



Defense Contingency COR Handbook

Version 1 – December 2010



Tools, Resources,
and Support for the
Contracting Officer's
Representative

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Handbook Use and Questions

A complete list of the acronyms used in each chapter can be found in the notes pages that follow each chapter.

An online version of the handbook and attached DVD can be found at <http://www.acq.osd.mil/dpap/ccap/cc/corhb/>.

Questions concerning the use, update, request for, or replacement of this handbook or the attached DVD should be sent to:

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Foreword and Introduction

This handbook provides a pocket-sized guide that is designed to serve as a quick reference functional guide during your assignment. It is not designed to be all encompassing, or to replace governing instructions, regulations, or directives.



You Are the COR

The Department of Defense awards contingency contracts for supplies and services (including construction projects). In fiscal year 2009 alone, the value of those contracts topped \$5B.¹ The contracting officer's representative (COR) has a key role in monitoring the contracts to ensure that our nation's Armed Forces receive the supplies and services they need to accomplish their assigned mission. The COR also is a crucial link between the contractor and the contracting officer.



Mr Shay Assad, Director of Defense Procurement and Acquisition Policy

Failure to monitor contracts effectively can result in critical supplies and support services being late, deficient, or not within the scope of contract requirements. A competent and dedicated COR can ensure success. The COR serves as the eyes and ears of the contracting officer to make sure that the government receives high-quality supplies and services on time, within the agreed-upon price, and that the supplies and services meet all contract requirements.



This handbook addresses contract support in a contingency operational environment. The handbook is large in order to provide the most thorough, comprehensive resource possible for both first-time and experienced CORs who may not have access to the Internet or other such tools. It presents the following key lessons:

- Contracting is not the action of a single entity. Effective and cost-efficient support of contingency contracts is a team effort of the requiring unit, contractor, resource manager, contracting officer, COR, and other entities as needed.
- The COR plays an important role in monitoring the contract, overseeing the contractor, reporting on performance, developing performance remedies if necessary,² reviewing contract changes, and accepting (or rejecting) contract deliverables.
- Several issues can get CORs into trouble. Those issues include having inadequate protection in high-threat areas, crossing lines of authority, making unauthorized commitments, and accepting, but not reporting, gifts.

A working group—consisting of representatives from the Office of the Secretary of Defense (Defense Procurement and Acquisition Policy), Defense Acquisition University, Program Support, Joint Staff, Army, Air Force, Navy, Marine Corps, and Defense Contract Management Agency—developed this handbook. It is based on *Deployed COR Handbook* (No 08-47), published in September 2008 by the US Army Combined Arms Center (via the Center for Army Lessons Learned). The working group supplemented the Army handbook with additional information to make it appropriate as a Joint resource.

Notes

1. The Defense Manpower Data Center calculated \$5,004,808,517 in spending on 32,536 contingency contracting actions. These numbers reflect contract dollars and actions awarded by the Joint Contracting Command–Iraq/Afghanistan.

2. The COR cannot direct the contractor to perform work outside the scope of the contract without administrative contracting officer or procuring contracting officer direction.

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Introduction

This first edition of the *Defense Contingency COR Handbook* provides the basic knowledge and tools needed by contracting officer's representatives (COR) to effectively support contingency operations. The handbook is designed specifically to address the realities faced by CORs in operations outside the continental United States (OCONUS). The information in this handbook is extracted from numerous sources within the defense acquisition community. Those sources include the Federal Acquisition Regulation; the Defense Federal Acquisition Regulation Supplement; the Joint Ethics Regulation; Department of Defense (DoD) directives, instructions, publications, and policies; and countless CORs and contingency contracting officers who have learned hard lessons in deployed environments.

The handbook's size reflects its comprehensive nature. It is intended to provide as much information as possible for the COR who may not have access to other resources. It is not meant to be read cover to cover; rather, it is organized to aid the COR in finding exactly what he or she needs for the situation at hand. The users of this handbook will be able to take away relevant and comprehensive guidance from chapters 1 through 11. The appendices, figures, and tables offer supplemental data for instances where additional or more specific information is needed.

The handbook begins with discussions of why contracting on the battlefield is so important and what commanders need to know.¹ It then addresses ethics, which are always important in contracting, but are critical to in-theater contingency contracting. Next, the handbook discusses the acquisition team and the acquisition process. This discussion serves as the backdrop to a chapter on the COR's responsibilities. The handbook then provides an overview of contracts, including their categories, types, and structure, and an overview of contract administration. The next three chapters describe various aspects of the COR's most important role: monitoring the contractor. The first of these chapters contains general

information about monitoring the contractor; the other two contain specific information about monitoring service contracts and monitoring construction contracts. The final chapter of the handbook addresses cultural diversity, a key consideration in any OCONUS operation.

Appendix 4 defines terms and abbreviations used in contracting, and Appendix 7 contains resources and references that CORs may find useful. (All source documents referenced in the handbook chapters are listed in Appendix 7) The remaining appendices contain additional information: COR qualifications and training, acquisition team points of contact, independent government estimates, contract planning and source selection, forms, checklists, and metric conversions.

This handbook is a guide only and is intended to supplement (not replace) formal COR training given by various DoD and Office of the Secretary of Defense activities. Depending on the contract or situation, the duties of a COR could be different. CORs should refer to their letter of appointment for their specific duties and responsibilities. For more information about formal COR training, see the Defense Acquisition University COR community of practice Web site at <https://acc.dau.mil/cor>. In addition to formal COR training, local contracting officers may provide contract-specific training.

Notes

1. In this handbook, the term *commander* is used to reference the commander or civilian equivalent.

Acronyms

COR – Contracting Officer’s Representative

DoD – Department of Defense

OCONUS – Outside the Continental United States

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Chapter 1 Importance of Contracting on the Battlefield



Importance of Contracting on the Battlefield

Contents

- Contracting Officer's Representatives (COR)
- The Deployed COR's Working Environment

In one form or another, contractors have been part of the battlefield since the American Revolution, when General George Washington used civilian wagon drivers to haul military supplies. Over time, contracting support has evolved from an ad hoc add-on capability to an essential part of the US force projection capability.

Using contractors is a force multiplier. Today, US Armed Forces rely on contractor support for almost every mission. The key to effective contractor support is ensuring contractors follow the contract requirements. CORs play a critical role in making that happen.¹

Contracting Officer's Representatives

Defense Federal Acquisition Regulation Supplement (DFARS) 252.201-7000, *Contracting Officer's Representative*, defines a COR as “an individual designated in accordance with subsection 201.602-2, *Responsibilities*, of the DFARS and authorized in writing by the contracting officer to perform specific technical and administrative functions” pursuant to the procedures at DFARS Procedures, Guidance, and Information 201.602-2, *Responsibilities*.

CORs closely monitor contract performance and provide the contracting officer with documentation that identifies the contractor's compliance or noncompliance with the terms and conditions of the contract. Although the appropriate forms may not always be available, a simple signed memorandum with supporting data will suffice for the contracting officer to take action. That memorandum will become part of

the official file documentation. Remember, the COR must document everything (for example, conversations, meeting minutes, and contractor performance).

The Deployed COR's Working Environment

The deployed COR works in an environment whose operational and functional demands are greater and more complex than those experienced by CORs supporting the Armed Forces during peacetime or in the continental United States. The following are among the challenges faced by the deployed COR.

- Different customs
- Corruption (a COR's number-one threat)
- Ethics issues
- Language barriers
- Time management issues
- Chain of command and conflicting responsibilities
- Length of deployments
- Transition of COR duties when redeployed
- Personal security due to threats in the contingency/combat environment

Note: Never underestimate the dangers of being a COR. It is likely that CORs will be required to travel outside protective areas to inspect the progress of a contract. CORs must ensure they have adequate protection.

To ensure their personal security, CORs should take the following precautions.

Importance of Contracting on the Battlefield

- Assess the risk and establish a risk management plan
- Never reveal the schedule for an on-site visit unless absolutely necessary
- Treat all excursions as a combat patrol
- Coordinate all actions with the unit and contracting officer
- Debrief the intelligence officer as necessary
- Spend time solely on the business effort (for example, avoid personal shopping or sightseeing while on business)

When escorting contractors inside of military installations, the COR must comply with base commander requirements for such escorts (badges, armed escorts) and ensure that the contractor understands and complies with those requirements.

Notes

1. The phrase *contracting officer's representative* is used primarily by the Army, Navy, and Defense Contract Management Agency, while the Air Force uses the phrase "quality assurance personnel" for an equivalent position. "COR" is used throughout this handbook for simplicity.

Chapter Acronyms

COR – Contracting Officer’s Representative

DFARS – Defense Federal Acquisition Regulation Supplement

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Chapter 2 What Commanders Need to Know



What Commanders Need to Know

Contents

- Selecting the Right Contracting Officer's Representative (COR)
- The COR Position
- Crossing Lines of Authority

Every commander¹ is likely to inherit or initiate a few contracts for supplies and services and, therefore, will require CORs from his or her unit. The commander's local supporting contracting office will determine how many CORs are needed. The main thing commanders should remember is that not everyone can be an effective COR. The CORs selected by the commander will set the tone for the success of the contract.

Commanders should hesitate before nominating key staff members or leaders as CORs. However, a marginally capable COR will cause more headaches and may place the mission at risk. Commanders should remember that every contract will inherently have problems; a capable COR can solve more than 95 percent of those problems.

Selecting the Right COR

The following are some key attributes of a capable COR.

- Is able to operate independently (has strong problem-solving and organizational abilities)
- Pays attention to detail and can juggle multiple projects
- Makes sound business decisions (demonstrates acquired business expertise or provides documentation of formal training)
- Communicates effectively (both verbally and in writing)

- Maintains high ethical standards
- Has basic knowledge of the service or supply provided in the contract

Commanders may nominate only US military personnel or Department of Defense (DoD) civilians as CORs. There is no minimum rank required to be a COR. Performance as a COR can demand much more time than normally expected from an additional duty. For some projects, being the COR is a primary duty. Some service contracts, depending upon their complexity, associated quality assurance surveillance plans, and evaluation standards, may require an assistant COR. In addition, each COR should have a designated alternate trained to fill in the gap when the primary COR is not available (due to mission, injury, or mid-tour leave).

The COR Position

The contracting officer is responsible for appointing (or designating) and providing contract-specific training to a COR nominee. This contract-specific training is in addition to the required COR training required by regulation or instruction.² (COR training requirements are laid out in Appendix 3.) If the contracting officer determines that a COR is required, he or she will notify the requiring unit of its responsibility to nominate an eligible person, usually with a memorandum signed by the unit commander.

COR training covers concepts such as responsibilities, ethics, product substitution and fraud, constructive changes and ratification, surveillance methods, surveillance reports, files and paperwork, and limits of authority for the specific contract. Currently, operations are driving COR training in predeployment as a unit readiness indicator. The Deputy Secretary of Defense memorandum dated 22 August 2008, “Monitoring Contract Performance in Contracts for Services,” states:

Requiring activities shall...ensure that properly trained and ready CORs are assigned prior to contract award.... Where practicable, the requiring activity

shall provide the COR nomination package to the contracting office as part of the purchase request.

CORs represent and assist the contracting officer with administering contracts. They do this by verifying the contractor's performance, inspecting the contractor's work, and maintaining liaison and direct communication with the contractor. CORs receive their COR authority only from the contracting officer, not from their chain of command.

COR appointments or designations remain in effect for the life of the contract unless they are terminated by the contracting officer before the contract ends. Termination may occur if a COR is reassigned to a different unit or performs unsatisfactorily.

Crossing Lines of Authority

The COR's role bridges the acquisition and functional communities. The commander has no command and control authority over contractor personnel or the duties a COR performs in support of a contract. Although the contract can require contractor personnel to abide by all guidance and obey all instructions and general orders applicable to US military personnel and DoD civilians, contractor personnel cannot be *commanded*. The contract's terms and conditions govern the relationship between contractor personnel and the government. Only the contracting officer has the authority to direct contractor personnel. In short, the commander must *manage* contractor personnel through the contracting process. Figure 1 illustrates the lines of command and contract authority.

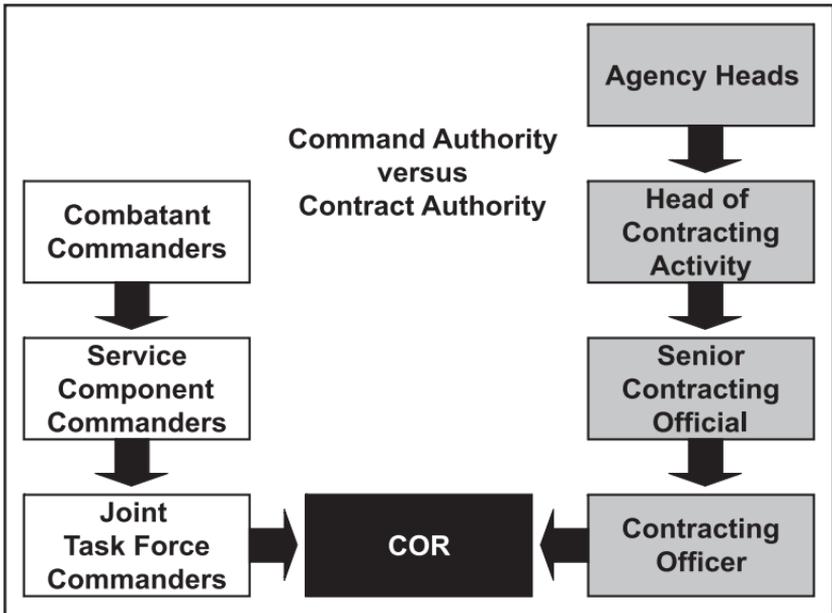


Figure 1. Lines of Command and Contract Authority

Note: CORs cannot redelegate their COR duties.

Note: Commanders, as well as CORs, must understand that CORs do not have contractual authority to issue directions or changes to any contract.

Notes

1. In this handbook, the term *commander* is used to refer to the commander or civilian equivalent.
2. Gordon England, Deputy Secretary of Defense, Memorandum, “Monitoring Contract Performance in Contracts for Services,” 22 August, 2008.

Chapter Acronyms

COR – Contracting Officer's Representative

DoD – Department of Defense

Chapter 2 Notes
What Commanders Need to Know

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Chapter 3 Ethics



Ethics

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Review of Standards

All US government personnel engaged in contracting and related activities must be above reproach in their business dealings with industry. At the same time, they must protect the government's interests and maintain its reputation for dealing fairly with contractors. Department of Defense (DoD) Directive 5500.7-R, *Joint Ethics Regulation*, specifies standards for contracting and related activities.¹ All contracting

officer's representative (COR) letters of appointment or designation require CORs to certify that they have read and understand the Joint Ethics Regulation (JER). CORs also should be familiar with the *Procurement Integrity Act*, which is covered at FAR 3.104, *Procurement Integrity*.

To maintain public confidence in the US government's conduct of business with the private sector, CORs must avoid even the appearance of a conflict of interest (COI).² CORs who may have direct or indirect financial interest in an organization that they are monitoring must advise their supervisor and the contracting officer of the conflict so that appropriate action may be taken. A COI is one in which the COR, because of other activities or relationships with other people:³

- Is unable or potentially unable to render impartial assistance, advice, or decisions to the government
- May have impaired objectivity in performing his or her duties
- May give a contractor an unfair competitive advantage due to action or relationships with the COR

Every COR must supply evidence to the contracting officer that he or she has officially filed an Office of Government Ethics Form 450, *Confidential Financial Disclosure Report*. The purpose of this report is to assist personnel and their agencies in avoiding conflicts between official duties and private financial interests or affiliations.

The JER sets forth the following "Code of Ethics for Government Service," which all CORs should follow.

- Put loyalty to the highest moral principles and to country above loyalty to persons, party, or government department
- Uphold the Constitution, laws, and regulations of the United States and of all governments therein, and never be a party to their evasion
- Give a full day's labor for a full day's pay—giving earnest effort and best thought to the performance of duties

- Seek to find and employ more efficient and economical ways of getting tasks accomplished
- Never discriminate unfairly by dispensing special favors or privileges to anyone, whether for remuneration or not, and never accept, for himself or herself or for family members, favors or benefits under circumstances that might be construed by reasonable people as influencing the performance of governmental duties
- Make no private promises of any kind binding upon the duties of office, since a government employee has no private word that can be binding on public duty
- Engage in no business with the government, either directly or indirectly, that is inconsistent with the conscientious performance of governmental duties
- Never use any information gained confidentially in the performance of governmental duties as a means of making private profit
- Expose corruption wherever discovered
- Uphold these principles, ever conscious that public office is a public trust

Working with Contractor Employees

Contractors are an important component of the total DoD force, but they are not government employees. COI rules do not apply to contractor employees, even when they are performing the same or similar work as, or working side-by-side with, government employees. In contrast, government employees—public servants—are accountable for the public trust. The COR's duties are to the government. Although professional relationships with contractor employees are not prohibited, favoritism and preferential treatment are prohibited. It is the COR's duty to always avoid conflicts of interest and even the appearance of conflicts of interest.

Personal services contracts (contracts under which contractor employees appear to be working as government employees) are prohibited by the FAR unless specifically authorized by statute.⁴ Contractor personnel cannot perform inherently governmental functions.

In monitoring contractor compliance, the COR should avoid interfering with contractor-employee relations. Further, the COR must not tell contractors to do any of the following actions.

- Hire or fire a particular employee
- Reassign or discipline an employee
- Grant or deny leave
- Charge employee duty hours

Transportation and Travel

As a general rule, official travel of a government employee must be funded by the government. Therefore, sharing a vehicle with a contractor can pose a problem. Transportation is acceptable if it is included in a contract between the government and a contractor. Contracts for on-site inspections may contain a provision requiring the contractor to make available to the government employee reasonable assistance in carrying out those official duties.

If the contractor offers transportation within a single site, it may be acceptable as transportation integral to the site visit. Such transportation is not a gift, because it does not have an independent market value, is not otherwise available, entails unique capabilities, and is of nominal value.

Awards and Certificates

Awards programs are based on statute. Sections 1124 to 1125 of Title 10, *Armed Forces, Government Organization, and Employees* of the United States Code (USC) address military programs, and sections 4511 to 4513 of 5 USC, *Government Organization and Employees*, address civilian programs.

There is no statutory authority for giving commander's coins or similar nonmonetary incentive tokens to contractors; therefore, appropriated

funds cannot be used to purchase coins that will be given to individuals other than government employees. Further, the government cannot use certificates to recognize a contractor or individual contractor employees beyond those specifically for contractors by formal contractor programs (such as small business recognition), because this could complicate the source selection process on future contracts. Contractors may be recognized through a letter of commendation from the government to the contractor organization, which may choose to in turn recognize an individual contractor employee.

Procurement Integrity

The *Procurement Integrity Act* prohibits the government from disclosing contractor bid or proposal information (see FAR 3.104-3, *Statutory and Related Prohibitions, Restrictions, and Requirements*). This includes the following types of information.

- Cost or pricing data
- Indirect costs, direct labor rates, and overhead rates
- Proprietary information about manufacturing processes, operations, or techniques marked as such by the contractor

Contractor bid or proposal information not restricted or prohibited from disclosure includes the following information.

- Information already disclosed or made available to the public
- Information disclosed by contractors⁵
- Information disclosed pursuant to a proper request from Congress, Comptroller General, or Inspector General (if certain conditions are met) (see FAR 3.104-4(f), *Disclosure, Protection, and Marking of Contractor Bid or Proposed Information and Source Selection Information* and 5.403, *Requests from Members of Congress*)

Compensation after Leaving Federal Employment

The *Procurement Integrity Act* places a one-year ban on accepting compensation from certain contractors after leaving federal employment (see FAR 3.104-3(b), *Prohibition on Obtaining Procurement Information* [subsection 27(b) for the act]). Procurement officials are required to report any employment contacts with contractors.

If a member of the acquisition team is participating personally and substantially in a competitive procurement valued in excess of the simplified acquisition threshold, and he or she contacts or is contacted by a bidder or offeror in the procurement, it is imperative that the federal employee promptly report the contact in writing to his or her supervisor and ethics counselor, and either

- reject the offer, or
- disqualify himself or herself from further involvement in the procurement.

Penalties

Individuals who violate the *Procurement Integrity Act*⁶ may be subject to criminal and civil penalties: imprisonment of up to five years and/or up to a \$50K fine per violation, plus twice the amount of compensation an individual or organization received or was offered for the prohibited conduct.

Contractor penalties include the following.

- Cancellation of the procurement
- Disqualification of an offeror
- Rescission of the contract
- Suspension or debarment of the contractor
- Adverse personnel action
- Other actions in the best interest of the government

Personal Conflicts of Interest

The government's increased reliance on contracted technical, business, and procurement expertise has increased the potential for personal conflicts of interest (PCIs). Unlike government employees, contractor employees are not required to disclose financial or other personal interests to the government that may conflict with the responsibilities they are performing on behalf of the government. The risk associated with PCIs is directly related to the supply or service being acquired and the type of contract used to secure the supply or service. The risk increases when contractor employees are involved with subjective judgmental work.

Section 841 of the *Duncan Hunter National Defense Authorization Act for Fiscal Year 2009* directed the Office of Federal Procurement Policy (OFPP) to issue policy to prevent PCIs by contractor employees performing acquisition functions closely associated with inherently governmental functions. Pending issuance of the OFPP guidance on contractor employees' conflicts of interest, DoD is following the policies and procedures of FAR 9.5, *Organizational and Consultant Conflicts of Interest*.

Organizational and Consultant Conflicts of Interest⁷

Government decisions in the procurement process must be objective in fact and appearance. Favoritism or other improper motives have no place in the award or administration of public contracts. Thus, the government has, by statute and regulation, prohibited activity that would improperly influence decisionmaking or would appear to do so. Some key areas of concern are organizational conflicts of interest (OCI), bribery, gratuities, and gifts.

Organizational Conflicts of Interest

OCI is a circumstance in which a contractor may have unequal access to government information, or the existence of conflicting roles that might bias a contractor's judgment—either of which could lead to an unfair competitive advantage. OCI can occur when a contractor is providing engineering and technical direction or advisory, analysis, assistance, and evaluation services; preparing specifications and work statement; or acting in a capacity that gives them access to proprietary data. It is the government professional's duty and legal obligation to ensure that this is not permitted to occur. The potential for OCI is a growing concern as the government outsources more technical work to private companies and the defense industry continues to consolidate. As the government partners more with industry, the opportunities for OCI increase.

Bribery

The term *bribery* means offering or giving something of value to a government official or for a government official to solicit or receive something of value in return for preferential treatment. Bribery is a criminal offense.

Gratuities

Gratuities constitute a crime when offered or given to a government official or when a government official solicits or receives a gratuity (see FAR Subpart 3.2, *Contractor Gratuities to Government Personnel*). To be categorized as a gratuity, the item being offered must be a thing of value and be presented with the intent of corruption. As a participant in the acquisition process, the COR must constantly keep him- or herself on guard to improper actions or those that can be construed as such.

Gifts

The term *gift* includes any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. It

includes services as well as gifts of training, transportation, local travel, lodgings and meals, whether provided in-kind by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

Contractor personnel may offer CORs welcome gifts upon arrival or souvenirs to take home in a possible attempt to gain favor. In these cases, CORs must clearly understand what they can and cannot accept.

The FAR provides the overarching rule about accepting gifts from contractor personnel: do not accept any gratuity, gift, favor, entertainment, loan, or anything of value from a prospective or current contractor. In government-contractor relationships, the COR must strictly avoid any conflict of interest or even the appearance of a conflict of interest.

Anti-Kickback Act

The *Anti-Kickback Act of 1986* modernized and closed the loopholes of previous statutes applying to government contracts. The act does the following.

- Prohibits attempted as well as contemplated kickbacks, which include any money, fees, commission, credit, gift, gratuity, thing of value, or compensation of any kind. The inclusion of kickback amounts in contract prices is prohibited conduct in itself
- Makes illegal the acceptance of a kickback “for improperly obtaining or rewarding favorable treatment”
- Prohibits kickbacks to prime contractors, prime contractor employees, subcontractors, and subcontractor employees

Congress intended the act to embrace the full range of government contracting.

Note: “Any person who knowingly and willfully engages in conduct prohibited by [the Anti-Kickback Act] shall be imprisoned for not more than 10 years or shall be subject to a fine ... or both.”⁸

Never solicit gifts of any type, regardless of their nature or dollar value. A small number of contractors and potential contractors are willing to offer favors in exchange for business. CORs must understand that a bribe occurs when someone “directly or indirectly gives, offers, or promises anything of value to any public official, former public official, or person selected to be a public official, for or because of any official act performed or to be performed by such public official.” (Note that the value need not be monetary.) Giving or accepting a bribe is a crime punishable by a fine, imprisonment, or both.⁹

Exceptions to Gift Prohibition

The following are not gifts.

- Modest items of food or refreshments (coffee and donuts), but not a meal
- Greeting cards and items with little intrinsic value (plaques, certificates) intended only for presentation
- Commercial discounts available to the public or to all government personnel
- Anything for which you pay market value (face value)
- Loans from banks and other financial institutions on terms generally available to the public
- Opportunities and benefits including favorable rates and commercial discounts available to the public or to a class consisting of all government employees or all uniformed personnel, whether or not restricted on the basis of geographic considerations
- Rewards and prizes given to competitors in contests or events, including random drawings, open to the public unless the employee’s entry into the contest is required as part of his or her official duties
- Pension and other benefits resulting from continued participation in an employee welfare and benefits plan maintained by a former employer

- Anything that is paid for by the government or secured by the government under government contract
- Any gift accepted by the government under specific statutory authority

Gifts valued at \$20.00 or less are acceptable, with a maximum of \$50.00 per calendar year from a single source. The COR must decline gifts to keep the aggregate value at \$50.00 or less. He or she cannot pay the differential in order to retain a gift valued over \$20.00.

Gifts based on a personal relationship (from a family member or a good friend) are acceptable as long as they are not based on the position of the employee. In determining whether to accept such a gift, consider the history of the relationship and whether the family member or friend personally pays for the gift. Also, gifts between government employees are acceptable, for example, in cases of departing soldiers or traditional gift-giving occasions.

Gifts from prospective employers are another exception, as long as such gifts are customarily offered (meals, transportation, and lodging). This type of gift must be reported.

Remember—a COR should never accept a gift in return for being influenced to perform an official act. Also he or she should not accept gifts so frequently that a reasonable person would think the COR is using the position for private gain.

Reporting Gifts

If a gratuity (see FAR 3.203, *Reporting Suspected Violations of the Gratuities Clause*) is delivered to a COR (left on the COR's desk or car), the COR must return it. If a contractor insists on giving the COR a gratuity, the COR must take one of the following steps.

- Attempt to persuade the contractor to take back the gratuity. Explain to the contractor your inability to accept gratuities as a US procurement official and the repercussions you could face if you accept the gratuity

- Pay the fair market value of the item, call contracting, or consult the legal office
- As a last resort, if the contractor appears to be offended, take the following action.
 - Accept the gratuity.
 - Contact legal counsel immediately.
 - Safeguard the gratuity. If necessary, have the finance officer put the gratuity in a safe and obtain a receipt from the finance officer.
 - Turn the gratuity over to counsel.
 - Write a memorandum for the record (MFR) that describes the circumstances and indicates the approximate value of the gratuity. Mention in the MFR that legal advice was obtained.
 - If the gratuity is perishable (such as food or flowers), share the gratuity within the office or dispose of it. Be cautious when consuming food from unknown sources.

If in any doubt about whether a gift should or should not be accepted, the COR should consult the contracting officer or the legal office.

Note: Whenever a contractor delivers a gratuity (leaves the gratuity on the COR's desk, slides it under the door), the COR must return it if he or she can. If that is not possible, the COR must document the incident and turn over the gratuity to the contracting officer or legal office along with his suspicions. The COR must play it safe and be safe—whenever in doubt, call contracting or consult the legal office.

Protecting the Integrity of the Acquisition Process

Private firms must be able to compete for the government's business on a scrupulously fair basis. Not only is fairness a prerequisite in government

acquisition due to the government's unique position as representatives of the citizens of the United States, but fairness also helps ensure that the government will obtain its supplies and services at the best price available. Government personnel who are associated with the acquisition process have a responsibility to protect its integrity by maintaining fairness in the government's treatment of all vendors.

There are numerous points within the acquisition process where the potential to lose this fairness is high. For example:

- **Presolicitation.** Allowing a vendor or vendors access to information on a particular acquisition (especially the specification or work statement), before such information is available to the business community at large, may give the vendor receiving the information an unfair advantage over others.
- **Specifications.** Intentionally writing an unnecessarily restrictive specification or work statement that would effectively exclude the products or services of a vendor or increase the prospects for award to another vendor is an obviously unfair practice. Not only does this give advantage to one or more vendors over others, it also restricts competition and makes it more likely that the government will ultimately pay a higher price.

Notes

1. The JER is available at http://www.dod.mil/dodgc/defense_ethics/ethics_regulation.
2. A conflict of interest is a conflict between an individual's personal and professional responsibilities.
3. See the full definition at FAR 2.101, *Definitions*.
4. FAR 37.104, *Personal Services Contracts*.
5. FAR 3.104, *Procurement Integrity*, does not restrict or prohibit a contractor from disclosing its own bid or proposal information, nor does it restrict or prohibit the recipient from receiving that information.
6. The *Procurement Integrity Act* is implemented at FAR 3.104.

Chapter 3 Ethics

7. USD(AT&L), Memorandum, “Personal Conflicts of Interest (PCIs) of Contractors’ Employees,” 24 November 2009.
8. See 41 USC 54, *Criminal Penalties* and Articles 92, *Failure to Obey Order or Regulation* and 134, *General* of the Uniform Code of Military Justice.
9. See 18 USC 201, *Bribery of Public Officials and Witnesses* and Articles 92, *Failure to Obey Order or Regulation* and 134, *General* of the Uniform Code of Military Justice.

Chapter Acronyms

COI – Conflict of Interest

COR – Contracting Officer's Representative

DoD – Department of Defense

FAR – Federal Acquisition Regulation

JER – Joint Ethics Regulation

MFR – Memorandum for the Record

OCI – Organizational Conflicts of Interest

OFPP – Office of Federal Procurement Policy

PCI – Personal Conflicts of Interest

USC – United States Code

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Chapter 4 The Acquisition Team and Process

The Acquisition Team and Process

Contents

- The Acquisition Team
 - Contracting Officer
 - Requiring Activity
 - Legal Counsel
 - COR
 - Resource Manager
 - Quality Assurance Representative
 - Framework for Team Success
- The Acquisition Process

The acquisition team consists of all participants in the acquisition process: requiring unit, contractor, finance, contracting officer, legal counsel, contracting officer's representative (COR), resource manager, quality assurance representative, and others, as applicable. No one person has all the necessary skills for successful contract management. It requires a team with each member having specialized expertise and responsibilities. This chapter identifies and defines the roles of the acquisition team members and the importance of team cohesion and cooperation to ensure the successful delivery of required supplies and services. Successful acquisition teams typically assign specific duties, develop performance measures and milestones, and hold team members individually and collectively accountable. Everyone ensures the team has the target in sight—it is a team effort. Figure 2 illustrates the acquisition team functions involved in the successful completion of the acquisition process.

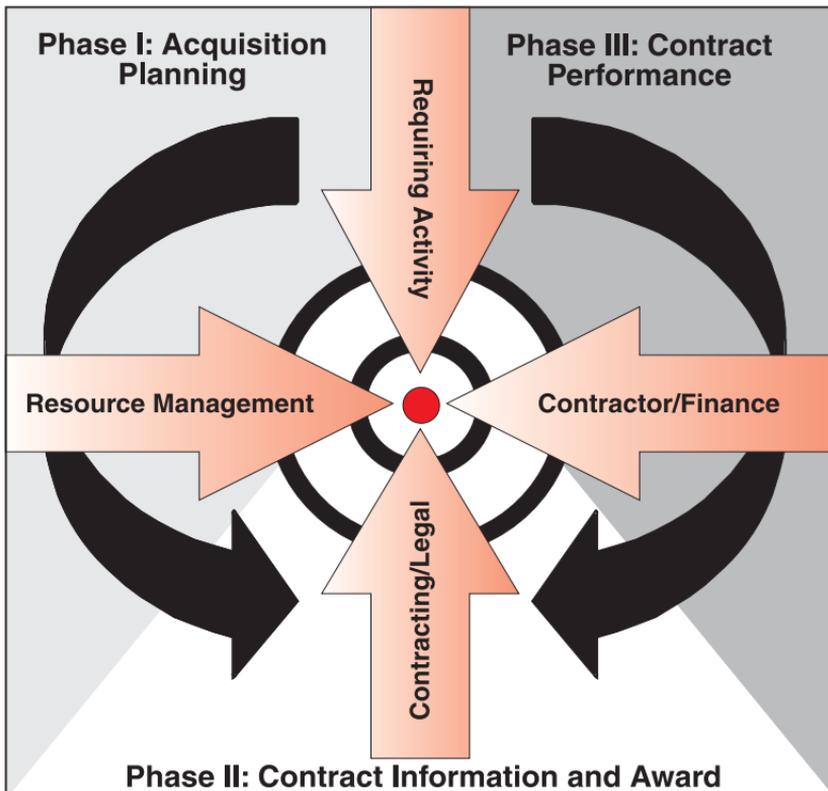


Figure 2. Acquisition Team Functions

The Acquisition Team

Contracting Officer

The contracting officer is the only individual expressly authorized to enter into, administer, change, and terminate contracts. Contracting officers are responsible for ensuring that all contract actions comply with appropriate laws, executive orders, regulations and other applicable procedures, and

The Acquisition Team and Process

approvals. Appointed or designated through a warrant with dollar limitations, contracting officers may bind the government only to the extent of the authority delegated to them. The contracting officer is the only person authorized to appoint or designate CORs.

Depending on the nature of the effort and agency procedures, a contract may require three different types of contracting officers.

- The procuring contracting officer, who handles all planning and contract actions up to and including award of a contract.
- The administrative contracting officer, who assumes responsibility for administering the day-to-day contractual activities after award has been made.
- The termination contracting officer, who is responsible for negotiating any termination settlements with the contractor.

Sometimes all three responsibilities reside in one person.

A contract specialist may also be assigned to assist with contract issuance and administration; however, he or she does not hold the same authority as a contracting officer.

Requiring Activity

The requiring activity is the entity that has a requirement for supplies or services and requests the initiation of the acquisition. CORs routinely interface between the requiring activity (which is most likely the COR's own unit), the contractor, and the supported unit.

Legal Counsel

The legal counsel provides legal advice to the acquisition team and reviews acquisition documents for legal sufficiency.

COR

The COR is nominated by the commander of the requiring unit and is appointed or designated, in writing, by the contracting officer. The COR,

who should have technical expertise related to the requirement, monitors the technical or performance aspects of the contract and performs other duties specified by the appointment letter. Ideally, the COR participates in pre-award activities (such as defining the requirement) so he or she is familiar with all aspects of the contract. The COR acts as the eyes and ears of the contracting officer. Appendix 3 provides additional information on COR qualifications and training.

Note: In a major continental United States contingency operation involving Title 10 forces, the Department of Homeland Security Federal Emergency Management Agency will request assistance through US Northern Command, which will designate an executive agent. The contracting office for the executive agent will determine the number of CORs needed for each contract based on the requirement.

Resource Manager

The resource manager advises and guides the commander and is responsible for developing command resource requirements, identifying sources of funding, determining costs, acquiring funds, distributing and controlling funds, and tracking costs and obligations.

Quality Assurance Representative

When a contract has been delegated to the Defense Contract Management Agency to administer, the COR will work closely with the quality assurance representative (QAR). The QAR ensures the contractor is in compliance with contractual requirements, evaluates and documents contractor performance, follows up with the contractor on documented deficiencies, and provides input for the Performance Evaluation Board through the administrative contracting officer. QARs also train CORs, review COR audits prior to submittal, verify actionable discrepancies, issue contract authorization requests where warranted, and evaluate and document COR performance.

Framework for Team Success

A successful contract often depends on a successful acquisition team. The key framework for a successful acquisition team includes the following:

- Partnership
- Informed decisions
- Sound planning
- Efficient execution

Note: The majority of the time, a COR can solve a potential performance problem before it becomes a contractual issue. The COR should know all of the acquisition team members' names, phone numbers, and e-mail addresses. Appendix 9 offers a template for recording acquisition team points of contact.

The Acquisition Process

Figure 3 depicts a generalized acquisition process as it relates to the responsibility of each member on the acquisition team. (For example, items in red boxes are the responsibility of the requiring unit, or the commander's unit).

The acquisition process begins with acquisition planning (requirements definition and funding); proceeds to solicitation, source selection, and award; and then proceeds to contract administration, which results in performance or deliveries. Upon COR acceptance of the supply or service, the acquisition process concludes with invoicing, payment, and closeout.

The COR's primary roles occur during the contract administration segment of the acquisition process. It is here that the COR monitors the contractor's performance, ensures quality, documents performance, supports the contracting officer with any options or modifications, and

Chapter 4

The Acquisition Team and Process

assists the contracting officer with contract closeout.

Notes

1. The acquisition review board (ARB) normally occurs at or above the requiring activity.

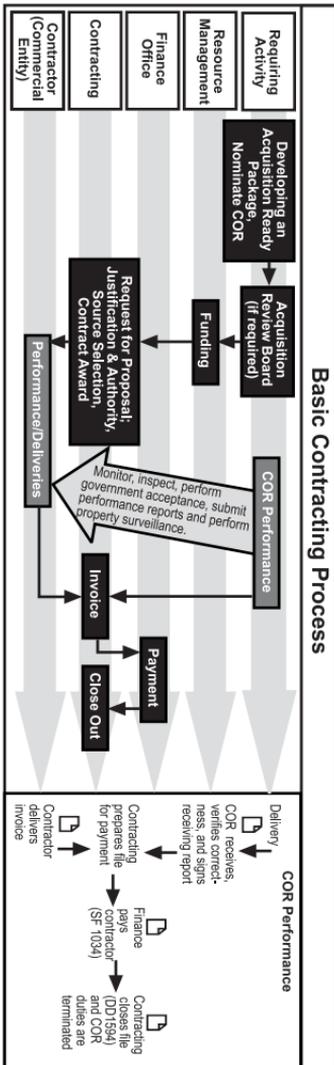


Figure 3. Acquisition Process by Activity¹

Chapter Acronyms

COR – Contracting Officer's Representative

QAR – Quality Assurance Representative

US – United States

Chapter 4 Notes
The Acquisition Team and Process

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Chapter 5 COR Responsibilities



COR Responsibilities

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- Post-award Duties
 - Understand the Contract
 - Keep Files Current and Complete
 - Monitor the Contractor
 - Training
 - Travel
 - Government Furnished Property
 - Personnel and Labor
 - Inspect and Accept or Reject Deliverables
 - Treat Proprietary and Classified Information with Care
 - Manage Problems
 - Handle Unsatisfactory Performance
 - Track Modifications
 - Conclude Appointment or Designation Appropriately
- Technical Expertise
- Limitations
- Protecting Sensitive or Government Information

The responsibilities of the contracting officer's representatives (COR) vary but may include pre-award as well as post-award duties. The contracting officer specifies the COR's responsibilities in the letter of COR appointment or designation.¹ The COR's actions or inactions can subject the government to disputes or claims and, in some cases, can result in the COR being personally liable for his or her actions. Therefore,

the COR should observe carefully the scope and limitations of the delegated authorities and should contact the contracting officer about any doubts as to the correct course of action to be taken.

Pre-award Duties

One of the key pre-award duties in which the COR may be involved is documenting requirements. The requirements package is critical to the success of an acquisition, because it commits the funds and establishes the basis for a contractual action. The package documents both the requirement and its approvals. In other words, it is through the requirements package that the contracting office is told what the user wants, when the user wants it, and the point of contact for more information.

A key element of the requirements package is the purchase request document. This document:

- Is an official request for action
- Authorizes the contracting process to begin
- Is coordinated and signed by a responsible official of the initiating office
- Forms the core information of the solicitation document and resulting contract
- Provides funding and financial officer certification as to the availability of funds

The requirements package also may include other elements.

- Statement of objectives (SOO), statement of work (SOW), or performance work statement (PWS)
- Quality assurance surveillance plan (QASP)
- DD Form 1423, *Contract Data Requirements List (CDRL)*
- DD Form 254, *DoD Contract Security Classification Specification*

- List of government-furnished property (GFP)
- Sole-source justification, including justification review document and justification and approval coordination
- Independent Government Estimate (IGE)
- Patents list
- Deliverable list
- Award fee plan and incentive fee plan
- Synopsis text
- Source selection plan and evaluation factors
- Source list
- Funding forms, such as Department of the Army Form 3953, *Purchase Request and Commitment*; Air Force Form 9, *Request for Purchase*; or Navy Comptroller Form 2276, *Request for Contractual Procurement (RCP)*
- Legal review memorandum
- Market research results

The time it takes to assemble the contents of the requirements package varies based on the dollar value of the requirement and the command. The following considerations apply when assembling the package.

- Do not combine items that are to be included in property accounts with nonaccountable property items in the same requirements package
- Do not split requirements in order to fall under dollar thresholds

The COR also may be involved in the following pre-award activities.

- Conducting market research.
- Assisting with preparing the procurement package, including the SOO/SOW/PWS. The package should use clear, accurate, performance-

Chapter 5

COR Responsibilities

oriented language and express only the government's actual minimum needs in the work statement.

- Preparing IGEs, rather than obtaining them from a prospective contractor. Appendix 6 provides more information on preparing IGEs.
- Advising the contracting officer if the item required is foreign made.
- Preparing and submitting purchase requests.
- Drafting a QASP and checklist.
- Verifying the availability of funding and submitting the packet to request funds.
- Reading DoDD 5500.7-R, *Joint Ethics Regulation for Department of Defense Personnel*, and its implementations.
- Becoming familiar with the *Procurement Integrity Act* (Federal Acquisition Regulation 3.104).
- Evaluating proposals from vendors and contractors.
- Researching the contractor and reviewing the contractor's proposal.

Post-award Duties

The COR's post-award responsibilities typically begin with understanding the contract and end with inspecting, and either accepting or rejecting deliverables. Monitoring the contract also includes such activities as evaluating and maintaining data and handling unsatisfactory performance. Again, the responsibilities are specified in the letter of COR appointment or designation.

Understand the Contract

The COR must do the following.

- The COR must understand the requirements of the contract—know the government's responsibility as well as the contractor's. Direct any questions about content or interpretation to the contracting officer.

- With the consent of the contracting officer, attend the post-award conference so that all parties have a clear understanding of the scope of the contract, the technical requirements, and the rights and obligations of the parties.
- Develop quality assurance surveillance records, including surveillance checklists, schedules, and related files.
- Have ready access to all technical publications and regulations referenced in the contract.

Keep Files Current and Complete

Maintaining good records is critical not only for the next COR, but also to document the contractor's performance during the contract. To maintain good files, the COR must do the following.

- Maintain a separate and current file for each contract. Endorse *visit request* and *need-to-know* documents prior to contracting officer approval. This also includes verification of classification status (such as *Secret*).
- Confirm or initiate all significant technical instructions to the contractor in writing, and provide a copy to the contracting officer.
- Coordinate with the contracting officer and the legal office on the content of any contractually significant correspondence addressed to the contractor, in order to prevent possible misunderstandings or the creation of a condition that may be the basis of a later claim.
- Furnish to the contracting officer a copy of the government or contractor conference reports, trip reports, telephone conversation records, memoranda for the record, and correspondence.
- Sign all reports, trip reports, memoranda for the record, appropriate correspondence, and all other related documents using your name and title, followed by "*contracting officer's representative.*"

Monitor the Contractor

The COR must do the following.

- Ensure that any technical guidance given to the contractor addresses or clarifies only the government's *intent*, and document any deficiency in performance caused by a difference in interpretation.
- Periodically inspect and carefully monitor and keep the contracting officer informed of contractor performance of the technical requirements of the contract. Ensure that contract performance is timely and within the scope of the work. Inform the contracting officer when the contractor is behind schedule, document the reasons, and coordinate with the contracting officer on actions necessary to restore the contract schedule.
- Ensure that, in no event, the contractor furnishes materials or services in addition to, less than, or different from those required by the contract.
- Through surveillance of technical performance, ensure that inefficient or wasteful methods are not being used.
- Monthly—or more frequently as specified in the letter of appointment or designation—report to the contracting officer on contract performance.
- Review the contractor's Synchronized Predeployment Operational Tracker (SPOT) data and report on it to the contracting officer in the monthly COR report. Ensure the contractor's organization has added SPOT data correctly.
- As required by the contract and appointment, use both quantitative and qualitative methods to evaluate monthly cost and performance data, including trends and projections.
- Track contract costs, depending on type of contract.

Training

Ensure that any government-financed training for contractor personnel is not for basic functions that should have been provided for by their company.

Travel

Evaluate contractor requests for travel to determine the necessity of travel and reasonableness of costs. Obtain the contracting officer's approval for COR or other government personnel travel to the contractor's facilities and, within 7 days after return, furnish the contracting officer with a trip report.

Government-Furnished Property

Ask the contracting officer to authorize GFP and, when requested by the contracting officer, furnish disposition advice on GFP or contractor-acquired property. Ensure that GFP is being properly maintained and accounted for by the contractor.

Personnel and Labor

Review the contractor's invoice to ensure that labor hours and materials charged to the contract are accurate. This can be done by checking time cards, in and out signing cards, and obtaining copies of invoices (for materials). The contractor's invoices should specify the work completed and identify the materials purchased to meet the requirements of the contract. Ensure that the contractor is paid for acceptable performance and not paid for unacceptable performance (supplies or services).

- Report personnel deficiencies to the contractor's site supervisor and to the contracting officer.
- Report to the contracting officer any labor disputes or problems that could impair the contractor's ability to perform.
- Verify to the contracting officer the need for contractor overtime when requested by the contractor. Report all actual overtime.

- Ensure satisfactory subcontractor performance by observing contractor's surveillance. Report inadequate surveillance to the contracting officer.
- Validate that contractor personnel have the licenses, certifications, security clearances, theater business clearance, and letter of authorization (if applicable) required by contract (such as electrical, plumbing, food service, security licenses).

Inspect and Accept or Reject Deliverables

The COR must do the following.

- Promptly inspect the supplies and services delivered by the contractor to determine acceptability. In other words, ensure that the government receives the supplies or services for which it is paying. Reject those that do not meet the contract requirements and standards.
- Exercise extreme caution in executing receipt and acceptance documents.
- Furnish the contracting officer a notice of satisfactory or unsatisfactory completion of delivery or performance of a contract, purchase order, delivery order, or any modification.
- Complete the required performance reports thoroughly and accurately so that the contracting officer can properly evaluate the contractor.
- Manage the review process for contractor documents and deliverables. Verify the timeliness and accuracy of contractor reports and data to be delivered to the government. Ensure prompt review of draft reports and provide approval or disapproval or comments to the contractor through the contracting officer.
- Validate that the contractor's reimbursable purchases are actually received before being billed to the government.
- Upon acceptance of the contractor's final technical report (if required), prepare a memorandum for the PCO's signature, addressed to the

contractor, “Subject: Notice of Acceptance of Final Technical Report.” Upon receipt of the procurement contracting officer’s (PCO) signature, forward the original memorandum to the contractor; place a copy in the contract work file, forward one copy to the ACO, and one copy to the PCO for inclusion in the official contract file.

- After verifying receipt of a deliverable, promptly sign all DD Form 250s (*Material Inspection and Receiving Report*) or, if available, use Wide Area Workflow (discussed later in the handbook). Keep the originals in the contract work file and distribute copies to the contracting officer, the payment office, and any other entities as required.

Treat Proprietary and Classified Information with Care

The COR must do the following.

- Protect contractor proprietary information when preparing estimates or reports.
- Ensure that the contractor maintains a current facility security clearance. Also ensure that contractor personnel who are actively working on the contract and need access to classified information have the proper security clearances. Classified information must not be released to contractors who do not have a security clearance.
- Report any restriction on deliverable technical data to the contracting officer and the legal office, and review their responses prior to accepting or rejecting the technical data.
- Recommend to the contracting officer the disposition of any contractor requests to public release information about work being performed under the contract.

Manage Problems

The COR must do the following.

- Try to resolve routine technical and administrative issues that arise. Refer any dispute between the COR and contractor, or any matters other than purely technical problems, to the contracting officer.
- Be firm but fair in all actions.
- Anticipate and resolve difficulties, and ensure satisfactory completion of the contract, foster full and complete coordination, cooperation, and communication among the contractor, contracting officer, and all government personnel assigned to monitor contract performance.
- Ensure that the contractor responds in a timely manner when required, and validate that all responses are accurate.
- Report promptly and directly to the contracting officer on any suspected procurement fraud, bribery, conflicts of interest, or other improper conduct on the part of the contractor, its employees, or government officials.

Handle Unsatisfactory Performance

The COR must do the following.

- If performance is unsatisfactory, inform the PCO immediately. Differences of opinion between you and the contractor that cannot be resolved at your level should be referred to the contracting officer. Work with the contracting officer to identify corrective actions, if necessary. Make sure the contractor understands that the contracting officer's decisions are final. Take care not to take any action that may be construed as an actual or constructive change.
- Enforce correction of deficient work. However, do not personally supervise or direct the work of any contractor employee.

Track Modifications

The COR must do the following.

- Ensure that changes in the work, services, and resulting effects on delivery schedule are formalized in a written supplemental agreement or change order issued by the contracting officer. The contractor must not proceed with the changes until formally approved and documented.
- Monitor financial management controls. Coordinate with government resource managers on all actions relating to funding and changes in the contract.

Conclude Appointment or Designation Appropriately

The COR must do the following.

- Furnish the contracting officer with a formal request for termination of the COR appointment or designation when it is required.
- Ensure that your replacement is thoroughly briefed, both verbally and in writing, on all important issues.

Note: Report suspected violations of ethics policies, incidents of fraud or bribery, conflicts of interest, and any other improper conduct to the contracting officer, legal counsel, chain of command, or DoD Inspector General.

Table 1 highlights the relationship between COR and contracting officer responsibilities.

Technical Expertise

To monitor a contractor providing services, the COR should have technical expertise in the services being performed and outcomes required. For some services requirements, a single COR may not be adequately

Chapter 5

COR Responsibilities

Action	COR/Functional Code	Contracting Office
Conduct market research	Responsible	Assist
Prepare SOW/PWS	Responsible	Assist
Prepare QASP	Responsible	Assist
Prepare ICGE	Responsible	Assist
Prepare GFP list	Responsible	Assist
Develop sources	Assist	Responsible
Prepare solicitation	Assist	Responsible
Conduct pre-bid conference	Assist	Responsible
Evaluate proposals	Assist	Responsible
Award contract	N/A	Responsible
Conduct contract surveillance	Responsible	Assist
Request modifications	Responsible	Assist
Make modifications	Assist	Responsible
Conduct progress meetings	Assist	Responsible
Conduct inspection/acceptance	Responsible	Assist
Evaluate contractor performance	Responsible	Assist

Table 1. General COR, Requiring Activity, and Contracting Office Responsibilities

versed in all technical issues that may arise. Therefore, the COR may need to consult additional personnel, such as the Defense Contract Management Agency International (DCMAI) technical subject matter expert on FAR Part 42 (*Contract Administration and Audit Services*) delegation. If the COR consults additional personnel, he or she should inform the contracting officer. The COR may involve additional personnel in communications with the contractor, but the COR remains the official liaison for any technical communications with the contractor, including technical interpretations. (Chapter 9 provides additional details on monitoring service contracts.)

Limitations

The COR must fully understand the limits of his or her authority. Although the contracting officer may delegate certain responsibilities to the COR, authority to legally bind the government remains with the contracting officer. CORs do not have the authority to do the following.

- Make any agreement with the contractor that obligates public funds
- Make commitments that affect the price, quality, quantity, delivery, or any other term or condition of the contract
- Encourage or permit the contractor to perform any work beyond or outside the scope of the contract
- Interfere with the contractor's management of its employees, including *supervising* or directing the work of the employees
- Order or accept supplies or services not expressly required by the contract
- Allow GFP accountable under one contract to be used under another contract
- Discuss any information that may give one contractor an advantage in future procurements
- Direct the contractor to begin work prior to contract award date
- Issue oral or written instructions to the contractor to start or stop work

In addition to being mindful of the limitations to his or her authority, CORs should avoid doing the following.

- Getting into situations that may place the COR in a conflict of interest (financial or otherwise) between private and public interests.
- Accepting appointment or designation as a COR if a potential conflict of interest exists. Report the matter immediately to your supervisor and the contracting officer for determination.
- Accepting a COR appointment or designation if he or she does not have the time to perform a thorough and complete job of the duties in the letter of appointment or designation and this handbook. On some types of contracts, performance as COR may be a full-time effort. The COR is responsible for his or her own work and time management.

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COR Responsibilities

- Using an official position title to coerce, or in any manner influence, anyone for personal gain.
- Taking any action that will obligate, or give the appearance of obligating, the government financially or otherwise. Only the contracting officer has this authority.
- Making or implying promises related to future business.
- Soliciting *unsolicited* proposals.
- Contacting contractors and giving them information about upcoming procurements.
- Contacting prospective contractors when a procurement is being solicited or offers are being evaluated.
- Assisting prospective contractors with their preparation of offers or quotations.
- Attesting to having read and understood DoDD 5500.7-R, *Joint Ethics Regulation*, without understanding the contents.
- Accepting any gratuities. To be safe, do not accept any gifts, loans, or favors from a contractor or from its employees. Report any offers immediately to the contracting officer and legal counsel. This applies both to the COR and to his or her family members.
- Splitting quantities to circumvent procedures, regulations, and approvals required for higher-dollar-value procurements.
- Telling the contractor how to run its operation. This includes telling the contractor to fire an individual. Terminations of employment are actions for the contractor.
- Letting personalities enter into discussions with the contractor.
- Permitting the contractor to proceed on work outside the scope of the contract. It may be in the contractor's interests to exceed the contractual limitation with the intent of claiming additional

consideration for additional effort. Coordinate immediately with the contracting officer.

- Committing the equipment, supplies, or personnel of the contractor for use by others. The contractor and the contracting officer control all such matters.
- Permitting the contract to take on the appearance of a personal services contract (for example, when contractor personnel appear, in effect, to be government employees). Avoid any employee-employer relationship where contractor personnel are subject to relatively continuous supervision and control by a government employee. The contract determines what, how, and when the contractor does particular tasks.
- Redelegating COR authority to any other person, such as a technical point of contact.

Additionally, while the COR limitations could simply be stated in a letter, in the real world ensuring that the COR does not exceed the authority granted is much more complex. In the course of performing COR responsibilities, situations might result in an implied change to the contract which, in turn, may impact the delivery, schedule, funds, or other areas outside the authority of the COR. CORs might exceed the scope of their authority by inaction or improper action. For example, a COR on an equipment installation contract fails to ensure the government installs electrical outlets and a raised floor in preparation for the equipment installation. When the contractor arrives to install the equipment, they are unable to do so as the site had not been properly prepared. By inaction, the COR allowed a potential claim to be made for government-caused delay.

Protecting Sensitive or Government Information

Government employees may not divulge information received in the course of their employment or official duties.² The penalty is a fine, a

Chapter 5

COR Responsibilities

prison sentence of up to one year, or both. The COR should take care not to discuss acquisition or sensitive information in areas that are not secure (hallways) or in meetings that are not government only.

Notes

1. General information about COR responsibilities is provided in DFARS Part 201.602, *Contracting Authority and Responsibilities* and in a companion resource to the DFARS, *Procedures, Guidance, and Information (PGI)*, Part PGI 201.602-2, “Responsibilities.”
2. See 18 USC 1905, *Disclosure of Confidential Information* implemented at FAR 3.104, *Procurement Integrity*, 3.104-2(b)(4), 3.104-3, 3.104-4, and others.

Chapter Acronyms

COR – Contracting Officer's Representative

GFP – Government-furnished Property

PCO – Procurement Contracting Officer

PWS – Performance Work Statement

QASP – Quality Assurance Surveillance Plan

SOO – Statement of Objectives

SOW – Statement of Work

SPOT – Synchronized Predeployment Operational Tracker

USC – United States Code

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Chapter 6 Contract Structure



Contract Structure

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 - Part III—List of Documents, Exhibits, and Other Attachments
 - Part IV—Representations and Instructions
 - Order of Precedence
 - Contract Language Rules
 - Contract Numbers (For example, F56784-10-C-0098)

Categories and Types of Contracts

As stated in Federal Acquisition Regulation 16.103(a) (*Negotiating Contract Type*), the objective in federal contracting is to negotiate a contract type and price (or estimated cost and fee) that will result in a reasonable contractor risk and provide the contractor with the greatest incentive to perform efficiently and economically.

Categories of Contracts

CORs deal with contingency contracts for supplies and services, including construction services. In addition to the general duties discussed

in Chapter 5, each type of contract adds specifically related duties. The COR's duties vary with the category of contract, as explained below.

- **Supplies.** DoD contracts for supplies acquire an identifiable end item. The item may be an individual component (paint or lumber) or an entire system (a computer). COR duties tend to be the simplest for these contracts.
- **Services.** DoD contracts for services directly engage a contractor's time and effort to perform an identifiable task (transportation or latrine cleaning).
- **Construction.** DoD construction contracts acquire the construction, alteration, improvement, or repair of real property (buildings, airfields, and roads). COR duties tend to be the most complex for construction contracts.

Chapters 9 and 10 address COR duties specific to service and construction contracts.

Types of Contracts

The government uses different types of contracts to acquire the supplies and services needed to support mission objectives. Contract types vary according to:

- The degree and timing of the responsibility assumed by the contractor for the costs of performance, and
- The amount and nature of the profit incentive offered to the contractor for achieving or exceeding specified standards or goals.

The contracting officer considers these factors along with the statement of objectives, statement of work, performance work statement (SOO/SOW/PWS), and specifications when deciding which contract type is best suited to a specific procurement. The contracting officer also considers the amount of risk involved in performing the contract work, as well as how

much risk the contractor will assume (and the impact of risk on price) and whether it is in the government's best interest to assume part of the risk.

Table 2 highlights the two main types of contracts: fixed-price and cost-reimbursement.

The contract type used depends on requirement to be met.

Fixed-Price Contracts

When the government has a specific, well-defined requirement (such as a requirement for certain office supplies), it uses a fixed-price contract. The price remains fixed throughout the contract life unless the government makes a change. The government's only obligation is to pay the price agreed to at the time of award, regardless of whether the costs to the contractor increase or decrease during performance. When a product has a history of large price increases (such as petroleum), the government may use a fixed-price contract with an economic price adjustment (EPA). The fixed price with EPA is still a fixed-price contract, because the limits and conditions are stated in the contract.

Cost-Reimbursement Contracts

When the government cannot provide sufficient, detailed information about a requirement, it must assume some of the cost risk and use a cost-reimbursement contract. Instead of paying a predefined price, the government reimburses the contractor for all allowable, allocable, and reasonable costs, defined as follows:

Fixed-Price	Cost-Reimbursement
Firm-fixed-price (FFP)	Cost
Firm-fixed-price with economic price adjustments	Cost-plus incentive fee
Fixed-price incentive	Cost-plus award fee
Firm-fixed-price level of effort	Cost-plus fixed-fee Time and material Labor hour

Table 2. Contract Types

- Allowable costs—costs that are not prohibited by statute or regulation
- Allocable costs—costs that add value and are directly related to a particular contract
- Reasonable costs—costs that a prudent business person would pay.

Figure 4 compares the risks of firm-fixed-price (FFP) versus cost-reimbursement contracts.

Contract Structure

Government contracts are usually organized in accordance with the Uniform Contract Format, which specifies the distinct sections of a contract and the sequence in which they must be arranged. The table of contents for a contract can be found on Standard Form (SF) 26, *Award/Contract*; SF 33, *Solicitation, Offer, and Award*; and SF 1449, *Solicitation/Contract/Order for Commercial Items*. As shown in Figure 5, the contract is formatted into Parts I, II, III, and IV.

Part I. The Schedule

Section A, Solicitation/Contract Form, contains basic information such as the issuing office, address, and contract number. The SF 33 is used as solicitation, offer, and award. SF 26 can also be used as the face page of the contract. The SF 1449 is used as the face page of contracts for commercial items or services.



Figure 4. Risks of Firm-Fixed-Price versus Cost-Reimbursable Contracts

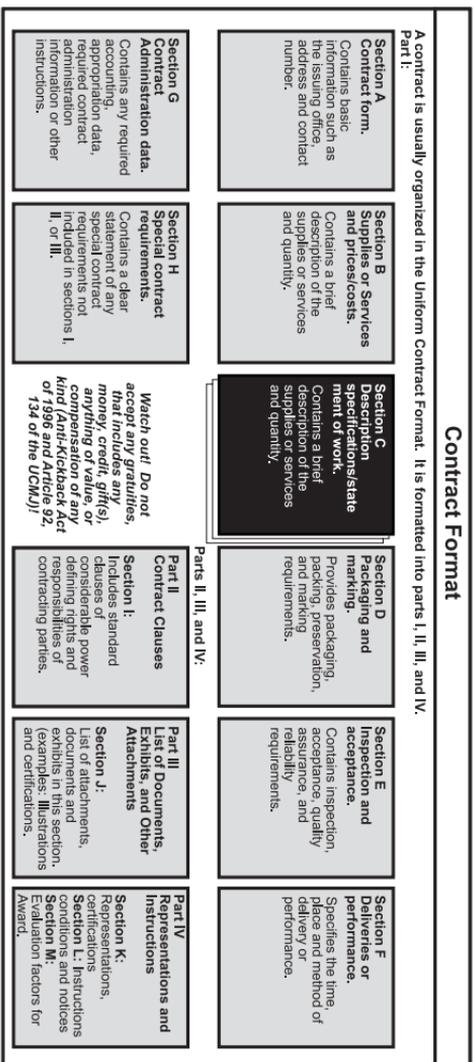


Figure 5. Contract Format and Structure

Chapter 6

Contract Structure

Section B, Supplies or Services and Prices/Costs, contains a brief description of the supplies or services, quantity required, and their prices.

Section C, Description/Specifications/Statement of Work, contains a detailed description of the required supplies or services. In contracts for services, Section C will contain the SOO/SOW/PWS.

Section D, Packaging and Marking, provides packaging, packing, preservation, and marking requirements.

Note: Section C (SOW) provides the *meat and potatoes* for understanding the contract's technical and performance requirements. Section C is the COR's primary resource for monitoring the contractor. The COR should read this section very carefully.

Section E, Inspection and Acceptance, contains inspection, acceptance, quality assurance, and reliability requirements.

Note: The COR must inspect all deliverable items, services, and materials to determine satisfactory compliance with the contract. Remember—after signing the receiving report, it is too late to reject the service or deliverables.

Section F, Deliveries or Performance, specifies the time, place, and method of delivery or performance.

Section G, Contract Administration Data, contains any required accounting and appropriation data, required contract administration information, or instructions other than those on the solicitation form.

Section H, Special Contract Requirements, contains a clear statement of any special contract requirements that are not included in Part I, Part II, or any other part of the contract (such as ordering details for task or delivery orders). This section requires very close reading by the COR.

Part II. Contract Clauses

Although it is commonly referred to as *boilerplate*, Part II, Section I, of the contract cannot be overlooked, because it contains standard clauses defining the rights and responsibilities of the contracting parties. Part II also contains clauses required by procurement regulations or laws that pertain to the procurement. Some of the more prominent clauses in Part II are listed below.

- Termination for Convenience clause (FAR 52.249-1 through -7). Permits the government to terminate the contract without cause (in part or total) at any time when doing so is in “the government’s best interest.” When this clause is exercised, the contractor is entitled to recover certain costs associated with performance to date and the timely and orderly ending of the terminated portion of the contract.
- Changes clause (FAR 52.243-1 through -4). Enables the government to make changes to the contract during performance, as long as those changes fall within the contract’s scope. The contractor is entitled to an “equitable adjustment” to the contract if the change results in increased contract costs or performance time. This clause is probably the most powerful clause in the government’s arsenal of standard terms and conditions.
- Default clause (FAR 52.249-8 and -9). Permits the government to terminate a contract if the contractor breaches the contract by failing to (1) deliver the supplies or perform the services within the time specified in the contract, (2) make progress, thereby endangering performance of the contract, or (3) perform any other material provision in the contract. If the government intends to exercise its right to terminate the contract under the second or third circumstances, the government must first notify the contractor in writing and allow the contractor to *cure* its deficient performance within 10 days. If the performance deficiencies are not corrected, the contracting officer may

terminate the contract for default. Under fixed-price contracts, the Default clause entitles the government to reprocure the supplies or services required under the terminated contract and charge the excess costs to the terminated contractor.

- Contract Terms and Conditions. Commercial Items clause (FAR 52.212-4) incorporates all the major contract administration topics: changes, disputes, invoicing, payment, and termination.

Part III. List of Documents, Exhibits, and Other Attachments

In Part III, which consists of Section J, List of Documents, Exhibits, and Other Attachments, the contracting officer lists the titles of each exhibit or attachment in Part III. The following are the most common attachments.

- SOO/SOW/PWS, if not under Section C
- Government-furnished inventory
- Security requirements
- Award or incentive fee plan

Part IV. Representations and Instructions

Part IV—which appears only in the solicitation and is not transferred to the contract—comprises Sections K, L, and M.

- Section K, Representations, Certifications, and Other Statements of Bidders. Includes solicitation provisions that require representations, certifications, or submission of other information by bidders, offerors, or quoters.
- Section L, Instructions, Conditions, and Notices to Bidders, Offerors, or Quoters. Contains information to guide bidders, offerors, or quoters in the preparation of bids, offers, and quotations, respectively.
- Section M, Evaluation Factors for Award. Contains the evaluation factors and significant subfactors by which offers will be evaluated. It

also specifies the relative importance that the government places on these evaluation factors and subfactors.

Order of Precedence

In the event of an inconsistency in the contract, FAR 52.215-8 (*Order of Precedence—Uniform Contract Format*) gives precedence in the following order.

1. Schedule (excluding the specifications)—Sections A through H
2. Representations and other instructions—Sections K through M
3. Contract clauses—Section I
4. Other documents, exhibits, and attachments—Section J
5. Specifications

Contract Language Rules

Some terms used in contracts have specific meanings.

- “Includes” means “including but not limited to.”
- “May” means “is permitted to” or “is authorized to.”
- “May not” means “is not permitted to” or “is not authorized to.”
- “Shall,” used in the mandatory and imperative sense, means the “contractor must perform the specified action.”

Contract Numbers (For Example: FA56784-10-C-0098)

Because the COR will be referencing the contract, it is important to be familiar with the structure of a contract number (also called a Procurement Instrument Identification Number [PIIN]). A contract number consists of 13 alphanumeric characters grouped to convey certain information:

- *Positions 1 through 6.* The first six positions constitute the DoD Activity Address Code (DoDAAC) that identifies the department/agency and office issuing the contract. DoDAACs can be found at <https://www.daas.dla.mil/daasinq/>.

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Contract Structure

- *Positions 7 through 8.* The seventh and eighth positions are the last two digits of the fiscal year in which the PIIN was assigned.
- *Position 9.* Position 9 is a letter indicating the type of instrument: “A”—blanket purchase agreement, “C”—contracts of all types, “D”—indefinite-delivery contract, “F”—purchase from UNICOR [Federal Prison Systems, Inc), and “P”—purchase order.¹
- *Positions 10 through 13.* Four-digit serial number assigned by the contracting activity. Numbers are assigned sequentially.
- *Supplementary Numbers.* Numbers that follow the basic PIIN to identify (1) amendments to solicitations; (2) modifications to contracts and agreements, including provisioned item orders; and (3) calls or orders under contracts, basic ordering agreements, or blanket purchase agreements, issued by the contracting office or by a Department of Defense (DoD) activity other than the contracting office, including DoD orders against federal supply schedules. See Defense Federal Acquisition Supplement (DFARS) 204.7003, *Basic PII Number*, for a more complete explanation of Supplementary Numbers.

Notes

1. See DFARS 204.7003, *Basic PII Number*, for additional codes if needed.

Chapter Acronyms

COR – Contracting Officer's Representative

DoDAAC – Department of Defense Activity Address Code

EPA – Economic Price Adjustment

FFP – Firm-Fixed Price

PIIN – Procurement Instrument Identification Number

SF – Standard Form

SOO – Statement of Objectives

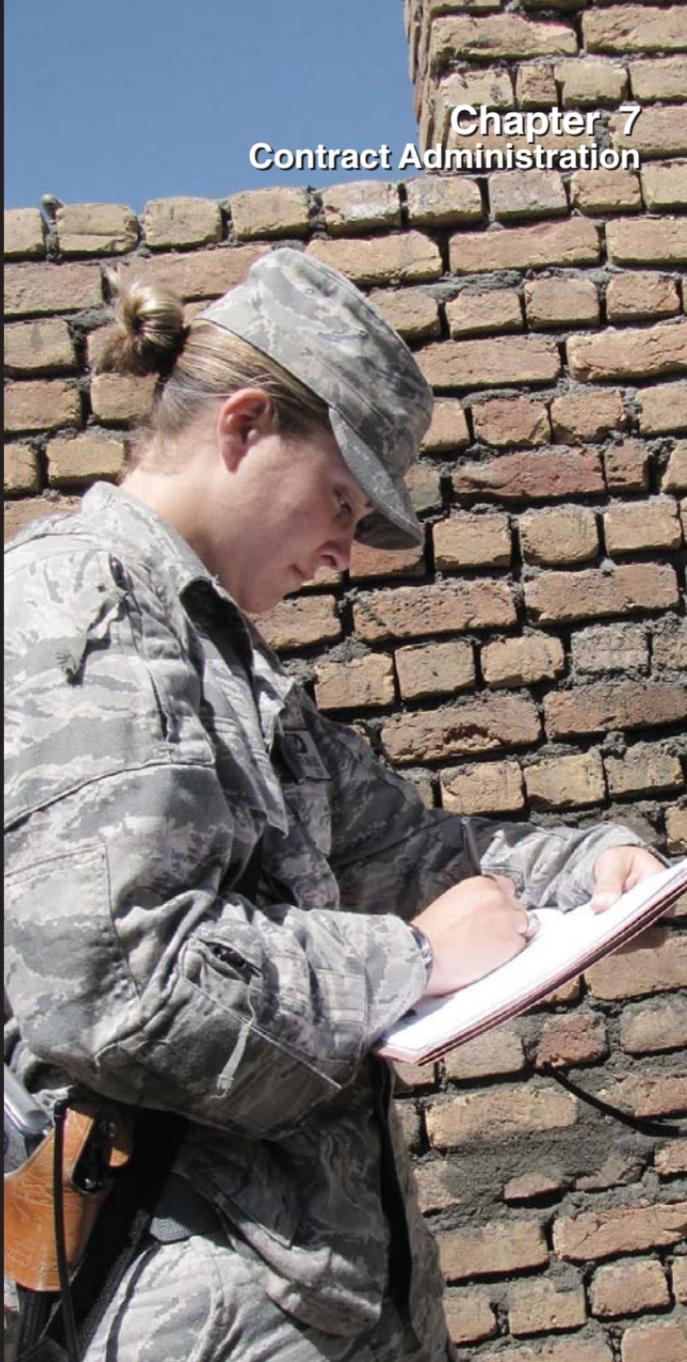
SOW – Statement of Work

Chapter 6 Notes
Contract Structure

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Chapter 7 Contract Administration



Contract Administration

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 - Past Performance
 - Contract Closeout
- Do's and Don'ts for Contract Administration

Contracting is usually carried out in three stages—contract planning (pre-award and solicitation), contract formation (evaluation and award), and contract management (administration). Figure 6 shows the major phases of the entire contracting process. The COR or the COR nominee may become involved in all stages of this process. For example, even before the contracting officer prepares the letter of COR appointment or designation, a nominee may be asked to provide technical expertise to the pre-award/solicitation and the evaluation/award phases of the process. (Appendix 2 contains further discussion of a COR nominee's involvement in these two phases.) The third phase, contract administration, begins the

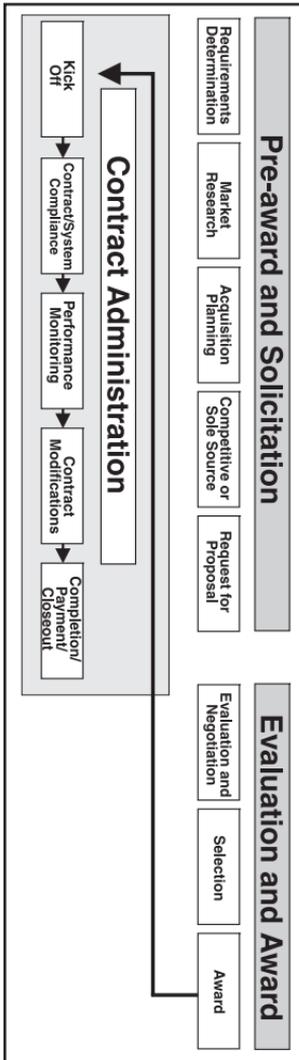


Figure 6. Contracting Process

official duties of a COR and is the focus of this chapter (see Figure 6).

Contract administration comprises the activities performed by government officials after a contract is awarded. It encompasses all dealings between the government and the contractor, from the award of the contract until the work is completed and accepted by the government, payment is made, and any disputes are resolved.

The focus of contract administration is on obtaining supplies and services of the required quality, on time and within the expected cost. Although the contract's legal requirements take precedence, the skill and judgment of the contracting officer and contracting officer's representative (COR) often are required to protect the government's interests during the contract administration process.

Contractor Responsibilities

Federal Acquisition Regulations (FAR) 46.105, *Contractor Responsibilities*, directs that the contractor be responsible, under the contract, for the following.

- Controlling the quality of supplies or services
- Tendering to the government supplies or services that conform to contract requirements
- Maintaining evidence that the supplies or services conform to required quality, are within the expected cost, and are delivered on time
- Furnishing such information to the government.

Post-Award Conference

Before a contractor begins working on the contract, the contracting officer must ensure that the contractor understands the following.

- Authority, responsibilities, and limitations of the COR
- Contract terms and conditions
- Security requirements
- Value engineering provisions
- Inspection, acceptance, and invoicing procedures

The best way to ensure that the contractor and the government have a complete understanding of their roles is for the contracting officer to hold a post-award conference. At this meeting, all interested parties, including the COR, discuss the contract and the statement of objectives (SOO)/statement of work (SOW)/performance work statement (PWS). The discussion helps both the contractor and the government to (1) achieve a clear and mutual understanding of contract requirements, terms, and conditions and (2) identify and resolve potential or actual problems. However, the post-award conference is not a substitute for a contractor fully understanding the requirement, nor is it to be used to alter the final agreement arrived at in any negotiations leading to contract award.

Necessity of a Post-Award Conference

The decision to conduct a post-award conference is up to the contracting

officer in accordance with FAR Part 42, *Contract Administration*. In some circumstances, a letter or other form of written communication to the contractor may be an adequate post-award orientation in lieu of a post-award conference. The letter should identify the government representative responsible for administering the contract and cite any unusual or significant contract requirements. In this case, the contracting officer may still want to convene a meeting of the multifunctional team to outline the members' roles and responsibilities, because they may have changed slightly since contract award.

Scheduling and Inviting Attendees to the Post-Award Conference

The meeting should be held as soon as possible after contract award and always prior to commencement of work. Normally, the meeting should be scheduled at the date and time acceptable to the contractor and then arranged with other attendees. Attendees usually include the contracting officer, functional director/functional commander, COR, ground safety representative, security forces, and contract administrator. In short, anyone who has a vested interest in the successful completion of the contract should be invited.

Topics for Discussion at the Post-Award Conference

The post-award conference gives everyone the opportunity to clear the air about any questions concerning the contract. A good meeting demonstrates to the contractor that the government expects to get what it contracted for, that the contractor is responsible for delivering that supply or service, and that the government will commit people and resources to ensure that result. After the meeting, the contractor prepares a report summarizing, for the record, the issues discussed. A Department of Defense (DD) Form 1484, *Post-Award Conference Record*, may be used for this record.

This meeting can also be used to ensure that everyone clearly understands the role and authority of all government participants during

contract performance. For example, all personnel must understand that the contracting officer is the only individual authorized to make changes to the contract.

Finally, the post-award conference is an ideal setting to discuss formal or informal partnering agreements, the use of contractor metrics, and the importance and use of past performance information. The contractor must understand that it is part of the multifunctional team and that it has roles and responsibilities just like any other member of the team.

Contractor and System Compliance

In preparation for the contract monitoring phase, the COR must be aware of the contract requirements and regulatory standards related to the supply or service being acquired.

Contractor Accountability through the SPOT Database

In accordance with Department of Defense Instruction 3020.41, *Contractor Personnel Authorized to Accompany US [United State] Armed Forces* and Deputy Under Secretary of Defense, Logistics and Materiel Readiness and Personnel and Readiness memo dated 25 January 2007, all contractors authorized to accompany the force must be entered into the SPOT database. This Web-based Joint database is used for tracking contractor personnel who accompany the US Armed Forces. More specifically, the SPOT database is the current system mandated for use in tracking contractor personnel movements within the forward area and for validating individual contractor personnel associated with specific contracts, their authorization for access to specific DoD facilities, and their individual eligibility for specific DoD support services. In short, the SPOT database is the authoritative source for near real-time reporting on globally deployed individuals, by name, by location, and by contract. It also provides for tracking the use of and accountability for DoD equipment in the custody of contractors. Contractors not authorized to accompany the force also may be entered into the SPOT database. Contract companies are responsible for entering employee data. CORs should request SPOT access via the SPOT Web site (<https://spot.altess.army.mil>).

The database continues to evolve and, ultimately, will incorporate secure functionality and Web services with additional authoritative data sources. New SPOT capabilities will include the following.

- Generate letters of authorization (LOA) with a unique SPOT barcode compatible with DoD scanning technologies. LOAs are digitally signed by the appropriate government agency's contracting officer or COR (if authorized by the contracting officer). LOAs can be retrieved and printed in portable document format (PDF). LOAs are supplied to contingency contractor personnel to be carried and presented for obtaining government-furnished services within the area of operations to which they are assigned. Official identification must be presented with the LOA. Appendix 1 provides a sample LOA.
- Leverage a DoD system to scan credentialed barcodes.
- Obtain data from other authoritative data sources.
- Provide by-name historical and current information, including the contract company and contract number, the requiring unit, the contact information of individuals and the locations to which they were assigned and tracked.
- Provide SPOT data to customers based on their requirements.
- Identify a specific contingency contractor on a particular defense contract.
- Work with DoD and the Department of State (DoS) to provide means to uniquely identify third country nationals.

Currently, SPOT is used in Iraq and Afghanistan by DoD, DoS, and the US Agency for International Development. Examples of the users from these entities are listed below.

- Government offices that are responsible for planning or reporting the number of friendly forces, including contractors, working for the US government in active operations

- Combatant commanders who are accountable for individuals in their area of operations and who must therefore have visibility into contractor operations
- Agencies and logisticians that plan and execute operations and associated logistics efforts
- Business managers who ensure that appropriate funding is available and evaluate how funds are being expended
- Contracting officers who are monitoring active contracts that include deployment
- Government offices with missions that require deployment of contractors, including access by their CORs
- Contractors with government contracts requiring their personnel to deploy

Performance Monitoring

The COR must document contractor performance, review and evaluate progress reports, review invoices, and perform site visits. Chapter 8 contains a detailed discussion of this topic.

Contract Modifications

Many things can affect a contract once it has been awarded (this is common in a deployed environment). The requiring unit may need to reduce or increase the quantities of supplies or services, the requirement could disappear, performance levels could change, or any number of unanticipated events may occur. A contract modification is any written change in the terms of the contract. Only contracting officers acting within the scope of their authority can execute contract modifications on behalf of the government.

Under contracts in the private sector, a company may be bound by the acts of agents with apparent authority. In federal procurement, the

government may be bound only by the actions of employees with actual authority. Often, disputes between the government and the contractor occur when the government representative who ordered the change did not have the authority to do so. This places the burden on the contractor to ensure that the person ordering the change has actual authority.

Much litigation involving changes concerns the authority of government employees who are not contracting officers to commit the government legally to contract changes. Generally, personnel who are not contracting officers have only limited authority to represent the contracting officer (to inspect the services being provided to the government). Government employees who are not contracting officers do not have the authority to order or authorize changes.

The Changes Clause

The Changes clause distinguishes government contracts from other contracts. It lets the procuring contracting officer order a change within the general scope of the contract in the areas of 1) specifications (for supplies) or description of required services (for service contracts), 2) place of delivery or performance, or 3) method of shipment, packing (for supplies), or time of performance (for services). Legally, a change outside the scope of the contract is a new procurement that the contracting officer is not authorized to execute under the Changes clause and that the contractor is not obligated to perform.

Note: CORs who were “following the commander’s orders” are the primary source of unauthorized commitments or constructive changes. CORs are not authorized to amend, solicit, or modify a contract. The government is not liable for unauthorized acts of its employees.

Contractual changes permitted under the Changes clause (FAR 52.243-1 through -4) vary by contract type and category. Under a fixed-price contract for supplies, the following changes are allowed.

- Drawings, designs, or specifications when the supplies are specially manufactured for the government
- Method of shipment or packing
- Place of delivery

Reasons for Modifications

If the contract is a fixed-price contract for services, the following changes are allowed.

- Description of the services to be performed
- Time of performance (hours of the day, days of the week)
- Place of performance

Types of Contract Modifications

A contract may need to be modified to do the following.

- Add or remove funding
- Change a delivery or period of performance date
- Change any of the terms and conditions in any part of the contract (including attachments)
- Change what is needed or where it is needed (incorporate new requirements)
- Correct a mistake
- Exercise an option
- Suspend the work or partially terminate it
- Add work

The contracting officer must make contract modifications in writing, using Standard Form 30, *Amendment of Solicitation/Modification of Contract*, to preclude any misunderstanding between the parties.

There are two types of contract modifications.

- **Unilateral Modification.** A unilateral contract modification is official upon signature by the contracting officer; it does not require the contractor's signature or assent. Examples of unilateral changes are administrative changes, change orders, incremental funding actions, and terms or conditions previously authorized in the contract (exercise of options, stop work orders, termination). Administrative changes are simple changes to the contract that have no impact on the terms and conditions or price of the work, for example, changing the name of the contracting officer or COR, updating a payment office, or correcting a fund citation.
- **Bilateral Modification.** A bilateral contract modification is signed first by the contractor and then by the contracting officer. It is used to make negotiated equitable adjustments resulting from the issuance of a change order and reflect other agreements of the parties modifying the terms and conditions of contracts. A bilateral modification may be used to do the following.
 - Change the terms and conditions of a contract
 - Negotiate equitable adjustments
 - Execute a supplemental agreement that reflects other agreements between the parties modifying the terms¹
 - Definitize change orders

Constructive Changes

Statements, acts, or inaction by employees who are not authorized to make contractual changes may be deemed *constructive changes* that nevertheless can contractually bind the government if the result is that the contractor performs work beyond that required by the contract. A constructive change is an oral or written act or failure to act by the government official (in position of authority) that is construed by the contractor as having the same effect as a written change order.

Constructive changes lead from situations such as the following.

- Inadequate or defective requirements documents
- Disagreement over contract requirements
- Failure of the government to cooperate during contract performance (not responding in a timely manner to requests, or not being present to receive a service)
- Defective or improperly interpreted specifications and misleading information
- Overly strict inspection
- Failure to recognize government-caused delays
- Improper technical direction
- Acceleration of contract performance to finish sooner than what is stated in the contract schedule

The first step in avoiding constructive changes is careful preparation of the initial contract (for example, removing ambiguities or inconsistencies from the specifications), as well as any modifications. The government must consider the magnitude of the effect a modification will have on the contractor. For example, after negotiating an equitable adjustment, the government must allow the contractor enough additional time to perform.

The second step in avoiding constructive changes is to know what the contract requires. Both erroneous interpretation of specifications and overly strict inspection tend to result from a failure of the parties to read the contract carefully. When decisions are based on what *everybody* knows the specifications ought to say, rather than on what the specifications really do say, claims frequently result.

Note: Always eliminate ambiguities prior to award of the contract.

The COR plays a vital role in helping the contracting officer resolve a constructive change by taking the following steps.

- Provide all pertinent documentation to the contracting officer
- Identify the actual changes to the contract that have occurred
- Prepare a technical analysis/evaluation, if the contractor submits a proposal based on the change
- Assist the contracting officer with negotiations
- Educate the contractor regarding the proper notification and handling of changes

Unauthorized Commitments

FAR 1.602-3(a), *Ratification of Unauthorized Commitments*, defines an *unauthorized commitment* as “an agreement that is not binding solely because the government representative who made it lacked the authority to enter into that agreement on behalf of the government.” Unauthorized commitments violate federal law, federal regulations, the government-wide Standards of Conduct for Federal Employees, and the Defense Federal Acquisition Regulation Supplement (DFARS).

Note: The pressures to meet mission requirements can be intense in a contingency contracting environment. If a COR is not vigilant, these pressures can cloud his or her judgment as to the right way to represent the United States and DoD. CORs must educate their leadership on how to avoid unauthorized commitments.

The following are examples of unauthorized commitments.

- Someone not named on a purchase card orders supplies or services.
- A contractor starts work before the contracting officer issues the contract document.

Chapter 7

Contract Administration

- A purchase cardholder exceeds his or her single purchase limitation without proper authorization or delegation of authority.
- A contractor is instructed to borrow a cherry picker from another contractor because the government is supposed to supply the equipment but did not have it available.
- Someone from the command group asks to have the grass mowed before a big event, but the contractor has already mowed the grass to specification for the period.
- A contract on a copy machine has expired, and a new unit has been delivered. The contractor is told to leave the old copier in place, because it is important to the mission.

The COR may be the first to recognize the occurrence of an unauthorized commitment. He or she should report any perceived unauthorized commitments immediately to the contracting officer. At the same time, CORs themselves must take great care not to instruct a contractor to perform a task that may be outside the scope of the contract.

Oftentimes, the first indicator that an unauthorized commitment has been made is when an invoice is received from a contractor, but no purchase order or contract exists for the items or work described in the invoice. Contractors who act on unauthorized commitments do so at their own risk. Contractors are not entitled to consideration (money) unless and until an unauthorized commitment is ratified. Therefore, if the action is not ratified or costs are not recognized, payment can be substantially delayed or may not be forthcoming at all.

If a COR exceeds his or her authority, the circumstances of the action and the procedures in FAR 1.602-3, *Ratification of Unauthorized Commitments*, concerning ratification will dictate what action should be taken. In cases of gross abuse, the contracting officer may decide to revoke the COR's appointment or designation. If so, the contracting officer will indicate the revocation in writing, including a list of all the contracts for

which the revocation applies, and include a copy of the revocation in each applicable contract file and provide each contractor a copy. The COR's letter of appointment or designation will immediately be returned to the contracting officer. Additionally, the contracting officer will take any other actions required by law or regulation.

Ratification of Unauthorized Commitments

In some cases, an unauthorized commitment may be subsequently adopted, or *ratified* (see FAR 1.602-3). This long and time-consuming process involves, among other things, preparing statements and summaries of facts and investigating relevant documents, recommendations, and approvals, in accordance with individual agency procedures.²

As the first step in the ratification process, the individual responsible for making an unauthorized commitment must draft a detailed statement detailing the circumstances and addressing, at a minimum, the following questions.

- Why were normal procedures not followed?
- Did the government have a bona fide need for the supply or service?
- Did or will the government receive benefit?
- Was money available at the time of the action?

Next, the contracting officer, legal counsel, and potentially even the senior agency leader must review the statement. The senior leader's involvement typically depends on the dollar value of the unauthorized commitment and usually results in a thorough investigation. The senior leader must send a formal memorandum to the contracting officer with recommendations for further action.

- Concurrence that the commitment should be ratified
- Steps to be taken to prevent recurrence

- Complete purchase description and funding for the ratification
- Description of disciplinary action taken or reasons why none was taken

The contracting officer must then write a determination and findings (D&F) stating the following.

- The commitment was not made to evade normal statutes or regulations, but was the result of an urgent requirement or a mistake of fact by government personnel.
- The contractor *reasonably* relied on apparent authority.
- The contractor has no other remedy to obtain relief.
- The contract would otherwise be proper (funds are available, and the requirement is legitimate).
- The contract price was fair and reasonable.

Only an action that would otherwise be *proper* can be ratified. In fact, an unauthorized commitment could potentially also involve an *Antideficiency Act*³ violation, if it turns out that funds were not available at the time of the action. If the price is determined not to be fair and reasonable, then the price must be renegotiated.

Note: An unauthorized commitment could potentially be an *Antideficiency Act* violation, if funds were not available at the time of the action.⁴

The contracting officer includes on the D&F the recommend resolution of the unauthorized commitment and then submits the D&F to the ratifying official. Based on the recommendation of the ratifying official, the ratification action and subsequent contract action can be completed. Only an action that would otherwise be *proper* can be ratified. If the price is determined not to be fair and reasonable, then the price must be renegotiated. The contracting officer cannot execute a contract

modification that causes an increase in funds required for performance without having first obtained a certification of funds availability.

Cases that are not ratifiable under FAR 1.602-3 may be subject to resolution as authorized by FAR Part 50, *Extraordinary Contractual Actions and the Safety Act*. Such procedures often require high-level approval, which is discretionary. If the approval official does not elect to use his or her discretion to reimburse the contractor for acts exceeding the COR's authority, the COR may be held personally liable for any costs or damages incurred by the contractor or the government. In fact, the consequences for all parties involved with an unauthorized commitment are severe. Regardless of dollar amounts involved, unauthorized commitments may result in disciplinary or administrative action against the individual making the unauthorized commitment, especially if the violations are flagrant or repetitive.

Technical Evaluation

Upon reviewing the contractor's proposal for a modification, the COR prepares a documented analysis called the technical evaluation. This document is used by the contracting officer to support negotiations and documentation of the change to the contract. It helps the contracting officer to assess the benefit and impact of the change on the outcome desired by the government.

When performing a technical evaluation, the COR should do the following.

- Determine the technical validity of the change:
 - Necessary and appropriate solution (in scope)
 - Technical merit that will meet the government's requirement
 - Cost and delivery implications versus technical merit (impact)
- Review the proposed basis of estimate
 - Labor type, profile, and amount proposed
 - Other direct costs (travel, materials)

- Conduct a tradeoff analysis to evaluate technical merit versus proposed costs

Contract Options

Options provide the government with the ability to order additional quantities of supplies or additional periods of service beyond those established in the initial contract. Normally, contract options establish the quantity, price, and delivery schedule for these additional supplies or services. The government uses options when (1) there is a defined quantity, quantity range, or additional requirement for the supplies or services beyond what is being purchased on the basic contract, and when (2) such additional requirement may be finalized and funded during the performance period of the basic contract. Options are executed by unilateral modification. Contract options may be exercised in the following circumstances.

- After the contractor is notified of the government's intent to exercise the option
- Only by modification by contracting officer
- When the option fulfills an existing need, already priced on the contract
- When funds are available
- When exercising the option is advantageous to the government

The COR's role with options is to make the need for them known prior to contract award. When exercising an option, the COR assists the contracting officer with drafting the required D&F by assessing the available options, determining the continuing need, determining whether the option is in the government's best interests, and conducting complete market research on current pricing.

Correspondence and Notifications

The COR must sign all correspondence, reports, findings, recommendations, and other documents using name and title, followed by “Contracting Officer’s Representative.” The COR should communicate with the contractor, contracting officer, disbursing officer, and others directly concerned with contract performance. All correspondence must reference the contract number.

Correspondence with the Contractor

The COR must forward to the contracting officer a copy of any correspondence to the contractor along with an explanation if not apparent from the text. The COR must also forward to the contracting officer the original of the correspondence received from the contractor. In addition, the COR should coordinate with the contracting officer on the content of any contractually significant correspondence to the contractor in order to prevent possible misunderstandings or the creation of a condition that may be the basis of a later claim. The contracting officer will advise the COR of the appropriate mail system to be used.

Notifications to the Contracting Officer

The COR must promptly inform the contracting officer of the following.

- The exact date the contractor began performance. According to FAR 52.211-10, *Commencement, Prosecution, and Completion of Work*, only the contracting officer may issue the Notice to Proceed.
- Incidents of unsatisfactory performance by the contractor. The COR should specify the applicable paragraph of the contract that has been violated by the contractor and the circumstances surrounding the violation, including names, dates and places, and estimated damages that have been incurred by the government.
- Delays in the contractor’s progress due to the fault of the government. The COR should include recommendations regarding any extension of the contract completion date.

- According to FAR 52.242-14, *Suspension of Work*, only the contracting officer may issue Suspension of Work orders.
- Any discrepancy between actual conditions and those represented in the contract provisions, specifications, or drawings.

The COR must establish a suspense system to advise the contracting officer of the contractor's failure to complete performance or delivery in accordance with the contract schedule. Reporting of contractor failures should not be held for the monthly report.

Completion, Payment, and Closeout

Acceptance

Acceptance is the responsibility of the contracting officer, but he or she may delegate the responsibility to the COR. Acceptance can take place before, at the time of, or after delivery. However, supplies or services ordinarily should not be accepted before completion of government contract quality assurance actions. Before services or supplies furnished by the contractor can be accepted, the COR must determine acceptability by review or inspection. Final acceptance by the contracting officer of supplies received or services rendered concludes performance by the contractor, except for administrative details relating to contract closeout. After final acceptance, the contractor can no longer be held responsible for unsatisfactory effort unless otherwise specified in the contract. Therefore, the COR must ensure that the work performed under the contract is measured against the contract terms and quality requirements. If performance does not meet contract quality requirements, it is incumbent upon the COR to identify deficiencies and to advise the contracting officer. Acceptance is evidenced by execution of an acceptance certificate on an inspection or receiving report form or on a commercial shipping document or packing list.

Exceptions to final acceptance include the following.

- Latent defects
- Fraud
- Gross mistakes amounting to fraud

A latent defect is one that is not readily noticeable upon reasonable inspection at the time of acceptance. The burden is on the government to prove that defective material and workmanship was the probable cause of product failure. Latent defects can also apply to design and manufacture contracts; in those cases, the contractor may have to replace the designed product at no charge to the government. The contractor's latent defect responsibility is prorated over the life of the product because the contractor is responsible for latent defects any time after final acceptance.

Documenting Acceptance

CORs are often the designated officials authorized to accept supplies or services for the government (see COR delegation letter for delegated duties and authorities). Acceptance prior to payment is accomplished in one of three ways.

- COR signature on DD 250, *Material Inspection and Receiving Report* (discussed, with other forms, in Chapter 10)
- COR signature on SF 1449, *Solicitation/Contract/Order for Commercial Items* (discussed, with other forms, in Chapter 10)
- COR electronic signature in the Wide Area Workflow (WAWF) system.

Wide Area Workflow

The WAWF system (accessible at <https://wawf.eb.mil>) is a secure, Web-based system developed by the Defense Contract Management Agency for government contractors and authorized DoD users to generate, capture, and process receipt and payment documents. It enables electronic

submission of contractor invoices and of government inspection and acceptance documents.

The WAWF system creates a virtual folder to combine the three documents required to pay a contractor: the contract, the invoice, and the receiving report. Authorized DoD users are notified of pending actions by e-mail and are presented with a collection of documents required to process the contracting or financial action.

The *National Defense Authorization Act of Fiscal Year 2001* established the requirement that all contract invoicing must be done electronically. In March 2003, DoD implemented this requirement via DFARS 252.232-7003, *Electronic Submission of Payment Requests and Receiving Report*. WAWF is envisioned to ultimately be the single DoD system for all contractor invoicing and government acceptance actions (where required). Processing invoices electronically will reduce the likelihood that the government will have to pay an interest penalty; however, it is still important for the COR to understand his or her role in processing these invoices.

Nonconformance

Nonconformance occurs when the contractor presents a deliverable to the government that does not conform to the contract requirements. Only the contracting officer can authorize acceptance of noncompliant or deficient items. The government may deal with noncompliance in one of three ways.

- The first (and most preferable) action is to require the contractor to correct the noncomplying or deficient items or services.
- The second most preferable action is to accept the defective items. This is useful only if the deficiencies are minor. Remember—the COR cannot accept any deficient items; only the contracting officer can make this decision. Although a contractual right of the government cannot be waived, nor may a contract be modified for the convenience of a contractor, it may be in the best interest of the government not to reject the materials or services because of the following.

- The urgency of the need for the supplies or services and the period of time required to obtain them from other sources, as compared with the time delivery could be obtained from the contractor.
- The availability of the supplies or services from other sources.
- Any other pertinent facts and circumstances.

If it is desired to accept work that essentially meets the needs of the government but does not conform to the requirements of the contract, the COR must furnish the contracting officer with a documented recommendation to accept the work, a description of all points in which the work fails to meet contract requirements, and an estimate of the time required for the contractor to complete performance. The contracting officer may extend the contract completion date by formal modification to allow the contractor to correct deficient work.

- The third—and least preferable—potential action is to reject the noncompliant item and terminate the contract. (Remember—the COR cannot terminate a contract.)

Remedies

Remedies for nonconformance issues include the following.

- Invoke the related contract clause (Stop Work, Cure Notice, Show Cause, Liquidated Damages, Warranty, or Termination)
- Withhold or reduce award and incentive fees
- Invoke inspection clauses (reject the noncompliant work or allow rework)
- Suspend progress payments
- Decline to extend the term of the contract (by not exercising an option or award term)

- Modify the contract
- Address claims or consideration
- Take legal recourse
- Use alternative dispute resolution (ADR)
- Document the issue in the past performance database

The COR's key role with regard to remedies is monitoring. Heavy reliance is placed on the COR's observations and documentation. The COR must keep good records and promptly notify the contracting officer of any noncompliance issues. In addition the COR should be prepared to suggest remedies to the contracting officer.

Note: Silence is not golden. Silence on the part of the government could be interpreted by the contractor as the government's acceptance of substandard supplies or services.

Invoice and Payment

Cash flow is the lifeblood of any company. Contractors need to be paid for the supplies and services they have provided so that they can pay their own bills and employees. Timely payment of contractors also encourages them to continue to do business with the government. Congress, recognizing the importance of timely payments, passed the *Prompt Payment Act*. The act specifies that, if the government does not make payment on a valid contractor invoice within a specified period of time, the government is liable to pay interest, computed at the federal funds rate.

Note: The COR should ensure that invoices receive prompt attention and are reviewed for accuracy and consistency with contract terms.

The following are important terms regarding invoice and payment procedures.

- Invoice. The invoice is the billing statement for supplies or services accepted by the government.
- Invoice payment. The invoice payment is the government disbursement of monies for supplies or services accepted by the government.
- Prompt payment. All solicitations and contracts must specify payment procedures, payment due dates, and interest penalties for late invoice payment. Unless specifically prohibited by the contract, the contractor is entitled to payment for accepted partial deliveries of supplies or partial performance of services that comply with all applicable contract requirements and for which prices can be calculated from the contract terms.

The contractor may request payment via an invoice or via the SF 1449 or DD 1155, *Order for Supplies or Services*. Appendix 1 contains a sample SF 1449. In reviewing the payment request, the COR should be familiar with the following.

- Contract number or order number
- Office locations and points of contact
- Contract line item number (CLIN) structure (a CLIN identifies a separate supply or service to be required under contract)
- Inspection/acceptance
- SOO/SOW/PWS
- Period of performance/delivery dates

Contents of a Valid Invoice

According to FAR 32.905, *Payment Documentation and Process*, the following are the minimum requirements for a valid invoice.

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- Complete contract number, including delivery/task order number (if applicable)
- Name and address of contractor
- Invoice date
- Invoice number
- Description of services or supplies provided
- Quantity of services or supplies provided
- Unit of issue—as specified in the “Schedule of Supplies”
- Manufacturer’s part number (as applicable), as specified in the contract
- Unit price and extended total, for each line item
- Invoice total
- Shipment number (as applicable)
- Postage and transportation (as applicable), if authorized by the contract to ship “Prepay and Add” include the transportation cost (parcel post, United Parcel Service) as a separate line
- Required certification—as required by the contract (for example, certification of conformance, administrative contractor officer approval)
- Taxpayer Identification Number if not required to be registered in the Central Contractor Registry (CCR) (when applicable)
- Electronic funds transfer/banking or remittance information for foreign contractors who are CCR exempt (when applicable)
- Any other contract-directed requirements

Inaccurate or invalid invoices must be returned within 7 days.

DFARS 252.232-7003, *Electronic Submission of Payment Requests and Receiving Reports*, requires contractors to submit payment requests electronically, but the clause lists exceptions. For a contingency contracting situation, two exceptions are key.

- DoD is unable to receive a payment request or provide acceptance in electronic form.
- The contracting officer administering the contract has determined, and documented in writing, that electronic submission would be unduly burdensome to the contractor.

Voucher and Invoice Review

The contracting officer is responsible for monitoring invoice payments according to the terms and conditions of the contract and local policy/guidance.

CORs can approve invoices on fixed-price contracts. However, for cost-reimbursement, time-and-materials, and labor-hour contracts, CORs can review—but not approve—invoices. For other than fixed-price contracts, The Defense Contract Audit Agency has the sole authority for verifying claimed costs and approving interim payment requests. Only the contracting officer can approve final payment requests.

Note: CORs must understand local finance office procedures and requirements for proper invoicing. CORs should ask their contracting officers for additional details.

Note: Payment to a contractor implies work is progressing according to the contract. Therefore, CORs must ensure the government is getting what it is paying for. CORs must monitor contractor performance through review of monthly reports, on-site visits, and surveillance reviews. It is vital that CORs review billing statements thoroughly and on time.

COR approval of a voucher or invoice implies that, to the best of the COR's knowledge, the nature, type, and quality of effort or materials being expended are in general accord with the progress of work under the contract. In other words, the COR supports the contracting officer by

ensuring that payments are made for performance in accordance with the contract terms and conditions.

The following are examples of typical problems that may be found on invoices.

- Inflated or unrealistic labor hours
- Unsupported other direct costs, such as poor descriptions that cannot be tied to specific tasks
- Unauthorized overtime charges
- Incorrect or unrealistic labor category
- *Management* hours disproportionate to *worker bee* hours
- Duplicate invoice, or wrong invoice
- Undercharges due, for example, to competing workload demands
- Math errors
- Wrong contract or task order number
- Wrong price (proposed versus negotiated)
- Wrong CLIN or SubCLIN
- No point of contact for defective invoices
- No date
- Incorrect or missing shipment information
- No remittance address
- Negotiated prompt pay discounts not offered

Overtime

Overtime (OT) cannot be paid unless specifically allowed on the contract. Only the contracting officer can authorize the use of OT. When reviewing a contractor's OT claims, the COR should consider whether the OT was necessary and, if so, whether additional funds can be obtained to fund the OT.

Interest Penalties

The COR must process invoices promptly. If the government fails to make payment by the due date, the designated payment office must automatically pay an interest penalty. The due date is (1) the thirtieth day after the designated billing office receives a proper invoice from the contractor, or (2) thirtieth day after government acceptance of supplies delivered or services performed.

Warranties

A warranty is a promise or affirmation given by a contractor, supplier, or manufacturer to the government, user, or purchaser regarding the nature, usefulness, condition, or performance of the supply or service to be delivered under the contract.

Implied Warranties

There are two types of implied warranties: warranty of merchantability, and warranty of fitness for a particular purpose. The warranty of merchantability implies that supplies must be fit for the ordinary purposes for which such supplies are normally used. This type of warranty is incorporated in the contract unless stated otherwise. The warranty of fitness for a particular purpose implies special protection for a buyer that relies on the seller's expertise in selecting suitable supplies. A properly written performance statement in the SOO/SOW/PWS will help to better identify this warranty.

Implied warranties may be excluded in three ways.

- By calling the buyer's attention, in understandable language, to the exclusion of warranties
- When the buyer has examined the product (sample or model) or when the buyer has refused to examine the product
- By agreement of both parties

Express Warranties

An express warranty may be purchased to cover the risk of a product defect. Express warranties are based on the following.

- Any promise or affirmation of facts that become part of the bargain
- A description of supplies that is part of the basis for the bargain
- Any sample or model that is part of the basis for the bargain

The use of express warranties is decided by the head of the contracting activity, based on whether they are economically feasible and administratively practical. Because they must be purchased, the costs must be weighed against the need for protection against risk.

The warranty takes effect at time of delivery. If an item is delivered for storage or later use, the warranty provides a starting time after delivery. The length of the warranty period must be specified.

Warranties can be enforced when a defect within the warranty scope arises during the warranted period.

Past Performance

The government relies on past performance data to assist with making award decisions. Therefore, in support of future acquisition efforts, the performance of contractors under current contracts should always be documented. The contracting officer may task the COR with collecting performance information. The COR should be fair in assigning a performance rating and should provide narrative explaining the reasons for the rating.

The contracting officer enters contractor performance information into the Contractor Performance Assessment Reporting System (CPARS), either at the completion of a contract or at intervals specified by the buying agencies. CPARS documents the following aspects of the contractor's performance.

- Conformance to contracting requirements and standards of good workmanship
- Forecasting and control of costs
- Adherence to contract schedules
- History of reasonable and cooperative behavior and commitment to customer satisfaction
- Business-like concern for the interest of the customer

The government's CPARS assessment should reflect the contractor's performance as documented by the COR during the monitoring process.

Contract Closeout

Contract closeout actions are primarily the contracting officer's responsibility, but COR assistance may be required. COR assistance is indispensable when disputes or litigation is involved.

A contract is not completed until it has been closed. Timely contract closeout does the following.

- Allows all affected activities to concentrate on current and future requirements
- Allows for deobligating excess funds
- Identifies the need for additional funds

With the help of the COR, the contracting officer must ensure that the following actions have been accomplished.

- Services have been rendered
- Articles have been delivered and accepted
- Payments and collections have been made
- Property and classified information have been dispositioned

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- Releases from liabilities, obligations, and claims have been obtained from the contractor
- Assignments of refunds and credits have been executed by the contractor
- Administrative actions have been accomplished
- Excess funds have been deobligated
- Contract file is properly documented

Table 3 summarizes do's and don'ts for contract administration

Do's	Don'ts
Remember that the COR is an agent of the US government, with only the authority delegated by the contracting officer.	Accept less than what is required by the contract
Get the names of contractor personnel authorized to represent the contractor.	Assume an interpretation of ambiguous contract language which would be favorable to the government. Remember: if the contractor's interpretation is reasonable, it will prevail.
Find out the specific authority of contractor personnel. Does the person you are dealing with have the authority to obligate the contractor?	Hold up payment unless performance is deficient or defective.
See that all government approvals or consents are timely.	Accept supplies or services without complete inspection.
	Make any change, modifications, deletions, or additions to the contract requirements. Work through the contracting officer.
	Automatically consider all contractor claims unreasonable. Be fair and impartial.

Table 3. Do's and Don'ts for Contract Administration

Notes

1. A supplemental agreement is a contract modification based on the parties' prior agreement regarding a change. It incorporates an equitable adjustment to the contract cost, schedule, or both, as a result of the change. Supplemental agreements

often involve the submission, by the contractor, of a proposal and detailed negotiations.

2. The Army, Air Force, and Navy ratification procedures are similar. They are described in the individual service FAR supplements: Army AFARS 5101.602-3, *Ratification of Unauthorized Commitments* and AFARS 5101.602-3-90, *Ratification Procedures*; Air Force AFFABS 5301.602-3, *Ratification of Unauthorized Commitments* and MP5301.602-3, *Processing Ratifications*; and Navy NMCARS 5201.602-3 (S-90), *Ratification of Unauthorized Commitments*.
3. The *Antideficiency Act* prohibits authorizing or incurring obligations or expenditures in excess of amounts apportioned by the Office of Management and Budget (OMB) or in excess of amounts permitted by agency regulations.
4. The *Antideficiency Act* prohibits authorizing or incurring obligations or expenditures in excess of amounts apportioned by the OMB or in excess of amounts permitted by agency regulations.

Chapter Acronyms

ADR – Alternative Dispute Resolution
AFARS – Army FAR Supplement
AFFARS – Air Force FAR Supplement
CCR – Central Contractor Registry
CLIN – Contract Line Item Number
COR – Contracting Officer’s Representative
CPARS – Contractor Performance Assessment Reporting System
DD – Department of Defense When Used With Form
D&F – Determination and Findings
DFARS – Defense Federal Acquisition Regulation Supplement
DoD – Department of Defense
DoS – Department of State
FAR – Federal Acquisition Regulation
LOA – Letter of Authorization
MP – Mandatory Procedure
NMCARS – Navy Marine Corps Acquisition Regulation
Supplement
OMB – Office of Management and Budget
OT – Overtime
PDF – Portable Document Format
PWS – Performance Work Statement
SF – Standard Form
SOO – Statement of Objectives
SOW – Statement of Work
SPOT – Synchronized Predeployment Operational Tracker
US – United States
WAWF – Wide Area Workflow

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Chapter 8 Monitoring the Contractor



Monitoring the Contractor

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- Delays
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- Fraud
- Government Property
 - Property Responsibilities
 - Property Disposition
- Contract Termination
 - Termination for Convenience of the Government
 - Termination for Cause or Default

- Disputes and Appeals
- COR Working File
- Do's and Don'ts for Contract Monitoring

To properly monitor the contractor, the COR must know and understand the contract requirements, as specified in the Statement of Objectives, Statement of Work, or Performance Work Statement (SOO/SOW/PWS). The COR should have a copy of the SOO/SOW/PWS so that he or she has it readily available to verify and enforce contract requirements as stated in the SOO/SOW/PWS. (Interpreting the contract requirements can be difficult if the SOO/SOW/PWS is poorly written, displaying a lack of technical knowledge, inadequate planning or research, lack of communication, differing interpretations, and carelessness). With the proper SOO/SOW/PWS and performance-based metrics, as discussed in Chapter 9, the contract is more likely to be successful.

Note: The COR monitors the contractor based on the contract requirements specified in the SOO/SOW/PWS and according to the COR appointment or designation letter from the contracting officer.

The COR must notify the contracting officer, orally and in writing, if the contractor is not performing well; for example, if contractor performance deviates from the SOO/SOW/PWS. It is the responsibility of the contracting officer—and only the contracting officer—to give verbal or written directions to the contractor. These directions should be made a part of the record in the contract file. The requiring unit should not attempt to interpret the SOO/SOW/PWS for the contractor and may not direct changes or accept substitute performance. Many people have improperly cost the government, or themselves, money by making seemingly nonchalant remarks asking the contractor to act outside the scope of the contract. CORs must ensure their unit leaders do not cross this line.

Contractor Progress Reports

The contract may require the contractor to provide progress reports. Contractor progress reports provide the first early warning of potential changes, delays, or other problems in contractor performance. Submitted by the contractor, these reports summarize progress since the preceding report, so earlier reports are summarized, subsumed, and superseded by the new report. They vary in form from a single-page memo or letter to several hundred pages of detail by task, with supporting graphs and tables. Progress reports address the following topics.

- Project status
- Measurement of achievements against objectives
- Problems encountered
- Actions taken to correct deficiencies
- Percentage of work completed
- Acceptability of the work
- Work remaining
- Evaluation

Progress reports do not relieve the contractor of a separate obligation to report anticipated or actual delays to the COR and contracting officer.

For requirements-type contracts, each delivery order must be covered by a separate progress report, except that one report per contract may be used to identify those delivery orders on which no work was performed during the period being reported.

The contractor must forward the progress reports in accordance with the instructions of the contracting officer.

The COR must ensure that each progress report is factually accurate and complete and should check each progress report to determine the following.

- Will the contractor meet the delivery dates? Are any problems foreseen?
- Are the expenditures in line with the work performed and with the work planned?
- How does the percentage of work completed compare to the funds expended?
- How does the status of the deliverables (reports, designs, texts) compare to the progress report?

The COR should discuss any ambiguities or discrepancies with the contractor.

The government should not expect a one-to-one correlation between the expenditures identified in the progress report and those in the invoice. The coverage dates may be different, and the progress reports may not reflect lags in the accounting system.

Assessing Performance

The contractor has the primary responsibility for quality assurance and timeliness of its supplies or services. However, the COR must assess the contractor's performance to ensure that the supply or service delivered conforms to contract requirements. Unsatisfactory performance under a contract may jeopardize a project or may directly affect a unit's ability to perform its mission.

The COR must continually monitor the contractor's performance, both formally and informally, throughout the contract. The COR should consider the following.

- How well the contractor is doing
- Whether performance, quality, schedule, and cost requirements are being met
- Whether the requiring unit is satisfied
- Whether the processes are working

- If and where improvements are necessary

The following are key assessment factors.

- Cost control.
- Timeliness (schedule or delivery). Is the contractor on schedule to meet contractual requirements? Did the contractor meet the contractual delivery requirements? Does the contract include a reward for early delivery, or a penalty for late delivery?
- Quality. Do the supplies or services meet the requirements? Do they conform to the contract specifications, standards, SOO/SOW/PWS, and quality assurance plan?
- Business relations. Is the contractor responsive, professional, and courteous?
- Management of key personnel. Are technical experts highly qualified and effective in performing the required services? Do they meet the skill level stated in the contract? Are an appropriate number of personnel assigned to the project? Do delivered supplies reflect the skill and standardization required by the user?
- User satisfaction. Will the requiring unit be satisfied in terms of cost, quality, and timeliness of the delivered supplies or services? What percentage of the deliverable meets the user's expectations? How long has the contractor taken to address any user complaints? How many user complaints have there been?
- Compliance. Has the contractor complied with, for example, Occupational Safety and Health Administration, Environmental Protection Agency, and Department of Labor regulations or local standards?

Acceptable Inspection Methods

The assessment of quality is particularly important, because if the quality of a supply or service does not meet contract requirements, the safety of

the requiring unit could be jeopardized. The government has the right to inspect all contract deliverables at any time prior to acceptance. Inspections may be announced or unannounced, but they must not unduly delay work, nor must they include directions that would change the contract. The government also has the right to reject any deliverables that do not meet contract requirements.

For commercial item acquisitions, Federal Acquisition Regulation (FAR) 46.202-1, *Contracts for Commercial Items*, requires that the government rely on contractors' quality assurance systems as a substitute for government inspection and testing before tender for acceptance, unless customary practices for the supply being acquired include in-process inspection. Any in-process inspection by the government must be consistent with commercial practice.

For services, the COR can monitor contractor performance using a variety of inspection methods. Before an inspection, the COR should check the contract for any specific inspection and testing requirements. The COR should use a systematic approach and should ensure that the inspection methods do not interfere with the contractor's progress—or at least only to the extent that disruption is absolutely necessary. The following subsections briefly describe the most common inspection method and their use.

Random or Stratified Sampling

With random sampling, services are sampled to determine if the level of performance is acceptable. Random sampling works best when the number of instances in which the services are being performed is very large, allowing a statistically valid sample to be obtained. Stratified sampling focuses on selected parts of total contractor output for sampling. Computer programs may be available to assist with establishing sampling procedures. This is the preferred surveillance method, because it is an efficient way to obtain an unbiased, comprehensive evaluation of the contractor's performance. The COR need only make relatively few

observations from which he or she can project the quality of the entire lot. The contractor does not know which service output will be observed; consequently, all must be done correctly, and the COR is prevented from biasing the sample by his or her own judgment. The advantage is that the results can be projected to the lot, without inspecting the entire lot.

100-Percent Inspection

This inspection method is too expensive for most cases. As the name implies, all outputs in the designated lot would be observed by the inspector. For example, with a service requirement for required reports, all reports listed in the lot would be examined for acceptance. The government uses 100-percent inspection for stringent performance requirements concerning health and safety.

Periodic Inspection, Judgmental Inspection, or Planned Sampling

This method consists of the evaluation of tasks selected on other than a 100-percent inspection or random basis. This type of sampling is normally used to check the contractor's quality control system to ensure that it is capable of meeting the government's quality requirements. Because defects found as the result of planned sampling cannot be considered statistically valid for evaluating the entire work lot, monetary deductions for other than satisfactory performance are limited to only the work specifically found defective. For this reason, planned sampling should not be used as the only method of surveillance.

When planned sampling is used, work process outputs are selected in accordance with subjective criteria established in the quality assurance surveillance plan. These criteria should be documented and applied consistently throughout the observation period and from one period to the next. Surveillance consistency enables the inspector to detect trends in performance and requires less inspector retraining time and fewer document/report revisions. The advantages to this method are that government inspectors can focus their attention on known problem areas

and the contractor or in-house workforce has a greater incentive to improve those deficient areas that they know will be observed. The disadvantage is that because the observations are not selected randomly, comparisons of quality cannot be made between the sampled outputs and the lot.

User Feedback

This method requires documentation and is not usually a primary surveillance method. However, user feedback is a valuable supplement to more systematic surveillance methods. Performance to be observed is not selected by the COR, but is based on written or telephonic complaints made by users. Once the COR receives a complaint, he or she will investigate and, if valid, will document it as a contractor performance deficiency.

Further guidance on these surveillance tools is set forth in Office of Federal Procurement Policy Pamphlet 4, *A Guide to Best Practices for Performance-Based Service Contracting*, Chapter 5, “The Quality Assurance Surveillance Plan,” available at http://www.whitehouse.gov/omb/rewrite/procurement/pbsa/guide_pbsc.html.

The COR should notify the contracting officer whenever supplies or services do not meet requirements. The COR should provide the contracting officer with documentation on the number of observations made, the number and type of problems, actions taken to notify the contractor, and any corrective actions already taken by the contractor. A COR can use the receiving report or other method provided by the contracting officer to document the reasons for rejecting a deliverable.

Contractors will reply to a notice of rejection by one of the following methods.

- Submit a proposal to repair or correct the deficiencies
- Offer to provide an adjustment to cost or price as a basis for accepting nonconforming services
- Challenge the deficiency assessment

If authorized to reject supplies or services, the COR may approve a contractor's proposed course of action to repair or correct deficiencies. However, only the contracting officer may approve courses of action that require a change in the contract (a price reduction) or result in a dispute (the contractor challenges the assessment). The COR must forward these cases to the contracting officer for resolution.

The contracting officer normally consults with the COR when considering the contractor's reply. The COR can provide advice on the appropriateness of the contractor's corrective action plan, the impact of accepting nonconforming services, and the validity of the contractor's rebuttal.

Documenting Performance

Documenting how well a contractor performs on a contract is an important part of the performance assessment process. When documenting a contractor's performance, the COR should follow the advice below. Comments should be as shown below.

- Submitted regularly
- Contractually based and professional
- Applicable to the monthly reporting period
- Performance based
- Specific, fully detailed, and stand alone
- Based on information gathered during audits, when possible, and supported by the checklist comments

Comments should not be as shown below.

- Beyond the scope of the contract
- Requesting information that is not applicable to the contract

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- Requesting contractor personnel actions (hiring, firing, or disciplinary action)
- Personal (all comments are seen by higher leaders)
- Simply copied and pasted from one month to the next without verifying whether the condition still exists

Note: When possible, it is helpful for a COR to use a digital camera to document deliveries of supplies and services.

Some examples of poorly—and better—written comments are provided in the following paragraphs.

- Sample comment 1
 - Poor: “Contractor met the Class I requirements this month.”
 - Better: “During October, contractor exceeded the Class I requirement to have all incoming rations and bottled water placed into inventory within 24 hours. The daily average to place stock into inventory was only 4 hours!”
- Sample comment 2
 - Poor: “Contractor was late in meeting the link-up time.”
 - Better: “On 12 October 2006 at 2130 hours, the contractor team linked up with the military escorts at East ECP 1 hour after notification. This didn’t meet the contractual requirement of 40 minutes for link-up.”
- Sample comment 3
 - Poor: “Contractor management was especially responsive this month.”
 - Better: “On 12 October 2006, contractor responded within 2 hours to a DCMA request for DFAC statistics. This allowed a quick turnaround to the user for a high-visibility area.”

- Sample comment 4
 - Poor: “My audit for MHE showed that several of the guys weren’t certified for the forklifts.”
 - Better: “On 23 October 2006, an audit revealed that three employees operating 9K forklifts did not have a forklift driver’s license when prompted. Their badge numbers were XXX, YYY, and ZZZ.”

Note: The COR must always ensure that all comments relate to a specific contract requirement. Contractor performance is judged solely on the contract.

Remedies for Poor Performance

The contracting officer has several remedies available to address items or services that do not conform to contract requirements. The contracting officer will rely heavily on the COR’s observations and documentation on supplies or services that do not conform to contract requirements. When unsatisfactory contract performance is identified, the COR should notify the contracting officer promptly so remedial steps can be taken. Silence on the part of the government could be interpreted by the contractor as the government’s acceptance of substandard supplies or services. Such situations could adversely affect the government’s right to withhold payments, terminate for cause or default, or otherwise exercise certain rights under the contract.

Depending on the contracting officer’s evaluation of the seriousness of the unsatisfactory performance, he or she may do the following.

- Bring the particular deficiency to the attention of the contractor by letter or through a meeting and obtain a commitment for appropriate corrective action

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- Extend the contract schedule if excusable delays in performance are involved (such as combat situations or extreme weather conditions)
- Withhold contract payments if the contractor fails to comply with delivery or reporting provisions of the contract
- Terminate the contract for cause or default

After a complete review of the situation, the contracting officer may send an official notice of failure of performance to the contractor. This notice requires the contractor to inform the contracting officer of the cause of the delinquency so a proper determination can be made concerning continuation or termination of the contract. In some cases, liquidated damages can be assessed against the contractor performing the service. Liquidated damages are amounts agreed to in advance that reflect the financial damage the government may incur if the contract is not completed on time.

Table 4 summarizes do's and don'ts for remedies

Note: COR records are vital for determining the amount of money the contractor may be entitled to if a suspension is determined to be unreasonable.

Do's	Don'ts
Exercise government rights, such as warranties.	Act without consulting the contracting officer.
Make sure to deal with any problems before the warranty period runs out.	Allow interim or final delivery dates to be waived.
Work with the contracting personnel to prevent problems before they arise.	
Take actions to protect government rights before delivery is due.	

Table 4. Do's and Don'ts for Remedies

Delays

The COR is required to notify the contracting officer about any delay in the delivery or performance schedule. Specifically, the COR must (1) identify and verify the delay, (2) notify the contracting officer of the technical impact of the delay, and (3) assist the contracting officer with evaluating the contractor's response. The COR should be able to correctly identify the cause of a delay and work with the contracting officer for resolution. The technical analysis should be sufficient to support the action taken by the contracting officer to address the delay.

Identifying and Verifying a Delay

A delay has occurred if the contractor fails to meet the delivery or performance schedule in the contract, or if the government caused the contractor to stop performing. The COR should review the contract for any applicable clauses and any modifications to ensure that the performance or delivery schedule was not previously extended by the contracting officer. The COR can confirm the delay by doing the following.

- Obtaining feedback from government individuals responsible for monitoring the performance or delivery schedule
- Reviewing the notice and supporting documents from the contractor regarding the delay
- Reviewing the contractor's claim regarding the delay

The contractor is not liable for any excess costs if the failure to perform the contract arises from causes beyond the control and without the fault or negligence of the contractor. For instance, the delay may have been caused by the government, hostile actions, or natural disasters.

Notifying the Contracting Officer of the Technical Impact of a Delay

Once a delay is confirmed, the COR should prepare documentation to assist the contracting officer with developing the government's position

on the delay. Documentation should include facts and relevant information about the delay, such as the following.

- List of people with factual knowledge of the delay
- Description of the delay
- History of performance, indicating when work under the contract began, when work deviated from the performance, and when the work stopped

Listed below are other issues that may be covered in a technical analysis.

- Information that would support whether the delay was excusable
- The contractor's progress to date and the remaining obligations
- Estimate of a reasonable period of additional time to perform
- Potential alternatives and resolution
- Pros and cons of each alternative (price, quantity, and quality)

Assisting the Contracting Officer with Evaluating the Contractor's Response

The COR may be asked to assist the contracting officer with evaluating the contractor's response. The contracting officer may ask the contractor to do the following.

- Substantiate the evidence of the delay
- Substantiate the costs associated with the delay
- Demonstrate that the delay was unreasonable
- Demonstrate that the delay was void of any concurrent or commingled delays

Before allowing the contractor to recover costs as a result of the delay, the contractor's response must provide verifiable documentation of the expenses incurred. The contracting officer, with the assistance of the COR,

must consider each expense and determine if the contractor should receive compensation. Compensation may be in the form of money or time extensions.

Fraud

Fraud is the intentional presentation of falsehood as truth with the goal of causing someone to part with something of value. Perpetrators of fraud can receive punishments of prison time from 5 to 10 years, be fined up to \$250K, or both. The following are examples of fraud that occur in contracting.

- Product substitution
- Cost mischarging
- Price fixing
- Fabrication of records
- Bribes, gratuities, and kickbacks (common in deployed environments)

Note: CORs are not investigators; they should not personally investigate suspected cases of fraud. Rather, CORs should determine the facts of the questionable circumstances and occurrences and advise the contracting officer, commander, supervisor, or cognizant defense criminal investigative agency.

Government Property

Government property means all property owned or leased by the government and includes both government-furnished property (GFP) and contractor-acquired property to which the government has title. Normally, contractors furnish all equipment and material necessary to perform government contracts. However, sometimes it is in the best interest of the government to provide the contractor with GFP for performance of a contract.

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The COR may be asked to assist the contracting officer with administering the contractor's use of GFP. The property administrator, if available in a contingency operation, acts on behalf of the contracting officer to oversee government property in the hands of a contractor. If a property administrator is not available, the COR will accomplish these duties.

Note: CORs should (1) inventory the GFP before signing it over to the contractor, (2) deliver government property to the contractor on time so as not to delay contractor performance, and (3) ensure adequate property-control procedures. During contract performance, CORs should report loss, damage, or destruction of GFP to the contracting officer. In addition, CORs should supervise the return of GFP upon contract completion or when the contractor no longer requires the property.

Property Responsibilities

The contractor has certain responsibilities related to GFP.

- Develop a property control plan
- Report and investigate loss, damage, and destruction of GFP
- Use GFP only as authorized in the contract
- Conduct periodic inventories
- Request approval of repair or modification to GFP from the property administrator and administrative contracting officer
- Request disposition of excess government property from the property administrator

- Submit timely reports, as established in the contract, to the property administrator

The following are COR responsibilities related to GFP.

- Ensure that the equipment provided or purchased is actually needed for the performance of the contract
- Ensure the proper utilization, maintenance, and protection of GFP in performance of the contract
- Treat leased equipment just as any other piece of United States-owned equipment

Property Disposition

Disposition must be conducted according to the applicable laws and regulations (see FAR Subpart 45.6, *Reporting, Reutilizing, and Disposal*). GFP may be disposed of through numerous processes.

- It may be scrapped through an approved scrap procedure.
- It may be transferred, donated, sold, directed to be destroyed, or even abandoned.

Contract Termination

A contractor's failure to perform an action as required by the contract can be considered a default in performance. The contracting officer must issue a formal *cure notice* immediately. The cure notice specifies the deficiency in contractor performance and directs that it be cured within a specified time, usually 10 days.

If the failure is determined to be inexcusable or a response is not received within the allotted time, the contracting officer initiates withholding action on all contract payments and determines whether a termination for cause (for commercial items), termination for default (for

government-unique items), or other action would be in the best interest of the government.

Termination for Convenience of the Government

Under the Termination for Convenience clause, the government has the right to cancel a contract when doing so is in the best interest of the government, notwithstanding the contractor's ability and readiness to perform. The government may terminate a contract for convenience if the supply or service is no longer needed, the contract is no longer affordable, it is impossible for the contractor to perform as specified in the contract (through no fault of the contractor), or the requirement has changed radically.

A termination for convenience allows the contractor to submit a settlement proposal for the work that has been accomplished under the contract up to the effective date of the termination, including the cost associated with any work in progress. The contracting officer and the contractor then negotiate a settlement agreement. The contractor is entitled to be reimbursed for costs for work completed.

Note: The COR's responsibilities are essentially the same in terminations for convenience, default, or cause: keep the contracting officer informed, provide recommendations to the contracting officer and requiring unit, review settlement proposals, and document the file.

Termination for Cause or Default

The government may, by written notice, terminate the contract for the contractor's failure to do the following.

- Deliver supplies or perform services within a specified time
- Make progress, thereby endangering contract performance
- Perform any other provisions of the contract

Because the government is not liable for work not accepted, the termination for cause or default has a greater adverse consequence on contracts for supplies than on service contracts.

A termination for cause or default is improper if the required notice and opportunity to cure the situation is not given to the contractor. The cure notice must provide for a 10-day cure.

Another type of delinquency notice is called show cause. This is used as a means of discovering any excusable cause or default of the contractor's failure to perform. The following are examples of excusable failure to perform.

- Acts of God
- Acts of a public enemy
- Acts of government
- Natural disasters such as fires, floods, and earthquakes
- Epidemics
- Quarantine restrictions
- Strikes
- Freight embargoes

Disputes and Appeals

Disputes between a contractor and the contracting officer may occur when a controversy develops as to the interpretation of the contract terms. Any differences with the contractor should not interfere with timely performance of the contract. All contracts contain a disputes clause (FAR 52.233-1, *Disputes*) that presents the procedures to be followed in case of any unresolved disagreements between contractors and the contracting officer. The COR will play a key role in advising the contracting officer as to the intent of specifications or provisions of the contract that may be the subject of dispute. Therefore, the COR should know the contract and

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create and keep the documentation required to state a position, in writing, to help the contracting officer. The contracting officer must respond promptly with a written decision, including the reasons for each dispute received. Unless appealed within certain time limits, the contracting officer's decision becomes final and is not subject to review. Because the government must pay interest on claims that are in dispute, the COR must provide the contracting officer with the necessary documentation promptly. DFARS 233.2, *Disputes and Appeals*, provides specific instructions concerning disputes, contracting officer decisions, and appeals.

CORs should be prepared to submit various forms of documentation and correspondence developed during the course of a contract. CORs also should be prepared to give verbal testimony before the Government Accountability Office, the General Services Administration Board of Contract Appeals, the Armed Services Board of Contract Appeals, or a court of the judicial system in connection with disputes or other contractual matters. The completeness, accuracy, and currency of the COR's records may determine who prevails—the government or the contractor.

The following are warning signs of potential disputes.

- Failure to meet performance deadlines
- Repeated safety violations
- Repeated incidents of poor quality work
- Complaints from site workers
- Prolonged delays
- Persistent complaints regarding government employees or inspectors
- Complaints from subcontractors

Disputes often can be resolved through an alternative disputes resolution (ADR) process. The ADR process offers the following advantages.

- Reduced settlement time
- Expertise and objectivity of a neutral advisor
- Privacy
- Reduced costs

The COR supports the ADR process by providing surveillance documentation and reports supporting the government's position.

COR Working File

The COR is required to maintain a working file—in hard copy, electronically, or both. The working file contains records relating to the COR's duties during the life of the contract. In addition, the COR is charged with safeguarding all procurement-sensitive, business-sensitive, and proprietary information in the files.

The contents of the COR working file will vary according to the size and complexity of the contract. Appendix 8 contains a checklist of minimum COR file contents. However, good judgment and experience on the part of the COR will determine what is necessary for CORs to maintain in their files.

Note: The COR working file should be considered confidential and be safeguarded appropriately.

The COR working file is a part of the official contract file and must be maintained according to the contracting officer's instructions. The following are key procedures related to the COR file.

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- Maintain a separate, current COR working file for each contract.
- As a matter of practice, prepare a memorandum for record no later than 1 business day after significant meetings or discussions with the contractor or the contracting officer, including telephone conversations and trip reports.
- Clearly index all documents and file them by category, in chronological order, in a suitable folder. Examples of document categories are memoranda for record, inspections, trip reports, minutes of meetings, and conferences. The goal is to organize the records in a way that allows for rapid access to information by the COR and inspection by the contracting officer and other authorized officials.
- Forward any correspondence received from the contractor to the contracting officer, and retain a copy in the COR working file.
- Send copies of all correspondence the COR prepares to the contracting officer.
- Mark the contract number clearly on all documents and file folders.
- Make the COR working file available for review by the contracting officer and other authorized officials. The contracting officer will schedule an appointment with the COR for review of the COR file. At a minimum, the contracting officer should review the COR file on a yearly basis and annotate the file with the results of the review to include finding and any recommended actions.
- Retain records that pertain to unsettled claims, open investigations, cases under litigation, or similar matters until final clearance or settlement.
- Upon completion or termination of the contract (or as otherwise directed by the contracting officer), forward the COR working file to the contracting officer for retention in the official contract file.

- Upon termination of a COR appointment or designation, promptly transfer the COR files to the successor COR, or forward them to the contracting officer, as instructed by the contracting officer.

Note: The COR should receive the working file related to the contract from the contracting officer during COR training. If key documents are missing from the file, the COR should contact the contracting officer to obtain copies.

Do's and Don'ts for Contract Monitoring

Table 5 outlines the do's and don'ts for contract monitoring.

Do's	Don'ts
Set a level of monitoring consistent with the type of contract, the complexity of the supply or service, and the importance of the contract to the overall program.	Assume that "no news is good news."
Read progress reports and immediately act on problems they reveal.	Wait until delivery is due or overdue to check progress.
See that the contractor complies with every requirement of the contract.	Take action against a delinquent contractor on your own. Work through the contracting officer.
Immediately contact the contracting officer when deficiencies or delinquencies are noted.	Order, request, or even suggest that the contractor do work that is not called for by the contract.
Use the contractor's invoices to help monitor the technical progress.	Act as if you are the contractor's personnel manager. The COR reviews and approves or disapproves; the contractor supervises contractor personnel.
	Assume the contractor billings are correct.

Table 5. Do's and Don'ts for Contract Monitoring

Chapter Acronyms

ADR – Alternative Dispute Resolution
COR – Contracting Officer’s Representative
DCMA – Defense Contract Management Agency
DFAC – Dining Facility
DFARS – Defense Federal Acquisition Regulation Supplement
FAR – Federal Acquisition Regulation
GFP – Government-furnished Property
PWS – Performance Work Statement
SOO – Statement of Objectives
SOW – Statement of Work

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Chapter 9 Monitoring Service Contracts



Monitoring Service Contracts

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- Personal and Nonpersonal Services
- Contractor Inspection Clauses for Service Contracts
- Performance Work Statements for Service Contracts
- Contract Assurance Surveillance Plans for Service Contracts
 - Quality Assurance Surveillance Plan (QASP) Composition and Method
 - Contract Surveillance Checklist
- Incident Reporting
- Private Security Contractors
- *Contract Work Hours and Safety Standards Act*

Personal and Nonpersonal Services

A service contract may be either for personal services or for nonpersonal services. It can also cover services performed by either a professional or nonprofessional entity, whether an individual or an organization. A personal services contract is a contract that, by its express terms or as administered, makes the contractor personnel appear to be, in effect, government employees.

Personal services are characterized by the employer-employee relationship created between the government and the contractor's personnel. Obtaining personal services by contract rather than by direct hire circumvents civil service laws unless Congress has specifically authorized acquisition of the services by contract. (Agencies may not award personal service contracts unless specifically authorized by statute.¹) An employer-employee relationship under a service contract occurs when, as a result of the contract's terms or the manner of its

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administration during performance, contractor personnel are subject to the relatively continuous supervision and control of a government officer or employee. The following are typical of a personal services contract.

- Performance is on-site
- Principal tools and equipment are furnished by the government
- Services directly support the integral effort of an entity to accomplish its assigned function or mission
- Comparable services, meeting comparable needs, are performed in the same or similar agencies using civil service personnel

The need for the type of service provided can reasonably be expected to last beyond 1 year.

The inherent nature of the service or the manner in which it is provided reasonably requires, directly or indirectly, government direction or supervision of contractor employees.

The Federal Acquisition Regulation (FAR) defines a nonpersonal services contract as “a contract under which the personnel rendering the services are not subject, either by the contract’s terms or by the manner of its administration, to the supervision and control usually prevailing in relationships between the government and its employees.” Stipulating the employees’ duty hours, requiring individuals to report to a government person, requiring the contractor’s employees to complete certain inherently governmental forms, maintaining contractor personnel records such as time cards, and granting leave requests are examples of actions that are grounds for the nonpersonal services contractor to initiate a claim against the government. The post-award administration of a nonpersonal services contract is a critical time to use caution to prevent nonpersonal service contracts from becoming personal. The contracting officer’s representative (COR) must be vigilant. This is a critical area and one that exposes the COR and the government to liability. The solution is to write an excellent statement of objectives/statement of work/

performance work statement (SOO/SOW/PWS) that specifies the duty hours and the contractor's arrangement for supervising its employees.

When contracting for services, it is government policy to use performance-based contracting methods and to contract for nonpersonal services rather than personal services to the maximum extent practicable.

Contractor Inspection Clauses for Service Contracts

FAR 52.246-1, *Contractor Inspection Requirements*, addresses contractor inspection requirements as follows:

The contractor is responsible for performing or having performed all inspections and tests necessary to substantiate that the supplies or services furnished under this contract conform to contract requirements, including any applicable technical requirements for specified manufacturers' parts.

The related clauses specific to services contracts include the following.

- FAR 52.246-4, *Inspection of Services—Fixed-Price*, FAR 52.246-5, *Inspection of Services—Cost-Reimbursement*, and FAR 52.246-6, *Inspection—Time-and-Material and Labor-Hour*, require the contractor to provide and maintain an inspection system acceptable to the government covering the services to be performed under the contract, to keep complete records of contractor-performed inspection, and to make such records available to the government during the term of the contract.
- FAR 52.246-14, *Inspection of Transportation*, requires the contractor to furnish government representatives with the free access and reasonable facilities and assistance required to accomplish their inspections and tests.

At a minimum, the contractor's records must indicate the nature of the observations, the number of observations made, and the number and type

of deficiencies found. The inspection records must also indicate the acceptability of the services and actions taken to correct deficiencies. The COR must ensure that the contractor complies with this contract requirement.

Performance Work Statements for Service Contracts

The PWS defines the contract's performance requirements, that is, the work to be accomplished. Defining the performance requirements includes identifying required outputs, key performance indicators or performance characteristics, and acceptance standards.

There is no standard template or outline for a PWS. The FAR requires only that agencies, to the maximum extent practicable, do the following.

- Describe work in terms of required results rather than *how* the work is to be done or the number of hours to be provided
- Enable assessment of work performance against measurable performance standards
- Rely on measurable performance standards and financial incentives in a competitive environment to encourage innovation and cost-effective methods of performing the work

Quality Assurance Surveillance Plans for Service Contracts

A QASP is an important tool that the COR can use as a guide for systematically and effectively monitoring the quality of the services received and compliance with the terms of the contract. It also is used as a guide for determining if and when the government needs to intercede and perhaps terminate a contract, as well as for determining if and when the government needs to exercise contract options. (Options should be

exercised after assessing the incumbent's performance under the current contract and testing the market to ensure a fair and reasonable price for conduct of services.) In firm-fixed-price contracts, the purpose of surveillance is to identify any factors that may delay performance, particularly when it becomes necessary for the government to accept performance shortfalls from contractually established standards.

Typically, the requiring unit that drafts the SOO/SOW/PWS also develops the QASP and surveillance methods, tailoring them to meet specific contract requirements and operating conditions. The QASP details how and when the government will survey, observe, test, sample, evaluate, and document contractor performance. It also outlines the corrective procedures to be taken against the contractor for deficient performance, for example, issuing discrepancy reports that require corrective action responses, taking deductions from payments in firm-fixed-price (FFP) contracts (where such provisions have been made), and submitting recommendations to the contracting officer about the nature and significance of any performance shortfalls.

Not every contract, delivery order, or task order requires a QASP. Such a plan is mandatory, though, for any contract, task order, or delivery order for services over the simplified acquisition threshold. Therefore, contracts for services, including time-and-material and labor-hour contracts, must include QASPs to facilitate assessment of contractor performance. These plans must be prepared in conjunction with the preparation of the SOO/SOW/PWS and should be tailored to address the performance risks inherent in the specific contract type and the work effort addressed by contract.

The objective of contract surveillance is to monitor contractor performance to assure the services received are consistent with contract quality requirements and received in a timely manner. To be effective, contract surveillance requires appropriate and immediate on-site monitoring of the services being performed. On-site monitoring should include periodic verification and analysis of the services performed. The

effectiveness of contract surveillance depends on keeping the contracting officer timely informed of deviations from the contractual requirements. The objective of surveillance is to determine if and when to intercede and terminate a contract, when to take other appropriate corrective actions, and if and when to exercise contractual options.

The contracting officer includes the QASP as part of the COR appointment or designation letter, either within the letter itself or as an attachment. The surveillance procedures must be discussed at the post-award conference, or otherwise, to ensure that all parties understand them.

Because it is developed and used by the government, the QASP can be modified at any time. The decision to change the plan depends largely on the contractor's demonstrated capability to carry out its quality control plan effectively.

QASP Composition and Method

The QASP should address the following topics.

- Purpose
- Roles and responsibilities
- Procedures
- Methods of assessment
- Successful performance and remedies
- Certification of services
- Sample of contract discrepancy report
- Complaint procedures and training instructions
- Abbreviations

At a minimum, the QASP should do the following.

- Provide a schedule for periodic on-site inspections, floor checks, and audits of contractor's billings to ensure that costs being charged to

the contract are legitimate and reasonable. Specify how often (weekly, monthly) inspections will occur.

- Identify what will be checked during an inspection, how it will be checked, and what type of sample will be used (random, 100 percent). For example, “Once every month, technical bulletin revisions will be inspected to assess the quality of work and progress toward completion. The revisions will be read for quality and accuracy. Random sampling will be done as work progresses. Near contract completion, a 100 percent inspection will be done.”
- Describe the method that will be used for checking cost-type contract invoices to ensure that only those labor categories used for the performance of a task or project are invoiced to the government. Describe how material or supplies will be delivered and accepted under a cost or fixed-price type contract. Identify the frequency for inspections of time cards and payroll records. Specify the policy for delivery and acceptance procedures.
- For cost-type contracts, explain how the contracting officer will ensure that the prime contractor has obtained adequate competition when acquiring materials. For example, state in the QASP that contractor’s acquisition of materials by competition will be checked for charges over a certain amount of money.
- Explain how the contracting officer will ensure that progress payments on fixed-price contracts do not exceed the quality and quantity of work completed and that payment is made in accordance with the Progress Payment clause. For example, state that the quantity and quality of work will be inspected to determine if the work completed to date justifies the amount of payment to be made.

Effective use of the QASP, in conjunction with the contractor’s quality control plan, will allow the government to evaluate the contractor’s success in meeting the specified contract requirements. Surveillance

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should be increased if the contractor begins to experience problems or difficulties in performance, financial strength, management, quality assurance, or accounting system.

Each inspection made by government inspectors must be scheduled and the results must be documented and filed for further reference, audit, and proof of inspection. User complaints, unsatisfactory contract performance, equipment breakdown, meetings, and other similar issues should also be documented and filed. This documentation could be in the form of a contract deficiency report, minutes of meetings, annotations on tally checklists, correspondence, and so forth.

Contract Surveillance Checklist

The COR should use a contract surveillance checklist to ensure correct performance of COR duties. Appendix 8 contains a checklist for contract surveillance.

Incident Reporting

It is important for CORs to know that contractors are required to report offenses alleged to have been committed by or against contractor personnel to appropriate investigative authorities and may need to help the contractor locate the appropriate authority. Victim and witness protection and assistance to contractor personnel in connection with alleged offenses will be provided.

Private Security Contractors

The Department of Defense's (DoD) increased use of private security contractors (PSC) has led to increased scrutiny regarding the management of these contractors. A private security contractor, as defined by DoD Instruction (DoDI) 3020.50, *Private Security Contractors Operating in Contingency Operations*, is a company employed by DoD to perform private security functions, under a covered contract, during contingency

operations. In a designated area of combat operations, the term PSC expands to include all companies employed by United States (US) government agencies performing private security functions under a covered contract. Chapter 3 states that contractors (including PSCs) are not authorized to perform inherently governmental functions; they are limited to a defensive response to hostile acts or demonstrated hostile intent.²

The COR must report the following types of incidents involving PSCs.

- A weapon is discharged by an individual performing private security functions.
- An individual performing private security functions is killed or injured in the performance of their duties.
- A person other than an individual performing private security functions is killed or injured as a result of conduct by PSC personnel.
- Property is destroyed as a result of conduct by a PSC or PSC personnel.
- Misconduct by a PSC or PSC personnel has been alleged.
- An individual performing private security functions has come under attack, including cases where a weapon is discharged against an individual performing private security functions or personnel performing such functions believe a weapon was so discharged.
- Active, nonlethal countermeasures (other than the discharge of a weapon) are employed by PSC personnel in response to a perceived immediate threat in an incident that could significantly affect US objectives with regard to the military mission or international relations.

The COR documents the incidents in a designated common database (per DoDI 3020.50, *Private Security Contractors Operating in Contingency Operations*).

Contract Work Hours and Safety Standards Act

Depending on the nature of the contract and the COR's appointment or designation letter, the COR may get involved with reviews of the contractor's time charges. The Contract Work Hours and Safety Standards Act (40 United States Code [USC] 3701, *Contract Work Hours and Safety Standards Act – Overtime Compensation*) requires that certain contracts contain a clause (FAR 52.222- 4) specifying that no laborer or mechanic doing any part of the work contemplated by the contract may be required or permitted to work more than 40 hours in any workweek unless paid for all additional hours at not less than one and a half times the basic rate of pay.

Violations of the act may be detected during a labor interview; a part of the interview requires the employee to divulge the total number of hours he or she has worked during the previous week. Contractors in violation of this contract provision must pay back wages owed the employee plus liquidated damages per day per affected employee. This amount can be withheld from monies owed the contractor under the contract or from any other contract that the contractor has with the federal government.

Notes

1. See 5 USC 3109, *Employment of Experts and Consultants; Temporary or Intermittant*.
2. DoDI 3020.50, *Private Security Contractors Operating in Contingency Operations*, 22 July 2009.

Chapter Acronyms

COR – Contracting Officer's Representative
DoD – Department of Defense
DoDI – Department of Defense Instruction
FAR – Federal Acquisition Regulation
FFP – Firm-Fixed Price
PSC – Private Security Contractor
PWS – Performance Work Statement
QASP – Quality Assurance Surveillance Plan
SOO – Statement of Objectives
SOW – Statement of Work
US – United States
USC – United States Code

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Performance and Payment Bonds

The *Miller Act* requires contractors to furnish performance and payment bonds for construction contracts over \$100K. Bonds are similar to an insurance policy. A bond is a written instrument between the contractor and a third-party surety to ensure fulfillment of the contractor's obligation to the government and to suppliers of labor and material for a given project. Performance bonds protect the government from default by the prime contractor and are required in the amount of 100 percent of the original contract price in construction contracts (see Federal Acquisition Regulation [FAR] 52.228-15, *Performance and Payment Bonds—Construction*). Payment bonds protect suppliers of labor and materials in the event that the prime contractor does not reimburse the subcontractors. Payment bonds are required because construction subcontractors do not have the legal right to place liens against real property of the government in the form of mechanics' liens.

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Such liens can be placed against real property by subcontractors in civilian contracting if the prime contractor does not reimburse the subcontractors.

Contractor Inspection Clauses

When construction contracts are in excess of the simplified acquisition threshold, the contractor is required by FAR 52.246-12, *Inspection of Construction*, to maintain an inspection system.

The contractor shall maintain an adequate inspection system and perform such inspection as will ensure that the work performed under the contract conforms to contract requirements. The contractor shall maintain complete inspection records and make them available to the government. All work shall be conducted under the general direction of the contracting officer and is subject to government inspection and test at all places and at all reasonable times before acceptance to ensure strict compliance with the terms of the contract.

The contractor must make its records of inspection available to the government. At a minimum, the contractor's records must indicate the nature of the observations, the number of observations made, and the number and types of deficiencies found. The records also must indicate the acceptability of the work and the actions taken to correct deficiencies. The COR must ensure that the contractor complies with this contract requirement.

Correction of Deficiencies

In accordance with the Inspection of Construction clause, the contractor must replace materials or must correct workmanship not conforming to the contract requirements at no additional cost to the government. In addition, the contractor is subject to any liquidated damages specified in the contract or actual damages incurred by the government. If the contractor fails to correct deficiencies, the general provisions of the

contract provide for specific actions to be taken by the contracting officer, as follows:

- Replace or correct the item or work at the contractor's expense. This may be accomplished by award of a new contract or by use of the government's own resources.
- Accept the items with a reduction in price. This action is accomplished by formal modification to the contract. The reduced price is based upon the reasonable value of the item, considering the possible cost of correcting the item.
- Terminate the contract for default. This action is taken only as a last resort. If the item or work must be reprocured, the contractor is normally liable for excess costs incurred by the government.

The COR may not take any of these actions, but must ensure timely notice of deficiencies to the contracting officer.

Liquidated Damages

Liquidated damages are required in Department of Defense (DoD) construction contracts over \$500K but may be used in contracts under this threshold if the contracting officer determines that the government may suffer a loss if the project is not completed on time. Liquidated damages are amounts agreed to and settled on in advance to avoid litigation. They are based on the damage one party may incur if the other does not complete the contract on time. Because they are determined prior to award of the contract, they can be only estimates and may not be the actual damages that the party ultimately may incur. The amount does not have to be the exact damages that may be incurred but must show some reasonable relationship to the anticipated damages. If there is no reasonable relationship to the anticipated damages, the liquidated damages will be determined to be a penalty and will not enforceable. The

contract must contain a clause limiting the amount of liquidated damages that can be assessed a contractor. The government is entitled to the amount of liquidated damages agreed to unless the contractor has encountered an excusable delay.

The COR must keep accurate notes and records. For example, contractors normally dispute the number of days that have been assessed and not the liquidated damage rate. Consequently, the COR must keep adequate daily records of weather or any conditions that may affect the completion of the contract. Contracting officers have the final authority as to whether or not they will enforce liquidated damages if the delay is excusable.

Differing Site Conditions

One of the major risks of a construction project is the type of subsurface or other latent physical condition that will be encountered. If bidders were required to assume the full risk of these conditions, they would either have to examine the site extensively or include contingencies in their bids to protect themselves against potential unfavorable conditions. On the other hand, the government normally has obtained information concerning site conditions during its design of the project prior to soliciting bids and wants to avoid the disruption and bidding expense that would be involved if each bidder were to make borings or other extensive investigations. The government's response to this situation has been to make its information about the site available to bidders, to admonish bidders to make reasonable site investigations, and to relieve the contractor from the risk of certain types of unexpected unfavorable conditions while protecting the government if the conditions turn out to be more favorable than expected.

Differing site conditions are separated into two categories. Relief for a Category I condition depends on whether the contractor has encountered a subsurface or latent physical condition differing materially from

conditions that are indicated in the contract documents or may be implied from other language in the contract documents. To recover for a Category II condition, the contractor must demonstrate that the condition was unknown and that it was unusual, differing materially from conditions ordinarily encountered and generally recognized as inherent in work.

Contractual Rights of the Government

A contractual right of the government cannot be waived, nor may a contract be modified for the convenience of a contractor. However, it may be in the best interest of the government not to reject the materials or services of a construction contract because of resultant utilities shut-off, downtime of equipment or facilities, excessive inconvenience to users or occupants, or other reasons unique to the contract—costs that may not be recoverable from the contractor as damages. If it is desired to accept work that essentially meets the needs of the government but does not conform to the requirements of the contract, the COR must furnish the contracting officer recommendations to accept the work, along with findings on all points in which the work fails to meet contractual requirements and an estimate of the time required (and cost decrease, if applicable) for the contractor to complete performance. The contracting officer may extend the contract completion date by formal modification to allow the contractor to correct deficient work.

Progress Payments

FAR 52.232-5, *Payments under Fixed-Price Construction Contracts*, provides that the contractor is entitled to progress payments monthly as the work proceeds, or at more frequent intervals as determined by the contracting officer. This clause further permits a maximum retention of 10 percent of the amount of the payment until satisfactory progress is achieved, unless a lesser retention percentage is approved by the contracting officer. For progress payments, the contracting officer should

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advise the contractor prior to commencement of on-site work to furnish a breakdown of the total contract price showing the amount for each principal category of the work. Such breakdown should be in as much detail as requested by the contracting officer, to provide a basis for processing progress payments. The categories of work shown on the contractor's request for progress payment may be the same as set forth in the progress schedule approved by the contracting officer in accordance with FAR 52.236-15, *Schedules for Construction Contracts*, which is included in all construction contracts having a performance period exceeding 60 days. A detailed breakdown is not needed for final payments under a contract line item.

FAR 52.232-5 also requires the following.

Along with each request for progress payments, the contractor shall furnish the following certification, or payment shall not be made: I hereby certify, to the best of my knowledge and belief, that (1) The amounts requested are only for performance in accordance with the specifications, terms, and conditions of the contract; (2) Payments to subcontractors and suppliers have been made for previous payments received under the contract, and timely payments will be made from the proceeds of the payment covered by this certification, in accordance with the subcontract agreements and the requirements of 31 USC 39; and (3) This request for progress payments does not include any amounts that the prime contractor intends to withhold or retain from a subcontractor or supplier in accordance with the terms and conditions of the subcontract. This certification is not to be construed as final acceptance of a subcontractor's performance.

The COR must screen each invoice for progress payments and the above certification, and compare the total amount invoiced with the progress reports to ensure that the percentage of the amount invoiced is not excessive relative to the percentage of work accomplished. The COR must ensure that quantities, percentage of work completed, list of materials delivered to the job site, and monetary amounts are accurately stated on all receipts and acceptance documents. The COR must forward a copy of each receipt and acceptance document, processed in connection with

progress or final payments, to the contracting officer concurrent with forwarding the document to the paying office. The COR is responsible for ensuring that payments to the contractor are processed promptly.

Suspension of Work

The government includes the Suspension of Work clause in all fixed-price construction contracts and in architect-engineer contracts. The Suspension of Work clause allows the contracting officer to suspend a contractor's performance for a reasonable period of time. If the suspension is unreasonable, the contractor may be entitled to reimbursement of certain costs that can be attributed to the delay. Ordered suspensions covered by the Suspension of Work clause can be compensated for only if they result in unreasonable delay. A suspension of work differs from a stop work order, which is used in negotiated contracts for supplies and services.

The CORs must maintain adequate records for any actions taken under the Suspension of Work clause. Adequate records may reveal that the contractor contributed to the suspension, that the contractor may not have been damaged by the suspension, or that the government's suspension was reasonable. COR records are vital in determining the amount of monies that the contractor may be entitled to if the suspension is determined to be unreasonable.

As prescribed in FAR 42.1305 (a), *Contract Clauses*, the contracting officer must insert the following clause in solicitations and contracts when a fixed-price construction or architect-engineer contract is contemplated.

Suspension of Work: The contracting officer may order the Contractor, in writing, to suspend, delay or interrupt all or any part of the work of this contract for the period of time that the contracting officer determines appropriate for the convenience of the government.

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If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of the contracting officer in the administration of this contract, or (2) by the contracting officer's failure to act within the time specified in this contract (or within a reasonable time if not specified), an adjustment must be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the contract modified in writing accordingly. However, no adjustment may be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the contractor, or for which an equitable adjustment is provided for or excluded under any other term or condition of this contract. A claim under this clause must not be allowed (1) for any cost incurred more than 20 days before the contractor has notified the contracting officer in writing of the act or failure to act involved (but this requirement may not apply as to a claim resulting from a suspension order), and (2) unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the contract.

Chapter Acronyms

COR – Contracting Officer's Representative

DoD – Department of Defense

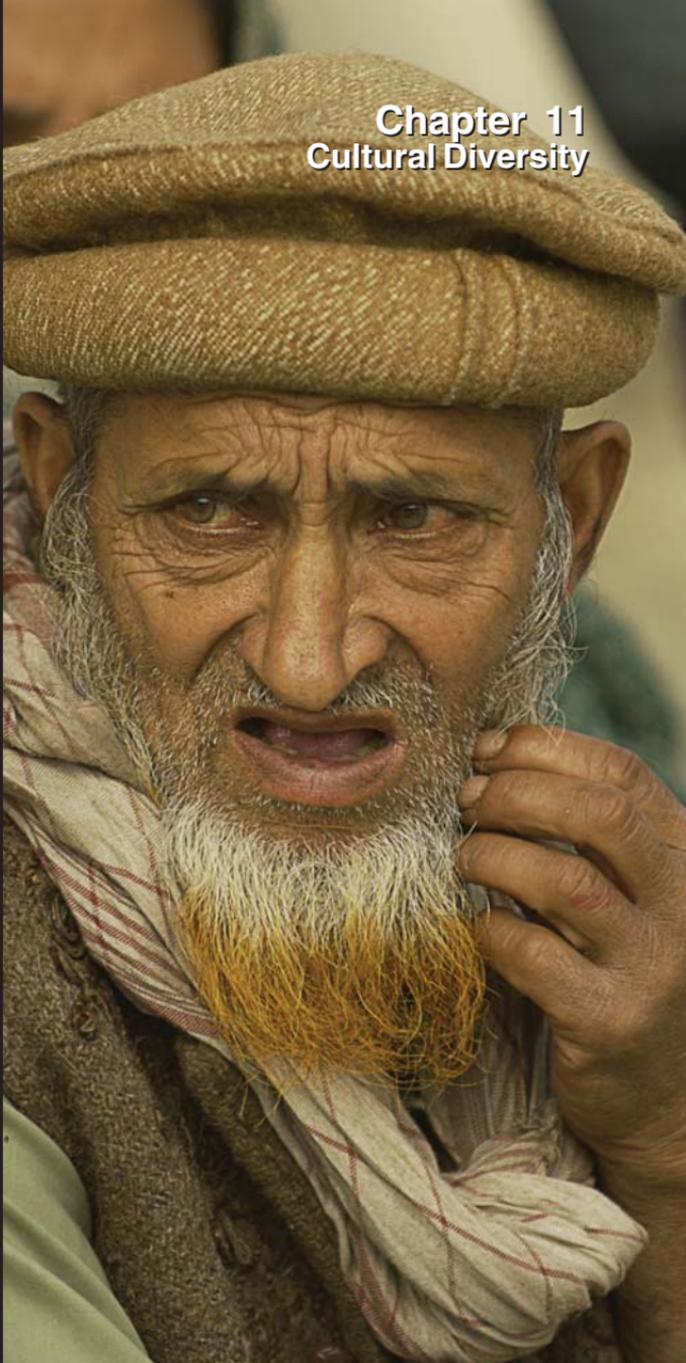
FAR – Federal Acquisition Regulation

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Chapter 11 Cultural Diversity



Cultural Diversity

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Cultural Awareness

A Defense Science Board report, *Understanding Human Dynamics*, explains that cultural awareness is increasingly important in contingency situations.¹

By its very nature, an individual's culture is largely unconscious, stemming from a collection of beliefs and behaviors the individual often takes for granted without constant assessment. However, understanding what defines one's own culture can help one to understand foreign cultures and vice versa. For example, a member of the US [United States] military may assume that others share his or her beliefs about *equality* or *democracy*, that a lack of punctuality is a sign of disrespect or laziness, and that his or her good intentions as an American soldier, sailor, airman, or marine are self-evident. Often these are good assumptions [but] at other times, they are dangerously inappropriate.

Contracting officer's representatives (COR) who work with local nationals or third country nationals should be aware of the total spectrum of communication: language, nonverbal communication, customs, perceived values, and concepts of time and space. Not understanding all the ways the local population communicates can lead to serious misinterpretation and possible failure of the contract.

In some non-Western cultures, contractors confronted by criticism may react by interpreting the facts to suit themselves or flatly denying the facts. This can cause problems for a COR. Therefore, CORs should take a very indirect approach toward any corrective action. For example, when answering questions that require a “yes” or “no” answer, such as “Do you understand?” the contractor (who may be preoccupied with appearances and politeness) may automatically answer “yes,” whether the answer is true or not.

The polite way for many non-Westerners to say “no” is to say, “I’ll see what I can do,” no matter how impossible the task may be. Another common phrase is “in sha’ Allah,” which means “if it is God’s will” (a more realistic translation: it is not going to happen). Remember that “yes” does not always mean yes. After every meeting with a contractor, the COR should prepare meeting minutes and ask the contractor to review and accept or reject the minutes.

Cultural Differences

The COR needs to consider cultural differences when monitoring contracts overseas. Listed below are some examples of differences that can affect how a contract may need to be managed.

- Americans value equality and believe that they will become successful if they work hard. In the Middle East, family status is more important to success. For example, to become a police officer in Saudi Arabia, a person must be related to the King, even if remotely, like a third cousin.
- Americans value competition, but in many places of the world, cooperation is more important. This cultural difference can lead to collusion among contractors proposing on contracts. For example, contractors may decide which one of them will get the next contract.
- Americans value individuality. In places like the Middle East, the group or tribe is more important than individuals and may be key to an individual’s success.

- In the Mediterranean, South American, and Asian cultures, extended family is very important.
- In many countries, age is more important than youth. Tribal people in the Middle East value the elders due to their knowledge of the tribe; if they had a choice, they would rather a child die than an elder. A child can be replaced while an elder's knowledge cannot.

To work effectively with people from other cultures, the COR should keep the following tips in mind.

- Be careful when using first names. First names may mean a lifelong relationship. Therefore, be careful to use only last names unless the relationship is sincerely close. Using first names too freely may hurt the COR's reputation and possibly the business relationship.
- Learn the local way of handling criticism and making a point properly. Constructive criticism is often viewed as a personal attack.
- Learn key phrases in their language, such as hello, goodbye, please, and thank you. People from other countries often know more than one language, while Americans generally know only English. Most foreigners go more than half way when they learn English. They will greatly appreciate the COR who tries to meet them part way.
- Avoid discussing religion and politics, asking highly personal questions, and making ethnic jokes.
- Find different ways of saying "no" without actually saying "no." For example, the COR could say "I'll see what I can do." Americans appreciate an honest answer, but in many cultures, an evasive answer is the norm, because people from such cultures do not want to disappoint others. In some cultures, "no" is interpreted as an expression of personal dislike.
- Be sensitive to ethnic or national sensitivities. For example, do not refer to people from Okinawa as Japanese, and do not refer to the

Arabian Gulf as the Persian Gulf when speaking to a Saudi. In other cases, not knowing or not distinguishing the difference between nationalities can cause hard feelings. Do Canadians like being grouped in with Americans? Do the Scots like being referred to as English?

Working in another culture can be an exciting experience. CORs may make friends for life and do things they never thought possible. However, CORs must be careful when dealing with foreign contractors. There is a thin line between working within the foreign culture and violating US laws. Even the best intentions can land someone in jail. CORs must be careful and understand their limitations. Even if it is legal to do something, it does not necessarily mean it should be done. The COR should consult the legal office about such concerns.

Business Culture

CORs meet with contractors routinely. When scheduling meetings, CORs must ensure that the needs of the government are met, while not unnecessarily exposing personnel to hostile forces. For example, the COR should not put personnel in harm's way to inspect a load of bottled water.

CORs must remember that non-Westerners often start meetings with small talk. Sometimes they may even have a meal together before turning to business. To put it another way, *getting down to business* is alien to some cultures. The COR should discuss this issue—particularly, the need to accept meals—with your leadership and the contracting officer.

Third world contractors may view time differently than Americans. The US Army's *hurry up and wait* mentality is often viewed as an insult. A COR may find that a contractor's approach to time is much slower and more relaxed than in American culture. This cultural difference can frustrate a COR to the point of being counterproductive. To be effective, the COR needs to understand the differences and work within the system, rather than forcing American ideas of urgency.

Americans love their personal space, but in many countries, such as in the Middle East, personal space is very small. In those countries, moving away from the person gives the perception you do not like them (and may be considered rude). Touching may be more or less prevalent. In the Middle East, holding hands for a long time, compared to a normal handshake, is common. Their handshake may be soft and may hold your hand for 30 seconds to a minute, which may be awkward for those who are not used to it.

Living patterns are very different in some countries. For example, in Saudi Arabia, nothing much gets done from June to September due to vacations. Also, CORs should be prepared for contractors to accomplish very little during Ramadan, a month-long Muslim holiday that is a time for spiritual purification achieved through fasting, self-sacrifice, and prayers.

Some contractors expect kickbacks, finder's fees, exchanges of gifts, or other gratuities that are illegal for US personnel to provide or accept. CORs must be vigilant to ensure that they do not violate standards of conduct. Typically, corruption is a COR's number one threat.

Note: CORs should use their understanding of the local culture to achieve successful outcomes. It takes understanding, planning, and patience when working with foreign contractors in a deployed environment. When communicating, CORs should use clear and concise language and should avoid jargon. Above all, CORs should keep a professional working relationship. They should take cultural factors into account, but should discern between cultural differences and excuses.

Language and Conversations

CORs may require interpreters in order to communicate effectively. English phrases and the local language should be spoken with caution to

avoid misinterpretation (for example, a COR may ask for a truckload of gravel and instead get a truckload of chickens). In addition, CORs must remember to use appropriate measures and equivalents in their requirements; most likely CORs are in countries that use the metric system. Do not expect local nationals to understand what 2" x 4" lumber is in metrics. (Appendix 5 contains metric conversions.)

Listed below are some guidelines on using an interpreter.

- Assess risk and ensure personnel safety.
- Speak in the first person and enunciate clearly.
- Use clear, straightforward sentences (but not “Me Tarzan, You Jane”-style sentences).
- Carry a notepad and take notes, as needed.
- Ask questions when not sure of a term, phrase, concept, or abbreviation.
- Do not engage in side conversations or become an advocate or mediator in the dialogue.
- Be constantly attuned to your audience’s comprehension level. Slow down, repeat, or elaborate as needed. Test the comprehension of both the audience and the interpreter.
- Be sensitive to cultural differences, and be careful not to be condescending.
- Use visual aids—a picture is worth a thousand words.
- Take steps to help the interpreter do the best possible job.
 - Try to spend a little time with the interpreter before the event begins. The speaker and interpreter should not work together *cold*.
 - Use visual aids—rehearse and translate with the interpreter in advance.
 - Remain in close proximity when you are speaking. Ideally, the interpreter should remain invisible.

- Allow time for the interpreter to translate what you have said.
- Do not distract the interpreter by passing notes, whispering, or participating in side conversations.
- Finally, if the COR's interpreter does not look good, the COR does not look good. Although it is the interpreter's responsibility to do an excellent job, the COR should be aware of ways in which he can assist the interpreter in that effort

Note: If the unit does not have an interpreter, the COR should ask the contracting officer for assistance.

Trafficking in Persons

According to the United Nations, human trafficking “involves the movement of people through violence, deception, or coercion for the purpose of forced labor, servitude, or slavery-like practices.” Traffickers use violence, threats, and other forms of coercion to force their victims to work against their will. For example, they control the victims' freedom of movement; where and when they will work; and what pay, if any, they will receive. Victims of human trafficking no longer control their lives; their lives belong to the trafficker who is holding them against their will. Human trafficking is not new and is actively practiced globally, especially in third-world countries where CORs are most likely operating.

The US military has a particular duty to act, because human trafficking is a direct threat to our national security. CORs must be aware of how contractors treat their employees. CORs are the first line of defense in the battle against human trafficking.

The following three-tier approach helps to combat human trafficking.

- Education and awareness.
 - All Department of Defense military personnel, civilian personnel, and contractors must receive mandatory trafficking in persons (TIP) awareness training.

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- Every COR must receive TIP awareness training. CORs must place their certificates of completion in their COR working files.
- Policy and enforcement. The contracting officer must ensure that contracts contain language to protect individual rights and to promote the rule of law in the host nation and in the labor recruiting process.
- Inspection. The COR must correct and report any suspected violations or activities to the contracting officer.

Note: The US military has zero tolerance for human trafficking. As a COR monitors the contractor and its employees, fighting human trafficking ranks among the COR's chief priorities. In deployed environments, CORs are too often unaware that trafficking occurs in the midst of hundreds of local nationals and third-country nationals working on their base camps. Traffickers treat their victims as nothing more than goods for sale to the highest bidder. Human trafficking is the third-largest criminal activity in the world. CORs are to report all violations to their contracting officers immediately.

If a contractor fails to comply with the TIP clause in the contract, he or she may be subject to one or more of the following disciplinary actions, as determined by the contracting officer.

- Required removal of a contractor employee or employees from the performance of the contract
- Required subcontractor termination
- Suspension of contract payments
- Loss of award fee for the performance period in which the government determined contractor noncompliance
- Termination of the contract for default, in accordance with the Termination clause of the contract
- Suspension or debarment

Government employees also are responsible for avoiding TIP-related actions such as the following.

- Buying or selling human beings
- Patronizing forced prostitutes or forced labor establishments
- Holding an employee's passport
- Confining employees to a disciplinary bunker, providing only food and water

Additional Guidance

Listed below are some sources of additional guidance on cultural awareness.

- The US Marine Corps Center for Advanced Operational Culture Learning (CAOCL) provides information about regional cultures and languages to help planning and operations in a Joint expeditionary environment. The CAOCL Web site (<http://www.tecom.usmc.mil/caocl/>) provides specific cultural links related to Operation Iraqi Freedom, Operation Enduring Freedom, United States Africa Command, United States Pacific Command, United States Southern Command, and United States Central Command.
- The Defense Language Institute Foreign Language Center offers culturally based education (including predeployment materials) in more than 40 languages. The center's Web site offers downloadable products for predeployment training, deployment use, or refresher training at <http://www.dliflc.edu/products.html>.
- The Air Force Air University Web site offers sociocultural and language resources at <http://www.au.af.mil/culture/index.htm>. One such resource is the Air Force Culture and Language Center's Expeditionary Skills Training Portal (<http://www.culture.af.edu/estPortal.html>) for those who are preparing to deploy.

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Notes

1. Office of the Under Secretary of Defense for Acquisition, Technology and Logistics [Online] Available: http://www.au.af.mil/au/awc/awcgate/dod/dsb_human_dynamics.pdf.

Chapter Acronyms 11

COR – Contracting Officer’s Representative

CAOCL – Center for Advanced Operational Culture Learning

DoD – Department of Defense

TIP – Trafficking in Persons

US – United States

Chapter 11 Notes
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Contents

- Receiving Reports
 - Standard Form (SF) 1449, *Solicitation/Contract/Order for Commercial Items*
 - Department of Defense (DD) Form 1155, *Order for Supplies or Services*
 - DD 250, *Material Inspection and Receiving Report*
 - Invoices Used as Receiving Reports
- Other Reports
 - DD 2772, *Contractor Discrepancy Report*
 - COR Monthly Report to the Contracting Officer
- SPOT Letter of Authorization
- Funding Forms
 - Air Force (AF) Form 9, *Request for Purchase*
 - Department of the Army (DA) Form 3953, *Purchase Request and Commitment*
 - Navy Comptroller (NAVCOMPT) Form 2276, *Request for Contractual Procurement*

Receiving Reports

Depending on the kind of contract, the COR uses one of the following receiving reports to document the government's acceptance of the delivered supply or service:

- SF 1449, *Solicitation/Contract/Order for Commercial Items*
- DD 1155, *Order for Supplies or Services*

- DD 250, *Material Inspection and Receiving Report*
- Invoices used as receiving reports

The COR most likely will use the SF 1449, DD 1155, or DD 250 (Table 6 is a crosswalk between the key blocks on these three forms). The COR also may use an agency-specific requirements package or SF 26, *Award/Contract*.

When partial supplies or services are required, once the initial receiving report is done on the SF 1449, the subsequent receiving reports are made with a DD 250.

The following three subsections depict the three forms and contain some instructions on completing them. The Office of Defense Procurement and Acquisition Policy (DPAP) provides further instructions on completing these forms, and links to the forms themselves, at <http://www.acq.osd.mil/dpap/pacc/cc/jcchb/Contingency%20Model/FormsPubsRegs/1aformssummary.html>. The fourth subsection addresses invoices used as receiving reports.

Standard Form 1449, Solicitation/Contract/Order for Commercial Items

The SF 1449, shown in Figure 7 on pages 194-195, is the most common receiving report for supplies and services for commercial items and is usually the first page of the contract. It is a streamlined document, but it still contains contract line item numbers (CLIN), delivery dates, funding, clauses, and the Statement of Objectives, Statement of Work, or Performance Work Statement (SOO/SOW/PWS).

When preparing the SF 1449, the COR should ensure completion of blocks 32a (check received and accepted), 32b (signature of official authorized to accept supplies/services), 32c (date supplies/services accepted), 32d (printed name and title of authorized representative), 32e (mailing address of authorized representative), 32f (telephone number),

Appendix 1 Forms

32g (e-mail address), 33 (shipment number), 35 (amount verified correct), 36 (payment: complete, partial, or final), 42a (printed name of receiver), and 42c (date received). The same name may appear in blocks 32d and 42a if the same individual both receives and accepts the supplies or services. If the receiver and acceptor are different individuals, the names in these two blocks will be different.

If partial payment is authorized, the COR should document the number of items or amount of services that have been received and accepted and the total dollars per line item to be paid.

Note: CORs must document partial payments carefully. Some contractors will understand the system better than the COR and may try to obtain double payments for the same work completed.

Note: CORs may see versions of SF 1449s that do not have the receiving information blocks at the bottom of the back of the form. If that is the case, CORs should use DD 250 as the receiving report.

As noted above, DPAP provides instructions for completing blocks 1 through 31c of the SF 1449. The contracting officer will complete blocks 1 through 30, with the exception of blocks 12, 17, 23, 24, and 30, which are completed by the contractor. The remaining blocks are the responsibility of those performing the receiving and payment functions.

SOLICITATION/CONTRACT/ORDER FOR COMMERCIAL ITEMS OFFEROR TO COMPLETE BLOCKS 12, 17, 23, 24, & 30				1. REQUISITION NUMBER 824	PAGE 1 OF 2
2. CONTRACT NO. W90WH9-09-0011		3. AWARD/EFFECTIVE DATE 23 Jun 09		5. SOLICITATION NUMBER W90WH9-09-T-0011	
7. FOR SOLICITATION INFORMATION CALL: ▶ John Jones		a. NAME		b. TELEPHONE NUMBER (No collect calls) (123)-456-7890	
9. ISSUED BY TFBSO TFBSO APO AE 09348		CODE W90WH9		10. THIS ACQUISITION IS <input checked="" type="checkbox"/> UNRESTRICTED OR <input type="checkbox"/> SET ASIDE: <input type="checkbox"/> SMALL BUSINESS <input type="checkbox"/> EMERGING SMALL BUSINESS <input type="checkbox"/> HUBZONE SMALL BUSINESS <input type="checkbox"/> SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS <input type="checkbox"/> (BIA)	
11. DELIVERY FOR FOB DESTINATION UNLESS BLOCK IS MARKED <input type="checkbox"/> SEE SCHEDULE		12. DISCOUNT TERMS Net 30 Days		13a. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700) <input type="checkbox"/>	
15. DELIVER TO TFBSO APO AE 09348		CODE W90WH9		13b. RATING 14. METHOD OF SOLICITATION <input checked="" type="checkbox"/> RFQ <input type="checkbox"/> IFB <input type="checkbox"/> RFP	
17a. CONTRACTOR/OFFEROR Company's Name Address City, State ZIP		CODE 2XKX2		18a. ADMINISTERED BY See Block 9	
FACILITY CODE		18b. PAYMENT WILL BE MADE BY DFAS ROME-HQ0302 DFAS RO-FPT 325 BROOKS ROAD ROME NY 13441-4527		CODE HQ0302	
TELEPHONE NO. (987)-654-3210		17b. CHECK IF REMITTANCE IS DIFFERENT AND PUT SUCH ADDRESS IN OFFER <input type="checkbox"/>		18b. SUBMIT INVOICES TO ADDRESS SHOWN IN BLOCK 18a UNLESS BLOCK BELOW IS CHECKED <input type="checkbox"/> SEE ADDENDUM	
19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT
	See Schedule				
<i>(Use Reverse and/or Attach Additional Sheets as Necessary)</i>					
25. ACCOUNTING AND APPROPRIATION DATA See Schedule				26. TOTAL AWARD AMOUNT (For Govt. Use Only) \$12,400.00	
<input type="checkbox"/> 27a. SOLICITATION INCORPORATES BY REFERENCE FAR 52.212-1, 52.212-4, FAR 52.212-3 AND 52.212-5 ARE ATTACHED. ADDENDA				<input type="checkbox"/> ARE NOT ATTACHED	
<input type="checkbox"/> 27b. CONTRACT/PURCHASE ORDER INCORPORATES BY REFERENCE FAR 52.212-4, FAR 52.212-5 IS ATTACHED. ADDENDA				<input type="checkbox"/> ARE NOT ATTACHED	
<input type="checkbox"/> 28. CONTRACTOR IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN COPIES TO ISSUING OFFICE. CONTRACTOR AGREES TO FURNISH AND DELIVER ALL ITEMS SET FORTH OR OTHERWISE IDENTIFIED ABOVE AND ON ANY ADDITIONAL SHEETS SUBJECT TO THE TERMS AND CONDITIONS SPECIFIED				<input type="checkbox"/> 29. AWARD OF CONTRACT: REF. _____ OFFER DATED _____ YOUR OFFER ON SOLICITATION (BLOCK 5), INCLUDING ANY ADDITIONS OR CHANGES WHICH ARE SET FORTH HEREIN, IS ACCEPTED AS TO ITEMS:	
30a. SIGNATURE OF OFFEROR/CONTRACTOR			31a. UNITED STATES OF AMERICA (SIGNATURE OF CONTRACTING OFFICER)		
30b. NAME AND TITLE OF SIGNER (Type or print)		30c. DATE SIGNED	31b. NAME OF CONTRACTING OFFICER (Type or print)		31c. DATE SIGNED

AUTHORIZED FOR LOCAL REPRODUCTION
PREVIOUS EDITION IS NOT USABLE

STANDARD FORM 1449 (REV. 3/2005)
Prescribed by GSA - FAR (48 CFR) 53.212

Figure 7. Sample SF 1449, page 1

Appendix 1 Forms

19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT

32a. QUANTITY IN COLUMN 21 HAS BEEN

RECEIVED
 INSPECTED
 ACCEPTED, AND CONFORMS TO THE CONTRACT, EXCEPT AS NOTED: _____

32b. SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE	32c. DATE	32d. PRINTED NAME AND TITLE OF AUTHORIZED GOVERNMENT REPRESENTATIVE		
32e. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE		32f. TELEPHONE NUMBER OF AUTHORIZED GOVERNMENT REPRESENTATIVE		
		32g. E-MAIL OF AUTHORIZED GOVERNMENT REPRESENTATIVE		
33. SHIP NUMBER	34. VOUCHER NUMBER	35. AMOUNT VERIFIED CORRECT FOR	36. PAYMENT <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL	37. CHECK NUMBER
<input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL				
38. S/R ACCOUNT NO.	39. S/R VOUCHER NUMBER	40. PAID BY		
41a. I CERTIFY THIS ACCOUNT IS CORRECT AND PROPER FOR PAYMENT		42a. RECEIVED BY (<i>Print</i>)		
41b. SIGNATURE AND TITLE OF CERTIFYING OFFICER		42b. RECEIVED AT (<i>Location</i>)		
41c. DATE		42c. DATE REC'D (YY/MM/DD)		42d. TOTAL CONTAINERS

STANDARD FORM 1449 (REV. 3/2006) BACK

Figure 7. Sample SF 1449, page 2

DD Form 1155, Order for Supplies or Services

DD 1155, shown in Figure 8 on page 197, is a multipurpose form used to award purchase orders, delivery orders, or task orders. When monitoring these types of procurement actions, the COR should complete the receiving report using a copy (DD 1155) of the order itself.

When partial supplies or services are required, once the initial receiving report is done on the DD 1155, the subsequent receiving report(s) are made with a DD 250.

When preparing the DD 1155, the COR should ensure completion of block 27 (signature, date, printed name and title, mailing address, telephone number, and e-mail address of a government official authorized to receive and accept the item or service), block 28 (check partial or final), block 38 (received by), and block 39 (date of receipt). Blocks 27 and 38 may name the same person if the individual received and accepted the supplies or services. If a second individual actually noted the receipt of the supplies or services, the COR should note that individual's name and date of receipt in blocks 27 and 38, respectively.

Appendix 1

Forms

ORDER FOR SUPPLIES OR SERVICES										PAGE 1 OF 1	
1. CONTRACT/PURCH ORDER/AGREEMENT NO. W90WHO-09-P-0033		2. DELIVERY ORDER/CALL NO.		3. DATE OF ORDER/CALL (YYYYMMDD) 20090718		4. REQUISITION/PURCH REQUEST NO.		5. PRIORITY			
6. ISSUED BY TFBSO TFBSO APO AE 09348				7. ADMINISTERED BY (if other than 6)		8. DELIVERY FOB <input checked="" type="checkbox"/> DESTINATION <input type="checkbox"/> OTHER <small>(See Schedule if other)</small>					
9. CONTRACTOR NAME AND ADDRESS Ground Systems 1212 Main Street Centerville OK 73013				10. DELIVER TO FOB POINT BY (Date) (YYYYMMDD)		11. X IF BUSINESS IS <input type="checkbox"/> SMALL <input type="checkbox"/> SMALL DISADVANTAGED <input type="checkbox"/> WOMEN-OWNED					
14. SHIP TO TFBSO TFBSO APO AE 09348				15. PAYMENT WILL BE MADE BY DFAS ROME-HQ0302, DFAS RO-FPT 325 BROOKS ROAD ROME NY 13441-4527		MARK ALL PACKAGES AND PAPERS WITH IDENTIFICATION NUMBERS IN BLOCKS 1 AND 2.					
16. TYPE OF ORDER DELIVERY/CALL PURCHASE <input checked="" type="checkbox"/>		This delivery order/call is issued on another Government agency or in accordance with and subject to terms and conditions of above numbered contract. Reference your ACCEPTANCE. THE CONTRACTOR HEREBY ACCEPTS THE OFFER REPRESENTED BY THE NUMBERED PURCHASE ORDER AS IT MAY PREVIOUSLY HAVE BEEN OR IS NOW MODIFIED, SUBJECT TO ALL OF THE TERMS AND CONDITIONS SET FORTH, AND AGREES TO PERFORM THE SAME.									
NAME OF CONTRACTOR			SIGNATURE			TYPED NAME AND TITLE			DATE SIGNED (YYYYMMDD)		
17. ACCOUNTING AND APPROPRIATION DATA/LOCAL USE											
19. ITEM NO.		19. SCHEDULE OF SUPPLIES/SERVICES				20. QUANTITY ORDERED/ACCEPTED	21. UNIT	22. UNIT PRICE		23. AMOUNT	
1		Provide 12 Villa Office/Living Compound				6	HQ	148,887.50		893,325.00	
										0.00	
										0.00	
*If quantity accepted by the Government is same as quantity ordered, indicate by X. If different, enter actual quantity accepted below quantity ordered and on-site.						24. UNITED STATES OF AMERICA		25. TOTAL		893,325.00	
						BY:		26. DIFFERENCES			
27a. QUANTITY IN COLUMN 20 HAS BEEN <input type="checkbox"/> INSPECTED <input checked="" type="checkbox"/> RECEIVED <input type="checkbox"/> ACCEPTED, AND CONFORMS TO THE CONTRACT EXCEPT AS NOTED.											
b. SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE						c. DATE (YYYYMMDD) 20090730		4. PRINTED NAME AND TITLE OF AUTHORIZED GOVERNMENT REPRESENTATIVE JILL W. SMITH/Contracting Officer			
4. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE TFBSO APO AE 09348						28. SHIP. NO.		29. D.O. VOUCHER NO.		30. INITIALS	
7. TELEPHONE NUMBER 123-4567		9. E-MAIL ADDRESS jsmith@base.mil				31. PAYMENT <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL		32. PAID BY		33. AMOUNT VERIFIED CORRECT FOR	
36. I CERTIFY THIS ACCOUNT IS CORRECT AND PROPER FOR PAYMENT.						39. DATE RECEIVED (YYYYMMDD)		40. TOTAL CONTAINERS		41. S/R ACCOUNT NUMBER	
4. DATE (YYYYMMDD)		b. SIGNATURE AND TITLE OF CERTIFYING OFFICER				37. RECEIVED AT		38. RECEIVED BY (Print)		42. S/R VOUCHER NO.	

DD FORM 1155, DEC 2001

PREVIOUS EDITION IS OBSOLETE.

Reset

Adobe Professional 8.0

Figure 8. Sample DD 1155

DD Form 250, Material Inspection and Receiving Report

The DD Form 250, shown in Figure 9 on page 199, is a multipurpose report used for the following.

- To provide evidence of government contract quality assurance at origin or destination
- To provide evidence of acceptance at origin or destination
- For packing lists
- For receiving
- For shipping
- As a contractor invoice
- As commercial invoice support

DD 250 is used as the receiving report for procurement actions awarded using SF 1449 or DD 1155. When filling in the DD 250, the COR can find related information on the SF 1449 and DD 1155 as identified in Table 6.

SF 1449	DD 1155	DD 250
Block 2 and/or 4	Block 1	Block 1 (procurement instrument identification number)
Block 11	Block 8	Block 8 (acceptance point)
Block 17a	Block 9	Block 9 (prime contractor)
Block 16	Block 7	Block 10(administered by)
Block 18a	Block 15	Block 12 (payment will be made by)
Block 15	Block 14	Block 13 (shipped to)
Page with CLINs	Page with CLINs	Blocks 15-20 (item no, description, quantity, unit, unit price, total amount)

Table 6. Crosswalk Among DD 250, SF 1449, and DD 1155

Appendix 1 Forms

MATERIAL INSPECTION AND RECEIVING REPORT							Form Approved OMB No. 0704-0248
The public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Executive Services and Communications Directorate (0704-0248). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.							
PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE ABOVE ORGANIZATION. SEND THIS FORM IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED IN THE DFARS, APPENDIX F-401.							
1. PROCUREMENT INSTRUMENT IDENTIFICATION (CONTRACT) NO. W91GDW-00-M-1234		ORDER NO.		6. INVOICE NO./DATE M-1234/31 Jan 09		7. PAGE OF 1 1	8. ACCEPTANCE POINT
2. SHIPMENT NO.		3. DATE SHIPPED		4. B/L TCN		5. DISCOUNT TERMS	
9. PRIME CONTRACTOR CODE CAMP VICTORY BAGHDAD IRAQ POC: FRED SMITH				10. ADMINISTERED BY CODE JOINT CONTRACTING COMMAND - IRAQ Task Force - Business Stability Operations International Zone, Baghdad, Iraq APO AE 09348			
11. SHIPPED FROM (if other than 9) CODE				12. PAYMENT WILL BE MADE BY CODE DFAS-ROME 325 Brooks Rd Rome, NY 13442-4527 Customer Service # 800-555-4444			
13. SHIPPED TO CODE Capt David Jones Task Force - Business Stability Operations Baghdad, Iraq APO AE 09348				14. MARKED FOR CODE			
15. ITEM NO.	16. STOCK/PART NO.	DESCRIPTION <i>(Indicate number of shipping containers - type of container - container number.)</i>	17. QUANTITY SHIP/REC'D*	18. UNIT	19. UNIT PRICE	20. AMOUNT	
1		LAX ISD-26X12CAMI SYS PAL (Surveillance Camera) SN: SPD60221J000000, SPD60221J000999	2	EA	4,360.00	\$ 0.00	
21. CONTRACT QUALITY ASSURANCE				22. RECEIVER'S USE			
a. ORIGIN <input type="checkbox"/> COA <input type="checkbox"/> ACCEPTANCE of listed items		b. DESTINATION <input type="checkbox"/> COA <input checked="" type="checkbox"/> ACCEPTANCE of listed items has been made by me or under my supervision and they conform to contract, except as noted herein or on supporting documents.		Quantities shown in column 17 were received in apparent good condition except as noted. 00090311 //SIGNED//			
DATE _____ TYPED NAME: _____ TITLE: _____ MAILING ADDRESS: _____ COMMERCIAL TELEPHONE NUMBER: _____		DATE _____ TYPED NAME: _____ TITLE: _____ MAILING ADDRESS: _____ COMMERCIAL TELEPHONE NUMBER: _____		DATE RECEIVED _____ SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE _____ TYPED NAME: _____ TITLE: _____ MAILING ADDRESS: _____ COMMERCIAL TELEPHONE NUMBER: _____			
				* If quantity received by the Government is the same as quantity shipped, indicate by [X] mark; if different, enter actual quantity received below quantity shipped and encircle.			
23. CONTRACTOR USE ONLY							
DD FORM 250, AUG 2000							
PREVIOUS EDITION IS OBSOLETE.							
Reset							

Figure 9. Sample DD 250

The receiving or acceptance activity will complete blocks 1 to 20, 21a, 21b, and 22, including signatures, typed names, titles, mailing address, and phone numbers. If there are separate receiving and acceptance officials, blocks 21 and 22 must reflect each individual appropriately. The acceptance authority (signer) is designated in Section E of the contract.

Defense Federal Acquisition Regulation Supplement (DFARS) Appendix F provides instructions for preparing and completing the DD 250. The following instructions provide guidance for the COR and quality assurance personnel, as appropriate.

Invoices Used as Receiving Reports

A contractor's invoice can be used as a receiving report if the contract or purchase order provides for use of government-certified invoices instead of a separate receiving report. F

If the COR is accepting contractor performance or delivery by using a government-certified invoice, he or she should include this statement: "I certify the supplies/services have been received and accepted on (day, month, and year)." This statement may be on an invoice, delivery ticket, voucher, or separate piece of paper, and it must contain printed name, title, telephone number, date, and signature of the government official authorized to receive and accept the supplies or services.

DD Form 2772, Contractor Discrepancy Report (CDR)

The DD 2772, shown in Figure 10 on page 201, is generally prepared by a COR to notify the contractor of a pending discrepancy. In most instances the purpose of the CDR is to allow the contractor to correct the discrepancy without interference from the government.

Appendix 1

Forms

CONTRACT DISCREPANCY REPORT				
1. CONTRACT NUMBER		2. REPORT NUMBER FOR THIS DISCREPANCY		
3. TO <i>(Contractor and Manager's Name)</i>		4. FROM <i>(Name of QAE)</i>		
5. DATES <i>(YYYYMMDD)</i>				
a. PREPARED		b. RETURNED BY CONTRACTOR		c. ACTION COMPLETE
6. DISCREPANCY OR PROBLEM <i>(Describe in detail. Include reference to PWS Directive; attach continuation sheet if necessary.)</i>				
7. SIGNATURE OF CONTRACTING OFFICER				
8a. TO <i>(Contracting Officer)</i>		b. FROM <i>(Contractor)</i>		
9. CONTRACTOR RESPONSE AS TO CAUSE, CORRECTIVE ACTION AND ACTIONS TO PREVENT RECURRENCE. <i>(Cite applicable O.C. program procedures or new O.C. procedures. Attach continuation sheet(s) if necessary.)</i>				
10. SIGNATURE OF CONTRACTOR REPRESENTATIVE				b. DATE <i>(YYYYMMDD)</i>
11. GOVERNMENT EVALUATION <i>(Acceptance, partial acceptance, reflection. Attach continuation sheet(s) if necessary)</i>				
12. GOVERNMENT ACTIONS <i>(Reduced payment, cure notice, show cause, other)</i>				
13. CLOSE OUT				
	NAME (1)	TITLE (2)	SIGNATURE (3)	DATE <i>(YYYYMMDD)</i> (4)
a. CONTRACTOR NOTIFIED				
b. QAE				
c. ACO				

DD FORM 2772, SEP 1998 REPLACES MT FORM 352-R, WHICH IS OBSOLETE. Resct Adobe Professional 9.0

Figure 10. DD 2772

COR Monthly Report to the Contracting Officer

A sample form for the COR's monthly report to the contracting officer appears in Figure 11 on page 204.

Synchronized Predeployment and Operational Tracker (SPOT) Letter of Authorization

The letter of authorization (LOA) form generated by SPOT states that “the government organization specified above, in its mission support capacity under the contract, authorizes the individual employee identified herein, to proceed to the location(s) listed for the designated deployment period set forth above.” It identifies specific privileges, and it addresses travel and emergency medical support. The LOA must include the contracting officer's signature, or the COR's signature (if authorized by the contracting officer), and contact information. Figure 12, on page 205, shows a sample LOA.

Funding Forms

Each military service has its own funding form.

- Air Force—AF 9, Request for Purchase
- Army—DA 3953, Purchase Request and Commitment
- Navy—NAVCOMPT 2276, Request for Contractual Procurement

AF 9, Request for Purchase

Figure 13, on page 206, shows an example of a completed AF Form 9. The instructions for preparing the AF Form 9 are provided in Table 7 on pages 207-208.

DA 3953, Purchase Request and Commitment

Figure 14, on page 209, shows an example of a completed DA Form 3953. The instructions for preparing the DA Form 3953 are provided in Table 8 on pages 210-211.

NAVCOMPT 2276, Request for Contractual Procurement

Figure 15, on pages 212-213, shows an example of a completed NAVCOMPT 2276. The second page of the form provides the instructions for completing the form.

Appendix 1

Forms

LETTER OF AUTHORIZATION			DATE OF REQUEST
REQUIRING ACTIVITY (e.g. Army Contracting Agency)			8/23/2007
GOVT AGENCY POC Doe, John	GOVT AGENCY POC PHONE 123-456-7890	GOVT AGENCY POC EMAIL skdjksd@tst.com	
NAME (Last, First, Middle Initial) Jones, Stanley	SSN / FIN xxx-xx-1234	DATE OF BIRTH 6/1/1960	PLACE OF BIRTH
HOME ADDRESS		CITIZENSHIP United States	PASSPORT # / EXPIRATION 1234567890123 12/31/2010
		DEPLOYMENT PERIOD START Wednesday, August 01, 2007	DEPLOYMENT PERIOD END Monday, September 01, 2008
EMAIL skdjksd@tst.com		THEATER EMAIL test.data@us.army.mil	
CLEARANCE LEVEL w/ AGENCY None	CLEARANCE DATE (MM/DD/YYYY) Monday, January 01, 0001	JOB TITLE Action Officer	SUPERVISOR / MANAGER <input checked="" type="checkbox"/> NON SUPERVISOR / NON MANAGER <input type="checkbox"/>
COMPANY (full name) XYZ Company	COMPANY POC Smith, Jane	COMPANY POC TELEPHONE 123-456-7890	COMPANY POC EMAIL skdjksd@tst.com
CONTRACT NUMBER/ TASK ORDER XYZ1234ABC7890	CONTRACT PERIOD START 12/12/2006	CONTRACT PERIOD END 12/12/2012	CONTRACT ISSUING AGENCY (e.g. DARPA)
NEXT OF KIN (NOK) NAME	NOK RELATIONSHIP	NOK TELEPHONE	NOK ALTERNATE TELEPHONE
IN-THEATER CONTACT		CONTACT'S PHONE 029938023994298	CONTACT'S EMAIL skdjksd@tst.com
COUNTRIES TO BE VISITED Belgium		GOVERNMENT FURNISHED SERVICES	
PURPOSE Test data		<input type="checkbox"/> APO/FPA <input checked="" type="checkbox"/> Billeting <input checked="" type="checkbox"/> Commissary <input checked="" type="checkbox"/> DFACS <input checked="" type="checkbox"/> Excess Baggage <input type="checkbox"/> Medical/Dental <input type="checkbox"/> M4 Clothing <input type="checkbox"/> Mil Issued Equip <input type="checkbox"/> MWR <input checked="" type="checkbox"/> Authorized Weapon <input checked="" type="checkbox"/> CAC/ID Card <input checked="" type="checkbox"/> Dependents Authorized <input checked="" type="checkbox"/> DoDI Essential <input checked="" type="checkbox"/> Fuel Authorized <input checked="" type="checkbox"/> Mil Banking <input checked="" type="checkbox"/> Mil Exchange <input type="checkbox"/> Milar <input checked="" type="checkbox"/> Transportation	
FUND CITE w/ BILLING ADDRESS Fund Cite Fund Address, Fund City, 55948 United States			

The government organization specified above, in its mission support capacity under the contract, authorizes the individual employee identified herein, to proceed to the location(s) listed for the designated deployment period set forth above. Non-supervisory positions shall be rated GS-12 or equivalent. Supervisory / Managerial positions shall be rated as GS-13 or equivalent. Upon completion of the mission, the employee will return to the point of origin. Travel being performed is necessary and in the public's service. Travel is in accordance with FAR 31.205-36 and the maximum per diem allowable under the appropriate travel regulations (Joint Travel Regulation (for AK, HI and outlying areas of the United States and US possessions), Federal Travel Regulation for CONUS and US Territories, and Dept of State's Standardized Regulations for OCONUS Foreign Areas designated by DOS).

Emergency medical support will be determined by the appropriate supported commander. Contractor authorization aboard military aircraft will be determined by the supported commander. Necessary identification badges will be determined and provided by the supported command.

This Contractor is considered as "Key Personnel, Government Civilian" in connection with "Non-Combatant Evacuation Orders" at the civil service grade indicated above.



Figure 12. Sample LOA from the Army

REQUEST FOR PURCHASE				NO FA11223344256	
INSTALLATION Base X			DATE 31 Mar 10		
TO: CONTRACTING OFFICER CCO			CLASS		
THROUGH SVS			CONTRACT, PURCHASE ORDER OR DELIVERY ORDER NO.		
FROM: <i>(Insert RC/CC, if applicable)</i> Services Squadron					
IT IS REQUESTED THAT SUPPLIES AND SERVICES ENUMERATED BELOW AND IN THE ATTACHED LIST, BE					
PURCHASED FOR Flight Kitchen		FOR DELIVERY TO Flight Kitchen		NO LATER THAN	
ITEM	DESCRIPTION OF MATERIAL OR SERVICES TO BE PURCHASED	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	1.5 Liter Bottled Water (12 per case)	500	CS	10.00	5000.00
COORDINATION: COMM: _____ LGT: _____ LGS: _____ Deliver to: Bldg 1207 / Customer POC: _____ Phone: _____					
TOTAL					\$5000.00
PURPOSE					
DATE	TYPED NAME AND GRADE OF REQUESTING OFFICIAL		SIGNATURE //SIGNED//		
31 Mar 10	SMITH, JOHN A., Capt, USAF		TELEPHONE NO. (123)-456-7890		
DATE	TYPED NAME AND GRADE OF APPROVING OFFICIAL		SIGNATURE		
31 Mar 10	JONES, HENRY B., Col, USAF		//SIGNED//		
I certify that the supplies and services listed above and in the attached list are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.					
ACCOUNTING CLASSIFICATION				AMOUNT \$5000.00	
DATE	TYPED NAME AND GRADE OF CERTIFYING OFFICIAL		SIGNATURE		

Figure 13. Sample AF 9

Appendix 1 Forms

Instructions for Filling out AF 9
USE THE METRIC SYSTEM FOR ALL REQUIREMENTS
Block 1–Purchase Requisition Number. LEAVE BLANK, filled in by FM.
Block 2–Installation.
Block 3–Date. Date AF 9 was prepared.
Block 4–To. Contracting officer. Enter the contracting office sq and office symbol.
Block 5–Class. LEAVE BLANK.
Block 6–Through (Include the offices through which the PR passes for certification before arriving to contracting.)
Block 7–From. (Your organization, office symbol and telephone number for POC) This information is vital, constant contact with the customer is essential to avoid delays.
Block 8–Contract, Purchase Order or Delivery Order Number. LEAVE BLANK.
Block 9–Purchased For. Your unit and office symbol.
Block 10–For Delivery To. Where (address including building number/room number) the commodity is to be delivered to or the service is to be performed.
Block 11–Not Later Than. Enter your required delivery date/time (if applicable) or when the service is to commence, for example 20 JUNE 2006/AM
Block 12–Item. Four-position line item number, starting with 0001 (0002, 0003, etc).
Block 13–Description of Material or Services to be Purchased. Enter a valid stock number of up to 15 positions (IF APPLICABLE), an item description or specification of the item being requested or the service to be performed, a suggested source with address, telephone number, and fax if possible. Also include authorization from the office of primary responsibility (e.g. if communication or computer requirement, coordinate through Communication Squadron before turning the request in to contracting squadron).
Block 14–Quantity. Enter the quantity desired of the specific line item.
Block 15–Unit. Enter two-position unit of issue code (use the metric system!), refer to “UNIT OF ISSUE DESIGNATIONS” ATTACHMENT, METRIC SYSTEM ONLY.
Block 16–Estimated Unit Price. Enter a unit price estimate for each unit of the line item. Base it on current market information or obtain it from catalogs, internet. If this information is not available, enter your best estimate; after all, you’re the technical expert!
Block 17–Estimated Total Cost. Enter the estimated total cost for each specific line item. (Quantity multiplied by estimated unit price).
Block 18–Total. Enter the total cost of all line items included in the purchase request.
Block 19–Enter Demand Code, Supplementary address six-position account code of the receiving activity if different from the requisitioner cited in the PR number, the signal code and the fund code. LEAVE BLANK.
Block 20–Purpose. State the specific purpose of the acquisition (Recurring or Nonrecurring). <u>If this requirement is specifically for repair of the AIRFIELD, state so (for AIRFIELD OPERATIONS). Contracting will make it a priority one purchase.</u>
Block 21–Include the requesting official information, to include the date, grade, telephone number and signature of this individual.
Block 22–Include the approving official information, to include date, name grade and

Table 7. Instructions for Filling Out the AF 9, Page 1

signature of the person.
Block 23–Funding Certification. Customers obtain accounting classification from resource advisors. The complete fund citation must be certified by the comptroller’s office before the purchase request is submitted to contracting. LEAVE BLANK.
Block 24–Amount. Should be the same as total in block 18. This is the total amount that will be certified by comptroller squadron. LEAVE BLANK.
Block 25–Funds Certification. This is the name, grade and signature of the person certifying the funds, and the date the funds were certified. LEAVE BLANK.

Table 7. Instructions for Filling Out the AF 9, Page 2

Block 1. Purchase Instrument. LEAVE BLANK.
Block 2. Requisition Number. Obtain from supply NCO. Property book officer (PBO) will change the requisition number for all purchases of property book type items.
Block 3. Date the form is prepared and enter the number of pages in the space provided.
Block 4. Enter purchasing/contracting office.
Block 5. Enter comptroller office.
Block 6. Enter the address for the unit requesting the purchase. Address should include APO and base camp.
Block 7. Same as Block 6.
Block 8. Enter delivery address.
Block 9. Enter the date the item is required. Take into account order ship time and plan backwards from there. The Joint Contracting Command (JCC) can help determine the average order ship time.
Block 10. Enter the name and rank of the unit point of contact (POC). The POC should be familiar with the PR&C and the reasons for the purchase.
Block 11. Enter the point of contact's (POC) phone number.
Block 12. Enter the Modified Table of Organization and Equipment (MTOE), Table of Distribution and Allowances (TDA), or Common Table of Allowances (CTA) that authorizes the purchase. Include the paragraph or table number, and the line item number (LIN). Do not enter "AR 710-2". Note: Equipment and supplies must be authorized AND approved.
Block 13. LEAVE BLANK.
Block 14. Consecutively number each different type item or service required. Include all requirements such as installation, maintenance, shipping and handling.
Block 15. Enter a complete description of the item or service required. Include a suggested source to purchase from and the source's contact information. Do not combine property book and nonproperty book items on the same PR&C.
CHARACTERISTICS OF A GOOD PURCHASE DESCRIPTION:
<i>Note: The description does not need to address each point</i>
a. The common name of the item (noun)
b. Type of material made from (paper, wood, plastic, steel)
c. Essential dimensions (shape, size, diameter, height, and length)
d. The type of work for which it will be used (electrical, mechanical, plumbing)
e. Intended use (assembly, subassembly, location within an assembly, essential operating characteristics)
f. Electrical data (220/110 volts, 50/60 cycle)
g. Principal characteristics (commercial, off-the-shelf item, high grade technically or chemically pure)
h. Restrictive environmental conditions (temperature limitations)
i. Any other data that further describes the item, material, or service required
Block 16. Enter the quantity required.

Table 8. Instructions for Preparing the DA 3953, Page 1

Appendix 1 Forms

Block 17. Enter the unit of issue.
Block 18a. Enter the unit price. If the price is not in US dollars, enter the information and the comptroller will calculate the dollar equivalent based upon current exchange rate.
Block 18b. Enter the total cost. Calculate by multiplying the quantity (Block 16) by the unit price (Block 18a). Calculate the total cost for all requirements (installation, maintenance, shipping and handling).
Blocks 19-24. LEAVE BLANK.
Block 25. Enter the specific purpose or reason for purchasing the items.
Block 26. LEAVE BLANK.
Block 27. Enter the name and grade of the person initiating the purchase request.
Block 28. Enter the initiating officer's signature. Note: The initiating officer cannot be the same person who signs in Block 32 or Block 35.
Block 29. Enter the date the initiating officer signs Block 28.
Block 30. Enter the initiating officer's phone number.
Block 31. Enter the name and grade of the supply officer.
Block 32. Enter the supply officer's signature. Note: The supply officer cannot be the same person who signs in Block 28 or Block 35.
Block 33. Enter the date the supply officer signs Block 32.
Block 34. Enter the complete signature block of the approving officer. Note: the approving official cannot be the same person who signs in Block 28 or Block 32.
Block 35. Signature
Block 36. Enter the date the approving official signs Block 35.

Table 8. Instructions for Preparing the DA 3953, Page 2

REQUEST FOR CONTRACTUAL PROCUREMENT

Page 1 of Pages

1. THIS REQUEST MUST BE ACCEPTED ON A DIRECT CITATION BASIS ONLY AND IS SUBJECT TO THE CONDITIONS LISTED ON THE REVERSE SIDE.										2. DOCUMENT NUMBER MOU812-1001		
3. REFERENCE NUMBER		4. FUNDS EXPIRE ON 30 Sep 2010			5. DMS RATING		6. PRIORITY		7. DATE REQUIRED		8. AMENDMENT NO.	
9. FROM 2D FSSG FMF CLNC							10. FOR DETAILS CONTACT: HM1 SMITH X6-7890					
11. TO UIC CCO NORTH							12. MAIL INVOICES TO: SAME AS BLOCK 9					
ACCOUNTING DATA TO BE CITED ON RESULTING BILLINGS												
A	B	C	D	E	F	G	H	I	J	K	L	
ACRIV	APPROPRIATION	SUB-HEAD	OBJ CLASS	BL CONTROL	SA	AAA	TT	FAA	COST CODE	AMOUNT		
AA	17Y1106	2720	000	00027	0	000027	2D	00000	MJ600000000000	\$ 30,000.00		
AMOUNTS WILL NOT BE EXCEEDED IN THE OBLIGATION DOCUMENT WITHOUT PRIOR WRITTEN APPROVAL FROM THE ISSUER									L TOTAL THIS DOCUMENT		\$ 30,000.00	
									M CUMULATIVE TOTAL		\$ 30,000.00	
PROCUREMENT BY CONTRACT OF THE FOLLOWING ITEMS IS REQUESTED												
THESE ITEMS <input type="checkbox"/> ARE <input checked="" type="checkbox"/> ARE NOT INCLUDED IN THE INTERSERVICE SUPPLY SUPPORT PROGRAM AND REQUIRED INTERSERVICE SCREENING <input type="checkbox"/> HAS <input type="checkbox"/> HAS NOT BEEN ACCOMPLISHED												
A	B	C	D	E	F	G	H	I	J	K	L	
ACRIV	ITEM NO.	FSC	DESCRIPTION (NAT. STOCK NO. AND/OR DRAWING NO., ETC.)	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED AMOUNT					
AA	1	8690	BOTTLED WATER, SINGLE LITER BOTTLES 625 BX OF 24 BT/BX	15,000	BT	\$ 2.00	\$ 30,000.00					
16. SEE ATTACHED PAGES FOR DELIVERY SCHEDULES, PRESERVATION AND PACKAGES INSTRUCTIONS, SHIPPING INSTRUCTIONS AND INSTRUCTIONS FOR DISTRIBUTION OF CONTRACTS AND RELATED DOCUMENTS										I. GRAND TOTAL		\$ 30,000.00
17. TRANSPORTATION ALLOTMENT												
AUTHORIZING OFFICIAL (NAME, TITLE AND SIGNATURE)										DATE		
ACCEPTING OFFICIAL (NAME, TITLE AND SIGNATURE)										DATE		

NAVCOMPT FORM 2276 (8-1981)

Figure 15. Sample NAVCOMPT 2276, Page 1

Appendix 1 Forms

CONDITIONS/INSTRUCTIONS GOVERNING THE USE OF THIS FORM AND THE ACCEPTANCE OF THIS REQUEST

CONDITIONS/INSTRUCTIONS GOVERNING USE OF THIS FORM:

This form will only be used for requesting contractual procurement or local purchase of material or services. This form will not be used for requesting work and/or services or for requisitioning material from existing Government stocks.

Note: Request for work and/or services will be accomplished through the use of order for work and services, NAVCOMPT FORM 2275 (8-81).

Requests for standard and/or non-standard stock available within the U.S. Government will be accomplished through the use of DOD Single Line Item Requisition System Documents (DD Form 1348 and/or 1348-6, as appropriate).

CONDITIONS / INSTRUCTIONS GOVERNING THE ACCEPTANCE OF THIS REQUEST:

1. Written acceptance of this request is required and will be accomplished by completing Block 19 on one copy of this request and returning it to the requesting activity cited in Block 9. Acceptance must be on a direct citation basis only.

2. Amounts authorized by this document have been reserved and/ or committed by the requesting activity and will be obligated upon receipt of contracts or purchase or delivery orders awarded.

3. Amounts authorized by this document may not be exceeded. Additional funds, if required, will be requested from the activity cited in Block 9. Approval of such requests will be accomplished by the requesting activity through the issuance of an amendment to this document, appropriately reflecting the amount of additional funds being provided. The grand total cited in Block M constitutes a 3679, R.S. limitation when the purchasing office or contracting activity is a separate entity not under the immediate supervision of the commanding officer issuing the request.

4. Resulting obligation documents must be executed by the activity cited in Block 11 by the date indicated in Block 4. Such documents must include the document number cited in Block 2.

5. A complete copy of each executed obligation document resulting from this request must be forwarded to the activity cited in Block 9.

Figure 15. Sample NAVCOMPT 2276, Page 2

Appendix Acronyms

AF – Air Force (Form)

CDR – Contractor Discrepancy Report

CLIN – Contract Line Item Number

COR – Contracting Officer's Representative

DA – Department of the Army (Form)

DD – Department of Defense When Used With Form

DFARS – Defense Federal Acquisition Regulation Supplement

DPAP – Defense Procurement and Acquisition Policy

LOA – Letter of Authorization

NAVCOMPT – Navy Comptroller (Form)

POC – Point of Contact

PR – Purchase Request

PR&C – Purchase Request and Commitment

PWS – Performance Work Statement

SF – Standard Form

SOO – Statement of Objectives

SOW – Statement of Work

SPOT – Synchronized Predeployment Operational Tracker

Appendix 2

Contract Planning and Source Selection

Contents

- Pre-award and Solicitation
 - Market Research
 - Performance Work Statements
 - Socioeconomic Development Programs
 - Planning for the Evaluation of Proposals
 - Types of Source Selections
 - Competition
 - Amending the Solicitation
 - Do's and Don'ts for Pre-award and Solicitation
- Evaluation and Award
 - Receiving and Managing Proposals
 - Evaluating Proposals
 - Technical Evaluation Reports
 - Assisting in the Review of Business/Cost Proposals
 - Communicating with Proposed Contractors
 - Determining the Competitive Range
 - Communications after Establishing the Competitive Range
 - Selecting the Right Contractor
 - Debriefing Proposed Contractors
 - Handling Protests
 - Handling *Freedom of Information Act* Requests
 - Do's and Don'ts for Evaluation and Award

This appendix provides an overview of contract planning (pre-award and solicitation) and of source selection (evaluation and award). Figure 16 depicts the overall contracting process.

Pre-award and Solicitation

The requiring unit has the responsibility to determine the need for supplies and services. This is the first and most critical step in the planning process. The follow-on steps focus on forecasting, planning, and defining the acquisition requirements; developing and updating acquisition plans and strategies, justifications, and authorizations; conducting market research; preparing program plans, cost estimates, and schedules; and determining priorities. Federal Acquisition Regulation (FAR) 7.102(a), *Policies*, requires that “agencies shall perform acquisition planning and conduct market research for all acquisitions.” In addition to ensuring compliance with the FAR requirement, contract planning helps anticipate problems, save time in the future, save money, stay on schedule, communicate to higher management, and generate the commitment.

Market Research

Acquisitions of supplies and services begin with a description of the government’s needs stated in terms sufficient to allow the acquisition team to conduct market research. The results of the market research form the basis for developing new requirement documents and issuing solicitations. Market research is an ongoing process used to collect, organize, maintain, analyze, and present data. Its purpose is to maximize the capabilities, technology, and competitive forces of the marketplace to meet an organization’s needs for supplies and services. The COR may be asked to assist with gathering market research information for use by decisionmakers to determine the best approach for acquiring the needed supply or service.

Appendix 2 Contract Planning and Source Selection

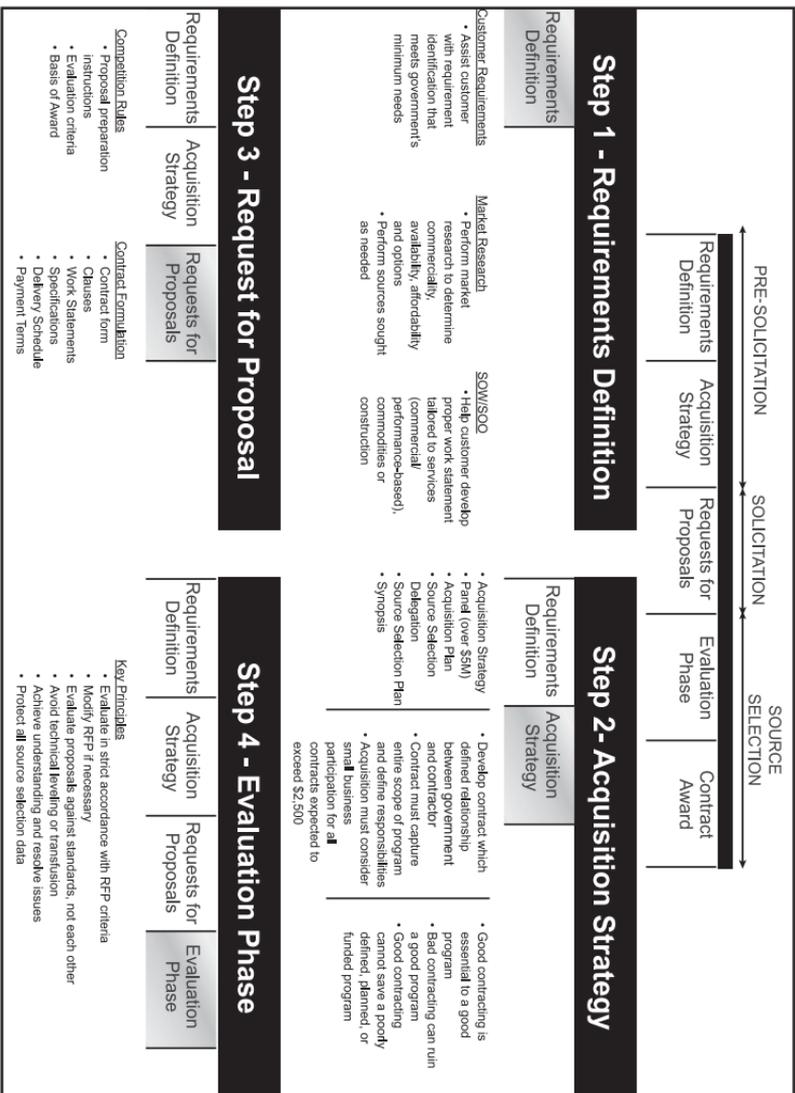


Figure 16. Acquisition Process, Part 1

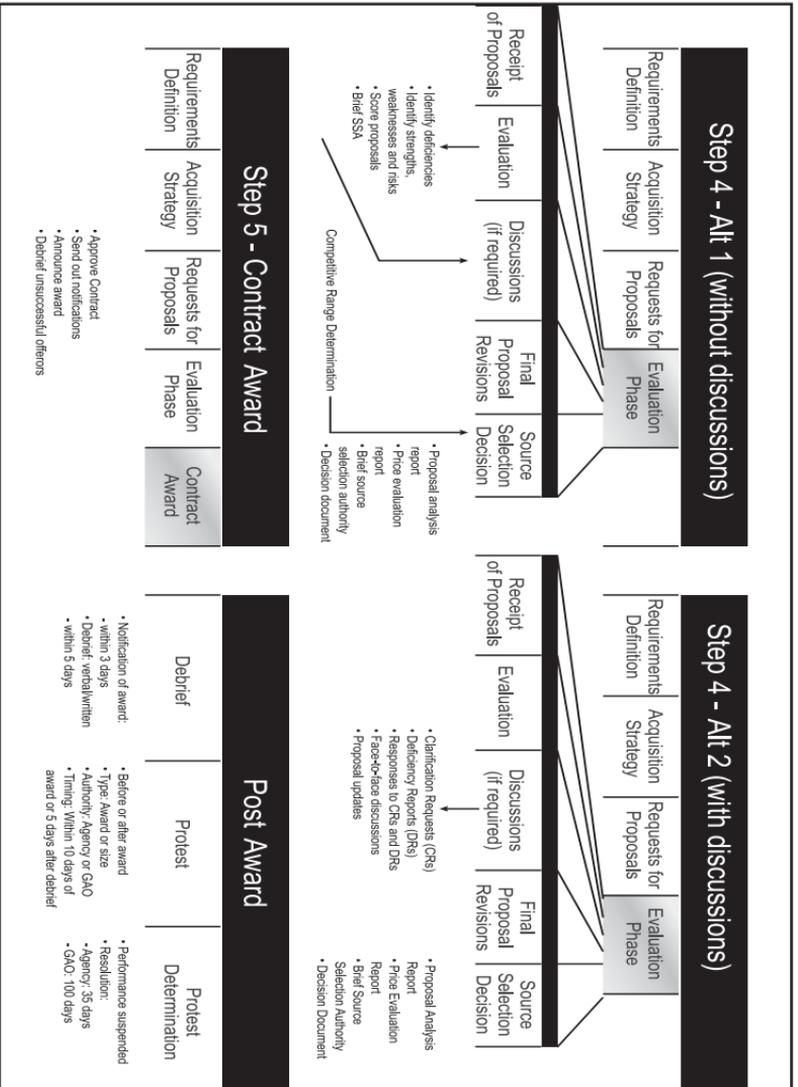


Figure 16. Acquisition Process, Part 2

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Contract Planning and Source Selection

The research will vary, depending on such factors as urgency, estimated dollar value, complexity, and past experience. This research involves obtaining information specific to the item being acquired and determining whether the government's needs can be met by items that are customarily available in the commercial marketplace, by items that are customarily available in the commercial marketplace but need modifying, or by items used exclusively for governmental purposes. Results should be documented in a manner appropriate to the size and complexity of the acquisition. Market research also helps the government develop independent government estimates (IGE) when conducting cost analysis.

Performance Work Statements

Performance work statements (PWS) describe the required results in clear, specific, and objective terms with measurable outcomes. Typically, a PWS covers the following topics.

- Introduction
- Background information
- Scope
- Applicable documents
- Performance requirements
- Special requirements or constraints (such as security)
- Deliverables

Best practices and lessons learned for developing a PWS include the following.

- The requirement should not be so specific that all offerors propose the same solution, eliminating creativity and innovation.
- A performance-based acquisition requires that the integrated solutions team jettison some traditional approaches to buying services.

Specifically, specifying labor categories, educational requirements, or number of hours of support required should be avoided because they are *how to* approaches. Instead, let contractors propose the best people with the best skill sets to meet the need and fit the solution. The government can then evaluate the proposal based both on the quality of the solution and the experience of the proposed personnel.

- Prescribing manpower requirements limits the ability of offerors to propose their best solutions, and it could preclude the use of qualified contractor personnel who may be well suited for performing the requirement but may be lacking—for example, a complete college degree or the exact years of specified experience.¹ For some services, in fact, such practices are prohibited. Section 813 of the *National Defense Authorization, Fiscal Year 2001*, now implemented in the FAR, states that solicitations for information technology services may not describe any minimum experience or educational requirements for proposed contractor personnel unless the contracting officer determines that the agency either (1) cannot meet its needs without that requirement or (2) requires the use of other than a performance-based contract.

Socioeconomic Development Programs

Depending on the theater and the mission, socioeconomic programs can be implemented in-theater if applicable. For example, the Iraqi First and Afghanistan First programs seek to leverage contracting resources for the creation of economic expansion, employment, and skills development for the people in those theaters.

To provide a stable source of jobs in Iraq and Afghanistan, the contracting officer may acquire supplies or services (including construction), other than small arms, in support of operations in Iraq or Afghanistan, by performing the following.

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Contract Planning and Source Selection

- Specifying a preference for supplies or services from Iraq or Afghanistan
- Limiting competition to supplies or services from Iraq or Afghanistan
- Using procedures other than competitive procedures to award a contract to a particular source or sources from Iraq or Afghanistan

Planning for the Evaluation of Proposals

The statement of objectives/statement of work/performance work statement (SOO/SOW/PWS), along with Sections L (“Instructions, Conditions, and Notices to Bidders, Offerors, or Quoters”) and M (“Evaluation Factors for Award”) of the solicitation, establish the principal ground rules for acquisitions. The SOO/SOW/PWS is the portion of the contract that describes the work to be done through the use of specifications, minimum requirements, quantities, performance dates, time and place of performance, and quality. It identifies the supplies or services the United States (US) government is requesting. The PWS is a statement of work for performance-based acquisitions that describes the required results in clear, specific, and objective terms with measurable outcomes.

Evaluation factors generally fall into four groups.

- Technical
- Cost or price
- Past performance
- Other

Types of Source Selections

The contingency contracting officer (CCO) may request the assistance of the COR in evaluating contractor proposals within the source selection process. In different types of acquisitions, the relative importance of cost or price may vary. For example, in acquisitions for which the requirement is clearly definable and the risk of unsuccessful contract performance is minimal, cost or price may play a dominant role in source selection.

However, if the requirement is less definitive, involves more development work, or entails greater performance risk, technical or past performance considerations may play a more dominant role in source selection than cost or price.

Under either approach, the COR, because of his or her technical knowledge and background, may become part of the team of technical personnel assembled to evaluate contractor proposals. During this process, the CCO and the technical evaluation team chief will provide the COR with detailed instructions concerning his or her role and responsibilities.

The CCO is responsible for preparing the solicitation with assistance from the COR and other experts. However, the CCO gets much of the information directly from supporting documentation and the COR.

The US government uses requests for proposals (RFP) in negotiated acquisitions to communicate government requirements to prospective contractors and to solicit proposals. The RFP must describe the government's requirement, the anticipated terms and conditions of the contract, and the proposal's evaluation factors.

Competition

The FAR authorizes a wide range of acquisition methods tied to varying dollar thresholds, but according to FAR Part 13, *Simplified Acquisition Procedures*, most acquisition needs in a declared contingency operation can be satisfied through the use of simplified acquisition procedures (SAP). SAP includes procedures for the acquisition of supplies and services (including military construction) when the aggregate amount does not exceed the simplified acquisition threshold (SAT). For declared contingency or peacekeeping operations outside the continental United States, the SAT is \$1M (versus \$100K in normal operations),² and the threshold for acquisition of commercial items is \$11M (versus \$5.5M in normal operations) under FAR Part 12, *Acquisition of Commercial Items*. The COR should consult with the contracting officer to ensure use of the most appropriate and expeditious method for a specific acquisition need.³

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Contract Planning and Source Selection

For all planned acquisitions above the SAT, the FAR requires the contracting officer to consider both price and nonprice factors (past performance in particular) when evaluating proposals. The relative importance of those factors is up to the contracting officer or other source selection authority. Federal statutes and the FAR establish the policy for describing agency needs, and they stipulate that requirements be written in a way that promotes full and open competition as required by the objectives of the *Competition in Contracting Act (CICA)*.

FAR Subpart 6.3, *Other Than Full and Open Competition*, explains when it is appropriate to contract without providing for full and open competition. Contracting without providing for competition cannot be based on lack of advance planning or concerns related to the amount of funds available for the acquisition. Statutory authorities permit contracting without providing for full and open competition when one of the criteria listed in FAR 6.302, *Circumstances Permitting Other Than Full and Open Competition*, can be justified.

- FAR 6.302-1—availability of only one responsible source that can provide the supplies or services needed to satisfy requirements
- FAR 6.302-2—unusual and compelling urgency
- FAR 6.302-3—industrial mobilization, engineering, or research capability, expert services
- FAR 6.302-4—international agreement
- FAR 6.302-5—authorized or required by statute
- FAR 6.302-6—national security
- FAR 6.302-7—public interest

Restrictive provisions and conditions severely restrict competition, and they are limited to the extent necessary to satisfy the government's needs. When restrictive provisions are used, they must be justified in writing.

Amending the Solicitation

It may be necessary to amend the solicitation after release and prior to contract award. This circumstance could occur for a variety of reasons (for example, changes to the specifications, terms or conditions, or quantities required). However, amendments to solicitations increase administrative effort and cost, and they may delay contract award and performance.

Do's and Don't for pre-award solicitation are outlined in Table 9.

Do's	Don'ts
Use market research. Look for commercial solutions.	Write vague specifications, assuming that "the contractor will do whatever is necessary to satisfy us."
Promote full and open competition.	Write design specifications, prescribing in detail what materials should be use and how the work should be performed.
Think about contract administration requirements while writing the SOO/SOW/PWS or the specifications.	Ask for progress reports, test samples, or other items from the contractor unless the items are needed for the program or for efficient administration and monitoring.
Use performance-based or functional (rather than design) specifications to describe an objective or standard to be achieved, allowing the contractor to exercise ingenuity in achieving that objective or standard, select the means, and assume corresponding responsibility.	
Limit use of restrictive provisions to satisfy agency needs.	
Limit use of specifications and instead focus on function, performance, and physical characteristics.	
In the SOO/SOW/PWS and specifications, separate discussion of administrative and progress reporting requirements from discussion of required procedures and deliverables.	

Table 9. Do's and Don'ts for Pre-award and Solicitation

Evaluation and Award

Receiving and Managing Proposals

Offerors must submit their proposals, any proposal revisions, and modifications to the government office designated in the solicitation by the time specified in the solicitation. Proposed contractors may use any transmission method authorized by the solicitation (such as electronically, by regular mail, or by fax). Upon receipt, proposals must be safeguarded from unauthorized disclosure throughout the source selection process.

Note: The source selection team must not reveal any information related to the identity or number of proposed contractors and information concerning any proposal or the status of any proposal in relation to others. Release of such information could jeopardize any resultant award and subject the individuals involved to disciplinary action, as well as to civil and, in some cases, criminal penalties.

After the closing date, the contracting officer will forward the technical proposals to the technical evaluation team lead for analysis. The contracting officer normally will retain the business/cost proposals until the technical evaluation is completed.

Evaluating Proposals

The acquisition team will review and evaluate all proposals submitted in response to an applicable solicitation, based on the evaluation factors provided in Section M of the solicitation. The technical evaluation team is responsible for evaluating the technical proposals; rating them in order of merit; making recommendations to the contracting officer regarding clarifications needed and deficiencies identified; reviewing supplemental and revised offers; and, if required, assisting the contracting officer during negotiations. To the extent possible, the same evaluators should be

available throughout the entire evaluation and selection process to ensure continuity and consistency in the treatment of proposals.

Technical Evaluation Reports

When the contracting officer forwards the technical proposals to the technical evaluation team for analysis, the technical proposals are accompanied by specific guidance for conducting the evaluation and preparing the technical evaluation report. The team lead prepares and signs the report and submits it to the contracting officer, who maintains it as a permanent record in the contract file. The report should present the proposal ratings and identify each proposal as acceptable or unacceptable.

The technical evaluation report must include a narrative evaluation specifying the strengths and weaknesses of each proposal and any uncertainties, reservations, qualifications, or areas to be addressed that might affect the selection of the source for award. The report should include specific points and questions for subsequent discussions with the proposed contractors. If the technical evaluation team determines a proposal is technically unacceptable, the report is passed to the contracting officer for his or her final determination.

Assisting in the Review of Business and Cost Proposals

The contracting officer is responsible for evaluating the factors related to cost and price analysis and determining the contractor's responsibility (for example, adequacy of resources, ability to comply with delivery or performance schedule, and satisfactory record of performance). The contracting officer may need the COR's assistance to effectively accomplish this evaluation.

Communicating with Proposed Contractors

In the interval between the release of the solicitation and contract award, all contact with offerors relating to the particular acquisition must be coordinated through the contracting officer.

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Contract Planning and Source Selection

The COR may be asked to assist the contracting officer when clarifications (limited exchanges) between the government and the proposed contractors are needed, when awarding contracts without discussions, or when communications are needed for establishing the competitive range.

Determining the Competitive Range

Considering the ratings of each proposal against all evaluation criteria, the contracting officer establishes a competitive range consisting of the most highly rated proposals. Provided the solicitation notifies proposed contractors that the competitive range can be limited for purposes of efficiency, the contracting officer may limit the number of proposals in the competitive range to permit an efficient competition among the most highly rated proposals. The COR may be asked to assist the contracting officer with debriefing proposed contractors that are excluded or otherwise eliminated from the competitive range.

Communications after Establishing the Competitive Range

In either a competitive or sole-source environment, negotiations are exchanges undertaken between the government and proposed contractor with the intent of allowing the proposed contractor to revise its proposal. These negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, and give-and-take discussion. Bargaining may apply to price, schedule, technical requirements, type of contract, or other terms of a proposed contract. Negotiations in a competitive acquisition take place after establishing the competitive range; these negotiations are known as *meaningful discussions*.

The contracting officer tailors meaningful discussions to each proposed contractor's proposal. The contracting officer must conduct meaningful discussions with each proposed contractor within the competitive range. The primary objective of meaningful discussions is to maximize the

government's ability to obtain best value, based on the requirement and the evaluation factors identified in the solicitation.

During meaningful discussions, the contracting officer should discuss with each proposed contractor any deficiencies, significant weaknesses, and adverse past performance information to which the proposed contractor has not yet had an opportunity to respond. This may include other aspects of the proposed contractor's proposal that could be altered or explained to materially enhance the proposal's potential for award. However, this does not mean that the contracting officer is required to discuss every area where the proposal could improve.

The scope and extent of discussions are at the discretion of the contracting officer's judgment. A COR may be asked to participate in discussions with proposed contractors in the competitive range.

Note: Under no circumstances may the COR discuss an offeror's proposal with any of the other offerors.

Selecting the Right Contractor

Upon receipt of revised proposals or other responses to questions raised during meaningful discussions, the technical evaluation team will reevaluate the proposals in the competitive range. The results of these evaluations will be documented in writing and submitted to the contracting officer.

The contracting officer will review the latest set of evaluations. Note that the source selection authority (SSA) may be someone other than the contracting officer, as appointed by the head of the agency. Based on a comparative assessment of proposals against all source selection criteria in the solicitation, the contracting officer will then rate the proposals. Although the contracting officer may use reports and analyses prepared by others, the source selection decision represents the contracting officer's independent judgment. Documentation for the source selection decision includes the rationale for any business judgments and tradeoffs made or

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Contract Planning and Source Selection

relied on by the contracting officer, including benefits associated with additional costs.

Debriefing Proposed Contractors

Contracting officers may debrief successful and unsuccessful proposed contractors orally, in writing, or by any other method. The contracting officer normally chairs the debriefing session. Individuals from the evaluation teams provide support at the debriefing.

At a minimum, the following information must be included in the debriefing.

- Significant weaknesses or deficiencies in the proposed contractor's proposal, if applicable
- Overall evaluated cost or price (including unit prices) and technical rating (if applicable) of the selected contractor and the unsuccessful proposed contractor, and past performance information of the unsuccessful proposed contractor
- Overall ranking of all proposed contractors
- Summary of the rationale for the contract award
- For acquisitions of commercial items, the make and model of the item to be delivered by the selected contractor
- Reasonable responses to relevant questions about whether source selection procedures contained in the solicitation, applicable regulations, and other applicable authorities were followed

Note: Debriefings must not include point-by-point comparisons of the proposed contractors' proposals, nor may debriefings divulge any other prohibited information about other proposed contractors.

Handling Protests

Any interested party may file a protest against the government concerning a contracting action. Interested parties can file such protests directly with

the contracting agency or with the Government Accountability Office (GAO).

Interested parties must file protests by the later of the following:

- 10 days after contract award,
- 5 days after a debriefing, or
- 10 calendar days after the basis of the protest is known (or should have been known).

An agency is required to make its best efforts to resolve agency protests within 35 days after the protest filing date, while the GAO has 100 days to resolve the protest. In the case of a protest filed with the GAO, either party can request a 65-day *express option*.

After an interested party files a protest, the government contracting officer must suspend work on the contract unless the agency head determines doing so would not be in the best interest of the government.⁴

Note: The government does not accept late protest submissions.

Handling *Freedom of Information Act* Requests

The *Freedom of Information Act* (FOIA) specifies how federal agencies will make their records available for public review (upon request), sets time standards for compliance actions, and details those records that are exempt from public disclosure. A US government contract is a public document. The reports that a contractor must submit in compliance with the terms and conditions of a service contract are likewise public documents with certain exceptions, such as the following.

- Classified information
- Source selection information
- Trade secrets and confidential commercial or financial information (sometimes referred to as proprietary information)

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Contract Planning and Source Selection

- Interagency or intra-agency memoranda or correspondence
- Personal and medical information pertaining to an individual

If a contractor requests information under the provisions of FOIA, the COR should *immediately* refer the contractor to the contracting officer or base FOIA monitor. The FOIA monitor will establish a suspense, not to exceed 20 calendar days, for each request. Remember—it is not the COR’s job to determine whether information is releasable.

Do’s and don’ts for evaluation and award are provided in Table 10.

Do’s	Don’ts
Carefully review the contract, especially the technical requirements.	Divulge budget information to prospective contractors.
Develop, or obtain from the contractor, a detailed schedule of performance.	Assume without reading it that the SOO/SOW/PWS is complete, clear, and fully understandable.
Work with the contracting officer and the contractor to clear up any misunderstandings and to establish organized contract administration and monitoring procedures	Allow planning to become an end in itself. Remember: the goal is to get results, not just pretty charts showing the “plan.”
	Forget to update plans and schedules as the situation changes.
	Overlook or ignore contract requirements for government-furnished property (GFP), timely reviews and approvals, or technical assistance and direction.

Table 10. Do’s and Don’ts for Evaluation and Award

Notes

1. Department of Defense, *Guidebook for Performance-Based Services Acquisition (PBSA)*.
2. See 10 USC 2302(7), *Rules Governing Contents of Warranties*. For declared domestic contingency operations, the SAT is raised to \$250K.
3. FAR Case 2008-024 (4 February 2010) and DFARS Case 2009-D003 (20 January 2010), both titled *Inflation Adjustment of Acquisition-Related Thresholds*,

propose changes to the SAT under Section 807 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005. Section 807 provides for adjustment every 5 years of statutory acquisition-related thresholds.

4. Per DFARS 202.101, *Definitions*, the term “head of the agency” means, for DoD, the Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force. Subject to the direction of the Secretary of Defense, the Under Secretary of Defense (Acquisition, Technology and Logistics), and the Director of Defense Procurement and Acquisition Policy, the directors of the defense agencies have been delegated authority to act as head of the agency for their respective agencies (to perform functions under the FAR or DFARS reserved to a head of agency or agency head), except for such actions that by terms of statute, or any delegation, must be exercised within the Office of the Secretary of Defense. (For emergency acquisition flexibilities, see DFARS 218.270, *Head of Contracting Activity Determinations*.)

Appendix Acronyms

CCO – Contingency Contracting Officer
CICA – *Competition in Contracting Act*
COR – Contracting Officer’s Representative
FAR – Federal Acquisition Regulation
FOIA – *Freedom of Information Act*
GAO – Government Accountability Office
GFP – Government Furnished Property
IGE – Independent Government Cost Estimates
PWS – Performance Work Statement
RFP – Request for Proposal
SAP – Simplified Acquisition Procedures
SAT – Simplified Acquisition Threshold
SOO – Statement of Objectives
SOW – Statement of Work
US – United States

Appendix 3 COR Qualification and Training

Contents

- Contracting Officer's Representative (COR) Qualifications
- COR Appointment or Designation
- COR Performance Appraisals
- COR Termination
- COR Training
- Department of Defense (DoD) Standard for Certification of CORs for Service Acquisitions
- Alternate CORs

COR Qualifications

The COR should be involved in the acquisition process (assisting with the development of the technical requirements, quality assurance plan, and any other pre-award activities). Therefore, the COR should be identified by the requiring unit or designated supported unit (the COR's parent unit) when the procurement package is received by the contracting office.

To be nominated as a COR, the individual must be a US government employee, have the requisite security clearance, and have training and experience commensurate with the responsibilities the contracting officer will delegate. According to Defense Federal Acquisition Regulation Supplement (DFARS) Part 201.602, *Contracting Officers*,¹ the COR may not redelegate his or her responsibilities.

To nominate a COR, the requiring or supported unit submits a request for COR designation to the contracting officer. At a minimum, the request should include the following information.

- Services or supplies being procured and requiring unit
- Individual nominated
- Nominee's contact information

- Area of responsibility
- Duration of requested appointment
- Completed COR training (attach required certificates)
- Technical qualifications and experience
- Supervisor's certification that:
 - The US Office of Government Ethics (OGE) Form 450, *Confidential Financial Disclosure Report*, has been completed
 - The COR duties are reflected in the nominee's annual performance standards
 - The nominee will be afforded sufficient time and resources to accomplish the duties
- Commander's signature

COR Appointment or Designation

The contracting officer issues the COR appointment or designation via a letter of delegation. This letter establishes the COR's dual lines of responsibility: (1) to the functional chief/commander, via the rating chain, and (2) to the contracting officer, via the appointment/delegation letter. The COR is authorized, within the established limitations of his or her authority, to ensure timely progress of contract performance and to provide effective technical guidance and advice to the contracting officer. A COR acting outside the limits of his or her authority may be held personally liable if a contractor incurs expense through unauthorized commitments. Although a COR may act for the contracting officer in technical phases of the contract, the COR may not commit the government in matters that would change contract price, quantity, delivery schedule, or other requirements of the contract.

The appointment or designation letter identifies the following.

- Individual area of responsibility

- Contract number and expiration date
- Duration of appointment or designation
- Responsibilities, authorities, and limitations
- File maintenance requirements
- Reporting requirements
- Liability in the event of unauthorized acts

After the contracting officer and COR have signed the letter, the contracting officer will furnish two copies of the COR appointment or designation letter to the contractor, which must acknowledge receipt of the letter. The contracting officer will send a copy of the contractor-acknowledged letter of COR appointment or designation to the Defense Contract Management Agency, if that agency has been assigned part of the contract function.

COR Performance Appraisals

The requiring unit must allow adequate resources (time, products, equipment, opportunity) for the COR to perform his or her COR functions. Raters will evaluate the individual's performance of COR duties as part of their performance assessment throughout the period of the contract. Supervisors of CORs are encouraged to solicit input on performance of COR duties from the contracting officer.

COR Termination

The contracting officer may terminate the COR's appointment or designation at any time, upon written request from the COR's commander, at the discretion of the contracting officer, or upon approval of a COR's termination request. When a contract is completed, or a COR requests termination of his or her COR status due to transfer, retirement, or other causes, the contracting officer must immediately terminate the COR's

appointment or designation. Both the contracting officer and the COR must sign a termination letter.

If a COR requests relief from his or her duties, he must do so sufficiently in advance of reassignment or separation from the government to permit the requiring unit to have adequate time to nominate a successor and to permit the contracting officer to have adequate time to train and appoint/designate that successor.

A COR may be terminated either *without prejudice* or *for cause*. A termination without prejudice is made upon the termination date on the COR's appointment or designation letter. Termination for cause is made according to a termination letter issued by the contracting officer. A copy of a termination letter must be provided to the COR and the contractor, and a copy must be included in the contract file.

COR Training

The following COR training is available prior to deployment from the Defense Acquisition University (DAU) at <https://acc.dau.mil/cor>.

- CLC [Continuous Learning Center] 106, Contracting Officer's Representative with a Mission Focus (8-hour online course)
- CLC 206, CORs in the Contingency Environment
- COR 222, DAU's Contracting Officer's Representative Course

The following are additional courses available depending on the mission of the COR.

- CLB [Continuous Learning—Business] 018, Earned Value and Financial Management Reports
- CLB 023, Software Cost Estimating
- CLC 004, Market Research
- CLC 006, Contract Terminations

Appendix 3

COR Qualification and Training

- CLC 007, Contract Source Selection
- CLC 011, Contracting for the Rest of Us
- CLC 013, Performance-Based Services Acquisition
- CLC 055, Competition Requirements for DoD Acquisition
- CLC 133, Contract Payment Instructions
- CLM [Continuous Learning—Acquisition and Management] 13, Work Breakdown Structure
- CLM 024, Contracting Overview
- CLM 031, Improved Statement of Work
- CLM 039, Foundations of Government Property
- HBS [Harvard Business School] 204, Customer Focus
- HBS 205, Decision Making
- HBS 212, Time Management
- HBS 220, Meeting Management
- HBS 224, Writing Skills
- OCS [Officer Candidate School] Essentials—Fundamentals of OCS

In addition, CORs should annually complete DAU CLM 003, Ethics for AT&L Workforce (or a military service-specific version). See Appendix 7 for training Web site addresses.

For Army CORs, the November 19, 2009, Execution Order (EXORD) titled *Pre-Deployment Training for Contracting Officer's Representative (COR) Candidates and Commander's Emergency Response Program (CERP) Personnel* lists Army-specific COR training requirements.

Regardless of their experience or formal training, CORs will receive contract-specific training from their contracting officers.

DoD Standard for Certification of CORs for Service Acquisitions

On 29 March 2010, the Under Secretary of Defense for Acquisition, Technology, and Logistics issued a *DoD Standard for Certification of Contracting Officer's Representatives (COR) for Service Acquisitions*. The standard defines minimum COR competencies, experience, and training based on the nature and complexity of the requirement and contract performance risk. The standard identifies COR competencies, experience, and minimum training for three types of requirements.

- Type A: Fixed-price, low performance risk requirements
- Type B: Other than fixed-price, low performance risk requirements
- Type C: Unique requirements that necessitate a professional license, higher education, or specialized training.

Tables 11, 12, and 13 define the standard for each of these three types of requirements. The standard introduces structure and rigor to COR responsibilities and performance, and will be the basis for a DoD instruction establishing a comprehensive COR certification program that addresses roles and responsibilities for the COR, COR management, and contracting officer.

DAU's baseline training (CLC 106, CLC 206, and COR 222) stems from the competencies identified in the standard. Component-sponsored and commercial training must be equivalent to the DAU baseline training for Type B and C work/requirements to meet the standard training requirements. Equivalency requirements are addressed at <http://icatalog.dau.mil/learning/equivalency.aspx>. Online training for Type B and C requirements is anticipated to be available in the fourth quarter of fiscal year 2010 through DAU.

Appendix 3

COR Qualification and Training

Nature of Type A Work/ Requirement	Required Competency Topics	Required Competencies	Experience/Training Requirements
<p>Fixed-price requirements without incentives, low performance risk. Attributes might include lack of technical or administrative complexity, no identifiable risk factors, limited requirement for technical expertise, low likelihood of modification, effort is a follow-on to an existing contract. COR duties/responsibilities are generally limited to minimal technical and/or administrative monitoring of the contracts.</p>	<p>General:</p> <ul style="list-style-type: none"> - Attention to detail - Decisionmaking - Flexibility - Oral and written communication - Problem solving and reasoning - Self-management/initiative - Teamwork <p>Technical:</p> <ul style="list-style-type: none"> - Business ethics - Effective communication of contract requirements - Effective contract performance management - Effective COR performance 	<p>Upon completion of mandatory training, COR should be able to perform at least the following competencies in a manner consistent with the nature of Type A work/requirements:</p> <ul style="list-style-type: none"> - Assist in acquisition planning - Assist in contract award process - Establish/maintain COR file with all required documentation - Identify/prevent unethical conduct and instances of fraud/waste/abuse - Perform technical/administrative monitoring and reporting duties in accordance with letter of delegation and surveillance plan - Recommend/monitor proposed changes - Monitor contract expenditures/payments - Monitor contract schedule compliance - Perform liaison duties between the contracting officer, requiring activity, and contractor for management of the contract - Inspect, accept, or reject deliverables during contract performance and at close-out in conformance with contract terms and 	<p>Experience:</p> <ul style="list-style-type: none"> - Agency experience: A minimum of 6 months (may be waived) - Relevant experience: As determined by the nominating supervisor for the contracting officer's consideration and appointment - General competencies: As determined by the nominating supervisor for the contracting officer's consideration and appointment <p>Training:</p> <ul style="list-style-type: none"> - DAU CLC 106, Contracting Officer's Representative (basic) - DAU COR 206 (to be determined), COR in the Contingency Environment, when applicable (competency 12) - Minimum of 1 hour of acquisition ethics training (CLM 003 or agency-provided training) annually - Additional training mandated by the contracting activity (WAWF) <p>Refresher Training:</p> <ul style="list-style-type: none"> - Minimum of 8 hours of COR-specific training: <ul style="list-style-type: none"> -- Every 3 years, or -- Prior to assuming COR responsibilities if the individual has not served as a COR within the previous 24 months

Table 11. DoD Standard for Certification of CORs for Services Acquisitions: Type A Requirements

		conditions • Monitor the control/disposition of government-furnished assets • Perform surveillance in a contingency environment, when applicable	-Minimum of 1 hour of acquisition ethics training (CLM 003 or agency-provided training) annually -Any additional training mandated by the activity
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**Table 11. DoD Standard for Certification of CORs for Services Acquisitions:
Type A Requirements, Continued**

Appendix 3

COR Qualification and Training

Nature of Type B Work/ Requirement	Required Competency Topics	Required Competencies	Experience/Training Requirements
<p>Fixed-price requirements without incentives, other than low performance risk. Attributes of such requirements might include: the nature of the work is more complex, effort will be performed in multiple regions/ remote geographic locations, contract contains incentive arrangements or cost sharing provisions, or contract is cost type of Time & Materials/Lab or Hours or Fixed-price Level of Effort. COR duties and responsibilities are of increased complexity.</p>	<p>General:</p> <ul style="list-style-type: none"> - Attention to detail - Decisionmaking - Flexibility - Influencing/persuasive interpersonal skills - Oral and written communication - Planning and evaluating - Problem solving - Reasoning - Self-managemen_y initiative - Teamwork <p>Technical:</p> <ul style="list-style-type: none"> - Business ethics - Defining government requirements - Understanding and knowledge of contract type - Effective analytic skills - Effective communication of contract requirements - Effective contract performance management - Effective COR performance - Project management - Strategic planning - Understanding th_e marketplace 	<p>Upon completion of mandatory training, COR should be able to perform at least the following competencies in a manner consistent with the nature of Type B work/requirements:</p> <ul style="list-style-type: none"> - Assist in acquisition planning - Assist in contract award process - Establish/maintain COR file with all required documentation - Identify/prevent unethical conduct and instances of fraud/waste/abuse - Review technical submittals/ensure compliance with Statement of Work/Statement of Objectives (perform technical monitoring and reporting in accordance with a Quality Assurance Surveillance Plan) - Perform administrative monitoring and reporting duties (handle security issues, attend meetings) - Recommend/monitor proposed changes - Monitor contract expenditures/payments - Monitor contract schedule compliance - Perform liaison duties between the contracting officer and the contractor for management of the contract - Inspect, accept, or reject deliverables during contract performance and at close- 	<p>Experience:</p> <ul style="list-style-type: none"> - Agency experience: A minimum of 12 months (may be waived by the requiring activity; waiver to be addressed in nomination package) - Relevant technical experience: As determined by the nominating supervisor for the contracting officer's consideration and appointment - General competencies: As determined by the nominating supervisor for the contracting officer's consideration and appointment <p>Training:</p> <ul style="list-style-type: none"> - DAU COR 222 or ALMC-CL or equivalent course - DAU COR 206, COR in the Contingency Environment, when applicable (competency 14) - Minimum of 1 hour of acquisition ethics training (CLM 003 or agency-provided training) annually - Additional training mandated by the contracting activity (WAWF) <p>Refresher Training:</p> <ul style="list-style-type: none"> - Minimum of 16 hours of COR-specific training: <ul style="list-style-type: none"> -- Every 3 years, or -- Prior to assuming COR responsibilities if the individual has not served as a COR within the previous 24 months - Minimum of 1 hour of acquisition ethics training (DAU CLM 003 or agency-

Table 12. DoD Standard for Certification of CORs for Services Acquisitions: Type B Requirements

		<p>out in conformance with contract terms and conditions</p> <ul style="list-style-type: none">- Review and validate that contractor payment requests are commensurate with performance- Monitor the control/disposition of government-furnished assets- Perform surveillance in a contingency environment, when applicable	<p>provided training) annually</p> <ul style="list-style-type: none">- Any additional training mandated by the activity
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**Table 12. DoD Standard for Certification of CORs for Services Acquisitions:
Type B Requirements, Continued**

Appendix 3

COR Qualification and Training

Nature of Type C Work/ Requirement	Required Competency Topics	Required Competencies	Experience/Training Requirements
<p>Unique contract requirements that necessitate a professional license, higher education, or specialized training beyond the Type B requirements.</p> <p>Such requirements might include, for example, environmental remediation, major weapons systems, medical/dental/veteranarian services.</p> <p>COR duties/responsibilities are of increased complexity.</p>	<p>General:</p> <ul style="list-style-type: none"> - Attention to detail - Decisionmaking - Flexibility - Influencing/persuasive interpersonal skills - Oral and written communication - Planning and evaluating - Problem solving - Reasoning - Self-management/initiative - Teamwork <p>Technical:</p> <ul style="list-style-type: none"> - Business ethics - Defining government requirements - Understanding and knowledge of contract type - Effective analytic skills - Effective communication of contract requirements - Effective contract performance management - Effective COR performance - Project management - Strategic planning - Understanding the marketplace 	<p>Upon completion of mandatory training, COR should be able to perform at least the following competencies in a manner consistent with the nature of Type C work/requirements:</p> <ul style="list-style-type: none"> - Assist in acquisition planning - Assist in contract award process - Establish/maintain COR file with all required documentation - Identify/prevent unethical conduct and instances of fraud/waste/abuse - Review technical submittals/ensure compliance with Statement of Work/Statement of Objectives (perform technical monitoring and reporting in accordance with a Quality Assurance Surveillance Plan) - Perform administrative monitoring and reporting duties (handle security issues, attend meetings) - Recommend/monitor proposed changes - Monitor contract expenditures - Monitor contract schedule compliance - Perform liaison duties between the contracting officer and the contractor for management of the contract 	<p>Experience:</p> <ul style="list-style-type: none"> - Agency experience: A minimum of 12 months (may be waived by the requiring activity; waiver to be addressed in nomination package) - Relevant technical experience: As determined by the nominating supervisor for the contracting officer's consideration and appointment - General competencies: As determined by the nominating supervisor for the contracting officer's consideration and appointment <p>Training:</p> <ul style="list-style-type: none"> - DAU COR 222 or ALMC-CL or equivalent course - DAU COR 206, COR in the Contingency Environment, when applicable (competency 14) - Minimum of 1 hour of acquisition ethics training (DAU CLM 003 or agency-provided training) annually - Additional training mandated by the contracting activity (WAWF) <p>Refresher Training:</p> <ul style="list-style-type: none"> - Minimum of 16 hours of COR-specific training: <ul style="list-style-type: none"> -- Every 3 years, or: -- Prior to assuming COR responsibilities if the individual has not served as a COR within the previous 24 months

Table 13. DoD Standard for Certification of CORs for Services Acquisitions: Type C Requirements

		<ul style="list-style-type: none"> - Inspect, accept, or reject deliverables during contract performance and at close-out in conformance with contract terms and conditions - Review and validate that contractor payment requests are commensurate with performance - Monitor the control/disposition of government-furnished assets - Perform surveillance in a contingency environment, when applicable - Other specific functions consistent with the objectives of the activity's mandatory specialized/technical training 	<ul style="list-style-type: none"> - Minimum of 1 hour of acquisition ethics training (DAU CLM 003 or agency-provided training) annually - Any additional training mandated by the activity - Any training necessary for maintenance of license/certification
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**Table 13. DoD Standard for Certification of CORs for Services Acquisitions:
Type C Requirements, Continued**

Alternate CORs

Alternate CORs (ACOR) are appointed or designated through the same process as that for the COR: (1) nomination by the requiring or supported unit, (2) appointment or designation by the contracting officer, and (3) signature by the contracting officer and ACOR, with a copy to the contractor. Similarly, ACORs are terminated through the same process as that for the COR (see below).

Training and additional requirements for ACORs are the same as those for the COR. The ACOR should assist the COR with developing and implementing a surveillance program and maintaining COR working files so that the ACOR will have the necessary background. The ACOR has the authority and responsibility to act as COR only in the absence of the primary COR. Absence of the primary COR may be due to annual leave, sick leave, training, or temporary duty.

Notes

1. DFARS Part 201.602, *Contracting Authority and Responsibilities*, and DFARS PGI 201.602-2, *Responsibilities*, address this requirement.

Appendix Acronyms

ACOR – Alternate Contracting Officer’s Representative

CERP – Commander’s Emergency Response Program

CLB – Continuous Learning Business

CLC – Continuous Learning Center

CLM – Continuous Learning Acquisition and Management

COR – Contracting Officer’s Representative

DAU – Defense Acquisition University

DFARS – Defense Federal Acquisition Regulation Supplement

EXORD – Executive Order

HBS – Harvard Business School

Appendix 3 Notes
COR Qualification and Training

Appendix 4 Terms and Abbreviations

Acceptance: Act of an authorized representative of the government by which the government for itself, or as an agent of another, assumes ownership of identified supplies tendered or approves specific services rendered as partial or complete performance of a contract.

Acquisition and Cross-Servicing Agreement (ACSA): Agreement negotiated on a bilateral basis with US allies or coalition partners that allows US forces to exchange most common types of support, including food, fuel, transportation, ammunition, and equipment. Authority to negotiate these agreements is usually delegated to the combatant commander by the Secretary of Defense. Authority to execute these agreements lies with the Secretary of Defense and may or may not be delegated. Governed by legal guidelines, these agreements are used for contingencies, peacekeeping operations, unforeseen emergencies, or exercises to correct logistic deficiencies that cannot be adequately corrected by national means. The support received or given is reimbursed under the conditions of the ACSA. See also “cross-servicing” and “servicing” in Joint Publication 1-02, *Department of Defense (DoD) Dictionary of Military and Associated Terms*, and Joint Publication 4-07, *Joint Tactics, Techniques, and Procedures for Common-User Logistics during Joint Operations*.

Acquisition: Process of acquiring by contract, with appropriated funds, supplies or services (including construction) by and for the use of the federal government through purchase or lease, whether the supplies or services already exist or must be created, developed, demonstrated, and evaluated.

Administrative Contracting Officer (ACO): Individual who administers a contract and enforces its provisions. The procuring contracting officer (PCO) sometimes serves as the ACO, especially for contracts performed on a government installation.

Agent: Individual appointed or designated by another party (principal) to enter into a business or contractual relationship with third parties. These

relationships are legally binding on the principal and the third parties. A contracting officer signing a government contract does so as an agent of the US government.

Allocable Costs: Costs that are incurred specifically for the contract, that benefit both the contract and other work and can be distributed in reasonable proportion to the benefits received, or that are necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

Allowable Costs: Costs that are allowable on a government contract when in keeping with the rules set forth in FAR Part 31, *Contract Cost Principles and Procedures*, and not otherwise disallowed.

Alternative Dispute Resolution (ADR): Any type of procedure or combination of procedures used voluntarily to resolve issues in controversy. Examples of ADR procedures are conciliation, facilitation, mediation, fact-finding, mini-trials, arbitration, and use of ombudsmen.

Amendment: Change made to a solicitation.

Antideficiency Act: Law that prohibits authorizing or incurring obligations or expenditures in excess of amounts apportioned by the Office of Management and Budget (OMB) or in excess of amounts permitted by agency regulations. The act requires establishment of procedures for determining the responsibility for violations and for reporting violations to the President, through the OMB, and to the Congress.

Best Value: Expected outcome of an acquisition that, in the government's estimation, provides the greatest overall benefit (technical and price) in response to the requirement.

Bid: Offer. In the sealed bidding method of contracting, the offer takes the form of a sealed bid. A bid is fixed as of the time of bid opening, and there is no possibility of negotiating even a relatively minor change in it,

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Terms and Abbreviations

even if the change would be to the government's advantage. It must be accepted or rejected as submitted.

Bidder: Offeror.

Bilateral Modification: Contract modification (supplemental agreement) signed by the contractor and the contracting officer.

Blanket Purchase Agreement (BPA): Simplified method of filling anticipated repetitive needs for supplies or services by establishing *charge accounts* with qualified sources of supply.

Blanket Purchase Agreement Caller: Individual authorized to purchase under a BPA. This person is identified either by title, position, or name in the terms of the agreement, and the dollar limitation per purchase is furnished to the supplier. Designating an individual as COR does not entitle that person to place calls against a BPA. This is an entirely separate function.

Cardinal Changes: Modifications to an existing contract that are beyond the general scope of that contract and are so extensive that a new procurement should be used.

Change Order: Written order, signed by the contracting officer, directing the contractor to make a change that the Changes clause authorizes.

Changed Conditions: Construction site or repair conditions that differ significantly from conditions indicated in the contract or conditions ordinarily encountered in the performance of the type of work in the contract.

Chief of the Contracting Office (COCO): Any person who has direct managerial responsibility for the operation of a contracting office. Unless specifically excepted, the COCO may, at the option of the designated official, be the deputy chief or acting chief of the contracting office.

Civil Augmentation Programs (CAP): Standing, long-term contracts designed to augment service logistic capabilities with contract support

in both preplanned and short-notice contingencies. Examples are US Army Logistics Civilian Augmentation Program, US Air Force Contract Augmentation Program, and US Navy Construction Capabilities Contract.

Claim: Written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of a certain sum of money, the adjustment or interpretation of contract terms, or other relief arising under or relating to the contract. The submission may be converted to a claim by written notice to the converting officer if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

Clause: Term or condition used in a contract or in both the contract and the solicitation.

Combatant Commander (COCOM): Commander of one of the unified or specified combatant commands established by the President.

Commercial Item (CI): Item customarily used for nongovernmental purposes. Commercial items are sold, leased, or licensed to the general public, or have been offered for sale, lease, or license to the general public. Items not yet available in the commercial marketplace, but can be expected to be sold in the commercial marketplace in time to meet the government's requirement, are also considered commercial items.

Commercial Item Description (CID): Indexed, simplified description, prepared by the government using performance characteristics, of an available, acceptable commercial item that will satisfy the government's needs.

Competition in Contracting Act (CICA): Law stating that lack of planning is not adequate justification for a sole-source contract and requiring a detailed explanation as to why competition cannot be achieved.

Competition: Acquisition strategy in which more than one contractor is sought to bid on a procurement. In acquisitions at or below the

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micropurchase threshold, only assurance of a fair and reasonable price is required. In simplified acquisitions, maximum practicable competition is obtained by soliciting at least three sources. In actions using other than simplified acquisition procedures, full and open competition is to be used unless there are valid exemptions or exceptions.

Constructive Change: Oral or written act or omission by the contracting officer that is construed as having the same effect as a written change order yet lacks formal written authority. An example of a constructive change is holding a contractor to an original delivery schedule despite an excusable delay. No written change was made; however, by insisting the excusable delay will have no impact on the schedule, an accelerated schedule has been constructed.

Contingency Contracting Officer (CCO): Individual with delegated contracting authority to enter into, administer, and terminate contracts on behalf of the government in support of a local contingency, steady-state deployments, or other contingency operations. The CCO also acts as the primary business advisor to the deployed or on-scene commander.

Contingency Operation: Military operation that (1) is designated by the Secretary of Defense as an operation in which members of the Armed Forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States, or against an opposing military force, or (2) results in the call or order to, or the retention on, active duty members of the uniformed services under any other provision of law during a war or during a national emergency declared by the President or Congress.

Contract: Agreement, enforceable by law, between two or more competent parties to do or not do something not prohibited by law for a legal consideration. FAR 2.101, *Definitions*, defines a contract as a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them.

Contract Administration Office (CAO): Activity identified in the DoD Directory of Contract Administration Services Components assigned to perform contract administration responsibilities. For DoD, the CAO is often a Defense Contract Management Command (DCMC) office servicing the contract.

Contract Administration Plan (CAP): Plan describing the procedures and tasks to be used by the government to administer a contract. Those tasks include file documentation and quality assurance functions. Implementation of the CAP will establish a quality audit trail of contract performance with respect to the specifications, cost, delivery requirements, and applicable laws, regulations, and contract provisions.

Contract Advisory and Assistance Services (CAAS): Services provided under contract by nongovernmental sources to support or improve organizational policy development, decisionmaking, management and administration, program and/or project management and administration, or research and development activities. CAAS also include the furnishing of professional advice or assistance rendered to improve the effectiveness of federal management processes or procedures (including those of an engineering and technical nature). Outputs may take the form of information, advice, opinions, alternatives, analyses, evaluations, recommendations, training, and day-to-day aid of support personnel needed for the performance of ongoing federal operations. Advisory and assistance services are classified in one of the following categories: (1) management and professional support services; (2) studies, analyses, and evaluations; and (3) engineering and technical services.

Contract Data Requirements List (CDRL): List of contract data requirements authorized for a specific acquisition and made a part of the contract. CDRLs are specified by DD Form 1423-1, *Contract Data Requirements List*.

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Contract Discrepancy Report (CDR): Report issued for any supply or service found to be unacceptable during contract performance. The CDR is notification to the contractor of failure to meet the contract requirements.

Contract Disputes Act (CDA) of 1978, as amended (41 USC 601 to 613): Law establishing procedures and requirements for asserting and resolving claims subject to the CDA. The act also provides for (1) payment of interest on contractor claims, (2) certification of contractor claims, and (3) a civil penalty for contractor claims that are fraudulent or based on a misrepresentation of fact.

Contract Line Item Number (CLIN): Number that identifies a separate supply or service to be provided under contract. Each CLIN should have a single unit price, separate identification, separate delivery schedule, and single accounting classification citation.

Contracting Officer: Individual who is duly appointed and designated with specific authority to enter into, administer, and terminate contracts and to make related determinations and findings on behalf of the US government.

Contracting Officer's Final Decision (COFD): Decision made by the contracting officer to accept or deny a protest filed by a contractor. If the contracting officer denies the protest, the contractor can appeal under the Disputes clause.

Contracting Officer's Representative (COR): Individual designated and authorized in writing by the contracting officer to perform specific technical or administrative functions related to monitoring a contract. According to Defense Federal Acquisition Regulation Supplement (DFARS) Subpart 201.602-2, *Responsibilities*, the COR must be (1) a government employee (unless otherwise authorized in agency regulations), (2) qualified by training and experience commensurate with responsibilities to be delegated in accordance with department or agency guidelines, and (3) designated in writing. The COR has no authority to

make any commitments or changes that affect price, quality, quantity, delivery, or other terms and conditions of the contract.

Contracting Officer's Representative (COR) Nominee: Individual identified by the requiring unit and accepted by the contracting officer as having the general competencies, agency experience, relevant technical experience, and training (or a training plan if not yet trained) to perform those COR functions delegated by the contracting officer. When appropriate, the COR should be nominated as early in the acquisition cycle as practicable. This allows the COR nominee to provide subject matter expertise and to ensure that he or she is familiar with the requirements, specific terms and conditions of the resultant contract, and the functions to be delegated.

Contracting Support Plan (CSP): Document describing contracting support planned for an operation. The CSP ensures that contracting personnel plan, prepare, and coordinate the support of deployed forces and that contracting plans and procedures are known and included in overall operational plans.

Contractor Acquired Property (CAP): Property acquired or otherwise provided by the contractor for its use in performing a contract and to which the government has or will acquire title.

Cost-Reimbursement Contract: Agreement that provides for payment of allowable incurred costs, to the extent prescribed in the contract.

Cure Notice: Document the contracting officer sends to a contractor to notify the contractor that the contract may be terminated by reason of default if the condition endangering performance of the contract is not corrected. There must be 10 days for the contractor to make the cure.

Customer Complaint: Form of feedback that can be used to monitor quality assurance; this is particularly useful in service contracts.

Data Item Description (DID): Document that defines the data required of a contractor. The DID specifically defines the data content, format, and intended use.

Data Rights: Rights to use recorded information, regardless of its form or the media on which it may be recorded. The term includes rights to technical data and computer software. The term does not include rights to information incidental to contract administration, such as financial, administrative, cost or price, or management information. The government can acquire three types of data rights: (1) unlimited rights to all data, which is costly; (2) limited rights or restricted rights (a few essential rights for government personnel only, which has a relatively low cost); and (3) government-purpose rights, which includes rights for government contractors as long as the use is for a government purpose, at a moderate cost.

Default: Omission or failure to perform a legal or contractual duty to observe a promise, discharge an obligation, or perform an agreement.

Defense Contract Audit Agency (DCAA): Agency that audits all DoD contracts and provides accounting and financial advisory services regarding contracts and subcontracts to DoD components responsible for procurement and contract administration. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts. DCAA also provides contract audit services to some other government agencies.

Defense Contract Management Agency (DCMA): Independent agency within DoD that serves as DoD's contract manager. DCMA is responsible for ensuring that federal acquisition programs (systems, supplies, and services) are delivered on time, delivered within projected cost or price, and meet performance requirements.

Defense Federal Acquisition Regulation Supplement (DFARS): Supplement to the FAR that provides DoD-specific acquisition regulations.

Defense Information Systems Agency (DISA): Agency responsible for inspections prior to final closeout of classified documents.

Delivery Order (DO): Order for supplies placed against an established contract or with government sources.

Delivery Order Contract: Contract for supplies that does not procure or specify a firm quantity of supplies (other than a minimum or maximum quantity) and that provides for the issuance of orders for the delivery of supplies during the period of the contract.

Department of Defense (DoD): Federal department responsible for coordinating and supervising all agencies and functions of the government relating directly to the military and national security.

Design Specification: Document that details the exact dimensions, materials, composition, physical and chemical requirements, and other characteristics of the product to be furnished. The contractor must provide the item as specified, but the government bears the responsibility for ensuring that the specifications are correct and will produce the desired result.

Designated Agency Ethics Official (DAEO): Individual appointed or designated by the Attorney General to administer, coordinate, and manage a department's ethics program. The Assistant Attorney General for Administration has been designated to serve as the DAEO.

Dispute: Disagreement between the contractor and contracting officer regarding the rights of the parties under a contract.

Economic Price Adjustment (EPA): Provision in a fixed-price contract that allows for upward or downward revision of the stated contract price under specified contingencies.

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Electronic Commerce: Paperless process for accomplishing business transactions. Electronic mail, electronic bulletin boards, electronic funds transfer, and electronic data interchange are examples.

Employee-Employer Relationship: Relationship under service contracts in which contractor personnel are subject to the relatively continuous supervision and control of a government employee.

Equitable Adjustment: Adjustment of price, including an adjustment for profit, due to a change in contracted work, such as a change in the delivery schedule or any other terms of the contract.

Excusable Delay: Delay arising from causes beyond the control and without the fault or negligence of the contractor. Examples are (1) acts of a public enemy, (2) acts of the government in its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather.

Executive Agency: Instrumentality of the US government bound by the FAR. Executive agencies include the executive departments, the military departments, any independent establishment, and any wholly owned government corporation within the meaning of 31 USC 102, *Executive Agency*.

Executive Agent: Term used to indicate a delegation of authority by the Secretary of Defense to a subordinate to act on the Secretary's behalf. Designation as an executive agent, in and of itself, confers no authority. The exact nature and scope of the authority delegated must be stated in the document designating the executive agent. An executive agent may be limited to providing only administration and support or coordinating common functions; however, an executive agent may be delegated authority, direction, and control over specified resources for specified purposes.

External Support Contract: Prearranged contingency contract or contract awarded during a contingency from service contracting authorities

external to the operational area. The largest contracts of this types have been the services' civilian/contract augmentation programs.

External Support Contractor: Entity hired to provide an external support contract (see above).

Fair and Reasonable Price: Basic tenet of government contracting that an award be made at a fair and reasonable price to both parties to the contract. If the contract is set up with the correct contract type allowing for appropriate cost risk, a good contractor should be able to make a reasonable profit.

Federal Acquisition Regulation (FAR): Regulation that applies to all acquisitions of the executive branch of the US government. DoD-specific policies and procedures are established in the DFARS.

Federal Business Opportunities (FBO or FedBizOpps): Media used by US government agencies to notify the public of proposed contract actions and contract awards.

Federal Supply Schedule (FSS): Program, directed and managed by the General Services Administration, that provides US government agencies with a simplified process for obtaining common supplies and services at prices associated with volume buying.

Field Ordering Officer (FOO): Individual authorized, in writing, by the contracting officer to execute micropurchases using Standard Form 44, *Purchase Order-Invoice-Voucher*.

Firm-Fixed-Price (FFP) Contract: Agreement to pay a specified price when the supplies or services called for by the contract have been delivered and accepted within a specified time.

Fragmentary Order (FRAGO): Abbreviated form of an operations order (OPORD) that is issued as needed to change or modify the OPORD or to execute a branch or sequel to the OPORD.

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Free on Board (FOB) Destination: Shipping term indicating that the seller or consignor selects the mode of transportation and delivers the supplies to the final delivery place designated by the government. Unless otherwise specified in the contract, the seller or consignor is responsible for the cost of shipment and the risk of loss or damage during shipment.

Free on Board (FOB) Origin: Shipping term indicating that the seller or consignor is responsible only for placing supplies on a conveyance (means of transportation). Unless otherwise specified in the contract, the buyer or consignee (the government) is responsible for the cost of shipment and the risk of loss.

Full and Open Competition: Procurement environment in which all responsible sources are permitted to compete.

General Services Administration (GSA): Agency in the executive branch of the US government that procures common supplies and services (including construction) used by government agencies.

Government Accountability Office (GAO): Independent government entity known as “the investigative arm of Congress” and “the congressional watchdog.” GAO supports Congress in meeting its constitutional responsibilities and helps improve the performance and accountability of the federal government.

Government Bill of Lading (GBL): Accountable transportation document, authorized and prepared by a government official.

Government Performance and Results Act (GPRA): Law mandating that federal agencies measure their performance.

Government-Furnished Property (GFP): Property in the possession of or directly acquired by the government and subsequently made available to the contractor.

Government-wide Commercial Purchase Card (GCPC): Card, similar to a commercial credit card, issued to authorized agency personnel to use to acquire and pay for supplies and services.

Head of the Contracting Activity (HCA): Individual who has overall responsibility for managing the contracting activity.

Host Nation Support Agreement (HNSA): Basic support agreement normally conducted at government-to-government or government-to-combatant commander level. General agreements, umbrella agreements, and memoranda of understanding are examples of HNSAs.

Humanitarian or Peacekeeping Operation: Military operation in support of humanitarian or foreign disaster assistance or in support of a peacekeeping operation under Chapter VI or VII of the Charter of the United Nations. The term does not include routine training, force rotation, or stationing.

Imprest Fund: Cash fund of a fixed amount established through an advance of funds, without appropriation change, to an authorized Imprest fund cashier to make immediate cash payments of relatively small amounts for authorized purchases of supplies and nonpersonal services.

Indefinite-Delivery Contract: Contract used to acquire supplies or services when the exact times and/or exact quantities of future deliveries are not known at the time of contract award. There are three types of indefinite-delivery contracts: definite-quantity contracts, requirements contracts, and indefinite-quantity contracts.

Independent Government Estimate (IGE): Estimate of the cost for supplies or services to be procured by contract. Government personnel independent of contractors prepare IGEs.

Information Resources: All resources and activities employed in the acquisition, development, collection, processing, integration, transmission, dissemination, distribution, use, retention, storage, retrieval,

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maintenance, access, disposal, security, and management of information. Information resources include doctrine, policy, data, equipment, and software applications, as well as related personnel, services, facilities, and organizations.

Information Technology (IT): Any equipment, or interconnected system or subsystem of equipment, used for the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or receipt of data or information. IT includes computers, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.

Information Technology Management Reform Act (ITMRA): Law seeking to improve federal information management and to facilitate acquisition of state-of-the-art information technology that is critical for improving the efficiency and effectiveness of government operations.

Inspection: Process broadly defined as “the examination of an item by comparing it with predetermined standards to determine conformance to requirements.” The narrow definition of inspection is “a visual examination which does not use special laboratory equipment or procedures.” In the phrase *inspection and acceptance*, the broad definition applies. In the phrase *test and inspection*, the narrow one applies.

Integrated Product Team (IPT): Team composed of representatives from all appropriate functional disciplines working together to build successful programs, identify and resolve issues, and make sound and timely recommendations to facilitate decisionmaking. There are three types of IPTs: (1) overarching IPTs (OIPs), which focus on strategic guidance, program assessment, and issue resolution; (2) working IPTs (WIPTs), which identify and resolve program issues, determine program status, and seek opportunities for acquisition reform; and (3) program-level IPTs, which focus on program execution and may include representatives from both government and industry.

Inter-Service Support Agreement (ISSA): Formal, long-term, or operation-specific support agreement between services, DoD, and/or non-DoD agencies governed by DoD Instruction 4000.19, *Interservice and Intragovernmental Support*. ISSAs, normally developed at the service secretariat and governmental agency director level, document funding and reimbursement procedures, as well as standards of support between the supplying and receiving service or agencies. Although they are binding, ISSAs do not connote DoD-level executive agent responsibilities.

Invitation for Bids (IFB): Solicitation used by the government (in the sealed bidding method of contracting) to invite offerors to make a bid on a specific requirement and to describe the conditions under which offers will be received.

Job Order Contract (JOC): Indefinite-delivery, indefinite-quantity (IDIQ) contract awarded on the basis of full and open competition to acquire real property maintenance and repair or minor construction at base level. The JOC includes a comprehensive collection of detailed repair maintenance and minor construction task descriptions or specifications, units of measure and established unit prices for each discrete task. Each project or job ordered under a JOC normally consists of a number of predefined and prepriced tasks.

Joint Acquisition Review Board (JARB): Board formed to approve and prioritize designated, related high-value and/or high-visibility requirements and to determine the proper source of support for those requirements.

Joint Contracting Support Board (JCSB): Board that functions as a coordination or deconfliction activity for contracting in a Joint operations area (JOA). The goal of the JCSB is to maximize the contracting capabilities of the JOA, while minimizing the competition for limited

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contractor capabilities. The JCSB also establishes specific theater and external support contracting procedures and reporting requirements.

Joint Forces Commander (JFC): General term applied to a combatant commander, subunified commander, or Joint task force commander authorized to exercise combatant command (command authority) or operational control over a Joint force.

Joint Operations Area (JOA): Area of land, sea, and airspace, defined by a geographic combatant commander or subordinate unified commander, in which a Joint force commander (normally a Joint task force commander) conducts military operations to accomplish a specific mission.

Justification and Approval (J&A): Document that justifies and obtains approval for contract solicitations that use other than full and open competition.

Labor-Hour Contract: Contract that provides for the procurement of services on the basis of direct labor hours at specified, fixed hourly rates (which include direct and indirect labor, overhead, and profit).

Legal Counsel: Judge Advocate General, or Staff Judge Advocate, or civilian counsel providing legal services to the installation organization concerned.

Letter Contract: Written preliminary contractual instrument that authorizes the contractor to begin immediately manufacturing supplies or performing services.

Life-Cycle Cost (LCC): Total cost to the government of acquisition and ownership of a system over its useful life. LCC includes development, acquisition, operations, and support (including manpower), and, where applicable, disposal.

Market Research: Process used for collecting and analyzing information about the market available to satisfy the minimum agency needs to arrive

at the most suitable approach to acquiring, distributing, and supporting supplies and services.

Memorandum of Understanding (MOU): Agreement of cooperation between organizations. The MOU defines the roles and responsibilities of each organization in relation to the other or others with respect to an issue over which the organizations have concurrent jurisdiction.

Modification: Written change in the terms of the contract. It can be unilateral (signed by the government only) or bilateral (signed by both the government and the contractor).

Negotiation: Contracting approach that uses either competitive or other than competitive proposals and discussions. Any contract awarded without using sealed bidding procedures is a negotiated contract. Negotiation may also be used to modify the contract after award.

Nonappropriated Fund (NAF): Funds generated by DoD military and civilian personnel and their dependents and used to augment funds appropriated by the Congress to provide a comprehensive morale, welfare, recreation, religion, and education program to improve the well-being of military and civilian personnel and their dependents.

Nondevelopmental Item (NDI): Item developed and used exclusively for governmental purposes by a federal agency, a state or local government, or a foreign government with which the United States has a mutual defense cooperation agreement. An NDI may require minor modification to meet agency-specific requirements. Items that are developed and will soon be used by the federal government, a state or local government, or a foreign government are also considered NDIs.

Nonexcusable Delay: Delay that could have been prevented by the contractor. Such a delay would not be a reason to extend the delivery schedule without consideration.

Nonpersonal Services Contract: Contract under which the personnel rendering the services are not subject, either by the contract's terms or by the manner of its administration, to the supervision and control usually prevailing in relationships between the government and its employees.

Offer: One of the five elements of a contract. As a response to a government solicitation, an offer, if accepted by the government's contracting officer, would legally bind the offeror to perform the resultant contract. An offer could be in the form of a bid or a proposal.

Offeror: Entity that offers, via a proposal, to provide supplies or perform services needed by the government. An offeror becomes a contractor when the government accepts the offer. In sealed bidding the offeror is called a *bidder*.

Option: Contract term giving the government the unilateral right, for a specified time, to purchase additional supplies or services called for by the contract or to extend the term of the contract. Examples are an increase in the quantity of supplies beyond that originally stipulated, an extension of time for services beyond that originally stipulated, and a change to the principal period of performance (such as the hours of the workday in a maintenance contract). A critical factor in an option is the window during which an option can be exercised. Missing the window voids the unilateral nature of the option.

Oral Contract: Agreement not documented in writing. It is the government's policy not to use oral contracts. No appropriated funds can be used to pay for supplies or services until the contract is in writing.

Order: Instrument used to order work under a task order or delivery order contract. Orders are written and, when obligating funds, must be on a form prescribed by the FAR or DFARS. Orders are made a part of the contract file.

Ordering Officer (OO): Individual appointed or designated by a contracting officer to make purchases up to the micropurchase threshold

using any method listed in Part 13 of the FAR. Examples are purchase orders, SF 44 transactions, Imprest funds, calls against BPAs, and government credit card transactions. An OO also may be authorized to place delivery orders under indefinite-delivery type contracts.

Organizational Conflict of Interest: Situation that exists when the nature of the work to be performed under a proposed government contract may, without some restriction on future activities, result in an unfair competitive advantage to the contractor or impair the contractor's objectivity in performing the contract work.

Partial Payment: Payment for supplies or services, delivered to and accepted by the government, that represent only part of the contract requirements.

Past Performance: History of how well a contractor performs on a contract or contracts. The government tracks contractor performance to assess the risk of using the same contractor on a similar project sometime in the future. (The government supplements past performance data with data from other sources.)

Performance Requirements Summary (PRS): Document containing information about the key services that a contractor is required to perform, standards to enable the government to test the quality of a contractor's performance, and surveillance methods to be used.

Performance Specification: Description of the end item in terms of output, function, or operation. The contractor is responsible for determining the specific design necessary to achieve the performance levels stated. Performance specifications are preferred over design specifications.

Performance Work Statement (PWS): Description of the required results in clear, specific, and objective terms with measurable outcomes.

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Performance-Based Services Contract (PBSC): Contract that focuses on the purpose of the services to be performed rather than the manner in which the work is to be performed. A PBSC is designed to ensure that contractors are given the freedom to determine how to meet the government's performance objectives, that appropriate performance quality levels are achieved, and that payment is made only for services that meet these levels.

Personal Services Contract: Contract that creates an employer-employee relationship between the government and the contractor's personnel. The government is normally required to obtain its employees by direct hire under competitive appointment, designation, or other procedures required by the civil service laws. Obtaining personal services by contract, rather than by direct hire, circumvents those laws unless Congress has specifically authorized acquisition of the services by contract. In addition, converting a legal nonpersonal service contract into a personal service contract removes it from being enforceable in a court of law.

Pre-award Survey (PAS): Study of a prospective contractor's financial, organizational, and operational status. A PAS is conducted prior to contract award to determine the contractor's responsibility and eligibility for government procurement.

Private Security Contractor (PSC): Company contracted by DoD to perform security functions. In a designated area of combat operations, the term *PSC* expands to include all companies employed by US government agencies performing security functions under a covered contract. Contractors performing security functions are not authorized to perform inherently governmental functions. In this regard, they are limited to a defensive response to hostile acts or demonstrated hostile intent.

Procurement Initiator: Local or installation director, office chief, or functional element authorized to receive contract support.

Procurement Integrity Act: Law prohibiting disclosure of contractor bid and proposal information and source selection information by a person who (1) is acting or has acted for or on behalf of, or who is advising or has advised the United States with respect to, a federal agency procurement, and (2) by virtue of that office, employment, or relationship, has or had access to contractor bid or proposal information or source selection information. See Section 27 of the *Office of Federal Procurement Policy Act* (41 USC 423, as implemented in FAR 3.104, *Procurement Integrity*).

Procurement Request: Initial request for a contracting action, submitted by the requiring unit. The procurement request consists of all the documentation required to establish a contract, a purchase order, or a construction contract.

Procuring Contracting Officer (PCO): Individual who awards the contract. This individual may also administer the contract and may handle termination settlements, functions that, in many instances, are handled by an ACO and a TCO, respectively.

Progress Payment: Method of contract financing in which the government pays a contractor as work progresses even though supplies or services have not been delivered. Progress payments may be based on cost incurred, percentage of work completed, or completion of particular phases.

Prompt Payment Act: Law defining the standard amount of time allowed for payment to government contractors.

Proposal: Document submitted by an offeror in response to a request for proposals, issued by the government, for providing supplies or performing services.

Proprietary Data: Data that belong to an offeror or contractor, and apply to manufacturing processes, operations, or techniques that may distinguish that entity from its competition. The entity must label its

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proprietary data, and the government must prevent the release of proprietary data to unauthorized parties.

Protest: An interested party's written objection to an agency's solicitation of offers for a proposed contract to acquire supplies or services. A protest also may be an interested party's written objection to the proposed or actual award of a contract.

Provision: Term or condition that is used in the solicitation and applies before contract award.

Purchase Order: Order for supplies or services (used in the simplified acquisition method of contracting). Normally used above the micropurchase level, purchase orders may be unilateral (requiring only a government signature) or bilateral (requiring the signature of both the contracting officer and the contractor).

Purchase Request (PR): Initial request for any contracting action, normally submitted by the technical or functional area organization (requiring unit).

Quality: Combined attributes (performance features and characteristics) that indicate the ability of a supply or service to satisfy a given need.

Quality Assurance: Process consisting of planned, systemic actions necessary to provide confidence that adequate technical requirements are established, supplies and services conform to established technical requirements, and satisfactory performance is achieved.

Quality Assurance Representative (QAR): When a contract has been delegated to the Defense Contract Management Agency to administer, the COR will work closely with the QAR. The QAR ensures the contractor is in compliance with contractual requirements, evaluates and documents contractor performance, follows up with the contractor on documented deficiencies, and provides input for the Performance Evaluation Board through the administrative contracting officer.

Quality Assurance Schedule: Timeline established by the government to observe contractor performance.

Quality Assurance Surveillance Plan (QASP): Guide that describes the contract monitoring methods in detail. The QASP is usually written by the same team that develops the work statement and is used in monitoring a contract. A QASP is mandatory for contracts, task orders, or delivery orders over the micropurchase threshold, including service contracts and construction contracts.

Quality Control Plan (QCP): Method put into place by a contractor to monitor or control the performance of services to meet contract requirements. This plan is also known as a quality assurance plan (QAP).

Random Sampling: Method of inspection used when it is not feasible to examine all items presented prior to acceptance. Under this method, a predetermined quantity is inspected at random. In this way, the contractor does not know which items will be inspected. In theory, random sampling is highly reliable as an indicator of overall quality.

Ratification: Approval, by an official with the required authority (such as the contracting officer), of an unauthorized commitment. The contracting officer is not compelled to ratify an unauthorized commitment.

Reachback: Process of obtaining supplies, services, applications, forces, equipment, or material from organizations that are not forward deployed.

Reasonable Cost: Cost that a prudent entity would pay in the normal course of business. *Reasonable* is subjective. For example, the reasonable cost of plywood would be higher in a coastal area under a hurricane watch than in other areas, but there would still be a point at which the cost could be considered unreasonable.

Replacement in Kind (RIK): Type of payment on an acquisition and cross-servicing agreement in which logistics support, supplies, or services are

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transferred to a unit and that unit pays by providing the same kind of logistics support, supplies, or services at a later date.

Request for Information (RFI): Request by the government for information from industry. The government may issue an RFI to obtain price, delivery, capabilities, and other market information for planning purposes (for example, for developing a solicitation document, such as an RFP).

Request for Proposals (RFP): Solicitation used for negotiated acquisitions to communicate government requirements to prospective contractors and to obtain proposals.

Requirements Contract: Indefinite-delivery type of contract that commits the government to the exclusive use of the contractor to provide supplies or services as outlined in the contract for the period state. This type of contract does not commit the government to a specific quantity of supplies or services. Delivery orders are used to request supplies and services when needed. Delivery orders also give the location and time of delivery or performance. Under this type of contract, the government is at risk of a breach of contract suit if, for any reason, it gives a competitor the work promised before the contractor has a chance to refuse it.

Responsibility: Determination that the contractor has the capability to perform a contract successfully. Because the responsibility decision must be made prior to award, it is somewhat speculative. It can be based on a formal pre-award survey of technical capability, production capability, quality assurance capability, financial capability, accounting system, and other factors such as property control, transportation, packaging, security, safety, environmental or energy conservation, and flight operation or flight safety. It is also possible to make a responsibility determination without a formal pre-award survey when data are available to support a positive decision.

Rule Four File: Government response to a contractor's claim against the government brought before the Armed Services Board of Contract Appeals (ASBCA). DFARS Appendix A contains the ASBCA rules. The fourth rule addresses *preparation, content, organization, forwarding, and status of the appeal file*. The appeal file itself has picked up the name *Rule Four File* from this origin of the rules concerning it.

Sealed Bidding: Method of contracting that employs competitive bids, involves public opening of bids, and makes an award to the responsive, responsible bidder, considering only price and price-related factors.

Section 508: Section of the *Rehabilitation Act* that requires federal agencies to make their electronic and information technology accessible to people with disabilities.

Senior Contracting Official (SCO): Individual, designated by the lead service or Joint command and appointed by the HCA, who assumes direct managerial responsibility over theater support contracting. Multiple SCOs may be appointed in the same operational area, depending on the mission or regional focus.

Senior Procurement Executive (SPE): Individual who is responsible for management direction of the acquisition system of an executive agency, including implementation of agency-unique acquisition policies, regulations, and standards.

Set-aside: Reserving of an acquisition or portion of an acquisition exclusively for participation by an identified group.

Show-Cause Letter: Document sent by the contracting officer to a contractor that is failing to perform in accordance with the terms of the contract. The letter notifies the contractor that the contract may be terminated by reason of default unless the contractor can prove within 10 days that the condition was not the fault of the contractor.

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Simplified Acquisition Procedure (SAP): Method for purchasing supplies or services that do not exceed the simplified acquisition threshold. Generally, the threshold is \$100K or less. However, when the supplies or services are needed to support a declared contingency operation or to facilitate defense against or recovery from nuclear, biological, or radiological attack, the threshold is:

- \$250K for any contract to be awarded and performed, or purchase to be made, inside the United States and
- \$1M for any contract to be awarded and performed, or purchase to be made, outside the United States

Small and Disadvantaged Business Utilization Specialist (SADBU): Position (created under the authority of the *Small Business Act*, 15 USC 644, Section 7) responsible for overall management and direction of the DoD Small Business Program, which includes advising on matters relating to the program, providing guidance and periodically reviewing the direction and implementation of DoD activities in promoting contract awards to small businesses, and developing overall command small business goals and consulting with the Small Business Administration (SBA) regarding the establishment of such goals.

Small Business: Entity, including its affiliates, that is independently owned and operated, is not normally dominant in the field of operation in which it is performing on government contracts, and meets certain other size criteria set by the SBA.

Small Business Program: Program designed to ensure that small businesses—including small disadvantaged businesses, 8(a) firms, women-owned businesses, minority colleges, and labor surplus area firms, among others identified by law—receive a fair share of DoD procurement dollars. In furtherance of economic objectives, various public laws and executive orders have designated that these groups be provided special opportunities in solicitation and award of federal contracts.

Sole Source: Source that is characterized as the one and only source, regardless of the marketplace, possessing a unique and singularly available performance capability for the purpose of the contract award.

Sole-Source Acquisition: Contract for the purchase of supplies or services that is entered into, or proposed to be entered into, by an agency after soliciting and negotiating with only one source. Sole-source contracts require special approvals.

Solicitation: Request for proposal or invitation for bids issued to prospective offerors or bidders.

Source Selection: Process in which the requirements, facts, recommendations, and government policy relevant to an award decision in a competitive procurement are examined and a decision is made.

Specification: A document used in development and procurement that describes the technical requirements for items, materials, and services. A specification also describes the procedures that the government will use to determine if the requirements have been met. Specifications may be unique to a specific program or common to several applications.

Standard Procurement System (SPS): Automated contracting system designed to standardize procurement processes across DoD. Once fully deployed, the SPS will be used to generate all DoD contracting forms, including solicitations.

Statement of Objectives (SOO): Statement, provided in the RFP, that specifies the basic top-level objectives of the acquisition, but does not include *how to* instructions. With a SOO, potential offerors have the flexibility to develop cost-effective solutions and the opportunity to propose innovative alternatives meeting the requirement. By reviewing an offeror's solutions, the government can assess the extent to which the offeror understands all aspects of the effort to be performed.

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Statement of Work (SOW): Statement, provided in the RFP, that specifies the basic, top-level objectives of the acquisition, as well as the detailed requirements of the government. The SOW also provides the contractor with *how to* instructions to accomplish the required effort, and it forms the basis for successful performance by the contractor and effective administration of the contract by the government.

Status of Forces Agreement (SOFA): Agreement that defines the legal position of a visiting military force deployed in the territory of a friendly state. SOFAs may be bilateral or multilateral. Provisions pertaining to the status of visiting forces may be set forth in a separate agreement, or they may form a part of a more comprehensive agreement. These provisions describe how the authorities of a visiting force may control members of that force and the amenability of the force or its members to the local law or to the authority of local officials. To the extent that agreements delineate matters affecting the relations between a military force and civilian authorities and population, SOFAs may be considered civil affairs agreements.

Supplemental Agreement: Contract modification accomplished by the mutual action of the contracting officer and contractor. This is a bilateral agreement and must be executed by both the contractor and the contracting officer.

Supplies: All property except land or interest in land (as defined by the FAR).

Synchronized Predeployment and Operational Tracker (SPOT): Joint, Web-accessible database used for tracking contractor personnel movements within the forward area and for validating individual contractor personnel associated with specific contracts, their authorization for access to specific DoD facilities, and their individual eligibility for specific DoD support services.

Synopsis: Government's notice in the FBO announcing the specific requirement for supplies or services and the procedure for receiving a copy of the solicitation document. The government is required to use this vehicle for ensuring full and open competition unless a valid exception exists.

System Support Contract: Contracts awarded by service acquisition program management offices to obtain technical support, maintenance support, and, in some cases, Class IX support for selected military weapons and support systems.

System Support Contractor: Entity, normally with high levels of technical expertise, hired to support specific military systems.

Task Order: Instrument used to order work under a task order contract (see below). Task orders are always written by the contracting officer, and when obligating funds, must be on a form prescribed by FAR or DFARS. Task orders are made a part of the contract file and the COR's working file. Task orders are also referred to as delivery orders.

Task Order Contract: Contract for services that does not procure or specify a firm quantity of services (other than a minimum or maximum quantity) and that provides for the issuance of orders for the performance of tasks during the period of the contract.

Terminating Contracting Officer (TCO): Individual who settles terminated contracts.

Termination: Cancellation of all or part of the work that has not been completed and accepted under a contract. Under specific circumstances, termination may be for default of the contractor or for convenience of the government.

Theater Support Contract: Type of contingency contract awarded by a contracting officer deployed to the operational area and serving under

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the direct contracting authority of the service component, special operations force command, or designated Joint chief of contracting for the designated contingency.

Theater Support Contractor: Entity hired in and operating in a specific operational area.

Time-and-Materials (T&M) Contract: Contract that provides for acquiring supplies or services on the basis of (1) direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit and (2) materials at cost, including, if appropriate, material handling costs as part of material costs. A T&M contract establishes a ceiling price that the contractor may not exceed. Substantial surveillance on the government's part is required to ensure that efficient methods are used. A QASP is mandatory for any contract, task order, or delivery order that involves a T&M service contract or for a T&M construction contract over the micropurchase threshold.

Unauthorized Commitment: Agreement that is not binding, because the government representative who made the agreement lacked the authority to obligate the government contractually. An unauthorized commitment must be ratified at very high levels. If the approval authority decides not to ratify the unauthorized commitment, the person who caused it may be held personally and financially liable. Even if the action is ratified, the person who caused it may be subjected to administrative or other penalties.

Undefinitized Contract Action (UCA): Action for which the contract terms, specifications, or price are not agreed upon before performance is begun under the action. Examples are letter contracts, orders under basic ordering agreements, and provisioned item orders.

Uniform Contract Format (UCF): Standard format that, for example, specifies the location of particular contract clauses and provisions.

Unilateral Modification: Modification that is effective upon signature by the contracting officer; the contractor's signature or assent is not required. Unilateral modifications are used to:

- Make administrative changes
- Issue change orders
- Make changes authorized by clauses other than a Changes clause (such as Property, Options, or Suspension of Work clauses)
- Issue termination notices

Unpriced Purchase Order: Order for supplies or services, the price of which is not established at the time the order is issued.

Value Engineering Change Proposal (VECP): Proposal that (1) requires implementation of a change to the contract and (2) reduces the overall projected cost to the government without impairing essential functions or characteristics.

Warranty: Promise given by the contractor regarding the nature, usefulness, or condition of the supplies or services furnished under a contract. Warranties normally provide a contractual right for the correction of defects, notwithstanding any other contract provision. Warranties also establish a time period for exercising this right. The government should take advantage of commercial warranty provisions normally offered by contractors rather than designing unique warranty provisions. However, the use of warranties is not mandatory; they should be used only when in the best interest of the government.

Wide Area Work Flow (WAWF): Web-based system that enables contractors to transmit invoices and shipping notices electronically and enables DoD to record inspection, receipt, acceptance, and invoice approval electronically. WAWF distributes data to downstream systems, including entitlement (payment) systems, accounting systems, property records, and others.

Work Plan: Guideline for monitoring contract performance.

Appendix 4 Notes
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Appendix 5 Metric Conversions

Unit	Con	version
1 centiliter	10 milliliters	.34 fluid ounces
1 centimeter	10 millimeters	.39 inches
1 deciliter	10 centiliters	3.38 fluid ounces
1 decimeter	10 centimeters	3.94 inches
1 liter	10 deciliters	33.81 fluid ounces
1 meter	10 decimeters	39.37 inches
1 deciliter	10 liters	2.64 gallons
1 decameter	10 meters	32.8 feet
1 hectoliter	10 deciliters	26.42 gallons
1 hectometer	10 decameters	328.08 feet
1 kiloliter	10 hectoliters	264.18 gallons
1 kilometer	10 hectometers	3,280.8 feet
1 square centimeter	100 square millimeters	.155 square inch
1 centigram	10 milligrams	.15 grains
1 square decimeter	100 square centimeters	15.5 square inches
1 decigram	10 centigrams	1.54 grains
1 square meter	100 square decimeters	0.76 square feet
1 gram	10 decigram	.035 ounces
1 square decameter	100 square meters	1,076.4 square feet
1 decagram	10 grams	.35 ounces
1 square hectometer (hectare)	100 square decameters	2.47 acres
1 hectogram	10 decagrams	3.52 ounces
1 square kilometer	100 square hectometers	.386 square miles
1 kilogram	10 hectograms	2.2 pounds
1 quintal	100 kilograms	220.46 pounds
1 metric ton	10 quintals	1.1 short tons
1 cubic centimeter	1,000 cubic millimeters	.06 cubic inches
1 cubic decimeter	1,000 cubic centimeters	61.02 cubic inches
1 cubic meter	1,000 cubic decimeters	35.31 cubic feet
1 meter		3.280 feet
1 mile		1.609 kilometers
1 meter		1.094 yards
1 square inches		6.451 square centimeters
1 kilometer		.621 miles
1 square foot		.093 square meters
1 square centimeter		.155 square inches
1 square yard		.836 square meters
1 square meter		10.764 square feet
1 square mile		2.590 square kilometers
1 square meter		1.196 square yards

Table 14. Metric Conversions

1 acre	.405 square hectometers
1 square kilometer	.386 square miles
1 cubic foot	.028 cubic meters
1 square hectometer	2.471 acres
1 cubic yard	.765 cubic meters
1 cubic meter	35.315 cubic feet
1 fluid ounce	29,573 milliliters
1 cubic meter	1.308 cubic yards
1 pint	.473 liters
1 milliliter	.034 fluid ounces
1 quart	.946 liters
1 liter	2.113 pints
1 gallon	3.785 liters
1 liter	1.057 quarts
1 ounce	28.349 grams
1 liter	.264 gallons
1 pound	.454 kilograms
1 gram	.035 ounces
1 short ton	.907 metric tons
1 kilogram	2.205 pounds
1 pound-force foot	1.356 newton meters
1 metric ton	1.102 short tons
1 pound-force inch	.11296 newton meters

Table 14. Metric Conversions, Continued

Appendix 5 Notes
Metric Conversions

Appendix 6

Independent Government Estimates

Contents

- Cost Estimates
 - Labor Costs
 - Payroll Additives (Labor Burden)
 - Other Direct Costs
 - Indirect Costs (Overhead)
 - General and Administrative Expenses
 - Profit and Fee
 - Escalation Considerations for the IGE
- Price Estimates
- Other Guidance

The independent government estimate (IGE) is the government's estimate of the resources and projected cost of the resources a contractor will incur in the performance of a contract. These costs include direct costs such as labor, products, equipment, travel, and transportation; indirect costs such as labor overhead, material overhead, and general and administrative (G&A) expenses; and profit or fee (amount above costs incurred to remunerate the contractor for the risks involved in undertaking the contract).

This appendix addresses key elements of an IGE; it is not intended to cover every possible acquisition. Large, complicated acquisitions costing millions of dollars have dozens of cost elements, while acquisitions for single items of relatively low dollar value have only a few cost elements. Their application will vary with the circumstances of the specific acquisition and market situations. The IGE should include only those elements applicable to and developed from the statement of objectives/statement of work/performance work statement (SOO/SOW/PWS) or description of the supplies, services, or construction to be acquired.

An IGE is required for every procurement action in excess of the simplified acquisition threshold. For declared outside the continental United States (OCONUS) contingency or peacekeeping operations, the simplified acquisition threshold (SAT) is \$1M,¹ while the threshold for acquisition of commercial items is \$11M. Commercial items are supplies or services sold to the general public that require no major modification to meet the government's specific requirements.

The IGE is developed by the requiring unit and used to establish a realistic price/cost for budget purposes. In addition, the contracting officer uses the IGE for technical and management information. The IGE is the baseline for evaluating an offeror's contract price/cost. The format and contents of the IGE vary with the complexity and value of the requirement.

Acquisition statutes require analysis of price/cost to determine either a reasonable price in the event of a fixed-priced contract or a realistic cost resulting from award of a cost-reimbursement contract (cost-plus fixed-fee). The results of any contract action in terms of quality and reasonableness of price/cost rely heavily on the accuracy and reliability of the IGE. Any significant variation between an offeror's proposal and the IGE requires analysis. When variations exist, the government can identify and correct inaccuracies in the IGE or use the IGE to negotiate a more realistic price.

The IGE is a procurement-sensitive document and should be handled accordingly. Access to the IGE is on a need-to-know basis.

The first step in developing the IGE is establishing a mindset as if the developers would be working in a commercial environment. Standards, practices, and procedures that are normally used by industry should be used as the basis for developing the IGE.

A simple estimate of current market prices or historical prices may be adequate for requirements up to the SAT. Above that level, a more complete cost or price estimate is required. The differences between a cost estimate and a price estimate can be summarized as follows:

Appendix 6

Independent Government Estimates

- **Cost estimate.** The cost estimate is a detailed estimate that requires a breakdown of costs anticipated in performance of the contract. A detailed estimate is required for services, construction, and noncommercial products estimated to exceed the SAT. Review of current or previous contract documents and the previous IGE is usually an excellent place to start research. These documents may be obtained from the supporting contracting office files.
- **Price estimate.** The price estimate is generally used for products, equipment, and simple services that are routinely available on the open market at competitive prices. The price estimate is required on all contract requirements over the SAT and must be *independently* developed based on a comparison and analysis of factors such as published catalog prices, historical prices paid, market survey information, and contractor price quotes. The price estimate is not broken down into specific cost elements and depends more upon bottom-line prices paid or available in the marketplace. Typically, the contracting officer or specialist helps with research for pricing information.

The following sections contain basics on developing an IGE for costs and prices.

Cost Estimates

Costs are generally divided into the following primary cost elements: labor, payroll additives (labor burden or fringe benefits), other direct costs, indirect costs (overhead), G&A, and profit/fee. This section describes these cost elements, as well as escalation considerations.

Labor Costs

Labor costs are often the most significant part of the IGE in terms of dollars for either services or construction contracts. Direct labor is the labor

directly applied to the performance of the contract requirements. In contracts for services and construction performed within the continental United States (CONUS), most direct labor is covered by the Department of Labor wage determinations provided under the provisions of the *Service Contract Act* (SCA) for services or the *Davis-Bacon Act* (DBA) for construction. Neither the statutes nor the related wage determinations apply to declared contingency or peacekeeping operations OCONUS. Accordingly, the COR should contact the contingency contracting activity to inquire whether any host nation labor laws, any applicable labor rates, or special considerations are applicable to the contract place of performance.

Labor categories and skills that, in CONUS operations, are covered by the SCA or DBA, are considered nonexempt. All nonexempt wages must be paid at a rate no less than that identified on the applicable wage determination. Exempt personnel (management and professional salaried staff) are not paid on an hourly basis and are not covered by the wage determinations. They will receive comparable benefits and wages to like employees in comparable industries or the government.

Setting reasonable estimates for required labor categories will also assist the contracting officer's representative (COR) with combating coercive and abusive labor practices during contract administration (see the discussion of human trafficking in Chapter 11).

The IGE should identify the labor categories and the level of effort (work hours) required for each category. For instance, the effort of a carpenter for renovation of one set of kitchen cabinets may be limited to 100 hours, with proportional benefits, whereas a contract requiring a full-time carpenter working under the terms of a contract year, would project a full-year cost with all benefits.

The IGE must consider realities of the work environment. Employee benefits (leave and holidays) must be factored into the cost estimate of any government contract. To estimate costs for a typical service contract year, the COR should begin with the average work year of 2,080 hours

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(40 hours per week, 52 weeks per year). These are available hours, which are used to estimate how much each employee will be paid under the contract. However, the COR's estimate must be adjusted to also consider productive hours to determine the number of contract employees required. Productive hours are the number of hours an employee actually performs his or her duties. When full-time employees are anticipated, a good rule of thumb is to use 1,880 hours (2,080 hours less 80 hours for holidays, 80 hours for vacation, and 40 hours for sick leave) as productive hours. When part-time employees are anticipated, productive hours may be estimated using a basis of 1,920 hours per year (2,080 hours less 80 hours for holidays, 80 hours for vacation, and 0 hours for sick leave). Actual available/productive hour patterns may vary by host nation, service/industry, or contract requirement.

Payroll Additives (Labor Burden)

Once the basic labor categories and hours have been determined, payroll additives or labor burdens must be calculated. Typical payroll additives for CONUS situations are as follows:

- **Health and welfare (H&W).** H&W includes life, accident, and health insurance plans; pension plans; civic and personal leave (vacation and holidays); severance pay; savings and thrift plans; and so on. H&W costs are based on the most recent wage determination issued by the Department of Labor. Currently, the figure of \$2.15 is approved for all wage categories covered by the SCA (services). Reference individual DBA wage determinations for specific fringe benefits for H&W. Because all figures are subject to change, they should be verified before developing the IGE. The rate should then be multiplied by available hours. Similar fringe benefits should also be projected for exempt labor hours.
- **Federal Insurance Contributions Act (FICA).** The FICA tax rate is 7.65 percent (6.2 percent for Social Security and 1.45 percent for Medicare).

This rate has been constant for a number of years and rarely changes. Multiply 7.65 percent by total wages up to the FICA maximum rate of \$84,900 (as of 2003).

- Federal unemployment taxes. Federal unemployment taxes are paid on the first \$7K of total wages, multiplied by a factor of 0.8 percent. This rate changes periodically; the current rate is available on the Internal Revenue Service (IRS) Web page at <http://www.irs.gov/formspubs/>.
- State unemployment taxes. State unemployment taxes are set by individual state governments and are paid on the first \$9K of total wages. The tax rate varies based on the type of business involved. Rates may be available from the states' workers compensation Web sites. However, if state unemployment tax rates are not available, the COR could use an average rate of 3.0 percent. This percentage is then multiplied by the first \$9K in wages per employee.
- Workers compensation. Workers compensation is insurance designed to cover injuries and associated benefits that arise from work-related injuries. The rate varies from state to state and, for the most part, depends on a contractor's years of business in the state and claims-related experience. Workers compensation is applied to total wages and will vary between 2 and 5 percent of the total payroll. The state tax code should contain details.

A straight-line approach using an average overall burden rate of 30 to 35 percent may be used to estimate fringe benefits. It may be used in place of the separate computation of benefits as outlined above. This may not be adequate for some high-cost areas of the country or for all DBA categories. Whichever method is used, the rationale for the method used should be documented on the IGE.

In an OCONUS contingency or peacekeeping operation, some of these additives may not be encountered, depending on the host nation and

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common practices within industry. The COR should contact the contingency contracting activity to inquire about applicable host nation labor practices and common payroll additives. Comparable information may also be available from the Defense Contract Audit Agency (DCAA) or the Defense Contract Management Agency (DCMA).

Other Direct Costs

When estimating other direct costs, the emphasis should be on accuracy of type and quantity required to complete the contracted work. The following are general groupings of other direct costs.

- **Materials and equipment.** Item descriptions and related cost estimates can be obtained using catalogs, price quotes, market surveys, historical data, and so on.
- **Travel.** To estimate travel costs, the COR must first determine the need for travel by the contractor, including destinations (both local and long distance), the number of trips anticipated, the number of personnel traveling, and the number of days per trip. Using that information as a starting point, the cost per trip can be calculated. Then the individual trip totals must be summed to arrive at a total for all travel under the contract.

The Federal Travel Regulation (FTR), issued by the General Services Administration (GSA), contains useful information on travel costs. It establishes per diem rates (lodging, meals) that may be used to estimate such costs under any type of proposed contract. The FTR also establishes the reimbursable mileage rates for travel by privately owned automobile. Other travel costs (airfare, rental car) can easily be obtained from commercial Web sites. (See also FAR Subpart 31.2, *Contracts with Commercial Organizations*)

- **Consultants.** Any tasks or work that may require the use of consultants must be identified. For example, some tasks may require unique, specialized expertise, not normally available to the contractors

performing the work required by the contract. The COR should estimate the number of hours needed for each consultant.

- **Subcontracts.** Some tasks may need to be subcontracted. For example, the prime contractor may not have (and would not be expected have) some specialized labor, equipment, or facilities needed to complete the contract. The COR can estimate the other direct costs for each potential subcontract using the same estimation techniques as those used for the prime contract.
- **Bonds.** Most common in construction contracts, the direct costs of these securities must be identified and incorporated into the IGE. Performance and payment bonds will generally cost the contractor anywhere from 1 percent to 3 percent of the total bid or proposal price. A review of past bonding requirements may provide a reasonable range for the IGE. In the absence of specific data on similar contracts, the COR may use 2 percent of the total cost estimate to cover bonding costs, when applicable to the acquisition.

Indirect Costs (Overhead)

Overhead includes any costs not directly identified with a single, final cost objective, individual project, or contract. In other words, indirect costs are general business costs such as rent, utilities, telecommunications, general office supplies, and depreciation. Indirect costs are recouped by the contractor by applying a percentage to direct labor costs, manufacturing costs, or another appropriate base consistent with the firm's established accounting practices.

Methods and rates to recover indirect costs can vary significantly. One firm may pool all indirect costs and apply one percentage rate to total direct costs to recoup its expenses. Another may group costs associated with labor costs into one *overhead* account and separately group its corporate-level expenses (G&A expenses).

General and Administrative Expenses

G&A expense accounts capture the costs of company-wide support functions (accounting, personnel, purchasing, legal) that are not directly chargeable to any single project or contract. G&A expenses also may include executive compensation for corporate officers and management, financial, or other expenses incurred for the overall operation of a business. These costs are distributed equally across all of the company's contracts, both government and private sector.

Like overhead, G&A expenses are grouped together and recouped by applying a percentage to other cost categories consistent with the cost accounting practices of the firm. These costs vary significantly with the size of the firm and within industry groupings (construction, service, information technology). Thus, the use of a set percentage number or range for the IGE is not appropriate. Instead, the COR should consult with the contracting officer to obtain any historical information from similar purchases and industry practices relevant to the current acquisition. DCAA may also be able to provide a representative G&A rate based on prior audit information concerning similar contract situations.

Profit and Fee

Profit and fee are generally regarded as remuneration for the risk involved in undertaking the contract tasks. Profit or fee is the amount of money that the contractor expects to earn above and beyond the costs incurred to complete the contract. Under fixed-price contracts, profit is the amount of money (if any) remaining after all contract costs have been covered. Under cost-plus fixed-fee contracts, profit is a set amount that the contractor is guaranteed as long as it puts forth its best effort to perform the contract.

For the IGE, profit or fee may be calculated and expressed as a percentage of the total estimated cost. (For example, if the estimated cost totals \$500K and a profit margin of 10 percent is deemed appropriate, the profit will be \$50K) In very general terms, 7 percent should be the upper

limit for routine efforts under a cost-plus fixed-fee contract and 12 percent for routine efforts under a fixed-price contract. Add 1 percent for moderately complex work, and add 2 percent for highly complex work (state-of-the art work) or work that will involve significant cost or performance risk to the contractor. These are by no means absolutes; other percentages may be more realistic and should be based on risk, market factors, and any unique factors that may affect the contingency operation or location. In all cases, the COR should document the basis for estimating the profit or fee.

Escalation Considerations for the IGE

The impact of inflation should be considered when developing an IGE for a contract with option years. After developing the estimated costs for the base year, the costs for option years can be estimated by applying appropriate escalation factors. Different escalation factors may be applied to different cost elements, depending on the labor/material mix as appropriate. The following methods may be used.

- The Consumer Price Index (CPI) provides data and percentage of change in inflation/escalation factors. CPI information is available at <http://www.bls.gov/cpi/>. When projecting inflation, major cost factors for the specific requirement should be reviewed. Inflation rates for specific supplies depend on the circumstances specific to the acquisition. In addition, geographic locations for work performance must be considered. Based on a long term view of changes in the CPI, an average factor between 2 percent and 4 percent is generally considered *reasonable*.
- Market trends should be considered when projecting escalation rates for option years and should be justified in a short narrative. A market survey will provide information on current market prices and potential volatility of prices in the marketplace. In addition, a review of previous Treasury interest rates may be useful.

Price Estimates

A commercial item (supplies or services) IGE is considered a price estimate and is much less complicated than the IGE discussed above. It is a matter of determining the market value of the supplies or services, using that figure as the IGE, documenting the research, and furnishing this information along with your funded requisition to the contracting officer. Below are methods that can be used to determine the market value.

- GSA schedules. The schedules are prepriced and awarded to multiple firms for specific supplies and services. GSA schedules may be found at <http://www.gsaadvantage.gov/>.
- Published price lists. These lists are published by individual companies for use by the general public.
- Catalogs. Many manufacturers publish catalogs describing their offerings and stating their prices. The catalogs may be made available to customers in hard copy, on a Web site, or some other format.
- Market surveys. A market survey is a comparison of the prices offered within the local area for an item. A survey is normally done in conjunction with the contracting officer.
- Previous buys. Previous purchases of the same item can be used as the basis for an estimate, assuming comparability in quantities, conditions, terms, and performance times. Adjustments should be considered for inflation and quantity discounts, when appropriate.

Pricing should not be obtained directly by contacting vendors, because disclosure of advance procurement information is considered sensitive, and because the vendor might consider the contact a commitment by the government. Only credit card holders acting within their spending limits and contracting officers or their representatives may commit the government. Any other person may be held personally liable and may be subject to disciplinary action.

Other Guidance

Although IGE documentation is a part of the government procurement cycle, statutes or regulations do not contain detailed guidance on preparing IGEs. The following are general guidelines that apply to most situations.

- Know the requirement. The first, and perhaps most crucial, step is to ensure that the cost estimate is based on the government's actual needs. Review the SOO/SOW/PWS or specification and make sure that it accurately identifies the contract requirements, clearly defines, and logically divides or aggregates the work (tasks), and includes all required supplies and services to be delivered. Then, estimate the labor categories and level of effort required, plus equipment, materials, and any other direct costs. Apply cost inflation factors if the contract covers multiple years.
- Use historical cost information. Like budgeting, cost estimation uses existing (past) information as a basis for projecting future costs. The same or similar work may have been done under contract before. It can be very useful to obtain the cost information submitted and negotiated during the award of any previous contracts. Consult the contracting officer to obtain this information and technical assistance in analyzing it.
- Know the marketplace. Costs and prices are often specific to geographic areas. There may be *going rates* for competitive businesses for certain costs. Rates of profit may also vary by locality even within the same host nation (especially for construction and commercial services). Costs for the same type of work may also vary significantly from place to place and over time. It is crucial, therefore, for the estimator to know the market.

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- Consult contracting personnel. The contract specialist and contracting officer have considerable expertise in evaluating contract costs. The contracting office may also have historical cost data. Consult them, particularly when estimating overhead, fringe benefits, G&A, and profit or fee.
- Estimate one piece at a time. If preparing a detailed IGE, do not try to estimate the cost of the contract as a whole. Take it one task (or other division of the required work) at a time and, for each, estimate the types of costs involved.

When buying a commercial item with stable specifications, the estimator should research past price history and adjust for any changes in specifications, quantities, or inflation factors. For items that do not have a detailed pricing history, a detailed analysis of individual cost elements will be necessary.

The IGE should include a brief narrative describing how the costs were developed and what reference materials were used.

Notes

1. See 10 USC 2302(7). For declared domestic contingency operations, the SAT is raised to \$250K.

Appendix Acronyms

CONUS – Continental United States

COR – Contracting Officer's Representative

CPI – Consumer Price Index

DBA – Davis-Bacon Act

DCAA – Defense Contract Audit Agency

DCMA – Defense Contract Management Agency

FICA – Federal Insurance Contributions Act

FTR – Federal Travel Regulation

G&A – General and Administrative

GSA – General Services Administration

H&W – Health and Welfare

IGE – Independent Government Estimate

IRS – Internal Revenue Service

OCONUS – Outside the Continental United States

PWS – Performance Work Statement

SAT – Simplified Acquisition Threshold

SCA – Service Contract Act

SOO – Statement of Objectives

SOW – Statement of Work

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COR Resources and References

<p>Air Force Contract Augmentation Program (AFCAP) http://www.globalsecurity.org/military/agency/usaf/afcap.htm AFCAP was initially conceived and implemented to provide civil engineers and services personnel a contract force multiplier.</p>
<p>Antideficiency Act http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=browse_usc&docid=Cite:+31USC1351 and http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=browse_usc&docid=Cite:+31USC1517 Codified at 31 USC 1351 and 31 USC 1517(a), the Antideficiency Act prohibits authorizing or incurring obligations or expenditures in excess of amounts apportioned by the Office of Management and Budget or in excess of amounts permitted by agency regulations.</p>
<p>Combating Trafficking in Persons http://ctip.defense.gov/ This DoD site provides links to Trafficking in Persons (TIP) training, including mandatory general awareness course J3TA-US030, Combating Trafficking in Persons.</p>
<p>Defense Contingency Contracting Handbook http://www.acq.osd.mil/dpap/ccap/cc/jcchb/index.html This handbook provides contingency contracting tools, information, and training.</p>
<p>Contingency Contracting Reports (Department of Defense) http://www.acq.osd.mil/dpap/pacc/cc/reports.html This site lists contingency contracting reports and provides links.</p>
<p>Contract Management Process Guide http://www.hqmc.usmc.mil/CMPG/ This Web-enabled guide was designed to benefit contracting personnel within the Marine Corps Field Contracting System and their customers.</p>
<p>Contracting Officers Representative Course www.almc.army.mil The Army Logistics Management College offers this 4-day residence course. (See courses and schedules under <i>Academic Info.</i>)</p>
<p>Contractor and Vendor Payment Information Guidebook http://www.dfas.mil/contractorpay/ContractPayInformation011110.pdf This Defense Finance and Accounting Service guidebook assists with preparing payment</p>

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documentation to avoid billing errors that cause in payment delays.
<p>Contractor on the Battlefield Resource Library http://www.aschq.army.mil/Home/BattlefieldResourceLibrary.aspx</p> <p>The purpose of this Army Sustainment Command site is to accumulate and offer materials helpful to the resolution of legal issues arising from operational contract support.</p>
<p>Contractor Performance Assessment Reporting System http://www.cpars.csd.disa.mil/</p> <p>This Web-based system is used to input data on contractor performance.</p>
<p>Contractors Accompanying the Force https://scoe.learn.army.mil/webapps/portal/frameset.jsp</p> <p>The Sustainment Center of Excellence offers a contracting basics familiarization course. (See <i>Course Catalogs</i>; select <i>SCOE Courses</i>; and select <i>Contractors Accompanying the Force</i>.)</p>
<p>Defense Acquisition University (DAU) Resources</p> <p>Contracting Officer's Representative (COR) Community of Practice (CoP) https://acc.dau.mil/cor</p> <p>DAU's COR community of practice (CoP) provides a central clearinghouse of knowledge and learning assets and enables sharing of best practices and lessons learned.</p> <p>COR training module https://acc.dau.mil/cor</p> <p>Contracting Officers Representative with a Mission Focus is an 8-hour online course. DAU also offers additional COR-related training modules. COR nominees without previous COR experience should also enroll in Contracting for the Rest of Us, a 2-hour online course.</p> <p>Contingency Contracting Community of Practice https://acc.dau.mil/contingency</p> <p>This CoP provides links to information about ethics and integrity in contracting, policy and guidance, deployment, deploying contractors, contract administration, Ask a Professor, contractors accompanying the force, news sources and links, contracting officer tools, training materials, and after-action reports.</p> <p>Contractors Accompanying the Force Community of Practice https://acc.dau.mil/CommunityBrowser.aspx?id=18014&view=w</p> <p>This CoP includes links to policy and best practices.</p>
<p>Defense Contract Audit Agency (DCAA) www.dcaa.mil</p> <p>DCAA performs all contract audits for the DoD, and provides accounting and financial advisory services regarding contracts and subcontracts to all DoD components responsible for procurement and contract administration.</p>

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<p>Defense Contract Management Agency(DCMA) www.dcma.mil</p> <p>DCMA provides contract administration services to DoD.</p>
<p>Defense Federal Acquisition Regulation Supplement (DFARS) and Procedures, Guidance, and Information (PGI) http://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html</p> <p>DFARS 201.602-2 and PGI 201.602-2, <i>Contracting Officer Responsibility</i> DFARS 204.70, <i>Uniform Procurement Instrument Identification Numbers</i> DFARS 252.201-7000 <i>Contracting Officer Representatives</i> DFARS Appendix F, <i>Material Inspection and Receiving Report</i></p>
<p>Defense Hotline http://www.dodig.mil/hotline/</p> <p>Anyone, whether uniformed or civilian, who witnesses what he or she believes to be a violation of ethical standards or the law (such as fraud, waste, or abuse of authority; potential leaks of classified information; or potential acts of terrorism) should report such conduct through the chain of command or directly to the inspector general of his or her respective service or directly to the Inspector General of the Department of Defense Hotline at 800-424-9098 (e-mail: hotline@dodig.mil).</p>
<p>Defense Language Institute Foreign Language Center http://www.dliflc.edu/index.html</p> <p>This Web site provides instruction in foreign languages.</p>
<p>Defense Security Service (DSS) https://www.dss.mil</p> <p>DSS is a DoD agency that provides security support services.</p>
<p>DoD Directory of Sanitarily Approved Food Establishments for Armed Forces Procurement http://vets.amedd.army.mil/vetcom/directory.htm</p> <p>This Web site provides directories by region.</p>
<p>DoD Guide to Collection and Use of Past Performance Information http://www.acq.osd.mil/dpap/Docs/PPI_Guide_2003_final.pdf</p> <p>This guide is designed to articulate the key techniques and practices for the use and collection of past performance information.</p>
<p>DoD Specifications and Standards Homepage http://www.dsp.dla.mil</p> <p>This site contains information about DoD standardization, key points of contact, frequently asked questions (FAQs), MilSpec Reform, newsletters, training, nongovernment standards, and links to related sites.</p>
<p>Developing a Performance Work Statement in a Deployed Environment Handbook http://usacac.army.mil/cac2/call/docs/09-48/09-48.pdf</p>

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<p>Army Handbook 09-48 was published in September 2009.</p>
<p>Embassies and More http://www.allstays.com/Resources/embassies.htm This Web site covers "embassies, official offices, and more away from home."</p>
<p>The Federal Acquisition Certification for Contracting Officer Technical Representatives http://www.whitehouse.gov/omb/procurement/memo/fac-cotr.pdf This Office of Federal Procurement Policy (OFPP) memorandum was issued 26 November 2007.</p>
<p>Federal Acquisition Jump Station http://prod.nais.nasa.gov/pub/fedproc/home.html This Web site covers procurement and acquisition services by contracting activity.</p>
<p>Federal Acquisition Regulation https://www.acquisition.gov/far/ <i>FAR Part 7–Acquisition Planning</i> <i>FAR Part 10–Market Research</i> <i>FAR Part 11–Describing Agency Needs</i> <i>FAR Part 12–Acquisition of Commercial Items</i> <i>FAR 15.304–Evaluation Factors and Significant Sub-Factors</i> <i>FAR Part 16–Types of Contracts</i> <i>FAR 22.10–Service Contract Act</i> <i>FAR 32.7–Contract Funding</i> <i>FAR Part 37–Service Contracts</i> <i>FAR Part 46–Quality Assurance</i> <i>FAR 3.104–Procurement Integrity</i> <i>FAR 5.1–Dissemination of Information</i> <i>FAR Part 15–Contracting by Negotiations</i> <i>FAR 37.602(b)(2)–Quality Assurance for Service Contract</i> <i>FAR 42.5–Postaward Orientation</i> <i>FAR 12.208–Contract Quality Assurance</i> <i>FAR 12.402–Acceptance</i> <i>FAR 43.104–Notification of Contract Changes (Constructive)</i> <i>FAR Part 42–Contract Administration and Audit Services</i> <i>FAR 42.11–Production Surveillance and Reporting</i> <i>FAR 52.232.25–Prompt Payment</i> <i>FAR Part 45–Government Property</i> <i>FAR Subpart 17.2–Options</i> <i>FAR Part 49–Termination of Contracts</i></p>
<p>FedWorld Information http://www.fedworld.gov FedWorld was established by the National Technical Information Service (NTIS), an agency of the US Department of Commerce, to serve as the online locator service for a comprehensive inventory of information disseminated by the federal government.</p>

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<p>Foreign Corrupt Practices Act (FCPA) http://www.justice.gov/criminal/fraud/fcpa/</p> <p>This Web site provides statute, recent legislative history, opinions, and other information related to the FCPA.</p>
<p>GSA [General Services Administration] Advantage https://www.gsaadvantage.gov/advgsa/advantage/main/start_Page.do</p> <p>GSA Advantage is the GSA Web site for supplies and services.</p>
<p>Geographic Combatant Command (GCC) Areas of Responsibility (AOR) Map http://www.acq.osd.mil/dpap/pacc/cc/areas_of_responsibility.html</p> <p>This Web site contains links to GCC AORs.</p>
<p>Guidebook for Performance-Based Services Acquisition (PBSA) in the Department of Defense https://www.acquisition.gov/SevenSteps/library/DODguidebook-pbsa.pdf</p> <p>DoD developed this guidebook as a cooperative effort among the components to help the acquisition team, and any other stakeholder, better understand the basic principles of PBSA and better implement performance-based methods in services acquisitions.</p>
<p>A Guide for Writing and Administering Performance Statements of Work for Service Contracts https://acc.dau.mil/GetAttachment.aspx?id=30609&pname=file&aid=5448&lang=en-US</p> <p>OFPP Pamphlet 4.</p>
<p>A Guide to Best Practices for Contract Administration https://acc.dau.mil/GetAttachment.aspx?id=31456&pname=file&aid=5687&lang=en-US</p> <p>OFPP's guide "contains best practices in contract administration that should be useful tools to program and contracting officials in administering federal contracts."</p>
<p>Iraq Culture Smart Card http://www.armytoolbag.com/Tools/Culture/ArmyCard.pdf</p> <p>The Marine Corps Intelligence Activity (MCIA) issues this and other guides for cultural awareness.</p>
<p>Joint Contingency Contract System (JCCS) https://www.rebuilding-iraq.net/portal/page?_pageid=95,1&_dad=portal&_schema=PORTAL</p> <p>At the JCCS site, Business Transformation Agency (BTA) offers solicitation search, contractor registration, and JCCS FAQs and training.</p>

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<p>CENTCOM Contracting http://c3-training.net This portal is for training and policy documentation. It includes checklists, policy links, and training.</p>
<p>Joint Ethics Regulation (JER) http://www.dod.mil/dodgc/defense_ethics The JER, DoD 5500.7-R, explains standards of conduct relating to possible conflicts between private interests and official duties, regardless of assignment.</p>
<p>Library of Congress http://www.loc.gov The Library of Congress's Web site is a research tool offering resources such as the Country Studies Series (http://lcweb2.loc.gov/frd/cs/), which presents a description and analysis of the historical setting and the social, economic, political, and national security systems and institutions of countries throughout the world.</p>
<p>Logistics Civil Augmentation Program (LOGCAP) http://www.globalsecurity.org/military/agency/army/logcap.htm LOGCAP is a US Army initiative for peacetime planning for the use of civilian contractors in wartime and other contingencies.</p>
<p>Marine Corps Acquisition Workforce Development http://www.marcorssyscom.usmc.mil/sites/acqworkforce/ This Web site provides workforce developmental policy, planning, and consultation services and individualized education and training services, including recurrent military training services, that facilitate the individual and collective development of the Marine Corps' acquisition workforce and the Marine Corps System Command's support personnel.</p>
<p>Marine Corps Installations East/Marine Corps Base (MCIEAST/MCB) Contracting http://www.marines.mil/unit/mcblejeune/contracting/Pages/default.aspx This Web site contributes to Marine Corps warfighting excellence by (1) providing timely, innovative, and effective procurement support for all customers and (2) training and mentoring military procurement specialists to create accomplished, independent thinking professionals for expeditionary environments.</p>
<p>Monitoring Contract Performance in Contracts for Services http://www.acq.osd.mil/dpap/policy/policyvault/2008-0468-DPAP.pdf This memorandum from Deputy Secretary of Defense, issued 22 August 2008, includes COR requirements.</p>
<p>The Office of Federal Procurement Policy (OFPP) Guide on PBSA http://www.whitehouse.gov/omb/procurement/pbsa/guide_pbsc.html</p>

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COR Resources and References

<p>This guide is a good reference for anyone involved in government service contracts.</p>
<p>Office of Government Ethics (OGE) http://www.usoge.gov/ Offerings include ethics training, forms, library, and international assistance.</p>
<p>Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics www.acq.osd.mil/ This Web site offers a library of DoD acquisition and technology documents and links to many other valuable sites.</p>
<p>Principles of Ethical Conduct for Government Officers and Employees http://www.usoge.gov/laws_regs/exec_orders/eo12731.html Presidential Executive Order 12674, April 1989.</p>
<p>Prompt Payment Act of 1982 http://uscode.house.gov/download/pls/31C39.txt Public Law 97-177.</p>
<p>Seven Steps to Performance Based Services Acquisition http://acquisition.gov/comp/seven_steps/home.html OFPP guidebook.</p>
<p>Special Instructions for Contracting in Iraq and Afghanistan http://www2.centcom.mil/sites/contracts/Pages/Default.aspx These instructions include mandatory requirements/guidance for contracting officers.</p>
<p>Standard Industrial Codes (SICs) http://www.sba.gov/regulations/siccodes/ SICs are product numbers for supplies and services.</p>
<p>Status of Forces Agreements (SOFA) http://www.aschq.army.mil/home/SOFAs.aspx This site lists SOFAs and access agreements.</p>
<p>Synchronized Predeployment and Operational Tracker (SPOT) http://www.bta.mil/products/spot.html SPOT has been designated as the Joint enterprise contractor management and accountability system to provide a central source of contingency contractor information.</p>
<p>Trafficking in Persons http://www.dodig.mil/Inspections/IPO/TIP_17JUL2008.pdf This site contains awareness training on TIP from the DoD Awareness Initiative.</p>
<p>US Agency for International Development (USAID) http://www.usaid.gov USAID is an independent government agency that receives overall foreign policy</p>

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guidance from the Secretary of State.
<p>Wage Determinations Online http://www.wdol.gov/</p> <p>This Department of Labor Web site presents prevailing wage rates to be paid on government contracts.</p>
<p>Wide Area Workflow (WAWF) https://wawf.eb.mil/</p> <p>WAWF includes instructions, registration assistance, and system updates and messages.</p>
<p>World Factbook https://www.cia.gov/library/publications/the-world-factbook/</p> <p>This Central Intelligence Agency site provides information on the history, people, government, economy, geography, communications, transportation, military, and transnational issues for 266 world entities.</p>

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Appendix Acronyms

AOR – Area of Responsibility
CoP – Community of Practice
COR – Contracting Officer’s Representative
DAU – Defense Acquisition University
DCAA – Defense Contract Audit Agency
DCMA – Defense Contract Management Agency
DFARS – Defense Federal Acquisition Regulation Supplement
DoD – Department of Defense
FAQ – Frequently Asked Questions
FCPA – *Foreign Corrupt Practices Act*
GCC – Geographic Combatant Command
GSA – General Services Administration
JCCI/A – Joint Contracting Command Iraq/Afghanistan
JCCS – Joint Contingency Contracting System
JER – Joint Ethics Regulation
LOGCAP – Logistics Civilian Augmentation Program
NTIS – National Technical Information Service
OFPP – Office of Federal Procurement Policy
PBSA – Performance-Based Services Acquisition
PGI – Procedures, Guidance, and Information
PWS – Performance Work Statement
SIC – Standard Industrial Codes
SOFA – Status of Forces Agreement
SOO – Statement of Objectives
SOW – Statement of Work
SPOT – Synchronized Predeployment Operational Tracker
TIP – Trafficking in Persons
USAID – US Agency for International Development
WAWF – Wide Area Workflow

Appendix 8 Checklists

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Appendix 8
Do's and Don'ts
Contract Administration and Remedies Checklist

Contract Administration	
Do's	Don'ts
Remember that the COR is an agent of the US government, with only the authority delegated by the contracting officer.	Accept less than what is required by the contract.
Get the names of contractor personnel authorized to represent the contractor.	Assume an interpretation of ambiguous contract language, which would be favorable to the government. Remember: if the contractor's interpretation is reasonable, it will prevail.
Find out the specific authority of contractor personnel. Does the person you are dealing with have the authority to obligate the contractor?	Hold up payment unless performance is deficient or defective.
See that all government approvals or consents are timely.	Accept supplies or services without complete inspection.
	Make any change, modification, deletions, or additions to the contract requirements. Work through the contracting officer.
	Automatically consider all contractor claims unreasonable. Be fair and impartial.
Remedies	
Do's	Don'ts
Exercise government rights, such as warranties. Make sure to deal with any problems before the warranty period runs out.	Act without consulting the contracting officer. Work through the contract administration team.
Work with the contracting personnel to prevent problems before they arise.	Allow interim or final delivery dates to be waived.
Take actions to protect government rights before delivery is due.	

Appendix 8
Do's and Don'ts

Contract Monitoring and Pre-award Solicitation Checklist

Do's	Don'ts
Contract Monitoring	
Set a level of monitoring consistent with the type of contract, the complexity of the supply or service, and the importance of the contract to the overall program.	Assume that "no news is good news."
Read progress reports and immediately act on problems they reveal. See that the contractor complies with every requirement of the contract.	Wait until delivery is due or overdue to check progress.
Immediately contact the contracting officer when deficiencies or delinquencies are noted. Use the contractor's invoices to help monitor technical progress.	Take action against a delinquent contractor on your own. Work through the contracting officer.
	Order, request, or even suggest that the contractor do work that is not called for by the contract.
	Act as if you are the contractor's personnel manager. The COR reviews and approves or disapproves; the contractor supervises contractor personnel.
	Assume the contractor billings are correct.
Pre-award and Solicitation	
Use market research.	Write vague specifications, assuming that "the contractor will do whatever is necessary to satisfy us."
Look for commercial solutions.	Write design specifications, prescribing in detail what materials should be use and how the work should be performed.
Promote full and open competition.	Ask for progress reports, test samples, or other items from the contractor unless the items are needed for the program or for efficient administration and monitoring.
Think about contract administration requirements while writing the SOO/SOW/PWS or the specifications.	

Contract Monitoring and Pre-award Solicitation Checklist

Use performance-based or functional (rather than design) specifications to describe an objective or standard to be achieved, allowing the contractor to exercise ingenuity in achieving that objective or standard, select the means, and assume corresponding responsibility.	
Limit use of restrictive provisions to satisfy agency needs.	
Limit use of specifications and instead focus on function, performance, and physical characteristics.	
In the SOO/SOW/PWS and specifications, separate discussion of administrative and progress reporting requirements from discussion of required procedures and deliverables.	

Appendix 8
Do's and Don'ts
Evaluation and Award Checklist

Do's	Don'ts
Evaluation and Award	
Carefully review the contract, especially the technical requirements.	Divulge budget information
Develop, or obtain from the contractor, a detailed schedule of performance.	Assume without reading it that the SOO/SOW/PWS is complete, clear, and fully understandable.
Work with the contracting officer and the contractor to clear up any misunderstandings and to establish organized contract administration and monitoring procedures.	Allow planning to become an end in itself. Remember—the goal is to get results, not just pretty charts showing the plan.
	Forget to update plans and schedules as the situation changes.
	Overlook or ignore contract requirements for GFP, timely reviews and approvals, or technical assistance and direction.

Considerations for the Performance Work Statement Checklist

Considerations for the Performance Work Statement	
	Does the PWS describe the outcomes (or results) rather than how to do the work?
	Does the PWS avoid specifying the number of contract workers required to perform the work (except when absolutely necessary)?
	Does the PWS avoid specifying the educational or skill level of the contract workers (except when absolutely necessary)?
	Can the contractor implement new technology to improve performance or to lower cost?
	Can the contractor use lower cost materials and still meet the performance standards?
	Are the situations documented when tightly controlled materials or supplies are essential?
	Are commercial performance standards utilized?
	Do the performance standards address quantity, quality, and timeliness?
	Are the performance standards objective, easy to measure, and timely?
	Is the assessment of quality a quantitative or qualitative assessment?
	Will two different evaluators come to the same conclusion about the contractor's performance based on the performance standards?
	Are acceptable quality levels clearly defined?
	Is the time period for the acceptable quality level clearly defined?
	Are the people who will perform the evaluations identified?
	Are the acceptable quality levels realistic and achievable?
	Will the user be satisfied if the acceptable quality levels are exactly met? (Or will they be satisfied only at a higher quality level?)
	Do the acceptable quality levels allow for improvement?
	Is the value of evaluating the contractor's performance on a certain task worth the cost of surveillance?
	Has random sampling or periodic sampling been utilized in the QASP?
	Has user feedback been incorporated into the QASP?
	Does the PWS make use of the contractor's own quality control plan and management information systems to reduce costs?
	Are there incentives to motivate the contractor to improve performance or to reduce costs?
	Are there negative incentives to handle poor performance?
	Will the contractor focus on continuous improvement?

Appendix 8

Contractor Performance Assessment Checklist

Contractor Performance Assessment	
	Cost control
	Timeliness (schedule/delivery). Is the contractor on schedule to meet contractual requirements? Did the contractor meet the contractual delivery requirements? Does the contract include a reward for early delivery, or a penalty for late delivery?
	Quality. Do the supplies or services meet the requirements? Do they conform to the contract specifications, standards, SOO/SOW/PWS, and quality assurance plan?
	Business relations. Is the contractor responsive, professional, and courteous?
	Management of key personnel. Are technical experts highly qualified and effective in performing the required services? Do they meet the skill level stated in the contract? Are an appropriate number of personnel assigned to the project? Do delivered supplies reflect the skill and standardization required by the customer?
	Customer satisfaction. Will the customer be satisfied in terms of cost, quality, and timeliness of the delivered supplies or services? What percentage of the deliverable meets the customer's expectations? How long has the contractor taken to answer any customer complaints? How many customer complaints have there been?
	Compliance. Has the contractor complied with Occupational Safety and Health Administration, Environmental Protection Agency, Department of Labor, and other pertinent regulations?

Appendix 8

Contractor Delay Assessment Checklist

<p><i>Before making a final determination, the COR must be certain that the contractor (1) had little or no control over the circumstances that caused the delay, and (2) could not have taken any preemptive action to reduce the negative consequences of the delay. If the organization can prove these two assertions, then a "Yes" answer to any of the following questions means the delay was probably excusable.</i></p>	
	<p>1. Was the delay caused by a labor strike? If "no," go to 2. If "yes," did the contractor:</p> <ul style="list-style-type: none"> - File a charge with the appropriate labor relations board to seek injunctive relief in court? - Use other available government procedures or private boards or organizations in an attempt to settle or arbitrate disputes that caused the strike?
	<p>2. Was the delay caused by government interference or disruption? If "no," go to 3. If "yes," did the government:</p> <ul style="list-style-type: none"> -Delay in making payments due to the contractor? -Deliver GFP late? -Fail to reply to a contractor request for clarification? -Fail to disclose all facts applicable to performance? -Cite or misrepresent conditions that were different from those portrayed? -Experience scarcity of supplies due to <i>Defense Production Act</i> priorities over commercial or nonrated orders? -Delay issuing a required notice to proceed? -Delay issuing changes? -Delay performance by other government contractors? -Experience delays because of an interested party protesting the contract award? -Delay making the site available? -Delay providing funding? -Delay inspection or acceptance? -Delay because of defective or ambiguous specifications? -Delay granting approvals?
	<p>3. Was the delay caused by a subcontractor? If "no," go to 4. The determination is "no" if either of the following occurred:</p> <ul style="list-style-type: none"> -Did a dispute between the subcontractor and prime cause the delay? -Were subcontracted products or services available from other sources in time for the prime to complete performance?
	<p>4. Was the delay caused by any other occurrence specifically characterized in Default or Excusable Delays (or other clauses), as generally excusable? If "no," go to 5. If "yes," was the delay caused by:</p> <ul style="list-style-type: none"> -Acts of the government in either its sovereign or contractual capacity? -Acts of God or the public enemy? -Fire? -Flood? -Unusually severe weather? -Epidemics? -Quarantine restrictions?

Appendix 8
Contractor Delay Assessment Checklist

	<ul style="list-style-type: none">-Labor dispute resulting in strikes?-Freight embargoes?-Common carrier delays?
	<p>5. Was the delay caused by other circumstances not previously mentioned? If "yes," did the contractor:</p> <ul style="list-style-type: none">-Not cause the delay?-Not have any control over the circumstances that caused delay?

Appendix 8

Contents of a COR Working File Checklist

	A copy of the COR's letter of appointment or designation from the contracting officer, a copy of any changes to that letter, and a copy of any termination letter.
	A copy of the required training certificates.
	The notice of award or notice to proceed.
	Copies of contract funding and payment documents.
	A copy of the contract or the appropriate part of the contract and/or delivery orders, and all contract modifications.
	A copy of the contract data requirements lists (CDRLs) submitted to the COR as required by the contract, as well as the COR's analysis of the CDRLs and any resulting actions taken.
	A copy of the QASP and a record of each individual surveillance conducted, the results, and any actions taken.
	All correspondence between COR and the contractor, contracting officer, or others concerning performance of the contract; together with English translations of all correspondence written in a foreign language.
	The names and position titles of contractor personnel who serve on the contract.
	A record of inspections performed (documenting how, when, and where), the corresponding results, and any analyses.
	Copies of all data, reports, and other documentation furnished by the contractor, along with the COR's analysis of those items, actions taken, and the date of each action.
	A copy of the trip report of every visit to the contractor's facility. A copy of this report must be provided to the contracting officer within 7 days after each visit. The trip report must identify people contacted, dates, items discussed, and actions taken.
	Memoranda for record of minutes of any meetings, site visits, telephone conversations, and other discussions with the contractor or others pertaining to the contract or contract performance. These minutes should include persons present, dates, matters discussed, and actions taken.
	Records relating to the contractor's quality control system and plan and the results of the quality control effort.
	A copy of the surveillance schedule, progress schedules, and schedule of cumulative payments approved.
	A list of government-furnished property.
	A copy of all approvals the COR has given to the contractor. These approvals must be a COR-designated authority.
	Documentation pertaining to the COR's receipt and acceptance (or rejection) of services performed and/or supplies delivered, including receipts, reports, and other data.
	Copies of all DD Form 250s, invoices, vouchers, and receipt documents processed, including COR recommendations relating to them.
	Samples, photographs, witness statements, and other factual data to support documentation.

Appendix 8
Contents of a COR Working File Checklist

	Records of all weather conditions. This is particularly important for administering construction contracts and any other contracts that call for performance out-of-doors, where severe weather or bad weather conditions could delay contract performance or completion.
	Records of any government actions that affected or influenced contractor performance.
	Applicable laboratory test reports.
	Copies of deficiency reports.
	A copy of each COR monthly report.
	Any other documentation and data necessary to provide a complete history of all actions taken by the COR under, or in connection with, the contract.

Appendix 8

Contract Surveillance Checklist

	Is the COR maintaining a separate file for each contract?
	Is the file clearly indexed to enable ready access to pertinent records?
	Has the COR been trained within the past 3 years and is the certificate present?
	Is a copy of the COR's letter of appointment or designation in the file?
	<p>Does the COR file include the following items:</p> <ul style="list-style-type: none"> - Copy of the contract - All modifications - All invoices - All DD 250s - Deficiency reports - Copy of QASP - Copy of required regulations - Memos for the record and other correspondence/e-mail - Surveillance checklist - Surveillance schedule - Environmental plan - Maintenance plan - Work plan - GFP inventory - Safety plan - Test reports - GFP validation?
	Has the COR input contractor manpower information?
	Does the COR complete the CPARS annually?
	Has the COR performed contractor surveillance/site visits?
	Are the results of surveillance/inspection documented?
	Does the COR complete a periodic contract performance report and forward it to the contracting officer?

Appendix 8

COR Compliance-Checking for Construction Contracts Checklist

COR Compliance-Checking for Construction Contracts	
	Review the contractor's certified payrolls.
	Check work sites for required postings.
	Conduct labor standard interviews.
	Compare payrolls and on-site interviews.
	Resolve discrepancies/violations.

Appendix 9

Acquisition Team Points of Contact

Contracting Officer:

Name:

Unit/Location:

Phone number:

E-mail:

Requiring Unit (S4/J4):

Name:

Unit/Location:

Phone number:

E-mail:

Alternate Contracting Officer's Representative:

Name:

Unit/Location:

Phone number:

E-mail:

Resource Manager:

Name:

Unit/Location:

Phone number:

E-mail:

Questions concerning the use, update, or replacement of the attached DVD should be sent to:
Defense Procurement and Acquisition Policy, Contingency Contracting, 3060
Defense Pentagon, Room 3B855, Washington, DC 20301-3060, Commercial: 571-
256-7003, ContingencyContracting@osd.mil

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Defense Contingency COR Handbook

This first edition of the *Defense Contingency COR Handbook* provides the basic knowledge and tools needed by contracting officer's representatives (COR) to effectively support contingency operations. The handbook is designed specifically to address the realities faced by CORs in operations outside the continental United States. The information in this handbook is extracted from numerous sources within the defense acquisition community. Those sources include the Federal Acquisition Regulation; the Defense Federal Acquisition Regulation Supplement; the Joint Ethics Regulation; Department of Defense directives, instructions, publications, and policies; and countless CORs and contingency contracting officers who have learned hard lessons in deployed environments.

The handbook's size reflects its comprehensive nature. It is intended to provide as much information as possible for the COR who may not have access to other resources. It is not meant to be read cover to cover; rather, it is organized to aid the COR in finding exactly what he or she needs for the situation at hand.

Questions concerning the use, update, request for, or replacement of this handbook or the attached DVD should be sent to: Defense Procurement and Acquisition Policy, Contingency Contracting, 3060 Defense Pentagon, Room 3B855, Washington, DC, 20301-3060, Commercial Phone: 571-256-7003, E-mail: ContingencyContracting@osd.mil.