

Change Order Administration



References

- FAR Subpart 43.2, “Change Orders”
- Policy Flash 2008-39, “Contract Change Order Administration of Department of Energy (DOE) Prime Contracts”
- Acquisition Guide 15.4-1, “Pricing Contract Modifications”

Overview

This chapter provides guidance to ensure the proper issuance and administration of change orders. A change order template and sample clauses are provided in order to facilitate consistent application across the complex.

Background

A change order is a written order, signed by the Contracting Officer, directing the contractor to make a change (authorized by the Changes clause) on a unilateral basis. The Changes clause permits the Contracting Officer to make unilateral changes in designated areas within the general scope of the contract (FAR Subpart 43.201). The contractor must continue performance of the contract as changed. However, in the case of an incrementally-funded cost reimbursement contract, the contractor is only bound to continue performance up to the point established in the Limitation of Funds clause.

Change Orders are the least preferred method of changing contracts. In accordance with FAR 43.102(b), contract modifications, including changes that could be issued unilaterally, shall be priced before their execution if this can be done without adversely affecting the interest of the Government. If a significant cost increase could result from a contract modification and time does not permit negotiation of a price, at least a ceiling price shall be negotiated unless doing so is impractical.

When issuing change orders, it is imperative to identify the distinct work, associated deliverables, and the other contract requirements associated with the change. This will allow the contractor to appropriately segregate the costs associated with the changed work, and facilitate

the negotiation of an equitable adjustment. Furthermore, it is extremely important to invoke the change order accounting clause and set a firm date for receipt of a complete, auditable proposal so that the process of definitizing the change order does not drag on.

Template

This template sets forth guidance for change order modifications for contracts and task orders. Change orders are not generally used in Management and Operating (M&O) contracts. When issuing change orders, the government should generally estimate a price (cost plus any fee or profit, as applicable to the contract type) before signing the change order to ensure that funding is available to pay for the changed work; thereby, avoiding Anti-Deficiency Act violations.

The change order modification will accomplish the following:

- Direct the contractor to implement the change under the authority of the Changes clause of each contract. Cite the proper authority (e.g. FAR 52.243-1, 52.243-2, and 52.243-3, as applicable) on the cover page of the Standard Form (SF) 30, Amendment of Solicitation/Modification of Contract, Block 13A.
- Invoke change order accounting pursuant to FAR clause 52.243-6 (if applicable), or the new DOE clause H.XX “Change Order Accounting” (provided in the template).
- Request a timely and auditable proposal to definitize the change order.
- Add special language related to the changes and certain other provisions that are required.

Below are other aspects related to use of the template:

- Words in bracketed italics are instructional notes to help guide the Contracting Officer in preparing the contract modification.
- While the word “contract” is used throughout, the guidance applies to modification of a task order, master contract, etc.
- Where specific clause titles are used in the model, these are to be viewed as the general subject matter of the clause. Actual clause titles may vary between individual contracts.

GENERAL GUIDANCE FOR CHANGE ORDER MODIFICATIONS

The following factors should be considered when issuing a change order:

1. Contracting Officer shall request a revised Small Business Subcontracting Plan and goals if the negotiated settlement for change orders issued increases the value of the contract by \$550,000 or more.
2. Document any change order issued; in particular addressing the rationale for determining the work to be within the scope of the subject contract. The Contracting Officer is advised to consult with their Counsel to ensure the change does not constitute a cardinal change to the contract.
3. Change orders shall have a not-to-exceed ceiling. When issuing a single modification with multiple changes the Contracting Officer should consider whether a single not-to-exceed value should be used or individual values associated with each of the changes.
4. The Contracting Officer is authorized to establish the not-to-exceed ceiling value(s) at the lesser of 50% of the independent government cost estimate for the subject action or funding for six (6) months of contractor performance.
5. Each change order shall contain a definitization schedule. The schedule shall contain at least the following:
 - a) Dates for submission of the contractor's Request for Equitable Adjustment (REA) including required cost or pricing data, as applicable.
 - b) A date for the start of negotiations.
 - c) A date for definitization, which shall be the earliest practicable date for definitization. (The negotiation schedule should provide for definitization of the contract within 180 days after the date of the un-priced change order/ modification or before completion of 40 percent of the work to be performed, whichever occurs first.
6. If the contract contains the FAR clause 52.243-6, Change Order Accounting, it is imperative to invoke the clause when issuing a change order expected to exceed \$100,000. The clause should be included in all (non-M&O) contracts for capital asset projects, decontamination & decommissioning (D&D), soil & groundwater remediation, and construction contracts over \$10 million. It should also be included in supply and research & development contracts of significant complexity when numerous change orders are anticipated. The following DOE clause invokes and supplements FAR 52.243-6, and should be included in all solicitations and contracts which contain it:

H.XXX MANDATORY CHANGE ORDER ACCOUNTING

- (a) In accordance with FAR 52.243-6, the Contractor must establish change order accounting for each change or series of related changes whose estimated cost exceeds \$100,000.
 - (b) The Government has no obligation under this clause or any other term or condition of this contract to remind the Contractor of its obligations under this clause. The Government may or may not, for example, refer to this clause when issuing change orders.
 - (c) If the Contractor separately identifies costs in its invoices that pertain to the changed work, the Contractor may invoice costs for both changed work and other work in the same invoice.
 - (d) If the Contractor fails to provide an adequate, auditable definitization proposal within 120 days of the Contracting Officer's request for such proposal, the Government may consider some or all of the associated bid and proposal costs to be unallowable.
 - (e) If the Contractor fails to comply fully with the requirements of this clause, the Government may reflect the Contractor's failure in its—
 - (1) determination of otherwise earned fee under the contract; and/or
 - (2) past performance evaluation of the Contractor's performance.
7. All un-priced change orders/modifications that are estimated to exceed the HCA's delegated procurement authority require the advance review and approval or waiver of MA-621 in accordance with established procedures. In addition, review and approval or waiver of the definitization of any un-priced change orders/modifications are also required.
8. When requesting REAs from the contractor the Contracting Officer should stress the need for cost, performance, and schedule realism. Additionally, the Contracting Officer should emphasize the importance of providing a timely proposal, prepared in accordance with the preparation instructions and advise the contractor that failure to do so will be noted in past performance evaluations and in the determination of otherwise earned fee under the contract, and may also result in disallowance of bid and proposal costs. REA preparation instructions can be provided under separate cover or as an attachment to the change order issuance modification. *The REA preparation instructions are provided as an attachment to this template.*
9. The following guidelines shall be followed:
- a) No fee shall be paid to the contractor for changed work, including provisional, prior to the definitization of the change order.
 - b) Specify the delivery schedule or milestone requirements to assess performance of the work. These performance outcomes and measures may subsequently be

incorporated into fee incentives, through the Performance Evaluation Management Plan (PEMP), Award Fee Plan, or other similar document.

- c) As applicable, Section F must be modified to reflect a revised period of performance.
- d) The contractor may invoice costs for both changed work and other work in the same invoice. However, the contractor shall separately identify costs in its invoices that pertain to the changed work if Change Order Accounting applies.
- e) For actions that are being used to accelerate work that is already priced in the contract, the modification should include the specific scope of work that is to be accelerated including the new work schedule and the metrics that will be used to measure successful performance of the work.
- f) For modifications that are adding supplemental work within the scope of the contract that was not priced when the contract was awarded or added by a previously priced and definitized modification, the modification should include the specific scope of work that is to be added including the work schedule and the metrics that will be used to measure successful performance of the work.
- g) Prior to adding requirements deemed to be beyond the scope of the contract, the Contracting Officer must insure that FAR Part 6 requirements are met, as applicable. Once justifications required by FAR Part 6 are approved, the change order can be issued.
- h) Contracting Officers should follow FAR, DEAR, and the guidance issued by the Director, Office of Contract Management, dated April 1, 2008, titled "Contract Change Order Administration of Department of Energy Prime Contracts" in issuing, pricing, and negotiating all change orders.
- i) Contracting Officers must obtain a certificate of current cost or pricing data after completion of contract negotiations (FAR 15.403-4) unless an exception is applicable or waived by the Head of the Contracting Activity.

Change Order Modification Template
(Text for Inclusion in Change Order Modification)

The purpose of this modification is to issue a change order revising the Statement of Work (SOW) or Performance Work Statement (PWS), and to make certain other changes to the contract terms associated with the revised SOW or PWS. These revisions are being made under the authority of the contract clause contained in Section I, entitled “Changes” (Cite the FAR Reference.)

The work described in this modification shall be performed using funds either currently obligated under this contract or added to this contract by this modification.

The contractor is to begin work immediately. The contractor is authorized to incur costs Not-To-Exceed (NTE) \$_____, consistent with the other contract terms and conditions and pending definitization of this change.

The following represent examples of changes that may be made to the contract as a result of the change order:

1. Section B, Supplies or Services and Prices/Costs are amended as follows:

A. Paragraph B.XX is modified to add the following:

The contractor shall, in accordance with the terms of this contract, provide the personnel, materials, supplies, and services and do all things necessary for, or incidental to, performing the changed work. This work is generally described as follows:

(Include a brief description of the work, including deliverables, schedules, and incentives as applicable.)

The detailed description of the changed work contained in attachments to this modification identified as Section C and Attachment XX in Section J of the contract.

B. Paragraph B.XX is modified to add the following *(if applicable)*:

Pursuant to the clause in Section I, entitled “Limitation of Funds,” total funds in the amount of \$_____ are obligated herein and made available for payment of allowable costs and fee earned related only to the changed work from the effective date of this modification through the period of performance contained in Section F.

C. Paragraph B.XX is modified to add the following:

No fee shall be paid to the contractor for work under this change order for the changed work including provisional fee, prior to definitization.

2. Section C, Description/Specifications/Statement of Work is amended as follows:

Paragraph C. XX is modified as follows:

- If modifying a *Statement of Work or Performance Work Statement - The work that will be performed as a result of the change. These situations may include the following:*
 - *Added or Deleted (FAR 15.408 III B Change Orders, Modification, and Claims) work - In situations where work is required within the existing general scope of the contract, additional text describing the changed work is added to the statement of work.*
 - *Acceleration of work - If existing work, already specified in the statement of work, is to be accelerated, the accelerated work to be performed must be described in such a manner to allow the work to be identified and clearly distinguished from the other work.*
 - *A product-oriented work breakdown structure (WBS) (if applicable) should be used for performing the changed work. This WBS should also form the basis for the contractor's cost proposal. (Cost Proposal instructions should include at what WBS level (1, 2, 3) should be submitted in the proposal. The level usually depends on the complexity of the effort.*
- Schedule – *Section C, or a Section J attachment, must specify schedule or milestone requirements for the work specified.*
- Performance outcomes and measures – *Section C, or a Section J attachment, must specify performance outcomes and measures that will be used to assess performance of the work. While these performance outcomes and measures may subsequently be incorporated into fee incentives, through the Performance Evaluation Management Plan (PEMP), Award Fee Plan, or other similar document, Section C needs to tie the work to these outcomes and measures. (Acquisition Guide 37.2).*
- Deliverables – *Section C, or a Section J attachment, must specify the associated deliverables. (Reference the name or title of the deliverable and/or the form number, if there is one)*

- *Other Requirements* – Specify other requirements associated with the performance of the work. These may include reporting requirements related to project status, earned value, or other cost type reports generally associated with work performance.)

3. Section E, Inspection and Acceptance is amended as follows:

(Add or modify Section E clauses related to any changes to the contract requirements.)

4. Section F, Deliveries or Performance is amended as follows:

Paragraph F.XX is modified to add the following:

The period of performance for the changed work specified in Section C shall be for the period of performance beginning _____ *(date modification is signed by the Contracting Officer)* through _____. *(The date of completion of the work.)*

5. Section G, Contract Administration Data is amended as follows:

Paragraph G.XX is modified to add the following:

The following invoice procedure will apply to the submission of invoices for the changed work specified in Section C, as incorporated by Modification XXX):

The contractor may invoice costs for both the changed work and other work in the same invoice. However, the contractor shall separately identify costs in its invoices that pertain to the changed work until the parties agree to an equitable adjustment for the changes ordered by the Contracting Officer *(Reference FAR 15.408 III B or specify how the invoice should be submitted)*. *(This paragraph will only apply if the CO invokes Change Order Accounting for the change order)*.

6. The following is a definitization schedule for this change order.

- A. This schedule applies only to the changed work specified in Section C as directed by the Contracting Officer under this modification in accordance with the clause in Section I, entitled “Changes,” until such time that the Contracting Officer and the contractor reach a mutual agreement and modify the contract definitizing the changed work.

MODIFICATION DEFINITIZATION

- (a) The Contractor agrees to begin promptly negotiating with the Contracting Officer the terms of a definitive modification for the changed work directed

under this modification. The Contractor agrees to submit an REA (technical, cost, and fee proposal) in accordance with the instructions provided as an attachment to this modification.

- (b) The schedule for definitizing this modification is as follows:

(Insert dates for key milestones related to the definitization of the modification.)

Milestone

Date

Contractor submits REA (technical, cost, and fee Proposal)

(The Changes clause may state the required time for the submission of an REA. If time is sufficient, state the actual date based on the time allowed by the clause. If time is not sufficient based on the effort required for the submission of an REA, state the necessary time, not to exceed 60 days after issuance of this modification. (Note: Due to the complexity of the change order it may be necessary to negotiate a due date beyond 60 days; however, you are still required to definitize within 180 days. On the contrary, a less complex REA may be submitted in less than 60 days.)

Commence negotiations

Mutual agreement on definitization of changed work

Contractor submits certificate of current cost or pricing data

Execute definitization contract modification

(This date provides for definitization within 180 days after issuance of this modification.)

- (c) If agreement on a definitive modification is not reached by the definitization date in paragraph (b) of this section, or within any extension of it granted by the Contracting Officer, the Contracting Officer may, with the approval of the head of the contracting activity, determine a reasonable price in accordance with [Subpart 15.4](#) and [Part 31](#) of the FAR and Acquisition Guide 15.4-1, subject to Contractor appeal as provided in the Disputes clause. In any event, the Contractor shall proceed with completion of the contract, subject only to the clause in section I, entitled “Limitation of Government Liability,” added by this modification.

B. The following clauses are modified (*or added*) as follows:

(There may be existing clauses in contracts that need to be modified for application to the changed work due to the nature of the specific work or in order to provide additional oversight or control. Other clauses in Section H should be reviewed for this purpose. In addition, there may be a need for new clauses applicable to the changed work. Areas that should be assessed include:

- *Financial management and oversight,*
- *Project controls,*
- *Baseline management and change control, and*
- *Special reporting, etc.)*

7. FAR 52.243-6 CHANGE ORDER ACCOUNTING (APR 1984) is hereby invoked.

(Add this clause and DOE H.XXX Mandatory Change Order Accounting for change orders over \$100,000 if they are not already in the contract.

8. Section J, List of Attachments is amended as follows:

A. The following attachments are modified (*or added*) as follows:

(Additional or amended attachments should be included, as applicable, e.g., Section C detailed SOW/PWS, revised deliverables, etc.)

B. There are certain attachments to the contract that will need to be updated as a result of the changed work to the contract. These will be addressed during the definitization period in accordance with the applicable provisions of the contract, e.g., *(Performance Evaluation Management Plan (PEMP) or award fee plan, Quality Assurance Surveillance Plan (QASP) Small Business Subcontracting Plan, etc. For example, the fee incentives for the changed work may be separately identified, with associated available fee, in a modification to the PEMP or other method depending on the type of fee under the contract.)*

C. The contractor's REA (technical, cost/price, and fee proposal) shall be prepared in accordance with Attachment XX to this modification. *(The REA Preparation Instructions are provided herein as an Attachment to this template.)*

Change Order Definitization Supplemental Agreement

(Text for Inclusion in Change Order Bilateral Definitization Modification)

The change order modification (Sections B-J described above) becomes the model for your definitization modification. The bilateral definitization modifies the contract incorporating the changed work. As a result, Sections B-J are updated to accurately incorporate the changed work and finalized with the conclusion of negotiations.

The definitization modification shall include a release similar to the following (FAR 43.204)(c):

CONTRACTOR'S STATEMENT OF RELEASE

In consideration of the modification(s) agreed to herein as complete equitable adjustments for the Contractor's _____ (describe) _____ "proposals(s) for adjustment," the Contractor hereby releases the Government from any and all liability under this contract for further equitable adjustments attributable to such facts or circumstances giving rise to the "proposal(s) for adjustment" (except for _____).

Attachment XX
Modification XXX

SUGGESTED REA PREPARATION INSTRUCTIONS

[This document provides a template for preparation instructions for the submission of REAs for the definitization of work authorized under the Changes clause for the changed work. This template is intended to address the pertinent areas of the REA, including technical, cost/price, and fee/profit to assure adequate information is obtained to perform a proper evaluation of the request and execution of a definitized agreement. These model instructions should be tailored based on the individual contract's terms and the nature of the change order issued.]

1. INTRODUCTION

This document contains instructions to the contractor for the preparation of an REA in response to the change order.

The contractor shall provide a written REA consisting of a Technical Proposal and a Cost and Fee Proposal. The Technical Proposal shall contain the contractor's approach to perform the work, and the Cost and Fee Proposal shall contain the estimated cost of performing the work and any associated fee/profit. The contractor shall assure that there is consistency between the Technical Proposal and the Cost and Fee Proposal. Depending on the time between the issuance of the change order and submission of the REA, the contractor may be required to submit data based on actual costs incurred for the directed changed effort.

2. PREPARATION INSTRUCTIONS – GENERAL INFORMATION

The contractor shall submit written REA information in the format as outlined in Table 1.

[The inclusion of the specific requirements for the REA format contained in Table 1 below is not intended to be enforced to the extent that is necessary in a competitive acquisition where page limitations dictate such rigor. Rather, this approach is suggested to facilitate getting a formal and consistent REAs from the various contractors.]

- Table 1 -

Suggested REA Instructions Format	
Number of Copies	<ul style="list-style-type: none"> • Technical Proposal – 3 hard copies and 1 electronic copy. • Cost and Fee Proposal – 3 hard copies and 1 electronic copy. • Both portions of the proposal shall contain a table of contents.
Paper Size	<ul style="list-style-type: none"> • 8 1/2” x 11” paper. • Fold-outs shall not exceed 11” x 17”
Print Type	<ul style="list-style-type: none"> • Print type (Font size) used in the text portions of the proposal shall be no smaller than 12 point font. • Print type used in completing any forms attached to this document as Microsoft (MS) Word, Access, or Excel documents should not be changed from the styles used in the attachments. • Print type used in charts, graphics, figures and tables may be smaller than 12 point Font, but must be clearly legible.
Page Margins	Page margins shall be 1-inch on the top, bottom, left, and right sides of the page, exclusive of headers and footers.
Page Numbering	All pages, including forms, tables, and exhibits, shall be appropriately numbered and identified with the name of the contractor.
CD-ROM or DVD Requirements	CD-ROMs or DVDs shall be clearly labeled with the contract number. Files submitted shall be readable using Microsoft (MS) Word, Access, or Excel (Version 2003), and the proposal schedule shall be a submitted as Primavera P3e Version 5.x, “XER” file type.

3. PREPARATION INSTRUCTIONS COVER LETTER

The cover letter shall include, but not be limited to, the following:

- (a) The contract and modification number.
- (b) The name, address, telephone numbers, facsimile numbers, and electronic addresses of the contractor's representative(s) responsible for providing additional information, as required, on the Technical Proposal and the Cost and Fee Proposal.
- (c) The name and contact information of the contractor's representative(s) with the authority to negotiate the definitization of this modification with the Contracting Officer.
- (d) Identification of any proposed changes to the SOW/PWS or other terms included in this modification that the contractor believes would be in the best interest of the Government in meeting the objectives of the changed work. *(The government should have already provided this in the change order.)*
- (e) The name and contact information for the contractor's cognizant Administrative Contracting Officer (ACO) and Defense Contract Audit Agency (DCAA), if any.
- (f) A statement that the contractor will cooperate fully and expeditiously in providing access to proposal information that may be necessary to be reviewed by representatives of DOE, e.g. Defense Contract Audit Agency (DCAA), for the purpose of definitizing this modification.
- (g) CERTIFICATIONS - TBD

4. PREPARATION INSTRUCTIONS TECHNICAL PROPOSAL *(The following are examples of instructions to provide the contractor if a technical proposal is required.)*

The Technical Proposal shall be organized in accordance with the Work Breakdown Structure (WBS) or PWS as shown in Section C. The SOW/PWS shall include the following:

- (a) Description of the proposed strategy and technical approach (including any innovations) to implement the requirements of the changed work.
- (b) Description of the specific detailed approach to the management, execution and sequencing of the work for the major WBS elements or PWS identified in the Section C. SOW/PWS. This description shall include the following:
 - i. A description of the work that will be performed by the contractor and the work that will be performed by subcontractors;
 - ii. The supporting rationale for the division of work between the contractor and subcontractors, including considerations related to efficiency of performance, cost, the need to hire additional staff, etc;

- iii. The extent of utilization of small business subcontractors; and
 - iv. The extent of utilization of fixed-price subcontracting.
- (c) Identification of the risks and impacts to the proposed approach, rationale for the identified risks and impacts, and the contractor's approach to eliminate, avoid and/or mitigate the risks throughout performance of the changed work.

5. PREPARATION INSTRUCTIONS – COST AND FEE PROPOSAL

The Cost and Fee Proposal shall be prepared in accordance with the following instructions:

- (a) FAR 15 - The contractor shall prepare its cost proposal in accordance with Table 15-2, of Part 15 of the Federal Acquisition Regulation (FAR).
- (b) For contracts subject to DOE Order 413.3A, Program and Project Management of the Acquisition of Capital Assets, the Cost proposal shall be prepared as shown in Appendix IA, Schedules A-C. Costs shall be proposed by WBS consistent with and at the lowest level of the WBS as described in the SOW, and consistent with the Technical Proposal.

For contracts that are not subject to DOE Order 413.3A, and are not proposed by WBS, the Cost proposal shall be prepared in accordance with Appendix 1B, (Cost Proposal Instructions and Cost Proposal Spreadsheet), and consistent with the Technical Proposal.

- (c) Other Formats Required as Checked Below - Formats contained in the appendices to this document shall be used for the submission of the estimated costs as follows:

- Appendix 2 – Labor – Consolidated Summary
- Appendix 3 – Material, Equipment, Subcontracts, and Other Direct Costs – Consolidated Summaries (Schedules A-D)
- Appendix 4 – Waste Quantities and Cost – Consolidated Summary (*if applicable*)

The contractor should assure consistency and traceability between these various appendices, schedules, and supporting information.

- (d) Appendix 2 - Appendix 2 is to be used to provide a direct labor summary (labor category, labor rate, and labor hours) on both a cumulative total and fiscal year basis. This should show the hours for the contractor, subcontractor, LLC members, and any other direct labor hours.

(e) Appendix 3 - Appendix 3 is to be used to provide, in total and by fiscal year, materials (Schedule A), equipment (Schedule B), subcontracts (Schedule C, major subcontracts over \$X million are to be individually listed), and other direct costs (Schedule D). Additional schedules should be included as appropriate to address elements of cost which are not included in Schedules A-D.

(f) Appendix 4 - Appendix 4 is to be used to provide a separate summary table of waste quantities by waste type in cubic feet by fiscal year by WBS. The contractor shall provide the summary of waste quantities, at a minimum, to a level equal to the WBS. This waste summary shall be supplemented by additional tables that include all costs associated with waste disposition including treatment, transportation and disposal for each waste type by fiscal year. Separate detailed computations shall be provided for treatment, transportation, and disposal cost by WBS. The basis of estimate associated with information provided in the waste summary table (including the additional tables) should be fully explained in supporting documentation.

(g) Schedule - A resource loaded P3 schedule shall be provided which shall be presented at the level of detail as shown in the WBS/PWS. The schedule shall include logic ties.

(h) Basis of Estimate (BOE) – A BOE shall be provided that thoroughly documents all estimates. A BOE description shall be provided for each activity at the lowest level in the estimate. The detailed narrative description of the basis of estimate shall be organized by WBS/PWS and include the following: how the proposed costs were derived; key assumptions and supporting rationale, including assumptions related to site conditions; source of existing verifiable data and judgment factors in projecting from known data to the estimate; estimating methods, parametric estimates, and models, etc; and other assumptions and related information to provide clarity and understanding of the contractor's basis of estimate to demonstrate reasonableness and realism.

(i) Cost Elements – Costs shall be provided by major cost elements as applicable such as: direct labor (including labor categories, direct labor hours and direct labor rates for each labor category type), fringe benefits, direct labor overhead, material, general and administrative costs (G&A), material handling overhead, equipment (including capital investments), subcontract cost, disposal cost, transportation cost, treatment cost, supplies, travel, relocation, other direct costs (ODCs). Notwithstanding that all “subcontract” costs are included above, LLC member/other teaming arrangement/subcontractors (\$X million or more) shall be individually estimated and costs provided by major cost elements as described in this paragraph. Subcontractors who refuse to provide proprietary cost data to the contractor should submit their proprietary cost proposals to the Contracting

Officer under separate cover. Appendix 1 is to be used to provide the costs by major cost elements, WBS/PWS, and fiscal year.

(j) Indirect Rates - A detailed estimate for each indirect rate (fringe benefit, material handling, labor overhead and G&A, if applicable) proposed by fiscal year is to be provided. The detailed estimate shall include cost, by cost element, for the allocation pool and the allocation base showing how each cost element within the allocation pool and allocation base was derived. The contractor shall provide all related information to provide a clear understanding of the basis of estimate. The contractor shall compute all of the indirect rates by fiscal year. This data shall be provided for each LLC member/other teaming arrangement/subcontractor (over \$X million). Subcontractors who refuse to provide proprietary cost data to the contractor should submit their proprietary cost proposals to the Contracting Officer under separate cover.

(k) Escalation - Identify the escalation factors used for each fiscal year, the source of the proposed escalation rates, and the rationale as to why the proposed escalation rates are reasonable.

(l) Electronic Media - Cost Proposal information and any spreadsheets submitted by the prime and subcontractor(s) or mathematical computation shall be submitted using Microsoft Excel 2003 or later, format and shall be working versions, including formulas and computations with no protected cells. The contractor shall also provide the electronic version of the cost proposal in Adobe Acrobat 8.0 (PDF) or higher. The electronic media versions provided shall be searchable.

(m) Cognizant ACO/DCAA - The contractor shall provide the name, address and telephone number of the cognizant ACO and the cognizant DCAA office, if any. If the contractor is an LLC or has subcontractor(s) (\$X million or more), this data must be provided for each entity performing work.

(n) Accounting System - The contractor shall submit an explanation of how costs related to the changed work will be accumulated, recorded, invoiced, and reported using the contractor's accounting system in order to assure that costs associated with changed work are separate from other costs incurred under the contract until the parties agree to an equitable adjustment for the changes ordered by the Contracting Officer. The contractor shall identify the cognizant Government audit agency that has issued reports regarding the adequacy of the accounting system for accumulating and billing costs under Government contracts. This data must also be provided for each member of an LLC and each subcontractor that is performing work estimated to be \$X million or more.

(o) Cost Accounting Standards - If the contractor, LLC members, or subcontractor(s) (\$X million or more) performing work are covered by Cost

Accounting Standards (CAS), the contractor shall discuss the adequacy of the disclosure statement. The contractor shall also identify whether the cognizant Government audit agency has issued any audit reports on the compliance with the CAS requirements of any of these entities.

(p) Government Furnished Property - The contractor shall provide a list of any Government Furnished Property (GFP) that will be used in the performance of the changed work that is in addition to the GFP already provided.

(q) Fee - The contractor's fee/profit proposal shall address the following:

- (i) The contractual basis for any adjustment in the fee currently in the contract;
- (ii) The proposed amount of fee associated with the changed work; and
- (iii) A description of how the proposed fee is calculated and the supporting rationale as to why the proposed fee/profit amount is reasonable.

(The contract terms of the individual contracts related to fee provisions must be considered in preparing this instruction to the contractor. Considerations will include: type of contract, e.g., CPAF, CPIF, FFP; whether the work is added or accelerated, etc.)

Cost By WBS

<u>WBS</u>	<u>FY 20XX</u>	<u>FY 20XX</u>	<u>FY 20XX</u>	<u>Total</u>
C.1.1 – Groundwater Environmental Actions				
C.2.1 – D&D of Building XX				
C.3.1 – Waste Disposal				
Total Cost				
Fee				
Total Cost and Fee				

Cost By Cost Element WBS 1.1 – Groundwater Environmental Actions

	<u>FY 20XX</u>	<u>FY 20XX</u>	<u>FY 20XX</u>	<u>Total</u>
Direct Labor (include hours and rates)				
<i>Insert Direct Labor Categories</i>				
Fringe Benefits (include base and rates)				
Direct Labor Overhead (include base and rates)				
Materials				
Material Handling Overhead (include base and rates)				
Equipment				
Subcontract Costs				
Disposal Costs				
Transportation Costs				
Treatment Costs				
Supplies				
Travel				
Relocation				
Other Direct Costs				
Joint Venture/LLC Member/Other teaming arrangement/Subcontractor (\$XM or over) (complete for each major entry)				
Direct Labor (include hours and rates)				
<i>Insert Direct Labor Categories</i>				
Fringe Benefits (include base and rates)				
Direct Labor Overhead (include base and rates)				
Materials				
Material Handling Overhead (include base and rates)				
Equipment				
Subcontract Costs				
Disposal Costs				
Transportation Costs				
Treatment Costs				
Supplies				
Travel				
Relocation				
Other Direct Costs				
G&A Costs (include base and rates)				
Subtotal Cost				
G&A Costs (include base and rates)				
Total Cost				

Each Spreadsheet shall be completed by FY and cumulatively

Cost By Cost Element WBS 1.1.1 – Groundwater Subproject X

	<u>FY 20XX</u>	<u>FY 20XX</u>	<u>FY 20XX</u>	<u>Total</u>
Direct Labor (include labor hours and rates)				
Fringe Benefits (include base and rates)				
Direct Labor Overhead (include base and rates)				
Materials				
Material Handling Overhead (include base and rates)				
Equipment				
Subcontract Costs				
Disposal Costs				
Transportation Costs				
Treatment Costs				
Supplies				
Travel				
Relocation				
Other Direct Costs				
Joint Venture/LLC Member/Other teaming arrangement/Subcontractor (\$XM or over) (Complete for each major entry)				
Direct Labor (include labor hours and rates)				
<i>Insert Direct Labor Categories</i>				
Fringe Benefits (include base and rates)				
Direct Labor Overhead (include base and rates)				
Materials				
Material Handling Overhead (include base and rates)				
Equipment				
Subcontract Costs				
Disposal Costs				
Transportation Costs				
Treatment Costs				
Supplies				
Travel				
Relocation				
Other Direct Costs				
G&A Costs (include base and rates)				
Subtotal Cost				
G&A Costs				
Total Cost				

Each Spreadsheet shall be completed by FY and cumulatively

Labor – Consolidated Summary

<i>Labor Category:</i>	<u>FY 20XX</u>			<u>FY 20XX</u>			<u>FY 20XX</u>			<u>Total All Years</u>
	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>	
Contractor:										
-Category A										
-Category B										
-Category C										
Total										
Subcontractor:										
- Category A										
-Category B										
-Category C										
Total										
LLC:										
- Category A										
-Category B										
-Category C										
Total										
Grand Total										

Materials – Consolidated Summary

<i>Description:</i>	<u>FY 20XX</u>			<u>FY 20XX</u>			<u>FY 20XX</u>			<u>Total All Years</u>
	<u>Units</u>	<u>Unit Rate</u>	<u>Total</u>	<u>Units</u>	<u>Unit Rate</u>	<u>Total</u>	<u>Units</u>	<u>Unit Rate</u>	<u>Total</u>	
-Item A										
-Item B										
-Item C										
Item D										
-All Other Items										
Total										

Equipment – Consolidated Summary

<i>Description:</i>	<u>FY 20XX</u>			<u>FY 20XX</u>			<u>FY 20XX</u>			<u>Total All Years</u>
	<u>Units</u>	<u>Unit Rate</u>	<u>Total</u>	<u>Units</u>	<u>Unit Rate</u>	<u>Total</u>	<u>Units</u>	<u>Unit Rate</u>	<u>Total</u>	
-Equipment A										
-Equipment B										
-Equipment C										
-Equipment D										
Total										

Subcontracts – Consolidated Summary

<i>Description:</i>	<u>FY 20XX</u>	<u>FY 20XX</u>	<u>FY 20XX</u>	<u>Total All Years</u>
-A				
-B				
-C				
-D				
Total				

Other Direct Costs – Consolidated Summary

<i>Description:</i>	<u>FY 20XX</u>			<u>FY 20XX</u>			<u>FY 20XX</u>			<u>Total All Years</u>
	<u>Units</u>	<u>Unit Rate</u>	<u>Total</u>	<u>Units</u>	<u>Unit Rate</u>	<u>Total</u>	<u>Units</u>	<u>Unit Rate</u>	<u>Total</u>	
-A										
-B										
-C										
-D										
Total										

Waste Quantities and Cost – Consolidated Summary

<i>WBS and Description</i>	<i>FY 20XX</i>			<i>FY 20XX</i>			<i>FY 20XX</i>			<i>Total</i>		
	<i>Quantity</i>	<i>Transportation Cost</i>	<i>Disposal Cost</i>									
<u>C.1.1 – Groundwater Environmental Actions</u>												
LLW												
MLLW												
RH-TRU												
CH-TRU												
Hazardous												
Industrial												
<u>C.2.1 – D&D of Building XX</u>												
LLW												
MLLW												
RH-TRU												
CH-TRU												
Hazardous												
Industrial												
Total												