



Department:  
Public Works and Infrastructure  
**REPUBLIC OF SOUTH AFRICA**

## Guidelines for the Packaging of Variation Order Applications

# CONTENTS

1.	INTRODUCTION.....	3
2.	PURPOSE OF THESE GUIDELINES.....	3
3.	DIFFERENTIATING BETWEEN EXPANSIONS AND VARIATIONS OF CONTRACTS.....	3
4.	DOCUMENTS REQUIRED AND THE ORDER OF PACKAGING .....	4
4.1	ADMINISTRATIVE INFORMATION .....	4
4.2	VO INFORMATION.....	5
5.	ASPECTS OF A PROJECT THAT FALL UNDER LINE FUNCTION AND DO NOT CONSTITUTE A VO.....	7
6.	VO RESUBMISSIONS.....	8
7.	CONCLUSION.....	8

## 1. INTRODUCTION

The Variation Order Committee (VOC) 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 (VOs) and peruse the related cost implication of such VOs in terms of applicable regulations, directives, policies, business processes, delegations, and associated guidelines.

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

- a. Vast time-lapse from the date on which applications are referred back and resubmitted.
- b. VOs are raised towards the end of the contract, which may result in additional P&Gs.
- c. Illegible and unsigned documentation.
- d. Submission of documents that have no relation to the VO application under consideration.
- e. Referencing documents that are not attached including but not limited to priced BOQ, quotations, etc.
- f. Ex-post facto applications.
- g. Submission of VO application/ s that do not qualify as a VO by definition e.g. extension of time, funding application/ s, etc.

As such, the VOC felt compelled to compile these VO Guidelines together with a DPWI Project Manager Checklist to assist the executing offices in the VO application process. The DPWI Project Manager Checklist is a separate document and is available on the *WORXNET* under the menu tab *Documents*, as well as, on the Public Works website under the tabs *Forms & Documents > Consultant's Guidelines*.

## 2. PURPOSE OF THESE GUIDELINES

The purpose of this document is to provide executing offices with guidelines on how to package VO application/ s. The guidelines serve to indicate further the minimum information that is required and the prescribed order of information that must be included in the submission.

## 3. DIFFERENTIATING BETWEEN EXPANSIONS AND VARIATIONS OF CONTRACTS

National Treasury requires the Department of Public Works and Infrastructure (DPWI) to differentiate between expansions and variations of contracts (see the PFMA SCM Instruction No 3 of 2021/ 2022). It must, therefore, be indicated on the VO application form [DPW 24 (EC)] whether the VO is for a variation or an expansion of the scope of work.

The PFMA SCM Instruction No 3 of 2021/ 2022 describes expansion and variation as follows.

- **Expand** a contract by **increasing** the **scope of work** (Expansions); or
- **Vary** a contract by **changing** the **scope of work** (Variations).

Expansion is also defined by the VOC as Additional Work; refer to PRM038 (Reason for Variation 1.1).

To reiterate, the word “expansions”, in this context, refers to the project **scope of work** only and does not cater for contractual matters (refer to Item 5).

#### 4. DOCUMENTS REQUIRED AND THE ORDER OF PACKAGING

The first part of the VO application/ s will consist of administrative information as set out in Item 4.1 below, followed by the second part in Item 4.2, the PRM Variation Order (PRM037) and Motivation forms (PRM038), the supporting documentation, as well as, the financial information as set out in Item 4.2.3.

##### 4.1 ADMINISTRATIVE INFORMATION

###### 4.1.1 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 sequentially** and legibly. Paginating by hand is acceptable.

###### 4.1.2 DPW-24 Form (VO Committee: Application form)

The latest DPW 24-(EC) form must be fully completed and duly signed. (Available on the SCM Toolkit)

The DPWI Project Manager **must ensure** that:

- a. All information specifically on the declaration page is to be fully and correctly completed before signing. The VO application will be returned immediately to the executing office, should any information not be completed on the declaration page.
- b. The contract amount, award date, contract period, original completion date, and extended completion date must be as per the WG04PE.
- c. Indicate on the VO application form whether the VO is for an **expansion** or a **variation**.
- d. **Omissions and additions** must be indicated **separately**.
- e. All amounts indicated on the DPW 24 (EC) must include VAT.
- f. The total for the VOs submitted must be indicated as well as the grand total, which includes all previously approved/ issued VOs.

###### 4.1.3 #WG04PE (WCS Screen-print)

WCS printouts of contract details are to be attached.

The DPWI Project Manager **must ensure** that:

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

#### 4.1.4 #WJ25PE (WCS Screen-print)

A WCS printout of the captured VO is to be attached.

#### 4.1.5 PRM039/1 form

The PRM039/1 will provide an overview of the project expansions.

The DPWI Project Manager **must ensure** that:

- a. Only the signed and dated PRM039/1 be submitted and not the entire financial report.
- b. **No funding application** is included in the VO applications.

## 4.2 VO INFORMATION

### 4.2.1 PRM037 & PRM038 forms (Variation Order & Motivation forms)

Each VO application, forming part of a multiple VO application, must be submitted on its own PRM037 and PRM038 forms **with its supporting documentation** following directly thereafter. Multiple VOs must be indicated on **one** DPW 24 (EC) application form.

The DPWI Project Manager must ensure that:

- a. **Comprehensive and convincing motivation** must be provided on the PRM038 for deliberation on the principle of the VO. The motivation and supporting documentation must be completed by the discipline responsible for the work i.e. Engineer, Architect, etc.
- b. The following questions, amongst others, must be clarified in the motivation provided in the PRM038:
  - **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?**

### 4.2.2 Supporting documentation

Documentation in support of the VO must follow directly after the PRM038 (the motivation), where pertinent.

If reference is made to specific requests/ documents, such requests/ documents must be attached i.e. client's letter and the applicable page number of the document in question.

The DPWI Project Manager must ensure that:

- a. The client's letter is **signed** by the **delegated authorities**.

#### 4.2.3 Financial information

Financial information of VOs must be provided **for each VO** in terms of Circular 33 of 2013. See below for a simplified step-by-step guide on the financial information that must be provided.

4.2.3.1 The approved BOQ rates are to be used for scheduled items.

- a. Scheduled rates must be **referenced**, in the PRM037 form, to the approved contract BOQ (page number/ item number). The relevant approved contract **BOQ pages** are to be **attached with the relevant item/s being marked**.

4.2.3.2 If items are unscheduled, the BOQ items may be used as a basis to calculate unscheduled rates, detailing how the rates have been arrived at.

If items 4.2.3.1 or 4.2.3.2 **cannot** be applied, then the following shall be applicable.

4.2.3.3 Work intended to be done by the contractor:

- a. The contractor will provide a detailed rate build-up, which includes materials, wastage, transport, plant (all as applicable), and labour.
- b. Three (3) **valid** and **comparable quotations** are to be sourced for the materials.
- c. The labour rates and the units as applicable are to be indicated and based on artisan and labour production.
- d. The consultant QS or Engineer, as applicable, must **analyse** and **verify** the **correctness**, and **reasonableness** of the quantities and rates. It is not acceptable for the consultant QS or Engineer just to accept the contractor rate build-up.

4.2.3.4 Work intended to be done by others:

- a. Three (3) **valid** and **comparable quotations** are to be sourced by the contractor including design, manufacture, supply, and installation.
- b. These quotations must be based on a **mini BOQ** prepared by the consultant QS or Engineer, as applicable, based on an approved specification and or drawing/ s. The mini BOQ is then forwarded to the contractor to obtain three quotations.
- c. The consultant QS or Engineer, as applicable, must **analyse** and **verify** the **correctness**, and **reasonableness** of the quantities and rates. It is not acceptable for the consultant QS or Engineer just to accept the contractor quotation.

#### 4.2.4 Important notes on quotations

- a. The **lowest quotation** must be utilised unless substantive motivation to the contrary is provided.
- b. It should be adequately motivated, should it be impossible to obtain three quotations.
- c. It is important that comparable (hence the mini BOQ) and valid quotations be provided. "Valid" means the quotations have not expired at the time of the VOC meeting.

- d. “Comparable” here shall mean comparing “like for like”. The 3 quotations shall include the same quantities, specifications, and items regarding supply, transport, installation, etc.
- e. **A table must be provided**, indicating the quotations received and quotation/ s utilised.

#### 4.2.5 General items to note

- a. As VOs are in most instances scanned and emailed to the VOC secretariat, the DPWI Project Manager must ensure that **all information** in the VO submission is **legible** and **signed**. The VO application will be returned immediately to the executing office, should any information be illegible.
- b. It is expected that all submissions will be **checked** and **verified** by the **DPWI Project Manager** including **compliance** to **Circular 33 of 2013** before submitting to the VOC. It is recommended that the internal QS or Engineer check compliance with Items 4.2.3 and 4.2.4 as part of this process.
- c. 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 (items 4.2.3 and 4.2.4) that was agreed upon by the contractor.
- d. In instances where the VO includes new work/ expansions, it is recommended that the professional team liaise with their Departmental counterpart for acceptance and attach such to the VO submission.

## 5. ASPECTS OF A PROJECT THAT FALL UNDER LINE FUNCTION AND DO NOT CONSTITUTE A VO

The following aspects of a project do not constitute a VO:

- a. Adjustments to preliminary and general items (P&G's).
- b. Adjustments of the contract period.
- c. CPAP (Contract Price Adjustment Provision).
- d. Re-measured quantities of provisionally measured items, where no change/ increase of scope is applicable.
- e. Increased commitment as a 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/ increase of scope is applicable.
- f. **Ex-post facto applications** (site instruction issued/ work executed in part or full without VO approval).
- g. **Funding application**.
- h. Rectifying discrepancies between the drawings, bill of quantities, and/ or specifications.
- i. Any change to the tendered Conditions of Contract e.g. extended working hours, etc.

## 6. VO RESUBMISSIONS

The DPWI Project Manager must ensure that:

- a. The resubmission/ s be forwarded to the VOC within **10 working days** after receipt of the VOC's comments.
- b. The VOC's comments, as per the VO Committee: Decision Schedule must be included in all resubmissions.
- c. All VOC comments made must be responded to in a memo format, addressing each item as per the **VO Committee: Decision Schedule**. Page numbers must be referenced to indicate where comments were addressed. A blanket statement that all comments were addressed is not acceptable.
- d. **No resubmissions** are required where VOs have been approved with comments. Such comments must be addressed as part of the contract administration process of the project.

## 7. CONCLUSION

VO submissions in non-compliance with these VO Guidelines will **NOT** be accepted and will be returned to the executing offices.