

Army Regulation 70–13

Research, Development, and Acquisition

Management and Oversight of Service Acquisitions

**Headquarters
Department of the Army
Washington, DC
30 July 2010**

UNCLASSIFIED

SUMMARY

AR 70-13

Management and Oversight of Service Acquisitions

This new Department of the Army regulation, dated 30 July 2010--

- o Identifies the roles and responsibilities of all parties to the acquisition process (chap 2).
- o Describes the pre-award activities and documents support service contract acquisitions from advance planning and service contract approval to contract formation (chap 3).
- o Sets forth oversight and surveillance guidelines for the successful administration of service contracts (chap 4).
- o Summarizes requirements for periodic reporting of contractor manpower data, contractor performance, and program success against approved metrics (chap 5).
- o Provides a management control checklist for contracting officer's representative evaluation (app B).
- o Prescribes Armywide policies for management and oversight of all services contract acquisitions (throughout).


Research, Development, and Acquisition

Management and Oversight of Service Acquisitions

By Order of the Secretary of the Army:

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General, United States Army
Chief of Staff

Official:


JOYCE E. MORROW
Administrative Assistant to the
Secretary of the Army

History. This publication is a new Department of the Army regulation.

Summary. This regulation prescribes Armywide policies and responsibilities for management and oversight of all services contract acquisitions.

Applicability. This regulation applies to the Active Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve, unless otherwise stated.

Proponent and exception authority. The proponent of this regulation is the Assistant Secretary of the Army (Acquisition, Logistics and Technology). The proponent has the authority to approve exceptions or waivers to this regulation that are consistent with controlling law and regulations. The proponent may delegate this approval authority, in writing, to

a division chief within the proponent agency or its direct reporting unit or field operating agency, in the grade of colonel or the civilian equivalent. Activities may request a waiver to this regulation by providing justification that includes a full analysis of the expected benefits and must include formal review by the activity's senior legal officer. All waiver requests will be endorsed by the commander or senior leader of the requesting activity and forwarded through their higher headquarters to the policy proponent. Refer to AR 25–30 for specific guidance.

Army internal control process. This regulation contains management control provisions and identifies key management controls that must be evaluated (see appendix B).

Supplementation. Supplementation of this regulation and establishment of command and local forms are prohibited without prior approval from the Assistant Secretary of the Army (Acquisition, Logistics and Technology (SAAL–PP)), 2511 S. Jefferson Davis Highway, Arlington, VA 22202.

Suggested improvements. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the Office of the Deputy Assistant Secretary of the Army (Procurement) (SAAL–PP), 2511 S. Jefferson Davis Highway, Arlington, VA 22202.

Committee Continuance Approval.

The Department of the Army committee management official concurs in the establishment and/or continuance of the committee(s) outlined herein. AR 15–1 requires the proponent to justify establishing/continuing committee(s), coordinate draft publications, and coordinate changes in committee status with the U.S. Army Resources and Programs Agency, Department of the Army Committee Management Office (AARP–ZA), 2511 Jefferson Davis Highway, Taylor Building, 13th Floor, Arlington, VA 22202–3926. Further, if it is determined that an established "group" identified within this regulation, later takes on the characteristics of a committee, as found in AR 15–1, then the proponent will follow all AR 15–1 requirements for establishing and continuing the group as a committee.

Distribution. Distribution of this publication is available in electronic media only and is intended for command levels C, D, and E for the Active Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve.

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Glossary

Chapter 1 Introduction

1–1. Purpose

This regulation prescribes Army policies and responsibilities for management and oversight of all service acquisitions (to include Contracted Advisory and Assistance Services (CAAS)). This regulation covers the full range of service contracts, and addresses pre-award and post-award approval requirements, responsibilities, and activities associated with oversight and surveillance of all service contracts. This regulation incorporates guidance issued in the Office of Federal Procurement Policy (OFPP) Letter 93–1 (reissued), dated 18 May 1994 and the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) memorandum, dated 2 October 2006.

a. For purposes of this regulation, the term “service” means the engagement of the time and effort of a contractor whose primary purpose is to perform an identifiable task, or tasks, rather than to furnish an end item of supply. Services embedded in supply or production contracts are subject to the provisions of this regulation.

b. Excluded from this regulation are services that are—

- (1) Obtained through personnel appointments and advisory committees.
- (2) Obtained through personal services contracts authorized by statute.
- (3) Obtained through interagency agreements where the work is being performed by in-house federal employees.
- (4) For construction as defined in Subpart 36.102 of the Federal Acquisition Regulation (FAR).

c. For the below listed categories of services, there may be additional review, approval, and oversight requirements:

- (1) Personal services (see FAR 37.104).
- (2) Research and development (see FAR 35).
- (3) Utilities (see FAR 41).
- (4) Services that are part of a weapon or automated information system.
- (5) Services funded with nonappropriated funds.

d. This regulation does not modify and/or supplement the FAR or the Department of Defense Federal Acquisition Regulation Supplement (DFARS) and the Army Federal Acquisition Regulation Supplement (AFARS) to the FAR, which are the principle regulations that govern acquisition within the Army. In the event of any conflicts between this regulation and the FAR, DFARS, or AFARS, the FAR and its supplements will govern.

1–2. References

Required and related publications and prescribed and referenced forms are listed in appendix A.

1–3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

1–4. Responsibilities

See responsibilities in chapter 2, paragraphs 3–4, and 4–5.

1–5. Guiding principles

Proper fiscal stewardship is the responsibility of all Army personnel. All Army personnel must ensure that the Army receives, on a timely basis, the best value service to the customer, while maintaining the public’s trust and fulfilling public policy objectives.

a. All personnel will exercise ethical performance and practice sound decisionmaking.

b. All requirements will be validated and coordinated through senior management before initiating contracting actions.

c. All reporting will be accurate and complete with full disclosure.

d. Personnel will have adequate training for all assigned duties.

e. A team approach will be used to ensure successful management and oversight of services acquisitions. The team concept includes, at a minimum, contracting, resource management, legal, and requiring activity personnel. Cooperation among team members is essential to plan for upcoming requirements, allow sufficient lead times, consider various alternative acquisition methods, increase the effectiveness and efficiency of the acquisition process, and validate that contract requirements are mission essential.

f. Acquisition of service contracts within the Army will comply with the important principles of the acquisition process. Unless otherwise approved, all acquisitions of services shall—

(1) Be obtained and used in a manner that ensures that the government retains inherently governmental decision-making authority.

(2) Be structured as performance-based in order to ensure that required performance quality levels are achieved and that total payment is related to the degree that services are performed or outcomes achieved meet contract standards.

(*a*) Requirements shall be described in terms of results required rather than the methods of performance of the work.

(b) Measurable performance standards (that is, in terms of quality, timeliness, quantity, and so forth) and quality assurance surveillance plans shall be used.

(c) Procedures for reductions of fee or for reductions to the price of a fixed-price contract when services are not performed or do not meet contract requirements shall be specified.

(d) Performance incentives will be included when appropriate.

(3) Be acquired in the most cost effective manner, without barriers to full and open competition and free of potential conflicts of interest.

(4) Use a best value source selection approach, when appropriate, to emphasize quality in each service acquisition and consider past performance when evaluating each offeror.

(5) To the maximum extent practicable, use commercial services and commercial contracting techniques to take advantage of the best and most innovative sources available in the private sector.

g. Comply with review and approval requirements when the acquisition strategy anticipates using a non-DOD contract vehicle to acquire services. While such contract vehicles are often an effective way to satisfy the Army's needs, they may not be used as a substitute for inadequate planning or to circumvent limitations imposed on the use of funds.

h. Ensure, through appropriate contract oversight and surveillance techniques, that the government obtains quality services on time and at the level and prices specified in the contract.

Chapter 2

Roles and Responsibilities

2-1. Army leadership

Management and oversight of acquisition of service contracts is the shared responsibility of requiring activities, resource management activities, legal offices, contracting activities, Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(ALT)), Deputy Assistant Secretary of the Army (Procurement) (DASA(P)), Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FM&C)), and Assistant Secretary of the Army (Manpower and Reserve Affairs) (ASA(M&RA)).

a. *Assistant Secretary of the Army (Acquisition, Logistics and Technology)*. The ASA(ALT), as the Army Acquisition Executive, has overarching responsibility for the Army management and oversight of the acquisition of service contracts process, as mandated by Section 2330, Title 10, United States Code (10 USC 2330).

b. *Assistant Secretary of the Army (Financial Management and Comptroller)*. The ASA(FM&C) exercises the comptroller functions of the Army and directs the Army's financial management activities and operations. The ASA(FM&C) also establishes policy for and directs the Army's Internal Review and Audit Compliance, the Internal Management Control, and the Fraud, Waste, and Abuse Programs, and oversees independent resource analysis and validation to enhance management of Army assets.

c. *Assistant Secretary of the Army (Manpower and Reserve Affairs)*. The ASA(M&RA) provides manpower policy and guidance to assist in determining when acquisition of service contracts is appropriate to satisfy Army requirements.

d. *Deputy Assistant Secretary of the Army (Procurement)*. The DASA(P) serves as the responsible official to the ASA(ALT) in implementing the requirements of acquisitions with a total planned dollar value of \$500M or more.

2-2. Requiring activities

a. *Identify and define the requirement*. The requiring activity is responsible for identifying and defining requirements to ensure that they are within the mission of the agency. Requiring activity responsibilities include the following:

(1) Translating the contract need(s) into an actionable requirement for contract award that can be well managed, with measurable outcomes throughout contract performance.

(2) Developing a Performance Work Statement (PWS), Performance Requirements Summary (PRS), and Quality Assurance Surveillance Plan (QASP).

(3) Conducting market research to ascertain if the service is commercially available and to identify industry interest and capabilities.

b. *Prepare the acquisition requirements package*. The requiring activity is also responsible for preparation of the acquisition requirements package, which includes the acquisition strategy, acquisition plan, independent government estimate (IGE), and a source selection plan. Additional requirements, as necessary, would be a justification for other than full and open competition and certifications for assisted and direct acquisitions by a non-DOD agency. Documents should be prepared in coordination with the designated contracting officer (see para 3-3 for a more detailed explanation of the acquisition requirements package content).

c. *Request funding*. The requiring activity is responsible for requesting funds and ensuring that funds authorizing officials certify that the proposed funds are appropriate for the procurement and are being used consistent with any appropriation limitations.

d. Obtain approval for initiation and/or continuation of a contract for service personnel. As identified in Secretary of the Army memorandum, dated 23 February 2006, the need to attain services through a contract must be justified. The requiring activity must not develop contract requirements for inherently governmental functions, which are functions so intimately related to the public interest as to mandate performance by government employees. Inherently governmental functions include activities that require either the exercise of discretion in applying government authority or the making of value judgments in decisionmaking for the government (see para 2–9 for a detailed explanation of the management controls for attaining service contract approval).

e. Participate in evaluation of proposals. The responsibility to accomplish source selections rests with the head of the designated contracting agency. However—

(1) The requiring activity generally provides members for the source selection evaluation panel and a chairperson to participate in and direct the evaluation of the technical proposals for a negotiated procurement.

(2) The requiring activity may also provide a technical assessment of costs/prices as part of the evaluation process and provide recommendations in terms of realism and reasonableness using the IGE or other appropriate measure as a baseline.

(3) As stipulated in FAR 15.506, the individuals who conducted the evaluations will support the contracting officer in conducting debriefings of unsuccessful offerors.

f. Nominate contracting officer's representatives and alternate contracting officer's representatives. Requiring activities shall nominate contracting officer's representatives (CORs) and alternate CORs to the contracting officer for approval. Those individuals nominated for this function must possess the technical expertise, experience, training, and education necessary to successfully monitor contract performance as identified in the Deputy Secretary of Defense memorandum, dated 22 August 2008. A properly trained COR shall be designated for every acquisition of service contract in support of Army requirements before contract award. Contributions in assisting in the monitoring or administration of contracts will be addressed during the annual performance reviews of individuals who perform COR duties. Requiring activities may request the contracting officer's input on the COR's performance of assigned duties. A management control evaluation checklist is provided at appendix B to assist in evaluating COR contributions. The purpose of this checklist is to assist managers at all levels in evaluating compliance with key management controls. It is not intended to cover all controls.

g. Provide other surveillance support personnel, when needed. Requiring activities shall provide other surveillance support personnel, as necessary, to support CORs in monitoring and documenting the contractor's performance. These other surveillance support personnel may serve as on-site representatives of the COR in performance of actual contract surveillance if they meet all COR requirements and have been appointed by the contracting officer as alternate CORs.

2–3. Contracting offices

All requiring activities have a designated contracting office. A designated contracting office means the Army/DOD contracting office that is responsible for providing primary contracting support to a particular requiring activity.

Note. In a situation where a requiring activity does not have a designated contracting office, the requiring activity shall contact the Office of Procurement Policy and Support under the DASA(P) (e-mail, PSStaff@conus.army.mil) for assignment of an Army contracting office to perform the functions set forth in this regulation.

2–4. Contracting officer

a. The contracting officer is the U.S. Government's authorized agent for dealing with contractors and has sole contractual authority to obligate the government. The contracting officer also solicits proposals, negotiates, awards, and modifies contracts on behalf of the U.S. Government. The contracting officer performs duties at the request of the requiring activity and relies on the requiring activity for technical advice concerning the services being acquired.

b. The contracting officer has authority to enter into, administer, and terminate contracts and make related determinations and findings and may bind the government only to the extent of the authority.

c. The contracting officer is responsible for ensuring performance of all necessary actions for effective contracting, ensuring compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships.

2–5. Contracting officer's representative

a. As described in DFARS 201.602–2 and Deputy Secretary of Defense memorandum, dated 22 August 2008, a properly trained COR shall be designated for acquisition of service contracts in support of Army requirements before contract award. Only contracting officers have the authority to appoint a COR. While the COR is the only officially appointed representative of the contracting officer, given the scope and complexity of some service contracts, other individuals may assist the COR in assessing or surveilling a contractor's performance against the requirements in the contract (that is, quality assurance evaluators).

b. The CORs must be appointed, in writing, by the contracting officer. The appointment must state the scope and limitations of authority and identify the contract(s) that the COR will administer. Upon appointment as a COR, an individual's performance standards will be required to include the duties outlined in the appointment memorandum.

The COR is not authorized to make any commitments or changes that will affect price, quality, quantity, delivery, or any other term or condition of the contract.

c. The COR appointment is based on a nomination package submitted by the requiring activity as part of the acquisition requirements package (see para 3–3). The requiring activity, as specified in the Deputy Secretary of Defense memorandum, dated 22 August 2008, must ensure that the individual nominated to be the COR has completed the required COR training or the refresher training. Additionally, the memorandum requires that a COR’s contributions in assisting in the monitoring or administration of contracts must be addressed as part of the COR’s annual performance standards. The contracting officer is responsible for notifying the requiring activity of COR requirements in sufficient time to ensure that the designated COR is certified before award. This would enable the COR to provide assistance to the solicitation process as well as administration and oversight of the contract after award.

d. The Defense Acquisition University offers the “COR with a mission focus” online continuous learning module (CLC 106) to support individuals needing COR training. As specified in DASA(P) memorandum, dated 9 February 2007, CLC 106 is the Army’s minimum training requirement.

e. The COR functions as the “eyes and ears” of the contracting officer in the post-award phase by monitoring and documenting the contractor’s technical performance. The COR is responsible for technical administration of the contract and shall represent the government in technical phases of the work. Examples of important COR duties include the following:

- (1) Conducting contract surveillance to ensure that services meet the performance standards set forth in the contract.
- (2) Inspecting and accepting or rejecting work performed under the contract, including review/approval of reports. It is essential that the COR inform the contracting officer immediately, in writing, upon discovering that the contractor is not performing in accordance with the terms of the contract.
- (3) Resolving technical issues arising under the contract that fall within scope of the COR’s authority, and referring to the contracting officer any issues that cannot be resolved without additional cost or time.
- (4) Reviewing, approving, and processing the contractor’s vouchers or invoices and expenditures of resources relating to the contract.
- (5) Informing the contracting officer, in writing, of any needed changes in the PWS, PRS, or QASP.

2–6. Other surveillance support personnel

a. The contracting officer may appoint an individual to assist the COR in monitoring a contractor’s performance. This individual may be called a quality assurance evaluator, quality assurance representative, quality assurance specialist, or government technical monitor. The requiring activity should designate other surveillance support personnel necessary to aid the COR in the monitoring and evaluation of a contractor’s performance.

b. The most common reason for appointing other surveillance support personnel is physical proximity to the contractor’s worksite, although they may also be appointed because of special skills or knowledge necessary for effective monitoring of the contractor’s work.

c. For all contract offloads, the requiring activity will assign a technical representative to coordinate with the assigned COR to ensure the Army’s and the requiring activity’s interests are upheld.

2–7. Resource Management

Resource Management responsibilities include the following:

- a. *Process oversight, analysis, and reporting.*
 - (1) Formulating recommendations to support the approving official’s validation of the requirement.
 - (2) Initiating internal evaluations and audits, as required, to determine the effectiveness of the acquisition management and oversight program.
 - (3) Collecting and analyzing service contracts data in order to provide information for leadership decisions and to meet DOD and HQDA annual reporting requirements.
- b. *Funding.* The resource manager will review the acquisition requirements package to determine if funds are available and appropriate for the task and that the information is correctly entered into the Army accounting system. The resource manager will also ensure that the requisition document is correctly prepared and forwarded to the contracting office certifying that the funds are available for the required task.
- c. *Manpower.*
 - (1) Evaluating whether acquisition of services by contract is the appropriate method to accomplish the work.
 - (2) Supporting validation of requirements in scope or size.
 - (3) Documenting table of distribution and allowance positions based on contract manpower reporting.

2–8. Legal offices

Supporting legal offices shall provide legal advice and support relating to the acquisition of service contracts as required and as requested.

2-9. Management controls

To improve quality and usefulness of acquisition of service contracts, review and approval authorities have been established to increase management oversight over initiation of service contract requirements, strategies to acquire service contracts, and use of non-DOD contract vehicles to fulfill requirements.

a. Initiation/continuation of a contract for service personnel. As identified in Secretary of the Army memorandum, dated 23 February 2006, the process to acquire a services contract cannot begin until responsible organizational approval is granted. HQDA principals and senior commanders at Army Command (ACOM), Army Service Component Command (ASCC), and Direct Reporting Unit (DRU) levels are responsible to approve all contract service personnel actions within the respective organization; however, HQDA principals and senior commanders may delegate the responsibility to the accountable authority at the general officer or senior executive service level. All service contract actions must be documented on a Request for Civilian Hire or Services Contract Approval Form and approved in advance of contract award. This applies to all new requirements, exercise of options on existing contracts, and placement of delivery orders and/or task orders on existing contracts including GSA Federal supply schedules. The approval form includes a series of worksheets that aid the approving official in determining that the requirement does not include—

- (1) Inherently governmental functions.
- (2) Unauthorized personal services.
- (3) In the case of work closely associated with inherently governmental functions, special consideration was given to using Federal Government employees.

b. Justification. The justification provided on the form and associated worksheets must be sufficient to allow the approving official to make a determination that the request for a service contract represents a sound business decision. To streamline the process, approving officials may consolidate approvals on a functional basis (for example, security services).

c. Approval of acquisition strategies for services (that do not include Information Technology services). As identified in AFARS 5137.590-4—

(1) For acquisition of service contracts valued at \$500M or more, obtain approval of the DASA(P). Acquisitions of services valued at \$1B or more shall be referred to the USD(AT&L).

(2) For acquisition of service contracts valued at \$250M or more, but less than \$500M, obtain approval of the program executive office (PEO), direct reporting program manager (DRPM), or the head of the contracting activity (HCA).

(3) For acquisition of service contracts valued at greater than \$10M or more, but less than \$250M, obtain the approval of the principal assistant responsible for contracting, PEO, or DRPM.

(4) For acquisition of service contracts valued at greater than the simplified acquisition threshold, but less than \$10M, obtain the approval of the director of contracting or program manager.

d. Approval of acquisition strategies for Information Technology services. As identified in AFARS 5137.590-4—

(1) For acquisition of Information Technology (IT) services valued at \$500M or more, obtain the approval of the Assistant Secretary of Defense for Networks Infrastructure and Integration (ASD(NII))/DOD Chief Information Officer, or DASA(P).

(2) For acquisition of IT services valued at \$250M or more, but less than \$500M, obtain approval of the PEO, DRPM, or HCA.

(3) For acquisition of the IT services valued at greater than \$10M or more, but less than \$250M, obtain approval of the principal assistant responsible for contracting, PEO, or DRPM.

(4) For acquisition of IT services valued at greater than the simplified acquisition threshold, but less than \$10M, obtain the approval of the director of contracting or program manager.

e. Approval to use a non-DOD contract vehicle.

(1) Certification.

(a) For direct acquisition of services prior to placement, the head of the requiring activity (O-6/GS-15 level or higher) must execute a written certification in accordance with the instructions provided in ASA(ALT) memorandum, enclosure 2, section 3, dated 12 July 2005 and implemented at AFARS 5117.7802.

(b) For assisted acquisition of services prior to transmittal of an assisted acquisition request to a non-DOD organization, the head of the requiring activity (O-6/GS-15 level or equivalent) must execute a written certification.

(2) Management review and approval.

(a) For service contracts with a total planned dollar value of \$500M or more, obtain approval of the DASA(P).

(b) For service contracts with a total planned dollar value greater than \$100M and less than \$500M, obtain the approval of the PEO, DRPM, or HCA.

(c) For service contracts with a total planned value less than \$100M, follow ACOMs procedures.

(d) For service contracts with a total planned value less than \$100M where the requiring activity does not fall under ACOMs, follow procedures established by the head of the requiring activity.

Chapter 3 Pre-Award Activities

3-1. Advance acquisition planning

a. Advance acquisition planning is the key to effective use of public funds and the economical accomplishment of program objectives. Advance acquisition planning begins before the fiscal year has begun in order to provide improved scheduling of actions, increased control of fourth-quarter obligations, and enhanced communication by developing an acquisition schedule early in the procurement process. This pre-planned effort also results in higher quality procurements that will result in optimum choices of sources and a greater understanding of the constraints and opportunities inherent with each procurement.

b. The first stage in advance acquisition planning is the forecast of contract requirements that should be developed as yearly budgets are prepared and submitted. The second stage in the process is coordination with the appropriate contracting office. This allows the contracting office the opportunity to offer advice on various acquisition alternatives, consolidate requirements, offer the most beneficial strategy, and reduce the acquisition lead-time.

c. Management and oversight of acquisition of service contracts is a shared responsibility between the contracting office and the requiring activity. Both are charged with developing acquisition strategies to ensure services are properly planned; based upon clear, performance based requirements; and acquired through sound business practices. Acquisitions of services meeting review thresholds set forth in paragraph 2-9, will be supported by an acquisition strategy and will be forwarded to the appropriate approval authority for review and approval prior to issuance of a solicitation.

d. Service acquisitions requiring USD(AT&L), USD(NII), or DASA(P) review and approval will be vetted through the HQDA Army Services Strategy Panel (ASSP). The HQDA ASSP process provides senior Army functional principals the opportunity to review proposed acquisition strategies and metrics for service acquisitions and reach consensus on strategies that are most advantageous to the Army. The ASSPs shall be conducted as early as possible in the acquisition planning process to develop a systematic and disciplined approach to achieve an affordable, efficient, and effective acquisition. The DASA(P) will serve as the coordinator for all ASSPs conducted at the HQDA level and above. The acquisition strategy will be submitted to the Office of the DASA(P) (Procurement Policy and Support Directorate (SAAL-PP)), 2511 Jefferson Davis Highway, Arlington, VA 22202-3911.

e. An integral part of advance acquisition planning is the use of strategic sourcing to acquire services in the most efficient and advantageous manner. Strategic sourcing is the leveraging of an organization's buying power and managing procurement spending in order to obtain services at better terms and conditions over the life cycle of those services. Utilization of strategic sourcing can identify prospective requirements data in order to aggregate demand for given services in advance of the procurement and develop processes for forecasting demand.

f. If the use of a non-DOD contract vehicle is considered in the best interest of the Army, the requiring activity shall consult with their designated contracting office (see para 2-3) before proceeding to acquire services using a non-DOD contract vehicle or organization. Army policy identified in ASA(ALT) memorandum, dated 12 July 2005 contains specific certification and approval requirements that must be complied with before initiating an action to acquire services from a non-DOD contract vehicle.

3-2. Market research

a. Market research can be defined as the process used to collect, organize, maintain, analyze, and present data for the purpose of maximizing the capabilities, technology, and competitive forces of the marketplace to meet an organization's needs for supplies and services. Market research is essential in today's acquisition environment to acquire and maintain better capabilities faster and cheaper. Conducting market research helps to define requirements and support decisions and the selection of the most advantageous acquisition strategy. The use of market research is mandated by the Federal Acquisition Streamlining Act of 1994 and requires that all Federal agencies perform market research prior to developing new specifications for acquisitions and before soliciting proposals for contracts that exceed the simplified acquisition threshold.

b. Market research is the responsibility of the requiring activity with assistance and close coordination from the designated contracting office. Ideally, market research should be performed as soon as requirements are forecasted to allow sufficient time to perform a thorough market analysis. The results of market research shall be documented in writing and include the following:

- (1) Assessment of whether required services are available in the commercial marketplace to support mission needs or whether commercial practices regarding modifying services are available.
- (2) Customary terms and conditions available in the marketplace, such as warranties, buyer financing, and so forth.
- (3) The impact of any environmental, safety, and security considerations.
- (4) Extent of competition available to fulfill the requirement and size and status of potential sources. This should

also include the capabilities of individual firms, their core competencies, pricing information, and any standard terms and conditions.

(5) A description of any current or future market conditions that may have an impact, for example, technology, laws, and changes in supply and demand.

(6) Specific factors of the acquisition (geographic locale, required certifications, government-unique requirements, and so forth).

c. Some techniques for collecting information necessary for market research may include the following:

(1) Review catalogs and other generally available product literature published by manufacturers, distributors, and dealers or available online.

(2) Examine business and trade association directories to identify additional sources to solicit and acquire basic information about these sources.

(3) Conduct internet search and local telephone yellow pages.

(4) Review local source files that include recent contract activity on the same or similar item or service. Analyze procurement history by examining quality and extent of competition, prices, and performance results. This information can be used to revise requirements, specifications, and contracting approach based on lessons learned.

3-3. Acquisition requirements package content

The requiring activity has responsibility for translating the requirements need(s) into an actionable requirement for contract award that will allow proper management and measurement of outcomes throughout contract performance. The acquisition package includes the following:

a. *Performance Work Statement or Statement of Objectives.*

(1) *Performance Work Statement.*

(a) The PWS serves as the foundation of the contract. Key PWS processes include conducting a job analysis and developing the PWS and QASP. The PWS also provides the basis for monitoring and evaluating the progress and accomplishment of the resulting work. The nature of the PWS will be unique to the specific mission requirement.

(b) Preparation of the PWS requires a close analysis of the work to be performed and the objectives to be achieved. There is no standard format; the PWS should be written as clearly and succinctly as possible to minimize the probability for misinterpretation. The requirement should be described in terms of results rather than process or method of accomplishment. The PWS should allow all offerors the opportunity to compete on an equal basis and should not be restrictive to a particular source without adequate justification.

(2) *Statement of Objectives.* The Statement of Objectives (SOO) is a government prepared document. It is a new methodology that requires competing contractors to develop their own work statement, performance metrics and measures, and quality assurance plan. The SOO is a broad, basic, top-level description of the acquisition objectives. The intent of the SOO is to allow competing contractors maximum flexibility to conceive and propose innovative approaches and solutions to meet the requirement.

(a) There is no set format for the SOO, but it is recommended that it identify the purpose, scope of the problem, period of performance, place of performance, applicable background information, program objectives, and constraints.

(b) When proposing against a SOO, the contractor must list necessary tasks to be performed for each outcome. At contract award, the SOO is removed and the selected contractor's proposed solution, reflective of a statement of work, is incorporated into the contract as the PWS.

b. *Services contract approval.* As identified in Secretary of the Army memorandum, dated 23 February 2006 and described at paragraph 2-2 and paragraph 2-9, all service contract requirements must be justified in writing. The Request for Civilian Hire or Services Contract Approval Form can be found on the ASA(M&RA) Web site: <http://www.asamra.army.mil/insourcing/>. The signature page and all worksheets must be completed and provided to the contracting office as part of the acquisition requirements package.

c. *Independent government estimate.* The IGE may also be referred to as a "government estimate" or "independent government cost estimate." The IGE is a cost estimate developed by the government requiring activity, based on the requirements of the PWS. An IGE is required for every new acquisition that exceeds the simplified acquisition threshold. The purpose of the IGE is to develop an assessment of the probable cost of services being acquired and help determine the reasonableness of an offeror's proposed costs and understanding of the work. The IGE consists of a breakdown of the prices of the tasks to be performed or fully burdened labor rates, labor category and hours, and other direct costs (for firm-fixed price type contracts). Further detail is required for cost-reimbursement type contracts. This should include a cost breakdown of all cost factors required for a contractor to complete the performance work statement, including an estimate of technical staff labor categories, hours, and rates; direct material and supplies; subcontracting; consultant services; travel indirect rates; and fee. Prior acquisition history or similar acquisitions should provide the basis for the preparation of an IGE, as well as the data provided by thorough market research.

d. *Proposed contract type.* A contract type most likely to motivate a contractor to perform at optimal levels shall be chosen. Fixed price contracts are appropriate for services that can be objectively defined and for which risk of performance is manageable. In most instances, services that are routine, frequently acquired, and which require no more than a minimal acceptable level of performance fall into this category. For such acquisitions, performance based

SOWs and measurable performance standards and surveillance plans shall be developed and fixed price contracts shall be preferred over cost reimbursement contracts. Cost reimbursement contracts are appropriate for services that can only be defined in general terms and for which the risk of performance is not reasonably manageable. Complex or unique services for which quality of performance is paramount frequently fall into this category. Furthermore, as identified in the Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)) memorandum, dated 24 April 2007, it is DOD policy that whenever possible, objective criteria will be utilized to measure contract performance. Contracts shall include incentive provisions to ensure that contractors are rewarded for good performance and quality assurance deduction schedules to discourage unsatisfactory performance. These provisions shall be based on measurement against predetermined objective performance standards and surveillance plans.

e. Quality Assurance Surveillance Plan or Quality Assurance Plan. Quality assurance is the process that ensures the contractor delivers quality services. The QASP is a document that communicates to the contractor the surveillance methods that will be used to measure its performance against the standards in the contract and provides means by which the government monitors and documents performance. The QASP should be prepared in conjunction with the preparation of the PWS. Contractors often develop and use their own quality control plan (QCP) to ensure that they deliver quality service. The surveillance methods identified in the QASP together with the contractor's QCP will help determine whether the contractor delivers the performance agreed to in the contract. Instruction on developing a QASP can be found in the Defense Acquisition University continuous learning module CLC 013, Performance Based Services Acquisition, which is available online. For instructions on how to register for this continuous learning module go to <https://learn.dau.mil/html/clc/Register.jsp>.

(1) Formal surveillance plans that use written quality assurance plans, such as the PRS, outline specific methods for surveillance of the contractor's work. These are generally used on larger service contracts. Specific deductions and/or remedies are outlined for services not rendered. Smaller requirements may only include a plan for inspection that reviews the effectiveness of the contractors' QCP and institutes specific measures to be taken when defects are found.

(2) The PRS is used to measure performance of services for the purposes of determining the continuation of services under the contract and any applicable payment deductions. The PRS should not list every task required by the contract, but those tasks that are critical to the successful performance of the contract. A PRS should list the required service or performance objective, the minimum standard or metric that must be met, the monitoring method, established acceptable quality levels, and incentive or disincentive. If the contractor fails to deliver in a timely manner or fails to perform satisfactorily, the government must have a remedy to counteract the failure. The PRS should reflect both the surveillance methods and corrective measures if the contractor fails to provide services as required.

(3) Contractor performance should be monitored against cost, schedule, and performance requirements identified in the contract or in the QASP. The assigned COR or technical POC within the requiring activity should develop oversight procedures, perform contract inspection/quality assurance duties, and authorize payment as appropriate to determine acceptable level of quality. The government's role is to determine the effectiveness of a contractor's quality and management procedures. Basic inspection techniques are used to ensure the government's interests are protected and are included in the terms of each contract.

f. Metrics. Cost, schedule, and performance metrics and the plan for measuring service acquisition outcomes against requirements should be included as part of the requirements package. These metrics should relate directly to quality concerns for meeting objectives of the contract. In developing metrics, consideration should be given to various factors such as—performance standards and techniques for measurement, the intended management approach, and performance incentives.

g. Incentives for performance. Incentives are a means for partnering, allowing the government and the contractor to benefit from economies, efficiencies, and innovations within contract performance. To encourage successful performance, incentives may be monetary or relate to the contract type, performance incentives, or delivery incentives. Incentives should be tailored according to each individual acquisition's performance goals, requirements, and risks to target performance standards over and above minimum contract requirements. They should be positive while allowing for appropriate remedy if a performance objective is missed.

h. Contracting officer's representative nomination package. The requiring activity submits the COR nomination in writing to the contracting officer in accordance with DFARS 201.602-2. The nominee's supervisor must approve the nomination before it is submitted to the contracting officer.

(1) Nomination packages should demonstrate through training or relevant experience that the nominee possesses—

(a) Knowledge of the government contracting process.

(b) Understanding of pertinent contract clauses, such as changes, payments, government-furnished property, inspection, acceptance, and termination.

(c) Familiarity with pertinent concepts, such as contracting authority, contract incentives, fixed price versus cost reimbursable contracts, excusable versus non-excusable delays in contract performance, options, and task order contracts.

(d) Ability to analyze, interpret, evaluate, and document factors involved in contract administration.

(e) Sufficient time and resources to accomplish these duties, given the nominee's other workload commitments.

(2) The nomination package shall identify—

- (a) The contracts for which nominee has performed COR duties.
- (b) Relevant education and training, including the completion date and mode of instruction for nominee's mandatory COR training and sufficient information about any equivalent training to enable the contracting officer to determine its acceptability.
- (c) On-the-job training experience, to include the date and description of each work assignment and any instruction provided.
- (d) The nominee's security clearance or other specified requirements, if needed.
 - i. *Non-Department of Defense contract vehicle.* If the market research results in a recommendation to acquire services either as a direct acquisition (that is, a task or delivery order placed by a DOD official under a contract awarded by a non-DOD agency), or an assisted acquisition (that is, a contract awarded, or a task or delivery order placed, on the behalf of DOD by a non-DOD agency) the Army Policy on Proper Use of non-DOD Contracts shall be followed (see Assistant Secretary of the Army (Acquisition, Logistics and Technology) memorandum, dated 12 July 2005). This policy assigns specific certification and approval responsibilities to the requiring activity, and funds authorizing and certifying personnel. The certification and approval requirements apply to all acquisition of service contracts above the simplified acquisition threshold. Certifications are required for both direct and assisted acquisitions. The required certifications will be prepared by the requiring activity with the assistance of a contracting officer in the designated contracting office and the fund certifying official (for direct acquisitions) and the fund authorizing official (for assisted acquisitions). The written coordination by these individuals will be obtained prior to certification by the head of the requiring activity.
 - j. *Development and approval of the acquisition strategy.* Acquisition of service contracts are complex and demand close collaboration between the contracting officer and the users of the service to ensure that contractor performance meets contract requirements and performance standards. The acquisition team must focus on developing and maintaining sound acquisition strategies to ensure services are properly planned-based upon clear, performance-based requirements—and acquired by sound business practices. In accordance with AFARS 5137.590, all contracts for services must be supported by a documented acquisition strategy. This includes requirements that are intended to be issued as contracts or task orders by agencies other than the DOD. The acquisition strategy serves as the roadmap for contract execution. A primary goal of the acquisition strategy is to minimize time and cost for satisfying an identified, validated need, consistent with sound business practices. The required content for an acquisition strategy is explained in AFARS 5137.590–7.
 - k. *Development and approval of acquisition plan.* Some form of acquisition planning is required for all acquisition of service contracts. A written acquisition plan is required for all requirements (except construction) whose total acquisition costs exceed \$50 million or more for all years or \$25 million or more for any fiscal year, and any other acquisition considered appropriate by the department or agency. The written acquisition plan is required to promote and provide for the acquisition of commercial items and full and open competition to the maximum extent practicable. Preparation of the acquisition plan requires a collaborative effort between the requiring activity and the supporting contracting activity. The plan should address all the technical, business, management, and other significant considerations that will control the acquisition. The specific content of plans will vary, depending on the nature and circumstances of the acquisition. Acquisition plans for service contracts or orders must describe the strategies for implementing performance-based contracting methods or must provide rationale for not using those methods.
 - l. *Source Selection Plan, if applicable.* Vital to any source selection process is the plan for selecting the contract source. The Source Selection Plan is the guide for conducting an evaluation and analysis of competitive proposals and selection of the source for contract performance. Intended to formally specify how the source selection activities will be organized, initiated, and conducted, the Source Selection Plan must clearly and succinctly identify the government's minimum needs in the form of evaluation factors and assign a relative order of importance. The plan should be tailored to reflect the complexity of the acquisition.

3–4. Contract formation

The contracting officer has overall responsibility for the contract formation process, which consists of three primary groupings of activities—solicitation of offers, source selection, and contract award.

Chapter 4 Oversight and Surveillance of Service Contracts

4–1. Oversight and surveillance

- a. Oversight and surveillance includes all activities involving the government and the contractor from contract award until performance completion, final payment, contract closeout, and overall past performance assessment.
- b. The fundamental goals of oversight and surveillance are to ensure that the government obtains quality services, on time services, and services at the level and prices specified in the contract. The roles and responsibilities of the acquisition community continue beyond contract award. Therefore, the COR and requiring activity must be involved in

the process to improve contractor performance and improve communications between the contracting officer, requiring activity, and contractor personnel.

c. To be effective, contract surveillance requires appropriate and immediate on-site monitoring of the services being performed. The specific nature and extent of oversight and surveillance varies from contract to contract, ranging from the minimum acceptance and payment to extensive involvement by program, audit, and contracting officials throughout the contract term. Adequate contract oversight consists of both creating a plan for surveillance and then performing surveillance efforts in accordance with the surveillance plan. On-site monitoring should include verification and analysis of the services rendered. An adequate surveillance plan provides the foundation for a comprehensive and systematic monitoring of contract performance and a standard against which actual surveillance efforts can be measured.

4-2. Surveillance planning

a. Before work can begin on the contract, the contracting officer must ensure that the COR and other members of the acquisition team have been identified and received the necessary appointments, training, and orientation needed to perform their duties. The contracting office will ensure that the COR receives the COR appointment letter, a complete copy of the contract, the contractor's QCP, the QASP, and other pertinent documents.

b. A QASP is needed to ensure that the government receives and pays for acceptable quality level of services stated in the PWS and the terms of the contract. The QASPs shall be prepared for all service contract actions greater than \$2,500 to ensure systematic quality assurance methods are used during contract administration. The nature and extent of quality assurance plans may vary from contract to contract, depending on factors such as the type and cost of the contract and the importance of the services that the contractor is providing. The level of surveillance described in the plan should be commensurate with the dollar value, risk, complexity, and criticality of the acquisition. Passive surveillance methods, such as customer complaints, may be useful as supplementary surveillance methods. It is essential that the PWS be structured around the purpose of the work to be performed, inspected, and accepted by trained CORs.

c. The contracting officer will work with the COR and other government personnel to develop planning milestones and due dates, prepare an agenda for a post-award orientation meeting, and establish communication channels and good working relations with the contractor. Contract administration planning will define roles of each supporting organization in performing surveillance of contractor performance and managing contract requirements.

4-3. Post-award orientation conference

The primary objective of the post-award orientation conference is to confirm that the COR, project/program manager, and contractor's understanding of key contract provisions matches the government's understanding and to identify and resolve any issues that may affect performance, such as apparent contractor misinterpretations of technical requirements. Although a post-award conference is not required for all service contracts, some post-award orientation should always be used to enable a strong business relationship at the onset of the contract and avoid problems during performance. Surveillance procedures should be discussed at the post-award conference to assure all parties have a uniform understanding of the requirements.

4-4. Execute surveillance and documentation

a. Successful performance of service contracts depends on effective coordination between the contracting officer, the COR, the resource manager, and the contractor throughout the contract. The COR has the responsibility/authority to monitor all aspects of the day-to-day performance of a contract. The COR shall establish and maintain a current, separate file for each contract administered. The file must be available for review by the contracting officer, the Inspector General, the Government Accountability Office, and any other official authorized by the contracting officer. Throughout the surveillance process, the COR must identify specific areas of concern for corrective action and maintain accurate and complete records, while accomplishing the following tasks, as applicable:

(1) Provide a surveillance plan prior to award detailing contract monitoring procedures and perform the surveillance based upon the plan. Provide appropriate coordination between the contracting officer and any technical inspectors or quality assurance evaluators/inspectors appropriately assigned to monitor contractor efforts.

(2) Monitor the contractor's performance, including submittal of required reports and other documentation. Ensure prompt review of all reports and provide approval/disapproval and comments to the contractor through the contracting officer. Approvals/disapprovals can only be within the COR's designated authority.

(3) Provide technical interpretations of the requirements to the contractor and document in the contract file any technical assistance given to the contractor. Notify the contracting officer immediately whenever the contractor disagrees with or refuses to comply with any technical aspects of the contract as interpreted by the COR. Refer any disagreements with the contractor to the contracting officer.

(4) Monitor financial management controls and coordinate with government resource managers on actions relating to funding changes in the contract. Monitor contractor expenditures under cost reimbursable contracts to ensure that the contractor provides proper notice to the contracting officer and to provide appropriate recommendations to the

contracting officer. Ensure proper billing of any contractor-acquired property and documentation in property accountability records.

(5) Inform the contracting officer when a contractor is known to be behind schedule or not performing within cost; explain the reasons, recommend, and coordinate with the contracting officer any corrective actions needed to restore the contract schedule. If a contract change is called for, submit a funded requisition to the contracting officer, describing the required changes related to the overrun.

(6) Document any recommendations to the contracting officer for the need to modify the contract or for other contract actions. Ensure that the contracting officer has issued the contract modification before the contractor proceeds with any changes in the work/services or delivery schedule.

(7) Perform inspection of services, providing oversight of the contractor's quality assurance process; reject nonconforming supplies or services; and verify correction of deficiencies for contractor delivered services.

(8) Verify that the contractor has performed the technical and management requirements of the contract in accordance with the contract terms, conditions, and specifications.

(9) Certify receipt of services for payment purposes. Verify that the contractor has successfully corrected any deficiencies in delivered supplies and services. Under cost reimbursement and time-and-materials/labor-hour service contracts, the COR should sign the statement of services rendered and accepted. Acceptance on service contracts other than cost reimbursement and time-and-materials/labor-hour should be done on a DD Form 250 (Material Inspection and Receiving Report).

(10) Perform property surveillance and/or oversight on government furnished property, except when a property administrator serves this function.

(11) Make evaluations and recommendations concerning exercise of options or award of task orders.

(12) Provide accepted invoices to the identified paying organization and monitor the issuance of payments to the contractor.

(13) Work closely with the paying organization to ensure that payment requests are complete and that payments are made to the contractor for accepted services in order to avoid additional interest charges to the government.

(14) Prepare the contractor's performance assessment report (see para 5-2 for instructions on preparing this report).

b. The COR will maintain an official working file in accordance with DFARS Procedures, Guidance, and Information (PGI) 201.6.

(1) The contracting office will hold periodic status or progress meetings with the contracting officer, the COR, the contractor, and other personnel as necessary (at least quarterly) to discuss problems, progress of the contract, and contractor performance. The CORs must ensure that they receive copies of written minutes and other correspondence related to these meetings, including follow-up actions.

(2) The CORs must maintain records documenting all telephone calls, e-mails, and other correspondence between the COR, the contractor, the contracting officer, and other personnel relating to contract performance. The COR should maintain a log of any resulting actions.

(3) The COR file is a part of the official contract file and must be maintained in accordance with the contracting officer's instructions. The primary COR will maintain the official COR file, which must be available for review by the contracting officer, the Inspector General, the Government Accountability Office, or other authorized officials.

c. The contracting officer will monitor the COR's performance during the contract to ensure that the COR's responsibilities and duties are being carried out. The contracting officer should work with the requiring activity to ensure that the contribution of the COR in assisting in the monitoring or administration of contracts is addressed as appropriate in the annual performance reviews of individuals who perform COR duties. The contracting officer may revoke or terminate the COR appointment at any time. All terminations must be done in writing to the COR, the COR's supervisor, and the contractor.

(1) Before terminating a COR's appointment for cause, the contracting officer will notify the COR in writing and consider taking other corrective actions as appropriate. For example, the contracting officer may counsel the COR or amend the appointment letter to clarify or further limit the COR's authority.

(2) In cases of gross dereliction or significant ethics violations, the contracting officer may revoke the COR's authority immediately. In such cases, the COR must identify all contracts which he or she is managing. The contracting officer must notify the supervisor of the COR of the incident and other actions to protect the government's interests. The supervisor will notify the contracting officers of other contracts the person may be managing.

(3) If a COR must request relief from duties, the COR will notify the contracting officer in sufficient time to permit timely appointment of a successor COR.

4-5. General guidelines

The requiring activity, the COR, and the contracting officer has the responsibility to—

a. Never allow contractor performance problems to go undetected or undocumented, or fail to take appropriate corrective action to protect the government's interests.

- b.* Never ask the contractor to perform work outside the scope of the current contract unless authorized through an official contract modification or direction by the contracting officer.
- c.* Never manage a nonpersonal service contract in a manner that creates the appearance of an employer-employee relationship.
- d.* Never act in any manner that would create an actual, apparent, or potential conflict of interest.

Chapter 5

Reporting Requirements

5-1. Requirement for contractor manpower reporting

a. All Army organizations acquiring contracted services shall include in newly issued contracts, task orders, and bi-laterally modified contacts, the requirement for contractor manpower reporting (CMR) to the secure Web site at <https://cmra.army.mil/>. This shall occur upon award or modification, and annually thereafter for the duration of the contract. Service contracts for utilities and foreign military sales are excluded from the CMR requirement.

b. Army requiring activities shall include the CMR requirements as identified in, Secretary of the Army memorandum, dated 7 January 2005 in every PWS. All Army requiring activities shall—

(1) Ensure that the requirement for CMR data reporting is a deliverable within each solicitation, contract, and contract modification issued on or after 8 March 2005 and provide resources, including funding, associated with the collection and reporting of data.

(2) Provide the unit identification code (UIC) of the Army requiring activity to the contracting officer for inclusion in a contract line item number to allow for pricing for this reporting requirement.

(3) Monitor and assist the contractor to make sure the complete reporting takes place no later than 31 October each year.

(4) Assist the contractor in identifying the fund cite on the contract.

c. The contracting officer shall—

(1) Ensure that the need for CMR data reporting is a deliverable within each solicitation, contract and contract modification issued on or after 8 March 2005.

(2) Ensure that the UIC for the Army requiring activity is included as a part of a contract line item number of each service contract.

(3) Ensure that the data collection costs charged by the contractor are reasonable.

(4) Include the requirement to monitor the contractor's reporting of required information in the COR appointment letter.

(5) Verify the status of reporting by the contractors in the CMR system.

d. Contractors are responsible for reporting the required information to the CMR system's secure internet Web site or through the Army requiring activity, as defined in the PWS. The COR is responsible for verifying that the contractor has reported the required data or the COR may have the contractor provide the necessary information and provide the report to the CMR themselves.

e. The ASA(M&RA) will compile and review an annual report comparing compliance with this reporting requirement by ACOM/ASCC/DRU, which may be further broken out by UIC. The metric for compliance will involve comparing total payments (dollars) reported by ACOM/ASCC/DRU, operating agency, contracting activity, organization against obligations (dollars) and/or disbursements by ACOM/ASCC/DRU, operating agency, contracting activity, and organization using the relevant financial accounting and procurement systems as sources for comparison. Compliance with this requirement will be a factor in assessing an organization's justification of its current resources or requests for additional resources in departmental decisions.

5-2. Contractor performance assessment reports

a. It is essential that performance assessment reports are prepared, entered, and maintained in the DOD's Contractor Performance Assessment Reporting System (CPARS). The CPARS should be an objective report of the performance during a period against the contract requirements. The DOD policy requires use of the CPARS, a Web-based tool, to complete all assessment reports. Documenting the contractor's performance is relevant for future source selection purposes.

b. The DOD policy set forth at DFARS 242.1502 requires agencies to prepare an assessment of contractor performance for each contract or task order for services with a cumulative total of greater than \$1,000,000 and, for health care services, greater than \$100,000. This threshold (base contract plus option years) applies to all contracts, task orders, orders under GSA schedules, basic ordering agreements, and blanket purchase agreements. When multiple orders are placed against a contract or agreement by a single ordering office or requiring activity, and the effort is similar, the activity may elect to prepare a single contractor performance assessment reporting (CPAR) that includes all orders for that reporting period regardless of date of contract award. A report is required on a contract of any dollar

value when the contractor is notified that the contract is terminated for default or, for commercial services, terminated for cause.

c. It is essential that all completed performance assessment reports reflect timely, accurate, objective, and reliable information. Each report includes the contractor's record of conforming to contract requirements; forecasting and controlling costs; adhering to contract schedules, including the administrative aspects of performance; and exhibiting a history of reasonable and cooperative behavior and commitment to customer satisfaction. Performance assessment reports for classified and Special Access Program contracts are distributed, maintained, and utilized in accordance with AR 715-30 and are not input in CPARS.

d. All eligible contracts must be registered in CPARS within 30 days of award. Generally, reporting is done on an annual basis.

e. There are five types of CPARS reports. The initial CPAR is required for new contracts that have a period of performance of at least 365 days. The initial CPAR must reflect performance for at least the first 180 days of performance, and may cover up to the first 365 days of performance. For contracts with periods of performance less than 365 days, complete a final report instead of an initial report. An intermediate report is required every 12 months throughout the entire contract period after the initial report and before the final report. The intermediate CPAR evaluates contractor performance after the initial CPAR. The final CPAR is completed when the period of performance is less than 365 days, when performance is complete, when program management responsibility is transferred from the original buying activity, or upon delivery of the final end product of supply. The final CPAR evaluates contractor performance occurring after the preceding CPAR. An out-of-cycle report may be completed when a significant change in performance alters the assessment in one or more evaluation areas. An addendum report follows the final report and records contractor performance related to contract closeout, warranties, or other administrative requirements. All CPAR reports require completion within 120 days after the end of the evaluation period.

f. Performance assessment reports must be provided to the contractor for concurrence or comments prior to finalization of the assessment. The contracting officer must provide offerors with the opportunity to comment on adverse past performance information on which the offerors have not had a previous opportunity to comment.

g. Completed assessment reports pass to the Federal Past Performance Information Retrieval System-Report Card, <https://www.ppirs.gov/>, where they can be retrieved by Federal agencies for future source selection purposes.

h. Guidance and information about CPARS may be found at <http://www.cpars.csd.disa.mil/>.

5-3. Services contracts execution reviews

a. Annual reports on program progress toward meeting approved metrics will be submitted to the decision authority on every approved acquisition strategy. The decision authority may specify a more frequent reporting schedule.

b. For service acquisitions with a total planned dollar value of \$100M and greater this information shall be consolidated at the decision authority level and provided through the Deputy Assistant Secretary of the Army (Procurement) (SAAL-PP), to the Army Acquisition Executive by 30 October of each year.

c. Service acquisitions that are part of a weapon acquisition program or an automated information system that is managed in accordance with DODI 5000.2 are excluded from a service contract execution review. However, service acquisitions that occur after a program reaches full operational capability that were not subject to previous milestone reviews shall be subject to a service contract execution review.

Appendix A References

Section I Required Publications

AFARS 5117.7802

Policy (Cited in para 2–9.) (Available at <http://farsite.hill.af.mil>.)

AFARS 5137.590

Army Management and Oversight of the Acquisition of Services (Cited in para 3–3.) (Available at <http://farsite.hill.af.mil>.)

AFARS 5137.590–4

Review Thresholds (Cited in para 2–9.) (Available at <http://farsite.hill.af.mil>.)

AFARS 5137.590–7

Acquisition Strategy Content (Cited in para 3–3.) (Available at <http://farsite.hill.af.mil>.)

DFARS 201.602–2

Contracting Officer’s Responsibilities (Cited in paras 2–5, 3–3.) (Available at <http://farsite.hill.af.mil>.)

DFARS 242.1502

Contractor Performance Information Policy (Cited in para 5–2.) (Available at <http://farsite.hill.af.mil>.)

FAR 15.506

Post Award Debriefing of Offerors (Cited in para 2–2.) (Available at <http://farsite.hill.af.mil>.)

FAR 35

Research and Development Contracting (Cited in para 1–1.) (Available at <http://farsite.hill.af.mil>.)

FAR 36.102

Federal Acquisition Regulation (Cited in para 1–1.) (Available at <http://farsite.hill.af.mil>.)

FAR 37.104

Personal Services Contracts (Cited in para 1–1.) (Available at <http://farsite.hill.af.mil>.)

FAR 41

Acquisition of Utility Services (Cited in para 1–1.) (Available at <http://farsite.hill.af.mil>.)

Section II Related Publications

A related publication is a source of additional information. The user does not have to read it to understand this publication.

AR 5–14

Management of Contracted Advisory and Assistance Services

AR 715–30

Secure Environment Contracting

DODI 5000.2

Operation of the Defense Acquisition System (Available at <http://www.dtic.mil/whs/directives/>.)

PGI 201.6

Career Development, Contracting Authority, and Responsibilities (Cited in para 1–1.) (Available at http://www.acq.osd.mil/dpap/dars/pgi/pgi_hm/PGI201_6.htm.)

Section III Prescribed Forms

This section contains no entries.

Section IV

Referenced Forms

The forms listed below are available at the Army Publishing Directorate Web site at <http://www.apd.army.mil>.

DA Form 11-2

Internal Control Evaluation Certification

DA Form 3953

Purchase Request and Commitment

DD Form 250

Material Inspection and Receiving Report

DD Form 448

Military Interdepartmental Purchase Request (MIPR)

Appendix B

Management Control Evaluation Checklist (Contracting Officer's Representative Compliance)

B-1. Function

This checklist addresses the compliance of the contracting officer's representative (COR) with management and oversight of service acquisitions. This checklist complements, in part, the Management Control Evaluation Checklist found at AFARS appendix BB.

B-2. Purpose

The purpose of this checklist is to assist program managers, contracting officers, and commanders, at all levels, who are responsible for management and oversight of service acquisitions in evaluating COR compliance management controls outlined below. It is not intended to cover all controls.

B-3. Instructions

Answers must be based on the actual testing of key management controls (for example, document analysis, direct observation, sampling, simulation). Answers that indicate deficiencies must be explained and corrective action indicated in supporting documentation. These key management controls must be formally evaluated at least once every five years. Certification that this evaluation has been conducted must be accomplished on DA Form 11-2 (Internal Control Evaluation Certification).

B-4. Test questions

- a.* Did the COR complete the minimum training (CLC 106 - COR with a Mission Focus course) within the last three years?
- b.* Was the COR properly appointed, by a contracting officer, receiving a designation letter?
- c.* Was the COR appointed in writing before contract performance began?
- d.* Are the COR's contributions listed in their annual performance assessment, as required by USD(AT&L) guidance?
- e.* Was a surveillance plan jointly developed between the COR and contracting officer and is there evidence that it was used to monitor the contractor's performance?
- f.* Does the surveillance plan include the functional areas to be assessed, with the surveillance methodology assigned for each function?
- g.* Did the COR perform designated responsibilities?
- h.* Did the COR take action when required to report contract performance deficiencies and weaknesses to the cognizant contracting officer?
- i.* Did the COR record the contractor's performance in the Contractor Performance Assessment Report System annually, as a minimum, or upon contract completion/termination?

B-5. Comments

To make this checklist a more useful tool for evaluating management controls, submit comments to: Assistant

Secretary of the Army (Acquisition, Logistics and Technology (SAAL-PP), 2511 Jefferson Davis Highway, Arlington, VA 22202-3911.

Glossary

Section I Abbreviations

ACOM

Army Command

AFARS

Army Federal Acquisition Regulation Supplement

ASA(ALT)

Assistant Secretary of the Army (Acquisition, Logistics and Technology)

ASA(FM&C)

Assistant Secretary of the Army (Financial Management and Comptroller)

ASA(M&RA)

Assistant Secretary of the Army (Manpower and Reserve Affairs)

ASCC

Army Service Component Command

ASD(NII)

Assistant Secretary of Defense (Network Infrastructure and Integration)

ASSP

Army service strategy panel

CAAS

contracted advisory and assistance services

CLC

continuous learning module

CMR

contractor manpower reporting

COR

contracting officer's representative

CPAR

contractor performance assessment reporting

CPARS

Contractor Performance Assessment Reporting System

DASA(P)

Deputy Assistant Secretary of the Army (Procurement)

DFARS

Department of Defense Federal Acquisition Regulation Supplement

DOD

Department of Defense

DODI

Department of Defense instruction

DPAP

Defense Procurement and Acquisition Policy

DRPM

direct reporting program manager

DRU

Direct Reporting Unit

FAR

Federal Acquisition Regulation

GS

general schedule

HCA

head of contracting activity

HQDA

Headquarters, Department of the Army

IGE

independent government estimate

IT

Information Technology

OFPP

Office of Federal Procurement Policy

PEO

program executive office

PGI

procedures, guidance, and information

PRS

Performance Requirements Summary

PWS

Performance Work Statement

QASP

Quality Assurance Surveillance Plan

QCP

Quality Control Plan

SOO

Statement of Objectives

UIC

unit identification code

USC

United States Code

USD(AT&L)

Under Secretary of Defense for Acquisition, Technology and Logistics

USD(NII)

Under Secretary of Defense (Networks Infrastructure and Integration)

Section II

Terms

Assisted acquisition

A contract awarded or a task or delivery order placed on the behalf of DOD by a non-DOD agency.

Base Contract

The original contract against which task orders or delivery orders may be placed, or upon which modifications may be made, or on which option years or extensions may be added.

Commercial off-the-shelf (COTS) products

Commercial items that require no unique government modifications or maintenance over the life cycle of the product to meet the needs of the procuring agency. This implies an existing product that requires no new or further development.

Contract

A mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 USC 6301, et seq.

Contract modification

Any written change in the terms of a contract.

Contracting officer's representative (COR)

An individual designated in accordance with DFARS 201.602-2 and authorized in writing by the contracting officer to perform specific technical or administrative functions.

Contractor manpower reporting (CMR)

A process of reporting the collection of information on funding source, contracting vehicle, organization supported, mission and function performed, and labor hours and cost for contracted efforts. The CMR enables the Army to fully understand the composition of the Army workforce—military, civilian, and contractor and allows for more informed workforce staffing and funding decisions. The CMR provides better oversight of the workforce, avoids duplication of effort or shifting of in-house reductions to contract, and better accounts for and explain the total Army workforce.

Contracting activity

An element of an agency designated by the agency head and delegated broad authority regarding acquisition functions.

Delivery order

An order for supplies placed against an established contract or with government sources.

Designated contracting office

The Army/DOD contracting office that is responsible for providing primary contracting support to a particular requiring activity.

Direct acquisition

A task or delivery order placed by a DOD official under a contract awarded by a non-DOD agency. The term includes an order placed against the General Services Administration Federal Supply Schedule.

End item of supply

All property, except land or interest in land, delivered under a line item of a government contract.

Full and open competition

When used with respect to a contract action, means that all responsible sources are permitted to compete.

Funding authorizing official

A funding authorizing official is the individual who executes the funds authorization portion of DD Form 448 (Military Interdepartmental Purchase Request (MIPR)) (blocks 14-17), or other equivalent form used to provide funding to a non-DOD organization in support of an order for supplies or services, certifying that funds for the procurement are

properly chargeable to the allotment(s) provided and that the available balances are sufficient to cover the estimated price of the order.

Funding certifying official

A funding certifying official is the individual who executes the fund certification portion of the commitment document (for example, DA Form 3953 (Purchase Request and Commitment) (blocks 19–22) or other equivalent form) certifying that the supplies or services being requested are properly chargeable to the allotment(s) provided, that available balances are sufficient to cover the cost thereof, and that funds have been committed.

Inherently governmental function

Inherently governmental functions normally fall into two categories: the act of governing, that is, the discretionary exercise of government authority, and monetary transactions and entitlements.

a. An inherently governmental function involves, among other things, the interpretation and execution of the laws of the United States so as to:

(1) Bind the United States to take or not to take some action by contract, policy, regulation, authorization, order, or otherwise;

(2) Determine, protect, and advance United States economic, political, territorial, property, or other interests by military or diplomatic action, civil or criminal judicial proceedings, contract management, or otherwise;

(3) Significantly affect the life, liberty, or property of private persons;

(4) Commission, appoint, direct, or control officers or employees of the United States; or

(5) Exert ultimate control over the acquisition, use, or disposition of the property, real or personal, tangible or intangible, of the United States, including the collection, control, or disbursement of Federal funds.

b. Inherently governmental functions do not normally include gathering information for or providing advice, opinions, recommendations, or ideas to government officials. They also do not include functions that are primarily ministerial and internal in nature, such as building security, mail operations, operation of cafeterias, housekeeping, facilities operations and maintenance, warehouse operations, motor vehicle fleet management operations, or other routine electrical or mechanical services. The list of commercial activities included in the attachment to Office of Management and Budget Circular No. A–76 is an authoritative, nonexclusive list of functions that are not inherently governmental functions.

Nonpersonal services

When personnel rendering the services are not subject, either by the contract's terms or by the manner of its administration, to the supervision and control usually prevailing in relationships between the government and its employees.

Organizational conflict of interest

Because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the government, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

Performance-based contracting

Structuring all aspects of an acquisition around the purpose of the work to be performed with the contract requirements set forth in clear, specific, and objective terms with measurable outcomes as opposed to either the manner by which the work is to be performed or broad and imprecise statements of work.

Personal services

A contract that, by its express terms or as administered, makes the contractor personnel appear to be, in effect, government employees.

Quality Assurance Surveillance Plan (QASP)

The various functions, including inspection, performed by the government to determine whether a contractor has fulfilled the contract obligations pertaining to quality and quantity. A planned and systematic pattern of all actions necessary to provide adequate confidence that adequate technical requirements are established; products and services conform to established technical requirements; and satisfactory performance is achieved.

Requiring activity

The Army organization that actually receives the benefit of the goods or services provided by the service contract. In most cases the requiring activity will be the organization that both pays for and receives the benefit of the contract service being purchased. There are cases however, when the contract services paid for by one organization actually benefit a different organization. In this case the benefiting organization is the requiring activity.

Services

Identifiable tasks to be performed, rather than the delivery of an end item of supply.

Service contract

A contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. A service contract may be either a nonpersonal or personal services contract. It can also cover services performed by either professional or nonprofessional personnel whether on an individual or organizational basis. Some of the areas in which service contracts are found include the following:

- a.* Maintenance, overhaul, repair, servicing, rehabilitation, salvage, modernization, or modification of supplies, systems, or equipment.
- b.* Routine recurring maintenance of real property.
- c.* Housekeeping and base services.
- d.* Advisory and assistance services.
- e.* Operation of government-owned equipment facilities, and systems.
- f.* Communications services.
- g.* Architectural engineering.
- h.* Transportation and related services.
- i.* Research and development.

Sole source

A contract for the purchase of supplies or services that is entered into or proposed to be entered into by an agency after soliciting and negotiating with only one source.

Sources sought

The mechanism used to determine potential sources through transmittal of a notice to FedbizOpps, that is, advertising the requirement so that potential sources are aware of the Army's requirements and can demonstrate their potential capabilities.

Task order

An order for services placed against an established contract or with government sources.

Section III**Special Abbreviations and Terms**

This section contains no entries.

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