

# Part 43 - Contract Modifications

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## **Subpart 43.1 - Postaward**

### 43.100 Scope of part.

This part provides contract modification standards for the workforce to limit risk to the public and government. This part applies to all types of contracts including construction and architect-

engineer contracts. This part does not apply to modifications for extraordinary contractual relief (see subpart 50.1).

## **Subpart 43.2 - General**

### **43.201 Definitions.**

As used in this part—

*Administrative change* means a unilateral (see 43.203(b)) contract change, in writing, that does not affect the substantive rights of the parties (e.g., a change in the paying office or the appropriation data).

(1) For a solicitation amendment, change order, or administrative change, the effective date shall be the issue date of the amendment, change order, or administrative change.

(2) For a supplemental agreement, the effective date shall be the date agreed upon by the contracting parties.

(3) For a modification issued as a confirming notice of termination for the convenience of the Government, the effective date of the confirming notice shall be the same as the effective date of the initial notice.

(4) For a modification converting a termination for default to a termination for the convenience of the Government, the effective date shall be the same as the effective date of the termination for default.

(5) For a modification confirming the termination contracting officer's previous letter determination of the amount due in settlement of a contract termination for convenience, the effective date shall be the same as the effective date of the previous letter determination.

### **43.202 Policy.**

(a) Only contracting officers acting within the scope of their authority may execute contract modifications on behalf of the Government. Other Government personnel shall not—

(1) Execute contract modifications;

(2) Act in such a manner as to cause the contractor to believe that they have authority to bind the Government; or

(3) Direct or encourage the contractor to perform work that should be the subject of a contract modification.

(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 impractical.

## 43.203 Types of contract modifications.

Contract modifications are of the following types:

(a) *Bilateral*. A bilateral modification (supplemental agreement) is a contract modification that is signed by the contractor and the contracting officer. Bilateral modifications are used to—

(1) Make negotiated equitable adjustments resulting from the issuance of a change order;

(2) Definitize letter contracts; and

(3) Reflect other agreements of the parties modifying the terms of contracts.

(b) *Unilateral*. A unilateral modification is a contract modification that is signed only by the contracting officer. Unilateral modifications are used, for example, to—

(1) Make administrative changes;

(2) Issue change orders;

(3) Make changes authorized by clauses other than a changes clause (e.g., Property clause, Options clause, or Suspension of Work clause); and

(4) Issue termination notices.

## 43.204 Notification of contract changes.

(a) When a contractor determines that the Government has made or may make a change in the contract that is not in writing and is not signed by the contracting officer, the

contractor shall notify the Government in writing as soon as possible. This will permit the Government to evaluate the alleged change and—

- (1) Confirm that it is a change, direct the mode of further performance, and plan for its funding;
- (2) Countermand the alleged change; or
- (3) Notify the contractor that no change is considered to have occurred.

## 43.205 Availability of funds.

(a) The contracting officer shall not execute a contract modification that causes or will cause an increase in funds without having first obtained a certification of fund availability, except for modifications to contracts that—

- (1) Are conditioned on availability of funds (see 32.703-2); or
- (2) Contain a limitation of cost or funds clause (see 32.704).

(b) The certification required by paragraph (a) of this section shall be based on the negotiated price, except that modifications executed before agreement on price may be based on the best available estimate of cost.

(c) In accordance with [10 U.S.C. 983](#), do not provide funds by contract or contract modification, or make contract payments, to an institution of higher education that has a policy or practice of hindering Senior Reserve Officer Training Corps units or military recruiting on campus as described at 9.110. The prohibition in this paragraph (c) does not apply to acquisitions at or below the simplified acquisition threshold or to acquisitions of commercial products, including commercially available off-the-shelf items, and commercial services.

## 43.206 Contract clause.

The contracting officer may insert a clause substantially the same as the clause at 52.243-7, Notification of Changes, in solicitations and contracts. 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 where a contractor alleges that the Government has effected changes other than those identified in writing and signed by the contracting officer.

## Subpart 43.3 - Change Orders

### 43.301 General.

(a) Generally, Government contracts contain a changes clause that permits the contracting officer to make unilateral changes, in designated areas, within the general scope of the contract. These are accomplished by issuing written change orders on [Standard Form 30](#), Amendment of Solicitation/Modification of Contract ( [SF 30](#)), unless otherwise provided (see 43.301).

(b) The contractor must continue performance of the contract as changed, except that in cost-reimbursement or incrementally funded contracts the contractor is not obligated to continue performance or incur costs beyond the limits established in the Limitation of Cost or Limitation of Funds clause (see 32.706-2).

(c) The contracting officer may issue a change order by electronic means without a [SF 30](#) under unusual or urgent circumstances, *provided* that the message contains substantially the information required by the [SF 30](#) and immediate action is taken to issue the [SF 30](#).

### 43.302 Authority to issue change orders.

Change orders shall be issued by the contracting officer except when authority is delegated to an administrative contracting officer (see 42.202(c)).

### 43.303 Change order accounting procedures.

(a) Contractors' accounting systems are seldom designed to segregate the costs of performing changed work. Therefore, before prospective contractors submit offers, the contracting officer should advise them of the possible need to revise their accounting procedures to comply with the cost segregation requirements of the Change Order Accounting clause at 52.243-6.

(b) The following categories of direct costs normally are segregable and accountable under the terms of the Change Order Accounting clause:

(1) Nonrecurring costs (e.g., engineering costs and costs of obsolete or reperformed work).

(2) Costs of added distinct work caused by the change order (e.g., new subcontract work, new prototypes, or new retrofit or backfit kits).

(3) Costs of recurring work (e.g., labor and material costs).

## 43.304 Administration.

(a) *Change order documentation.* When change orders are not forward priced, they require two documents: the change order and a supplemental agreement reflecting the resulting equitable adjustment in contract terms. If an equitable adjustment in the contract price or delivery terms or both can be agreed upon in advance, only a supplemental agreement need be issued, but administrative changes and changes issued pursuant to a clause giving the Government a unilateral right to make a change (e.g., an option clause) initially require only one document.

(b) *Definitization.*

(1)

(i) Contracting officers shall negotiate equitable adjustments resulting from change orders in the shortest practicable time.

(ii) Agencies shall, in accordance with agency procedures, record and maintain data regarding the time required to definitize equitable adjustments associated with change orders for construction. The definitization of an equitable adjustment begins upon receipt of an adequate change order definitization proposal by the contracting officer, and ends upon the contracting officer's execution of a contractual action to definitize the change order. The contracting officer shall ensure the data is recorded promptly in accordance with agency procedures. See 36.211(b).

(2) Administrative contracting officers negotiating equitable adjustments by delegation under 42.302(b)(1), shall obtain the contracting officer's concurrence before adjusting the contract delivery schedule.

(c) *Complete and final equitable adjustments.* To avoid subsequent controversies that may result from a supplemental agreement containing an equitable adjustment as the result of a change order, the contracting officer should—

(1) Ensure that all elements of the equitable adjustment have been presented and resolved; and

(2) Include, in the supplemental agreement, a release similar to the following:

#### Contractor's Statement of Release

In consideration of the modification(s) agreed to herein as complete equitable adjustments for the Contractor's \_\_\_\_\_ (describe) \_\_\_\_\_ "proposal(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 \_\_\_\_\_).

### 43.305 Contract clauses.

(a)

(1) The contracting officer shall insert the clause at 52.243-1, Changes-Fixed-Price, in solicitations and contracts when a fixed-price contract for supplies is contemplated.

(2) If the requirement is for services, other than architect-engineer or other professional services, and no supplies are to be furnished, the contracting officer shall use the clause with its Alternate I.

(3) If the requirement is for services (other than architect-engineer services, transportation, or research and development) and supplies are to be furnished, the contracting officer shall use the clause with its Alternate II.

(4) If the requirement is for architect-engineer or other professional services, the contracting officer shall use the clause with its Alternate III.

(5) If the requirement is for transportation services, the contracting officer shall use the clause with its Alternate IV.

(6) If it is desired to include the clause in solicitations and contracts when a research and development contract is contemplated, the contracting officer shall use the clause with its Alternate V.

(b)

(1) The contracting officer shall insert the clause at 52.243-2, Changes-Cost-Reimbursement, in solicitations and contracts when a cost-reimbursement contract for supplies is contemplated.

(2) If the requirement is for services and no supplies are to be furnished, the contracting officer shall use the clause with its Alternate I.

(3) If the requirement is for services and supplies are to be furnished, the contracting officer shall use the clause with its Alternate II.

(4) If the requirement is for construction, the contracting officer shall use the clause with its Alternate III.

(5) [Reserved]

(6) If it is desired to include the clause in solicitations and contracts when a research and development contract is contemplated, the contracting officer shall use the clause with its Alternate V.

(c) Insert the clause at 52.243-3, Changes-Time-and-Materials or Labor-Hours, in solicitations and contracts when a time-and-materials or labor-hour contract is contemplated. The contracting officer may vary the 30-day period in paragraph (c) of the clause according to agency procedures.

(d) The contracting officer shall insert the clause at 52.243-4, Changes, in solicitations and contracts for-

(1) Dismantling, demolition, or removal of improvements; and

(2) Construction, when a fixed-price contract is contemplated and the contract amount is expected to exceed the simplified acquisition threshold.

(e) The contracting officer shall insert the clause at 52.243-5, Changes and Changed Conditions, in solicitations and contracts for construction, when the contract amount is not expected to exceed the simplified acquisition threshold.

(f) The contracting officer may insert a clause, substantially the same as the clause at 52.243-6, Change Order Accounting, in solicitations and contracts for supply and research and development contracts of significant technical complexity, if numerous changes are anticipated. The clause may be included in solicitations and contracts for construction if deemed appropriate by the contracting officer.

## **Subpart 43.4 - Forms**

### **43.401 Use of forms.**



(a)

(1) The [Standard Form 30](#) ( [SF 30](#)), Amendment of Solicitation/Modification of Contract, shall (except for the options stated in 43.301(a)(2) or actions processed under part 15) be used for—

(i) Any amendment to a solicitation;

(ii) Change orders issued under the Changes clause of the contract;

(iii) Any other unilateral contract modification issued under a contract clause authorizing such modification without the consent of the contractor;

(iv) Administrative changes such as the correction of typographical mistakes, changes in the paying office, and changes in accounting and appropriation data;

(v) Supplemental agreements (see 43.103); and

(vi) Removal, reinstatement, or addition of funds to a contract.

(2) The [SF 30](#) may be used for-

(i) Modifications that change the price of contracts for the acquisition of petroleum as a result of economic price adjustment;

(ii) Termination notices; and

(iii) Purchase order modifications as specified in 13.302-3.

(3) If it is anticipated that a change will result in a price change, the estimated amount of the price change shall not be shown on copies of [SF 30](#) furnished to the contractor.

(b) The [Optional Form 336](#) ( [OF 336](#)), Continuation Sheet, or a blank sheet of paper, may be used as a continuation sheet for a contract modification.

# Part 52 - Solicitation Provisions and Contract Clauses

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[Subpart 52.2 - Text of Provisions and Clauses](#)

[52.243-1 Changes-Fixed-Price.](#)

[52.243-2 Changes-Cost-Reimbursement.](#)

[52.243-3 Changes-Time-and-Materials or Labor-Hours.](#)

[52.243-4 Changes.](#)

[52.243-5 Changes and Changed Conditions.](#)

[52.243-6 Change Order Accounting.](#)

[52.243-7 Notification of Changes.](#)

## **52.243-1 Changes-Fixed-Price.**

As prescribed in 43.305(a)(1), insert the following clause. Agency procedures may vary the 30-day period.

### CHANGES-FIXED PRICE (DEVIATION JUL 2025)

(a)(1) At any time, the Contracting Officer may issue a written order making changes within the scope of this contract related to:

- (i) Drawings, designs, or specifications which require special manufacturing of supplies for the Government,
- (ii) The method of shipment or packing, or
- (iii) Place of delivery.

(2) If there are any sureties, the Contracting Officer does not need to notify them of a written order.

(b) Whether or not changed by the order, if any of the changes cause an increase or decrease in the cost of, or the time required for, performance of the work under this contract,

the Contracting Officer shall make an equitable adjustment in the contract price, the delivery schedule, or both, and shall modify the contract.

(c) The Contractor must assert its right to an adjustment under this clause within 30 days from the date of receipt of the written order. However, if the Contracting Officer decides that the facts justify it, the Contracting Officer may receive and act upon a proposal submitted before final payment of the contract.

(d) If the Contractor's proposal includes the cost of property made obsolete or has become excess by the change, the Contracting Officer shall have the right to prescribe the manner of the disposition of the property.

(e) Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

(End of clause)

*Alternate I* (DEVIATION JUL 2025). If no supplies are to be furnished and the requirement is for services, other than architect-engineer or other professional services, the following paragraph (a) will be substituted for paragraph (a) in the basic clause:

(a)(1) At any time, the Contracting Officer may issue a written order making changes within the scope of this contract in any one or more of the following:

- (i) Description of services to be performed.
- (ii) Time of performance (*i.e.*, hours of the day, days of the week, etc.).
- (iii) Place of performance of the services.

(2) If there are any sureties, the Contracting Officer does not need to notify them of a written order.

*Alternate II* (DEVIATION JUL 2025). If the requirement is for services (other than architect-engineer services, transportation, or research and development) and supplies are to be furnished, substitute the following paragraph (a) for paragraph (a) of the basic clause:

(a)(1) At any time, the Contracting Officer may issue a written order making changes within the scope of this contract in any one or more of the following:

- (i) Description of services to be performed.
- (ii) Time of performance (*i.e.*, hours of the day, days of the week, etc.).

(iii) Place of performance of the services.

(iv) Drawings, designs, or specifications which require special manufacturing of supplies for the Government.

(v) Method of shipment or packing of supplies.

(vi) Place of delivery.

(2) If there are any sureties, the Contracting Officer does not need to notify them of a written order.

*Alternate III* (DEVIATION JUL 2025). If the requirement is for architect-engineer or other professional services, substitute the following paragraph (a) for paragraph (a) of the basic clause and add the following paragraph (f):

(a)(1) At any time, the Contracting Officer may issue a written order to make changes within the scope of this contract in the services to be performed.

(2) If there are any sureties, the Contracting Officer does not need to notify them of a written order.

(f) No services for which an additional cost or fee will be charged by the Contractor shall be furnished without the prior written authorization of the Contracting Officer.

*Alternate IV* (DEVIATION JUL 2025). If the requirement is for transportation services, substitute the following paragraph (a) for paragraph (a) of the basic clause:

(a)(1) At any time, the Contracting Officer may issue a written order to make changes within the scope of this contract in any one or more of the following:

(i) Specifications.

(ii) Work or services.

(iii) Place of origin.

(iv) Place of delivery.

(v) Tonnage to be shipped.

(vi) Amount of Government-furnished property.

(2) If there are any sureties, the Contracting Officer does not need to notify them of a written order.

*Alternate V* (DEVIATION JUL 2025). If the requirement is for research and development and it is desired to include the clause, substitute the following subparagraphs (a)(1)(i) and (a)(1)(iii) and paragraph (b) for subparagraphs (a)(1)(i) and (a)(1)(iii) and paragraph (b) of the basic clause:

(a)(1)(i) Drawings, designs, or specifications.

(iii) Place of inspection, delivery, or acceptance.

(3) Place of inspection, delivery, or acceptance.

(b) If any such change causes an increase or decrease in the cost of, or time required for, performing this contract, whether or not changed by the order, the Contracting Officer shall make an equitable adjustment in—

(1) The contract price, the time of performance, or both; and

(2) Other affected terms of the contract, and shall modify the contract accordingly.

## **52.234-2 Changes-Cost-Reimbursement.**

As prescribed in 43.305(b)(1), insert the following clause. The 30-day period may be varied according to agency procedures.

### **CHANGES-COST-REIMBURSEMENT (DEVIATION JUL 2025)**

(a)(1) At any time, the Contracting Officer may issue a written order to make changes within the scope of this contract in any one or more of the following:

(i) Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the Government in accordance with the drawings, designs, or specifications.

(ii) Method of shipment or packing.

(iii) Place of delivery.

(2) If there are any sureties, the Contracting Officer does not need to notify them of a written order.

(b) If any such change causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the work under this contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this contract, the Contracting Officer shall make an equitable adjustment in the—

- (1) Estimated cost, delivery or completion schedule, or both;
- (2) Amount of any fixed fee; and
- (3) Other affected terms and shall modify the contract accordingly.

(c) The Contractor must assert its right to an adjustment under this clause within 30 days from the date of receipt of the written order. However, if the Contracting Officer decides that the facts justify it, the Contracting Officer may receive and act upon a proposal submitted before final payment of the contract.

(d) Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

(e) Notwithstanding the terms and conditions of paragraphs (a) and (b) of this clause, the estimated cost of this contract and, if this contract is incrementally funded, the funds allotted for the performance of this contract, shall not be increased or considered to be increased except by specific written modification of the contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract. Until this modification is made, the Contractor shall not be obligated to continue performance or incur costs beyond the point established in the Limitation of Cost or Limitation of Funds clause of this contract.

(End of clause)

*Alternate I* (DEVIATION JUL 2025). If the requirement is for services and no supplies are to be furnished, substitute the following paragraph (a) for paragraph (a) of the basic clause:

(a)(1) The Contracting Officer may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this contract in any one or more of the following:

- (i) Description of services to be performed.
- (ii) Time of performance (*i.e.*, hours of the day, days of the week, etc.).
- (iii) Place of performance of the services.

*Alternate II* (DEVIATION JUL 2025). If the requirement is for services and supplies are to be furnished, substitute the following paragraph (a) for paragraph (a) of the basic clause:

(a)(1) The Contracting Officer may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this contract in any one or more of the following:

(i) Description of services to be performed.

(ii) Time of performance (*i.e.*, hours of the day, days of the week, etc.).

(iii) Place of performance of the services.

(iv) Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the Government in accordance with the drawings, designs, or specifications.

(v) Method of shipment or packing of supplies.

(vi) Place of delivery.

*Alternate III* (DEVIATION JUL 2025). If the requirement is for construction, substitute the following paragraph (a) for paragraph (a) of the basic clause:

(a)(1) At any time, the Contracting Officer may issue a written order to make changes within the scope of this contract in the plans and specifications or instructions incorporated in the contract.

(2) If there are any sureties, the Contracting Officer does not need to notify them of a written order.

*Alternate IV [Reserved]*

*Alternate V* (DEVIATION JUL 2025). If the requirement is for research and development, and it is desired to include the clause, substitute the following subparagraphs (a)(1)(i) and (a)(1)(iii) for subparagraphs (a)(1)(i) and (a)(1)(iii) of the basic clause:

(a)(1)(i) Drawings, designs, or specifications.

(iii) Place of inspection, delivery, or acceptance.

## **52.243-3 Changes-Time-and-Materials or Labor-Hours.**

As prescribed in 43.305(c), insert the following clause:

CHANGES-TIME-AND-MATERIALS OR LABOR-HOURS (DEVIATION JUL 2025)

(a)(1) At any time, the Contracting Officer may issue a written order to make changes within the scope of this contract in any one or more of the following:

- (i) Description of services to be performed.
- (ii) Time of performance (i.e., hours of the day, days of the week, etc.).
- (iii) Place of performance of the services.
- (iv) Drawings, designs, or specifications which require special manufacturing of supplies for the Government.
- (v) Method of shipment or packing of supplies.
- (vi) Place of delivery.
- (vii) Amount of Government-furnished property.

(2) If there are any sureties, the Contracting Officer does not need to notify them of a written order.

(b) If any change causes an increase or decrease in any hourly rate, the ceiling price, or the time required for performance of any part of the work under this contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this contract, the Contracting Officer will make an equitable adjustment in any one or more of the following and will modify the contract accordingly:

- (1) Ceiling price.
- (2) Hourly rates.
- (3) Delivery schedule.
- (4) Other affected terms.

(c) The Contractor shall assert its right to an adjustment under this clause within 30 days from the date of receipt of the written order. However, if the Contracting Officer decides that the facts justify it, the Contracting Officer may receive and act upon a proposal submitted before final payment of the contract.

(d) Failure to agree to any adjustment will be a dispute under the Disputes clause. However, nothing in this clause excuses the Contractor from proceeding with the contract as changed.

(End of clause)



## 52.243-4 Changes.

As prescribed in 43.305(d), insert the following clause. Agency procedures may vary the 30-day period.

### CHANGES (DEVIATION JUL 2025)

(a)(1) At any time, the Contracting Officer may issue a written order, identified as a change order, to make changes in the work within the scope of the contract, including changes—

- (i) In the specifications (including drawings and designs);
- (ii) In the method or manner of performance of the work;
- (iii) In the Government-furnished property or services; or
- (iv) Directing acceleration in the performance of the work.

(2) If there are any sureties, the Contracting Officer does not need to notify them of a written order.

(b) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contracting Officer that causes a change shall be treated as a change order under this clause; provided, that 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.

(c) Except as provided in this clause, no order, statement, or conduct of the Contracting Officer shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment.

(d) If any change under this clause causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work under this contract, whether or not changed by any such order, the Contracting Officer shall make an equitable adjustment and modify the contract in writing. However, except for an adjustment based on defective specifications, no adjustment for any change under paragraph (b) of this clause shall be made for any costs incurred more than 20 days before the Contractor gives written notice as required. In the case of defective specifications for which the Government is responsible, the

equitable adjustment shall include any increased cost reasonably incurred by the Contractor in attempting to comply with the defective specifications.

(e)(1) The Contractor must assert its right to an adjustment under this clause, by submitting to the Contracting Officer a written statement describing the general nature and amount of proposal within 30 days, unless this period is extended by the Government, after—

(i) Receipt of a written change order under paragraph (a) of this clause; or

(ii) The furnishing of a written notice under paragraph (b) of this clause.

(2) The statement of proposal for adjustment may be included in the notice under paragraph (b) of this clause.

(f) No proposal by the Contractor for an equitable adjustment shall be allowed if asserted after final payment under this contract.

(End of clause)

## **52.243-5 Changes and Changed Conditions.**

As prescribed in 43.305(e), insert the following clause:

### **CHANGES AND CHANGED CONDITIONS (DEVIATION JUL 2025)**

(a) The Contracting Officer may order changes in the drawings and specifications within the scope of the contract in writing.

(b) The Contractor shall promptly notify the Contracting Officer, in writing, of subsurface or latent physical conditions differing materially from those indicated in this contract or unknown unusual physical conditions at the site before proceeding with the work.

(c) If changes under paragraph (a) of this clause or conditions under paragraph (b) of this clause increase or decrease the cost of, or time required for performing the work, the Contracting Officer shall make an equitable adjustment (see paragraph (d) of this clause) upon submittal of a proposal for adjustment (hereafter referred to as proposal) by the Contractor before final payment under the contract.

(d) The Contracting Officer shall not make an equitable adjustment under paragraph (b) of this clause unless—

(1) The Contractor has submitted the required written notice and the Contracting Officer has received the notice; or

(2) The Contracting Officer waives the requirement for written notice.

(e) Failure to agree to any adjustment shall be a dispute under the Disputes clause.

(End of clause)

## **52.243-6 Change Order Accounting.**

As prescribed in 43.305(f), the contracting officer may insert a clause, substantially the same as follows:

### **CHANGE ORDER ACCOUNTING (DEVIATION JUL 2025)**

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 such accounts until the parties agree to an equitable adjustment for the changes ordered by the Contracting Officer or the matter is conclusively disposed of in accordance with the Disputes clause.

(End of clause)

## **52.243-7 Notification of Changes.**

As prescribed in 43.206, insert the following clause:

### **NOTIFICATION OF CHANGES (DEVIATION JUL 2025)**

(a) *Definitions.*

*Contracting Officer*, as used in this clause, does not include any representative of the Contracting Officer.

*Specifically Authorized Representative (SAR)*, as used in this clause, means any person the Contracting Officer has designated by written notice (a copy shall be provided to the Contractor) that shall refer to this subparagraph and shall be issued to the designated representative before the SAR exercises such authority.

(b) *Notice.* The primary purpose of this clause is to obtain prompt reporting of Government conduct that the Contractor considers to constitute a change to this contract.

Except for changes identified in writing and signed by the Contracting Officer, the Contractor shall notify the Administrative Contracting Officer in writing promptly, within \_\_\_\_ (to be negotiated) calendar days from the date that the Contractor identifies any Government conduct that the Contractor regards as a change to the contract terms and conditions. Examples of conduct that may be regarded as a change to terms and conditions include actions, inactions, and written or oral communications. 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.

(c) *Continued performance.* Following submission of the notice required by paragraph (b) of this clause, the Contractor shall diligently continue performance of this contract to the maximum extent possible in accordance with its terms and conditions as construed by the Contractor, unless the notice reports a direction of the Contracting Officer or a communication from a SAR of the Contracting Officer, in either of which events the Contractor shall continue

performance. However, if the Contractor regards the direction or communication as a change as described in paragraph (b) of this clause, notice shall be given in the manner provided. All directions, communications, interpretations, orders and similar actions of the SAR shall be reduced to writing promptly and copies furnished to the Contractor and to the Contracting Officer. The Contracting Officer shall promptly countermand any action which exceeds the authority of the SAR.

(d) *Government response.* The Contracting Officer shall promptly, within \_\_\_\_ (to be negotiated) calendar days after receipt of notice, respond to the notice in writing. In responding, the Contracting Officer shall either—

(1) Confirm that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance;

(2) Countermand any communication regarded as a change;

(3) Deny that the conduct of which the Contractor gave notice constitutes a change and when necessary direct the mode of further performance; or

(4) In the event the Contractor's notice information is inadequate to make a decision under (1), (2), or (3) of paragraph (d) of this clause, advise the Contractor what additional information is required, and establish the date by which it should be furnished and the date thereafter by which the Government will respond.

(e) *Equitable adjustments.*

(1) If the Contracting Officer confirms that Government conduct effected a change as alleged by the Contractor, and the conduct causes an increase or decrease in the Contractor's cost of, or the time required for, performance of any part of the work under this contract, whether changed or not changed by such conduct, an equitable adjustment shall be made—

(i) In the contract price or delivery schedule or both; and

(ii) In such other provisions of the contract as may be affected.

(2) The contract shall be modified in writing accordingly. In the case of drawings, designs or specifications which are defective and for which the Government is responsible, the equitable adjustment shall include the cost and time extension for delay reasonably incurred by the Contractor in attempting to comply with the defective drawings, designs or specifications before the Contractor identified, or reasonably

should have identified, such defect. When the cost of property made obsolete or excess as a result of a change confirmed by the Contracting Officer under this clause is included in the equitable adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of the property. The equitable adjustment shall not include increased costs or time extensions for delay resulting from the Contractor's failure to provide notice or to continue performance as provided, respectively, in paragraphs(b) and (c) of this clause.

*Note:* The phrases contract price and cost wherever they appear in the clause, may be appropriately modified to apply to cost-reimbursement or incentive contracts, or to combinations thereof.

(End of clause)