

# Contract Amendment and Change Order Approval Instructions

Version 1.9 • 31 AUG 2013



# Contract Amendment and Change Order Approval Version History

Current Framework tools are available on the Framework Web site.

Release Date	Description
31-Aug-2013	Version 1.9 released. Revised instructions to reflect changes recommended by the Framework Change Advisory Board (CAB) and approved by DIR (change request 79). No changes made to Template.
31-Dec-2012	Version 1.8 released. Revised Instructions and Template to reflect changes recommended by the Framework Change Advisory Board (CAB) and approved by DIR (change requests 54 and 68).
21-Dec-2010	Version 1.7 released. Revised Instructions to reflect changes recommended by the Framework Change Advisory Board (CAB) and approved by DIR (change request 56).
31-Oct-2008	Version 1.6 released. Revised Instructions to reflect changes recommended by the Framework Change Advisory Board (CAB) and approved by DIR (change request 46).
30-May-2008	Version 1.5 released. Revised Instructions to reflect an emergency change approved by DIR (change requests 37 and 39).
28-Sep-2007	Version 1.4 released. Revised Instructions to reflect an emergency change approved by DIR (change request 39).
1-Sep-2007	Version 1.3 released. Revised Instructions to reflect changes recommended by the Framework Change Advisory Board (CAB) and approved by DIR (change request 37).
13-Mar-2007	Version 1.2 released. Deleted reference to Contract Management Guide. No changes made to Template.
11-Jan-2006	Version 1.1 released. Changed "stage gate" to "review gate" and "Procurement Plan" to "Acquisition Plan" in Instructions. No changes made to Template.
14-Oct-2005	Version 1.0 Instructions and Template released.

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## Introduction

Many of the major projects initiated within state government involve procurement of technology-related goods and/or services. Once the vendor has been selected and the contract is signed, responsibility transfers to the Contract Management function to manage the contract and work products. In some cases, funding is being used for contract changes without extensive and thorough analysis, justification, and control of project impacts.

The Texas Project Delivery Framework (Framework) includes a Contract Amendment and Change Order Approval form to ensure funding is not expended before contract changes are approved and ultimately implemented for technology procurement projects. The Contract Amendment and Change Order Approval ensures project changes that impact a technology contract are analyzed and justified before funds can be expended for those changes. The impact to the project, whether to the contract completion date, contract scope, or some other change, is identified as part of the Contract Amendment and Change Order Approval process.

The Contract Amendment and Change Order Approval imposes adherence to careful and proactive management of contract changes, especially since unnecessary and/or unmanaged contract changes typically cause a technology procurement project to finish over budget. By formally documenting and getting approval for contract changes, the agency head, Executive Sponsor(s), Technology Sponsor, purchasing and contracting staff, Project Manager, and entire project team are actively involved in ensuring funds are used wisely.

## Use of the Contract Amendment and Change Order Approval

### Overview

Within the Framework, the Contract Amendment and Change Order Approval is a key deliverable of the Solicitation and Contracting review gate. The Comptroller of Public Accounts (CPA) Contract Management Guide and the Project Planning review gate should both be referenced while using the Contract Amendment and Change Order Approval form. The Contract Management Guide provides guidance for projects involving technology resources.

The Contract Amendment and Change Order Approval form should be used with consideration of a Change Control Request tool as described with the project planning deliverables used to manage the project. Refer to the Project Plan Instructions for information on the Change Control Request tool. The assumption is a Change Control Request will be used to request project changes regardless of whether procurement is involved. The Contract Amendment and Change Order Approval form, in turn, will be used to approve funding for those project changes (as identified through the Change Control Request process) that impose contract changes.

A Contract Amendment and Change Order Approval form must be finalized and approved by the agency head for contract changes above 10% of the contract amount and for significant changes

to the contract completion date. A 'significant' change to the contract completion date is determined by the Quality Assurance Team (QAT). For contracts having a total value above \$1 million, QAT must approve contract amendments if contract costs increase above 10%. Without this approval, the contract is invalid. Refer to the QAT Policy and Procedures Manual for additional information. Refer to the Handbook, Business Case Instructions, and Statewide Impact Analysis for requirements for re-submission of the Business Case and Statewide Impact Analysis.

The change management approach for contract changes as defined in the Acquisition Plan should be used with extensive collaboration among the customer, other stakeholders, Project Manager, Contract Manager, and legal staff responsible for project success. The contract change management approach should be referenced over the life of the contract.

### **Applicability**

A Contract Amendment and Change Order Approval form must be used for any project classified as a major information resources project that involves procurement of goods and/or services through management of solicitations and contracts, and for certain major contracts (TGC 2054.307/GAA Article IX, 9.01(c)<sup>1</sup>). Refer to the CPA Contract Management Guide for guidance on which major contracts are required to use the Framework.

If an Acquisition Plan is applicable and the conditions for use of a Contract Amendment and Change Order Approval are met as described in the Overview subsection (i.e., contract changes above 10% of the contract amount and significant changes to the contract completion date), then the Contract Amendment and Change Order Approval is also applicable. Refer to the Applicability subsection of the Acquisition Plan for additional information.

### **Governance and Scope**

The Contract Manager has responsibility for ensuring the Contract Amendment and Change Order Approval form is used and approved, and when appropriate, approved by the agency head. The Contract Manager, functioning within the context of the existing governance structures and practices, also has responsibility for ensuring a method has been defined and is being used to track whether contract changes have caused a 10% change in the contract amount.

The Executive Sponsor, Technology Sponsor, and Project Manager are instrumental in providing the Contract Manager with support throughout the contract management process. The Executive Sponsor must identify a Technology Sponsor. The Technology Sponsor is typically the Information Resources Manager (IRM), or the IRM may choose to designate another technology expert within the agency.

The Contract Amendment and Change Order form should be used in conjunction with agency level governance structures and practices for change control. For example, a Configuration

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<sup>1</sup> General Appropriations Act, Article IX, section 9.01 – Purchases of Information Resources Technologies, p. IX-41, 83rd Legislature, Regular Session.

Change Board or a Change Control Board may impose processes that should be followed in relation to the Contract Amendment and Change Order form.

## Section 1. General Information

Complete the general information for the project. Specify the contact and Project Manager information.

## Section 2. Affected Areas

Check the appropriate box for each of the following impacts to the contract:

- Project start date
- Project end date
- Contract amount
- Project costs
- Project scope
- Technology
- Major deliverables/outcomes
- Roles/responsibilities

Identify all affected areas that apply. For example, roles and responsibilities that require the contract to be amended will typically involve contract scope changes.

Verify an approved Change Control Request is attached to the Contract Amendment and Change Order Approval project deliverable. If there are changes to the contract amount or completion date that impact baselined plans, at a minimum, the Project Plan and schedule must be revised. QAT may request copies of revised project deliverables.

## Section 3. Change Summary

Record the currently approved contract dates and costs. Record the revisions to the contract dates and costs as requested and based on approved funding.

## Section 4. Justification Summary

Summarize the justification from the Change Control Request for why funding should be approved for this contract amendment or change order. Include the impact of not implementing the proposed change as documented in the Change Control Request information.