



Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

VO Committee Guideline for Packaging of Variation Order
Applications

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A handwritten signature in black ink, consisting of a stylized 'R' followed by a large loop and a final flourish.

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1. INTRODUCTION

The Variation Order Committee (VO Committee) was established in terms of Section 44 of the Public Finance Management Act, 1999 (Act No. 1 of 1999). Its core responsibility is to consider and approve the principle for issuing Variation Orders (VO's) and peruse the related cost implication of such Variation Orders in terms of applicable regulations, directives, policies, business processes, delegations and associated guidelines.

Regrettably, the VO Committee is still receiving applications that are poorly structured leading to prolonged turn-around periods. Amongst others, and not limited to, the VO Committee has noted with concern the following:

- 1.1 Vast time lapse from the date which applications are referred back and resubmitted.
- 1.2 Variation Orders which are raised towards the end of the contract, which may result in additional P&Gs
- 1.3 Illegible and unsigned documentation.
- 1.4 Submission of documents that have no relation with the VO application under consideration.
- 1.5 Referencing of documents which are not attached including but not limited to priced BOQ, quotations etc.
- 1.6 Ex-post facto applications.
- 1.7 Submission of VO application(s) that do not qualify as a VO by definition e.g. extension of time etc.

2. PURPOSE OF THIS GUIDELINE


The purpose of this document is to provide executing offices with a guideline in packaging variation order application/s. The guideline serves to further indicate the minimum information that is required and the preferred order of information that must be included in the submission.

3. CONTENT OF THE GUIDELINE

In an effort to streamline the VO submission process, the VO Committee has developed a structured guideline on how Variation Orders must be packaged to allow for timeous and sound decision-making.

3.1 DOCUMENTS MUST BE PACKAGED IN THE FOLLOWING ORDER

3.1.1 Index /Table of content and numbering of pages



Apart from the index page that should indicate the relevant page numbers for each heading, all pages must be numbered in a legible way. Paginating by hand is acceptable.

3.1.2 DPW 24 (EC) Form (VO Committee: Application form)

The latest DPW 24 (EC) form must be fully completed and duly signed.
The PM must ensure that:

- All information especially on the declaration page is to be fully and correctly completed before signing.
- The contract amount, award date, contract period, original completion date and the extended completion date must be as per the #WG04PE (WCS Screen-print).
- Omissions and additions must be indicated separately.
- All amounts indicated on the DPW 24 (EC) must include VAT.
- The total for the VO's submitted must be indicated as well as the grand total, which includes all previously approved/issues VO's.
- The latest DPW 24 (EC) form is available on the intranet under the SCM toolkit.

3.1.3 #WG04PE (WCS Screen-print)

WCS printouts of contract details to be attached.

- No black print screens should be submitted, legible screens must be provided.

3.1.4 #WJ25PE (WCS Screen-print)

- WCS printouts of captured VO to be attached.

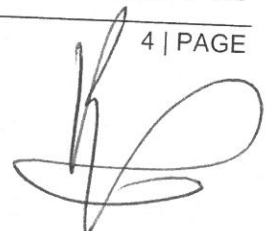
3.1.5 PRM 039/1 form (this will provide an overview of the project expansions as required by NT Instruction 3 of 2016/17).

- Note that only the signed and dated PRM039/1 must be submitted and not the entire financial report.
- No funding applications must be included on the VO applications.
- Expansions are defined as VO's/adjustments as indicated in the PRM039/1 under item 1.1 to 1.5.

3.2 VO APPLICATION

3.2.1 Multiple VO applications must be demarcated sequentially with current PRM forms (PRM 037, PRM038 forms first, with supporting documentation thereafter).

3.2.2 Comprehensive and convincing motivation must be provided on the PRM038 and separate correspondence as required, for the purpose of deliberation where the




principle of the VO is considered. The motivation and supporting documentation must be completed by the responsible discipline i.e. Engineer, Architect etc.

The following questions, amongst other, must be clarified in the motivation provided:

- Why was this work not included in the original scope of work?
- Can practical completion be reached without this work?
- Can this work be done under a separate contract?

- 3.2.3 If reference is made to specific requests/documents, such must be attached i.e. clients letter and the applicable page number of the document in question.
- Client's letter must be signed by the delegated authorities.
- 3.2.4 Three (3) **valid** comparable quotations and rate build-up or detailed cost breakdown for non-scheduled items to be provided in terms of Circular 33 of 2013 as applicable.
- Where the contractor intends executing the work, three quotations for the material must be sought and a detail rate breakdown of his/her labour must be indicated showing the labour rates and the units as applicable based on production.
 - The consultant QS or Engineer (as applicable) must analyse and verify the correctness, reasonableness of the quantities and rates. It is not acceptable for the consultant QS or Engineer just to accept the contractor's quotation.
 - Where the work is to be done by suppliers other than the contractor, three quotations is still required. Three valid and comparable quotations including supply and installation must be provided. The quotations must be based on a mini BOQ prepared by the consultant QS or Engineer (as applicable) based on an approved specification. The mini BOQ is then forwarded to the contractor to obtain three quotations.
 - The lowest quotation must be utilised unless adequate motivation to the contrary is provided.
 - In the event that three quotations are not obtained, the application must be accompanied by a substantive motivation.
 - It is important that comparable (hence the mini BOQ) and valid quotations be provided. "Valid" meaning the quotations have not expired at the time of the VO Committee meeting.
- 3.2.5 A table must be provided, indicating the quotations received and quotation utilized, for ease of reference.
- 3.2.6 Scheduled rates must be referenced to the approved contract BOQ (page number/item number). The relevant approved contract BOQ pages to be attached.
- 3.2.7 As VOs are in most instances scanned and emailed to the VO Committee secretariat, the PM must ensure that all information in the VO submission is signed and legible.
- 3.2.8 It is expected that all submissions will be checked and verified by the DPWI PM including compliance to Circular 33 of 2013 prior to submitting to the VO Committee (it



is further recommended that the internal QS or Engineer assist in ensuring compliance to items 3.2.4 to 3.2.6).

- 3.2.9 The submission must include a signed letter by the consultant QS or Engineer (as applicable) confirming that due diligence has been performed in terms of cost verification that was agreed upon by the contractor.

3.3 ASPECTS OF A PROJECT THAT FALLS UNDER LINE FUNCTION AND DO NOT CONSTITUTE A VO SUBMISSION

- 3.3.1 Adjustments to preliminary and general items (P&G's).
- 3.3.2 Adjustments of contract period.
- 3.3.3 CPAP (Contract Price Adjustment Provision).
- 3.3.4 Re-measured quantities of provisionally measured items, where no change of scope is applicable.
- 3.3.5 Increased commitment as result of the appointment of a nominated sub-contractor in terms of a provisional amount allowed for in the bill of quantities, where no change of scope is applicable.
- 3.3.6 Ex-post facto submissions (site instruction issued/work executed without VO approval).
- 3.3.7 Funding application.

3.4 VO RESUBMISSIONS

- 3.4.1 Resubmissions should be forwarded to the VO Committee within 10 working days after receipt of the VO Committees' comments.
- 3.4.2 The signed memo, indicating the VO Committee comments on VOs, must be included in all resubmissions.
- 3.4.3 All VO Committee comments made, must be responded to in memo format, addressing each item as per the VO Committee memo.
- 3.4.4 Where VOs have been approved with comments, no resubmissions are required in this regard. Such comments must be addressed as part of the contract administration process of the project.

4. CONCLUSION

- 4.1 Variation Order submissions that is not in compliance with this VO Guideline will **NOT** be accepted and shall be returned to the executing offices.

