

# DFARS Procedures, Guidance, and Information

## PGI 202—DEFINITIONS OF WORDS AND TERMS

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*(Revised September 19, 2014)*

### PGI 202.1—DEFINITIONS

#### PGI 202.101 Definitions.

DoD contracting activities are—

(1) Department of Defense.

Department of Defense Education Activity  
Joint Improvised Explosive Device Defeat Organization  
Washington Headquarters Services, Acquisition Directorate  
Inspector General of the Department of Defense (limited contracting authority  
for use of the Governmentwide commercial purchase card)

(2) Department of the Air Force.

Office of the Assistant Secretary of the Air Force (Acquisition)  
Office of the Deputy Assistant Secretary (Contracting)  
Air Force Materiel Command  
Air Force Space Command  
Air Combat Command  
Air Mobility Command  
Air Education and Training Command  
Pacific Air Forces  
United States Air Forces in Europe  
Air Force Special Operations Command  
Air Force Reserve Command  
Air Force Global Strike Command  
Air Force Life Cycle Management Center  
Air Force District of Washington  
United States Air Force Academy  
Air Force Operational Test and Evaluation Center  
Space and Missile Systems Center  
Air Force Intelligence, Surveillance and Reconnaissance Agency

(3) Department of the Army.

Deputy Assistant Secretary of the Army (Procurement)  
Headquarters, U.S. Army Materiel Command  
Headquarters, U.S. Army Medical Command  
Joint Theater Support Contracting Command  
National Guard Bureau  
Program Executive Office for Simulation, Training, and Instrumentation  
U.S. Army Corps of Engineers  
U.S. Army Intelligence and Security Command

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- (4) Department of the Navy.  
Office of the Deputy Assistant Secretary of the Navy (Acquisition & Procurement)  
Marine Corps Systems Command  
Military Sealift Command  
Installations and Logistics, Headquarters, U.S. Marine Corps  
Naval Air Systems Command  
Naval Facilities Engineering Command  
Naval Sea Systems Command  
Naval Supply Systems Command  
Office of Naval Research  
Space and Naval Warfare Systems Command  
Strategic Systems Programs
- (5) Defense Advanced Research Projects Agency.  
Office of the Deputy Director, Management
- (6) Defense Commissary Agency.  
Directorate of Contracting
- (7) Defense Contract Management Agency.  
Office of the Executive Director, Contracts, Defense Contract Management Agency
- (8) Defense Finance and Accounting Service.  
External Services, Defense Finance and Accounting Service
- (9) Defense Information Systems Agency.  
Defense Information Technology Contracting Organization
- (10) Defense Intelligence Agency.  
Office of Procurement
- (11) Defense Logistics Agency.  
DLA Acquisition (J-7)  
DLA Aviation  
DLA Energy  
DLA Land and Maritime  
DLA Troop Support
- (12) Defense Security Cooperation Agency.  
Contracting Division
- (13) Defense Security Service.

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Office of Acquisitions

- (14) Defense Threat Reduction Agency.  
Acquisition Management Office
- (15) Missile Defense Agency.  
Headquarters, Missile Defense Agency
- (16) National Geospatial-Intelligence Agency.  
Procurement and Contracting Office
- (17) National Security Agency.  
Headquarters, National Security Agency
- (18) United States Special Operations Command.  
Headquarters, United States Special Operations Command
- (19) United States Transportation Command.  
Directorate of Acquisition
- (20) Defense Health Agency.  
Directorate of Procurement

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## PGI 204—Publicizing Contract Actions

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(Revised September 19, 2014)

### PGI 204.4—SAFEGUARDING CLASSIFIED INFORMATION WITHIN INDUSTRY

#### PGI 204.402—General.

(1) The use of “Not Releasable to Foreign Nationals” (NOFORN) caveat on Department of Defense (DoD) Information, to include contract documents, shall not be applied to non-intelligence information except for Naval Nuclear Propulsion Information and the National Disclosure Policy document (NDP-1).

(2) Agencies shall not restrict procurements on the basis of foreign origin but rather on the level of security clearance required by industry to submit an offer and perform on the contract.

#### PGI 204.403 Responsibilities of contracting officers.

(1) Consistent with the requirements at FAR subpart 4.403, contracting officers shall ensure that solicitations, to include any Broad Agency Announcement (BAA) or notice to industry, that requires industry access to classified information and/or controlled unclassified information ([see policy memos](#)), shall contain one or more of the following:

(i) Draft DoD Form DD 254, DoD Contract Security Classification Specification. See Defense Security Service (DSS) guide for the preparation of the DD Form 254 at <http://www.dss.mil/isp/tools.html> and select “A Guide for the Preparation of a DD Form 254”.

(ii) The clause at FAR 52.204-2, Security Requirements.

(iii) Detailed agency instructions for industry requirements to request access to classified information and/or controlled unclassified information. Agency instructions shall clearly reference and be in accordance with the National Industrial Security Program Operating Manual (NISPOM) (DoD 5220-22-M) and Industrial Security Regulation (DoD 5220.22-R).

(iv) The following is a template of agency instructions to industry:

“Offerors must have a valid U.S. security clearance of *[to be filled in by the contracting officer]* or higher in order to respond to this RFP (Announcement), because the RFP (Announcement) includes an annex (information) classified at the *[to be filled in by the contracting officer]* level which will be released only to offerors possessing the appropriate clearance. All classified material must be handled in accordance with the National Industrial Security Program Operating Manual (NISPOM) (DoD 5220-22-M) and Industrial Security Regulation (DoD 5220.22-R).”

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(2) Fundamental research project determination.

(i) Projects being scoped as fundamental research may include the entire contract effort or a specified portion of the statement of work, and must be documented in the written determination and in the contract.

(ii) The determination of fundamental research shall occur when the project is added to the statement of work, either prior to award or during a contract modification that modified the statement of work.

(iii) Fundamental research is defined in the [USD\(AT&L\) memorandum on Fundamental Research, dated May 24, 2010](#).

(iv) See clause [252.204-7000\(a\)\(3\)](#), concerning disclosure of information for fundamental research projects.

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## PGI 213—Simplified Acquisition Procedures

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### PGI 213.3—SIMPLIFIED ACQUISITION METHODS

*(Revised September 19, 2014)*

### PGI 213.3—SIMPLIFIED ACQUISITION METHODS

#### PGI 213.301 Governmentwide commercial purchase card.

(1) A Governmentwide commercial purchase card program is a program that is authorized pursuant to a delegation of contracting authority and designation as a DoD contracting activity for the purpose of streamlining the purchase and payment processes for supplies and services by use of a Government-issued purchase card.

(2) Governmentwide commercial purchase card programs cannot be established or operated unless contracting authority is granted in accordance with governing laws and regulations, and delegated through a contracting activity identified at PGI 202.101. Further guidance regarding establishment, operation, and oversight of Governmentwide commercial purchase card programs can be found in the “Department of Defense Government Charge Card Guidebook for Establishing and Managing Purchase, Travel, and Fuel Card Programs” at [http://www.acq.osd.mil/dpap/pdi/pc/policy\\_documents.html](http://www.acq.osd.mil/dpap/pdi/pc/policy_documents.html).

#### PGI 213.302 Purchase orders.

#### PGI 213.302-3 Obtaining contractor acceptance and modifying purchase orders.

Generally, use unilateral modifications (see FAR 43.103) for—

- (1) No-cost amended shipping instructions if—
  - (i) The amended shipping instructions modify a unilateral purchase order; and
  - (ii) The contractor agrees orally or in writing; and
- (2) Any change made before work begins if—
  - (i) The change is within the scope of the original order;
  - (ii) The contractor agrees;
  - (iii) The modification references the contractor’s oral or written agreement; and
  - (iv) Block 13D of Standard Form 30, Amendment of Solicitation/Modification of Contract, is annotated to reflect the authority for issuance of the modification.

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### PGI 213.306 SF 44, Purchase Order-Invoice-Voucher.

(a) (1) (A) Establish fuel card accounts—

(1) For DoD customers, contact the Service or Agency Component Program Manager (CPM) for fuel cards (see <http://www.desc.dla.mil/DCM/Files/CPMPOCs06022010.pdf>); and

(2) For non-DoD customers, contact the designated Account Manager identified at <http://www.desc.dla.mil/DCM/DCMPage.asp?pageid=41>.

(B) Purchases using the AIR Card® and SEA Card® shall follow the guidance found at <http://www.desc.dla.mil/DCM/DCMPage.asp?pageid=28>.

### PGI 213.307 Forms.

(a) If SF 1449 is not used, use DD Form 1155 in accordance with paragraph (b)(i) of this section.

(b)(i) Use DD Form 1155, Order for Supplies or Services, for purchases made using simplified acquisition procedures.

(A) The DD Form 1155 serves as a—

(1) Purchase order or blanket purchase agreement;

(2) Delivery order or task order;

(3) Receiving and inspection report;

(4) Property voucher;

(5) Document for acceptance by the supplier; and

(6) Public voucher, when used as—

(i) A delivery order;

(ii) The basis for payment of an invoice against blanket purchase agreements or basic ordering agreements when a firm-fixed-price has been established; or

(iii) A purchase order for acquisitions using simplified acquisition procedures.

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(B) The DD Form 1155 is also authorized for use for—

and (1) Orders placed in accordance with FAR Subparts 8.4, 8.6, 8.7, and 16.5;

(2) Classified acquisitions when the purchase is made within the United States or its outlying areas. Attach the DD Form 254, Contract Security Classification Specification, to the purchase order.

(ii) Do not use Optional Form 347, Order for Supplies or Services, or Optional Form 348, Order for Supplies or Services Schedule--Continuation.

(iii) Use Standard Form 30, Amendment of Solicitation/Modification of Contract, to—

- (A) Modify a purchase order; or
- (B) Cancel a unilateral purchase order.

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### PGI 216.4—INCENTIVE CONTRACTS

#### PGI 216.401 General.

(c) Incentive contracts. DoD has established the Award and Incentive Fees Community of Practice (CoP) under the leadership of the Defense Acquisition University (DAU). The CoP serves as the repository for all related materials including policy information, related training courses, examples of good award fee arrangements, and other supporting resources. The CoP is available on the DAU Acquisition Community Connection at <https://acc.dau.mil/awardandincentivefees>. Additional information can be found on the MAX website maintained by the Office of Management and Budget at: <https://max.omb.gov>.

(e) Award-fee contracts.

(i) It is DoD policy to utilize objective criteria, whenever possible, to measure contract performance. In cases where an award-fee contract must be used due to lack of objective criteria, the contracting officer shall consult with the program manager and the fee determining official when developing the award-fee plan. Award-fee criteria shall be linked directly to contract cost, schedule, and performance outcomes objectives.

(ii) Award fees must be tied to identifiable interim outcomes, discrete events or milestones, as much as possible. Examples of such interim milestones include timely completion of preliminary design review, critical design review, and successful system demonstration. In situations where there may be no identifiable milestone for a year or more, consideration should be given to apportioning some of the award fee pool for a predetermined interim period of time based on assessing progress toward milestones. In any case, award fee provisions must clearly explain how a contractor's performance will be evaluated.

(iii) FAR 16.401(d) requires a determination and findings (D&F) to be completed for all incentive- and award-fee contracts, justifying that the use of this type of contract is in the best interest of the Government. The D&F for award-fee contracts shall be signed by the head of the contracting activity or designee no lower than one level below the head of the contracting activity. The D&F required by FAR 16.401(d) for all other incentive contracts may be signed at one level above the contracting officer. This authority may not be further delegated.

(iv) The head of the contracting activity for each defense agency shall retain the D&F for (a) all acquisition category (ACAT) I or II programs, and (b) all non-ACAT I or II contracts with an estimated value of \$50 million or more. The head of the contracting activity shall forward the D&Fs for ACAT I programs to Defense Procurement and Acquisition Policy/ Contract Policy and International Policy directorate (DPAP/CPIC) within 1 month of the end of the quarter. Copies of D&Fs on all contracts shall also be included in the contract file.

#### PGI 216.401-70 Data collection.

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(a) In order to comply with the statutory requirement of section 814 of Pub. L. 109-364, each military department and defense agency shall collect the information required through the spreadsheet accessible [here](#) for each contract containing award or performance incentive provisions that have an estimated contract value (including options) greater than \$50 million at the end of the reporting period. The semi-annual periods for collecting this data are the six month periods ending June 30 and December 31 of each year. The data collected shall be provided to DPAP/CPIC within 3 months after the end of the semi-annual reporting period (e.g., data must be provided to DPAP by September 30 for the semi-annual period ending June 30) along with a report of the component's analysis of the data.

(b) Indefinite-delivery/ indefinite-quantity (ID/IQ) contracts with an incentive structure at the contract level are considered reportable at the contract level. ID/IQ contracts with incentives structured at the order level with an estimated order value exceeding the \$50 million threshold are reportable at the order level. In this latter situation, the contracting office issuing the order is responsible for reporting.

### **PGI 216.402 Application of predetermined, formula-type incentives.**

#### **PGI 216.402-2 Technical performance incentives.**

Contractor performance incentives should relate to specific performance areas of milestones, such as delivery or test schedules, quality controls, maintenance requirements, and reliability standards.

#### **PGI 216.403 Fixed-price incentive contracts.**

##### **PGI 216.403-1 Fixed-price incentive (firm target) contracts.**

###### *(1) Use of FPIF contract.*

*(i) Not mandatory.* DFARS [216.403-1](#)(b)(1) directs the contracting officer to give particular consideration to the use of fixed-price incentive (firm target) (FPIF) contracts, especially for acquisitions moving from development to production. DFARS does not mandate the use of FPIF for initial production and each acquisition situation must be evaluated in terms of the degree and nature of the risk presented in order to select the proper contract type.

*(ii) Considerations.* Volume 4, chapter 1, of the Contract Pricing Reference Guide provides a detailed discussion of the considerations involved in selecting the proper contract type. For example:

(A) It is not in the Government's best interest to use FPIF when the cost risk is so great that establishing a ceiling price is unrealistic.

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(B) It is also not in the Government's best interest to use firm-fixed-price (FFP) contracts on production programs until costs have become stable. Therefore, FPIF contracts should be considered in production programs where actual costs on prior FFP contracts have varied by more than four percent from the costs considered negotiated. Contracting officers are reminded that actual costs on prior contracts for the same item, regardless of contract type or data reporting requirements of the prior contract, are cost and pricing data on the pending contract, and should be obtained from the contractor on production programs when cost or pricing data are required.

(2) *Incentive arrangement.* DFARS [216.403-1](#)(b)(2) directs the contracting officer to pay particular attention to share lines and ceiling prices for fixed-price incentive (firm target) contracts, with 120 percent ceiling and a 50/50 share ratio as the point of departure for establishing the incentive arrangement. While DFARS does not mandate the use of these share ratios or ceiling percentage, it is not unreasonable to expect that upon entering into production, risks have been mitigated to the point that the DFARS recommended point of departure for an FPIF incentive arrangement would be normal.

(3) *Analyzing risk.*

(i) *Quantification of risk.*

(A) The first step is establishing a target cost for which the probability of an underrun and overrun are considered equal and therefore, the risks and rewards are shared equally, hence the 50/50 share is the point of departure. Equally important is determining that the contractor has a high probability of being able to accomplish the effort within a ceiling percentage of 120 percent. In accomplishing both these steps, the analysis of risk is essential.

(B) Too often, risk is evaluated only in general terms without attempting to quantify the risk posed by the various elements of cost. Also, a contracting officer may incorrectly fall back on the share ratios and ceiling percentages negotiated on prior contracts or other programs, without examining the specific risks.

(C) Whether being used to select the proper contract type or establishing share lines and ceiling price on an FPIF contract, the analysis of risk as it pertains to the prime contractor is key. From a contractor's perspective, all risks, including technical and schedule risk, have financial ramifications. Technical and schedule risks, if realized, generally translate into increased effort, which means increased cost. Therefore, all risk can be translated into cost risk and quantified. Risk always has two components that must be considered in the quantification: the magnitude of the impact and the probability that it will occur.

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(D) When cost risk is quantified, it is much easier to establish a reasonable ceiling percentage. The ceiling percentage is applicable to the target cost on the prime contract. It is important to understand the degree of risk that various cost elements pose in relation to that target cost. A discussion of the major cost elements and the risk implications follows in paragraphs (3)(ii) through (iv) of this section.

(ii) *Subcontracts and material cost and risk.*

(A) In many prime contractors' contracts, a substantial amount of risk is borne by subcontractors, not the prime contractor, via negotiated firm-fixed-price (FFP) subcontracts. In the case of FFP subcontracts, the subcontractor is obligated to deliver at the negotiated price. The risk to the prime contractor is the supplier's failure to perform or perform on time. Generally, that risk is considered to be low by both the prime and the subcontractor as evidenced by the FFP contract type. In addition, the prime contractor will normally have priced effort for material management or subcontract administration to ensure timely performance on the part of the suppliers. This effort may be bid directly or indirectly (e.g., as part of an overhead expense) depending on the contractor's accounting practices.

(B) The impact of negotiated FFP subcontracts on the prime contractor's risk can be significant. A prime contract with a 120 percent ceiling price provides overrun protection to the prime contractor equal to 20 percent of the target cost on the contract. However, if FFP subcontracts represent half of the total contract cost, then half of the target cost is subject to little or no cost risk on the part of the prime contractor. Therefore, the overrun protection provided by 20 percent of the target cost is really closer to 40 percent protection of the prime's cost that is truly at risk to the prime contractor, which likely is significantly overstated. Thus, a ceiling price less than 120 percent in this risk situation would be more appropriate.

(C) For subcontracts that have not yet been negotiated between the prime and subcontractor at the time of negotiation of the prime contract, the degree of risk is essentially limited to the difference between the price proposed by the subcontractor and the subcontract value included in the prime contractor's proposal.

(D) For subcontracts that are not FFP, the risk to the prime is based on the risk represented by the subcontractors' contractual relationship with the prime. If the subcontract is FPIF and has a 50/50 share ratio and 120 percent ceiling, the prime's risk is 50 percent of each dollar of overrun up to the ceiling amount. An analysis of the subcontractor's risk would be necessary to determine the probability of reaching the ceiling price.

(iii) *Direct labor cost and risk.*

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(A) The risk in direct labor is in the hours needed to perform the effort and the risk in the labor rates paid to employees. There is generally little risk in the direct labor rates. However, there are various levels of risk in the direct labor hours needed by the prime contractor to accomplish the contract requirements. This risk can be driven by a number of factors including technical complexity, schedule constraints, or availability of personnel, parts, or tooling. Risks vary by task and the key is to identify the major tasks and assess the “what if” impact at the total contract cost level.

(B) Schedule is often correctly cited as a risk factor, but it is important to understand and quantify the probability and impact of a potential schedule slip. Generally, any schedule slip can only affect the prime contractor’s in-house cost. Therefore, any schedule impact should be assessed on the impact it would have on the prime contractor’s performance of its tasks.

(C) However, it is wrong to assume the worst-case scenario that a schedule delay results in an extension of the entire prime contractor workforce for the period of the delay. A responsible contractor will take steps to minimize both the delay and the impact of that delay. For instance, a production schedule assumes an optimal sequencing of tasks which presumes the timely arrival and availability of parts from suppliers or other in-house sources. A delay in receiving parts as planned could require a resequencing of tasks and could adversely affect the efficiency of performing a number of tasks, but it will not cause the entire workforce to be idle during the delay.

(iv) *Indirect (e.g., overhead) cost and risk.* Overhead and other indirect costs (e.g., general and administrative expense) can represent a significant portion of the prime contractor’s in-house cost. Indirect expense (hereafter referred to as overhead) poses potential cost growth risk or the opportunity for cost reduction from the following two perspectives:

(A) *Actual overhead rate.* (1) First, the actual overhead rate could be different than that proposed. Proposed overhead rates, even those covered by a forward pricing rate agreement, are based on forecasts of overhead expenses and the bases to which they are applied. The final overhead rate that is actually applied (charged) to a contract will be based on the actual overhead expenses and the actual base, each of which could be considerably different than estimated. The net effect could be a higher or lower overhead rate than estimated.

(2) In general, the risk in an overhead rate tends to be driven more by fluctuations in the base than in the expenses. This is because overhead expenses are made up of expenses that consist of “fixed” (e.g., depreciation) and variable (e.g., fringe benefits) in nature. When the actual base turns out to be lower than the estimated base, the fixed costs are spread over a smaller base resulting in a higher overhead rate. In general, if the actual base is greater than estimated, a lower overhead rate will result.

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(3) In assessing this risk, the contracting officer should consider the contractor's ability to predict overhead rates based on comparing proposed versus actual rates for prior years. In making this comparison, it is important to do so in a manner consistent with the proposal being reviewed. For instance, if the majority of overhead costs on the proposal being reviewed occur two years in the future, the comparison should look at the contractor's accuracy in predicting overhead rates two years in advance. For example, in looking at the 2009 actual overhead rate, what did the contractor propose for 2009 in its 2007 forward pricing rate proposal?

(B) *Actual base cost.* If the actual base cost on the contract (e.g., direct labor dollars) is different than that proposed, the contract will be charged overhead costs according to the actual base costs on that contract. If the contractor overruns direct labor, even if the actual labor overhead rate was the same as proposed, that rate would be applied to a higher base resulting in increased overhead dollars on that contract. The opposite would be true if the contractor underruns direct labor on the contract. Since this aspect of risk is tied to the base cost on the contract, the risk is the same as it is for those base costs (e.g., direct labor, material).

### **PGI 216.403-2 Fixed-price incentive (successive targets) contracts.**

The formula specified in FAR 16.403-2(a)(1)(iii) does not apply for the life of the contract. It is used to fix the firm target profit for the contract. To provide an incentive consistent with the circumstances, the formula should reflect the relative risk involved in establishing an incentive arrangement where cost and pricing information were not sufficient to permit the negotiation of firm targets at the outset.

### **PGI 216.405 Cost-reimbursement incentive contracts.**

#### **PGI 216.405-1 Cost-plus-incentive-fee contracts.**

Give appropriate weight to basic acquisition objectives in negotiating the range of fee and the fee adjustment formula. For example—

(1) In an initial product development contract, it may be appropriate to provide for relatively small adjustments in fee tied to the cost incentive feature, but provide for significant adjustments if the contractor meets or surpasses performance targets; and

(2) In subsequent development and test contracts, it may be appropriate to negotiate an incentive formula tied primarily to the contractor's success in controlling costs.

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### PGI 216.405-2 Cost-plus-award-fee contracts.

(1) Although weighted guidelines do not apply per DFARS [216.405-2\(3\)\(ii\)](#) when definitizing a contract action, the contracting officer shall, nevertheless, separately assess and document the reduced cost risk on the contract for—

- (i) The period up to the date of definitization; as well as
- (ii) The remaining period of performance (see DFARS [217.7404-6](#)).

(2) Normally, award fee is not earned when the fee-determining official has determined that contractor performance has been submarginal or unsatisfactory.

(3) The basis for all award fee determinations shall be documented in the contract file.

(4) The cost-plus-award-fee contract is also suitable for level of effort contracts where mission feasibility is established but measurement of achievement must be by subjective evaluation rather than objective measurement. See Table 16-1, Performance Evaluation Criteria, for sample performance evaluation criteria and Table 16-2, Contractor Performance Evaluation Report, for a sample evaluation report.

(5) The contracting activity may—

- (i) Establish a board to—
  - (A) Evaluate the contractor's performance; and
  - (B) Determine the amount of the award or recommend an amount to the contracting officer; and
- (ii) Afford the contractor an opportunity to present information on its own behalf.

### PGI 216.470 Other applications of award fees.

The “award amount” portion of the fee may be used in other types of contracts under the following conditions:

- (1) The Government wishes to motivate and reward a contractor for—
  - (i) Purchase of capital assets (including machine tools) manufactured in the United States, on major defense acquisition programs; or
  - (ii) Management performance in areas which cannot be measured objectively and where normal incentive provisions cannot be used. For example, logistics support, quality,

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timeliness, ingenuity, and cost effectiveness are areas under the control of management which may be susceptible only to subjective measurement and evaluation.

- (2) The “base fee” (fixed amount portion) is not used.
- (3) The chief of the contracting office approves the use of the “award amount.”

(4) An award review board and procedures are established for conduct of the evaluation.

- (5) The administrative costs of evaluation do not exceed the expected benefits.

<b>TABLE 16-1, PERFORMANCE EVALUATION CRITERIA</b>						
		<b>Submarginal</b>	<b>Marginal</b>	<b>Good</b>	<b>Very Good</b>	<b>Excellent</b>
<b>A</b> Time of Delivery.	(A-1) Adherence to plan schedule.	Consistently late on 20% plans	Late on 10% plans w/o prior agreement	Occasional plan late w/o justification.	Meets plan schedule.	Delivers all plans on schedule & meets prod. Change requirements on schedule
	(A-2) Action on Anticipated delays.	Does not expose changes or resolve them as soon as recognized.	Exposes changes but is dilatory in resolution on plans.	Anticipates changes, advise Shipyard but misses completion of design plans 10%.	Keeps Yard posted on delays, resolves independently on plans.	Anticipates in good time, advises Shipyard, resolves independently and meets production requirements.
	(A-3) Plan Maintenance.	Does not complete interrelated systems studies concurrently.	System studies completed but constr. Plan changes delayed.	Major work plans coordinated in time to meet production schedules.	Design changes from studies and interrelated plant issued in time to meet product schedules.	Design changes, studies resolved and test data issued ahead of production requirements.
<b>B</b> Quality of Work.	(B-1) Work Appearance.	25% dwgs. Not compatible with Shipyard repro. processes and use.	20% not compatible with Shipyard repro. processes and use.	10% not compatible with Shipyard repro. processes and use.	0% dwgs prepared by Des. Agent not compatible with Shipyard repro. processes and use.	0% dwgs. Presented incl. Des. Agent, vendors, subcontr. Not compatible with Shipyard repro processes and use.
	(B-2) Thoroughness and Accuracy	Is brief on plans tending to leave questionable	Has followed guidance, type and standard	Has followed guidance, type and standard	Work complete with notes and thorough	Work of highest caliber incorporating all

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	of Work.	situations for Shipyard to resolve.	dwgs.	dwgs. Questioning and resolving doubtful areas.	explanations for anticipated questionable areas.	pertinent data required including related activities.
	(B-3) Engineering Competence.	Tendency to follow past practice with no variation to meet reqmts. job in hand.	Adequate engrg. To use & adapt existing designs to suit job on hand for routine work.	Engineered to satisfy specs., guidance plans and material provided.	Displays excellent knowledge of constr. Reqmts. considering systems aspect, cost, shop capabilities and procurement problems.	Exceptional knowledge of Naval shipwork & adaptability to work process incorporating knowledge of future planning in Design.
B Quality of Work (Cont'd)	(B-4) Liaison Effectiveness	Indifferent to requirements of associated activities, related systems, and Shipyard advice.	Satisfactory but dependent on Shipyard of force resolution of problems without constructive recommendations to subcontr. or vendors.	Maintains normal contract with associated activities depending on Shipyard for problems requiring military resolution.	Maintains independent contact with all associated activities, keeping them informed to produce compatible design with little assistance for Yard.	Maintains expert contact, keeping Yard informed, obtaining info from equip, supplies w/o prompting of Shipyard.
	(B-5)	Constant surveillance required to keep job from slipping—assign to low priority to satisfy needs.	Requires occasional prodding to stay on schedule & expects Shipyard resolution of most problems.	Normal interest and desire to provide workable plans with average assistance & direction by Shipyard.	Complete & accurate job. Free of incompatibilities with little or no direction by Shipyard.	Develops complete and accurate plans, seeks out problem areas and resolves with assoc. act. ahead of schedule.
C Effective-ness in Control-ling and/or Reducing Costs	(C-1) Utilization of Personnel	Planning of work left to designers on drafting boards.	Supervision sets & reviews goals for designers.	System planning by supervisory, personnel, studies checked by engineers.	Design parameters established by system engineers & held in design plans.	Mods. to design plans limited to less than 5% as result lack engrg. System correlation.
	(C-2) Control Direct Charges (Except Labor)	Expenditures not controlled for services.	Expenditures reviewed occasionally by supervision.	Direct charges set & accounted for on each work package.	Provides services as part of normal design function w/o extra charges.	No cost overruns on original estimates absorbs service demands by Shipyard.

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	(C-3) Performance to Cost Estimate	Does not meet cost estimate for original work or changes 30% time.	Does not meet cost estimate for original work or changes 20% time.	Exceeds original est. on change orders 10% time and meets original design costs.	Exceeds original est. on changing orders 5% time.	Never exceeds estimates of original package or change orders.
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# DFARS Procedures, Guidance, and Information

## PGI 216—Types of Contracts

<b>TABLE 16-2, CONTRACTOR PERFORMANCE EVALUATION REPORT</b>							
Ratings Excellent						Period of _____ Contract Number _____	
Very Good						Contractor _____	
Marginal						Date of Report _____	
Submarginal						PNS Technical Monitor/s _____	
CATEGORY	CRITERIA	RATING		ITEM FACTOR	EVALUATION RATING	CATEGORY FACTOR	EFFICIENCY RATING
A	TIME OF DELIVERY A-1 Adherence to Plan Schedule	_____	x	.40	=	_____	
	A-2 Action on Anticipated Delays	_____	x	.30	=	_____	
	A-3 Plan Maintenance	_____	x	.30	=	_____	
	Total Item Weighed Rating					_____ x .30	= _____
B	QUALITY OF WORK B-1 Work Appearance	_____	x	.15	=	_____	
	B-2 Thoroughness and Accuracy of Work	_____	x	.30	=	_____	
	B-3 Engineering Competence	_____	x	.20	=	_____	
	B-4 Liaison Effectiveness	_____	x	.15	=	_____	
	B-5 Independence and Initiative	_____	x	.15	=	_____	
	Total Item Weighed Rating					_____ x .40	= _____

# DFARS Procedures, Guidance, and Information

## PGI 216—Types of Contracts

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C	EFFECTIVE- NESS IN CONTROL- LING AND/OR REDUCING COSTS								
	C-1 Utilization of Personnel	_____	x	.30	=	_____			
	C-2 Control of all Direct Charges Other than Labor	_____	x	.30	=	_____			
	C-3 Performance to Cost Estimate	_____	x	.40	=	_____			
	Total Item Weighed Rating	_____	x	.30	=	_____			
TOTAL WEIGHT RATING _____									
Rated by: _____									
Signature(s) _____									
NOTE: Provide supporting data and/or justification for below average or outstanding item ratings.									

# DFARS Procedures, Guidance, and Information

## PGI 217—Special Contracting Methods

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### PGI 217.78—CONTRACTS OR DELIVERY ORDERS ISSUED BY A NON-DOD AGENCY

*(Added September 19, 2014)*

#### **PGI 217.7802 Policy.**

(b)(1)(iii)

(A) Departments and agencies shall ensure full awareness of the total costs of all fees associated with use of a non-DoD contracting vehicle. In order to ensure full awareness, the DoD acquisition official shall require the servicing agency to—

(1) Provide notification if its acquisition approach will use another agency's contract vehicle; and

(2) Identify all fees (direct and indirect) associated with the assisted acquisition.

(B) The DoD acquisition official shall document in the business decision the rationale to continue with the assisted acquisition given the total fees (direct and indirect) involved.

# DFARS Procedures, Guidance, and Information

## PGI 225—Foreign Acquisition

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(Revised September 19, 2014)

### PGI 225.77—ACQUISITIONS IN SUPPORT OF OPERATIONS IN AFGHANISTAN

#### PGI 225.7703 Acquisition of products or services other than small arms.

##### PGI 225.7703-2 Determination requirements.

(b) Subject matter experts for defense industrial base matters are as follows:

For Army: SAAL-PA, Army Industrial Base Policy, telephone 703-695-2488.

For DLA: DLA J-74, Acquisition Programs and Industrial Capabilities Division, telephone 703-767-1427.

For Navy: Ship Programs, DASN Ships, telephone 703-697-1710.

For Air Force: Air Force Research Laboratory, Materials Manufacturing Directorate, telephone 703-588-7777.

For Other Defense Agencies: Personnel at defense agencies without industrial base expertise on staff should contact the Office of the Deputy Under Secretary of Defense for Industrial Policy (Acquisition, Technology, and Logistics), telephone 703-697-0051.

(c) Determination formats.

(i) Prepare an individual determination and findings substantially as follows:

#### DEPARTMENT OR AGENCY

Authority to Acquire Products or Services  
from Afghanistan

#### Determination and Findings

Upon the basis of the following findings and determination which I hereby make in accordance with the provisions of DFARS [225.7703-2](#), the acquisition of a product or service, other than small arms, in support of operations in Afghanistan may be made as follows:

#### Findings

1. The *[contracting office]* proposes to purchase under contract number \_\_\_\_\_, *[describe item]*. The total estimated cost of this

## DFARS Procedures, Guidance, and Information

### PGI 225—Foreign Acquisition

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acquisition is \_\_\_\_\_.

2. The product or service is to be used by [describe the entity(ies) that are the intended user(s) of the product or service].
3. The contracting officer recommends conducting the acquisition using the following procedure, which, given this determination, is authorized by Section 886 of Public Law 110-181:

*[Select one of the following:]*

Provide a preference for products or services from Afghanistan.

Limit competition to products or services from Afghanistan.

Use procedures other than competitive procedures to award a contract to a particular source or sources from Afghanistan.

4. To implement the recommended procedure, the solicitation will contain [title and number of the applicable provision and/or clause prescribed at DFARS [225.7703-4](#)].
5. The proposed acquisition will provide a stable source of jobs in Afghanistan because \_\_\_\_\_.
6. The proposed use of other than full and open competition is necessary to provide this stable source of jobs in Afghanistan.
7. The proposed use of other than full and open competition will not adversely affect military operations or stability operations in Afghanistan, because \_\_\_\_\_. This is the opinion of the *[title of the official responsible for operations in the area involved]*.
8. The proposed use of other than full and open competition will not adversely affect the United States industrial base.
9. *[If a preference will be provided for products or services from Afghanistan, or if competition will be limited to products or services from Afghanistan, include—*

*(1) A description of efforts made to ensure that offers are solicited from as many potential sources as is practicable; and*

*(2) Whether a notice was or will be publicized as required by FAR*

# DFARS Procedures, Guidance, and Information

## PGI 225—Foreign Acquisition

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*Subpart 5.2 and, if not, which exception in FAR 5.202 applies.]*

- OF -

*[If procedures other than competitive procedures will be used to award a contract to a particular source or sources from Afghanistan, include—*

*(1) A description of the market research conducted in accordance with FAR Part 10 and the results; or a statement of the reason market research was not conducted;*

*(2) A listing of the sources, if any, that expressed, in writing, an interest in the acquisition;*

*(3) A demonstration that the proposed contractor's unique qualifications require the use of a noncompetitive acquisition, or an explanation of the other reasons for use of a noncompetitive acquisition; and*

*(4) A certification by the contracting officer that the information in paragraphs (1) through (3) above is accurate and complete to the best of the contracting officer's knowledge and belief.]*

### Determination

I hereby determine that it is in the national security interest of the United States to use the acquisition procedure described above, because the procedure is necessary to provide a stable source of jobs in Afghanistan and it will not adversely affect (1) Operations in Afghanistan or (2) the United States industrial base.

---

(Date)

(ii) Prepare a determination and findings for a class of acquisitions substantially as follows:

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## PGI 225—Foreign Acquisition

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### DEPARTMENT OR AGENCY

#### Authority to Acquire Products or Services from Afghanistan

#### Determination and Findings

Upon the basis of the following findings and determination which I hereby make in accordance with the provisions of DFARS [225.7703-2](#), the acquisition of products or services, other than small arms, in support of operations in Afghanistan may be made as follows:

#### Findings

1. It is anticipated that [applicable departments/agencies/components] will need to award contracts during the period from \_\_\_\_\_ to \_\_\_\_\_ in order to acquire [describe the type(s) of products or services] for [describe the purpose, if the purpose for which the items will be acquired is a defining characteristic of the class of acquisitions to be covered by the class determination].
2. The products or services to be acquired under the contemplated contracts are to be used by [describe the entity(ies) intended to use the products or services].
3. This class of acquisitions should be conducted using the following procedure, which, given this determination, is authorized by Section 886 of Public Law 110-181, as amended by section 842 of Pub. L. 112-239:

*[Select one of the following:]*

Provide a preference for products or services from Afghanistan.

Limit competition to products or services from Afghanistan.

Use procedures other than competitive procedures to award a contract to a particular source or sources from Afghanistan.

4. To implement the recommended procedure, solicitations will contain [title and number of the applicable provision and/or clause prescribed at [DFARS 225.7703-4](#)].
5. Each of the contemplated contracts will provide a stable source of jobs in Afghanistan, because \_\_\_\_\_.

## DFARS Procedures, Guidance, and Information

### PGI 225—Foreign Acquisition

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6. The proposed use of other than full and open competition for this class of acquisitions is necessary to provide this stable source of jobs in Afghanistan.
7. The proposed use of other than full and open competition for this class of acquisitions will not adversely affect operations in Afghanistan, because\_\_\_\_\_. This is the opinion of the *[title of the official responsible for operations in the area involved]*.
8. The proposed use of other than full and open competition for this class of acquisitions will not adversely affect the United States industrial base.
9. *[If a preference will be provided for products or services from Afghanistan, or if competition will be limited to products or services from Afghanistan, include—*

*(1) A description of the efforts that will be made to ensure that offers are solicited from as many potential sources as is practicable; and*

*(2) Whether a notice will be publicized as required by FAR Subpart 5.2 and, if not, which exception in FAR 5.202 applies.]*

- OR -

*[If procedures other than competitive procedures will be used to award contracts to a particular source or sources from Afghanistan, include—*

*(1) A description of the market research conducted in accordance with FAR Part 10 and the results; or a statement of the reason market research was not conducted;*

*(2) A listing of the sources, if any, that expressed, in writing, an interest in this class of acquisitions;*

*(3) A demonstration that the proposed contractor's unique qualifications require the use of a noncompetitive acquisition, or an explanation of the other reasons for use of a noncompetitive acquisition; and*

*(4) A certification by the contracting officer that the information in paragraphs (1) through (3) above is accurate and complete to the best of the contracting officer's knowledge and belief.]*

# DFARS Procedures, Guidance, and Information

## PGI 225—Foreign Acquisition

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### Determination

I hereby determine that it is in the national security interest of the United States to use the acquisition procedure described above for *[description of the class of acquisitions to which this determination is intended to apply]*, because the procedure is necessary to provide a stable source of jobs Afghanistan and it will not adversely affect (1) Operations in Afghanistan or (2) the United States industrial base.

---

(Date)

(iii) Prepare a determination and findings for acquisitions issued pursuant to [Class Deviation 2013-O0007](#), Revise Implementation of Temporary Authority to Acquire Products and Services (Including Construction) from Countries along a Major Route of Supply to Afghanistan, substantially as follows:

DEPARTMENT OR AGENCY

AUTHORITY TO ACQUIRE PRODUCTS OR SERVICES FROM

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### Determination and Findings

Upon the basis of the following findings and determination, which I hereby make in accordance with the provisions of DFARS 225.7799-2 (DEVIATION [2013-O0007](#)), the acquisition of a product or service, other than small arms, in support of operations in Afghanistan may be made as follows:

#### FINDINGS

1. The \_\_\_\_\_ 1A \_\_\_\_\_ proposes to purchase under solicitation number \_\_\_\_\_ 1B \_\_\_\_\_, \_\_\_\_\_ 1C \_\_\_\_\_.  
The total estimated cost of this acquisition is \_\_\_\_\_ 1D \_\_\_\_\_.

2. The product or service is to be used by \_\_\_\_\_ 2 \_\_\_\_\_

3. The contracting officer recommends conducting the acquisition using the following procedure, which, given this determination, is authorized by Section 801 of Public Law 111-084:

\_\_\_\_\_ 3 \_\_\_\_\_

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## PGI 225—Foreign Acquisition

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4. To implement the recommended procedure, the solicitation will contain:

a. DFARS 252.225-7990, Preference for Products or Services from a Central Asian State (JAN 2013)(DEVIATION [2013-O0007](#)) and 252.225-7991, Requirement for Products or Services from a Central Asian State (JAN 2013)(DEVIATION [2013-O0007](#));

b. DFARS 252.225-7992, Acquisition Restricted to Products or Services from a Central Asian State (JAN 2013)(DEVIATION [2013-O0007](#));

c. DFARS 252.225-7998, Preference for Products or Services from Central Asia, Pakistan, or the South Caucasus (JAN 2013) (DEVIATION [2013-O0007](#)), and DFARS 252.225-7999, Requirement for Products or Services from a Central Asia, Pakistan, or the South Caucasus (JAN 2013) (DEVIATION [2013-O0007](#));  
or

d. DFARS 252.225-7996, Acquisition Restricted to Products or Services from Central Asia, Pakistan, or the South Caucasus (JAN 2013)(DEVIATION [2013-O0007](#)).

5. The proposed acquisition will provide a product or service that is to be used  
\_\_\_\_\_5\_\_\_\_\_.

6. It is in the national security interest of the United States to use a procedure specified in 225.7799-1(a)(DEVIATION [2013-O0007](#)) because the procedure is necessary to  
\_\_\_\_\_6A\_\_\_\_\_.

Use of the procedure will not adversely affect military or stability operations in Afghanistan or the United States industrial base (see 6B).

7. Acquisitions conducted using the procedures specified in DFARS 225.7799-1(a) (DEVIATION [2013-O0007](#)), (see para. 3. above), are authorized to use other than full and open competition procedures and do not require the justification and approval addressed in FAR Subpart 6.3.

8. Requirement will be/was synopsised:    YES    NO    If not synopsised, exception at FAR 5.202(a) applies.

\_\_\_\_\_ Date: \_\_\_\_\_

CONTRACTING OFFICER

Name: \_\_\_\_\_

Office Symbol: \_\_\_\_\_

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## PGI 225—Foreign Acquisition

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### DETERMINATION

In accordance with the authorization outlined in DFARS 225.7799-2(b)(1)(i)([DEVIATION 2013-O0007](#)) and under the authority of section 801 of the National Defense Authorization Act for Fiscal Year 2013, I hereby determine that it is in the national security interest of the United States to use the acquisition procedure described above because the procedure is necessary to encourage countries along a major route of supply in support of military and stability operations in Afghanistan. This procedure will not adversely affect military or stability operations in Afghanistan; or the United States industrial base.

\_\_\_\_\_ Date: \_\_\_\_\_

### INSTRUCTIONS FOR COMPLETING DETERMINATION

- 1A Office symbol of your contracting office
- 1B RFP/RFQ/IFB number
- 1C Description of the items to be purchased
- 1D Estimated amount of the requirement (in USD)
- 2 Describe the entity(ies) that are the intended user(s) of the product or service
- 3 *Select and include one of the following:*
  - a. Provide a preference for products or services from the five Central Asian states IAW the evaluation procedures at 225.7799-3 ([DEVIATION 2013-O0007](#)).
  - b. Limit competition to products or services from the five Central Asian states listed in [DEVIATION 2013-O0007](#).
  - c. Provide a preference for products or services from Central Asia, Pakistan, or the South Caucasus IAW the evaluation procedures at 225.7799-3 ([DEVIATION 2013-O0007](#)).
  - d. Limit competition to products or services from the nine states of Central Asia, Pakistan, or the South Caucasus ([DEVIATION 2013-O0007](#)).
- 5 *Select and include one of the following:*

In the country that is the source of the product or service.

In the course of efforts by the United States and the NATO International Security Assistance Force to ship goods to Afghanistan in support of operations in Afghanistan. By the military forces, police, or other security personnel of Afghanistan.
- 6A *Select and include one of the following:*

Reduce the overall United States transportation costs and risks in shipping goods in support of operations in Afghanistan.

Encourage states of Central Asia, Pakistan, and the South Caucasus to cooperate in expanding supply routes through their territory in support of operations in Afghanistan.

Help develop more robust and enduring routes of supply to Afghanistan.

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## PGI 225—Foreign Acquisition

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6B The contracting officer generally may presume that there will not be an adverse effect on the U.S. industrial base. However, when in doubt the contracting officer should coordinate with the applicable subject matter experts.

7 Include a description of efforts made to ensure offers are solicited from as many potential sources as is practicable.

### **PGI 225.7703-3 Evaluating offers.**

Prior to awarding a contract on or before December 31, 2018, with an estimated value in excess of \$50,000, that is being, or will be, performed in support of the United States Central Command (USCENTCOM), United States European Command (USEUCOM), United States Africa Command (USAFRICOM), United States Southern Command (USSOUTHCOM), or United States Pacific Command (USPACOM) theater of operations, contracting officers must check the System for Award Management (SAM) to ensure that DoD does not award a contract to persons or entities prohibited/restricted under section 841 National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2012 and section 831 of the NDAA for FY 2014 (see [Class Deviation 2014-O0020](#), Prohibition on Contracting with the Enemy). To access a current list of prohibited/restricted persons or entities in SAM:

- (1) Go to [www.sam.gov](http://www.sam.gov).
- (2) Go to the “Search Records” page.
- (3) Select “Advanced Search – Exclusion”.
- (4) Select “Single Search”.
- (5) From the drop-down menus, set the search criteria as follows:

Classification = Special Entity Designation

Agency = Department of Defense

Exclusion Status = Active

Exclusion Type = Prohibition/Restriction

# DFARS Procedures, Guidance, and Information

## PGI 246—Quality Assurance

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(Revised September 19, 2014)

### PGI 246.4—GOVERNMENT CONTRACT QUALITY ASSURANCE

#### PGI 246.407 Nonconforming supplies or services.

Additional information on delegation of authority for acceptance of minor nonconformances in aviation and ship critical safety items is available at <http://www.aviation.dla.mil/UserWeb/AviationEngineering/EngineeringSupport/Documents/AviationCSHandbook.pdf>.

#### PGI 246.470 Government contract quality assurance actions.

##### PGI 246.470-2 Quality evaluation data.

Types of quality evaluation data are--

- (1) Quality data developed by the contractor during performance;
- (2) Data developed by the Government through contract quality assurance actions; and
- (3) Reports by users and customers.

##### PGI 246.472 Inspection stamping.

(a)(i) There are two DoD quality inspection approval marking designs (stamps).

(A) Both stamps are used—

(1) Only by, or under the direct supervision of, the Government representative; and

(2) For both prime and subcontracts.

(B) The designs of the two stamps and the differences in their uses are—

(1) *Partial (Circle) Inspection Approval Stamp.*

(i) This circular stamp is used to identify material inspected for conformance to only a portion of the contract quality requirements.

(ii) Further inspection is to be performed at another time and/or place.

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## PGI 246—Quality Assurance

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(iii) Material not inspected is so listed on the associated DD Form 250 (Material Inspection and Receiving Report), packing list, or comparable document.

### (2) Complete (Square) Inspection Approval Stamp.

(i) This square stamp is used to identify material completely inspected for all contract quality requirements at source.

(ii) The material satisfies all contract quality requirements and is in complete conformance with all contract quality requirements applicable at the time and place of inspection.

(iii) Complete inspection approval establishes that material that once was partially approved has subsequently been completely approved.

(iv) One imprint of the square stamp voids multiple imprints of the circle stamp.

(ii) The marking of each item is neither required nor prohibited. Ordinarily, the stamping of shipping containers, packing lists, or routing tickets serves to adequately indicate the status of the material and to control or facilitate its movement.

(iii) Stamping material does not mean that it has been accepted by the Government. Evidence of acceptance is ordinarily a signed acceptance certificate on the DD Form 250, Material Inspection and Receiving Report.

### **246.408 Single-agency assignments of Government contract quality assurance.**

#### **246.408-71 Aircraft.**

(c) The CAO shall ensure that—

(i) A detailed consultation with the FAA Military Certification Office (MCO) (contact the MCO here: [http://www.faa.gov/about/office\\_org/headquarters\\_offices/avs/offices/air/directorates/field/small\\_airplanes/mco](http://www.faa.gov/about/office_org/headquarters_offices/avs/offices/air/directorates/field/small_airplanes/mco)) is documented regarding the scope of the acquisition or modification project;

(ii) Supporting contractual documents (meeting minutes, an email record of consultations, memoranda, etc.) demonstrate that the scope of work is feasible and compatible with FAA regulations and policy;

(iii) The period of performance and contract deliverable dates are consistent with FAA capabilities; and

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## PGI 246—Quality Assurance

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(iv) Contract provisions requiring FAA approval or processes are coordinated with the MCO prior to a solicitation.