

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
9000-0026, Changes, Change Order Accounting, and
Notification of Changes**

FAR sections affected: 52.243-4, 52.243-6, 52.243-7

A. Justification.

1. **Administrative requirements.** This justification supports revision and extension of the expiration date of OMB Control No. 9000-0026 with the new title "Changes, Change Order Accounting, and Notification of Changes". This clearance covers the information that contractors must submit to comply with the Federal Acquisition Regulation (FAR) part 43 requirements as stated in the following clauses:

a. **52.243-4, Changes.** For acquisitions exceeding the simplified acquisition threshold for dismantling, demolition, or removal of improvements; and construction, under a fixed-price contract, the contractor must assert its right to an adjustment under this clause within 30 days after receipt of a written change order or the furnishing of a written notice, by submitting to the contracting officer a written statement describing the general nature and amount of proposal, unless this period is extended by the Government. The written notice covers any other written or oral order (which includes direction, instruction, interpretation, or determination) from the contracting officer that causes a change. The contractor gives the contracting officer written notice stating (1) the date, circumstances, and source of the order and (2) that the contractor regards the order as a change order. The statement of proposal for adjustment may be included in the written notice.

b. **52.243-6, Change Order Accounting.** The contractor, for each change or series of related changes, shall maintain separate accounts, by job order or other suitable accounting procedure, of all incurred segregable, direct costs (less allocable credits) of work, both changed and not changed, allocable to the change. The contractor shall maintain these accounts until the parties agree to an equitable adjustment or 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, or construction contracts if deemed appropriate by the contracting officer.

c. **52.243-7, Notification of Changes.** The clause is available for use primarily in negotiated research and development or supply contracts for the acquisition of major weapon systems or principal subsystems. If the contract amount is expected to be less than \$1,000,000, the clause shall not be used, unless the contracting officer anticipates that situations will arise that may result in a contractor alleging that the Government has effected changes other than those identified as such in writing and signed by the contracting officer. The contractor shall notify the Administrative Contracting Officer in writing if the contractor identifies any Government conduct (including actions, inactions, and written or oral communications) that the contractor regards as a change to the contract terms and conditions. This excludes changes identified as such in writing and signed by the contracting officer. On the basis of the most accurate information available to the contractor, the notice shall state—

- (1) The date, nature, and circumstances of the conduct regarded as a change;
- (2) The name, function, and activity of each Government individual and Contractor official or employee involved in or knowledgeable about such conduct;
- (3) The identification of any documents and the substance of any oral communication involved in such conduct;
- (4) In the instance of alleged acceleration of scheduled performance or delivery, the basis upon which it arose;
- (5) The particular elements of contract performance for which the Contractor may seek an equitable adjustment under this clause, including—
 - (i) What line items have been or may be affected by the alleged change;
 - (ii) What labor or materials or both have been or may be added, deleted, or wasted by the alleged change;
 - (iii) To the extent practicable, what delay and disruption in the manner and sequence of performance and effect on continued performance have been or may be caused by the alleged change;
 - (iv) What adjustments to contract price, delivery schedule, and other provisions affected by the alleged change are estimated; and
- (6) The Contractor's estimate of the time by which the Government must respond to the Contractor's notice to minimize cost, delay or disruption of performance.

2. **Uses of information.** Contracting officers use the notices and information provided by contractors in response to a change notice to negotiate an equitable adjustment under the contract that may result from the change order.

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 issued under the 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 contract-by-contract 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. A 60-day notice was published in the *Federal Register* at 84 FR 29205, on June 21, 2019. No comments were received.

B. A 30-day notice was published in the *Federal Register* at 84 FR 47517, on September 10, 2019.

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

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

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

12 & 13. Estimated total annual public hour and cost burden. Data from the Federal Procurement Data System was obtained for change order modifications issued in Fiscal Years 2016-2018 to determine the number of responses. The corresponding number of discrete unique entities was provided for each modification. Preparation time for each contractor notice is estimated to take approximately one hour.

	Clause 52.243-4
Number of Respondents	1,607
Responses per Respondent	4.1
Annual Responses	6,576
Hours per Response	1
Annual Burden Hours	6,576
Hourly rate*	\$55.00
Total Annual Cost to Public	\$361,680

	Clause 52.243-6
Number of Respondents	2,228
Responses per Respondent	3.6
Annual Responses	8,086
Hours per Response	1
Annual Burden Hours	8,086
Hourly rate*	\$55.00
Total Annual Cost to Public	\$444,730

Clause 52.243-7	
Number of Respondents	426
Responses per Respondent	6
Annual Responses	2,553
Hours per Response	1
Annual Burden Hours	2,553
Hourly rate*	\$55.00
Total Annual Cost to Public	\$140,415
Summary	
Number of Respondents	4,261
Responses per Respondent	4
Annual Responses	17,215
Hours per Response	1
Annual Burden Hours	17,215
Hourly rate*	\$55.00
Total Annual Cost to Public	\$946,825

*The hourly rate is based on OMB Circular A-76 guidance for quantifying the cost of efforts, includes: (1) the complexity level; and (2) a 36.25% fringe and overhead burden rate, the one mandated by OMB memorandum M-08-13 for use in public-private competition, as updated by OMB for the current year. Reference Salary Table 2019-RUS, Effective January 2019, found at www.opm.gov.

The average hourly wage based on the complexity level deemed to be at the OPM GS-12/step 5 level (\$40.51/hour) plus 36.25%, rounded to the nearest dollar, or \$55 per hour.

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

<u>Government</u>	Summary Total
Responses per Year	17,215
Review Time per response	1
Total Annual Hours	17,215
Hourly Rate*	\$55.00
Total Annual Cost to Government	\$946,825

15. **Explain reasons for program changes or adjustments reported in Item 13 or 14.** The decrease of responses from 106,200 to 17,215 and the associated decrease in estimated burden hours from 106,200 to 17,215 is an adjustment due to the use of current FPDS data, and the assumptions made to obtain such data. The following table summarizes the change in the burden as compared to the last revision in 2016.

OMB Control # 9000-0026	2016 Estimate	2019 Estimate	Change in Burden
Number of respondents	8,850	4,261	-4,589
Responses per respondent	12	4	-
Total annual responses	106,200	17,215	-88,985
Hours per response	1	1	-
Total burden hours	106,200	17,215	-88,985
Total annual cost to public	\$ 4,885,200	\$ 946,825	- \$ 3,938,375

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.

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