contract prices as specified in the Law.

6.10 Preparation of Variation/Change Orders

A Variation or Amendment package should be assembled as the Variation or Amendment is written. The documentation package should be reviewed for completeness after execution of the Variation or Amendment. The documentation package may be utilized to secure management signatures on the Contract Variation or Amendment. The documentation package consists of the following information:



- (i) Variation/Amendment
- (ii) Commitment authorization duly prepared and executed by the Authorized Representative(s)
- (iii) Change Summary: a narrative describing why the change was made
- (iv) Technical documents (e.g., drawings, sketches, Design Change Notices, etc.)
- (v) Change Notice(s)
- (vi) 2nd Party's proposal, if submitted
- (vii) Entity cost analysis (or price justification)
- (viii) Schedule analysis
- (ix) Correspondence
- (x) Record of negotiation
- (xi) Contract Change Order Evaluation Report
- (xii) Time sheets, invoices or other supporting documentation, if appropriate
- (xiii) Contract Variation/Change Order Routing Slip (Attachment No.09)

6.11 Issuance of Variation/Change Orders

Once 2nd Party proposals are negotiated and adjustments are agreed upon, they shall be incorporated into the contract by either a Variation/Change Order or an Amendment. Even if the Change Notice is resolved at no cost or schedule impact, it should be incorporated into the contract by a no cost or schedule impact change to update the Agreement to align with the latest requirements.

Each Variation/Change Order and Amendment should be given a unique sequential number that is entered into a Variation/Amendment Log for each contract. It is important that the cross-references in the logs are completed to ensure a change can be tracked from its inception (Change Notice or proposal) to its incorporation in a Variation or Amendment.

While each Variation/Change Order is unique, the basic elements of the Variation/Change Order shall be consistent across all Variation/Change Orders and it is best practice to address each when preparing. The Change Order document should include as dictated by the scope and complexity of the Change all or some of the following:

- (i) Purpose: Briefly state the reason the Variation/Change Order is being issued.
- (ii) Scope of Work: It is best practice to include in the body of the change order a brief description referencing all applicable Contract Change Notices (CCNs).
- (iii) Contract Change Requests (CCRs) and claim resolutions with a revised Scope (provided via Requisition) that thoroughly describes the revised scope of work included as an attachment.
- (iv) If the Scope is not attached, this section should include thorough details of scope of work, including reference to all applicable Contract Change Notices (CCNs), 2nd Party Change Requests (CCRs) and claim resolutions.
- (v) Pricing: It is best practice to state how the Variation/Change Order is priced (lump sum, unit rate, time & material/cost reimbursable or some combination thereof). Fixed or estimated total cost impact should also be stated. An updated Bill of Quantities (BOQ) indicating the revised quantities and pricing should be attached to the Variation. It should include applicable unit rates and any appropriate breakdown of the pricing.
- (vi) If an updated BOQ indicating the revised schedule of quantities and pricing is not attached to the change order, state details of how the Variation is priced (lump sum, unit rate, time & material/cost



reimbursable). Include fixed or estimated total cost impact, applicable unit rates and any appropriate breakdown of the pricing in the body of the change order.

- (vii) Measurement for Payment: Confirmation of how this work is to be measured and invoiced (monthly basis, one time fixed payment, per the existing subcontract terms, etc.). This can be included in either the body of the Variation or the updated BOQ.
- (viii) Schedule: The body of the change order should list any revised/new milestones and associated date(s) and address any impact to the approved baseline schedule.
- (ix) Attachments: Description of all attachments to each change order, including date, revision number and total number of pages as applicable.
- (x) Situations may arise where the 2nd Party will be directed to perform changed/disputed work in the absence of a mutual Agreement. In such cases, the Entity will issue a Directive to Proceed to the 2nd Party requiring the 2nd Party to perform the work pending's final Agreement. In such cases, the work being performed must be clearly defined. Also, complete documentation must be maintained to record costs and schedule impact. If there is a subsequent final agreement for additional costs for this work, it should be incorporated into the contract by Variation. If necessary, a unilateral Variation may be issued to modify the price or time of performance as determined by the Entity per the Disputes clause.

6.12 Variation / Change Order Register

The Contract Administrator shall maintain registers to track all open, pending and closed Variation Requests and Variation/Change Orders that arise during the course of the Works of Services, irrespective of the Party that raises such Change or Variation Request. Any disputed amounts should be recorded and clearly identified for potential grounds of a 2nd Party Claim.

7.0 ATTACHMENTS

1. EPM-KD0-TP-000035 - Contractor "Request for Change" Register Template
2. EPM-KD0-TP-000036 - Contract Change Notice Register Template
3. EPM-KD0-TP-000037 - Contract Variation Register Template
4. EPM-KD0-TP-000026 - Contract Change Notice Template
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10. Variation/Change Order Process Flow Chart



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Attachment 1 - EPM-KD0-TP-000035 - Contractor "Request for Change" Register Template

CONTRACTOR "REQUEST FOR CHANGE" REGISTER													
CHANGE NOTICE REQUEST			SUBJECT	REPLY REQUIRED		PROPOSAL DETAILS		Authorities Response to Request					
CNR No.	Cover Letter Reference	Date		Yes	No	Reply by Date	Cost Impact	Time Impact (Days)	Document Reference (Letter)	Dated	CCN Ref	STATUS (OPEN, CLOSED)	Likely Claim (Y/N)
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
21													
22													
23													
24													
25													
26													
27													
28													
				TOTAL PENDING / UNRESOLVED CHANGE NOTICES		\$0.00							



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Attachment 2 - EPM-KD0-TP-000036 - Contract Change Notice Register Template

PROJECT: [INSERT PROJECT NAME & NUMBER]
CONTRACT No.: [INSERT CONTRACT NUMBER]
CONTRACTOR: [INSERT CONTRACTOR]

Register Date:

PROJECT CONTRACT CHANGE NOTICES REGISTER															
CHANGE NOTICE			SUBJECT	CNR Ref	REPLY REQUIRED			CONTRACTOR PROPOSAL / QUOTATION				RESOLUTION			
No.	Dispatching Letter Reference	Dated			Yes	No	Reply by Date	Document Reference (Letter)	Dated	Time Impact (Days)	Cost Impact (\$)	Status (OPEN, CLOSED, CANCELLED)	Comments	CCO No.	Date CCO Issued
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14															
15															
16															
17															
18															
19															
20															
21															
22															
23															
24															
25															
26															
27															
28															
TOTAL PENDING / UNRESOLVED CHANGE NOTICES										0		\$0.00			



Variation and Change Order Management Procedure

Attachment 3 - EPM-KD0-TP-000037 - Contract Variation Register Template

PROJECT: [INSERT PROJECT NAME & NUMBER]
CONTRACT No.: [INSERT CONTRACT NUMBER]
CONTRACTOR: [INSERT CONTRACTOR]

Register Date:

PROJECT CONTRACT VARIATION REGISTER								
CHANGE ORDER			SUBJECT	Change Notice Reference	CHANGE ORDER AGREEMENT		POTENTIAL DISPUTE	
No.	Cover Letter Reference	Dated			Agreed Time	Agreed Costs (\$)	Disputed Costs	Likely Claim (Y / N)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
TOTAL VALUE OF AGREED / IMPLEMENTED VARIATIONS						\$0.00	\$0.00	



Attachment 4

CONTRACT CHANGE NOTICE

ENTITY: [INSERT NAME OF ENTITY]

PROJECT NO.: [INSERT PROJECT NUMBER]

CONTRACTOR: [INSERT CONTRACTOR DETAILS]	LETTER NUMBER: _____
ADDRESS: _____	EFFECTIVE DATE: _____
_____	CONTRACT NUMBER: _____
_____	CHANGE NOTICE NO.: _____ Page _____ of _____

This change notice is forwarded for your signature. Please complete this form as required, sign and return the original to this office. Please retain a copy for your files.

[PROVIDE A BRIEF DESCRIPTION IN THE FIELD TITLE AND IN THE FOLLOWING SECTION, INSERT THE APPROPRIATE TITLE, EFFECTIVE DATE AND REV FOR ALL ATTACHMENTS OR REFERENCED DOCUMENTS.]

Title - _____

DESCRIPTION OF CHANGE: _____

PRICING METHOD:

☐ LS ☐ UP ☐ NEW UP ☐ T&M ☐ COST RE ☐ N/A☐ PROCEED with work
☐ NO change in price authorized
☐ Drawings/data ATTACHED☐ Notice to proceed REQUIRED
☐ NO extension of time authorized
☐ SUBMIT proposal within ____ days
☐ _____

SIGNATURE AUTHORITY

DATE

TO ENTITY:

CONTRACTOR LETTER SERIAL NO.: _____

☐ ACKNOWLEDGE AND ACCEPTED ☐ ACKNOWLEDGE WITH EXCEPTIONS:☐ WE ARE PROCEEDING WITH THIS CHANGE ☐ WE ARE NOT PROCEEDING WITH THIS CHANGE

A PROPOSAL ☐ IS SUBMITTED HEREWITH(INCLUDING CONFIRMATION OF NO COST)
☐ WILL BE SUBMITTED
☐ WILL NOT BE SUBMITTED (OTHER THAN NO COST) – ATTACH EXPLANATION

SIGNATURE

TITLE

DATE

**CONTRACT CHANGE ORDER**

ENTITY : [INSERT ENTITY NAME]

PROJECT NO.: [INSERT PROJECT NO.]

CONTRACTOR: [INSERT CONTRACTOR DETAILS]	LETTER NUMBER:
ADDRESS:	EFFECTIVE DATE:
	CONTRACT NUMBER:
	CHANGE ORDER NO.:
D-U-N-S NO.: [IF AVAILABLE]	
Date Authority Commitment Approval Approved:	
DESCRIPTION OF CHANGE ORDER	
Purpose: [Briefly state the reason the Change Order is being issued.]	
Scope of Work: [It is best practice to include in the body of the Change Order a brief description referencing all applicable Contract Change Notices (CCNs), Contractor Change Requests (CCRs) and claim resolutions with a revised Scope of Work/Services (provided via Requisition) that thoroughly describes the revised scope of work/services included as an attachment.]	
If revised scope of work/services is not attached, this section should include thorough details of scope of work/services including reference to all applicable Contract Change Notices (CCNs), Contractor Change Requests (CCRs) and claim resolutions.]	
Pricing: [It is best practice to state how the Change Order is priced (lump sum, unit rate, time & material/cost reimbursable or some combination thereof). State fixed or estimated total cost impact. An updated Contract Commercial Conditions (Part 4) indicating the revised schedule of quantities and pricing should be attached to the Change Order. It should include applicable unit rates and any appropriate breakdown of the pricing.]	
If an updated Contract Commercial Conditions (Part 4) indicating the revised schedule of quantities and pricing is not attached to the Change Order, state details of how the Change Order is priced (lump sum, unit rate, time & material/cost reimbursable). Include fixed or estimated total cost impact, applicable unit rates and any appropriate breakdown of the pricing in the body of the Change Order.]	
Measurement for Payment: [PN: Measurement for Payment: Confirmation of how this work is to be measured and invoiced (monthly basis, one time fixed payment, per the existing subcontract terms, etc.). This can be included in either the body of the Change Order or the updated Contract Commercial Conditions (Part 4).]	
Schedule: [PN: The body of the Change Order should list any revised/new milestones and associated date(s) and address any impact to the approved baseline schedule. It is best practice to update	



Variation and Change Order Management Procedure

the relevant page(s) from Contract Special Conditions (Part 3). In the case where NO schedule changes are being granted, a statement to that effect should be included in the body of the Change Order.]

Attachments: [Attachments – Description of all attachments to each Change Order including date, revision number and total number of pages as applicable.]

Currency	Original Award Value	Value of Prior COs and Amendments	Value of this CO	Total Contract Value

The price adjustment and time extension (if any) granted under this Change Order constitute payment in full for the work covered by this Change Order, including without limitation, all direct costs; indirect costs; overhead costs; general and administrative expenses; profit; and all effects (direct, indirect, and consequential, including impacts and "ripple effects") of the work covered by this Change Order on all contract work, whether or not changed by this Change Order.

The contract milestone date(s), completion dates, total contract price and all other terms, covenants and conditions of the above-referenced contract, except as duly modified by this and previous Change Orders and Amendments, if any, remain in full force and effect.

ENTITY : [INSERT ENTITY NAME]

CONTRACTOR: [INSERT CONTRACTOR NAME]

Authorized
Signature: _____

Authorized
Signature: _____

Print Name: _____

Print Name: _____

Print Title: _____

Print Title: _____



Attachment 6

CHANGE NOTICE CHECKLIST

ENTITY: [INSERT ENTITY NAME] PROJECT NO. [INSERT PROJECT NO]

Contract Number: [INSERT CONTRACT NO.] Contractor: [INSERT CONTRACTOR NAME]

Contract Scope: _____

1.	Verify that changed work is not actually part of original contract scope.	YES	NO
Comments: _____ _____			
2.	Change Notices are accurately entered in Change Notice Log.	YES	NO
Comments: _____ _____			
3.	Change Notice documentation is sufficiently clear to minimize contractor questions and uncertainty.	YES	NO
Comments: _____ _____			
4.	Change Notices have initiated cost commitment changes, if necessary, and proper approvals have been obtained.	YES	NO
Comments: _____ _____			
5.	Cost and schedule impacts of Change Notices have been identified. If no cost changes, this, too, has been noted.	YES	NO
Comments: _____ _____			
6.	Verify contractor's cost records for changes.	YES	NO
Comments: _____ _____			
7.	Both parties have signed the Change Notice	YES	NO
8.	Verify that the Change Notice (if it is a directed change) have been approved and signed by someone with appropriate delegated authority.	YES	NO
Comments: _____ _____			

Attachment 7

CONTRACT CHANGE REQUEST

EPMO ENTITY [INSERT ENTITY NAME]

PROJECT NO.: [INSERT PROJECT NO.]

CONTRACTOR:		[INSERT CONTRACTOR DETAILS]		LETTER NUMBER:			
ADDRESS:				LETTER DATE:			
				CONTRACT NUMBER:			
				CHANGE REQUEST NO.:		Page _____ of _____	
D-U-N-S NO.:		[IF AVAILABLE]					
In accordance with the contract General Conditions (Part 2) Article Fourteen-"Increase or Decrease of the Second Party's Obligations" this request for equitable adjustment is submitted for your consideration. [In the following section, insert the appropriate title, effective date and rev for all attachments or referenced documents.]							
DESCRIPTION OF CHANGE: SAMPLE							
CHANGE IMPACT:							
☐	COST	REQUESTED AMOUNT:					
☐	SCHEDULE	REQUESTED DAYS:					
☐	BOTH			ATTACHMENTS:		☐ YES	☐ NO
CONTRACTOR		SIGNATURE AUTHORITY				DATE	



**Attachment 8 - EPM-KD0-TP-000053 - Contract Variation/Change Order Evaluation
Committee Report Template**

CONTRACT CHANGE ORDER EVALUATION COMMITTEE REPORT

Contract No: _____

Change Order Number: _____

Subject:

(PN: Concise summary of the scope of work of the Change Order)

The Change Order Evaluation Committee for Change Order No. ____ to Contract No. ____ was appointed to evaluate the legitimacy and the price justification for the subject changed work.

The committee reports as follows:

I. IMPORTANCE OF THE CHANGE ORDER WORK

The necessity for the change(s) contained within this Change Order is (are) as follows:

II. LEGITMACY OF THE CHANGE ORDER

The Change Order Work is:

- a) Similar in nature and kind as the original Contract.
- b) Initiated prior to the completion of the Contract.

III. REASON FOR NOT GOING FOR COMPETITIVE BID

The work described in the Change Order consists of additional work that is similar to the existing Contract scope. Therefore, complete bidding is not feasible.

IV. PRICE JUSTIFICATION FOR NEW PAY ITEMS (if applicable)

Below is the price comparison for the new work scope contained in this Change Order, quantity adjustments and the Recommended Price for this work.



Variation and Change Order Management Procedure

- Refer to Change Notice # (s) _____ noting the Finance and Budget Department concurrence to the new Pay Items contained in this Contract Change Order (if applicable).

Change Notice #	Entity's Estimate	Contractor's Proposal	Negotiated Price

Detailed Breakdown of Change Order

Description	Entity's Estimate	Contractor's Proposal	Negotiated Price
New Pay Items			
Quantity Increase			
Quantity Decrease			
Total			

V. CHANGE ORDER EFFECT

Original Contract Price	
Value of previous Change Orders	
Value of this Change Order	
Proposed Contract Price	

VI. SCHEDULE EFFECT

(PN: State any schedule impact contained in this Change Order)

RECOMMENDATION

The Change Order Evaluation Committee recommends that the above recommended prices be accepted for Chang Order No. _____ to Contract No. _____

Name of Chairman Title Date

Name of Member Title Date

Name of Member Title Date

Name of Member Title Date



Attachment 9 - EPM-KD0-TP-000054 - Contract Variation/Change Order Routing Slip Template

CONTRACT CHANGE/VARIATION ORDER ROUTING SLIP

Change/Variation Order Number: _____

Brief description of Change:

No.	Department	Name	Accept	Reject	Initial	Date

Distributed on: _____

Please return Change/Variation Order Package to: _____ By: _____



Attachment 10 – Variation/Change Order Process Flow Chart

