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United States Coast Guard

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COMDTINST 4200.30B
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COMMANDANT INSTRUCTION 4200.30B

Subj: Procurement Management Review Program

1. PURPOSE. This instruction outlines the Coast Guard's Procurement Management Review (PMR) program.

2. ACTION. Area and district commanders, commanders of maintenance and logistics commands, commanding officers of headquarters units, Commander, Coast Guard Activities, Europe and Commander, Coast Guard Activities Far East shall ensure compliance with the provisions of this instruction.

3. DIRECTIVES AFFECTED. Commandant Instruction 4200.30A is cancelled.

4. DEFINITIONS.

   a. Procurement Management Review (PMR) - The process whereby the entire acquisition cycle at a Coast Guard activity, from determination of need for goods/services to contract closeout, is examined for conformity with Federal statutes, regulations and good business practices. Elements relating to the acquisition cycle such as procurement organization, timeliness and competition are also examined. Recommendations for improvements to the existing procurement system of the activity are the essential outcome of the process.

   b. Resident Inspection Office (RIO)/Project Representative Office (PRO) - The on-site representation of the Project Manager charged with the responsibility for administration of the contract.

4. c. Contract Review Board - A standing board to review major acquisitions as defined herein. The board consists of the following individuals or an authorized representative of these individuals:

   (1) Commandant (G-CPM)

   (2) Commandant (G-LPL)

   (3) Project Manager

   d. Procurement Management Consultations (PMC) - An assist visit to a field office to find solutions to specific procurement concerns and/or to review the entire acquisition process. Emphasis is placed on an examination of the acquisition process and how it can be improved. Questionnaires are used to survey unit procurement personnel and customers. A written report from Commandant (G-CPM) goes directly to the unit. All recommendations are advisory in nature.

   e. Major Acquisition - Any contract action (or series of contract actions directed toward a common goal) where the value of the action, including any options, exceeds $20,000,000, or any other contract so designated by Commandant (G-CCS).

5. BACKGROUND. Procurement Management Reviews are part of the Coast Guard's overall effort to improve its procurement process in accordance with Executive Order 12352 addressing Federal Procurement Reforms. RIO/PRO reviews are part of the Coast Guard's effort to ensure sound business decisions and compliance with all applicable statutes and regulations during the performance of major systems contracts.

6. PROCEDURES.

   a. PROCUREMENT MANAGEMENT REVIEWS:

      (1) Reviews of Coast Guard offices with contracting authority are conducted by Commandant (G-CPM) at regular intervals. Each affected activity receives advance notification of the forthcoming PMR. Enclosure (1) contains the criteria which is reviewed during each PMR. Current projections call for reviews of major contracting offices (those having authority to enter into contracts of over $25,000 with commercial firms) at least once every three years. Activities with a lower level of contracting authority will also be reviewed on a regular basis.

      (2) Briefings with activity officials are conducted at the outset and conclusion of each PMR. The entrance briefing highlights the objectives of the PMR team

6. a. (2) prior to the review. The major findings and recommendations resulting from the review are discussed at the exit briefing. Interim briefings may be held if findings are of a serious nature and it is deemed advisable to so inform the activity.

(3) At the completion of the review, activity officials are provided contract file checklists and working papers detailing any deficiencies noted during the review.

(4) A draft summary review is issued within 30 calendar days which highlights the major findings and recommendations of the team.

(5) The reviewed activity is allowed 30 calendar days to respond to the draft summary report. A final summary report considering the comments of the activity is issued approximately 90 calendar days after the conclusion of the PMR.

(6) The activity is required to submit a Plan of Action with Milestones (POAM) detailing corrective action for deficiencies. POAMs should include a timetable for implementation with updates until implementation is considered complete.

(7) Follow-up reviews may be conducted prior to the regular three year review cycle interval to verify compliance with PMR recommendations. These follow- ups may be in the form of visits or in writing.

b. CONTRACT REVIEWS

(1) A board will be formally established when the contract is signed, or as otherwise directed by Commandant (G-CCS). Commandant (G-CPM) shall serve as chairman.

(2) The board shall establish thresholds for review and approval of modifications. This review shall also include, but not be limited to, modifications to delivery dates, progress payment rates, and exercise of options.

(3) Other duties of the board shall include:

(a) Hold on-site meetings at the appropriate contract administration site, including RIOs and PROs, at least semi-annually.

6. b. (3) (b) Meet with the contract administration personnel, program personnel, contractor personnel, and audit personnel, when situations dictate.

(4) The board chairman, Commandant (G-CPM), shall establish the schedule for the meetings.

(5) Funding for the board meetings shall be made available by the cognizant Project Manager.

c. PROCUREMENT MANAGEMENT CONSULTATIONS.

(1) Assist visits to field contracting offices by Commandant (G-CPM) may be initiated at the request of the field activity. The field activity and Commandant (G-CPM) coordinate a mutually agreeable time for the visit. Generally, items reviewed and discussed are those selected by the field activity and can range from a review of the entire acquisition process to assistance with a few unit-specific issues. Customer input is a significant part of the consultation. Commandant (G-CPM) will normally survey the activity's external customers in advance of the consultation and will follow-up with interviews while on-site. Consultations scheduled to obtain a review of the activity's entire – acquisition process should normally be scheduled at least a year in advance of the next PMR. Consultations scheduled to assist with a specific problem(s) can normally be conducted without regard to the next scheduled PMR.

(2) An in-brief is provided upon arrival and an exit brief is normally provided upon departure. All recommendations are advisory in nature.

(3) The following are examples of some of the activities which may occur during a consultation: one-on-one interviews, completion of questionnaires by unit procurement personnel, round-table discussions and contract/small purchase file review. Customized on-site training is also provided to address deficiencies. Other concerns may require additional research back in Commandant (G-CPM) prior to resolution. Any customer questionnaires obtained by Commandant (G-CPM) are provided to the activity as part of the written report.

(4) A written report is submitted from Commandant (G-CPM) directly to the field activity within 45 days of the consultation. The written report is advisory in nature.

6. c. (5) Consultations are funded by Commandant (G-CPM).

7. DISCUSSION. In addition to helping individual Coast Guard procurement activities, the PMR program will contribute toward an improved procurement process providing: improved procurement oversight; policy guidance that is more centralized and formulated to accurately reflect the realities of procurement operations; a tool for resolution of procurement problems on a Coast Guard-wide level.

W.H. CAMPBELL
Director of Finance and Procurement

Encl: (1) PMR Criteria

PMR CRITERIA

Criterion 1 - Effective Procurement and Business Practices
Criterion 2 - Organization
Criterion 3 - Staffing and Career Development
Criterion 4 - Communication and Information
Criterion 5 - Quality Assurance of the Procurement Process
Criterion 6 - Standards of Conduct
Criterion 7 - Socio-Economic Programs
Criterion 8 - Policy andProcedures
Criterion 9 - Acquisition Planning
Criterion 10 - Requirements Determination
Criterion 11 - Requirements Specification
Criterion 12 - Procurement Requests
Criterion 13 - Solicitation
Criterion 14 - Evaluation/Source Selection
Criterion 15 - Pricing
Criterion 16 - Negotiation
Criterion 17 - Award, Review, and Approval
Criterion 18 - Assignment of Contract Administration Responsibility
Criterion 19 - Performance Measurement
Criterion 20 - Contract Modification
Criterion 21 - Payment
Criterion 22 - Contract Closeout
Criterion 23 - Services
Criterion 24 - Construction and Architect/Engineering Services
Criterion 25 - ADP Procurement
Criterion 26 - Small Purchases
Criterion 27 - Competition in the Acquisition Process
Criterion 28 - Market Research
Criterion 29 - Unsolicited Proposals
Criterion 30 - Major Systems Acquisitions

CRITERION 1 - EFFECTIVE PROCUREMENT AND BUSINESS PRACTICES

Systems Criterion

THE PROCUREMENT SYSTEM PROVIDES GOODS AND SERVICES AT REASONABLE PRICES, ON TIME DELIVERY AND REQUIRED QUALITY; MEETS THE STATUTORY, REGULATORY, AND PROGRAM NEEDS OF THE AGENCY; AND FOLLOWS SOUND BUSINESS PRACTICES.

Performance Criteria

1. All elements of the procurement process are in compliance with Federal law, the Federal Acquisition Regulation, Departmental policies and regulations, and good business practices.

2. The procurement office makes proper use of technical, legal, audit, and management support.

3. A reasonable lead time plan is prepared for each procurement which is reviewed with management and technical customers. The procuring activity has a system which allows management's regular and continual monitoring of timeliness.

4. The contracting activity has a formal and effective system for the ratification of unauthorized commitments. Adequate checks and balances have been incorporated into its procurement system to minimize the necessity for ratifications.

CRITERION 2 - ORGANIZATION

System Criterion

THE PROCUREMENT ORGANIZATION IS LOCATED AND STRUCTURED TO ENHANCE THE ROLE OF PROCUREMENT MANAGEMENT AND CONTRACTING OFFICERS IN MEETING MISSION GOALS.

Performance Criteria (FAR 1.6, TAR 1201.6)

1. Appropriate delegations of authority, responsibility and accountability are established for the procurement operation.

2. The procurement organization structure and location are appropriate for effective procurement and workforce management.

3. The procurement organizational structure is known, documented and understood by all.

4. The procurement organization is structured so that contracting officers are not unduly pressured to perform in a manner inconsistent with statutory, regulatory, and Departmental directives.

CRITERION 3 - STAFFING AND CAREER DEVELOPMENT

System Criterion

THE ACTIVITY HAS A PROCUREMENT STAFFING AND CAREER DEVELOPMENT PLAN AND A METHODOLOGY WHICH PROVIDES THE SKILLS NEEDED FOR AN EFFECTIVE AND EFFICIENT PROCUREMENT SYSTEM.

Performance Criteria (FAR 1.6, TAR 1201.6)

1. Personnel policies and staffing procedures ensure the selection and retention of high quality procurement professionals.

2. Personnel performance standards reward a pattern of effective and economical procurement; poor performance is corrected.

3. A suitable skill mix (experience, education level, training) is maintained to handle current and future requirements.

4. The activity has effective formal and on-the-job procurement training plans and programs for procurement personnel in accordance with the DOT Acquisition Career Development Program.

5. The activity has effective formal and on-the-job procurement training for appropriate program personnel.

CRITERION 4 - COMMUNICATION AND INFORMATION

System Criterion

THE PROCUREMENT PROCESS IS SUPPORTED BY A SYSTEM THAT GENERATES AND DISTRIBUTES ACCURATE, TIMELY, AND COMPLETE INFORMATION ON ALL PHASES OF THE PROCUREMENT SYSTEM.

Performance Criteria

1. The activity has a formal process for forecast procurement requirements (acquisition plan). (FAR 7.1, TAR 1207.1)

2. Procurement officials and program managers have an effective system and milestone schedules, as appropriate) for submission of required documents for higher level review and approval including, but not limited to, Key Decision Memoranda, Selection Plans, Requests for Delegation of Procurement Authority from General Services Administration (GSA), and proposed contract awards.

3. Current and detailed information on assignments, procurement plans, and work in process times, and other elements of procurement is maintained. Status regarding assignments, submittal requirements, and progress of special actions including protests to General Accounting Office (GAO) and/or the Contracting Officer, claims, terminations, and ratifications is maintained.

4. Information transmitted to the Contract information System (CIS) is accurate, timely, and complete. (FAR 4.6, TAR 1204.6)

5. Procurement managers have periodic meetings with program officials to discuss program goals and requirements.

6. Procurement officials and staff meet to exchange information on products, services, techniques, and mutual problems with other procurement professionals.

CRITERION 5 - QUALITY ASSURANCE OF THE PROCUREMENT PROCESS

System Criterion

THE ACTIVITY HAS AN EFFECTIVE PROGRAM FOR MONITORING, EVALUATING, DOCUMENTING AND IMPROVING THE QUALITY OF THE PROCUREMENT PROCESS.

Performance Criteria

1. The contracting activity has a routine formal process for indepth assessment of its procurement system, and for recommending management improvements.

2. The head of the contracting activity ensures that the recommendations resulting from the reviews are documented and implemented as appropriate.

3. The activity has a process for reviewing selected actions at various stages in the acquisition process (i.e., solicitation review, negotiation memorandum, contract review) and ensuring reviews are documented and implemented as appropriate.

4. The activity has procedures for pre- and post-award supervisory review of procurements as well as independent review.

5. The activity includes its procurement process in its internal control program.

CRITERION 6 - STANDARDS OF CONDUCT

System Criterion

THE ACTIVITY HAS A PROGRAM WHICH ESTABLISHES, PROMOTES, AND ENFORCES HIGH STANDARDS OF CONDUCT FOR BOTH GOVERNMENT AND CONTRACTOR PERSONNEL.

Performance Criteria (FAR 3.101, TAR 1203,1)

1. The activity has a current Standards of Conduct directive which sets out the standards to be followed by personnel involved in the procurement process and these personnel are familiar with its contents.

2. The activity has implemented the provisions of the Procurement Integrity Act.

3. The activity has an identified focal point for activity personnel to contact to obtain advice on standards of conduct.

4. The activity provides specific guidelines on handling conflicts of interest situations involving procurement. (FAR 3.6, TAR 1203.6)

5. The activity has adequate checks and balances in its procurement procedures to minimize fraud, waste and abuse.

CRITERION 7 - SOClO-ECONOMIC PROGRAMS

System Criterion

THE ACTIVITY HAS A PROGRAM TO ENSURE THAT SOCIO-ECONOMIC POLICIES ARE CARRIED OUT IN ACCORDANCE WITH THE INTENT OF THE CONGRESS AND DIRECTION FROM THE PRESIDENT.

Performance Criteria

1. The activity has implemented the requirements of the various statutes and executive orders pertaining to socio-economic programs. This has been done so as to minimize the adverse impact on procurement efficiency and effectiveness. (FAR 19 to 25)

2. With respect to small business, small disadvantaged business, women-owned business and labor surplus area programs:

a. The activity has appointed a small and disadvantaged business utilization specialist. (FAR 19.2, 19.8, TAR 1219.201)

b. A program exists for screening planned procurements for participation in the programs. (FAR 19.5, 19.8, TAR 1219.201-71(b)(3))

c. Subcontracting plans are included in contracts as required. (FAR 19.7, TAR 1219.7)

d. The activity establishes outreach programs to identify and develop new small, disadvantaged, women-owned, and labor surplus area sources. (FAR 19.2, TAR 1219.201-71(b))

3. Contract files, as appropriate, contain documentation of review signed by the contracting officer. (TAR 1219.201-71(b)(3)).

4. Equal opportunity clearances are obtained, as required. (FAR 22.805)

CRITERION 8 - POLICY AND PROCEDURES

System Criterion

THE ACTIVITY PROVIDES EFFECTIVE POLICY AND PROCEDURAL GUIDANCE TO THOSE INVOLVEDIN PROCUREMENT.

Performance Criteria

1. The activity has an established process for review and approval of deviations from Government-wide regulations and agency policy. (FAR 1.4, TAR 1201.4)

2. The activity requires contracting officers to document contract actions and provides specific direction and guidance.
(FAR 1.602)

3. The activity has a system for disseminating and implementing policy and procedural guidance to all appropriate persons within their organization in a timely manner.

4. The activity has an on-going process for review of procurement policy and procedures prior to issuance.

5. Copies of regulations, policies, and procedures are readily available in the procurement office.

6. Appropriate checklists are included in contract files.

7. Any delays are documented in the contract file.

CRITERION 9 - ACQUISITION PLANNING

System Criterion

THE ACTIVITY PLANS ITS PROCUREMENT ACTIONS WITH PROGRAM AND PROCUREMENT MANAGERS PARTICIPATING IN THE PROCESS.

Performance Criteria (FAR 7.1, TAR 1207.1)

1. The activity's acquisition planning process contains the following elements:

   a. Guidance on writing definitive statements of work.

   b. Review of procurement request and supporting documents.

   c. Review of bidders' lists.

   d. Market research/analysis.

   e. Consideration for socio-economic programs.

   f. Any required determination and findings (D&F).

   g. Selection of contract type.

   h. Selection of method of procurement.

   i. Procurement milestones.

   j. Appropriate review and approval milestones for the project, for solicitations, and for award.

   k. Provision for contract administration, quality assurance, and technical monitoring.

   l. Criteria established for tests and acceptance.

2. Acquisition planning is accomplished with adequate lead time to permit proper consideration of all aspects of a proposed acquisition.

3. Procurements are controlled and tracked in an information system.

4. The activity has an individual acquisition plan in the file for procurements over requisite dollar thresholds. (DOT 4200.16A)

CRITERION 10 - REQUIREMENTS DETERMINATION

System Criterion

THE ACTIVITY HAS A FORMAL AND EFFECTIVE METHOD FOR DEFINING AND BUDGETING FOR THE SYSTEMS, EQUIPMENT, SUPPLIES AND SERVICES IT NEEDS TO CARRY OUT ITS MISSION.

Performance Criteria

1. Each organizational element in the activity defines its acquisition needs in a timely manner.

2. In defining its requirements, the agency uses all appropriate analytical techniques and sources of data: for example, formal systems analysis; inventory status reports; multi-purpose land use studies; unsolicited proposals; environmental impact studies; and technological change forecasts.

3. When determining specific requirements, both program and procurement professionals furnish input so that resulting requirements consider both technical and business aspects.

4. The activity has an advance procurement plan which is developed prior to the start of the fiscal year and includes:

   a. Coordination between program and procurement personnel on lead times and milestones.

   b. A balanced list of planned procurements for the fiscal year.

   c. Strategies for enhancing competition.

   d. Strategies for combining requirements to increase buying power leverage to reduce the number of procurements.

CRITERION 11 - REQUIREMENTS SPECIFICATIONS

System Criterion

THE ACTIVITY HAS AN EFFECTIVE SYSTEM FOR SPECIFYING ITS PROCUREMENT REQUIREMENTS.

Performance Criteria (FAR 10, TAR 1210)

1. The activity has a formal system which reviews the following aspects of the requirements prior to authorization of procurement:

a. Requirements specifications and statements of work are complete and accurate and contain only what is needed to meet the mission requirement.

b. Specifications and statements of work do not unnecessarily restrict competition or innovation.

c. Activities procuring commercial products and services use commercial item descriptions to the maximum extent possible.

d. The activity provides guidance for developing specifications and statements of work.

e. Alternatives have been addressed in all specification developments.

f. Maintenance and operating costs, adverse market conditions, time constraints, and personnel resource constraints are considered.

2. Functional specifications are used instead of detailed design specifications wherever practicable.

3. The activity periodically coordinates with industry on specifications and requirements as appropriate.

CRITERION 12 - PROCUREMENT REQUESTS

System Criterion

PROCUREMENT REQUESTS CONTAIN ALL SPECIFICATIONS, REQUESTS, AND OTHER INFORMATION NECESSARY FOR EFFECTIVE PROCUREMENT, WITH ALL REQUIRED APPROVALS.

Performance Criteria

1. The procuring activity has guidelines for preparation of procurement requests. The guidelines discuss what is to be included on or with procurement requests. (TAR 1204.70)

2. Activity procedures set forth authorities to review and approve procurement requests.

3. Procurement requests are forwarded to procurement in a timely manner and all support documents are included and accepted.

4. Procurement requests are cross referenced to the acquisition plan as applicable.

CRITERION 13 - SOLICITATION

System Criterion

SOLICITATION INSTRUMENTS ARE CLEAR, COMPLETE, AND ACCURATE, AND PROVIDE A SOUND BASIS FOR EVALUATION AND SELECTION.

Performance Criteria

1. For negotiated procurement:

   a. Standard solicitation formats are used as appropriate and include:

      (1) Statement of work and delivery requirements.

      (2) Terms and conditions of the proposed contract.

      (3) Instructions to offerors concerning preparation and submission of proposals, including all data required for evaluation, and location for submission.

      (4) Representations and certifications.

      (5) Evaluation criteria and their relative importance..(FAR 15.406, TAR 1215.406)

   b. The activity has established effective procedures for receipt of proposals, including recording and safeguarding of proposals received (FAR 15.411, TAR 1215.411)

   c. Solicitations are synopsized as required. (FAR 5.2, TAR.1205.2)

2. For sealed bidding:

   a. Standard solicitation formats exist, providing guidance for:

      (1) Specification, purchase description, or statement of work.

      (2) Terms and conditions of the proposed contract.

      (3) Instructions to bidders concerning preparation and submission of bids.

      (4) Representations and certifications.

      (5) Delivery requirements, including data requirements.

      (6) Evaluation. (FAR 14.201, TAR 1214.201)

b. Realistic delivery schedules are used and sufficient bid preparation times are allowed. (FAR 12.1 and 14.202-1)

c. The agency has established effective procedures for receipt of bids including specific locations for receipt, recording, safeguarding, and opening of bids. (FAR 14.4, TAR 1214.4)

d. Solicitations are synopsized as required. (FAR 5.2, TAR 1205.2)

CRITERION 14 - EVALUATION/SOURCE SELECTION

System Criterion

THE ACTIVITY HAS AN EFFECTIVE PROCESS FOR EVALUATION AND SOURCE SELECTION WHICH ENSURES THAT THE BID/OFFER SELECTED IS THE MOST ADVANTAGEOUS TO THE GOVERNMENT AND GIVES FAIR AND EQUITABLE TREATMENT TO ALL POTENTIAL BIDDERS/OFFERORS.

Performance Criteria

1. For negotiated procurement the activity has written policies and procedures for:

a. Composition of the evaluation team.

b. Development of an evaluation/selection plan, which includes: independent evaluation of cost and technical proposals, evaluation methods, delineation of relative importance of criteria, and coring of proposals.

c. Establishment of the competitive range which are not unduly restrictive. (FAR 15.609)

d. Conduct of meaningful written/oral discussions and evaluation of revised proposals. (FAR 15.610)

e. Preparation of selection statement.

f. Designation of source selection official. (FAR 15.612, TAR 1215.612)

g. Documentation to support the conclusions reached by the evaluating team, including a written selection decision document sufficient to serve as a basis for debriefing unsuccessful offerors.

h. Protecting the contractor's data and avoiding conflicts of interest by the evaluator team members. (FAR 15.413)

2. For sealed bidding the agency has written policies and procedures for:

a. Establishing an order of precedence in the case of equal low bidders. (FAR 14.407-6)

b. Reviewing bids completely, including enclosures and descriptive literature. (FAR 14.404)

c. Determining responsiveness and responsibility of bidders in accordance with applicable regulations, and documenting these determinations in the procurement file. (FAR 14.301 and 14.407-2)

d. Resolving mistakes in bids, late bids, and requests for bid withdrawal. (FAR 14.303, 14.304, and 14.406, TAR 1214.406)

e. Evaluation for acceptance of single bids. (FAR 14.407)

f. Considering all factors such as discounts, bid contingencies, FOB terms, Buy American Act, single award versus multiple award, records of previous performance, etc.

g. Publicly opening and disclosing bids at the prescribed times. (FAR 14.402 and 14.403)

CRITERION 15 - PRICING

System Criterion

THE ACTIVITY PROCUREMENT PROCESS PROVIDES FOR COST OR PRICE ANALYSIS TO DETERMINE THE REASONABLENESS AND FAIRNESS OF THE PRICES TO BE PAID.

Performance Criteria

1. For procurements other than small purchases:

a. Certified cost and pricing data are obtained when required by Federal Acquisition Regulation and public laws. (FAR 15.804-2, TAR 1215.804-3)

b. The activity uses Federal audit services or other professional services when appropriate to assist in reviewing cost/price proposals. (FAR 15.805-5, TAR 1215.805-5)

c. The activity has a professional staff trained in cost/price analysis techniques and uses these personnel for analyses, or has trained its contracting personnel to adequately perform the function. (FAR 15.805-1)

d. The activity has established policies and procedures for review and documentation, within the official contract file, of the reasonableness of price/costs, including profit or fee. (FAR 15.807, 15.808, and 15.9, TAR 1215.807, 1215.807-70, 1215.808, and 1215.803)

e. The activity uses independent cost estimates or most probable cost to the Government in its analysis. (FAR 15.810, TAR 1215.803)

f. A technical evaluation of proposed contracts is conducted before contract award.

2. Contractor accounting systems and indirect costs are audited and billing rates are adequately reviewed.

CRITERION 16 - NEGOTIATION

System Criterion

NEGOTIATIONS ARE CARRIED OUT IN ACCORDANCE WITH APPLICABLE FEDERAL REGULATIONS AND POLICIES, TO PROVIDE FAIR AND EQUITABLE TREATMENT TO CONTRACTS, AND TO ARRIVE AT EQUITABLE TERMS AND CONDITIONS. (FAR 15 and TAR 1215)

Performance Criteria

1. The activity's procurement staff is trained in the negotiation of contracts, including knowledge of Federal and Departmental regulations and policies and the techniques of negotiation.

2. The activity's negotiation process includes qualitative and quantitative analysis of contractor proposals, using specialists as necessary and documenting results in a prenegotiation plan. (FAR 15.807, TAR 1215.807 and 1215.807-70)

3. The activity has specified the documentation requirements needed for negotiated procurements, including a complete written record supporting the negotiation results. (FAR 15.808, TAR 1215.808)

4. The activity process for negotiation provides for experts from other functional areas to participate in negotiations. (FAR 15.805-1(a))

CRITERION 17 - AWARD, REVIEW, AND APPROVAL

System Criterion

THE ACTIVITY'S POLICIES AND PROCEDURES ASSURE THAT AWARDS ARE MADE IN THE BEST INTEREST OF THE GOVERNMENT, THAT THEY COMPLY WITH APPLICABLE STATUTES, REGULATIONS AND POLICIES AND THAT THEY FOLLOW SOUND BUSINESS PRACTICES.

Performance Criterion

The activity's award process:

1. Includes a procedure for checking for suspended and debarred firms.

2. Requires contracts to be reviewed and approved at a level appropriate to their complexity, priority and dollar value. The need for all of the requirements are verified prior to award. (FAR 1.6, TAR 1201.6 and 1215.105-70)

3. Requires that awards are announced through appropriate channels and in the Commerce Business Daily as required, and entered into the Contract Information System in a timely manner. (FAR 4.601 and 5.3, TAR 1204.601)

4. Notifies unsuccessful bidders/offerors, and provides for return of bonds, samples, or other items belonging to such firms, in a timely manner. (FAR 14.408 and 15.1001)

5. Provides for debriefing of unsuccessful offerors, as appropriate. (FAR 15.1003)

6. Provides appropriate and timely responses to protests. (FAR 33.1, TAR 1233.1)

7. Contractors are not notified to commence performance until the contracts are executed by duly authorized officials. Agreements on precontract costs are in writing and are properly approved.

CRITERION 18 - ASSIGNMENT OF CONTRACT ADMINISTRATION RESPONSIBILITY

System Criterion

THE ACTIVITY'S PROCESS FOR CONTRACT ADMINISTRATION ENSURES THAT CONTRACTORS PERFORM IN ACCORDANCE WITH ALL TERMS AND CONDITIONS OF THE CONTRACT.

Performance Criteria

1. The assignment of contract administration responsibilities is made in advance of award and sets forth specific functions delegated. (FAR 42.2, TAR 1242.1 AND 1242.2)

2. Post award orientation conference for contractors and/or Government personnel are held, when appropriate, and documented. (FAR 42.5)

3. The awarding agency maintains liaison with the cognizant contract administration office, cognizant contracting officer, technical representatives, government auditors and other team members as necessary to monitor contractor performance. (FAR 42.4 and 42.11)

4. The activity provides training and guidance to its staff in administration of contracts.

5. When an activity administers its own contracts, adequate resources and management attention are assigned to the function. (TAR 1242.203)

6. Contractor performance is monitored by the Contracting Officer's Technical Representative to ensure contract compliance; liaison with the Contracting Officer is Maintained.

7. Government furnished property controlled and reported properly. (FAR 45, TAR 1245)

8. Terminations for convenience and terminations for default are handled properly. (FAR 49, TAR 1249)

9. Claims and disputes are processed in a timely manner.

CRITERION 19 - PERFORMANCE MEASUREMENT

System Criterion

THE ACTIVITY HAS A PROCESS THAT EFFECTIVELY MEASURES A CONTRACTOR'S PERFORMANCE AGAINST THE TERMS OF THE CONTRACT.

Performance Criteria

1. The activity clearly defines appropriate levels of contractor surveillance and methods to be used. (FAR 42.11 and 46)

2. The activity performs periodic evaluation and documentation of contractor performance. (FAR 42.11 and 46)

3. The activity has a system for inspection and acceptance of contract deliverables and other contractual requirements. (FAR 46.5 and 46.6, TAR 1246.601)

4. The activity ensures that the contractor is applying adequate skills and resources to the contract for successful performance. (FAR 46.2)

5. The activity's management periodically assesses the effectiveness of contract monitoring by agency personnel. (TAR 1242.1)

CRITERION 20 - CONTRACT MODIFICATION

System Criteria

THE PROCUREMENT SYSTEM PROVIDES FOR THE PROPER USE, CONTROL, DOCUMENTATION, PRICING, NEGOTIATION AND AWARD OF CONTRACT MODIFICATION AND CHANGE ORDERS.

Performance Criteria

1. Change orders and modifications are used only when necessary, contain cost limitations as appropriate, and are definitized as promptly as possible. (FAR 43.102(b) and 43.2)

2. Modifications and change orders clearly describe each specific revision to the contract. (FAR 43.102 and 43.2)

3. Modifications of change orders do not violate the basic integrity of the contract type, risk allocation, or performance requirements. (FAR 43.102 and 43.2)

4. Activity guidance requires that prior to execution of a modification, the following actions are taken, when applicable.

   a. A price or cost analysis is performed.

   b. Evaluations are obtained from technical organizations and contract auditors.

   c. Funds are determined to be available. (FAR 43.105)

   d. Negotiations are conducted.

   e. Value engineering is used where appropriate. (FAR 48)

5. Contract modifications and change orders are processed in a timely manner and are subject to appropriate review and clearances.

6. Modifications/change orders for work outside or in addition to the scope of work of the contract are supported by:

   a. Justifications for other than full and open competition.

   b. Statement of work.

   c. Appropriate D&Fs.

   d. Synopsis.

   e. Bilateral agreement.

7. Options are exercised within the time prescribed in the contract. Notification of intent to exercise is made as required. (FAR 17.2)

CRITERION 21 - PAYMENT

System Criterion

THE ACTIVITY'S SYSTEM ENSURES THAT THE METHOD OF PAYMENT IS APPROPRIATE, THAT PAYMENT IS CORRECT AND PROMPT, AND THAT SECURITY INTERESTS ARISING AS A RESULT OF PAYMENT ARE PROTECTED.

Performance Criteria

1. Activity payment policies take advantage of discounts from contractors, and avoid delayed payments and interest charges.

2. Security interests in personal property arising as result of provisional payments to contractors are adequately reviewed.

3. Internal procedures are in effect to ensure that contractor performance is in accordance with the terms of the contract prior to payment.

CRITERION 22 - CONTRACT CLOSEOUT

System Criterion

THE ACTIVITY HAS CONTRACT CLOSEOUT AND TERMINATION PROCEDURES TO ENSURE TIMELY RELEASE OF FUNDS, PROMPT CLOSEOUT OF CONTRACTS, AND RETIREMENT OF OFFICIAL FILES.

Performance Criteria

1. The activity uses a termination file checklist and a contract closeout checklist to ensure that all required actions are taken to resolve termination claims and to close out contracts. (FAR 4.804 and 49, TAR 1204.804 and 1249.111)

2. The activity provides adequate resources for timely completion of termination actions and for closeout of contracts.

3. The activity's information system includes data to monitor closeout of terminated and completed contracts.

4. Funds due to the Government after final audit are promptly processed for collection. (TAR 1204.804)

5. Patents, data and the rights due to the government are collected before final payment. (FAR 27, TAR 1227)

6. The activity's procedures provide for deobligation of the excess funds in the closeout process. (FAR 4.804-5(a)(15)

7. All Government furnished property is returned. (FAR 45, TAR 1245)

CRITERION 23 - SERVICES

System Criterion

THE ACTIVITY HAS AN EFFECTIVE PROGRAM FOR SOLICITATION, SELECTION, AWARD AND ADMINISTRATION OF SUPPORT SERVICE CONTRACTS.

Performance criteria

1. In the implementation of OMB Circular A-76, cost comparisons of in-house operation and contractor operation are conducted for required functions. (FAR 7.3, TAR 1207.3)

2. Applicable provisions of the Service Contract Act of 1965 are adhered to. (FAR 37.107, TAR 1222.1070)

3. Contract Work Statements are clear and contain specific performance criteria for the contractor to eliminate employer-employee type relationships. (FAR 37.205(b)(2))

4. Requirements are structured to motivate the contractor to propose cost effective management and staffing.

5. Effective reporting mechanisms are used to ensure quality and cost control.

6. The authority of Government personnel and procedural interface with contractor personnel are clear.

7. Key personnel clauses are utilized, as appropriate. (TAR 1215.106-70)

CRITERION 24 - CONSTRUCTION AND ARCHITECT/ENGINEERING SERVICES

System Criterion

THE ACTIVITY HAS AN EFFECTIVE PROGRAM TO ENSURE THAT CONSTRUCTION PROJECTS AND CONTRACTS FOR ARCHITECT/ENGINEERING SERVICES ARE PROPERLY PLANNED, DESIGNED, SPECIFIED, ESTIMATED, SOLICITED, AWARDED AND MONITORED.

Performance Criteria

1. For architect engineering services:

a. Evaluation boards are formally established with specified membership and procedures. (FAR 36.602-2)

b. Selection of firms is accomplished in an objective manner which considers all applicable factors such as qualifications, previous performance, cost control, and special factors. (FAR 36.602-1(a), TAR 1236.602-1(a) & (c))

c. Design competitions are used when appropriate. (FAR 36.602-1(b), TAR 1236.602-1(b))

d. Adequate data files are maintained on architectural firms. (FAR 36.603, TAR 1236.603)

e. Preaward audits are used when appropriate. (FAR 15.805-5)

f. Government estimates of A&E costs are accurate and timely. (FAR 36.605)

g. Negotiations are conducted in professional manner, cover potential problem areas and cost effective design methods. (FAR 36.606, TAR 1236.606)

h. Design within funding limitations are issued as appropriate. (FAR36.609-1)

i. Responsibility for design deficiencies is determined and documented and corrections made as appropriate. (FAR 36.609-2)

2. For construction services:

a. Construction contracts are planned and scheduled to consider contingencies. (FAR 36.5)

b. The Government estimator specifies the confidence level on significant quantities and costs. (FAR 36.203, TAR 1234.203)

c. Pre-invitation notices are used as appropriate. (FAR 36.302)

d. Preaward audits are used when appropriate. (FAR 15.805-5)

e. Data from preliminary studies of geological, hydrological, etc., conditions are used in estimating costs and obtaining bids. (FAR 36.10)

f. Specifications are accompanied by relevant background studies and reports to provide full knowledge and disclosure to contractors. (FAR 36.210)

g. All specifications and drawings are reviewed thoroughly for fit of all technologies and avoidance of claims for ambiguity. (FAR 36.202)

h. Construction projects are provided with appropriate on-site technical and administrative support to avoid delay and cost escalation.

i. Reports of progress, inspections, performance, Davis Bacon compliance, etc., are timely.

j. Changes and modifications are prepriced to the maximum extent possible. (FAR 43)

k. Statutory cost limits are strictly adhered to. (FAR 36.205)

CRITERION 25 - ADP PROCUREMENT

System Criterion

ADP SPECIAL CONDITIONS ARE DOCUMENTED IN THE IDENTIFICATION AND SPECIFICATION OF THE ACTIVITY'S NEEDS, AND IN THE SOLICITATION OF CONTRACT PROPOSALS TO MEET THOSE NEEDS.

Performance Criteria (41 CFR 201)

1. Specifications and purchase descriptions are designed to promote competition from manufacturers, leasing companies, third-party vendors and ADP services contractors. Specifications are prepared using in the following order of preference: (FIRMR 201-30.103)

   a. Functional specifications.

   b. Equipment performance specifications.

   c. Software and plug compatible functionally equivalent purchase descriptions.

   d. Brand name or equal.

   e. Specific make and model purchase descriptions.

2. When the object of a contract is other than ADP, but includes ADP items or services, the ADP portion is broken out for separate procurement, if feasible, and if it would be in the interests of the program to do so. (FIRMR 201-24.202.)

3. The system or item life, and lease or buy analysis, are used in the evaluation of contractor proposals to determine that lowest overall cost to the Government, i.e., the lowest life-cycle cost. (FIRMR 201-2.001)

4. The activity ensures that an adequate level of security is provided for all ADP and telecommunications systems and services provided by contractors. (FIRMR 201-7)

5. Delegation of procurement authority is 3ustified and adequately documented. (FIRMR 201-23)

6. The activity conducting the procurement ensures compliance with the specific terms of the delegation.

7. The activity ensures that ADP contracts include the following terms and conditions:

a. The specifications of the software, services, supplies, equipment, and other data to be provided with equipment purchased.

b. The responsibilities of both the buyer and the seller under contract during test, installation, acceptance, and maintenance.

c. The identification of critical milestones and what happens if they are not met.

d. Payment terms and any contract incentive.

e. Delivery schedules for all services, supplies, equipment, software and other data.

f. Delivery and installation requirements, particularly any requirement involving modifications to existing facilities.

g. Warranties, guarantees, liquidated damages, and penalties.

h. Inspection, test, and acceptance including simulations, benchmarks, and remote terminal evaluation.

i. Rights to technical data, including software.

CRITERION 26 - SMALL PURCHASES

System Criterion

THE ACTIVITY ENSURES THAT SMALL PURCHASING ACTIVITIES ARE WELL MANAGED, EFFICIENT, EFFECTIVE, AND ECONOMICAL.

Performance Criteria

1. Management of Small Purchases entails:

a. Activity management and purchasing personnel are aware of the volume of transactions, total dollar volume and the high ratio of administrative costs to purchase cost.

b. The activity has an organized program for independent review of small purchase management.

c. The activity has an information system for recording, reporting, and tracking purchase requests and transactions.

d. The activity is active in adopting automation or other techniques to improve the efficiency and cost effectiveness of small purchase operations.

e. The purchasing activity has well defined lines of authority, responsibility, and approval.

f. The activity has small purchase guidelines for the preparation of purchase requests.

g. A follow-up system has been established to assure compliance with the terms of the purchase order as to timeliness, and quality assurance through adequate inspection and acceptance. (FAR 46.1)

h. There is an established procedure for closing-out small purchases.

2. Small purchase procedures include:

a. Effective use of such procedures as blanket purchase agreements, imprest funds, purchase orders, basic ordering agreements, delivery orders, and bankcards.

b. Maintenance of source lists with adequate catalogs and reference materials.

c. Only using small purchase procedures for procurements of $25,000 or less. (FAR 13.1)

d. Distributing purchases under $1,000 among qualified suppliers. (FAR 13.1)

e. Timely processing of invoices to avoid interest payments and take advantage of offered discounts.

f. Complying with FAR 13.503 when modifying purchase orders.

g. Files containing required documentation to indicate that:

(1) Purchases under $25,000 are reserved for small business except for fully documented exceptions. (FAR 13.1)

(2) Purchases are properly synopsized in the Commerce Business Daily when required by FAR Part 5.

(3) Quotations are received from a reasonable number of qualified sources for purchases over $1,000. (FAR 13.1)

(4) If only one source is solicited, annotation is made to explain the absence of competition for purchases over $1,000. (FAR 13.106/TAR 1213.106)

(5) The price has been determined to be fair and reasonable when adequate price competition is missing.

CRITERION 27 - COMPETITION IN THE ACQUISITION PROCESS

System Criterion

THE AGENCY ESTABLISHES AND MAINTAINS A COMPETITION ADVOCATE PROGRAM.

Performance Criteria

1. Program officials are aware of their responsibility to facilitate the use of competitive procedures.

2. The agency has a competition advocate with adequate organizational visibility and authority to effectively perform the responsibilities as set forth for this position.

3. Each noncompetitive procurement is fully justified, documented, and approved as required by FAR Part 6 and TAR Part 1206.

4. Follow-up is made to ensure that appropriate steps are taken in a timely manner to promote competition for future acquisitions of the same item of service.

CRITERION 28 - MARKET RESEARCH

System Criterion

AN AGGRESSIVE MARKET RESEARCH PROGRAM IS ESTABLISHED AND MAINTAINED.

Performance Criteria

1. A formal market analysis program is established, consisting of analysis of the needs, a systematic screening of opportunities to develop new sources, and a thorough study of the marketplace.

2. The use of incentives or other government leverage to develop new sources in order to enhance competition is considered.

3. Procurements of similar items by other government agencies are examined, including review of specifications and work statements used by other agencies.

CRITERION 29 -UNSOLICITED PROPOSALS

System Criterion

THE AGENCY HAS PROCEDURES FOR RECEIVING, REVIEWING, EVALUATING AND, WHERE BENEFICIAL, ACCEPTING UNSOLICITED PROPOSALS. THESE ACTIVITIES ARE CARRIED OUT IN A TIMELY MANNER.

Performance Criteria

1. The agency has criteria that define what constitutes a valid unsolicited proposal.

2. The agency has procedures for controlling the receipt, evaluation, timely disposition and notification to offerors of unsolicited proposals.

3. Pricing, negotiation, and award of unsolicited proposals are the same as for other noncompetitive procurements.

4. Evaluation of unsolicited proposals is objective and properly documented as to rationale for any action taken.

5. The agency manages unsolicited proposals in a manner that ensures public confidence.

CRITERION 30 - MAJOR SYSTEMS ACQUISITIONS

System Criterion

THE AGENCY HAS A DECISION SYSTEM, A COMPREHENSIVE PROGRAM/PROJECT MANAGEMENT ORGANIZATION, AND A SUPPORTING PROCUREMENT ORGANIZATION WHICH PROVIDE THE EXPERTISE AND CAPACITY FOR SUCCESSFUL SYSTEMS ACQUISITION.

Performance Criteria

1. The agency has a plan to obtain key decision point approval at each appropriate point in the major system acquisition process.

2. The agency has an adequate staff with the necessary skill mix and organization to support the procurement of a major system.

3. The program management office has an acquisition strategy which includes:

a. Reasonable milestones for each major event in the system's development.

b. Controls over the relationship between the prime contractor and its major subcontractors.

c. Consideration of socio-economic requirements, Small Business/Labor Surplus Area Set-asides (full or partial, the 8a Program, women-owned business, the Make or BUy Program, and component breakout.

d. Proper use of competitive processes.

e. Type of contract and schedule review.

f. Consideration of a Design-To-Unit-Production Cost (DTUPC) program.

g. Consideration of multi-year procurement if authorized by statute.

h. Testing requirements.

i. Construction requirements.

j. Consideration of logistic support, training, field support requirements, and other elements of life cycle cost.

k. Consideration of industrial base requirements.

4. The agency has and uses a reporting system designed to identify and control overruns and schedule slippage.

5. The agency has an effective configuration management system for the systems to be acquired.