Federal government contracts often must be revised during the period of performance. When this occurs, the contracting officer is required to prepare and issue a formal contract modification because it is government policy that all revisions to a contract be communicated in writing to the contractor through a modification issued by the contracting officer. This is the case whether or not the rights and obligations of the parties are affected. In fact, many contracts must be modified at least once during the closeout process, after performance has been completed. Quite often, modifications are the result of unexpected events or decisions made during contract performance that necessitate some revision of the contract requirements to keep the contract’s desired outcomes aligned with agency mission objectives—although modifications also can be the result of events occurring exactly as anticipated. In either case, contracting officer’s representatives (CORs) have an important role in the contract modification process.

CORs often play a key role in determining whether a modification is needed, as well as in what to say and how to construct the modification so it accomplishes its intended purpose. Generally, the principles discussed in this Quick Reference Guide apply equally to stand-alone, firm contracts and to ordering vehicles. Therefore, we use the term “contract” throughout this guide to include all types of agreements between the government and its contractors.

Some modifications to a contract, for example, an option exercise, must be made at a specific time, while others, such as changes pursuant to the changes clause, may be made at any time during performance. Regardless, any modification must be made in writing, signed by the contracting officer, and—as appropriate—negotiated with the contractor.

This Quick Reference Guide provides a general overview of modifications for CORs. It is one of several available guides in the COR Toolkit addressing various common types of modifications, including change orders, option exercises, terminations, and closeouts.

What authority is required for modifying a contract?

When two parties are engaged in a business relationship that is defined by a contract, they may decide to alter some aspects of their relationship by modifying the written contract. However, when one of those contracting parties is the federal government, the original contract was authorized under law and many types of modifications to the contract also must be authorized under law. The authority to modify the contract usually is found, either generally or specifically, within the provisions of the contract as originally written, although some types of modifications may be authorized by a law or regulation that is not specifically reflected within the contract. Infrequently, a modification to a federal government contract can be appropriate without needing some form of authority provided for within the contract or otherwise in law and regulation. However, these modifications cannot have an effect that would not have been permissible within the original legal constraints on the contract’s purposes and requirements.

Some contract modifications are “generally authorized” by contract provisions such as the changes clause or the government property clause that will be found in any government contract. Under the authority of these clauses, modifications that implement specific types of changes to the detailed work requirements or that implement reductions or alterations to the government’s commitment to provide government furnished property may be issued, and may be issued more than once if needed. Other contract modifications—such as an option exercise or the provision of funds when the contract is incrementally funded—are “specifically contemplated” by contract provisions. It’s possible these types of modifications may not be issued at all, but if the government decides to do
so, the appropriate modification will be issued when a specific event occurs or, more often, on or before a specified date that has been defined in and authorized by the specific contract provision.

**Who may modify a contract?**

Only a warranted contracting officer may act on behalf of the federal government by signing a contract modification. No other government official or employee may modify a government contract or should act as if they have the authority to do so. This is a particularly important issue for CORs, who have authority under a contract that a contractor must recognize and heed, i.e., CORs monitor, enforce, and assess performance and in some limited instances interpret contracts under their cognizance—but they are NOT authorized to modify the terms, conditions, or requirements of a contract.

**Are there different types of modifications?**

Yes. Contract modifications may be either unilateral or bilateral. As the two different terms indicate, a unilateral (one-sided) modification is one that only the contracting officer signs, while a bilateral (two-sided) modification is one that is signed by both the contracting officer and an authorized corporate official on behalf of the contractor. Since a contract is a bilateral agreement between the parties, ordinarily both parties must agree in writing to revise their agreement. However, the contracting officer is authorized to take certain actions unilaterally, as stated within the contract, i.e., actions that the contractor has already agreed to the contracting officer taking. In addition, the contracting officer may execute some minor “administrative changes” unilaterally, such as to correct inadvertent errors in preparing the contract as awarded. Modifications that the government has the right to issue unilaterally may be issued bilaterally instead, and it often is prudent to do so to minimize the chances of confusion. The most prominent example of when it may not be prudent to seek bilateral signature is in the case of terminations.

The contractor is never authorized to issue any form of modification unilaterally.

**What is a “new procurement” modification?**

In rare circumstances, an emergent requirement falls within the general scope of an existing contract but exceeds specific limits tied to the scope of the requirements authorized by the original award. For supply contracts, an example might be an emergent need for 5 additional units when the initial requirement that was competed was for 75 and all units have similar delivery timeframes. In such circumstances, it may be justifiable to add the 5 units to the existing procurement rather than compete the require-

---

**Table 1: Unilateral versus Bilateral Modifications**

<table>
<thead>
<tr>
<th>Unilateral Modification</th>
<th>Bilateral Modification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting officer signs — FAR 43.103(a)</td>
<td>Contracting officer and contractor sign — FAR 43.103(b)</td>
</tr>
<tr>
<td>General purpose: exercises an existing contract right or revises information that does not affect parties’ substantive rights</td>
<td>General purpose: revises terms/conditions within the “general scope” of the contract to revise the parties’ agreed obligations</td>
</tr>
<tr>
<td>Types of Unilateral Modifications: Exercise options</td>
<td>Types of Bilateral Modifications: Definitize letter contracts</td>
</tr>
<tr>
<td>Issue change orders under the changes clause of the contract</td>
<td>Make negotiated equitable adjustments resulting from the issuance of a change order</td>
</tr>
<tr>
<td>Implement revisions to government-furnished property per the government property clause, extend stop work order or suspension of work (construction/architect-engineering)</td>
<td>Make negotiated equitable adjustments for government-furnished property revision, after a suspension of work is removed, for government delay, etc.</td>
</tr>
<tr>
<td>Effect terminations</td>
<td>Reflect other agreements revising or modifying terms/conditions that both parties agree to, includes new procurement/ceiling increases, if supported by authorizing documents</td>
</tr>
<tr>
<td>Implement “administrative change,” a change that does not affect the substantive rights of the parties (e.g., a change in paying office or appropriation data) — FAR 43.101</td>
<td>All changes under commercial item contracts</td>
</tr>
</tbody>
</table>
However, these 5 units constitute a “new procurement” that was not contemplated—or included—when the original requirement was competed. As such, either the new requirement must be procured via competition like the original requirement or a written justification to procure that specific requirement on a “sole source” basis from that contractor must be approved in accordance with the Federal Acquisition Regulation (FAR) and agency procedures. If authorization for a sole source procurement of the emergent requirement is approved, the requirement may be added to the existing contract rather than issuing a whole new contract.

For a services contract, particularly for most types of ordering vehicles or a time and materials/labor hour contract, an increase in the stated ceiling value usually will be considered a new procurement. In such a case, it is the contracting officer’s decision whether to consider a new procurement modification versus a competitive acquisition and, depending on the value of the requirement as well as agency policy and procedures, approval of the sole source justification often will need to be obtained at a level significantly above the contracting officer. The COR will have a key role in supporting the contracting officer throughout the process of considering, justifying, and obtaining approval of a new procurement modification.

**When are contract modifications effective?**

In general, with two termination-related exceptions specified in the FAR, contract modifications are effective on the date they are signed by the contracting officer, unless the modification itself states otherwise. The FAR prescribes that contract modifications are issued via Standard Form (SF) 30, which specifies which contract is being modified (Blocks 10A and 10B) and the effective date (Block 3), which the contracting officer may use to specify a separate effective date from the date of his/her signature. This technique often is used when an option exercise modification is issued for agency convenience in advance of the start date of the option period of performance.

**What is the COR’s role with respect to contract modifications?**

- Understand the terms and conditions of the contract. The COR must fully understand what the contract says and requires of both the contractor and the government and remain aware of the approach of key events, such as required option exercise dates or incremental funding needs.
- Be the government’s principal “eyes and ears” with respect to the contract’s requirements and how they are being performed. As the COR monitors performance and communicates often with the contractor to ensure desired outcomes are being achieved, he/she can discern if revisions may be necessary or desirable. From this knowledge, the COR may well be the first to recognize the potential or actual need for a contract modification.
- Communicate often with the contracting officer. If necessary, the COR should identify actual and potential issues that may be addressed by contract modifications or other written direction from the contracting officer and then support the contracting officer in making the decision, as well as with the modification development and execution processes.
- As option exercise dates or events such as incremental funding requirements approach, help with preparation and coordination of internal documentation. This includes obtaining/COORDinating funds and support to the preparation and approval processes of required justifications to ensure the government meets its contractual obligations and receives needed services or supplies.
- Assist the contracting officer by helping to assess and negotiate any cost/price or schedule impact/equitable adjustments associated with changes and other modifications.

**When an ordering vehicle, such as an indefinite-delivery indefinite-quantity contract, already has had orders issued, should the vehicle be modified or the orders?**

Each must be modified separately. Modification of an indefinite-delivery, indefinite-quantity (IDIQ) contract or a blanket purchase agreement (BPA) does not in any way alter any orders that already have been issued. By the same token, no modification(s) to any task/delivery orders have any impact on the ordering vehicle. Also, a modification to one order has no impact on any other order. If the same revision is desired to be issued against multiple orders, it may be possible for the contracting officer to craft one document that separately cites each affected order, but the document will be, in effect, a modification of each of the separate orders—and must be clearly identified as such. This single document will then be filed separately in each order’s official contract file.
Endnotes

1. “Ordering vehicles” includes any vehicle against which task and/or delivery orders may be placed, such as an indefinite-delivery, indefinite-quantity contract (IDIQ) or a blanket purchase agreement (BPA).

Other Relevant ASI Government Resources

“A COR’s Guide to Contract Change Orders”

“A COR’s Guide to Options”

“A COR’s Guide to Unauthorized Commitments and Ratifications”

ASI Government Quick Reference Guide (September 15, 2011):
“A COR’s Guide to Terminations”

Viewable on the Virtual Acquisition Office™ (VAO) Web site (www.GoTo-VAO.com) under “Publications”

The Quick Reference Guide for CORs provides a summary overview of a key topic in acquisition, with a focus on the COR perspective.

The Quick Reference Guide is published as part of the Virtual Acquisition Office™ subscription service, made available by ASI Government, 1655 North Fort Myer Drive, Suite 1000, Arlington, VA 22209, 703-253-6300, fax 703-253-6301, www.GoToVAO.com. Information and opinions are based on best available information, but their accuracy and completeness cannot be guaranteed. Layout by Julie Olver. Contents ©2013 by ASI Government. All rights reserved.