


<h1>Project Navigator</h1>				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 1/12	
				DM # 569108		REV. 8	
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1. PURPOSE

This guideline describes the requirements for documentation and approval of changes in project scope, cost, schedule and / or deliverables.

These types of project changes are commonly categorized as project change management. Other types of changes introduced by the project may also require the following processes:


- Changes to process / equipment may require the use of the Management of Change (MOC) process. Refer to the [EMOC](#) (Help Page) System.
- Changes that may affect the plant's organizational structure or personnel may require the use of Change Management principles. Refer to the [Change Management](#) site.

All documentation is to be filed following proper document management procedures.

2. REFERENCE DOCUMENTATION

The following documents were used in the development of this document or are related to it. The most recent revision shall be used.

PRO-0002-BPNA	Procedure for Project Change During Project Execution (APC)
NAV-GP-0041	Project Management – APC Guideline Authorization For Project Change Template (APC) APC Summary By Year Template
NAV-TP-0029	Project Change Request Template
NAV-TP-0031	Field Work Instruction Template
NAV-LP-0107	SRF Form
NAV-WP-0031	FWI, PCR, APC Workflow
PRO-0001	Goods and Services Purchase Procedure
PRO-0007	Exception Authorization Procedure
NAV-GE-0011	How to input a Design Change Request in ETS
NAV-PE-0011	Design Change Control Procedure
NAV-TE-0026	Consultant – Design Change Request
NAV-WE-0011	Design Change Control Workflow

<h1>Project Navigator</h1>				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 2/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld

3. AUTHORIZATION FOR PROJECT CHANGE (APC) / REVISED PSIR

3.1. PURPOSE

For Capital Projects and R&D Studies, an APC is used to document major changes in project scope, cost, schedule and / or deliverables during any project stage outside the Project Managers authority, and to document the required approvals.

For other types of projects (Operating, Period Cost including Rec & Dec), a revised PSIR form is used for the same purpose as an APC.


3.2. REQUIRED WHEN

For Capital Projects and R&D Studies, an APC is required if any of the following changes occur:

- The forecast expenditures for the total project CAPEX (plus OPEX if applicable) exceed / are less than the approved budget (cash and/or cost) in any fiscal year.
- A change in schedule impacts key project deliverables, e.g. NPV.
- A change in scope impacts key project deliverables.
- A significant change in the risk profile could impact key project deliverables (SHE risk or business risk).
- On Project Closeout if a portion of the budget (e.g. contingency) has not been spent, funds are to be returned to the Division's capital account. The Project Manager shall use judgment as to when this is required, in consultation with the Divisional Capital Coordinator.

For Other projects, a revised PSIR approval form is required if any of the following changes occur:

- The forecast expenditures exceed the approved budget.
- A change in schedule will require expenditures in a different fiscal year.
- A change in schedule impacts key project deliverables.
- A change in scope impacts key project deliverables.
- A significant change in the risk profile could impact key project deliverables (SHE risk or business risk).

Project Navigator				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 3/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld


3.3. PROCESS

Changes to a project are initially documented via a Project Change Request (PCR). If the change to the scope, cost, schedule, deliverables, etc. is beyond the scope of a PCR, the Project Manager submits an APC (Capital projects) or a revised project approval form (Non-Capital projects). If uncertain, the Project Manager consults the Project Sponsor or the PMO Group's department Manager for guidance. APC's may be based on one or more PCR's.

Vale's PRO-0002-BPNA Procedure for Project Change During Project Execution (APC) contains the detailed procedure for completion of APC's, and the approval requirements. The NAV-GP-0041 contains additional guidance for completing the APC forms.

Note: if an APC relates to rework on a project or other abnormal project costs, consult the local Finance department representative (Business Analyst) to determine whether the costs should be capitalized or expensed, and what information to include in the Capitalization memo.

Refer to FWI, PCR, APC Workflow (NAV-WP-0031).

Project Navigator				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 4/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld

4. PROJECT CHANGE REQUEST (PCR)

4.1. PURPOSE

The purpose of a PCR is to document changes in project scope, cost, schedule and / or deliverables during any project stage, and to document the required project team approvals.

Note that significant changes may also require an APC or a revised project approval form (see section 3 above).

PCR's are used to document changes that are within the project team's authority.

A PCR may result from FWI's being considered during Construction activities, from DCR's being considered during Detail Engineering activities, from new information becoming available or from unpredicted elements arising. PCR's may be related to one or more FWI's, DCR's, and/or other documents.


4.2. REQUIRED WHEN

A PCR is needed when changes are requested in the project's original scope, schedule, budget, deliverables, or risk profile in order to complete the project or where a change in project risks has been identified.

A PCR is used to document the Project Manager's approval for only the following types of project changes:

- A change in forecast expenditures for CAPEX and/or OPEX that occurs only within the current fiscal year and that can be accommodated within the project contingency.
- A change in the schedule that does not impact key project milestones.
- A change in scope that does not impact key project deliverables.

Other project changes may require additional approvals including an APC.

<h1>Project Navigator</h1>				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 5/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld

4.3. PROCESS


PCR's can be initiated and prepared by the project team, or by the sponsor, Operations Rep, the Maintenance Rep, or others. They require the approval of the Project Manager before the change is accepted.

The PCR must include a description and a reason for the changes required and the impact on costs and schedules. It will identify how and by whom the changes will be carried out.

If the project change requires any change to an engineering deliverable, the PCR must be reviewed with the Engineering Department representative.

PCR's require only the approval of the Project Manager.

Refer to FWI, PCR, APC Workflow (NAV-WP-0031).

Project Navigator				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 6/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld

5. DESIGN CHANGE REQUEST (DCR)

5.1. PURPOSE

The purpose of a DCR is to communicate changes (scope, cost, and schedule) in the Engineering deliverables, and to document the details and the required approvals.

If these changes have a significant impact on the project budget, scope, schedule or deliverables, a PCR and / or and APC may also be required for the project.

Engineering work is generally managed by the Central Engineering Dept. DCR's are used to formally document requests for changes in that work, and the approvals by the Engineering Dept and by the project team.

5.2. REQUIRED WHEN

A DCR is needed when changes are requested in the engineering deliverables for the project.


5.3. PROCESS

The Design Change Request is typically initiated by the Engineering group, when the work is being done by an engineering consultant.

The DCR must include a description and a reason for the changes required and the impact on costs and schedules. It will identify how and by whom the changes will be carried out.

Note: the DCR should be attached to the Outstanding Claims Notice (OCN) form that accompanies the ProForma Invoice for that work.

DCR's for project-related engineering work require the approval of the Project Manager. Refer to NAV-PE-0011 Design Change Control Procedure for further information.

<h1>Project Navigator</h1>				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 7/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld

6. CONTRACT CONTINGENCY

6.1. PURPOSE

The purpose of including contingency in a contract is to allow the Project Manager to respond to changes without delaying the contracted work, within specified limits.

These changes could involve the contract scope, cost, schedule and / or deliverables. For changes that have a significant impact on the overall project, a PCR and / or and APC may also be required.

With approved contingency, FWI's can be used to authorize changes, without first processing a Contract Change Order (CCO). On time-sensitive projects, this is an important tool.

6.2. PROCESS

The Project Manager determines the amount of contingency needed, based on the nature of the work and the type of contract, with input from the project team. The typical value is ~10%; normally the maximum approved is ~20%. Discuss exceptional circumstances with the PMO Department Manager and Procurement, as required.

Contract contingency is requested within the overall contract amount, via the SRF and discussions with the Procurement Representative.


Contingency is approved within SAP, as part of the Central Contract value.

The written Contract Agreement may or may not include the approved Contract Contingency amount that was included. Clarify with Procurement, and confirm via review of the written Contract Agreement and within SAP.

Regardless of whether the contingency is visible within the written Contract Agreement, the Project Manager has the authority to approve FWI's for additional work on that contract, as long as:

- The additional work is within the original intent of the scope of the contract (e.g. to address "discovery work" or minor additions/changes to the scope that should have been identified in the written Scope of Work, and
- The approved Contract Contingency amount will cover this FWI and any other FWI's that have been issued to date.

The use of contingency must be documented via FWI / CCO, and on the project Cost Sheet. Also refer to the sections on FWI's and CCO's below.

Project Navigator				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 8/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld

7. FIELD WORK INSTRUCTION (FWI)

7.1. PURPOSE

The purpose of a FWI is to authorize the Contracting Party to perform work involving changes to a contract scope, cost, schedule and / or deliverables. The FWI form is also the means of documenting these details and the required approval from the Project Manager. If these changes have a significant impact on the project budget, scope, schedule or deliverables, a PCR and / or and APC may also be required.

During the execution of contracted work, circumstances can arise that were not identified in the written contract agreement that was signed by Vale Procurement and the Contracting Party (the “contract agreement”). These often involve a change to the contract scope, cost, or schedule.


The contract agreement may or may not include the approved Contract Contingency amount that was included in the SAP Central Contract value. Regardless, the Project Manager has the authority to approve FWI’s for additional work on the contract, as long as:

- The additional work is within the original intent of the scope of the contract (e.g. to address “discovery work” or minor additions/changes to the scope that should have been identified in the written Scope of Work, and
- The approved Contract Contingency amount will cover this FWI and any other FWI’s that have been issued to date.

Use of the FWI can eliminate the delays associated with processing a Contract Change Order (CCO) prior to completing the work. On time-sensitive projects, this is an important tool.

7.2. REQUIRED WHEN

The FWI form is required when the need for changes to the contract scope, schedule, cost, or associated risks are identified, and the change must be implemented immediately.

<h1>Project Navigator</h1>				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 9/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld

7.3. PROCESS

FWI's can be initiated and prepared by any person involved in an approved project. Note: the associated changes must not proceed until the Project Manager has granted written approval on the FWI form.

The FWI must include a summary of the additional work and / or materials, and the anticipated cost and schedule impacts.

The Construction Manager and PMO Project Engineer review the FWI to ensure:

- the information is correct and complete
- the additional scope does not duplicate any work identified in the original scope
- the proposed plan does not increase project risk or operational risk
- the need for additional PHR(s) is identified, where appropriate

The Cost Controller reviews the FWI to check availability of funds:

- in the project budget, and
- in the approved Contract Contingency in SAP

The FWI is then forwarded to the PMO Project Manager for review and approval.


If the additional work and / or a schedule change do not fit within the intent of the SOW or if the additional costs cannot be accommodated within the approved Contract Contingency, then a FWI can not be used for the work; the normal Procurement processes must be followed (new requisition, CCO, etc...).

After Project Manager approval, the work can start immediately.

Note: the FWI should be attached to the Outstanding Claims Notice (OCN) form that accompanies the ProForma Invoice for that work.

Refer to FWI, PCR, APC Workflow (NAV-WP-0031).

Note: A CCO including the FWI details must be issued at some point, before the contract can be closed out, to meet Vale audit requirements. A single CCO can cover more than one FWI, as long as the total value is within the approved Central Contract value in SAP. See Contract Change Orders below for more details.

Project Navigator				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 10/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld

8. CONTRACT CHANGE ORDER (CCO)

8.1. PURPOSE

The purpose of a CCO is to formally document changes to a contract agreement signed by Vale and the Contracting Party, including changes to the contract scope, cost, schedule and / or deliverables. This may include additions to or deductions from the contract scope.

All changes to a contract require a Contract Change Order. Only Procurement Dept representatives can legally enter into a contract with an outside service provider or formally endorse contract changes on behalf of Vale.

CCO's are required to change the scope and/or terms of the contract to accommodate required changes and / or to reconcile the official contract documents with project records and financial records.

A CCO may include one or more FWI's and / or may be used to document contract changes for work that has not yet been started.

8.2. REQUIRED WHEN

A CCO is required when the need for changes to the contract scope, schedule, cost, or associated risks are identified.


If those changes are within the intent of the original approved scope of work, and the additional cost is within the approved Contract contingency (as listed in the SAP Central Contract), the work can be authorized by the Project Manager via a FWI, and a CCO issued later.

If the work is outside of the intent of the original SOW, or if the added cost exceeds the available Contract contingency, a CCO must be prepared by the Procurement Rep, and signed by both Vale and the Contracting Party before the work proceeds.

8.3. PROCESS

A requisition must be entered to initiate a CCO. The requisition must be accompanied by an SRF specifying that a CCO is required. The standard requisition approval process is followed for project CCO's.

More than one CCO may be issued for a contract. A "Closing CCO" is required for any outstanding FWI's not already covered by a CCO, upon completion of the contracted work.

Project Navigator				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 11/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld

9. REQUEST FOR INFORMATION (RFI)

9.1. PURPOSE

The purpose of a RFI is to formally document requests for information by either the Contracting Party or Vale.

9.2. CONTEXT

It is very difficult to predict every possible circumstance that may arise during contract execution, or to know what the Contracting Party knows or doesn't know about the details of the work. During the work, questions often arise that must be answered in a timely fashion to avoid construction delays, re-work, lack of compliance to specifications or contract requirements, and other issues.


Failing to properly document the communications between Vale and the Contracting Party can lead to disputes between the two groups.

Properly used, the RFI process will shorten the response times for requests and avoid the issues listed above.

9.3. REQUIRED WHEN

The RFI is required whenever there is a request made for information need to formally document requests for information by either the Contracting Party or Vale.

Note: RFI documentation must be filed in accordance to the local document management standards.

Project Navigator				Guideline			
TITLE PROJECT CHANGE MANAGEMENT GUIDELINES: APC, PCR, DCR, FWI, CCO, CONTINGENCY, RFI				VALE # NAV-GP-0050		PAGE 12/12	
				DM # 569108		REV. 8	
Effective Date:	Jan 11/18	Revisit Date:	Jan 2019	Prepared By:	PN Team	Approved By:	T. Hirschfeld

10. APPENDICES

Appendix A: Revision and Transition Notes

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(Revisions are listed in reverse chronological order with most recent revision at the top.

Revision notes describe: what was changed, why it was changed, and the plan to implement the change, including whether changes are retroactive)

Revision

Rev #	Date	Nature of Change	Page inserted, replaced, revised or cancelled	Approved by document owner
1	Aug 2, 2012	Creation of document for PN		Trueman Hirschfeld / Trevor Ross
2	Jan 21/13	Added DCR section	Inserted as section 5.0	Trueman Hirschfeld
3	Apr 2/13	Minor revision	Section 7.3 example updated. Section 7.1 added verbiage "may include additions or deductions to scope	Trueman Hirschfeld
4	June 18/13	Update	Section 3.3 Updated to include a reference that an APC may be required on Project Closeout	Trueman Hirschfeld
5	June 23/14	Update	Removed reference to CCO template as a CCO must be initiated using the SRF. Added 8.0 Request For Information section. Updated section 3 to incorporate guidance on how to request changes for non-Capital Projects using a revised PSIR. Added Process sections.	Trueman Hirschfeld
6	Oct 7/14	Clarification	Clarified Section 3.0 – R&D Studies require an APC NOT a revised PSIR	Trueman Hirschfeld
7	July 27/16	Update	Added section 6 Contract Contingency, minor rev's to sections 7 (FWI) and 8 (CCO).	Trueman Hirschfeld
8	Jan 11/18		3.3 APC Process note added for clarity *Note: if an APC relates to rework on a project or other abnormal project costs, consult the local Finance department representative (Business Analyst) to determine whether the costs should be capitalized or expensed, and what information to include in the Capitalization memo. *	Trueman Hirschfeld