

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
9000-0026, CHANGE ORDER ACCOUNTING**

A. Justification.

1. **Administrative requirements.** FAR 43.205 allows a contracting officer, whenever the estimated cost of a change or series of related changes exceeds \$100,000, to assert the right in the clause at FAR 52.243-6, Change Order Accounting, to require the contractor to maintain separate accounts for each change or series of related changes. Each account shall record all incurred segregable, direct costs (less allocable credits) of work, changed and unchanged, allocable to the change. These accounts are to be maintained until the parties agree to an equitable adjustment for the changes or until the matter is conclusively disposed of under the Disputes clause. This requirement is necessary in order to be able to account properly for costs associated with changes in supply and research and development contracts that are technically complex and incur numerous changes.

2. **Uses of information.** The accounts to be maintained by the contractor are used to determine the equitable adjustment to the contract as a result of the Government-ordered change.

3. **Consideration of information technology.** We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically.

4. **Efforts to identify duplication.** This requirement is being issued under the Federal Acquisition Regulation (FAR), which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.

5. **If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.

6. Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently. Collection of information on a basis other than solicitation-by-solicitation is not practical.

7. Special circumstances for collection. Collection is consistent with guidelines in 5 CFR 1320.6.

8. Efforts to consult with persons outside the agency. A notice published in the *Federal Register* at 77 FR 51804, on August 27, 2012. One comment was received. One respondent submitted public comments on the extension of the previously approved information collection. The analysis of the public comments is summarized as follows:

Comment: The respondent commented that the extension of the information collection would violate the fundamental purposes of the Paperwork Reduction Act because of the burden it puts on the entity submitting the information and the agency collecting the information. The respondent opposes granting the extension of the information collection requirement.

Response: In accordance with the Paperwork Reduction Act (PRA), agencies can request an OMB approval of an existing information collection. The PRA requires that agencies use the Federal Register notice and comment process, to extend the OMB's approval, at least every three years. This extension, to a previously approved information collection, pertains to FAR 43.205 which allows a contracting officer, whenever the estimated cost of a change or series of related changes under a contract exceeds \$100,000, to assert the right in the clause at FAR 52.243-6, Change Order Accounting, to require the contractor to maintain separate accounts for each change or a series of related changes. Each account shall record all incurred segregable, direct costs (less allocable credits) of work, changed and unchanged, allocable to the change. These accounts are to be maintained until the parties agree to an equitable adjustment for the changes or until the matter is conclusively disposed of under the Disputes clause. Not granting this extension would consequently eliminate FAR clauses that provide a benefit to the public and the agency collecting the information.

9. Explanation of any decision to provide any payment or gift to respondents, other than remuneration of contractors or guarantees. Not applicable.

10. **Describe assurance of confidentiality provided to respondents.** This information is disclosed only to the extent consistent with prudent business practices and current regulations.

11. **Additional justification questions of a sensitive nature.** No sensitive questions are involved.

12 & 13. **Estimated total annual public hour and cost burden.** The estimated number of respondents has increased from 200 to 10,636, based on information retrieved from the Federal Procurement Data System - Next Generation (FPDS-NG). We ran a report in FPDS-NG pulling data from fiscal year 2012 for all modifications over \$100,000 to all fixed-price type contracts. For this data we also removed the duplicate contractors giving a unique number of contractors of 21,272. We estimate that only about half of these contractors would be subject to this requirement, or 10,636. Submission to the Government remains the same at 12, based on an estimated monthly submission, or 12 times a year. The estimated hours per response time of .5, or 30 minutes, is increased to 1 hour. This change is based on a reassessment of the estimated time required to gather and report the accounting information in the format specific to this information collection.

Estimated respondents/yr.....	10,636
Responses annually.....	12
Total annual responses.....	127,632
Estimated hrs/response.....	1
Estimated total burden/hrs.....	127,632
Benefits and Overhead.....	
36.25% ¹	
Average wages/hr.....	\$32.73 ²
Estimated cost to public (\$32.73 + 36.25% OH)...	\$44.59
Public cost borne by Government	
(hrs x \$44.59).....	\$5,691,111

14. **Estimated cost to the Government.** Time required for Governmentwide review is estimated at 1 hour per contract.

Annual Reporting Burden and Cost

Reviewing time/hr.....	1
Responses/yr.....	10,636

¹ The 36.25% fringe benefit rate is derived from OMB Memorandum M-08-13, dated March 11, 2008.

² The cost of \$32.73 per hour is based on a GS-12 Step 5 salary (Base GS Salary Table 2012).

Review time/yr.....	10,636
Average Wages/hr.....	
\$32.73	
Average Wages/yr.....	\$348,116
Benefits and Overhead.....	36.25%
Total Government Cost.....	\$474,308

15. Explain reasons for program changes or adjustments reported in Item 13 or 14. This submission requests an extension of OMB approval of an information collection requirement in the FAR. The information collection requirement in the FAR is reduced significantly. The reduction was possible because the improvement in Generally Accepted Accounting Principles (GAAP), the use of FAR cost principles (FAR subpart 31.2), and expanded use of Cost Accounting Standards (CAS) enable the Government, in most cases, to account for the cost of changes without having to resort to change order accounting.

16. Outline plans for published results of information collections. Results will not be tabulated or published.

17. Approval not to display expiration date. Not applicable.

18. Explanation of exception to certification statement. Not applicable.

B. Collections of Information Employing Statistical Methods. Statistical methods are not used in this information collection.