

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
OMB CONTROL NO. 9000-0026
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 extension of the expiration date of OMB Control No. 9000-0026. 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 for dismantling, demolition, or removal of improvements; and fixed-price construction contracts that exceed the simplified acquisition threshold (SAT), 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 contracting officer may require change order accounting whenever the estimated cost of a change or series of related changes exceeds \$100,000. 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 (R&D) contracts of significant technical

complexity, if numerous changes are anticipated, 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 R&D 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.** Federal agencies use 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.** These requirements are 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, 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 1320.5(d)(2).

8. **Efforts to consult with persons outside the agency.**

A. A 60-day notice was published in the *Federal Register* at 87 FR 24163, on April 22, 2022. No comments were received.

B. A 30-day notice was published in the *Federal Register* at 87 FR 38406, on June 28, 2022.

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. The following estimates are based on Federal Procurement Data System (FPDS) data for fiscal years 2017 through 2021. The estimates exclude contracts for the acquisition of commercial products and commercial services. Preparation time for each contractor notice is estimated to take approximately one hour.

SUMMARY	REPORTING		TOTAL REPORTING	RECORDKEEPING	TOTAL
	FAR 52.243-4	FAR 52.243-7			
Estimated respondents/yr	345	38	383	2,228	2,611
Responses/respondent	3.10	2.21		3.63	
Total annual responses	1,068	84	1,152	8,086	
Estimated hrs/response	1	1		1.0	
Estimated total burden hrs	1068	84	1,152	8086	9,238
Hourly rate*	\$59	\$59		\$59	
Estimated annual cost to the public	\$63,012	\$4,956	\$67,968.00	\$477,074	\$545,042

Reporting Burden

52.243-4, Changes. The estimates include acquisitions for dismantling, demolition, or removal of improvements (North American Industry Classification System (NAICS) Codes 238910 & 562910) that exceed \$10,000; and fixed-price construction

(Product and Service Codes (PSCs) that begin with Y & Z2) contracts that exceed the SAT (\$250,000). A total of 1,068 change order modifications were issued to a total of 345 unique entities. The responses per respondent are a mathematical calculation from dividing the estimated total annual responses (change order modifications) by the number of respondents (unique entities).

Estimated number of respondents/yr.....	345
Responses per respondent.....	<u>x 3.1</u>
Total annual responses.....	1,068
Estimated hrs/response.....	<u>x 1</u>
Estimated annual burden hours.....	1,068
Hourly rate*.....	<u>x \$59</u>
Estimated annual cost to the public.....	\$63,012

52.243-7, Notification of Changes. The estimates include negotiated R&D or supply contracts for the acquisition of major weapon systems or principal subsystems (PSCs: Category AC, Groups 10-14, 2541, 1386, 5865) valued at or above \$1,000,000. A total of 84 change order modifications were issued to a total of 38 unique entities. The responses per respondent are a mathematical calculation from dividing the estimated total annual responses (change order modifications) by the number of respondents (unique entities).

Estimated number of respondents/yr.....	38
Responses per respondent.....	<u>x 2.21</u>
Total annual responses.....	84
Estimated hrs/response.....	<u>x 1</u>
Estimated annual burden hours.....	84
Hourly rate*.....	<u>x \$59</u>
Estimated annual cost to the public.....	\$4,956

Recordkeeping

52.243-6, Change Order Accounting. The estimates include contracts for R&D, supplies, and construction (PSCs: Groups 7 through 99 and the ones that begin with AC, Y & Z2) that exceed \$100,000. A total of 8,086 change order modifications were issued to a total of 2,228 unique entities. The records per recordkeeper are a mathematical calculation from dividing the estimated total annual records (change order modifications) by the number of recordkeepers (unique entities).

Recordkeepers/yr.....	2,228
Records per recordkeeper.....	x 3.6
Total annual records.....	8,086
Review hours/response.....	x 1
Annual recordkeeping burden hours.....	8,086
Hourly rate*.....	x \$59
Annual recordkeeping burden cost to the public...	\$477,074

* Based on the Office of Personnel Management (OPM) 2022 General Schedule (GS) 12/step 5 salary for the rest of the United States (\$43.10 per hour) plus a 36.25 percent fringe factor, rounded to the nearest whole dollar (\$59). The fringe factor used is pursuant to the rate provided in OMB memorandum M-08-13 for use in public-private competition.

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

Total annual responses.....	1,152
Review time per response (hours).....	x 1
Review time per year (hours).....	1,152
Hourly rate*.....	x \$59
Estimated annual cost to the Government.....	\$67,968

15. **Explain reasons for program changes or adjustments reported in Item 12 or 13.** There are no program changes. The FAR requirements remain the same. This extension includes updates to the burden as follows:

- **Current Data and Information.** The estimated number of respondents and responses per year is based on FPDS data for the five most recent fiscal years (2017 through 2021). The parameters for data pulled from FPDS for each clause is consistent with the prescription, which may have resulted in changes to the number of respondents and average contracts per respondent for the individual burden estimates.

- **FAR 52.243-6, Change Order Accounting.** This extension recognizes that the burden under this clause is only for recordkeeping. There is no reporting burden associated with this clause.

- The estimated cost to the public and to the Government was updated based on use of calendar year 2022 OPM GS wage rates for the rest of the United States.

OMB Control # 9000-0026	2019 Estimate	2022 Estimate	Change in Burden
Number of respondents/recordkeepers	4,261	2611	-1,650
Total annual responses	17,215	1152	-16,063
Total burden hours	17,215	9238	-7,977
Total annual cost to public	\$946,825	\$545,042	-\$401,783

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.