
OVERVIEW OF CONTRACT MODIFICATIONS (MODS) – CONTRACT RECEIPT AND REVIEW



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Purpose of a Contract Modification

A contract modification (mod) is any written change by the contracting officer to the contract terms and conditions. A mod can be issued at any time after the contract is awarded.

Here is a list of modification examples from the DCMA Manual on contract modification actions.

Administrative Modifications	Examples
Transportation	A change in transportation provider
Delivery	A change to who will ship and/or deliver the product
Property	A change to Government property to be used by the contractor during the term of the contract
Excess funds	A change to a line item or deliverable that was not performed on the contract
Terminations	When a termination for convenience is determined in the best interest of the Government
Definitizations	A change to convert an undefinitized contract action to a definitized contract
Schedule	A change in contractor production or delivery schedule
Contractor Data	A change in contractor name, location, or other information
Novation Changes	An approved merge of two contractors is issued by the Administrative Contracting Officer (ACO) to change contractor information on impacted contracts

Read the scenario on the next page, illustrating a conversation between the multifunctional team after a request to increase production.

Multifunctional Team Scenario

The Contract Management Team Meets to Discuss Deficiencies

You and other members of the multifunctional team have been called into a Monday morning meeting by the ACO to discuss deficiencies and latest contract modifications.

Melissa, an industrial specialist in manufacturing, states, *I was doing CRR and found the delivery schedule did not include a Ship To address (delivery location).*

You wonder, “Why does this matter?” Let’s say the missing delivery location wasn’t caught during CRR. Now, according to the schedule, it’s time to deliver the product. The person responsible for delivery may encounter a delay.

Quinn, a quality assurance specialist, says, *The contract is also missing the clause 52.246-2 Inspection of Supplies, which allows us entry into the facility for product inspection.*

Why does this matter? Think about the potential impacts and discuss during networking.

Ethan, an engineer states, *The contract specifies the wrong material.*

What if the wrong material was ordered? What if it was used to develop the product? What if the product was delivered and used by the warfighter, and it did not work? What are the impacts? Discuss during networking.

Members of the multifunctional team continue to think about it, ask questions, and give the ACO feedback about contract deficiencies and required contract modifications.

What enables them to provide this feedback? All team members are approachable, accessible, and knowledgeable. They’ve worked hard to build a good relationship using ongoing and open communication between each member of the team! Correcting deficiencies early helps the entire team to conduct contract administration.

Understanding Contract Modifications

You just learned about the purpose of mods and read some examples. The scenario portrayed potential concerns of the multifunctional team and attributes that keep the communication flowing. Now, let’s look at the types of mods and additional impacts on team members, the contractor, and the Government.

What Are Types of Mods?

There are two types of contract modifications.

- Unilateral
 - A unilateral mod is for administrative changes, such as a change to the paying office or administration office.
 - This type of mod requires only the signature of the Government.
- Bilateral
 - A bilateral modification impacts or changes terms of the contract, cost, or schedule.
 - This type of mod requires the signature of both the contractor and the Government.

What Are Potential Impacts of Mods?

Did you know? There might be hundreds of modifications throughout the life of the contract! Does the word RISK come to mind? Risk assessments will help ensure a smooth contract modification is implemented. You will assess risk for each modification so that you can determine impacts to the contract, the contractor, and level of surveillance required. Proper contract receipt and review will help reduce risk to the contract. For now, we want to make sure you are aware of some of the impacts.

Take a few minutes to think about these questions. It's okay to guess at the impacts to the functions. Include your responses in these boxes or on a separate sheet of paper. Talk about this during networking.

What are the impacts if a modification is not executed based on the scenario?

Contracting			

What are potential impacts when a bilateral mod is done involving the budget or schedule changes?

Contracting	Engineering	Manufacturing	Quality Assurance

Practice these points to help you build trusting relationships and prepare for impacts of contract modifications:

- Know your contract. You are well on your way to understanding what is important to know!
- Continuous communication is critical to successfully managing the contract.

These points sound so simple, but it takes effort and building positive habits, which is worthwhile when the result is smoother contract modifications!