

# Administrative Procedure

## Contract Amendments

This procedure falls under the Contract Management Administrative Directive, A1205A.

**Date of Approval:** January 16, 2019

**Next Scheduled Review:** January 16, 2022

### **Purpose:**

The purpose of this procedure is to prescribe the steps required to change or amend an existing contract. A change can be initiated either by the supplier or by the City.

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### **Definitions**

All definitions contained in the Contract Management Administrative Directive apply to this procedure.

In addition:

- “**change log**” means a tool used to record, monitor, and report the changes made to a contract as prescribed in either the Project Management Reference Guide (PMRG) or the approved change log form; and
- “**change request**” means the approved change request form, and
- “**contract contingency**” means funds that are not directly allocated to a deliverable but are reserved within the terms of a contract to address risks that may materialize over the course of the contract.

### **Processes**

An existing contract may be modified by the use of appropriate documentation in accordance with this procedure and the individual contract. All changes to a contract will be assessed for their impact on the contract deliverables in terms of scope, value, schedule, resources, risk, and terms and conditions.

There are five main types of changes to contracts:

1. Administrative updates;
2. Price update;
3. Renewal;
4. Termination; and
5. Amendment.

Administrative changes (i.e. changes to project team members within SAP Ariba) are performed within SAP Ariba to change administrative details and do not require approval from the delegated authority or legal review.

Renewals are performed automatically in SAP Ariba in order to exercise optional terms that were previously approved by the delegated authority in approving the contract. Renewals do not require approval from the delegated authority. Renewals do not require legal review.

## Contract Amendments

Terminations are performed within SAP Ariba in order to exercise a right of early termination within the contract. Terminations must be approved by the delegated authority, and Law Branch must be consulted prior to the contract being terminated.

Amendments are performed within SAP Ariba and are used for all changes to the contract other than administrative and price updates and schedule changes where the terms and conditions of the contract are not impacted,. Amendments must be approved by the delegated authority and must be reviewed by Law Branch.

In some cases, change orders may be used for minor changes to contracts. In order to use a change order to change a contract, the contract in question must have clauses allowing for the use of change orders. Change orders must be completed in accordance with the terms and conditions of the contract and do not need to be approved by the delegated authority. Change orders do not require legal review and are not performed within SAP Ariba.

To complete an amendment to a contract, the contract manager must:

- obtain authorization for the proposed change; and
- appropriately document the change

### *1 Obtain Authorization for the Proposed Change*

- 1.1 If the change will impact the total value of the contract, the contract manager will obtain a quote from the supplier for the proposed change. If the change does not have a financial impact on the contract, proceed to section 2.

### *2 Document the Change*

- 2.1 All amendments to contracts must be documented and approved, in writing, by the City and the supplier. The Branch Manager, Corporate Procurement and Supply Services, in conjunction with the City Solicitor, is responsible for maintaining corporate templates and documentation that may be used for amendments.
- 2.2 The contract manager will prepare the amendment documents and will arrange for legal review.
- 2.3 The contract manager will obtain approval of the amendment by the appropriate delegated authority.
- 2.4 The contract manager will ensure that the amendment is signed by the City and the supplier.
- 2.5 The contract manager must retain copies of all documentation related to an amendment in SAP Ariba in accordance with the applicable City records retention schedule. The signed amendment must also be sent to the Office of the City Clerk.

### **Additional Resources**

The Branch Manager, Corporate Procurement and Supply Services may, after review by the City Solicitor, approve standards to support or provide further detail to the above processes, however any amendments to the processes contained in this procedure must be approved by the City Manager.