DEPARTMENT OF THE AIR FORCE
Headquarters US Air Force
Washington DC 20330

AFAC 96-2

June 4, 1999

AIR FORCE ACQUISITION CIRCULAR

This Air Force Acquisition Circular (AFAC) is issued pursuant to the authority of FAR 1.301 and amends the 1996 Edition of the AFFARS. Reproduction is authorized.

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Item I—FAC 97-02 Revisions (Part 15 Rewrite) (AFFARS Case 97-09) and Air Force Source Selection Procedures

FAC 97-02 completely revised Part 15 Contracting by Negotiation. CPM 98-C-02 revised the AFFARS to conform with these changes. This rewrite caused changes in AFFARS Parts 5301, 5303, 5305, 5306, 5315, 5332, 5333, 5352, Appendices AA, BB, and DD. Appendices AA and BB are cancelled and sections of Appendix DD are marked "Reserved." These sections in Appendix DD will be evaluated for appropriateness and rewritten to conform with the new 5315 guidance at a later date. Appendix DD source selections shall use the appropriate source selection procedures in 5315. These changes are incorporated into the AFFARS by this AFAC. In addition, CPMs 97-C-05, 98-C-02, 98-C-10, and 98-C-16 are superseded (see effectivity instructions).

Item II—Legal Review (AFFARS Case 98-05)

CPM 98-C-11 revised AFFARS 5301.601-94 to change the legal review dollar threshold for PEO and DAC Programs for orders issued under indefinite delivery contracts. This change is incorporated into the AFFARS by this AFAC and CPM 98-C-11 is superseded.

Item III—Congressional Notification and Public Announcement of Awards Other Than FAR Contracts (AFFARS Case 98-08)

CPM 98-C-04 added AFFARS 5305.303 to require contracting activities to provide Congressional notification and public announcement of awards to be made using other transaction, grant, and cooperative agreement instruments that exceed a $5 million threshold. This change is incorporated into the AFFARS by this AFAC and CPM 98-C-04 is superseded.

REPLACEMENT PAGES

Remove the Following Pages	Insert the Following Pages
1-3 through 1-8	1-3 through 1-8
Part 5305 Table of Contents	Part 5305 Table of Contents
5-1 through 5-4	5-1 through 5-4
6-1 and 6-2	6-1 and 6-2
Part 5315 Table of Contents	Part 5315 Table of Contents
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EFFECTIVITY INSTRUCTIONS: This AFAC is effective June 4, 1999. For all source selections which were authorized to use Appendices AA and BB, changes to Appendices AA and BB resulting from CPMs 97-C-05, 98-C-02, 98-C-10, and 98-C-16 continue to apply through completion of those source selections.

HCAs may designate the headquarters staff officer with overall responsibility for contracting in the organization to exercise any delegable HCA authority (see the definition "Designee" in 5302.101). In addition, HCAs may designate an individual to approve justifications in FAR 6.304 (a)(3), provided the individual meets the requirements in FAR 6.304 (a)(3)(i) or (ii) and is in a position in the organization no lower than the procuring activity competition advocate who is designated to exercise the authority in FAR 6.304 (a)(2).

(b) The Deputy Assistant Secretary (Contracting), SAF/AQC, is the HCA for the following organizations:

(1) 11th Wing;

(2) Air Force Reserve Command;

(3) Air Force Special Operations Command;

(4) USAF Academy; and

(5) Air Force Operational Test and Evaluation Center.

The commanders of these organizations are hereby designated the "designee" to the HCA (see 5302.101), with the power of redelegation not below the level of the staff officer with overall responsibility for contracting in the organization.

(c) Commanders of Air Force unified command components deployed in support of JCS-declared contingency operations or contingency exercises are hereby designated the "designee" to the HCA (see 5302.101). AFFARS Appendix CC further describes the flow of contracting authority in support of overseas contingencies and exercises.

(d) Commanders of MAJCOMs, FOAs, and DRUs who are not designated HCAs but who have a need for one of the HCA authorities prescribed in the FAR, DFARS, or this Supplement shall submit a request for such authority to the Deputy Assistant Secretary (Contracting), SAF/AQC.

5301.601-92 Delegation of general contracting authority.

(a) The Secretary of the Air Force by Secretary of the Air Force Order (SAFO) 650.4, effective 21 May 1992, in conjunction with SAFO 100.1, dated 01 May 1990, delegated general contracting authority to the Assistant Secretary of the Air Force (Acquisition) (ASAF(A)), the Principal Deputy Assistant Secretary of the Air Force (Acquisition) (PDASAF(A)), the Principal Deputy Assistant Secretary of the Air Force (Acquisition & Management) (PDASAF (A&M)), and the Deputy Assistant Secretary (DAS) (Contracting). This authority may also be exercised by the Associate DAS (Contracting) and the Assistant DAS (Contracting). This authority is hereby redelegated by the DAS (Contracting) to the commanders of the organizations identified in DFARS Subpart 202.1 and 5301.601-91 for Other Contracting only (see 5302.101). All previous delegations of general contracting authority are rescinded. This delegation is a general one, and all other existing or future delegations, regulations, or directives issued by competent authority, to the extent to which they would, expressly or by reasonable implication, limit the scope of or impose conditions or restrictions upon the exercise of the general authorities cited in the above referenced delegation instruments, shall be controlling. The authority delegated by SAFO 650.4 may be redelegated with or without the authority to make successive redelegations and under such terms, conditions, and limitations as may be deemed appropriate. This general contracting authority includes authority to enter into, execute, and approve contracts.

(b) ASAF(A) has delegated to the PDASAF(A&M) the following specific authorities:

(1) Authority to approve, without authority to redelegate, acquisition plans (APs) as specified in 5307.104-90; and

(2) Source Selection Authority (SSA), with authority to redelegate, for those Information Technology (IT) acquisitions designated as a Major Automated Information System (MAIS) and non-MAIS IT acquisitions not integral to a weapon system estimated at $120 million or more .

(c) ASAF(A) and DAS (Contracting) retain general contracting authority. The following authorities for PEO and DAC Programs are hereby delegated by the DAS (Contracting):

(1) Through Program Executive Officers (PEOs) designated by ASAF(A), to Buying Office Contracting Official (BOCO) under the PEO, the authority to enter into, execute, and approve contracts (including change orders, supplemental agreements, and other amendments to contracts), letter contracts, and other contractual actions, including termi-

nations and settlements, for assigned PEO Programs. This authority may be redelegated to contracting officers within or supporting the program office under such terms, conditions, and limitations as may be deemed appropriate.

2) To Designated Acquisition Commanders (DACs), the authority to enter into, execute, and approve contracts (including change orders, supplemental agreements, and other amendments to contracts), letter contracts, and other contractual actions, including terminations and settlements, for assigned DAC Programs. This authority may be redelegated with or without the authority to make successive redelegations and under such terms, conditions, and limitations as may be deemed appropriate.

(3) To the commanders of organizations identified in DFARS Subpart 202.1 and the FOAs and DRUs in 5301.601-91, the authority to enter into, execute, and approve contracts (including change orders, supplemental agreements, and other amendments to contracts), letter contracts, and other contractual actions, including terminations and settlements, for any programs within their purview and not included in (c)(1) or (2) above. This authority may be redelegated with or without the authority to make successive redelegations and under such terms, conditions, and limitations as may be deemed appropriate.

(4) The authorities delegated in (c)(1), (2), and (3) above may be executed only by contracting officers appointed pursuant to 5301.603 and are subject to the clearance requirements in Subpart 5301.90.

(d) The ASAF(A) delegates the following specific contracting authorities to PEOs/DACs for their assigned programs:

(1) Chair Acquisition Strategy Panels (ASPs) in 5307.104-91 unless retained by SAF/AQ;

(2) Approve acquisition plans (APs) below the thresholds that require SPE approval (see 5307.104-90);

(3) Approve Justifications and Approvals (J&As) within statutory thresholds (see FAR 6.304 (a)(3));

(4) Approve clearance in accordance with Subpart 5301.90;

(5) Approve the issuance of undefinitized contractual actions (UCAs) and exercise other approvals in DFARS Subpart 217.74;

(6) Serve as source selection authority (SSA) for PEO and DAC Programs (non Information Technology (IT)) for source selections when the value of the instant contract is from $50 million up to but less than $500 million, and serve as SSA for non-MAIS and IT acquisitions not integral to a weapon system when the value of the instant contract is from $15/30 million ($15 million or more in any FY or $30 million or more for all program years) up to but less than $120 million.

(7) Normally serve as source selection advisory council (SSAC) chairperson when ASAF(A) is the SSA;

(8) Serve as Fee Determining Official (FDO) for award fee contracts, with authority to redelegate; and

(9) Approve Determination and Findings (D&F) below the thresholds that require ASAF(A) approval (see FAR 6.202 (a)).

(e) In support of ASAF(A) as the HCA for PEO and DAC Programs and to provide consistent, expert staff support on programs to PEOs and DACs, HQ AFMC Director of Contracting shall exercise specific contracting authorities and responsibilities as a service for ASAF(A). For any PEO Program executed by MAJCOMs, FOAs or DRUs other than AFMC, these authorities and responsibilities shall be exercised by the MAJCOM Director of Contracting. These authorities and responsibilities include:

(1) Participate in Acquisition Strategy Panels (ASPs) pursuant to 5307.104-91;

(2) Review requests for clearance and advise the approving authority pursuant to Subpart 5301.90;

(3) Appoint contracting officers within their commands and redelegate authority to appoint contracting officers pursuant to 5301.603;

(4) Issue guidance in command FAR Supplements and contracting regulation supplements necessary to ensure consistency between contracting for PEO and DAC Programs and Other Contracting (see 5302.101) in dealing with industry and to avoid unnecessary proliferation of implementing instructions;

(5) Participate as a SSAC member, as appropriate; and

(6) Provide contracting staff support to PEOs to comply with Air Force regulations and also to respond to PEO consultation or assistance requests.

(f) As specified in this Supplement or delegated by the AFMC Center Commanders, the Senior Center Contracting Official (SCCO) shall exercise similar authorities and responsibilities to those specified in (e) above as a service to ASAF(A) in support of PEOs, DACs, and program managers for contracting actions that are below the thresholds specified for HQ AFMC Director of Contracting action. Additionally, in order to effectively use manpower resources, Center Commanders and their staffs shall provide the following additional contracting support to PEO Programs:

(1) Centralized writing of contract documents (at locations where this service is available);

(2) Distribution of contracts as required in FAR Subpart 4.2;

(3) Cost and price analysis and should-cost review in accordance with FAR 15.404-1 and FAR 15.407-4;

(4) Source selection support, training, and records maintenance required in 5315.3;

(5) Support in using the Contractor Performance Assessment Reports, including training and records maintenance; and

(6) Support for terminations and settlements in accordance with FAR Part 49.

All program offices are encouraged to use the Center Commander's centralized staff for consultation and guidance on contracting issues. This is strongly encouraged for issues or documents requiring higher level reviews and approvals.

(g) In addition to limitations and conditions applicable to and included with individual delegations, the following subparagraphs apply to all delegations of contracting authority and are published in this subparagraph to eliminate their repetition.

(1) Authorities delegated may be redelegated, unless expressly prohibited in individual authorizations.

(2) All redelegations, withdrawals, or rescissions of authority shall be in writing over the personal signature and title of the person vested with the authority. Delegations and redelegations shall be made to official positions and not to individuals by name, except in the case of designations of contracting officers and representatives of contracting officers. The implementing acquisition command Director of Contracting will, at the PEO's request, prepare written redelegations, withdrawals, or rescissions of authority for the PEO's signature.

(3) Delegations of authority do not affect the authority of the delegator to exercise any of the authority delegated or to issue instructions concerning the exercise of such authority.

(4) In the absence of a person occupying a position to which authority has been delegated, the authority may be exercised by the person who is occupying the position in an "acting" capacity. "Absence" means absent from the installation, on leave, or temporary duty travel. In cases of extreme emergency "absence" may be construed to mean absence from the office regardless of whereabouts, except it does not apply to redelegations of authority which must be accomplished by the person occupying the position to which authority has been delegated.

(5) The clearance approval authorized by delegations of authority shall be made in person by the individual(s) occupying the position to which the authority has been delegated. Execution of such approval by one individual for, or over the signature of, another is unauthorized. Persons serving in an acting capacity shall execute authority as delegated, over their own name with the signature element stating the capacity in which they are acting.

(6) When contracting authority is limited as to dollar amount, the limitation includes:

(i) Any contract instrument initially involving a sum in excess of the dollar limitation considering the aggregate of obligated and committed funds and any potential "connecting charge" or "termination liability" established in it;

(ii) Contracts firmly negotiated for the total cost of the program but which are funded for less than total cost of the program as firmly negotiated;

(iii) The estimated dollar amount of supplies and services to be purchased during the contract period for requirements and indefinite quantity contracts. Such contracts are required to include on their face, as an administrative recital, a bona fide estimate of the aggregate amount;

(iv) Any contract instrument exceeding the dollar limitation which increases the allotment of funds for reimbursement under a cost-reimbursement or time-and-materials type of contract;

(v) Any contract modification either increasing or decreasing the value of the contract by more than the dollar limitations specified by the HCA, or designee;

(vi) Any contract modification containing both increases and decreases when the aggregate value of the changes exceeds the dollar limitations specified by the HCA or designee regardless of the net amount of the modification; and

(vii) Utility contracts when the estimated annual service charge plus the connection or termination charge, if any, exceeds the dollar limitation.

(7) Requirements aggregating more than the dollar amount of the contracting authority delegated shall not be broken down into more than one purchase transaction for the purpose of avoiding authority limitations.

(h) In AFMC, every program will normally have two Senior Center Contracting Officials (SCCOs) and two Buying Office Contracting Officials (BOCOs) comprising two teams. One team (a SCCO and a BOCO) will support the System Program Director (SPD) and the other will support either a System Support Manager (SSM) or a Development Support Manager (DSM). Unless otherwise specified, the team referred to as "the responsible SCCO/BOCO" will be the one where the contracting is actually being accomplished.

5301.601-93 Contracting support in emergency situations.

(a) Contracting support is an essential element of the Air Force response to contingency operations such as military action, natural disasters, and other similar situations. While the precise nature and scope of the contracting support to these contingencies is difficult to predict, it is clear that detailed planning and training are essential elements to effective contracting participation in these contingencies. In addition, because contingency operations may require temporary deployment of contracting officers to another command or theater, either CONUS or overseas, organizational responsibilities and the flow of contracting authority may also be affected. For JCS designated contingency operations or contingency exercises, the commander of the Air Force unified command component deployed in support of the operation or exercise is the HCA Designee for contracting actions in the AOR of the contingency.

(1) *Selection of contingency contracting officers.* Individuals selected as contingency contracting officers must meet all the requirements for appointment as a contracting officer contained in FAR 1.603.

(i) The Air Force Specialty Code (AFSC) 64PX and 6C0X1 personnel (and 1102/5 personnel supporting local contingency and emergency support plans) designated shall be trained or experienced in operational contracting and contingency contracting procedures. The incumbents shall be trained in all aspects of contingency contracting as quickly as possible after assignment to the organization.

(ii) Uniform and civilian clothing requirements authorized for each deployment location and initiation of uniform allowance documents for enlisted personnel will be determined by the HCA. Authorization for use of civilian clothing must be specified on TDY orders and in compliance with use according to appropriate personnel and finance regulations.

(iii) Passports are required for each CCO. Each CCO shall obtain an official passport when initially designated a CCO. In order to allow sufficient time to process passport applications for short notice deployments, identify procedures, approval authorities, and other requirements that will facilitate expeditious processing of requests pursuant to DOD 1000.21-R, Passport and Passport Agent Services Regulation. When CCOs are deployed they must have their passports in their possession at all times.

(iv) Contact the HCA Designee, existing military installations within the deployment area, or, in the absence of these, the U.S. Embassy or Consulate in the host nation for guidance on contracting information or Host Country Support Agreements.

(2) *Appointment of contingency contracting officers.* The CCO's permanent duty station shall issue certificates of appointment appropriate for support of potential contingency operations.

(3) *Contracting organizational relationships.* CCOs deployed with a unit will support that unit's contracting needs; however, the CCOs will be under the functional control of the receiving air component to the unified command. The HCA Designee will provide authority and direction to the deployed CCOs.

5301.601-94 Legal review.

(a) When there is doubt or controversy about the interpretation or application of contracting statutes, policies, directives, and regulations, contracting offices shall get legal advice. During all phases of major acquisitions, and particularly during the formative stages, legal advice should be sought to avoid or minimize legal problems. Each staff judge advocate is responsible for providing legal assistance and advice throughout the contracting process, but this can only be given to the extent that contracting personnel ask for it. The following are typical contracting situations in which legal assistance may be required:

(1) *Presolicitation.* Full and open versus other than full and open competition; required J&As; required Determination and Findings; selection of contract type; use of integrating contractor versus total system performance responsibility; availability of adequate data and data rights; delegations; unsolicited proposals; and drafting statements of work involving environmental services, particularly those requiring: asbestos removal, lead and lead-based paint abatement, polychlorinated biphenyls (PCBs) removal and/or disposal, underground storage tank removal/closure, and hazardous material disposal.

(2) *Solicitation and award.* Appropriate special clauses (e.g., warranties, options, milestones, incentives, indemnification, organizational conflicts of interest, consequential damages, savings provisions, patent and data rights, contract funding), provisions and clauses reflecting customary commercial practices, deviations, source selection criteria, determination of competitive range, clearances, alleged patent or copyright infringement, royalties, final proposal revision and closing negotiations, certified cost or pricing data, responsiveness, contractor responsibility, mistakes in bids, late bids and proposals, buy-ins, protests against award, bidders/offeror conferences and debriefings, and bonds and bailments.

(3) *Contract administration.* Allowable costs, suspensions/reductions of progress payments, and disallowances; advance agreements (see FAR 31.109); Cost Accounting Standards; defective performance (i.e., contractor or Government liability, latent defects, warranties, correction of deficiencies, excusable delays), defective pricing (10 U.S.C. 2306a); labor relations and statutes; prime and subcontractor claims; disputes and litigation; invention disclosure reports; information release (Freedom of Information Act); patent and data rights clause enforcement; Government-furnished property liability; conflicts of interest; debarments; suspensions; ratification; fraud; Public Law 85-804 claims; Congressional and GAO inquiries; contingent fee violations; amendment of delivery schedules; show cause, cure and delinquency notices; exercise of options; and compliance with contract provisions requiring adherence to one or more environmental laws.

(4) *Contract terminations and close-out.* Default notices, terminations for convenience, final contract release, and clearance of final patent and royalty reports.

(b) Commanders of MAJCOMs, FOAs, and DRUs shall issue procedures which specify the monetary thresholds for obtaining required legal review by the appropriate staff judge advocate on contractual documents issued by their activities for Other Contracting (see 5302.101). The procedures may identify any areas in which "legal problems and matters" require consultation, coordination, or review by the staff judge advocate office regardless of the dollar amount of the contract.

(c) For PEO and DAC Programs, legal review by the local staff judge advocate is required for:

(1) All contracting documents that are expected to result in an obligation to the Government or a change in contract value of $500,000 or more. However, legal review of unilateral orders issued against indefinite-delivery contracts (FAR 16.5) is not required, unless such orders are $5 million or greater.

(2) Other documents specifically designated in other parts in the FAR, DFARS, or AFFARS for legal review; and

(3) Documents below $500,000 that the Senior Center Contracting Official and the local staff judge advocate agree should be reviewed.

(d) If agreed to by the Senior Center Contracting Official and the local staff judge advocate, for PEO and DAC Programs, legal review need not be obtained for funding documents in which changes are made to revise the obligated amount and there is no change in other terms or conditions of the contract nor type of funds being used.

(e) The Senior Center Contracting Official and the local staff judge advocate shall consult to establish procedures for seeking and providing legal advice on other contracting matters pertaining to PEO and DAC Programs. The PEO, System Program Director (SPD), and either the System Support Manager (SSM) or Development Support Manager (DSM) shall be consulted when establishing procedures related to assigned programs. The local staff judge advocate shall consult with SAF/GCQ when the matter under review is likely to be brought to the attention of the PEO, CAE, or higher authority.

(f) When legal review is required, it shall be obtained before execution of the document and the record of review shall be made on AF Form 3059, Staff Judge Advocate Coordination Sheet Procurement Contract, and placed in the official contract file.

5301.602 Contracting officers.

5301.602-1 Authority.

Contracting officers are authorized to enter into and execute contracts funded either partially or completely with nonappropriated funds. In addition, contracting officers shall provide technical guidance and assistance to nonappropriated fund custodians upon request.

5301.602-2 Responsibilities.

A contracting officer's representative (COR) is also referred to as Quality Assurance Evaluator (QAE), Quality Assurance Representative (QAR), Contracting Officer's Technical Representative (COTR), etc. AFI 63-504 addresses the QAE Program, and AFMAN 64-108, Service Contracts, addresses contracting and functional area personnel who are involved in all facets of service contracting.

5301.602-3 Ratification of unauthorized commitments.

(b)(3)(i) The authority to ratify an unauthorized commitment involving a PEO or DAC Program is delegated by the ASAF(A) to the PEO or DAC. This authority is not redelegable.

(ii) The authority to ratify an unauthorized commitment involving Other Contracting (see 5302.101) of the organizations specified in DFARS Subpart 202.1 and 5301.601-91 (b) is delegated to the commander of these organizations, with authority to redelegate. In AFMC, Center Commanders have the authority to ratify unauthorized commitments involving Other Contracting.

(iii) In the event that the ratification approval authority was a party to the unauthorized commitment action, the approval authority shall be one level above the ratification approval authority.

(iv) When an unauthorized commitment occurs within a tenant organization, including those activities listed in 5301.601-91 (b), the host command shall investigate, process, and, if appropriate, approve the ratification. The host command shall provide copies of the ratification to the tenant's parent organization.

(c)(7) The official delegated the authority to ratify unauthorized commitments shall establish ratification procedures.

5301.602-90 Organizational placement of contracting officers.

Commanders and others having administrative supervision over contracting officers shall bear in mind that acts exceeding the delegated powers of the contracting officer do not bind the Government and shall refrain from directing contracting officers to take action which might expose the contracting officer to serious consequences. The office of the contracting officer shall be placed at a level in the local organization which will protect it from intraorganizational pressure to perform improper acts or expose the contracting officer to personal risk and the Air Force to criticism.

5301.603 Selection, appointment, and termination of appointment.

5301.603-2 Selection.

In addition to the requirements in the FAR, contracting officer appointments shall be limited to:

(1) Commissioned officers who have been awarded Air Force Specialty Code (AFSC) 64PX;

PART 5305—PUBLICIZING CONTRACT ACTIONS

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PART 5305—PUBLICIZING CONTRACT ACTIONS

SUBPART 5305.2—SYNOPSES OF PROPOSED CONTRACT ACTIONS

5305.202 Exceptions.

(b) The contracting officer shall submit requests for Secretarial approval to SAF/SB. Include documentation explaining the impact of issuing an advance notice stating why the notice is not appropriate or reasonable and identify alternative actions to optimize the opportunity for small business participation.

5305.204-90 Presolicitation Notices.

(a) Responses received as a result of a notice of proposed sole source contract action shall be handled in the following manner:

(1) The contracting officer shall transmit the respondent's information to the technical personnel and shall request a written technical assessment of the information submitted;

(2) The contracting officer shall use the technical assessment and other pertinent information to evaluate the response. The contracting officer's evaluation shall consider such factors as acquisitions history, availability of reprocurement data, contractor capabilities, and the technical assessment;

(3) The contracting officer shall consult with the local competition advocate; and

(4) Contractor responses to the synopsis, technical assessments, and the contracting officer's evaluation shall be included in the contract file.

(b) The contracting officer shall notify potential offerors that responded to a notice of proposed sole source contracting action of the contracting actions resulting from the notice. Announcements of contract awards (see FAR 5.303) or letters to the responding potential offerors may be used. The contracting officer shall send a letter to each responding potential offeror in all cases where the estimated contract value is $2 million or greater.

5305.207 Preparation and transmittal of synopses.

(c) General format for item 17, Description.

(2)(i) In the absence of an National Stock Number (NSN), include the service stock number, if assigned. If a large number of individual items are to be included in the solicitation, this synopsis may list only the six items of highest value as long as the synopsis includes the number and nature of all other items being acquired.

SUBPART 5305.3—SYNOPSES OF CONTRACT AWARDS

5305.303 Announcement of contract awards.

The procedures and policies established for Congressional notification and public announcement of contract awards shall be followed, as appropriate, for all awards to be made using Other Transaction, Grant and Cooperative Agreement Instruments that exceed $5 million.

5305.303-90 General.

(a) Use the estimated amount of the contract to determine if awards for indefinite-delivery/indefinite-quantity, requirements, time-and-materials, labor hour, and similar contracts meet the DOD threshold for public announcement. If multiple awards are being made, and one award meets the threshold, announce all the awards.

(b) For source selections, if the winner is being announced without a concurrent award, submit the report and add the following statement in item (1): "Report is for announcement of source selection winner only. No award is being made now." When award is to be made, submit a new report, with the following statement in item (1): "Report is for contract award. Source selection winner was previously announced on [*insert date*]."

(c) Information on awards shall not be released and awards shall not be made before the established release time of 1700 Washington, DC time on the award date specified in the DD-LA-(AR) 1279 report. This applies to all situations except for emergencies in accordance with 5305.303-91 (b)(4).

(d) Reports containing classified information shall not be sent.

5305.303-91 Procedures.

(a) *Report format.* Prepare the report using organizational letterhead and standard letter format. Address the report to SAF/LLP. The REPLY TO THE ATTENTION OF block should contain the office symbol of the contracting office submitting the report. The SUBJECT is "1279 Report." Mark the report "FOR OFFICIAL USE ONLY." Use the following format, with each numbered item starting on a new line:

(1) Proposed release date. If the actual release date is uncertain, submit the report, inserting "WILL ADVISE," and then call SAF/LLP when the date becomes known. Exclude Saturdays, Sundays, and holidays. For source selections in which the winner is announced without concurrent award, see 5305.303-90 (b);

(2) Name and location of proposed contractor. Include street address, zip code, and county. For source selections, indicate information for all potential awardees without identifying the winner. See 5305.303-91 (b)(5). If more than one award is planned as a result of a source selection, state the number of awards planned;

(3) Face value of the action. List only the total face value of the action. If the face value is a not-to-exceed (NTE) or estimated amount, so state. Do not list funds cites here. For source selections, see 5305.303-91 (b)(5);

(4) Dollars obligated;

(A) If item (3) is less than $50 million, list only the total dollars obligated for this action first and, of this amount, the total amount of money expiring at the end of the current fiscal year, second. Do not list fund cites.

(B) If item (3) is equal to or exceeds $50 million, list on the first line the total dollars obligated for this action followed by the total amount of funds expiring at the end of the current fiscal year. On subsequent lines, provide a breakout of the total dollars obligated for this action, using a separate line for each fund cite in the following format: "AMOUNT/FUND CITE/EXPIRATION DATE." If multiple fund cites are involved, cite the three with the most dollars and state the number of remaining fund cites.

(5) Aggregate dollars obligated under the contract before this action;

(6) Aggregate face value of the contract prior to this action;

(7) Type of contract as defined in FAR Part 16. Do do not use abbreviations. If more than one contract type, list the predominant contract type first;

(8) Item and quantity to be procured. Fully describe what is being bought in clear, nontechnical language. Abbreviations and acronyms should not be used. The weapon system, program, or project associated with the contract should be included in the description;

(9) Name and location of facility to perform the contract including street address, zip code, and county. Indicate whether the facility is a division, affiliate, or subcontractor of the proposed contractor specified in item (2) above. If the work will be done at more than one location, only list those locations, including subcontractors, where 25 percent or more of the work will be done. Indicate the percentage, rounded to the nearest whole percent, to be done at each of these locations;

(10) Number of firms solicited and the number of firms submitting bids/proposals. For modifications to previously reported contracts, enter "N/A;"

(11) Name and address of contracting activity;

(12) Name and telephone number of contracting officer most familiar with the contract action (provide both DSN and commercial numbers);

(13) Reserved;

(14) Foreign Military Sales (FMS) information, if applicable. Indicate whether the contract relates to classified or unclassified FMS and identify the country/countries concerned on unclassified sales;

(15) Contract number (and modification or order number, if applicable);

(16) Information on any proposed local press release or any previous Congressional interest;

(17) If formal source selection procedures are being used, state "Source Selection—Reporting Procedure Applies;"

(18) Scheduled contract delivery date;

(19) Solicitation issue date;

(20) For IFBs, list opening date. For RFPs, list negotiation completion date. For UCAs, list award date; and

(21) Identification of Program Element Monitor (PEM). If item (3) is less than $50 million, state "N/A." If item (3) equals or exceeds $50 million, list the name, phone number, and office symbol of the PEM, or equivalent office of primary responsibility, in the Pentagon. If none, so state.

(b) *Notification Procedures.* Submit the report in accordance with the following procedures: (Accuracy of all information is paramount.)

(1) Submit the report to arrive by close of business three work days before the date of contractual action (contract award, option exercise, etc.), except for those cases in (3) and (4) below. Earlier submission to SAF/LLP is encouraged. Do not delay submittal because award date is not firm (see (a)(1) above). Timeliness is essential because at least three days are required for Air Force coordination prior to announcement of award. Congress is not notified prior to public release of the information;

(2) After a report has been submitted, report any changes in plans promptly by telephone to SAF/LLP, (703) 697-7950 or DSN 227-7950, who will relay these changes to SAF/PAM;

(3) Except when (4) below applies, submit the report on letter contracts to arrive in SAF/LLP three days before mailing or delivery to the contractor for signature. Identify these reports as "Advance Notification." The contracting officer shall then advise the contractor of the earliest date approved for public announcement and shall notify SAF/LLP by telephone when the contractor signs the letter contract and of any changes in the report;

(4) In emergency situations, when it is clearly in the public interest to award a contract at the earliest possible date and the three-day coordination would prejudice that interest, request SAF/LLP permission to deviate from reporting requirements. Prepare the report as usual and send it to SAF/LLP. Include the justification for immediate award in item (1). If the Congressional and public announcement cannot be made the same day as the award, the contracting officer shall obtain the contractor's agreement to withhold public announcement of the award until 1700 hours (Washington, DC time) on the SAF/LLP approved day of Congressional and public announcement. Include in item (1) of the report a statement that this non-disclosure agreement has been made. The contracting officer will notify the contractor of the approved date of public announcement. The award may then be made without the three-day coordination. Emergency situations include supplies or services needed to protect lives or prevent destruction of property. Failure to provide for the three-day coordination in the contract lead-time is not adequate justification for waiver;

(5) Where source selection procedures are used, submit the report to arrive by close of business three work days before the date of the award of the contract. Mark the report "Source Selection Information—See FAR 3.104" and include the information required by paragraph (a) above for each offeror under consideration by the Source Selection Authority (SSA). The report shall not indicate which of the offerors has been selected for award or the face values of potential awards to the offerors. Instead of face values, provide one approximate face value of award as either "$50 million or above" or "below $50 million." The identity of the successful offeror and face value of award shall be provided by telephone to SAF/LLP no later than 0900 hours (Washington, DC time) on the anticipated award date. If SAF/LLP is not notified by 0900, announcement of award may not be possible on the same day. If reporting of dollars obligated would also identify the source selection winner, provide a single estimated amount and include the winner's amount during telephonic notifications to SAF/LLP; and

(6) FAX reports only to the Office of the Secretary of the Air Force/Legislative Liaison (SAF/LLP) at FAX number (703) 697-3520/(703) 693-9453 or DSN 227-3520/223-9453. After sending, call SAF/LLP at (703) 697-7950 or DSN

227-7950 to confirm receipt. SAF/LLP will provide a copy to the Office of the Secretary of the Air Force/Public Affairs (SAF/PAM) for public announcement. Do not actually mail the report.

SUBPART 5305.4—RELEASE OF INFORMATION

5305.404 Release of long-range acquisition estimates.

At least once each fiscal year, the head of the contracting activity or designee shall determine whether to release long-range acquisition estimates in accordance with FAR 5.404.

SUBPART 5305.5—PAID ADVERTISEMENTS

5305.502 Authority.

(a) *Newspapers.*

(1) Authority to approve the publication of paid advertisements in newspapers for proposed contracts has been delegated as follows:

(i) For AFMC, to the Senior Center Contracting Official; and

(ii) For other MAJCOMs and field operating agencies (FOAs), to the commander and vice commander with authority to redelegate expenditures of $2,500 or less to the senior commander principally responsible for installation support at each base (or an individual acting in those positions). This authority shall not be redelegated.

(2) Authority to approve the publication of paid advertisements for purposes of recruiting civilian employees has been delegated to the Director of Civilian Personnel, HQ USAF, the directors of civilian personnel at MAJCOMs, and separate operating agencies, and civilian personnel officers in charge of central civilian personnel offices. This authority shall not be redelegated.

PART 5306—COMPETITION REQUIREMENTS

5306.003 Definitions.

As used in this part, "commencement of negotiations" means the following:

(a) For noncompetitive negotiations, the acquisition cycle may proceed up to, but not including, the start of discussions with offerors for the purpose of reaching agreement on all aspects of the proposal, including terms and conditions and the pricing arrangement. Audits and fact-finding necessary to evaluate the proposal and develop the Government's negotiation objectives may be conducted.

(b) For competitive negotiations, the acquisition cycle may proceed up to, but not including, competitive range determination if the competitive range determination will result in the elimination of an offeror; and may otherwise proceed up to, but not including, issuing the request for final proposal revision.

SUBPART 5306.2 FULL AND OPEN COMPETITION AFTER EXCLUSION OF SOURCES

5306.202 Establishing or maintaining alternative sources.

(b) (1) The following officials are authorized (nondelegable) to sign the Determination and Findings (D&F) in support of proposed actions in FAR 6.202 (a):

(i) The Assistant Secretary of the Air Force (Acquisition) (ASAF(A)) for all contractual actions requiring acquisition plan (AP) approval by the Senior Procurement Executive (SPE) (see 5307.104-90);

(ii) The PEO for all contractual actions for PEO Programs, except for those that require ASAF(A) approval under (b)(1)(i);

(iii) The DAC for all contractual actions for DAC Programs, except for those that require ASAF(A) approval under (b)(1)(i); and

(iv) HCAs, as specified in 5301.601-91, for all contractual actions for Other Contracting , except for those that require ASAF(A) approval under (b)(1)(i).

For contract actions under (b)(1)(i) above, the contracting officer shall submit the proposed D&F to SAF/AQCS concurrently with the request for AP approval. The contracting officer shall follow the J&A procedures in 5306.304-91 when processing the D&F. The solicitation shall not be issued until after the D&F is signed by the SPE. For AFMC PEO actions, the Senior Center Contracting Official (SCCO) shall be afforded three work days to review/comment on D&Fs prior to submission to the PEO. For AFMC DAC Programs and AFMC Other Contracting, Senior Center or Laboratory Contracting Official coordination shall be obtained on all D&Fs.

SUBPART 5306.3 OTHER THAN FULL AND OPEN COMPETITION

5306.302 Circumstances permitting other than full and open competition.

5306.302-2 Unusual and compelling urgency.

(c) *Limitations.* The use of this authority shall not in itself dictate the use of an Undefinitized Contractual Action (UCA), nor must this authority be cited in order to issue a UCA.

5306.302-4 International agreement.

(c)(i) The document referred to in DFARS 206.302-4 (c)(i) should be titled, "International Agreement Competitive Restrictions (IACR)."

(1) For AFMC PEO Programs, the responsibility for preparing the IACR is delegated to the Buying Office Contracting Official (BOCO). The competition advocate at the respective AFMC procuring activities is delegated approval authority.

(2) For AFMC DAC Programs, the responsibility for preparing the IACR is delegated to the AFMC Senior Center Contracting Official (SCCO). The competition advocate at these respective locations is delegated approval authority.

(3) For PEO Programs assigned outside of AFMC and for Other Contracting, the responsibility for preparing the IACR is delegated to the principal staff officer (or designee) responsible for contracting for the command, FOA, or DRU. The command, FOA, or DRU competition advocate (or designee) is delegated approval authority. For AFMC, Senior Center or Laboratory Contracting Officials are delegated the responsibility for preparing the IACR and the respective competition advocate is the approval authority.

5306.302-7 Public interest.

(c) *Limitations.*

(3) The contracting officer shall prepare the justification to support the determination and forward it through command channels to arrive at SAF/AQCS 30 calendar days prior to the scheduled solicitation release. AFMC contracting officers shall follow the J&A processing procedures in 5306.304-91. The solicitation shall not be released until after the determination has been made in writing.

5306.303 Justifications.

5306.303-1 Requirements.

(d) The contracting officer shall forward a copy of the approved J&A to SAF/AQCO for any contract action which is subject to the Trade Agreements Act (see FAR Subpart 25.4) and will be awarded using other than competitive procedures pursuant to FAR 6.302-3 (a)(2)(i) or FAR 6.302-7.

(e) If award must precede SPE approval, the contracting office shall submit the J&A to SAF/AQCS no later than 30 days after contract award.

5306.303-2 Content.

(a) J&As must be stand-alone documents for approving contract actions that are specifically defined. Sufficient information must exist to make a determination that the contract requirements cannot be competed, or that less than full and open competition is the appropriate strategy. For example, use of general terms such as "special studies" and "modification upgrades," without a more detailed description is not sufficient for making a non-competitive determination. Contract actions must be sufficiently defined to provide clear limits to the J&A authority and to permit a clear relationship to be established between the action and the circumstances cited as requiring other than full and open competition.

(2) Include the type of contract.

(6) The J&A should describe all efforts made or to be made to ensure that offers are solicited from as many potential sources as possible. A Sources Sought Synopsis should be used where practical. A Notice of Contract Action (NOCA) shall be made as required in FAR Subpart 5.2 for each contract action unless a NOCA exception applies. Where results of the Sources Sought Synopsis or NOCA are available, they should be incorporated in the J&A.

(11) As part of the statement of actions, ensure that the following subjects are addressed:

(i) Any actions taken to qualify additional sources and to obtain reprocurement data;

(ii) Applicability of system-level competition plans; and

(iii) Explanation and rationale if no actions to foster future competition are planned.

5306.303-290 Justification review document.

(a) A justification for a proposed contract action requiring ASAF(A) approval shall contain a cover sheet entitled "Justification Review Document (JRD)."

(b) The JRD shall state the following information:

(1) The name of the program, if applicable, or, if not, provide a succinct description of the items(s) being bought;

PART 5315—CONTRACTING BY NEGOTIATION

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PART 5315—CONTRACTING BY NEGOTIATION

SUBPART 5315.1 SOURCE SELECTION PROCESS AND TECHNIQUES

5315.101 Best value continuum.

In using the best value approach, the Government seeks to award to an offeror who gives the Air Force the greatest confidence that it will best meet our requirements affordably. This may result in an award being made to a higher rated, higher priced offeror where the decision is consistent with the evaluation factors and the Source Selection Authority (SSA) reasonably determines that the technical superiority and/or overall business approach and/or superior past performance of the higher priced offeror outweighs the cost difference. The SSA, using sound business judgment, bases the source selection decision on an integrated assessment of the evaluation factors, subfactors, and elements.

5315.101-1 Tradeoff process.

(a) Performance Price Tradeoff (PPT) permits tradeoffs between price/cost and the past performance evaluation for technically acceptable proposals. This technique may be applied in acquisitions which include an evaluation for technical acceptability as well as negotiated acquisitions for which price and past performance are the only discriminators. In PPT, tradeoffs do not occur on the basis of technical merit, but on the basis of the comparative assessment of offerors' past performance information and price/cost. The contracting officer is the source selection authority in PPT acquisitions unless the acquisition approving official designates otherwise.

(c) If threshold and objective performance requirements (See 5315.301-90) are identified in the Request for Proposals (RFP), the Air Force must communicate to offerors how a value analysis will be performed, comparing perceived benefit to the Government against associated cost or price. Generally, offerors' proposals that exceed threshold performance requirements provide added value to the Government. However, the SSA must determine in accordance with the evaluation factors, subfactors and elements whether or not exceeding the objective performance requirements at an associated cost or price provides the best overall affordable benefit to the Government. Section M of the RFP must be drafted to explicitly reflect the Government's intent in this regard. Although each RFP must be tailored to reflect the specific requirements of a particular acquisition, Section M of the RFP should reflect one of the following three alternatives:

(1) Identify the required threshold performance requirements but not any objective performance requirements and inform offerors that any features or technical offerings that enhance the system will be considered in the best value determination.

(2) Identify both threshold performance requirements and objective performance requirements and explicitly state that the Air Force reserves the right to evaluate and give evaluation credit for the proposed features that exceed either the stated thresholds or objectives.

(3) Identify both the threshold performance requirements and objective performance requirements and explicitly state that the Air Force reserves the right to evaluate and give evaluation credit for the proposed features that exceed the stated thresholds and offerors will not be given credit for performance beyond the objectives identified.

5315.101-2 Lowest price technically acceptable source selection process.

(b) When accomplishing a lowest price technically acceptable (LPTA) selection, the following procedures apply:

(1) Section M of the solicitation must state that award will be made to the lowest evaluated cost (price) offer that meets all the minimum mandatory criteria in the solicitation;

(3) The technical team must establish the evaluation factors prior to beginning evaluation of the offers. This evaluation plan should contain sufficient detail to justify a determination of minimum acceptability for each factor/subfactor;

S-90 (a) The technical team shall document the evaluations in sufficient detail to explain each pass/fail decision; and

(b) The contracting officer shall make the award decision and ensure all aspects of the award decision are documented. Information must be protected in accordance with 5315.207(b).

SUBPART 15.2—SOLICITATION AND RECEIPT OF PROPOSALS AND INFORMATION

5315.201 Exchanges with industry before receipt of proposals.

(c) Early industry involvement and openness are the cornerstones of the Air Force's enhanced cooperative relationship with industry. Timely release of information to industry is essential to maximize the value of their inputs to the planning, requirements generation, and acquisition processes. This involves engaging industry during the drafting of solicitations through meetings and contracting business opportunity sites on the world wide web or other means. It will also include providing relevant program and/or estimated contract budget information (either approved or tentative) unless deemed inappropriate by the SSA. In competitive acquisitions, it is critical to balance the Government's obligation to ensure fair treatment and opportunities for all offerors, while protecting contractor proprietary, proposal and source selection information.

(8) The contracting officer may include a provision substantially the same as the provision at 5352.215-9001, Notice of Pre-bid/Pre-proposal Conference, in the request for proposal when a pre-proposal conference is contemplated in accordance with FAR 15.201. When access to classified documents is contemplated, the contracting officer may include a provision substantially the same as the basic provision with its Alternate I in the request for proposal.

5315.204-5 Part IV—Representations and Instructions.

(b) *Section L, Instructions, conditions, and notices to offerors or quoters.* When industrial security verification is required, include a statement that the offeror must possess the highest degree of security clearance stated in the DD Form 254, Contract Security Classification Specification. Insert in Section L a provision substantially the same as the provision at 5352.215-9000, Facility Clearance, in solicitations which contain a DD Form 254, Contract Security Classification Specification.

(5) Cost or pricing data or information other than cost or pricing information when required by FAR 15.403.

5315.207 Handling Proposals and Information.

(b) To maintain the effectiveness and integrity of the source selection process, information related to the source selection and offeror proposal information must be handled with the utmost discretion to avoid any compromise. "Source selection information (SSI) " and "Contractor bid and proposal information" are defined in FAR 3.104-3. SSI shall be marked in accordance with FAR 3.104-5(c). Disclosure of proposal information and SSI shall only be in accordance with FAR 3.104-5(a). The contracting officer controls disclosure of SSI generated as part of the evaluation of a proposal with the offeror during exchanges and the debriefing process. After award, the contracting officer has full authority to approve access to or release of source selection information.

SUBPART 5315.3—SOURCE SELECTION

5315.300 Scope of Subpart.

(a) This subpart establishes Air Force source selection policy. It implements FAR Subpart 15.3, Source Selection, and prescribes the responsibilities of the Air Force agency head for source selection contained in FAR 15.303(a).

(b) This policy applies to all competitive negotiated acquisitions conducted by Air Force contracting activities above the simplified acquisition threshold (SAT) and for which LPTA or PPT as described in AFFARS 5315.101-1(a) are not used. The following types of acquisitions are also exempt from this policy:

(1) Basic research, and acquisitions where Broad Agency Announcements (BAAs) and Program Research and Development Announcements (PRDAs) are used to solicit proposals and award contracts.

(2) Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) acquisitions

(3) Architect-engineer services

(c) The Air Force source selection procedures guide is located on the Air Force Contracting Homepage. Air Force source selection procedures are separated into three categories based upon the dollar value and complexity of the acquisition.

SOURCE SELECTION PROCEDURES APPLICABILITY*

All source selections other than IT**		**IT**
Basic Procedures	**SAT to < $10M**	**SAT to <15/30$M****
Median Procedures	**≥$10M to < $100M**	**$15/30M to ≤ $120M**
Agency Procedures	**≥$100M**	**>$120M**

*** For Source Selection Authority, see Attachment 5315-3**

****Information Technology (IT)**

***** $15M or greater in a single fiscal year, or $30M or greater for all fiscal years**

Note: The AP/SAMP approving official (or SSA if AP/SAMP is not required) for Median Procedures may use Basic or Agency procedures, if it is in the Government's best interest to do so, based on complexity of the acquisition or other considerations.

(d) Deviations. When the SSA is at SAF/AQ, deviations from this policy must be approved by the SSA and should be included in the Source Selection Plan (SSP). When submitted as part of the SSP, approval of the SSP shall constitute approval of the requested deviation(s) unless otherwise noted by the SSA. For all other deviations from this policy, follow AFFARS 5301.402 (3).

5315.301-90 Definitions.

(Note that the terms "weakness," "significant weakness," and "deficiency" are defined in FAR Part 15.301.)

(a) Evaluation Notice (EN): ENs are exchanges with offerors for purposes of clarifications, communications, or discussions. ENs which result from deficiencies in the offeror's proposal must be clearly identified to the offeror as deficiencies. (See Form in Air Force Procedures Guide, Attachment 1-3)

(b) Objective Performance Requirement: Measurable, desirable capability or characteristic above the threshold. This is the capability or characteristic desired by the user and which the program manager would like to obtain. The objective should represent an operationally meaningful increment above the Threshold Performance Requirement.

(c) Performance Risk Assessment Group (PRAG): A group of experienced personnel assigned to accomplish the past performance evaluation. The PRAG assigns or recommends to the SSA a confidence assessment rating based on assessing performance risk. The confidence assessment measures the level of confidence the Government has in the offeror's ability to perform. The confidence assessment rating is established through a review and analysis of the offeror's recent, current and relevant contract performance.

(d) Proposal Analysis Report (PAR): A report that fully documents the results of the evaluation and the comparative analysis of offerors' proposals.

(e) Proposal Evaluation Report (PER): A report in simplified format which documents the source selection approach, description of the acquisition, evaluation results, comparative analysis of offerors, and the Source Selection Decision Document.

(f) Proposal Inadequacy: An aspect or omission from an offeror's proposal that may contribute to a failure in meeting specified minimum performance or capability requirements.

(g) Requirements Documents: All aspects of the RFP that convey the needs of the Government to offeror, including Statements of Objectives (SOOs), Statements of Work (SOWs), Performance Work Statements (PWSs), Technical Requirement Documents (TRDs) and System Requirement Documents (SRDs).

(h) Requiring Office: The office (normally a program management or equivalent organization) responsible for translating user requirements into the requirements documents that communicate those requirements to offerors within the RFP.

(i) Source Selection Advisory Council (SSAC): A group of senior Government personnel who provide counsel during the source selection process and prepare a comparative analysis of the Source Selection Evaluation Team's evaluation results, unless otherwise directed by the SSA.

(j) Source Selection Authority (SSA): Official designated to make the source selection decision.

(k) Source Selection Decision Document (SSDD): The document that reflects the SSA's integrated assessment and selection decision.

(l) Source Selection Evaluation Team (SSET): Group of Government and, if needed, approved non-Government personnel, representing the various functional disciplines relevant to the acquisition. The SSET evaluates proposals and reports its findings to the SSAC (if used) and the SSA.

(m) Source Selection Plan (SSP): A plan that describes how the source selection will be organized, how proposals will be evaluated and analyzed, and how source(s) will be selected.

(n) Strength: A significant, outstanding or exceptional aspect of an offeror's proposal that has merit and exceeds specified performance or capability requirements in a way beneficial to the Air Force, and either will be included in the contract or is inherent in the offeror's process.

(o) Threshold Performance Requirement: Minimum, measurable capability or characteristic required to satisfy the user's need. If a threshold is not achieved, that aspect of the offeror's proposal is deficient.

5315.303 Responsibilities.

(a) For Air Force source selections, the SSAs are as shown at Attachment 5315-3

(b) SSA shall also:

(1) (i) Appoint the SSET chairperson(s) and the SSAC chairperson and PRAG chairperson (if the SSAC and PRAG are used);

(ii) Ensure the SSET is knowledgeable of policy and procedures for properly and efficiently conducting the source selection, as necessary; and,

(iii) Ensure all involved in the source selection are briefed and knowledgeable of Subsection 27(a) of the Office of Federal Procurement Policy Act (41 USC 423)(FAR 3.104) regarding unauthorized disclosure of source selection information.

(2) Review and approve the SSP;

(5) Review all necessary information to determine if award without discussions is appropriate; and approve release of Evaluation Notices and exclusion of any offeror from the competitive range; and

(6) Make selection decision and document the supporting rationale in the Source Selection Decision Document (SSDD);

(c) Contracting officer shall also:

(1) Manage all business aspects of the acquisition. As the business advisor, the contracting officer is the principal advisor to the SSET on the conduct of the source selection;

(2) Ensure that the team membership remains consistent for all discussions with offerors;

(S-90) Process any required requests for delegation;

(S-91) Issue notice of source selection process initiation to appropriate parties at time of final RFP issuance. Notice must state that all communications regarding the source selection must be through the contracting officer. For Agency source selection procedures, make SAF/AQCS an addressee on this notice;

(S-92) Ensure required approvals are obtained, solicitation notifications are issued, and contract clause requirements are met before non-Government personnel are allowed to provide source selection support;

(S-93) Make competitive range determination, if discussions are necessary (see FAR 15.306(c));

5315.303-90 Responsibilities

(a) The SSET Chairperson shall:

(1) Be responsible for the proper and efficient conduct of the source selection process;

(2) Ensure personnel, resources, and time assigned to the source selection reflect the complexity of the program;

(3) Be responsible for establishing effective liaison with the requiring office to ensure requirements are effectively addressed in terms of the requirements documents and with threshold/objective language, if used;

(4) Appoint members to the SSET, subject to approval of the SSA. Substitutions may be approved by the SSET Chairperson subsequent to SSP approval, and do not require an amendment to the SSP;

(5) Ensure that all persons receiving source selection information are instructed to comply with applicable standards of conduct and sign the Source Selection Information Briefing Certificate (see Attachment 5315-5);

(6) Recommend approval of the SSP to the SSAC Chairperson (if applicable) or to the SSA;

(7) Ensure members of the SSET are knowledgeable of their responsibilities before any proposal is reviewed, including details on how the evaluation is conducted;

(8) Review and recommend SSA approval of release of ENs through the contracting officer;

(9) In conjunction with the contracting officer, prepare the SSDD for the SSA's signature, unless otherwise directed by the SSA;

(10) Offer a recommended source selection decision for the SSA's consideration if requested by the SSA; and

(11) Participate in debriefings to offerors.

(b) The SSET shall:

(1) Conduct an in-depth review and evaluation of each proposal, and any subsequent revisions, against the approved factors, subfactors, elements, and other solicitation requirements; and

(2) When a briefing is used, prepare briefing charts that clearly summarize the evaluation results. Briefing charts shall be suitable to serve as the official record of SSET proceedings for median source selections in lieu of more formal documentation, such as the PAR. These briefing charts will be presented to the SSAC (if an SSAC is used). Otherwise, these briefing charts will be presented directly to the SSA.

(c) The SSAC Chairperson shall:

(1) Appoint SSAC members (other than Secretariat, HQ USAF, and joint service members) subject to SSA approval;

(2) Ensure that SSAC members are knowledgeable of their responsibilities, involved from the beginning of the source selection process (e.g., acquisition strategy meeting), and instructed to comply with applicable standards of conduct and sign the Source Selection Information Briefing Certificate (see Attachment 5315-5); and,

(3) Convene SSAC meetings to review the evaluation and findings of the SSET and to provide advice and/or analysis as requested by the SSA.

(d) The SSAC shall:

(1) Review the SSP prior to SSA review/approval;

(2) Review the evaluation and findings of the SSET and provide advice and analysis as requested by the SSA;

(3) Provide briefings and consultation at the request of the SSA;

(4) Normally, provide comparative analysis unless the SSA does not require it; and

(5) Offer a recommended source selection decision for the SSA's consideration, if requested by the SSA.

(e) The PRAG, comprised of Government personnel, shall conduct the past performance assessment, keep the SSET Chairperson informed, and brief the SSAC, if used, and the SSA. Members of the PRAG are appointed by the PRAG Chairperson.

(f) Federally Funded Research and Development Centers (FFRDC). Because an FFRDC enjoys a unique relationship with its Government sponsor to provide long term technical support, an FFRDC employee may serve as a member of an SSET; however, an FFRDC employee may not serve as a chairperson of an SSET, member of the PRAG or SSAC, or as an SSA. If FFRDC personnel are used, subparagraph (g)(3) applies.

(g) Advisors. Advisors may be used as necessary to assist in the source selection evaluation. These advisors may be Government personnel or contractor personnel. Although advisors may assist in the evaluation and provide input regarding the strengths, weaknesses, proposal inadequacies, risks, and deficiencies in proposals, they shall not determine ratings or rankings of offerors' proposals. If contractor personnel are used as advisors the following applies:

(1) Access to offeror proposals must be restricted to only those portions for which the advisor's expertise is required in the evaluation (e.g., software support contractor only reviews software hours proposed).

(2) The contracting officer must ensure that the necessary approval has been obtained in accordance with FAR Part 37.2.

(3) The solicitation must list contractors who will be used in evaluating the proposals and provide notice to prospective offerors that such contractor personnel will be used and the manner in which they will be used unless offerors object to release of proposal information to such contractors. (See (5) below.)

(4) Appropriate Organizational Conflict of Interest (OCI) clauses must be included under the contract through which the advisors are provided.

(5) If any of the above conditions are not met, or competing offerors object to the release of their proposal information to support contractors, the non-Government personnel shall not be permitted to participate in the source selection or have any access to any source selection data, whatsoever.

(h) For Agency source selections for which PDASAF(A&M) or ASAF (A) is the SSA, SAF/AQCS shall:

(1) Serve as the Secretariat and HQ USAF action office for staffing all source selection actions, such as delegations, SSAC chairperson nominations, and SSPs; and

(2) Manage the coordination and approval of all source selection documents and facilitate resolution of contractual issues to ensure timely processing and approval within the Secretariat.

(i) Dedicated personnel.

All Government personnel assigned as a source selection team member shall consider this duty as their primary responsibility. Their source selection assignment shall take precedence over all other work assignments. Supervisors are responsible for ensuring that other work assignments do not conflict with subordinates' source selection duties. Key

members of the source selection team such as the SSET Chairperson, the PRAG Chairperson and the contracting officer, must have source selection experience, if possible, and be designated early.

5315.303-91 Source Selection Organization Structure.

The organization structure for each category of source selection is described below.

(a) Basic Source Selection Procedures. The acquisition team will normally consist of one technical member and one contracting member. If additional team members are required, it must be approved by an official at least one level above the contracting officer. The contracting officer is the source selection authority.

(b) Median Source Selection Procedures. The source selection organization shall normally consist of the SSA and the SSET which shall include only those persons necessary to perform the evaluation of proposals against the stated evaluation factors and subfactors . The SSET consists of technical evaluators, contracting officer/buyers, PRAG (optional), cost or price analyst(s) and advisors. The SSA is as stated in Attachment 5315-3.

(c) Agency Source Selection Procedures. The source selection organization shall normally consist of the SSA, SSAC and the SSET which shall include only those persons necessary to perform the evaluation of proposals against the stated evaluation factors, subfactors, and elements. The SSET consists of technical evaluators, contracting officer/buyers, PRAG, cost or price analyst(s), and advisors. The SSA is as stated in Attachment 5315-3.

5315.304 Evaluation factors and significant subfactors.

(b)(2) It is Air Force policy to establish the absolute minimum number of factors necessary for evaluation of proposals. Source selection factors may be subdivided into subfactors, that, in rare instances, may be further subdivided into elements if needed for Agency source selections. Evaluation factors and, if used, subfactors and elements are the basis for assessing each offeror's ability to meet the Government's needs. They are the uniform baseline against which each offeror's proposal is compared to determine the confidence the Government has that the offeror will be able to actually perform the work that the offeror proposes. They establish the level an offeror's proposal must meet in order to be judged acceptable. Factors and subfactors shall be limited to those that are real discriminators. Evaluation factors, subfactors, and elements:

(i) Shall be written in enough depth to communicate the measures of merit used to determine how the proposal will be evaluated and rating determined;

(ii) Shall include only those specific program characteristics that are significant enough to have an impact on the source selection decision, such as those identified through program risk analysis;

(iii) Shall be set forth in Section M of the draft and final RFPs, Evaluation Factors for Award. In addition, the relative importance of all factors, subfactors, and elements shall be specified in Section M of the RFP; and

(iv) May be quantitative, qualitative, or a combination of both.

(c) Source selections shall use the following four evaluation factors: Cost or price, Past Performance, Mission Capability and Proposal Risk, except that for Basic source selections, evaluation of proposal risk is optional. The Mission Capability factor shall be limited to six subfactors, unless additional subfactors are justified, documented in the SSP, and approved by the SSA. Proposal risk shall be assessed at the Mission Capability subfactor level. Subfactors are not normally used for Past Performance and Cost or price.

5315.305 Proposal evaluation.

(a) Air Force factor ratings and assessments focus on the proposal strengths, weaknesses, proposal inadequacies, deficiencies, risks, performance confidence and affordability. For a sample evaluation matrix, see Attachment 5315-4. Offerors are required to meet all solicitation requirements, such as terms and conditions, representations and certifications, and technical requirements, in addition to those identified as factors, subfactors, or elements to be eligible for award. Section M of the RFP must inform offerors of this condition for award. The factor ratings and assessments are described as follows:

(1) Cost or price evaluation.

Price or cost analysis is an assessment of affordability used to establish reasonableness and realism. The level of detail of analysis required will vary among acquisitions depending on the complexity and circumstances of the acquisition, including the degree of competition, the phase of the program, the type of product/services being acquired, and the contract type. In order to enable offerors to make informed decisions on how best to propose, every solicitation will contain a description of the method(s), techniques, and procedures by which cost or price will be analyzed. Price analysis is the preferred approach to be used.

(i) For cost-reimbursement contracts, the cost realism analysis that results in a probable cost is accomplished in accordance with FAR 15.404-1(d)(2) and shall be presented to the SSA in addition to the proposed cost.

(ii) In fixed price contracting, cost realism analysis is not required except under the conditions specified in FAR 15.404-1(d)(3).

(iii) For all firm-fixed price (FFP) contracts, where adequate price competition is anticipated, obtaining information other than cost and pricing data from offerors is discouraged and should occur in only rare cases (see FAR 15.403-3(b) and FAR 15.404-1(d)(3)). In the rare cases when it is necessary to request information other than cost and pricing data on FFP contracts, approval must be obtained from SAF/AQC. Submit requests for approval to SAF/AQCS for processing. (See AFFARS 5315.402(a)). This approval requirement does not apply to A-76 studies because of the cost comparison requirements between private offerors and the government most efficient organization.

(iv) To ensure the best possible evaluation, the entire Government evaluation team shall have access to cost or pricing data and information other than cost or pricing data. Under appropriate circumstances, non-Government advisors may be permitted access as required.

(2) Past Performance Evaluation.

Past performance may be established as the most important evaluation factor and shall be at least as important as the most important non-cost factor. Past performance evaluation is accomplished through assignment of a confidence assessment rating based on assessing performance risk. The risk assessment is accomplished by reviewing aspects of the offeror's relevant past performance, focusing on and targeting performance which is relevant to the Mission Capability subfactors and cost or price. The confidence assessment rating is established through an integrated analysis of the those risks and strengths identified at the subfactor level as determined by the offeror's recent, current and relevant contract performance. This integrated past performance confidence assessment is rated as its own factor. The SSA has the option of assigning the rating at the factor level based on the subfactor assessment, or may elect to have the PRAG recommend a factor level confidence assessment rating based on the subfactor assessment.

(i) The main purpose of the past performance evaluation is to appropriately consider each offeror's demonstrated record of contract compliance in supplying products and services that meet users' needs including cost and schedule.

(ii) The recency and relevancy of the past performance information is critical in determining what contracts/programs should be evaluated and should be individually tailored for each acquisition. Current performance will have greater impact in the performance confidence assessment than less recent performance. In determining relevancy, consideration should be given but not limited to such things as product similarity, product complexity, contract type, program phase, contract environment, division of company proposing, and subcontractor interaction. The evaluation should be constrained to a few most recent and most relevant contracts/programs for a comprehensive review. Early identification and use of past performance information to enable Government evaluators to focus on this measure of the performance confidence assessment is critical. Offerors should be informed of the information used to assess past performance (subject to the restrictions in FAR 15.306(e)(4)) and be given the opportunity to recommend other information, if appropriate, that will provide recent relevant information.

(S-90) The past performance evaluation should concentrate on those aspects of the instant acquisition most critical to overall success. Evaluation of offerors' performance should focus on demonstrated performance in these specific areas. Evaluators should consider mitigating circumstances, such as process changes, that have resulted in improvements to previous performance problems. However, process changes should only be considered when objectively measurable improvement in performance has been demonstrated as a result of the changes.

(S-91) Past performance information may be obtained through the Contractor Performance Assessment Reporting System (CPARS), questionnaires tailored to the circumstances of the acquisition, through Defense Contract Management Command channels, through interviews with program managers and contracting officers, or other sources known to the Government. Data from previous source selections or contractor capability assessments should be used if the data is recent and relevant.

(S-92) In performing a past performance evaluation each offeror shall be assigned one of the following ratings:

Rating	Definition
Exceptional/High Confidence	Based on the offeror's performance record, essentially no doubt exists that the offeror will successfully perform the required effort.
Very Good/Significant Confidence	Based on the offeror's performance record, little doubt exists that the offeror will successfully perform the required effort.
Satisfactory/Confidence	Based on the offeror's performance record, some doubt exists that the offeror will successfully perform the required effort..
Neutral/Unknown Confidence	No performance record identifiable (see FAR 15.305(a)(2)(iii) and (iv)).
Marginal/Little Confidence	Based on the offeror's performance record, substantial doubt exists that the offeror will successfully perform the required effort. Changes to the offeror's existing processes may be necessary in order to achieve contract requirements.
Unsatisfactory/No Confidence	Based on the offeror's performance record, extreme doubt exists that the offeror will successfully perform the required effort.

(3) Technical Evaluation.

(i) The mission capability subfactors shall be derived from requirements or objective and threshold performance requirements when used. Mission capability ratings focus on the strengths and proposal inadequacies of the offeror's proposal. Mission capability shall be evaluated using the following color ratings. Subfactor ratings shall not be rolled up to an overall color rating. Through exchanges, the Government evaluators should be able to obtain the necessary information from offerors with interim Yellow/Marginal ratings to determine if the proposal inadequacies have been satisfactorily addressed. Yellow/Marginal ratings should be rare by the time of the final evaluation. Note that if an offeror's proposal demonstrates a material failure to meet a Government requirement, this is a deficiency in the offeror's proposal. (See FAR 15.301)

COLOR	RATING	DEFINITION
Blue	Exceptional	Exceeds specified minimum performance or capability requirements in a way beneficial to the Air Force.
Green	Acceptable	Meets specified minimum performance or capability requirements necessary for acceptable contract performance.
Yellow	Marginal	Does not clearly meet some specified minimum performance or capability requirements necessary for acceptable contract performance, but any proposal inadequacies are correctable.
Red	Unacceptable	Fails to meet specified minimum performance or capability requirements. Proposals with an unacceptable rating are not awardable.

(ii) Proposal risk assessment focuses on the risks and weaknesses associated with an offeror's proposed approach. Assessment of risk is done at the subfactor (or element, if used) level, and includes potential for disruption of schedule, increased cost, degradation of performance and the need for increased Government oversight as well as the likelihood of unsuccessful contract performance. For any risk identified, the evaluation must address the offeror's proposal for mitigating those risks and why that approach is or is not manageable. Note that if a combination of significant weaknesses leads to unacceptably high proposal risk, this is a deficiency in the proposal. (See FAR 15.301, Definitions.) Proposal risk shall be evaluated using the following ratings:

Rating	Definition
High	Likely to cause significant disruption of schedule, increased cost or degradation of performance. Risk may be unacceptable even with special contractor emphasis and close Government monitoring.
Moderate	Can potentially cause some disruption of schedule, increased cost, or degradation of performance. Special contractor emphasis and close Government monitoring will probably be able to overcome difficulties.
Low	Has little potential to cause disruption of schedule, increased cost or degradation of performance Normal contractor effort and normal Government monitoring will probably be able to overcome difficulties.

5315.306 Exchanges with offerors after receipt of proposals.

All exchanges with offerors after receipt of proposals shall clearly identify the types of exchanges, i.e., clarifications, communications or discussions

(c) A competitive range briefing shall be conducted for Median and Agency acquisitions where the contracting officer recommends elimination of an offeror from the competitive range.

(d)(3) For all ACAT (See DoDD 5000.2-R) program source selections, the SSET, through the contracting officer, may provide to all offerors in the competitive range their rating status at the time of competitive range determination, and shall provide to all offerors in the competitive range their rating status at the end of discussions. The rating status shall include the description of that offeror's strengths, weaknesses, proposal inadequacies, risks and deficiencies, if any remain. This may be accomplished by providing the offeror its own color and risk rating briefing charts (if accomplished) as they appear at the end of discussions with that offeror, and should reflect the evaluation results of discussions. Rating status may also be provided to offerors on non-ACAT programs.

5315.308 Source selection decision.

An SSDD shall be prepared for all Air Force source selections and must reflect the SSA's integrated assessment and decision. The SSDD must be the single summary document supporting selection of the best value proposal consistent with the stated evaluation criteria. The SSDD clearly explains the decision and documents the reasoning used by the SSA to reach a decision. The SSDD is fully releasable to the General Accounting Office and others authorized to receive proprietary and source selection information. When releasing a copy of the SSDD to offerors or to anyone not authorized to receive proprietary and source selection information, redacted material should be limited to that which is proprietary and that which must continue to be protected as source selection information. The need to redact such information is not a sufficient reason to refrain from preparing a properly written SSDD.

5315.308-90 Air Force Source Selection Documents.

Required source selection documents.

(a) Source Selection Plan (SSP). The SSP is a key document in conducting the source selection. It should include applicable Program Management Directive (PMD) or other applicable guidance or direction and contain the elements described below to ensure timely staff review and SSA approval. The program/project office, with assistance from the contracting officer, shall prepare an SSP for all source selections conducted under this policy. For Basic source selections, this plan need not be a separate document, nor must it include all the items listed in (iii) below but may be a description of the acquisition, the evaluation factors used and their relative importance, and be included in the Proposal Evaluation Report (PER).

(1) The SSP must be submitted sufficiently in advance of the planned acquisition action to permit review and approval by the SSA and early establishment of the source selection organization. In order to accelerate the acquisition, the SSP should be prepared and approved in conjunction with the AP/SAMP. Briefing charts may be used to document the SSP. If SAF/AQ or higher is the SSA, the SSP shall be sent to SAF/AQCS for coordination and approval by SAF/AQ.

(2) When changes in acquisition strategy require a revision to the SSP, the requiring office will send the proposed revision through source selection channels to the SSA.

(3) The SSP shall include the following sections or references to other documents containing this information if it is addressed in other official documents. (Whenever possible, refer to and attach supporting documents rather than repeating the information in the SSP):

(i) ACQUISITION STRATEGY. The SSP will include a summary of the acquisition strategy, including type(s) of contract(s) proposed, the incentives contemplated, milestone demonstrations intended, special contract clauses, etc. The SSP acquisition strategy must reflect the strategy in the AP/SAMP.

(ii) SOURCE SELECTION ORGANIZATION. Describe the proposed organization (see "Organization" in 5315.303-91). List recommended members by name, position title, or by functional area. The plan must identify other Government organizations that will participate in the source selection.

(iii) PRESOLICITATION ACTIVITIES. Describe the activities leading up to the release of the solicitation such as market research, draft solicitations, and synopsis. For the market research, discuss how it was used to achieve competition, including a discussion of screening criteria, if applicable.

(iv) EVALUATION PROCEDURES. Identify which evaluation procedures will be used, i.e., Basic, Median, or Agency Level procedures and any deviations from those procedures that have been approved for use.

(v) EVALUATION FACTORS, SUBFACTORS and ELEMENTS. Describe the evaluation factors, subfactors, and elements and their relative order of importance. (NOTE: This must be reflected verbatim in Section M of the RFP)

(vi) SCHEDULE OF EVENTS. Identify the schedule for significant source selection activities in sufficient detail to allow the reviewing authorities to assess the practicality of the schedule.

(vii) NON-GOVERNMENT PERSONNEL. Address the use of non-Government personnel.

(b) Proposal Evaluation Report (PER). The objective of this report is to be simple and concise and to utilize existing documentation, e.g., evaluator worksheets, to the maximum extent possible. The PER is required for Basic source selections and shall not be used for the other categories of source selection. The PER is written incrementally as the source selection progresses and documents the integrated assessment of cost or price, performance confidence, mission capability and proposal risk. Section I of the report provides a modified SSP with a description of the acquisition and evaluation factors used and their relative importance. Section II details the evaluation by offeror and should be used for debriefings. Section III is the comparative analysis of offerors. For those offerors excluded from the competitive range, this section will include the rationale for the competitive range determination. Section IV is the source selection decision document. Separate cost or price and technical reports are not required.

(c) Briefing charts.

(1) When a competitive range briefing is required, charts shall be in sufficient detail to support the contracting officer recommendation. At this point in the process, there are frequently numerous issues to discuss with offerors. Therefore, it is especially important to explain clearly to the SSA which issues are of greatest significance, particularly those for which it may be necessary to issue ENs regarding deficiencies in the offeror's proposal.

(2) Charts for the SSA decision briefing are mandatory for Median and Agency source selections, but are not required for Basic. Charts presented to the SSA must include the integrated assessment of cost or price, performance confidence, color ratings for mission capability subfactors and a separate proposal risk rating for each subfactor. Only the final ratings are required to be shown (changes from the competitive range briefing, if conducted, to the source selection decision briefing should not be depicted). In addition, sufficiently detailed narrative descriptions of each offerors' strengths, weaknesses and risks shall be included.

(d) Proposal Analysis Report (PAR). The objective of this report is to document the results of the SSET evaluation and to provide the comparative analysis of competitive offers. The PAR includes the integrated assessment of cost or price, performance confidence, mission capability and proposal risk. The PAR is required for Agency and optional for Median source selections, however all ACAT programs other than those for which Basic procedures are used require a PAR. For non ACAT Median source selections, the SSA is the approval authority for use of a PAR.

5315.308-91 Foreign Military Sales (FMS).

(a) When the Air Force conducts a source selection for an FMS customer or in accordance with a cooperative agreement with a foreign Government, the policy of this supplement will be followed unless a deviation is approved in accordance with AFFARS 5315.300(d).

(b) The FMS customer shall not participate in the source selection process. Subject to approval by the SSA, representatives of the customer country may be called upon by the SSET or SSAC to clarify technical questions during evaluation of offeror proposals. The cost or price information or any part of an offeror's cost or price proposal shall not be released to any representative of the FMS customer.

(c) Source selection decisions in international cooperative projects are the responsibility of the host nation in accordance with the terms of the cooperative agreement. All participating nations may be represented on the SSET and SSAC, but the SSA shall, after considering the advice of the SSET and SSAC, make the source selection decision.

SUBPART 5315.4—CONTRACT PRICING

5315.402 Pricing policy.

(a) For firm-fixed price (FFP) competitive contracts where adequate price competition is anticipated (see 5315.305 (a) (1), approval to obtain information other than cost or pricing data (see FAR 15.401) from offerors must be obtained from SAF/AQC. Submit requests for approval to SAF/AQCS for processing. Requests should address the following:

(1) Description of effort including estimated dollar value

(2) Discussion of why competitive forces were found to be inadequate

(3) Description of the information being requested from offerors

(4) Specific alternatives to obtaining this information that were considered or used and why those alternatives were not employed or their use was unsuccessful

(5) Detailed justification for why the information is needed, why the information must be obtained from offeror(s), and the impact to the evaluation if the information is not obtained and;

(6) Copy of solicitation language (i.e., Instructions to Offerors, Section L, or equivalent) which specifies the type of information being requested from offerors.

5315.403 Obtaining cost or pricing data.

5315.403-1 Prohibition on obtaining cost or pricing data (10 U.S.C. 2306a and 41 U.S.C. 254b).

(c) *Standards for exceptions from cost or pricing data requirements.*

(1) *Adequate price competition.*

(ii)(B) For AFMC activities, the Senior Center Contracting Official shall be the approval authority required in FAR 15.403-1 (c)(1)(ii)(B). For all other activities, the Chief of the Contracting Office shall be the approval authority.

(4) *Waivers.*

(i) When the HCA (see 5301.601-91) is SAF/AQC, submit waiver requests to SAF/AQCS. When the HCA is the Assistant Secretary (Acquisition), waiver requests shall be processed through PEO/DAC channels to SAF/AQCS.

(ii) Requests for waiver of certified cost or pricing data shall include, in addition to a clear description of the methods to be used to determine the price reasonable, the following additional information (when a subcontractor has refused to provide cost or pricing data to a prime contractor, each item of the information required shall cover both the prime contract and subcontract):

(A) Contract type and number, RFP or purchase request number, including supplemental agreement number;

(B) A concise description of supplies or services being purchased;

(C) Any outside influences or time pressures;

(D) Complete company name and location;

(E) If applicable, a complete description of the data the contractor or subcontractor refuses to submit and the basis for refusal (include all correspondence);

(F) If applicable, names and titles of the contractor and/or subcontractor personnel contacted and the Government personnel making the contact; and

(G) A summary statement of the approval action being requested.

5315.404 Proposal analysis.

5315.404-1 Proposal analysis techniques.

(b)(2)(v) Operational contracting activities shall require the activity that prepared the Government estimate to review its accuracy and provide written review results before contract execution when the lowest acceptable cost proposal varies more than 20 percent from the Government estimate for new negotiated contracts or contract modifications exceeding the

simplified acquisition threshold. The contracting officer shall place in the contract file a statement of actions taken to resolve differences between the cost proposed and the Government estimate.

(c)(2)(iii) Anticipated decrements, or decrement factors, are the historical differences between vendors' and subcontractors' proposed prices and the actual prices negotiated with those vendors and subcontractors (e.g., the historical average decrement for a specific vendor or the average decrement for a certain commodity or commodity group). When performing cost analysis on material costs based on quotes or estimates, the contracting officer should consider anticipated decrements, or decrement factors, that may be achieved by the contractor when the contractor subsequently negotiates the purchase order or subcontract. If a contractor does not include decrement factor information in its initial cost or pricing data submission, the contracting officer should not rely on a subsequent finding of defective pricing but should specifically request decrement factor information to conduct a meaningful analysis (see 5315.404-2).

5315.404-2 Information to support proposal analysis.

(a)(2) When material costs are based on quotes or estimates, the contracting officer should request the auditor or administrative contracting officer (ACO), as appropriate, to verify that decrement factor information (see 5315.404-1(c)(2)(iii))- is current, accurate, and complete, and also determine if proposed decrement factors reflect specific experience with a vendor or an average decrement for a certain commodity or commodity group. For example, if a contractor's estimate for material costs is based on a quote obtained from only one vendor with whom the contractor historically negotiated a 20 percent reduction, it would not be appropriate to use the contractor's business-wide decrement factor of 10 percent.

5315.404-3 Subcontract pricing considerations.

(a) If the contractor refuses to provide the results of subcontract reviews and evaluations, or if the contracting officer determines that the reviews and evaluations are so deficient to preclude an adequate analysis and evaluation of the contractor's proposal, the contracting officer shall attempt to secure the subcontract reviews and evaluations and/or elicit corrective action. If the contractor persists in refusing to provide subcontract reviews and evaluations, the contracting officer shall assign below normal values for management and cost criteria under the performance risk factor when using the Weighted Guidelines Method (see DFARS 215.404-71) to establish a profit objective. In addition, the contracting officer should consider withholding the award and refer the matter to management for resolution. Contracting officers should consider taking action described in DFARS 215.407-5 when a contractor consistently fails to provide adequate subcontract reviews and evaluations. If a subcontract represents a significant cost risk to the Government, the contracting officer should consider: (1) directing the contractor to definitize the subcontract prior to completion of prime contract negotiations; or (2) conducting a joint Government/contractor team analysis of the subcontract proposal.

5315.404-4 Profit.

(c)(2) The authority to approve the use of an alternate structured approach in lieu of the Weighted Guidelines Method is delegated to the MAJCOM, FOA, and DRU Directors of Contracting. The contracting officer shall forward a copy of approved alternate structured approaches to SAF/AQCP.

5315.404-90 Price Analysis and Review Technique for Spares/support equipment (PARTS).

(a) PARTS is a pricing technique that provides for review of each line item in a spare parts or support equipment price proposal. When a proposal contains multiple line items, and the contracting officer determines that a detailed analysis of each line item is impractical, the technique described in paragraph (b) below shall be used. Contractor proposals which are not submitted on a line item basis, or include inappropriate allocation of support costs (see FAR 15.404-1(f)), shall be returned to the contractor for revision.

(b) Under the PARTS methodology, the contracting officer shall ensure that multiple line item proposals are evaluated as follows:

(1) A detailed cost analysis shall be performed on:

(i) Those items where the proposed unit price exceeds 25 percent of the lowest unit price paid for the item at any time within the most recent 12 month period. The proposed prices of all items shall be compared to previous prices paid for that item to accomplish this review; and

(ii) High-dollar value items representing a significant portion of total proposal value. High-dollar value items shall normally have a minimum unit value exceeding the simplified acquisition threshold. The HCA may establish lower dollar thresholds.

(2) Those items not subjected to a detailed cost analysis, as described in subparagraph (1) above, shall be subjected to a value review to determine if their prices appear to be fair and reasonable. This review shall involve a subjective assessment of each line item price based on information obtained from such sources as illustrated parts breakdowns, pictures, drawings, sketches, functional descriptions, descriptions of the labor, material, and engineering characteristics of the item, and, if possible, a physical inspection of the item. If it appears that the price of an item may not be fair and reasonable, that item shall be subjected to a detailed cost analysis.

(3) A random sample of those items which, on first appearance, are determined to have an apparent fair and reasonable value, shall be selected for a detailed cost analysis by means of random number tables or computer selection routines. Sample size may be determined by judgment based on experience with the contractor, reliability of the contractor's estimating/accounting systems, credibility of proposals, etc., but, in any event, must be statistically representative of the universe of items. There may be limited instances when selective sampling is determined to be more appropriate. If the contracting officer makes such a determination, the justification for using selective sampling shall be documented in the contract file. The results of this analysis shall be used to develop a decrement factor which shall be used in establishing a negotiation position for the low-dollar value items. Any decrement factor developed from the detailed analysis of sampled low-dollar value items shall only be applied to low-dollar value items on that proposal. Negotiation positions established for low-dollar value items on an earlier proposal shall not be used on later proposals.

(c) The combination of the analysis efforts described in this subsection, plus other appropriate inputs, shall be used to establish the Government negotiation position for all line item prices, as well as for total price. The price negotiation memorandum shall discuss the PARTS procedures employed by specifying the percentage of proposed value and number of line items subjected to detailed review, criteria for high-dollar/low-dollar value items, and so forth.

5315.406 Documentation.

5315.406-1 Prenegotiation objectives.

(a) Before meeting with an offeror to discuss any substantive issues related to a proposed new contract or modification to an existing contract which is significant to the using organization or program office, the Air Force negotiating team should first meet to ensure that they fully understand the proposal and have identified areas for discussion.

(b) For contract actions subject to the Air Force clearance process (see Subpart 5301.90), negotiation objectives shall be documented in accordance with 5301.9007. For contract actions not subject to the Subpart 5301.90 clearance process, each MAJCOM shall establish procedures for briefing negotiation objectives to management or otherwise providing for management review of objectives before negotiations begin. Consider briefings when: (1) a contract represents significant cost for the contracting office; (2) a new contract follows a contract(s) where a contractor's performance has been unsatisfactory or items acquired have performed poorly and required modification and retrofit; (3) a new contract substantially increases a contractor's annual sales and production volume; or (4) costs substantially exceed the original estimate.

5315.406-3 Documenting the negotiation.

(a) The contracting officer shall ensure that all copies of the price negotiation memorandum (PNM) are marked "FOR OFFICIAL USE ONLY." Distribution of the PNM shall occur only after formal award and contract distribution. Each contracting activity shall establish a system which will ensure that copies of PNM are provided in a timely manner to all required recipients.

(7) Each PNM shall address whether similar goods or services have been purchased in the past and shall address the cause of any substantial price difference between the previously purchased item (if any) and the current item. For example, if a quantity change caused the price to increase, explain the reasons for that increase.

5315.407 Special cost or pricing areas.

5315.407-4 Should-cost review.

(b)(1) The contracting office organizes and manages the program should-cost review.

(2) HQ AFMC shall establish dollar thresholds for mandatory application of should-cost on noncompetitive production contracts. The authority established to waive mandatory application is not delegable. Should-cost techniques may also be applied to contracts below the mandatory dollar thresholds when the contracting office determines that significant savings can be achieved in comparison to the resources applied to the should-cost. Should-cost analysis should be applied early in the acquisition cycle, preferably the first production, even if the first buy does not exceed the thresholds. Early incorporation of should-cost recommendations by the contractor will maximize program benefits as sufficient follow-on requirements allow investments and implementation cost to be amortized.

(vii) The contracting office will seek inputs and participation of the Defense Contract Management Command (DCMC) in the initial planning for any should-cost review involving DCMC. Prior to performing a review, the contracting activity shall study the documentation of all should-cost analysis and other reviews such as Production Readiness Reviews, Manufacturing Management/Production Capability Reviews, Contractor Purchasing System Reviews, Contractor Employee Compensation System Reviews, and Independent Cost Analysis (ICAs) conducted on the contractor within the last two years. The team should review all logistics considerations, including spare parts requirements.

(4) A formal should-cost report is required. The team chief is responsible for its completion. The report shall contain a complete analysis of the contractor proposal and serve to establish the Government's negotiation objective. The report shall document improvements to be made by the contractor and include a lessons learned section. The PNM shall discuss any recommendations contained in the should-cost report. The formal should-cost report and the PNM shall be submitted to the MAJCOM should-cost focal point within 45 days after completion of negotiations. The cognizant MAJCOM should-cost focal point shall be the repository for should-cost data.

5315.407-90 Formula Pricing Agreements (FPA).

5315.407-90-1 Description.

(a) Formula Pricing Agreements (FPAs), sometimes referred to as spare parts pricing agreements, are any pricing agreements with a contractor that:

(1) Establish the pricing methodology for more than one future contract action;

(2) Identify the category(s) of purchases to be covered (e.g., F-l00 replenishment spares); and

(3) Specify the direct cost inputs and the rates and/or factors to be applied to identified bases plus profit or fee.

(b) FPAs differ from Forward Pricing Rate Agreements (FPRAs) in that an FPRA is usually limited to an agreement on individual rates or factors (including Cost Estimating Relationships (CERs)), applies to items not specified in the agreement, and is required to be used by all buying activities.

5315.407-90-2 Policy.

(a) Establish FPAs when needed to reduce administrative costs and lead times associated with negotiation of large numbers of contract actions for items that can be identified or described in the agreement.

(b) Only establish FPAs with contractors under Government in-plant contract administration cognizance and having a resident DCAA auditor. (This requirement may be waived by the HCA.)

(c) FPAs anticipating individual acquisitions that will exceed the threshold for cost or pricing data must be approved by the HCA and shall establish a maximum dollar amount for any acquisition priced using the FPA. Any individual proposal that exceeds the threshold for cost or pricing data shall be subject to certification in accordance with 15.406-2.

5315.407-90-3 FPA requirements.

All FPAs shall:

(a) Be in writing and signed by the contracting officer;

(b) Cover no cost elements that would require discrete estimating and analysis (e.g., direct labor and material costs);

(c) Identify all rates and factors that are a part of the FPA. An FPA may reference an FPRA(s) as long as it prescribes the effect and treatment of any changes in the FPRA;

(d) Establish terms and conditions covering application of the agreement, its expiration date, and any data requirements for systematic monitoring (e.g., provisions for review of actual cost data) to ensure its continuing validity;

(e) Provide for cancellation at the option of either party;

(f) Require the contractor to notify the contracting officer and the cognizant contract auditor of any significant change in its estimating/accounting system or the cost or pricing data and describe the impact on the FPA;

(g) Require the contractor to identify in each specific pricing proposal where the agreement is used:

(1) The FPA and the date of the latest certification of cost or pricing data supporting it; and

(2) Any items in the proposal that are not priced under the agreement;

(h) Provide that:

(1) The FPA may not be used if the contractor's purchasing, estimating, or accounting system are disapproved by the Government; and

(2) The contracting officer, or designated representative, may perform detailed cost or price analysis on random samples of proposed items and/or items that have unit prices that are significantly higher than previous buys;

(i) Be supported by cost or pricing data (see FAR 15.403-4) and a signed certificate of current cost or pricing data that is submitted when agreement on the FPA is reached (and annually thereafter);

(j) Provide that contractual documents for items priced using the FPA, include:

(1) The statement at FAR 52.215-10, Price Reduction for Defective Cost or Pricing Data; and

(2) A clause incorporating the FPA by reference;

and

(k) Be based on a pricing methodology that ensures that unit prices are in proportion to the item's base cost (see FAR 15.404-1(f)) and that prices may be adjusted, if it is found that:

(1) Cost or pricing data supporting the FPA was not accurate, current, or complete;

(2) The contractor failed to comply with 5315.490-2 (c); or

(3) The price was developed through incorrect application of the FPA.

5315.407-90-4 Responsibilities.

(a) Each MAJCOM using FPAs shall:

(1) Establish appropriate approval levels for FPAs;

(2) Maintain a list of FPAs that identifies each company and the group of items covered under each FPA;

(3) Conduct periodic reviews of FPAs and contract actions priced using FPAs; and

(4) Establish agreements with appropriate contract administration offices to provide field pricing support, negotiation support, and administrative support of Air Force FPAs.

(b) Contracting officers shall:

(1) Negotiate FPAs in compliance with the requirements in 5315.490-2. This responsibility may be delegated to the ACO;

(2) Obtain field pricing support, including contract audit and technical reviews, in the evaluation of FPAs;

(3) Prepare a price negotiation memorandum covering the pricing factors used in each FPA;

(4) Request CAO participation in negotiations;

(5) Semi-annually request (through the ACO) the DCAA resident auditor to determine if the contractor is complying with the FPA procedures;

(6) Annually review each FPA to determine its validity by evaluating recorded cost data, and renegotiate the FPA if appropriate;

(7) Determine the effect changed conditions may have on an FPA's validity. Cancel an FPA when appropriate and notify all interested parties;

(8) Not use a canceled FPA;

(9) At a minimum, conduct the following evaluation of each proposal under an FPA, in order to ensure that the FPA applies to the items, and to determine the reasonableness of discrete cost inputs and any non-covered costs (e.g., nonrecurring costs);

(10) Compare proposed prices with prior prices, Government estimates, and purchase request estimates to ensure reasonableness. Use of an FPA does not relieve the contracting officer of the responsibility to ensure that the price is fair and reasonable;

(11) Conduct detailed cost analysis on random samples of proposed items and/or items that have unit prices that are significantly higher than previous buys; and

(12) Ensure that individual contract actions priced using the FPA comply with the terms of the FPA.

5315.407-90-5 FPAs negotiated by other DOD agencies.

Air Force activities may use FPAs of other agencies only if they comply with 5315.407-90-2.

5315.407-91 Follow-up on contract audit reports.

5315.407-91-1 General.

(a) This section constitutes Air Force implementation of DOD Directive 7640.2, Policy for Follow-up on Contract Audit Reports, dated 12 Feb 1988, as revised on 16 Aug 1995, which establishes certain responsibilities, reporting requirements, and follow-up procedures for contract audit reports issued by the Defense Contract Audit Agency (DCAA).

(b) The contracting officer is responsible for reaching agreement with the contractor and has wide latitude and discretion in that regard. Accordingly, the Air Force contract audit follow-up system is structured in consonance with the independent, decision-making role of the contracting officer and the financial advisory role of the contract auditor.

(c) Contracting officers shall give full consideration to contract audit advice and shall pursue timely and proper resolution and disposition of contract audit reports. Resolution of contract audit reports, other than preaward reports, is required within six months of report issuance by OMB Circular A-50, Audit Followup, dated 29 Aug 1982. Disposition should take place as soon as possible after resolution.

5315.407-91-2 Definitions.

"Adverse opinion report" means an audit report containing the specific statement that the contractor's proposal is not acceptable as a basis for negotiation of a price.

"Closed audit report" means an audit report that has been disposed of by the contracting officer and closed for follow-up tracking purposes. (See the definition for "Disposition of contract audit reports.")

"Contract audit report" means the contract auditor's written advice to a contracting officer advocating specific action on the part of the contracting officer or contractor and/or including highly qualified or adverse opinion information. An audit report could include amounts questioned or disapproved, exceptions to a contractor's system or operations (usually expressed in terms of cost avoidance), recommended price adjustments, or notification of a contractor's noncompliance with cost accounting standards. Contract audit reports will include Contractor Insurance/Pension Reviews (CIPRs) issued by DLA.

"Costs questioned" means:

(a) The amount questioned in the audit report that the reporting contracting officer or auditor has the responsibility and authority to disposition. Audit reports on final indirect cost rates (overhead) will typically have costs questioned relating to corporate allocations and costs questioned relating to divisional expenses. The divisional administrative contracting officer (ACO) should report only the amount questioned pertaining to divisional expenses which he or she is responsible for negotiating, and the corporate ACO should report the costs questioned at the corporate level which he or she is responsible for negotiating. Each contracting officer should report the total amount questioned subject to negotiation *at that level*, regardless of contract mix or percentage of commercial business;

(b) All costs set aside as "unsupported," qualified, and/or adverse opinion amounts, unless such amounts are disclaimed by the auditor because of requested assist audits or need for technical evaluation. Such amounts are not to be reported by the contracting officer until the assist audit and/or technical evaluation is incorporated by a supplemental report. At time of receipt, the amount questioned and the report date shall be revised for correction in the next semi-annual report;

(c) Costs monetized as a result of a technical evaluation that are incorporated into the audit report; and

(d) For cost accounting standards cost impact audits, report the total amount of the cost impact estimated by the auditor.

"Costs questioned sustained" means that portion of the costs questioned by the auditor which is upheld as a result of actions taken by either the contractor or the contracting officer.

"Disclaimed opinion report" means any audit denying the validity of a proposal when the scope of audit was so restricted that an audit opinion cannot be justified.

"Disposition of contract audit reports" occurs when:

(a) The contractor implements the audit recommendations or the contracting officer's decision;

(b) The contracting officer negotiates a settlement with the contractor and a contractual document has been executed;

(c) The contracting officer issues a final decision pursuant to the "Disputes" clause and 90 days elapse without contractor appeal to the Armed Services Board of Contract Appeals (ASBCA). Should the contractor appeal to the U.S. Court of Federal Claims within the 12 months after final decision, the audit report must be reinstated as an open report in litigation;

(d) A decision has been rendered on an appeal made to the ASBCA or U.S. Court of Federal Claims and any corrective actions directed by the Board or Court have been completed and a contractual document has been executed;

(e) Audit reports have been superseded by, or incorporated into, a subsequent report; or

(f) Any corrective actions deemed necessary by the contracting officer have been taken, so that no further actions can be reasonably anticipated.

In addition, divisional overhead audit reports may be considered dispositioned when the contracting officer has negotiated all local issues with the contractor and a written agreement detailing the results of the negotiations has been signed by both the contracting officer and the contractor, and distribution has been made to DCAA. A cost accounting standards noncompliance report may be dispositioned when the audit report on the related cost impact statement is received by the contracting officer.

"Highly qualified opinion report" means an audit report which typically indicates a significant inadequacy in the cost or pricing data, denial of access to records, or noncompliance with cost accounting standards or acquisition regulations. For

the purpose of follow-up coverage under DOD Directive 7640.2, the audit report must specifically state that the results of audit are *highly* qualified. (Italics added for emphasis.)

"Litigation" means:

(a) An audit report is considered to be involved in litigation any time an appeal has been filed with the ASBCA, the U.S. Court of Federal Claims, or with any other Federal or state court concerning matters dealing with a specific contractor identified in the report; or

(b) An audit report is considered to be involved in litigation whenever the Government appeals a decision of the ASBCA, the U.S. Court of Federal Claims, or any other court, or there is other ongoing judicial action that has bearing on matters or issues identified in the report.

"Open audit report" means an audit report that has not been dispositioned.

"Original audit report date" means the date of the original audit report that first identified any issue that is still open and included in a superseding or supplemental audit report.

"Overage audit report" means an audit report that has not been dispositioned and is over 12 months old (from date of issuance) on the closing date of the semi-annual reporting periods ending 31 Mar and 30 Sep.

"Reports involved in investigation" means an audit report that is considered to be involved in an investigation when deferral of resolution or disposition action has been requested by an investigative agency of the U.S. Government.

"Resolution" means:

(a) For reportable audits, the point at which the auditor and the contracting officer agree on the action to be taken on audit report findings and recommendations/qualifications, or, in the event of disagreement, when the contracting officer determines a course of action after following MAJCOM/local contracting activity prenegotiation documentation and review procedures;

(b) In the case of auditor determined final indirect cost rates, resolution is achieved when an agreement is reached between the auditor and the contractor, or when an agreement cannot be reached, a decision is rendered by the cognizant ACO after obtaining additional review, if required; or

(c) For preaward audits, the point at which an agreement is reached, a proposed negotiation objective is modified during review, a contract price is negotiated, or the proposed award is canceled, whichever occurs first; and

(d) In all of the above cases, resolution must be supported by specific written documentation in the file.

5315.407-91-3 Responsibilities.

(a) The Deputy Assistant Secretary (Contracting), SAF/AQC, is the designated contract audit follow-up official responsible for managing the Air Force's contract audit follow-up program.

(b) MAJCOM Directors of Contracting shall:

(1) Designate a contract audit follow-up focal point to manage the command's contract audit follow-up program;

(2) Establish procedures to monitor and ensure the proper, timely resolution, and disposition of contract audit reports within their commands;

(3) Establish procedures for the maintenance of up-to-date records on all reportable contract audits, from receipt through disposition. For open reports, this includes written milestone plans comprised, as a minimum, of target dates for resolution and disposition;

(4) Establish procedures within their commands to ensure that there will be appropriate review of prenegotiation objectives (for the proposed disposition of both preaward and postaward contract audit reports) which are significantly different from the DCAA audit recommendations;

(5) Ensure that acquisition personnel in their commands are adequately trained in the utilization of contract audit reports and the requirements of the contract audit follow-up program;

(6) Ensure that performance appraisals of appropriate acquisition officials reflect their effectiveness in resolving and disposing of audit findings and recommendations in a timely manner, while fully protecting the Government's interest;

(7) Establish procedures to ensure that the MAJCOM's semi-annual contract audit follow-up status report submission is prepared in accordance with 5315.491-5; and

(8) Direct periodic evaluations of the commands' contract audit follow-up systems to determine whether they are adequate and result in timely, appropriate resolution, and disposition of audit reports.

(c) The following is for information purposes only and is not directive. DOD Directive 7640.2 requires DCAA to:

(1) Provide timely and complete responses to any contracting officer or review official who requests factual information or further audit opinions regarding the audit issues under review;

(2) Provide timely and complete support to the DOD/IG or to any internal audit organization reviewing a DOD component's contract audit follow-up system, in accordance with DOD Directive 7600.2, Audit Policies, dated 2 Feb 1991;

(3) Use feedback provided by contracting officials, including final disposition and negotiation memoranda, to analyze and improve audit procedures and practices;

(4) Identify those contract audit reports which are reportable under DOD Directive 7640.2 to the cognizant DOD Component (SAF/AQCP) in a monthly electronic or hard copy report. The report shall include the activity address numbers (see DFARS Appendix G) code for each report issued; and

(5) Forward all audit reports on auditor-determined final, indirect cost rates to the cognizant ACO for resolution and disposition when agreement cannot be reached with the contractor.

(d) The following is for information purposes only and is not directive. DOD Directive 7640.2 requires DLA to identify to the DOD Component those CIPRs that are reportable.

5315.407-91-4 Tracking of contract audit reports.

(a) Contracting activities shall track all contract audit reports, but only need to report those audits specified in 5315.407-91-5(b). For the nonreportable contract audits specified in 5315.491-5 (c), tracking may be accomplished using records maintained in official contract files.

(b) Every Air Force contracting office shall appoint a contract audit follow-up focal point. The designated focal point shall maintain a log of all reportable contract audit reports received by the activity for which that activity has disposition responsibility and shall track and report the status of the reportable contract audit reports from the date of receipt through final disposition. The designated focal point shall maintain this information on a current basis and shall ensure that the information is adequate to serve as the source document for the semi-annual contract audit follow-up status reports. Audit reports shall be dropped from the tracking system in the reporting period following closure.

(c) The audit tracking information shall be accumulated and maintained centrally at a level no higher than the AFMC direct reporting unit, and at command headquarters for all other MAJCOMs. The activity shall update this information at least monthly. For auditor-determined final, indirect cost rate reports, a report is considered received for follow-up tracking purposes when it is forwarded by the auditor to the cognizant ACO for resolution and disposition.

5315.407-91-5 Reporting of contract audit reports.

(a) Although DCAA will identify reportable contract audits, the procurement or contract administration office having resolution/disposition responsibility is ultimately responsible for reporting all audits meeting the criteria identified below.

(b) *Reportable audits* include:

(1) Those containing findings and recommendations, whether or not the findings are qualified, covering estimating system surveys, accounting and related internal control system reviews, defective pricing reviews, cost accounting standards (CAS) issues, and CAS cost impact settlement reviews;

(2) Those covering operations reviews, incurred costs including final, indirect cost rates or auditor-determined final, indirect cost rates referred to the ACO for final decision, final pricing submissions, termination settlement proposals, and claims, if reported costs or rates questioned or qualified equal $100,000 or more; and

(3) Those CIPR reports identifying instances of contractor noncompliance with CAS, and all CIPR reports with questioned or qualified costs of $100,000 or more.

(c) *Nonreportable audits.* Reports covering preaward proposals; forward pricing labor, overhead, and other advance rate proposals; progress payments; preaward surveys; proposals for change orders or modifications; assist audits; and closing statements are not to be reported. Audit reports containing reportable findings and recommendations are not to be treated as reportable audits; however, if deemed appropriate, the contracting officer should ask DCAA to issue a separate audit report addressing the reportable issues in detail. Also, the following audit reports are not reportable: reports containing only positive findings and recommendations, such as those recommending that a contractor's proposed cost accounting standards change be approved; any interim report that will be incorporated into a future report; and final indirect cost audits that are auditor determined, if the auditor is successful in reaching an agreement on the rate(s) with the contractor.

(d)(1) Each MAJCOM shall prepare semi-annual status reports, using the formats for open and closed audits shown in Attachments 5315-1 and 5315-2. The reports shall cover the semi-annual periods ending 31 Mar and 30 Sep and shall be submitted to SAF/AQCP within 15 calendar days after the end of the period. Items shall be removed from the tracking and reporting system in the period following that in which they appeared on the status report as being closed.

(2) If there are no audits, a negative report will be prepared and forwarded.

(e) The required semi-annual MAJCOM status report submissions shall provide the following data:

(1) *For open reports.* The report number, report date, contractor name, type of audit, costs questioned or cost avoidance, date of request by an investigative agency for deferral of action on a report (when applicable), ASBCA docket number or U.S. Court of Federal Claims case number when litigation involves matters identified in the report (whether the report is resolved or unresolved), resolution date or resolution target date, disposition target date, and reporting activity. For superseding audits, also include the date of the original audit report that first identified any issue that is still open and included in the superseding or supplemental audit report.

(2) *For reports closed during the reporting period.* The report number, report date, contractor name, type of audit, date of disposition, costs questioned or potential cost avoidance, costs questioned or cost avoidance sustained, and reporting activity. Costs questioned and sustained shall be reported as zero when a report is superseded, replaced, or incorporated into a new report. In such cases, the Date of Disposition column should show the new report number with its date of issuance. For closed defective pricing audits, the costs questioned that are reported shall be reduced by the amount of any offsets proposed by the contractor which have been audited and accepted in writing by DCAA.

(f) Initial target dates for resolution and disposition shall be within six months or twelve months, respectively, of the audit report issuance date. These target dates shall be revised, as required, but in no event shall such target dates be left unchanged if they are past-dated on the cut-off date of the current semi-annual status report.

(g) The MAJCOM status report submissions shall denote the reporting activity for each audit listed, using the corresponding six digit activity address code listed in DFARS Appendix G. Activities not assigned a number shall report by organization and address. MAJCOMs using an automated reporting system may satisfy this requirement by using their own location codes, as long as an explanation is furnished with the submission.

(h) The MAJCOM status report submissions shall identify the type of audit using the following codes (MAJCOMs reporting via an automated system may also satisfy this requirement by using their own codes for audit type, provided an explanation is furnished with the submission):

Code	Type of Audit
A	Estimating System Survey
B	Accounting and Related Internal Control System Reviews
C*	Claims
D	Defective Pricing Review
E	Cost Accounting Standards Noncompliance and Cost Impact Statement Reviews
F*	Operations Audit

G*	Incurred Costs and Settlement of Final Indirect Cost Rates
H*	Contractor Insurance/Pension Reviews
I*	Final Pricing
J*	Terminations

* Reported costs, rates questioned, or reported CAS noncompliances must equal $100,000 or more.

(i) MAJCOMs shall make every possible effort to ensure the completeness and accuracy of their semi-annual submissions, including verification against their prior status report submissions and the control logs of reportable audits issued by DCAA. In particular, the MAJCOM shall place special emphasis on confirming the reporting accuracy of any audit listed as unresolved and over six months old. HQ AFMC/PKPC, acting for SAF/AQCP, shall accumulate the MAJCOM reports and submit the consolidated Air Force report to the Deputy Assistant Secretary (Contracting), SAF/AQC, for signature and transmittal to the DOD/IG within 30 calendar days after the end of the reporting period.

(j) Contracting activities or MAJCOMs which discover inaccurate or incomplete data in their semi-annual reports shall submit corrected data through channels to HQ AFMC/PKPC as soon as possible.

(k) The Status Report on Specified Contract Audit Reports has been assigned Report Control Symbol DD-IG(SA) 1580.

5315.407-91-6 Resolution of contract audit reports.

(a) Contracting officers shall make every possible effort to resolve all reportable contract audits within six months of issuance.

(b) MAJCOM/local contracting activity procedures shall provide for documentation and independent review of proposed prenegotiation objectives (for the disposition of both preaward and postaward contract audits) which are significantly different from the DCAA audit recommendations. For most contract audits, the contracting officer should obtain contractor comments and such technical advice as deemed necessary, prior to formulating a prenegotiation position. The contracting officer shall share this additional information with the auditor, as appropriate. If additional audit effort is required because of data presented by the contractor, the contracting officer shall promptly request such a review. (DCAA is required by DOD Directive 7640.2 to give priority to providing this necessary additional audit support.) If no additional audit effort is deemed necessary, the contracting officer shall communicate with the auditor on the proposed disposition of the case, as necessary, to reach a fully informed decision. In documenting the prenegotiation position, the contracting officer should indicate whether the audit recommendations were accepted or, if not, whether the auditor has revised them. If the auditor agrees that a reduction in the applicable costs questioned is appropriate, the contracting officer shall reduce the costs questioned amount being reported for that audit accordingly. When the contracting officer disagrees with the audit position, the contracting officer's prenegotiation documentation should include the rationale for not accepting the audit advice. The postnegotiation documentation should include a summary of the field pricing report recommendations and the reasons for any pertinent variances from those recommendations.

(c) For auditor determined indirect cost rates, the auditor will seek agreement with the contractor upon completion of the audit. If agreement is reached, the contractor and auditor will execute a written understanding setting forth the final rates. If agreement is not reached, the auditor will issue a notice of costs suspended and/or disapproved, and advise the contractor of its right to submit a claim to the ACO for any disapproved costs. If the contractor submits a written objection to the ACO, the ACO may communicate further with the contractor in order to reach an agreement. If the ACO agrees with the audit recommendations, the ACO shall issue a final decision. If the ACO disagrees with the audit recommendations, the ACO shall comply with MAJCOM/local contracting activity procedures for documentation and review prior to disposition.

5315.407-91-7 Disposition of contract audit reports.

(a) Reportable contract audits should normally be disposed of within 12 months after issuance. Overaged audit reports shall receive heightened management attention including, if necessary, the assignment of additional resources.

(b) Explicit and timely documentation and feedback on the final disposition of audit reports are essential. Therefore, the contracting officer shall promptly prepare a memorandum covering the disposition of all reports. The memorandum shall discuss the disposition of all recommendations and questioned/qualified amounts, including the underlying rationale for

such dispositions. The contracting officer shall provide a copy of the memorandum to the cognizant contract auditor before a report may be closed.

(c) Existing documentation, such as a price negotiation memorandum or a written overhead negotiation memorandum, should be used, when applicable, to meet the requirements of (b) above. For all other dispositions, the contracting officer shall prepare a similar document for feedback purposes. To ensure that the final disposition of all audit reports is properly accounted for, the contracting officer shall notify the cognizant DCAA office in writing of the cancellation of any acquisition action or of any unsuccessful offerors not receiving award of the contract or grant for which an audit report was issued.

5315.407-91-8 Recovery of funds.

Policies regarding the collection of contract debts are contained in FAR Subpart 32.6. Any amount due the Government as a result of a contract audit is to be determined by the contracting officer either negotiating a settlement with the contractor or issuing a unilateral decision when negotiations are unsuccessful. Upon completion of either action, the contracting officer shall make a prompt written demand for payment, citing the amount due, with a copy of the demand letter provided to the payment office cited in the contract. In accordance with FAR 32.610 (b), unless the contract is excluded pursuant to FAR 32.617, or the contract debt has been exempted from interest charges under agency procedures, the demand should include notification that any amounts not paid within 30 calendar days from the date of the demand will accrue interest from the date of the demand, or from any earlier date specified in the contract. FAR 32.610 (b) also states that the interest rate on these debts shall be the rate established by the Secretary of Treasury, for the periods affected, under Public Law 92-41. In the case of a debt arising from a price reduction for defective pricing or a CAS noncompliance, interest will continue to accrue from the date of the overpayment by the Government until repayment by the contractor at the rate established by the Secretary of the Treasury, for the periods affected, pursuant to 26 U.S.C. 6621 (a)(2) (see FAR 32.610 (b)). In all cases, interest and penalties should not be included in bottom-line settlements, but should be separately identified, through a specified date, for comptroller officials. In accordance with subsection B.8 of Chapter 33 of DOD 7220.9-M, when management determines that resources should be recovered from a defense contractor and the contracting officer issues a demand for payment, a receivable shall be recorded and collection action initiated as soon as possible. Also, in accordance with paragraph E.3.a of Chapter 33 of DOD 7220.9-M, all interest and penalties assessed on contract debts are to be identified separately and deposited directly to the U.S. Treasury.

5315.407-91-9 Coordination with other agencies.

The cognizant contracting office responsible for acting on contract audit reports that affect contracts of other Government agencies shall inform the affected organizations of such actions.

5315.407-91-10 Contract audit follow-up for GAO reports.

GAO audit reports which disclose contract pricing issues and are issued directly to the buying activity shall be tracked and reported in accordance with the procedures in 5315.491. Contracting officers shall provide:

(a) An initial response to the GAO within 60 days of receipt of the audit report; and

(b) A copy of the initial response and the disposition documents, simultaneously, to the following:

(1) SAF/FMPF, Room 4C228, 1130 Air Force Pentagon, Washington, DC 20330-1130, (703) 697-6051;

(2) SAF/AQCP;

(3) Office of the Inspector General, Department of Defense, Attention: DAIG, GAO Report Analysis, Room 555, 400 Army Navy Drive, Arlington, VA 22202.

5315.470 Estimated data prices.

(a) Except as authorized in paragraphs (b) and (c) below, when data are required to be delivered under a contract, the solicitation shall include priced line items for that data. At a minimum, those line items shall provide for separate prices

for each major category of data to be delivered. Examples of major categories of data include technical orders, engineering data, and management data. When data to be delivered include acquisition data (data which are being required to allow for the acquisition of an item on a competitive basis), the solicitation shall require separate identification of the price of that data, including data rights necessary for the use of that data for the intended purpose.

(b) Not separately priced data line items (data line items for which no separate price is established, with the result that the prices for those line items are included in the price of hardware or other priced line items) shall only be used in a solicitation or contract when the contracting officer specifically determines that it would not be practical to separately price those items. Such determination shall be approved at a level higher than the contracting officer. The basis for the contracting officer determination shall be documented in the contract file.

(c) Separate line item prices are not required in the following situations and, thus, the determination and approval requirements of paragraph (b) above do not apply:

(1) Research or exploratory development contracts when reports (listed on the DD Form 1423) are the only deliverable items under the contract.

(2) Contracts for the acquisition of commercial items as defined in FAR 2.101.

(3) Solicitations and contracts when the file is documented to show that adequate price competition is anticipated or obtained.

(d) Cost proposal data provided to support proposed prices for data should be analyzed using the over-and-above pricing concept. This concept reflects the recognition that the contractor will have to prepare certain data as a natural consequence of contract performance, whether or not we identify a requirement on the DD Form 1423 and ask for its delivery. Accordingly, the price paid for a data item should be based on what it costs the contractor to furnish the item, over and above the costs the contractor would incur if we did not require it at all. When large numbers of data items are to be analyzed, the contracting officer should consider using sampling techniques similar to those used for the analysis of spare parts proposals.

SUBPART 5315.5 - PREAWARD, AWARD, AND POSTAWARD NOTIFICATIONS, PROTESTS, AND MISTAKES.

5315.506 Postaward debriefing of offerors.

(d) Debriefings to all successful and unsuccessful debriefed offerors shall contain information sufficient to convey the basis of the SSA's integrated assessment and assist all offerors in improving future proposals. Information in the debriefings shall be appropriately redacted and "point-by-point" comparisons of offerors proposals detailing specific language in the proposals are prohibited (FAR 15.506 (e)). Information showing how one offeror was evaluated and rated against the evaluation factors as compared to the successful offeror should be included in the debriefing. In no case shall information be provided which is prohibited from disclosure or exempt from release (FAR 15.506 (e) (1) - (4)).

(1) The debriefed offeror shall be provided the same ratings (or redacted PER for Basic source selections) for its proposal that were briefed to the SSA during the decision briefing. The debriefing shall also include the narrative description, provided to the SSA, of the strengths, proposal inadequacies, risks, weaknesses and deficiencies of the offeror's proposal.

(2) The debriefing shall include the ratings and narrative description presented to the SSA of the strengths, proposal inadequacies, risks, and weaknesses of the successful offeror's proposal, appropriately redacted. Neither the successful offeror nor unsuccessful offerors shall be provided the same information on any other unsuccessful offeror's proposal except for the case when there are only two offerors. In this case, the SSA may release all ratings and accompanying narratives on each offeror's proposal, appropriately redacted, to the other offeror.

(3) The SSDD, appropriately redacted, shall be provided to all debriefed offerors. The SSA may also release an appropriately redacted PAR to all offerors in the competitive range. The debriefing is not a forum for debate regarding the subjective judgment of the SSA. If the Government team participating in the debriefing is uncertain about a response to an offeror's question, or determines the question may be inappropriate (e.g., the response would reveal proprietary or classified information to which the offeror is not permitted access), the offeror should be so informed and provided with a response, if appropriate, as soon as possible after the debriefing.

SUBPART 5315.6—UNSOLICITED PROPOSALS

5315.606-90 Air Force procedures.

(a) Each MAJCOM, FOA, and DRU shall establish contact points and procedures for receipt and disposition of unsolicited proposals received locally, consistent with the provisions in FAR Subpart 15.6.

(b) The contact point for the receipt and disposition of all unsolicited proposals received at the Air Staff (HQ USAF) and Secretariat (SAF) is HQ AFMC/PKP 4375 Chidlaw Road, Suite 6, Wright-Patterson AFB, OH 45433-5006, (937) 257-6055 or DSN 787-6055. HQ AFMC/PKP will review the proposal contents and determine the proper activity within the Air Force to evaluate and process the proposal. HQ AFMC/PKP shall acknowledge receipt of unsolicited proposals and forward each one to the processing activity in an expeditious manner.

(c) Unless otherwise directed by SAF/AQC, the cognizant contact point responsible for receipt and disposition of unsolicited proposals shall provide the Air Force's response to offerors.

ATTACHMENT 5315-1 STATUS REPORT ON SPECIFIED CONTRACT AUDIT REPORT, OPEN REPORT
(Report Control Symbol DD-IG(SA)1580)

OPEN REPORT

For Period Ending _____
DOD Component _____USAF _____
MAJCOM _____

	Audit Report Number	Report Date (1)	Contractor Name	Type of Audit (2)	Cost Questioned or Cost Avoidance	Deferred for Criminal Investigation (3)	In Litigation (4)	Resolved or Unresolved (5)	Disposition Target Date (1)	Reporting Activity (6)
A. Overaged reports (over 12 months old)										
B. Reports 6-12 months old										
C. Reports less than 6 months old										
D. Reports in litigation										
E. Reports involved in criminal investigation										

NOTE:
(1) Year, month, day.
(2) Use codes listed in AFFARS 5315.491-5 (h).
(3) If investigative organization has requested deferral of resolution or dispoisition action, list date of request.
(4) Docket/Case No. or no (N).
(5) For resolved audits: insert R and date of resolution.
For unresolved audits: insert U and resolution target date.
(6) Use DFARS Appendix G Activity Address Numbers.

ATTACHMENT 5315-2 STATUS REPORT ON SPECIFIED CONTRACT AUDIT REPORT, CLOSED REPORT

ATTACHMENT 5315-2 STATUS REPORT ON SPECIFIED CONTRACT AUDIT REPORT, CLOSED REPORT

(Report Control Symbol DD-IG(SA)1580)

CLOSED REPORT

For Period Ending _____
DOD Component _____ USAF _____
MAJCOM _____

	Audit Report Number	Report Date (1)	Contractor Name	Type of Audit (2)	Date of Disposition (1)	Cost Questioned or Cost Avoidance	Costs Sustained/ Avoided	Reporting Activity (3)
A. Reports listed as coverage in prior report								
B. Other reports closed during period								

NOTE:
(1) Year, month, day.
(2) Use codes listed in AFFARS 5315.874-5 (h).
(3) Use DFARS Appendix G Activity Address Numbers.

Attachment 5315-3

Table A

AFMC Source Selection Authority (SSA) Thresholds

PEO and DAC Programs (non Information Technology)// Other Contracting

Threshold	SSA (Delegable*)	SSP Review
SAT to < $10M	Contracting Officer	Technical Team Member
≥ $10M to < $50M	Single Manager**	BOCO//***
≥ $50M to < $500M	PEO or DAC//Center CC	SCCO
≥ $500M*****	PDASAF(A&M)	SSAC Chairperson

Major Automated Information System (MAIS) Programs and non-MAIS Information Technology Acquisitions

Threshold	SSA (Delegable*)	SSP Review
SAT to < $15/30M****	Single Manager**	BOCO//***
≥ $15/30M**** to < $120M and non-MAIS	PEO or DAC//Center CC	SCCO
≥ $120M or MAIS	PDASAF(A&M)	SSAC Chairperson

*Not delegable lower than the contracting officer

**Single Manager (SM) includes System Program Director (SPD), Product Group Manager (PGM), Materiel Group Manager (MGM), Technology Director (TD) and Wing Commander.

***For Other Contracting, the first contracting official in the contract chain subordinate to the SCCO.

****$15/$30M means $15M or more in any FY or $30M or more for all program years.

*****Except new ACAT ID programs entering EMD (ASAF(A))

Table B

Other MAJCOMs, FOAs, DRUs Source Selection Authority Thresholds

(Other Contracting)

Threshold	SSA (Delegable*)	SSP Review
SAT to < $10M	Contracting Officer	Technical Team Member
≥ $10M to <$500M	Commanders**	Per Command Guidance
≥ $500M	PDASAF(A&M) ***	SSAC Chairperson

MAIS Programs and non-MAIS Information Technology Acquisitions

Threshold	SSA (Delegable*)	SSP Review
SAT to < $10M	Contracting Officer	Technical Team Member
≥ $10M to < $120M and non-MAIS	Commanders**	Per Command Guidance
≥ $120M or MAIS	PDASAF(A&M)	SSAC Chairperson

TABLE B NOTE: If an acquisition is designated a PEO Program, the PEO is the SSA for thresholds below ASAF(A) (delegable*).

*Not delegable lower than the contracting officer

**Commanders of MAJCOMs, FOAs and DRUs

***Except new ACAT ID programs entering EMD (ASAF(A))

ATTACHMENT 5315-4

AFFARS 5315.305(a)(3)(b)(i-ii) SOURCE SELECTION EVALUATION MATRIX

FACTORS

MISSION CAPABILITY				
SUBFACTOR 1	*SUBFACTOR 2*	*SUBFACTOR 3*	*SUBFACTOR 4*	*SUBFACTOR 5*
PROP RISK 1	PROP RISK 2	PROP RISK 3	PROP RISK 4	PROP RISK 5
PERFORMANCE CONFIDENCE* *assessed at subfactor, rated at factor level				
PRICE/COST				

ATTACHMENT 5315-5

SOURCE SELECTION INFORMATION BRIEFING & DEBRIEFING CERTIFICATES

Source Selection Information Briefing Certificate

Name: _____ **Grade:** _____ **Job Title:** _____

Organization: _____ **Source Selection:** _____ **Date:** _____

Briefing Acknowledgment

1. I acknowledge I have been assigned to the source selection indicated above. I am aware that unauthorized disclosure of source selection or proprietary information could damage the integrity of this procurement and that the transmission or revelation of such information to unauthorized persons could subject me to prosecution under the Procurement Integrity Laws or under other applicable laws.

2. I do solemnly swear or affirm that I will not divulge, publish, or reveal by word, conduct, or any other means, such information or knowledge, except as necessary to do so in the performance of my official duties related to this source selection and in accordance with the laws of the United States, unless specifically authorized in writing in each and every case by a duly authorized representative of the United States Government. I take this obligation freely, without any mental reservation or purpose of evasion and in the absence of duress.

3. I acknowledge that the information I receive will be given only to persons specifically granted access to the source selection information and may not be further divulged without specific prior written approval from an authorized individual.

4. If, at any time during the source selection process, my participation might result in a real, apparent, possible, or potential conflict of interest, I will immediately report the circumstances to the Source Selection Authority.

5. All personnel are requested to check the applicable block:

[ ] I have submitted a current OGE Form 450, Executive Branch Personnel Confidential Financial Disclosure Report, as required by DODD 5500.7.

[ ] I am not required to submit an OGE Form 450.

SIGNATURE:_____ **DATE:**_____

Debriefing Certificate

I have been debriefed orally by _____ as to my obligation to protect all information to which I have access during this source selection. I no longer have any material pertinent to this source selection in my possession except material that I have been authorized in writing to retain by the SSA. I will not discuss, communicate, transmit, or release any information orally, in writing, or by any other means to anyone after this date unless specifically authorized to do so by a duly authorized representative of the United States Government.

_____

Signature of Person Debriefed Date

SUBPART 5332.7—CONTRACT FUNDING

5332.790 Base contract funding.

(a) Base contracting activities shall not issue a solicitation for supplies or services without an allotment citation of funds availability unless the purchase request is for:

(1) A requirement chargeable to the Air Force Stock Fund and the local primary stock fund manager (of a stock fund division that is exempt from apportionment control) furnishes the following signed certificate to the contracting office:

> "I certify that all purchase requests for [*insert stock fund item names*] stock fund items for fiscal year [*insert fiscal year*] are provided for in the approved [*insert name*] operating program for fiscal year [*insert fiscal year*]. The proper accounting classification to be cited for the entire fiscal year is [*insert classification*]."

(2) An industrial fund requirement and the accounting agent has furnished an annual certificate substantially the same as in paragraph (1) above, except that the accounting agent shall enter the fund cite on each purchase request;

(3) A contract conditioned upon the availability of funds as authorized in FAR 32.703-2;

(4) A requirements type contract is to be established which does not require a firm funded order at time of contract execution;

(5) Information needed for planning purposes pursuant to FAR 15.201 (e), or

(6) Requirements under paragraphs (b) or (c) below.

(b) When a purchase request is for one of the requirements listed in (b)(1) through (4), the base contracting activity may issue a solicitation, receive and open offers, and prepare final award documents (including clearance, if required). However, the contract shall not be signed by the contracting officer; delivered to the contractor; nor will the contractor be notified that it has been awarded a contract until funds have been certified by the accountable AFO. Since contract award will not be made subject to the availability of funds, the procedure and clause prescribed in FAR 32.703-2 (a) shall not be used. If additive or deductive items are included in the bid schedule, the contracting officer shall determine the amount of available funds before bid opening:

(1) A project in connection with family housing and/or mobile home parks, upon direction by AF/CE;

(2) Construction to be commenced in the next fiscal year, if the approving authority certifies that the requirement has a high enough priority to ensure that it will not be canceled when the next fiscal year funds become available. Current fiscal year funds may be used if they become available before the end of the fiscal year and the contract can be obligated as required by AFR 170-8;

(3) A military construction program (MCP) project when the contracting office receives written notification that the Air Force has responsibility for the acquisition, that the project has been approved for acquisition, and funds are available and being forwarded through channels. This exception still applies when the purchase request funding is limited to the amount of the initial Government estimate and the latest estimate, based on actual design and engineering information, exceeds the amount of the purchase request. In such cases, solicit bids or proposals before requesting additional funds; and

(4) A minor construction project (P-341 funds and commissary surcharge funds) supported by a statement that funds are being held in reserve at HQ USAF and will be made available when needed to award the contract.

(c) The MAJCOM Civil Engineer, Director of Contracting, and Comptroller may jointly agree in writing to authorize base contracting activities to issue solicitations for facility project requirements when it is anticipated that the contract will be awarded in the current fiscal year but funds are not yet available. Use of this authority is subject to the following:

(1) MAJCOMs should carefully consider the use of this authority. It should only be used for non-complex projects for which estimated bid or proposal preparation costs are relatively low in relation to the estimated cost of the project. Also,

MAJCOMs should consider imposing a limit on either the project value or the aggregate value of all projects solicited using this procedure;

(2) Projects that may be solicited under this authority include those for maintenance, repair and minor construction, facility O&M projects, and environmental restoration and compliance projects, which the MAJCOM civil engineer has reviewed, verified as a bona fide need, and determined that there is a reasonable likelihood that the project will be funded in the annual year-end program;

(3) MAJCOM Civil Engineering and Comptroller offices will identify to Contracting the projects selected to be solicited under this authority, in adequate time to permit solicitation and processing. MAJCOM Contracting, Comptroller, and Civil Engineering shall establish a reasonable cut-off date for cancellation of solicitations, in order to have time to open the offers and process the contract award before the end of the fiscal year;

(4) Solicitations may not be opened until the funds certifying official either certifies that funds are available, or notifies the contracting officer that there is reasonable assurance that funds will be available after opening. If a reasonable assurance notification is received from the funds certifying official, the solicitation may be opened and processed up to the point of award. However, the contract shall not be signed by the contracting officer, delivered to the contractor, nor will the contractor be notified that it has been awarded a contract until funds have been certified by the accountable AFO. If funds or a "reasonable assurance" notification cannot be provided by the established cut-off date, the solicitation will be canceled before opening; and

(5) Solicitations issued under this authority shall contain a notice on the cover sheet and in Section L as follows:

> "Notice to Offerors: Funds are not presently available for this project. No award will be made under this solicitation until funds are available. The Government reserves the right to cancel this solicitation, either before or after the closing date."

SUBPART 5332.9—PROMPT PAYMENT

5332.908 Contract clauses.

The contracting officer shall insert the clause at 5352.232-9000, Remittance Address, whenever the following clauses are used: FAR 52.232-25, Prompt Payment, FAR 52.232-26, Prompt Payment for Fixed-Price Architect-Engineer Contracts, and FAR 52.232-27, Prompt Payment for Construction Contracts. Each of these prompt payment clauses requires that the contractor's invoice include the name and address of the contractor official to whom payment is to be sent.

(C) Documents in the agency report being provided to the GAO that are known to be in the possession of the protester or an interested party (e.g., the solicitation) need not be reproduced and included in the agency report for the protester or interested party. The table of contents for the agency report shall indicate which documents are not being provided because the party already has a copy.

(D) SAF/AQCX and SAF/GCQ addresses, telephone and FAX numbers are:

SAF/AQCX—See Foreword for mailing address
Telephone (703) 614-4877
FAX (703) 693-5589

Department of the Air Force
Office of the Assistant General Counsel for Acquisition (SAF/GCQ), Room 4D980
1740 Air Force Pentagon
Washington, DC 20330-1740

Telephone (703) 697-3900
FAX (703) 614-8846

(iv) *Contracting officer's statement of facts.*

(A) The contracting officer's statement of facts shall include a chronology of events and a discussion of all issues raised in the protest. The chronology of events will include the date and a brief description of significant events in the procurement. The discussion of allegations shall address all issues raised in the protest. Conclusions shall be supported by appropriate references to the FAR and supporting documents (by tab number) in the agency report.

(B) The contracting officer's statements of facts should be written so that it contains only releasable information. If there is any information that must be withheld from the protester or an interested party, it should be provided in a supplemental statement. If deletions are minimal, a redacted statement for the appropriate parties may be provided instead. The contracting officer's statement of facts should include information such as the following:

(I) Type solicitation protested (i.e., IFB, RFP, etc.);

(II) Solicitation number and date issued;

(III) Description of goods or services being acquired;

(IV) Name of contracting office;

(V) Description of decision protested;

(VI) Date bids or proposals originally due;

(VII) Date final proposal revision requested;

(VIII) Date final proposal revision received;

(IX) Date of award;

(X) Successful contractor, if known;

(XI) Amount of contract, as awarded and with options;

(XII) Amount protester bid for basic contract and options;

(XIII) Specific language in solicitation to which exception is taken;

(XIV) Abstract of relevant language from other documents referenced by protester or relied on by the Air Force;

(XV) Verbal communications, if any, alleged by the protester or relied on by the Air Force, emphasizing any disputed verbal statements; and

(XVI) Other significant facts alleged by the protester or relied on by the Air Force with a particular emphasis on disputed facts.

(v) *Memorandum of Law.*

(A) The staff judge advocate shall provide a memorandum of law in opposition to the protest, to be included as an advocacy document in the agency report. The memorandum should be prepared in anticipation of its release to the GAO and to interested parties to the protest. Any information that must be withheld from the protester or an interested party, should be included in a supplemental memorandum for the GAO. If deletions are minimal, a redacted memorandum for the appropriate parties may be provided instead. The memorandum of law shall:

(I) Include the pertinent facts;

(II) Identify the legal issues raised by the protest;

(III) State the legal rules enunciated by the GAO and the Courts when resolving the same or similar issues and analyze how those rules apply to the facts and issues of the protest; and

(IV) Briefly state the desired result.

(B) The statement of facts in the memorandum of law should tell the GAO what the procurement is all about, and how the protest relates in time to the actions of the buying activity and the offerors, as well as explain the agency position. The memorandum of law should, for the most part, read like a GAO decision and contain the necessary citations to protest decisions.

(C) If there is a reasonable possibility that the GAO may sustain the protest, the staff judge advocate shall prepare a legal opinion containing a candid, objective assessment of the merits of the protest. This opinion and any other written advice or comments by the staff judge advocate to the contracting officer about the protest shall not be made a part of the agency report but shall be forwarded with the report to SAF/AQCX. These documents will not be provided to the GAO or released outside of the Air Force without the consent of the staff judge advocate or higher authority.

(3) *Document requests.*

(i) A protester may request, in writing, concurrent with the filing of the protest, specific documents relevant to the protest, including documents not normally required to be included in the agency report.

(ii) Copies of all documents requested by the protester must be furnished to the GAO. Relevant, responsive documents should be integrated into the agency report. Irrelevant documents should be segregated, identified, and appended to the copy of the agency report to be provided to the GAO and SAF/AQCX.

(iii) The agency report shall clearly indicate whether documents responsive to a document request exist and, if so, which documents are responsive to which part of the request.

(iv) The protester may subsequently request additional documents if the existence or relevance of documents first becomes evident from the agency report, by filing a request with the GAO and the contracting agency within two calendar days of the receipt of the agency report. SAF/AQCX or SAF/GCQ must file the documents with the GAO within five calendar days, identifying any documents not furnished to the protester or interested party and stating the reasons for not furnishing them. These documents must be given to anyone granted access to them by a protective order. Therefore, the contracting officer shall provide all requested additional documents to SAF/AQCX within three calendar days of receipt of the protester's request.

(4) *Release of information.*

(i) *General.*

(A) SAF/AQCX or SAF/GCQ submit agency reports to the GAO, the protester, and interested parties. Contracting activities shall not provide agency reports, or documents in agency reports, directly to the GAO, the protester, or interested parties, unless requested to do so by SAF/AQCX or SAF/GCQ. Contracting activities shall provide additional documents to SAF/AQCX or SAF/GCQ, upon request.

(B) The authority of the Freedom of Information Act (FOIA) does not apply when preparing agency reports for transmittal to the GAO and interested parties. However, the exemptions in FOIA may be used as a basis to recommend withholding or releasing documents or portions of documents. For documents in the agency report that may be non-releasable, in whole or in part, under the (FOIA), the contracting officer shall identify the specific parts of the

PART 5352—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

SUBPART 5352.1—INSTRUCTIONS FOR USING PROVISIONS AND CLAUSES

5352.101-Using Part 5352.

(b)(2)(ii)(B) MAJCOM supplemental provisions or clauses shall insert the MAJCOM name in the title. For example, an AFMC provision is "Price Discounts...etc. (AFMC) (Jun 1993)," and an ACC clause is "Government Performance.. etc. (ACC) (July 1994)."

SUBPART 5352.2—TEXTS OF PROVISIONS AND CLAUSES

5352.204-9000 Notification of Government Security Activity.

As prescribed in 5304.404-90, insert the following clause in solicitations and contracts:

NOTIFICATION OF GOVERNMENT SECURITY ACTIVITY (MAY 1996)

Thirty days before the date contractor operations will begin on base, the contractor shall notify the security police activity shown in the distribution block of the DD Form 254, DOD Contract Security Classification Specification, as to:

(a) The name, address, and telephone number of this contract company's representative and designated alternate in the U.S. or overseas area, as appropriate;

(b) The contract number and military contracting command;

(c) The highest classification category of defense information to which contractor employees will have access;

(d) The Air Force installations in the U.S. (in overseas areas, identify only the APO number(s)) where the contract work will be performed;

(e) The date contractor operations will begin on base in the U.S. or in the overseas area;

(f) The estimated completion date of operations on base in the U.S. or in the overseas area; and

(g) Any changes to information previously provided under this clause.

This requirement is in addition to visit request procedures contained in DOD 5220.22-M, National Industrial Security Program Operating Manual.

(End of clause)

5352.204-9001 Visitor Group Security Agreements.

As prescribed in 5304.404-90, insert the following clause in solicitations and contracts:

VISITOR GROUP SECURITY AGREEMENTS (MAY 1996)

Prior to beginning operations involving classified information on an installation identified on the DD Form 254 where the contractor is not required to have a facility security clearance, the contractor shall enter into a security agreement (or understanding) with the installation commander to ensure that the contractor's security procedures are properly integrated with those of the installation. As a minimum, the agreement shall identify the security actions which will be performed:

(a) By the installation for the contractor, such as providing storage and classified reproduction facilities, guard services, security forms, security inspections under DOD 5220.22M, classified mail services, security badges, visitor control, and investigating security incidents; and

(b) Jointly by the contractor and the installation, such as packaging and addressing classified transmittals, security checks, internal security controls, and implementing emergency procedures to protect classified material.

(End of clause)

5352.215-9000 Facility Clearance.

As prescribed in 5315.204-5, insert in Section L a provision substantially the same as the following provision:

FACILITY CLEARANCE (MAY 1996)

The offeror must possess, or acquire prior to award of a contract, a facility clearance equal to the highest classification stated on the Contract Security Classification Specification (DD Form 254) attached to this solicitation.

(End of provision)

5352.215-9001 Notice of Pre-bid/Pre-proposal Conference.

As prescribed in 5314.207-90 or 5315.201(c)(8), insert a provision substantially the same as the following provision:

NOTICE OF PRE-BID/PRE-PROPOSAL CONFERENCE (MAY 1996)

(a) A pre-bid/pre-proposal conference will be conducted at [*insert location including full address*] on [*insert date*] at [*insert time*] for the purpose of answering questions regarding this solicitation.

(b) Submit the names of all attendees (not to exceed [*insert number of attendees*]) to [*insert point of contact name, address, and phone number*] prior to [*insert date*]. This information must be provided in advance in order to ensure access to the military base/conference site and adequate seating for the conference attendees.

(c) Bidders/Offerors are requested to submit questions to the point of contact noted above not later than [*insert time and date*]. Information provided at this conference shall not qualify the terms and conditions of the solicitation and specifications. Terms of the solicitation and specifications remain unchanged unless the solicitation is amended in writing. If an amendment is issued, normal procedures relating to the acknowledgment and receipt of solicitation amendments shall apply.

(d) A record of the conference shall be made and furnished to all prospective bidders/offerors. The record should include minutes of the meeting, including questions (on a non-attribution basis) and answers.

[End of provision]

Alternate I (MAY 1996). If access to classified documents is contemplated, the contracting officer may add substantially the same as the following paragraphs (e) and (f) to the basic provision:

(e) To receive classified documents the recipient must have a security clearance of at least [*insert classification*] and authorization to act as courier. Security clearance and courier authorization must be on file at the following mailing address:

[*insert address of organization responsible for this information*]

(f) This conference is [*insert classification*].

5352.223-9000 Elimination of Use of Class I Ozone Depleting Substances (ODS).

As prescribed in 5323.890-7, insert the following clause in solicitations and contracts:

ELIMINATION OF USE OF CLASS I OZONE DEPLETING SUBSTANCES (ODS)
(MAY 1996)

(a) It is Air Force policy to preserve mission readiness while minimizing dependency on Class I Ozone Depleting Substances (ODS), and their release into the environment, to help protect the Earth's stratospheric ozone layer.

(b) Unless a specific waiver has been approved, Air Force procurements:

(1) May not include any specification, standard, drawing, or other document that requires the use of a Class I ODS in the design, manufacture, test, operation, or maintenance of any system, subsystem, item, component, or process; and

(2) May not include any specification, standard, drawing, or other document that establishes a requirement that can only be met by use of a Class I ODS;

(c) For the purposes of Air Force policy, the following are Class I ODS:

(1) Halons: 1011, 1202, 1211, 1301, and 2402;

(2) Chlorofluorocarbons (CFCs): CFC-11, CFC-12, CFC-13, CFC-111, CFC-112, CFC-113, CFC-114, CFC-115, CFC-211, CFC-212, CFC-213, CFC-214, CFC-215, CFC-216, and CFC-217, and the blends R-500, R-501, R-502, and R-503; and

(3) Other Controlled Substances: Carbon Tetrachloride, Methyl Chloroform, and Methyl Bromide.

(d) The Air Force has reviewed the requirements specified in this contract to reflect this policy. Where considered essential, specific approval has been obtained to require use of the following substances:

Substance Application/Use Quantity (lbs)
[*List each Class I ODS, its applications or use and the approved quantities. If "None," so state.*]

(e) To assist the Air Force in implementing this policy, the offeror/contractor is required to notify the contracting officer if any Class I ODS not specifically listed above is required in the performance of this contract.

(End of clause)

5352.223-9001 Health and Safety on Government Installations.

As prescribed in 5323.9002, insert the following clause in solicitations and contracts:

HEALTH AND SAFETY ON GOVERNMENT INSTALLATIONS (JUN 1997)

(a) In performing work under this contract on a Government installation, the contractor shall:

(1) Comply with the specific health and safety requirements established by this contract;

(2) Comply with the health and safety rules of the Government installation that concern related activities not directly addressed in this contract;

(3) Take all reasonable steps and precautions to prevent accidents and preserve the health and safety of contractor and Government personnel performing or in any way coming in contact with the performance of this contract; and

(4) Take such additional immediate precautions as the contracting officer may reasonably require for health and safety purposes.

(b) The contracting officer may, by written order, direct Air Force Occupational Safety and Health Standards (AFOSH) and/or health/safety standards as may be required in the performance of this contract and any adjustments resulting from such direction will be in accordance with the Changes clause of this contract.

(c) Any violation of these health and safety rules and requirements, unless promptly corrected as directed by the contracting officer, shall be grounds for termination of this contract in accordance with the Default clause of this contract.

(End of clause)

5352.225-9000 Evidence of Shipment on Foreign Military Sales (FMS) Contracts.

As prescribed in 5325.7390, insert the following clause in solicitations and contracts:

EVIDENCE OF SHIPMENT ON FOREIGN MILITARY SALES (FMS) CONTRACTS (MAY 1996)

The contractor shall provide to the payment office evidence of shipment that will consist of both a DD Form 250, Material Inspection and Receiving Report, and the carrier's receipt (e.g., the Commercial Bill of Lading, the Government Bill of Lading, the United States Postal Parcel Service receipt, the United Parcel Service pick-up record, or other carrier pick-up document). The contractor need not submit a DD Form 250, if one is not otherwise required under the contract.

(End of clause)

5352.232-9000 Remittance Address.

As prescribed in 5332.908, insert the following clause in Section G:

REMITTANCE ADDRESS (MAY 1996)

If the remittance address is different from the mailing address, enter the remittance address below. Failure to provide this information may impact payment.

_____

_____

_____

(End of clause)

5352.235-9000 Scientific/Technical Information (STINFO).

As prescribed in 5335.010-90, insert the following clause in solicitations and contracts:

SCIENTIFIC/TECHNICAL INFORMATION (STINFO) (MAY 1996)

If not already registered, the contractor shall register for Defense Technical Information Center (DTIC) service by contacting the following:

APPENDIX DD—SIMPLIFIED ACQUISITION OF BASE ENGINEER REQUIREMENTS PROGRAM

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(2) A statement signed by the civil engineer commander outlining the mission requirements and cost considerations that justify use of the SABER order with NPIs that exceed the ten percent limitation instead of using an alternative contracting approach; and

(3) The written approval signed by the installation commander.

(e) *Non-personal services.* SABER shall not be used to perform non-personal services subject to the provisions of the Service Contract Act (e.g., a delivery order solely to install carpet when the labor involved exceeds $2,500). The Department of Labor (DOL) has jurisdiction over whether a particular requirement is classified as construction work subject to the Davis Bacon Act or services to which the Service Contract Act applies. DOL guidance provides that services such as carpet installation, landscaping, asbestos removal, and building demolition may be performed as construction when the work is incidental to a larger construction project. If the preponderance of the work involves the services cited, although there may be some incidental related construction work, the project falls under the Services Contract Act and shall not be performed using SABER.

PART 2—ACQUISITION PLANNING AND SOURCE SELECTION

DD-201 SABER working group.

(a) Successful SABER programs require team effort. Whether establishing a new SABER program or awarding a follow-on contract, a working group of all SABER players in CE and Contracting should be convened at the beginning of the planning process. This group should be chaired by the BCE or SABER Chief, assisted by the contracting officer and should hold regularly scheduled meetings until the solicitation is issued. The working group should gain the support of the installation commander and the using organizations. An early beginning to this communication and education process is crucial to the SABER program's success.

(b) Initially, the SABER working group should concentrate on:

(1) Estimating the expected scope of SABER for the installation or civil engineer organization, in order to establish a budget for the SABER program and the guaranteed maximum and minimum amounts to be included in the contract;

(2) Contacting associate organizations and other local Department of Defense installations as possible sources for up-front funding and projected budget requirements; and

(3) Determining the best organization for the SABER unit, including a calculation of the appropriate size of the SABER staff and identification of the types of personnel needed. The working group should investigate the feasibility of establishing a joint effort with other nearby bases (including Army, Navy, Air Force Reserve, and National Guard installations).

DD-202 SABER specifications and the Unit Price Book.

(a) Once the SABER requirements and budget are established, the BCE prepares the SABER program specifications. These include the master specification and the technical or guide specifications. The master specification describes the overall scope of the SABER program and is included in Section C of the Request For Proposal (RFP) under the heading "Description/Specification/Work Statement." The technical specifications define the specific construction standards for the tasks that will be ordered under the contract and form the basis for developing line item work tasks in the UPB.

(b) After developing the specifications, the BCE prepares the UPB, which is a compilation of the standard work tasks along with standard unit prices that will be included in the RFP and contract. Each of the prospective contractors will propose multipliers or coefficients, This listing of prepriced items becomes the basis for what may be ordered under the SABER contract. The UPB is the tailoring of the base data (which are priced at various locations nationally) to reflect accurate local construction practices and costs.

DD-203 SABER acquisition strategy.

(a) As early in the acquisition process as practicable, the contracting officer shall convene an Acquisition Strategy Panel (see 5307.104-91) to ensure that an effective approach is established for executing the acquisition.

(b) At this point, the heads of the operational contracting and civil engineer organizations should jointly determine the best SABER unit organizational structure to maximize communications and provide a dedicated team approach. The contracting personnel responsible for SABER may include contracting officers, negotiators, price analysts, and administrators, depending on acquisition phase and installation SABER workload. The individual serving as the SABER administrator should be involved as early as possible in the process, even if not normally part of solicitation and contract award activities.

(c) During this phase of the program, extensive effort is required to develop a plan of action considering:

(1) Acquisition background and program objectives;

(2) The anticipated SABER requirements and program value;

(3) The master and guide specifications and the UPB; and

(4) The anticipated delivery or performance period requirements.

(d) In developing the Acquisition Plan the contracting officer should consider:

(1) The anticipated sources;

(2) The need to enhance competition and use streamline source selection procedures;

(3) Any unique contracting considerations;

(4) Budgeting and funding concerns;

(5) Any management information requirements;

(6) Government-furnished property (e.g., office space, furniture, telephones, utilities, etc.);

(7) Environmental considerations;

(8) Security considerations;

(9) Milestones for the acquisition cycle; and

(10) Identification of the participants in the acquisition planning.

(e) The Acquisition Plan should contain a schedule with milestones that identify the OPR and a date by which each task must be completed. Again, the preparation of the acquisition plan is a team effort requiring the inputs of both the contracting and civil engineer representatives, and specific OPRs should be aware of their required contributions. While the contracting officer maintains overall control of the plan, the technical elements of the requirement are the responsibility of the BCE.

DD-204 Pre-solicitation activities.

This phase of the SABER acquisition process includes all activities associated with standard construction contracting, including applicable statutory and regulatory requirements.

(a) *Commerce Business Daily (CBD) synopsis requirements and pre-solicitation notices.* FAR 5.101 requires contracting officers to publicize proposed contract actions to increase competition, broaden industry participation in Government requirements, and assist small and small, disadvantaged businesses in obtaining contracts and subcontracts. SABER solicitations are, at a minimum, publicized in the CBD. A sample CBD synopsis is provided at Attachment DD-1. Also, the contracting officer should consider using presolicitation notices (see FAR 15.404) to identify interested sources and to facilitate preparation of proposals by interested offerors to save time and documentation. FAR 36.302 provides additional information regarding construction presolicitation notices.

(b) Reserved.

DD-205 Request For Proposal (RFP).

(a) The SABER RFP should closely mirror the format and content for a large construction solicitation. Specifically, a SABER RFP should include the following:

(1) Section B of the Schedule, identify the coefficient(s) that the offeror must propose and describe:

(i) The factors that generally make up the coefficient(s);

(ii) Instances where two or more coefficients may be required (e.g., for standard hours, non-standard hours, geographically-separated ranges or sites, and secure areas); and

(iii) Instructions for incorporating Davis Bacon Act labor rate updates and other appropriate changes in the coefficients for options. The contracting officer should establish an economic price adjustment (EPA) clause in accordance with instructions in Attachment DD-7.

(2) Section C of the Schedule should clearly define the SABER requirements, including:

(i) The scope and nature of the requirement;

(ii) The applicable contract technical specifications and UPB;

(iii) A sample calculation of a "typical" SABER project (using a project that will actually be awarded later under the resulting SABER contract); and

(iv) The level of architectural/drafting support to be performed by the contractor.

(3) In developing the elements of the RFP:

(i) Specify a first contract performance period of 12 months (to provide a full year's performance for option exercise purposes), if any phase-in period is required, it should be a separate, unpriced line item in the solicitation and resulting contract;

(ii) Do not establish the start of performance periods/option years on or about 01 Oct (avoid tying it to the beginning/end of the fiscal year);

(iii) Require the contractor (and allocate space accordingly) to establish an on-base office;

(iv) Minimize the number of price coefficients and keep them as simple as possible;

(v) Do not use the term "overtime" in reference to non-standard hour effort;

(vi) Establish realistic contract minimum and maximum dollar amounts;

(vii) Establish, understand, and be able to explain the method for option year adjustments (using either the EPA clause and pre-determined formulas/criteria or by updating the UPB);

(viii) Identify any required permits or certifications such as asbestos removal or environmental work;

(ix) Consider limiting the contractor's technical proposals to 50 pages or less to expedite evaluation. Do not set a limit on resumes;

(x) Require large businesses to include subcontracting plans with initial offers. This prevents premature indications that a firm is the apparent successful offeror and avoid delays resulting from subsequent contracting officer requests for such plans; and

(xi) Keep the base legal office and reprographics function apprised of your solicitation schedule to accommodate short suspenses.

(4) Terms and Conditions. Address the following items as appropriate:

(i) Bonding requirements;

(ii) Ordering procedures;

(iii) The Government's right to perform work of the same type as the SABER contractor without breaching or violating the contract; and

(iv) A mechanism for and frequency of adding NPIs to the UPB.

(e) *Pre-proposal conferences.* The unique aspects of SABER and the requirements of each installation make pre-preproposal conferences worthwhile. These conferences force the Air Force SABER team to consider various perspectives and differing interpretations of the Government's solicitation. By allowing potential contractors to ask questions, the Air Force can anticipate the receipt of better proposals and an overall smoother acquisition. Planning for the conference should include the selection of an appropriate facility conducive to questions, discussion, and the exchange of information.

DD-206 Reserved

PART 3—SABER PROGRAM EXECUTION AND CONTRACT ADMINISTRATION

DD-301 Processing civil engineer project orders.

(a) *Issuance of project order.* The Civil Engineer Project Manager:

(1) Provides the statement of work, including concepts, sketches, and drawings;

(2) Identifies any statutory cost limitations;

(3) States any special instructions or requirements; and

(4) Includes a preliminary independent cost estimate and any required cost comparisons, justifications, and approvals.

(b) *Site visit.* The SABER project manager/inspector, contracting officer representative, using organization, and contractor will conduct a scope validation/site visit for each delivery order. Discussions include:

(1) Site access;

(2) Methods and alternatives for accomplishing work;

(3) Definition and refinement of requirements;

(4) Requirements for plans, sketches, drawings, etc.;

(5) Detailed scope of work; and

(6) Time requirements for completion, phasing requirements, and liquidated damages.

(c) *Independent Government cost estimate.* After the joint scope validation site visit, the SABER Project Manager updates the project order package to include any revised drawings and submits a detailed independent Government cost estimate as required in FAR 36.203. For DOs or DO modifications that exceed the simplified acquisition threshold, the Government cost estimate is required. For DOs or modifications that are less than the simplified acquisition threshold, this requirement is optional at the discretion of the contracting officer. The contracting officer may not begin negotiations without the independent cost estimate and must justify in the price negotiation memorandum (PNM) any differences from these estimates. Should the estimate change for any reason, the revised estimate and accompanying explanation/rationale must be provided in a timely manner to the contracting officer. The Government cost estimate must identify and provide cost estimates for any NPIs. The estimate shall be approved in writing by the appropriate BCE official, stamped "FOR OFFICIAL USE ONLY," and protected from unauthorized disclosure. If the project scope changes significantly or negotiations reveal errors in the Government estimate, the SABER program manager will provide a corrected estimate or explanation to the contracting officer.

(d) *Contractor's proposal.* After receiving the formal purchase request and approved independent cost estimate, the contracting officer requests the contractor to provide a detailed price proposal. The contractor develops this proposal by identifying necessary tasks in the UPB, verifying as-built drawings, refining quantities, pricing NPIs, preparing working drawings, and developing performance times. The SABER program manager may need to answer questions from the contractor and clarify technical aspects of the project.

(e) *Delivery order negotiation.*

(1) The contract administrator and contracting officer review the contractor's proposal for scope, compliance, completeness, and reasonableness by comparing it with the Government requirement and cost estimate. The contract administrator then forwards the technical proposal to the program manager for a technical review. The contracting officer evaluates the proposed method of construction, tasks, quantities, performance schedules, and any contractor drawings.

(2) After receiving the technical evaluation from the program manager, the contracting officer conducts meetings to review the proposal with the contractor. The contracting officer, with assistance from the program manager, establishes the Government's negotiation objective, including any variations involving tasks, methodology, quantities, NPIs, and timelines. If the period of performance exceeds 60 days, the contracting officer should establish specific progress reporting requirements. The contracting officer must ensure that the value of the DO does not exceed $500,000 or the relative value of the NPIs does not exceed ten percent of the value of the DO, unless waivers are approved. An example of a SABER cost comparison to justify waiver of the $500,000 limitation is provided as Attachment DD-6.

(3) If the contractor's proposal is not acceptable, either:

(i) Return the proposal to the contractor for rework; or

(ii) Return the work request folder to the BCE to determine if the project should be canceled, delayed, or accomplished by some other means than the SABER contract.

(4) After completing negotiations, the contracting officer prepares a price negotiation memorandum (PNM) in accordance with FAR Subpart 15.8. All SABER delivery orders must have a PNM that:

(i) Specifies the extent the contracting officer relied on the Government estimate and explains any significant differences between the estimate and the final negotiated price;

(ii) Describes any changes to the Government negotiation position and Government estimate. Additional technical support documentation required to support a change in the objective, will be prepared by the program manager and revisions to the estimate must be approved by the appropriate BCE;

(iii) Explains the basis for the final negotiated amounts for each task under the UPB and each NPI and demonstrate that the contracting officer effectively considered all significant aspects of the project and contractor's proposal; and

(iv) Contains a determination that the negotiated price is fair and reasonable.

DD-302 Delivery order issuance and modifications.

(a) After all required documentation and approvals such as clearance requirements, have been completed, the contracting officer issues the DO. The DO should include the specifications and/or statement of work and any associated drawings. The contractor commences work in accordance with the negotiated schedule.

(b) If bona fide differing site conditions are encountered during the execution of the delivery order, or a legitimate change to the work is required, the delivery order may be modified.

(1) The program manager will initiate a request for modification in the same manner as the transmittal of the original requirement. The contracting officer and program manager must thoroughly document all actions (new site visits, technical evaluations, negotiations, etc.) regarding the change to include any consideration given or received.

(2) The contracting officer then requests the contractor to submit a change proposal to address any new taskings or changes to the current DO. The change proposal is evaluated by the Government in much the same manner as the original proposal. If the modification would cause the DO to exceed the limitations at DD 104, a waiver must be approved before the modification to the DO may be issued.

DD-303 Inspection and acceptance.

(a) The program manager is responsible for ensuring the performance of quality assurance inspections associated with the delivery order until work completion, including final inspection and acceptance. Inspection requirements specified in AFI 32-1023, Design and Construction Standards and Execution of Facility Construction Projects, must be complied with.

(b) Contracting officers and contract administrators must establish procedures to monitor contractual requirements including the percentage of direct work completed by the SABER contractor as specified at FAR 52.236-1, Performance of

Work by the Contractor. Additionally, the SABER program manager must provide surveillance to ensure compliance with contractual superintendence and DBA requirements.

(c) The goal of the contracting process is to have the contractor satisfactorily perform the requirements of the basic contract and each delivery order. Upon acceptance and certification of work completion, the acceptance documentation is forwarded to accounting and finance for payment. When the DO is completed, the program manager forwards the inspection logs to the contract administrator (for inclusion in the contract file) and the project folder to Customer Service for close out.

DD-304 Adding NIPs to the UPB.

(a) When prices for NPIs are negotiated and incorporated in a DO, this does not incorporate the items in the UPB for subsequent use as a priced item. To permit subsequent use under the UPB, NPIs must be incorporated by supplemental agreement to the SABER contract. This may be done in conjunction with an annual update to the UPB to address economic conditions or separately at another time during the year. Also, a contract provision may be developed to permit regular (such as quarterly or annual) incorporation of negotiated NPIs into the UPB. However, prices already established in the UPB may not be adjusted in this way.

(b) Once an item has been added to the UPB, it becomes a prepriced item under the contract. Therefore, when negotiating NPI additions to the UPB, care must be taken to ensure only the direct costs of the NPI are included in the UPB. Before adding items to the UPB, adjust negotiated current year direct costs. Account for indirect costs by applying the coefficient to the UPB price when the requirement is ordered under individual DOs. To simplify the process of adding NPIs to the UPB, NPIs should be negotiated at current year direct costs and then adjusted back to base year costs by multiplying by the economic price adjustment index for the base year and dividing by the contract economic price adjustment index for the current year. The coefficient can be applied to a delivery order NPI when only direct costs are negotiated for the NPI.

DD-305 Funding.

(a) In order to expedite year end or emergency requirements, SABER projects may be processed up to the point of award in advance of funding.

(1) The independent Government cost estimate must be provided to the contracting officer prior to negotiations.

(2) Prior to requesting the contractor's proposal (if the contract does not include a line item for project estimating, proposal fee paid to the contractor and later deducted from the delivery order amount if the project is awarded), the contracting officer must obtain from the contractor a no cost agreement if the order is not awarded with acknowledgment that funds are not available.

(b) The contracting officer establishes milestones for actions in support of end of year actions to ensure sufficient lead time for SABER review, approval requirements, receipt of independent SABER project cost estimates, technical analyses, and negotiations. Cut-off dates are established to ensure the Government negotiation team has adequate time to review the estimate and develop a negotiation objective prior to negotiations.

DD-306 Liquidated damages.

(a) Liquidated damages are applicable to individual delivery orders, not the total contract.

(b) The determination to include liquidated damages on a delivery order shall follow the procedures in FAR 12.202 and FAR 36.206. Consideration must be given to the total number of orders outstanding and the ability of the contractor to control project milestones.

DD-307 Bonding.

(a) The amount of bonding the Government requires is determined in accordance with FAR Part 28. For SABER contracts, the initial bond amounts are based upon the guaranteed minimum quantity.

(b) FAR Part 28 allows the contracting officer flexibility in increasing the bond amounts in the course of contract performance. When the value of delivery orders in progress exceeds the existing bonding, the contracting officer should get additional bond protection by directing the contractor to increase the penal amount of the existing bond, or to obtain addi-

tional bonds. When the guaranteed dollar amount is exceeded, FAR 28.102-2 (a) and (b) penal sums apply. The cost for the additional bond security is included in the coefficient and no adjustment to price shall be made.

(1) In negotiated SABER contracts, the contractor should include bond premiums costs as indirect costs based upon the total contract amount, not just the bonding requirements imposed for the minimum guarantee at contract award.

(2) The payments clause (see FAR 52.232.5, Payments Under Fixed-Price Construction Contracts) requires the Government to reimburse the contractor for bond premiums upon request if the contractor provides evidence of full payment of such premiums to the surety. Since the premiums are an indirect expense which have been included in the contractor's coefficient, payment for such premiums are the same as all other progress payments made under delivery orders. Payment for bond premiums, at any point during contract performance, are not additional costs under the contract.

PART 4—OPTIONS AND FOLLOW-ON CONTRACTS

DD-401 Initial term and options.

The initial term of a SABER contract is normally 12 months. SABER contracts include options to increase the term of the contract in annual increments. In deciding the number of annual options to include, the contracting officer should balance the benefits of increased administrative efficiency in exercising the option and the positive performance incentive offered to the incumbent contractor against the added economic and market risks that result from extending the contract term. Generally, three options years offer an optimum balance. The contracting officer shall not include options for more than four years.

DD-402 Option price adjustments.

SABER contracts shall contain provisions for making annual adjustments to the option prices. This may be done either by incorporating a new UPB that has been updated to reflect current market conditions or by updating the coefficients using criteria and predetermined formulas in an economic price adjustment (EPA) clause. See Attachment DD-7 for an example of a coefficient adjustment clause.

DD-403 Davis Bacon Wage Determinations.

Each year new Davis Bacon wage determinations, which are issued by the Department of Labor, must be incorporated into the contract. New wage rates may be incorporated in the UPB under a contract clause that provides for annual updates to the UPB or by adjusting the coefficients under an EPA clause. An example of a contract clause follows:

"*Incorporation of Current Davis Bacon Wage Decision for Option Periods.*

The contracting officer shall, concurrent with exercise of any annual option, incorporate the current applicable Davis Bacon Wage Decision, which shall become effective on the first day of the option period and shall remain effective for the entire option period. The contractor shall compensate all covered employees at not less than the rates specified on the Wage Decision applicable to the current option period. No contract price adjustment will be made relative to incorporation of the current Wage Decision except as may be required in accordance with Provision [*identify provision*], economic price adjustments."

DD-404 Follow-on contracts.

Follow-on contracts should incorporate lessons learned from previous contracts in order to improve the effectiveness of each successive effort. Each installation should ensure thorough documentation of the experiences under the SABER contract. Lessons learned should be made available to SABER personnel and made a part of training. Document preparation and source selection activities can take up to nine months, therefore it is imperative to begin planning and preparation for a follow-on SABER contract early.

ATTACHMENT DD-1 SAMPLE COMMERCE BUSINESS DAILY SYNOPSIS

SIMPLIFIED ACQUISITION OF BASE ENGINEERING REQUIREMENTS (SABER)

ESTIMATED BID OPENING DATE: [*insert date*] Contact [*identify contracting specialist and provide phone number*] for solicitation package. The subject acquisition is for a broad range of maintenance, repair, and minor construction work on real property at [*insert name of Air Force base*] AFB and its associated sites. The work is required in support of [*insert activity name*] CES, Base Civil Engineer (BCE) activities. The contract will be an indefinite delivery-indefinite quantity type contract and will include a wide variety of individual construction tasks as identified in the Unit Price Book (UPB). During the contract period, the BCE will identify construction tasks required to complete each specific job, and Operational Contracting will negotiate and issue individual delivery orders to the contractor to complete those jobs. The contractor will be required to furnish all materials, equipment, and personnel necessary to manage and accomplish the projects. The contractor will be required to maintain a management office on [*insert Air Force base*] AFB in order to receive delivery orders and provide other management services related to accomplishing individual jobs. Individual jobs will vary in size and complexity. The jobs will include tasks in a variety of trades, including carpentry, road repair, roofing, excavating, interior electrical, steam fitting, plumbing, sheet metal, painting, demolition, concrete masonry, and welding. The guaranteed contract minimum is $[*insert dollar amount*], and the proposed maximum is $[*insert dollar amount*]. The average value of SABER delivery orders under the current (or just completed) SABER contract at [*insert Air Force base*] AFB was $[*insert dollar amount*], with a range from $[*insert dollar amount*] to $[*insert dollar amount*]. (Otherwise, you might choose to indicate that the statistical average for all SABER delivery orders, Air Force wide, for the period 1990-1993 was $40,000 per year.) The performance period will be a twelve month basic year with four twelve-month option years. The proposed contract is being considered for 100 percent small business set-aside. Interested small business concerns should, as early as possible, but no later than 15 days of this notice, indicate interest in the acquisition by providing evidence of capability to perform and a positive statement of eligibility as a small, socially and economically disadvantaged business concern. The Government anticipates significant subcontracting activity under the SABER contract. Due to the size of the solicitation, a $[*insert dollar amount*] fee, payable to [*insert name of payee*], is required for each copy of the solicitation package requested.

ATTACHMENT DD-2 RESERVED

ATTACHMENT DD-3 RESERVED

ATTACHMENT DD-4 RESERVED

ATTACHMENT DD-5 RESERVED

ATTACHMENT DD-6 SAMPLE SABER COST COMPARISON

I. PROJECT TITLE: Paint Warehouse Interior, Bldg xxxx, [*insert project number*]

II. PROJECT DESCRIPTION: [*insert brief description of scope of work including base priority for insertion into RPMC program*]

III. TRADITIONAL COST ESTIMATE: [*insert traditional estimate amount from Attachment DD-1*]

IV. SABER COST ESTIMATE: [*insert SABER estimate amount]*

V. COST COMPARISON:

Traditional Cost:	$333,980.00 (example *figures*)
SABER Cost:	$283,109.36 (example *figures*)
Difference	$50,870.64

VI. ADDITIONAL COMMENTS: [*insert comments and discussion pertinent to the cost comparison analysis: do not duplicate your justification letter in this area*]

Submitted:

Name, Rank/Grade, USAF
SABER Project Manager

Certified:

Name, Rank, USAF
Base Civil Engineer

Coordinated:

Name, Rank, USAF
Chief, Operational Contracting Division
(Or appropriate contracting representative)

2 Atchs
1. Traditional Cost Estimate Calculations
2. SABER Cost Estimate Calculations

TRADITIONAL COST ESTIMATE CALCULATIONS [EXAMPLE]

Description	U/I	Quantity	U/Cost	Amount*	Basis for Estimate
Ceiling corr. metal	SF	130140	$1.25	$162,675.000	Experience**
Overhead Door (41 ea.)	SF	12000	$1.08	$ 12,960.000	Experience**
Vinyl Walls	SF	29510	$1.42	$ 41,904.000	Means
Hardboard Walls	SF	9312	$0.41	$ 3,817.000	Means
Beams & Columns	SF	6384	$1.25	$ 7,980.000	Experience**
Piping	LF	3000	$2.64	$ 7,920.000	Means
Trusses, Metal	SF	42600	$1.25	$ 53,250.000	Experience**
Lift Rental	MO	3	$2000.00	$ 6,000.000	Means
Repl Wall Panels	SF	1270	$3.02	$ 3,835.000	Means
Surf Prep	SF-	224256	$0.15	$ 33.638	Experience**
Total				$333,980.000	

* Include overhead and profit in all amounts shown regardless of source.

** Estimated based on previously awarded, competitively bid, contracts for the same or similar item.

SABER COST ESTIMATE CALCULATIONS [EXAMPLE]

A. Project Summary:

Pre-Priced Items:	Total Direct Cost	(Regular Time)	$211,944.25
	Multiplier	(Regular Time)	1.20
	Total Cost	(Regular Time)	$254,333.10
	Total Direct Cost	(Premium Time)	0.00
	Multiplier	(Premium Time)	1.30
	Total Cost	(Premium Time)	0.00
Non-Priced Items:	Total Direct Cost	(Regular Time)	$ 23,980.22
	Multiplier	(Regular Time)	1.20
	Total Cost	(Regular Time)	$ 28,776.26
	Total Direct Cost	(Premium Time)	0.00
	Multiplier	(Premium Time)	1.30
	Total Cost	(Premium Time)	0.00
Total Project Cost			$283,109.36

B. Pre-Priced Items

1. Summary:

Basic Suffix	Description/Comments	Quantity	U/I	U/Cost	Total
07212-1009	Demo Insulation	250.00	SF	$0.27	$67.50
07212-1009	Replace Insulation	250.00	SF	1.32	330.00
09651-1001	Hardboard Adhesive	1020.00	SF	1.87	1,907.40
09910-1401	Paint Overhead Doors	12000.00	SF	0.61	7,320.00
09910-1906	Paint TrussesS0640.00	SF	0.55	27,852.00	
09910-2002	Paint Piping3000.00	LF	0.97	2,910.00	
09910-2131	15% Spot Prime Ceiling	15675.00	SF	0.45	7,053.75
09910-2131	First Coat Ceiling	104500.00	SF	0.45	47,025.00
09910-2131	Second Coat Ceiling	104500.00	SF	0.45	47,025.00
09910-2132	15% Spot Prime Joist	17.00	TON	68.08	1,157.36
09910-2132	First Coat Joist114.50	TON	68.08	7,795.16	
09910-2132	Second Coat Joist	114.50	TON	68.08	7,795.16
09910-2133	15% Spot Prime Columns	2.60	TON	329.07	855.58
09910-2133	First Coat Column	17.50	TON	329.07	5,758.72
09910-2133	Second Coat Column	17.50	TON	329.07	5,758.72
09910-2133	15% Spot Prime Door Frame	4.00	TON	329.07	1,316.28
09910-2133	First Coat Door Frame	26.00	TON	329.07	8,555.82
09910-2133	Second Coat Door Frame	26.00	TON	329.07	8,555.82
09920-1211	Paint Hardboard Panel	9312.00	SF	0.59	5,494.08
nss20-1211	Paint Vinyl Ins Cvring	29510.00	SF	0.59	17,410.90
Total Direct Cost				$211,944.25	
Multiplier				1.20	
Extended Total - Pre-Priced Items					$254,333.10

2. Detail:

Item	Quantity	U/I	U/Cost	Total
07212 Rigid Insulation 1000 Rigid Board Insulation 1009 1-1/2" Urethane, R10.7 *** 19072.1001 Demolition	250.00	SF	0.27	67.50
07212 Rigid Insulation 1000 Rigid Board Insulation 1009 1-1/2 Urethane, R10.7 *** 2001 For Vapor Barrier - Integral W/Insulation *** 2004 For Factory Painted on Qne Surface	250.00	SF	1.32	350.00
09651 Cementitous Underlayment . 1001 Latex Underlayment - 1/8" Thick	1020.00	SF	1.87	1907.40

[********CONTINUE FOR ALL UPB ITEMS********]

Total Direct Cost	$211,944.25
Multiplier	1.20
Extended Total - Pre-Priced Items	$254,333.10

C. Non-Priced Items Summary

Description/Comments	Quantity	U/I	U/Cost	Total
Repl Hardboard Panels	1020.00	SF	$1.70	$1,734.00
Surface Preparation	205962.00	SF	0.10	20,596.20
Taping	9706.00	SF	$0.17	$1,650.02

Total Direct Cost	$23,980.22
Multiplier	1.20
Extended Total - Non-Priced Items	$28,776.26

D. SABER Totals:

Pre-Priced Items (Regular Time)	$254,333.10
Pre-Priced Items (Premium Time)	$0.00
Non-Priced Items (Regular Time)	$27,776.26
Non-Priced Items (Premium Time)	$0.00
Total	$283,109.36

ATTACHMENT DD-7 SAMPLE CLAUSE FOR SABER ECONOMIC PRICE ADJUSTMENT (EPA)

(a) Coefficient(s) for SABER options under this contract shall be adjusted annually to recognize variations in labor, equipment, and material costs as stated below.

(b) The Market Trends Construction Cost Index (CCI) for the city of [*insert where the work is to be performed*] as published in the McGraw Hill publication "Engineering News Record (ENR)" shall be used to determine adjustments to the contract coefficients for options under this contract. To determine the amount of adjustment, the contracting officer will calculate the change in the index appearing in the issue of ENR published during the month prior to the effective date of the option from [*the contracting officer shall enter the most recently published index at the time of initial contract award*]. Eighty percent of this variation will be applied to [*the contracting officer shall enter the coefficient for the initial period of the contract*]. If the publication of the index should be discontinued, the parties to the contract will negotiate a replacement index or new contract provision. If a replacement index or contract provision cannot be agreed upon, the contracting officer may unilaterally determine the contract adjustment method, and the contractor may dispute the determination under the Disputes Clause. Adjustments to option year contract coefficients shall be determined in accordance with the following formulae:

(1) To calculate the new coefficient use:

$C = C_i * f$

Where:

C = New Coefficient;

f = Adjustment Factor; and

C_i = Contract pricing coefficient at contract award.

(2) To calculate the Adjustment Factor use:

$f = ((CCI_c - CCI_i) / CCI_i) * 80\% + 1$

Where:

CCI_c = the ENR index for the option; and

CCI_i = the ENR index for the initial contract award.

(c) Adjustment calculations for second and subsequent option years shall each be based on the contract coefficient for the initial contract period.

Sample EPA Calculations

EPA Coefficient-Index Matrix

Action	ENR Index	Adjustment Factor	Coefficient
Contract Award	110.0	NA	1.03
Option 1	115.4	1.039	1.07
Option 2	130.2	1.147	1.18
Option 3	125.1	1.110	1.14
Option 4	100.0	.928	.96

NOTE: Round calculation results as done in this example.

EPA Calculations

Column 2 - ENR Indices for the options are taken from the issue of the McGraw Hill publication ENR published during the month prior to the effective date of the option. The ENR Index for the Contract Award is the most recent ENR index published during the month prior to initial contract award.

ATTACHMENT DD-8 DELIVERY ORDER FILE CHECKLIST

CONTRACT NO: _____ DELIVERY ORDER NO: _____ DATE ORDER AWARDED: _____

CONTRACTOR/SUBCONTRACTOR: _____ AMOUNT OF THIS ORDER: _____

	YES	NO
1. Does file contain properly approved and classified work request (AF Form 332)?		
2. Are sufficient funds available and documentation contained within the file?		
3. Is the memorandum for record of site visit adequate?		
4. Does the independent Government cost estimate contain:		
(a) The effort as stated in the RFP?		
(b) Adequate pricing data for determining the reasonableness of the contractor's proposal?		
(c) Non-prepriced items?		
5. Does the file contain statement of work revisions for changes as a result of the site visit or negotiations?		
6. Does the file contain record of installation commander approval and supporting documentation, if DO or NPIs exceed limitations?		
7. Does the contractor's proposal contain:		
(a) Proposal for the scope as stated in the request for proposal?		
(b) Pricing by line item in accordance with the SABER UPB?		
(c) Non-prepriced items?		
(d) Method of construction?		
(e) Other items as stated in the request for proposal?		
8. Does the file contain an adequate technical evaluation?		
9. Does the Record of Negotiations provide sufficient detail of the negotiated variances in price, period of performance, quantities, statement of work changes, negotiated methodology, etc.?		
10. Is DD Form 1155 complete and does it contain:		
(a) Accounting and appropriation data?		
(b) Scope of work?		
(c) Period of performance?		
(d) Any mandatory methodologies?		
(e) Negotiated NPIs?		