T3.10.1 Contract Administration Revised 1/2009
- A Contract Administration
  - 1 Contract Management Revised 7/2012
  - 2 Basic Responsibility for Contract Administration Revised 7/2012
  - 3 Assignment of Contracting Officer's Representative Revised 10/2014
  - 4 Communications with Vendors Revised 4/2007
  - 5 Use of Government Excess Equipment Revised 4/2007
  - 6 Contract Modifications Revised 10/2012
  - 7 Suspension and Stop-Work Orders Revised 7/2011
  - 8 Novations and Change-of-Name Agreements Revised 10/2014
  - 9 Conversion of FAR Contracts to AMS Revised 4/2007
  - 10 Contract Files Revised 7/2011
  - 11 Contract Closeout Revised 1/2015
  - 12 Final Indirect Cost Rates Revised 7/2012
  - 13 Contract Audit Revised 7/2012
  - 14 Bankruptcy Revised 7/2012
  - 15 Reporting Executive Compensation and First-Tier Subcontract Awards Revised 10/2012
  - 16 Contractor Performance Documentation and Maintenance Added 4/2013
- B Clauses
- C Forms
- D Appendices
  - 1 Appendix – Reserved Revised 7/2014
  - 2 Appendix - Reserved Revised 7/2014
  - 3 Appendix - When Should a COR be Appointed Revised 4/2012
  - 4 Appendix - Stop-Work Order Revised 4/2011
  - 5 Appendix - Novation Agreement Revised 4/2011
  - 6 Appendix - Change of Name Agreement Revised 4/2011
  - 7 Appendix - Guide for Creating and Maintaining Contract Administration Files Revised 7/2012
  - 8 Appendix - Contract File Completion Statement Revised 4/2011
  - 9 Appendix – Reserved Revised 7/2014
  - 10 Appendix - Common Authorities for Modifications Revised 7/2012
  - 11 FAA CPARS Guide Revised 10/2014

## T3.10.1 Contract Administration Revised 1/2009

### A Contract Administration

### 1 Contract Management Revised 7/2012

a. Contracts are managed to ensure that FAA receives a specific product or service in a timely manner. In certain circumstances, a modification to contractual requirements, with or without consideration from the contractor, may be in the FAA's best interest. If such a situation arises, the Contracting Officer (CO) documents the circumstances. When the CO intends to substantially alter the obligations of the parties without consideration, the CO first obtains concurrence of legal counsel and the Chief of the Contracting Office (COCO) before execution, and must document the rationale.

b. The Appendices to this guidance includes memoranda, letters, and agreements used for contract administration actions described in this section. The CO may adapt the COR-related memoranda to fit the specific situation. The stop work order, novation, and change of name agreement in the Appendices may be modified by the CO, subject to legal counsel's concurrence.

c. Use of AMS contract file content checklists is mandatory; these checklists are in FAST under Procurement Form Templates.

### 2 Basic Responsibility for Contract Administration Revised 7/2012

COs are responsible for administering contracts covered by AMS. This is accomplished through a team effort with the program office, and working through the Contracting Officer's Representative (COR) and other functional specialists supporting a program.

### 3 Assignment of Contracting Officer's Representative Revised 10/2014

a. Designating a Contracting Officer's Representative (COR). The CO may designate an individual to act as his/her representative to facilitate contract administration. A COR resolves technical issues, gives technical direction to the contractor, and interprets technical processes and procedures for the CO. Other functions include interpreting technical requirements; assisting with the acquisition strategy; assisting with or developing the statement of work; preparing Government cost estimates; assisting in negotiation of costs or price of technical requirements; monitoring and evaluating contractor performance; reviewing and accepting services, supplies, and equipment; reconciling invoices and recommending payments. Requiring organizations should ensure that the person recommended as COR has qualifications and expertise appropriate for the nature of the contract and duties to be delegated. The CO appoints a representative by written memorandum describing specific delegated authority and responsibilities. The memorandum is provided by the CO to the COR at the time the assignment is made or changed in any way. See the Appendix to this Guidance for a sample delegation memorandum. Also see AMS COR Handbook for additional information about COR duties.

b. Basic Training and Biennial Refresher Training Requirements. See AMS Policy Section 5, Acquisition Career Program, for complete training requirements.

(1) The designated COR must meet the initial training requirement for certification by completing the designated hours of COR training. The required training is established as a three level certification program. Training and certification for Levels I and II will be completed prior to appointment. Level III certification must be completed no later than six months after appointment. Training may be completed online or in a classroom. Information regarding online and classroom training providers can be obtained from the Acquisition Career Management Office (AAP-300).

(2) The COR must provide documentation showing certification or a waiver to the CO.

c. Authority of the Contracting Officer's Representative. A duly-assigned COR is authorized to perform the actions delegated by the CO in a memorandum of delegation. When determining the support needed from a representative, the CO should consider the specific requirements and needs of the contract and clearly specify the authority that he/she is granting to the representative in a written memorandum of delegation. One memorandum of delegation for all situations may not be appropriate because contractual situations are distinct and have varying needs. The sample delegation memorandum in the Appendix to this Guidance may be modified to reflect the specific needs of the contract and CO. Depending on the scope, duration, complexity and aggregate total of the contract, a COR may not be required.

d. Changing the Contracting Officer's Representative. To change the representative on a contract, the CO must revoke the previous delegation and issue a succeeding delegation to another representative. Both of these memoranda are in writing and issued concurrently. The CO must forward copies of COR changes to the Acquisition Career Management Team (AAP-300), as they occur.

e. Notifying the Contractor. The CO furnishes copies of all delegation and revocation memoranda to the contractor so that they are aware of the representative and his or her authority and responsibilities.

## 4 Communications with Vendors Revised 4/2007

Teamwork is an important element for successful contract performance. COs should establish good working relationships with vendors, and regular communication helps build this relationship. Post award conferences, either in person or by telephone, are one means to establish communication and lay the foundation for teamwork at the start of contract performance. After performance has begun, recurring communication ensures everyone working under the contract understands the objectives and is focused on a common goal, and that any potential problems or schedule difficulties are identified and addressed before adversely impacting FAA or the contractor. Communication is especially critical: at the beginning of contract performance; whenever either party detects a problem; and before and after significant milestones. Communication should occur routinely even when no problems may be encountered.

## 5 Use of Government Excess Equipment Revised 4/2007

The CO may authorize a cost reimbursement contractor to use excess FAA or DOT equipment, if a good business decision. The FAA Property Management organization makes arrangements for excess property upon written request by the contractor and approval by the CO. When FAA provides excess property to contractors, appropriate AMS property clauses must be part of the contract.

## 6 Contract Modifications Revised 10/2012

a. *Authority*. Only a CO or person delegated specific authority to execute contract modifications, may execute contract modifications.

b. *Ceiling-Priced Modifications*.

(1) Contract modifications should be priced before execution, if this can be done without adversely affecting FAA's interests. If a ceiling-priced modification is entered into authorizing the contractor to start performance before final agreement on the modification's price, the CO must include in the modification:

(a) All requirements for performance or delivery;

(b) The contract type, maximum price or cost to be negotiated, FAA's maximum liability pending definitization and a provision permitting the CO to determine a reasonable price or cost (subject to the disputes provisions); and

(c) A definitization schedule with dates for submission of the contractor's price proposal, required cost or pricing data, make-or-buy and subcontracting plans if required, a date for starting negotiations, and a target date for definitization. The definitization should be completed within 180 days after the date of the ceiling- priced modification or before completion of 40% of the work to be performed, whichever occurs first.

(2) If agreement on the modification's price is not reached by the target date or within any extension of it granted by the CO, the CO may, with approval of the Chief of the Contracting Office, determine a reasonable price or fee, subject to contractor appeal as provided in the "Contract Disputes" clause. In any event, the contractor must proceed with completion of the contract, subject only to the "Limitation of FAA Liability" clause.

c. *Types of Contract Modifications*. Contract modifications fall into the following categories (see the Appendix to this guidance section for a detailed description of the types of modifications and associated authorities for modifying contracts):

(1) *Bilateral*. A bilateral modification is a contract modification jointly agreed to by a CO and contractor. The contractor's oral or written agreement is sufficient to indicate contractor agreement; however the CO must obtain the contractor's written agreement in the form of a bilateral contract modification following the oral agreement. Bilateral modifications are used to:

(a) Make equitable adjustments when necessary;

(b) Definitize quick-response contracts;

(c) Reflect other agreements of the parties which modify the terms of contracts; or

(d) Make changes requested by the contractor.

(2) *Unilateral*. A unilateral modification is a contract modification made by the CO, without advance concurrence by the contractor. Unilateral modifications are used to:

(a) Make administrative changes;

(b) Issue changes under the Changes clause; or

(c) Make changes authorized by clauses other than a Changes clause (e.g., Property clause, Options clause, Differing Site Conditions clause, etc.).

d. *Extension of Contracts.*

(1) *Before Expiration*. The CO may extend a contract before it expires, using a bilateral contract modification. However, contract extensions may constitute a single source procurement, and as such, become subject to requirements for single source justification and approval. When considering a contract extension, the CO will first determine, in consultation with legal counsel, if the extension constitutes new work. If so, the CO must comply with single source requirements in AMS policy 3.2.2.4 for market analysis, documentation, and approval.

(2) *After Expiration.* The CO must **not** extend a contract after it has expired.

## 7 Suspension and Stop-Work Orders Revised 7/2011

a. *General*.

(1) Suspensions of work or stop-work orders are tools available to the Government to interrupt the contractor's work in appropriate situations. (See "Stop Work Order" example in the Appendix to this Guidance). The CO should assure that the appropriate clauses governing stop work and suspensions of work are in all contracts.

(2) The CO's suspension or stop-work order should be in writing and include information required by the clauses, such as:

(a) A description of the work to be suspended/stopped;

(b) Instructions concerning the contractor's issuance of further orders for materials or services;

(c) Guidance to the contractor on action to be taken on any affected subcontracts; and

(d) Other suggestions for minimizing the contractor's costs.

(3) If either the suspension or stop-work is used, the interruption of work should not be for an unreasonable length of time. Also, the CO should work with the program official, legal counsel, and others supporting the program, to resolve the outstanding issues, and make a decision to terminate the contract, cancel the suspension or stop-work order, or continue the suspension or stop-work order while the issues are being resolved.

b. *Suspensions*.

(1) Suspensions may be used in fixed-price construction or architect-engineer contracts in situations such as:

(a) Delays caused by waiting for a decision from FAA;

(b) Weather-related reasons;

(c) Technological advancement;

(d) Production or engineering breakthroughs;

(e) Realignment of FAA programs or objectives;

(f) Public safety concerns;

(g) Emergency situations or other urgent conditions;

(h) Differing site conditions; or

(i) Violation of substantive contract terms, including FAA's smoking, harassment-free workplace, or other policies.

(2) Generally, the decision to suspend work should be made jointly by the CO and program official. However, in cases of public safety concerns, emergency situations, or other urgent conditions, the CO may:

(a) Suspend work pending discussion with the program official;

(b) Notify the contractor orally and follow-up immediately with a

written notice.

c. *Stop-work Orders*. Stop-work orders may be considered in supply, service or research and development contracts when the work must be interrupted pending a decision by the Government.

**8 Novations and Change-of-Name Agreements Revised 10/2014**

a. *Novation*.

(1) Novation is a legal instrument executed by the contractor (transferor), the successor in interest (transferee) and the Government by which, among other things, the transferor guarantees performance of the contract, the transferee assumes all obligations under the contract, and the Government recognizes the transfer of the contract and related assets. Novations typically occur when the assets of the transferor are purchased by another company but may also be considered when a contractor is unable to perform and another viable contractor is willing to assume the original contractor's rights and duties under the contract.

(2) When in its best interest, the FAA may recognize a third party as the successor in interest to a Government contract when the third party's interest in the contract arises out of the transfer of:

(a) All of the contractor's assets; or

(b) The entire portion of the assets involved in performing the contract. Examples of such transactions include, but are not limited to

(i) Sale of the contractor's assets with a provision for assuming liabilities;

(ii) Transfer of the contractor's assets incident to a merger or corporate consolidation; and

(iii) Incorporation of a proprietorship or partnership, or formation of a partnership.

(3) A novation agreement may not be necessary when there is a change in the ownership of a contractor as a result of a stock purchase, with no legal change in the contracting party, and when that contracting party remains in control of the assets and is the party performing the contract. However, whether there is a purchase of assets or a stock purchase, there may be issues related to the change in ownership that appropriately should be addressed in a formal agreement between the contractor and the Government.

(4*) Contractor (Transferor) Responsibilities.* Contractors requesting a novation of a contract to recognize a successor in interest must provide the information the CO needs to evaluate and process the novation request. This includes

information that validates that novation of the contract is in the best interest of the FAA and should include:

(a) Three copies of the proposed novation agreement (see "Paragraph (7) Content of Novation Agreement") signed by the original contractor and the successor in interest;

(b) One copy each, as applicable, of the following:

(i) The document describing the proposed transaction, purchase/sale agreement or memorandum of understanding;

(ii) A list of all affected contracts between the transferor and the FAA, as of the date of sale or transfer of assets, showing for each, as of that date, the

(A) Contract number and type;

(B) Name and address of the contracting office;

(C) Total dollar value, as amended; and

(D) Approximate remaining unpaid balance;

(iii) Evidence of the transferee's capability to perform;

(c) Any other relevant information requested by the CO;

(d) One copy of each of the following documents, as applicable, as the documents become available except as provided in (5) below:

(i) An authenticated copy of the instrument effecting the transfer of assets; e.g., bill of sale, certificate of merger, contract, deed, agreement, or court decree;

(ii) A certified copy of each resolution of the corporate parties' boards of directors authorizing the transfer of assets;

(iii) A certified copy of the minutes of each corporate party's stockholder meeting necessary to approve the transfer of assets;

(iv) An authenticated copy of the transferee's certificate and articles of incorporation, if a corporation was formed for the purpose of receiving the assets involved in performing the Government contracts;

(v) The opinion of legal counsel for the transferor and transferee stating that the transfer was properly effected under applicable law and the effective date of transfer;

(vi) Balance sheets of the transferor and transferee as of the dates immediately before and after the transfer of assets, audited by independent accountants;

(vii) Evidence that any security clearance requirements have been met;

(viii) The consent of sureties on all contracts listed under (4)(b)(ii) of this section if bonds are required, or a statement from the transferor that none are required.

(5) The CO may modify this list of documents, provided that the CO receives information sufficient to protect the Government's interest.

(6) *CO Responsibilities.* The CO has the primary responsibility to process the novation and determine, in consultation with legal counsel, if it is in the best interest of the FAA.

(a) *Novations Involving More Than One Contract*. When multiple contracts are involved, the CO administering the contract with the largest unpaid dollar balance should coordinate the novation agreement for all FAA contracts.

(b) *Coordination with Other Executive Agencies*. The FAA may elect to have its contracts included in the novation agreement (the "global agreement") being processed by the responsible contracting officer for all of the other executive agencies. If this election is made, the FAA CO should negotiate a separate advance agreement with the contractor that addresses any issues unique to the FAA, if appropriate. This agreement should be attached to and incorporated in the global novation agreement.

(c) *Evaluating the Novation Request*. The CO should consider all the information collected as a result of the proposed novation request with emphasis on the successor’s ability to perform including:

(i) Contractor submissions under (5) above;

(ii) Information provided by other contracting offices;

(iii) Information indicative of the successor’s responsibility such as debarment and suspension information;

(iv) National Institute of Health's Past Performance Database;

(v) Organizational conflict of interest;

(vi) Any other information that reflects the successor's ability to perform the contract.

(d) *Conflict of Interest (COI).* If the CO determines that a COI exists and cannot be resolved, but the novation is in the best interest of the FAA, the CO may initiate action to waive or mitigate the COI in accordance with AMS Procurement Guidance T.3.1.7.

(e) Coordinate the action with legal counsel to assure legal sufficiency.

(f) *CO's Decision*.

(i) *Rejecting the Novation Request*. If the CO determines that it is not in the best interest of the FAA to concur in the transfer of a contract from one company to another company, the original contractor remains under contractual obligation to the Government, and the contract may be terminated for reasons of default, should the original contractor not perform.

(ii) *Executing the Novation.* If the CO approves the novation, he/she should

(A) Prepare and sign a written contract modification for each affected contract;

(B) Incorporate a copy of the agreement into the contract modification;

(C) Place the original contract modification in the official contract file;

(D) Distribute the modification to the transferor; the transferee, affected FAA contracting offices, the paying office and any other distribution that is required for contract modifications.

(7) *Content of the Novation Agreement*. Appendix 5 to this guidance is a novation agreement that provides a guide to preparing novation agreements. This may be adapted, subject to legal counsel's review, to fit specific cases but should include the following provisions:

(a) Successor contractor/transferee Responsibilities;

(b) The transferee assumes all the transferor's obligations under the contract;

(c) The transferor waives all rights under the contract against the Government;

(d) The transferor guarantees performance of the contract by the transferee

(a satisfactory performance bond may be accepted instead of the guarantee); and

(e) A statement that nothing in the agreement shall relieve the transferor or transferee from compliance with any Federal law.

(8) Any separate agreement between the transferor and the transferee regarding assumption of liabilities (e.g., an Advance Agreement covering the treatment of long-term incentive compensation plans, cost accounting standards noncompliance issues, environmental cleanup costs, final overhead costs) and any other issues should be incorporated in the novation agreement.

b. *Change of Name Agreements*.

A change of name agreement is appropriate when only the contractor's name changes and the rights and obligations of the parties are not affected.

(1) *Contractor's Responsibilities.* The contractor should submit the following to the CO:

(a) A written request to the CO to change the name;

(b) The document effecting the name change, authenticated by a proper official of the State having jurisdiction;

(c) The opinion of the contractor's legal counsel stating that the change of name was properly effected under applicable law and showing the effective date;

(d) A list of all affected contracts and purchase orders remaining unsettled between the contractor and the Government, showing for each the contract number and type, and name and address of the contracting office. The CO may request the total dollar value as amended and the remaining unpaid balance for each contract.

(2) *CO's Responsibilities*. The CO will then prepare a contract modification in the new name of the firm, and reference in the body of the modification the former name and date of the vendor's request. The modification should state something similar to: "This modification changes the name of the Contractor from [*enter contractor's previous name*] to that shown above. This change is made at the request of the Contractor received on [*insert date*]."

(3) A format for a Change of Name agreement is in Appendix 6.

**9 Conversion of FAR Contracts to AMS Revised 4/2007**

a. Contracts awarded under the Federal Acquisition Regulations (FAR) system are not automatically converted to AMS contracts. The CO, jointly with the program official and

legal counsel, should consider the merits of converting existing FAR contracts to AMS. Circumstances where conversion may benefit both FAA and contractors include contracts with:

(1) A potential for litigation (to include clause 3.9.1-1 Contract Disputes);

(2) A significant term or delivery schedule remaining;

(3) Potential of new work being added to the existing contract; or

(4) One or more options.

b. The above list is not all-inclusive. COs may consider other situations if they believe the conversion would be advantageous. Contracts near completion, relatively inactive, or the result of extensive negotiation of clauses may not need to be converted. In all cases, converting a contract from FAR to AMS, whether in whole or in part, requires legal counsel's review before bilateral signature of the parties.

**10 Contract Files Revised 7/2011**

a. The files containing records of all contractual actions should be maintained by the organization or person administering the contract. Documentation in the files should be a sufficiently complete history of the transaction and:

(1) Provide a complete background as a basis for informed decisions at each stage in the acquisition process;

(2) Support actions taken;

(3) Provide information for reviews and investigations; and

(4) Furnish essential facts in the event of litigation or Congressional inquiries.

b. A contract file should consist of the following:

(1) Contracting office documentation of the acquisition, basis for award, assignment of contract administration if applicable (including payment responsibilities), and any subsequent actions taken by the contracting office;

(2) Contract administration files that document actions reflecting the basis for and the performance of contract administration responsibilities;

(3) Government-furnished/contractor-acquired property file; and

(4) Paying office contract file, which documents actions prerequisite

to, substantiating, and reflecting contract payments.

c. The contract files that contain proprietary or source selection information should be identified as such and protected from disclosure to unauthorized persons.

d. A guide describing creation and maintenance of contract administration files is in Appendix 7 to this Guidance.

e. File content checklists for contracts, purchase orders/FSS orders, blanket purchase agreements, and agreements are in the Procurement Form Templates area of FAST. These checklists will assist in organizing the file and ensuring that required clearances and documents are properly filed. The CO must use and incorporate the following checklists in applicable files:

(1) Contract Organization and File Content List

(2) Contract Organization and File Content List--Modification

(3) Purchase Order/GSA/FSS Order File Checklist*

(4) Blanket Purchase Agreement (BPA) File Checklist

(5) Interagency Agreement File Checklist

* Note: Checklist not required for orders with a total value of less than $10,000.

## 11 Contract Closeout Revised 1/2015

a. *Background.* Closeout of contract files occurs at the end of the contract administration process. The CO should assure file integrity throughout the life of the contract. Maintaining an accurate record of contract modifications and obligations facilitates contract closeout, and also minimizes costs associated with administration and closeout processes. Timely closeout deobligates excess funds and returns the excess funds for possible use elsewhere. The time frame for closing a contract is based on both the type of contract and date of physical completion.

b. *Definitions.*

(1) A contract is considered to be physically complete when:

(a) The contractor has completed the required deliveries and the Government has inspected and accepted the supplies;

(b) The contractor has performed all services and the Government has accepted the services;

(c) All option provisions, if any, have expired; and

(d) The Government has given the contractor a notice of complete contract termination.

(2) A purchase order, or delivery order against a Federal Supply Schedule contract, is considered to be physically complete when:

(a) Property or services have been received within the terms of the contract;

(b) Final payment has been made to the contractor; and

(c) A purchase order/delivery order Receiving Report signed by the recipient of the goods or services.

c. *Time Frames*. Closeout of contract files should occur during the time frames identified below, as evidenced by completion of the "Contract Closeout Checklist" or the closeout section of the "Purchase Order/GSA/FSS Order File Checklist" (See Procurement Forms in FAST).

(1) Files for contracts using commercial and simplified purchase procedures should be considered closed when the CO receives evidence of receipt of supplies and final payment.

(2) Contract files for firm-fixed-price contracts, other than those using commercial and simplified purchase procedures, should be closed within 6 months after the date on which the CO receives evidence of physical completion (for example, signed receipt or delivered product).

(3) Contract files for contracts requiring settlement of indirect cost rates should be closed within 36 months of the month in which the CO receives evidence of physical completion.

(4) Contract files for all other contracts should be closed within 20 months of the month in which the CO receives evidence of physical completion.

d. *Preparation for Closeout*. To prepare for contract closeout, 60 days prior to either final delivery or estimated contract or interagency agreement completion date, the CO should perform a comprehensive review of the contract or interagency agreement to determine whether any documentation is missing and whether any step in the closeout process can be initiated before physical completion. If documents are missing, the CO should attempt to obtain them and insert them into the file. To determine whether steps in the closeout process can begin before the contract or interagency agreement is physically complete, the CO should review the "Contract Closeout Checklist." Following are examples of actions the CO may be able to take before the contract is physically complete:

(1) Ensure that the contractor has a current list of contractor employees holding FAA security badges and verify that the list corresponds to the FAA Servicing Security Element's list.

(2) Ensure that all information in Prism is current and correct.

(3) Reconcile the contract's funding status and invoice payment log with Accounts Payable. Identify final invoices. (Contracts and Interagency Agreements).

(4) If the contract includes a "Patent Rights" clause, check to see whether final patent or royalty reports have been received.

(5) If the contract includes "Government Property" clauses or contractor-acquired property, ensure that the property administrator or Contracting Officer's Representative provides disposition instructions to the Contractor. (Contracts and Interagency Agreement).

e. *Closeout Procedures.* When the contract or interagency agreement is physically complete, the CO is responsible for initiating contract closeout. The contract file should not be closed if the contract is in litigation or under appeal. When closing both fixed-price and cost-type contracts, the CO must verify that the documents and activities included in the "Contract Closeout Checklist" have been received or are complete. After completion of the "Contract Closeout Checklist" and notification of final payment from Accounts Payable, the CO must complete and sign a "Contract File Completion Statement" (Appendix 11). For purchase orders (PO) or GSA Federal Supply Schedule (FSS) orders, the CO will use the closeout portion of the "Purchase Order/GSA/FSS Order File Checklist" in place of the "Contract Closeout Checklist" and "Contract File Completion Statement." To facilitate receipt of required closeout documentation, the CO will need to take some or all of the following actions:

(1) Reconcile the contract's funding status and invoice payment log with Accounts Payable. To accomplish this, contact the Finance Office and obtain reports documenting the obligations and expenditures under the contract.

(2) Send a memorandum to the program official to confirm contract completion.

(3) Send a memorandum to the COR requesting termination of all contractor personnel accounts on contract-specific FAA systems (See Appendix 12 for memorandum). The COR should return the signed memo to the CO within 30 days.

(4) For all cost-type contracts not closed with Quick Closeout procedures, the CO must request the Headquarters Cost/Price Analysis Services group (AAP-500) to initiate a DCAA audit.

(5) Send a memorandum to the Property Administrator requesting completion and transfer of the Government Property section of the contract file. (Note: the CO must sign the property report submitted by the Property Administrator).

(6) Send a letter to the contractor indicating that the contract is complete and requesting required documents. Required documents might include:

(a) Final voucher.

(b) Confirmation of settlement of subcontracts.

(c) Government Furnished Property (GFP) and Contractor Acquired Property (CAP)inventory.

(d) Report of inventions and subcontracts, if applicable (AMS Clause 3.5-12).

(e) Patent and royalty reports.

(f) Contractor's release.

(g) Contractor's assignment of refunds, rebates, credits, and other amounts.

(h) List of contractor personnel holding FAA badges, indicating the badge numbers and when they were returned to the FAA Servicing Security Element.

(7) Review and approval of the final voucher should include:

(a) Verification that all contractual requirements have been satisfied.

(b) Completion of any fee adjustments.

(c) Verification that contractual funding limitations have not been exceeded.

(d) Identification of any offsets applied.

(e) Verification of accuracy of Contractor Release and Assignment.

(f) Verification that all previous Contractor vouchers have been paid.

(g) Approval for payment with signature and date.

(h) Deobligation modification processed and distributed for any funds determined to be in excess.

(8) Completion and submittal of the Contractor Performance Assessment Reporting System (CPARS) evaluation for the contract.

f. *Quick-closeout Procedures.* In some circumstances, the CO may determine that a contract is a candidate for quick closeout. Quick closeout allows the CO to negotiate the settlement of

indirect costs without a DCAA audit and in advance of the determination of final indirect cost rates. The procedures for quick closeout are the same as for regular closeout except that a DCAA audit is not requested. The determinations of final indirect costs under quick closeout procedures are final for the contracts it covers and no adjustments are made to other contracts for over or under recoveries of costs allocated or allocable to the contracts covered by the advance agreement. Additionally, indirect cost rates used in the quick closeout of a contract are not considered a binding precedent when establishing the final indirect cost rates for other contracts.

(1) To determine whether a contract is a candidate for quick closeout, the contract must meet the following criteria:

(a) The contract is physically complete;

(b) The amount of unsettled indirect costs is not more than $5,000,000 and the cumulative unsettled indirect costs to be allocated to one or more contracts in a single fiscal year do not exceed 15% of the estimated, total unsettled indirect costs allocable to cost-type contracts for that fiscal year; and

(c) Agreement can be reached on a reasonable estimate of allocable dollars.

(2) After the CO has made a decision that the use of quick closeout procedures is appropriate, the CO must:

(a) Ensure adequate rationale for the decision is included in the file;

(b) Require the contractor to submit a final voucher and a summary of all costs by cost element and fiscal year for the contract(s) in question, as well as a copy of the contractor's final indirect cost rate proposal for each fiscal year quick closeout is involved;

(c) Notify the cognizant audit activity, either verbally or in writing, identify the contract(s), and request:

(i) The contractor's indirect cost history covering a sufficient number of fiscal years to see the trend of claimed, audit questioned, and disallowed costs; and

(ii) Any other information that could impact the decision to use quick-closeout procedures. Indirect cost histories should be requested from the contractor only when the cognizant audit activity is unable to provide the information;

(d) Review the contract(s) for indirect cost rate ceilings and any other contract limitations, as well as the rate history information;

(e) Establish final indirect cost rates using one of the following rates:

(i) The contract's ceiling indirect cost rates, if applicable, and if less than paragraphs (e)(ii) through (vi) of this section;

(ii) The contractor's claimed actual rates adjusted based on the contractor's indirect cost history, if less than paragraphs (e)(iii) through (vi) of this section;

(iii) Recommended rates from the cognizant audit agency, the local pricing office, another installation pricing office, or other recognized knowledgeable source;

(iv) The contractor's negotiated billing rates, if less than paragraphs (e)(v) or (vi) of this section;

(v) The previous year's final rates;

(vi) Final rates for another fiscal year closest to the period for which quick-closeout rates are being established;

(f) If an agreement is reached with the contractor, obtain a release of all claims and other applicable closing documents.

g. *Deobligation of Funds Prior to Closeout*.

(1) *Actions Before Deobligation.* For contracts that require the establishment of final cost rates, after completion of contractor performance the CO may deobligate unused funding prior to the finalization of the contractor's final cost rates. Prior to deobligating unused funding, the CO must:

(a) Confirm that contractor performance, including any applicable closeout requirement, is complete except for the establishment of final rates; and

(b) Receive written authorization from the funding program office that the funds may be deobligated (a purchase request requesting the deobligation of funds satisfies this requirement).

(2) *Reconciliation*. After establishment of the contractor's final cost rates, FAA will reconcile the final funding requirement.

(a) If the contract funding required after establishment of final cost rates is greater than the amount established prior to the agreement on final cost rates, the FAA program office will provide the necessary additional appropriation and funding, and the CO will modify the contract to increase the final funding amount.

(b) If the contract funding required after establishment of final cost rates is lower than the amount established prior to the agreement on final cost rates, the CO will further lower the final contract funding amount and the contractor will pay to the FAA the amount of overpayment within 60 days of written demand from FAA, or FAA may offset any overpayment from other amounts owed to the contractor. The FAA retains all other rights to collect funds due from the contractor.

h. *Contract File Documentation.* Official closeout documentation for contracts and interagency agreements, the signed "Contract File Completion Statement," and the completed "Contract Closeout Checklist" should be filed in the official contract file behind a marked tab. For POs or GSA FSS orders, the documentation should be filed in the official file and noted on the "Purchase Order/GSA/FSS Order File Checklist."

i. *Paying Office.* The paying office must furnish the CO written documentation of the final payment including the voucher number, date, invoice number and date, and name and signature of technician processing the payment. The paying office should close their contract files upon issuance of the final payment voucher.

## 12 Final Indirect Cost Rates Revised 7/2012

a. *Cognizant Federal Agency*. A contractor (or its operating divisions) may do business with more than one Federal agency. To avoid inconsistent or duplicated activities, one agency is designated as the cognizant agency for settling the final indirect cost rates with the contractor. The cognizant agency, which could be FAA, is normally the one with the largest dollar amount of negotiated contracts, including options. Once an agency assumes cognizance, it should remain so for at least five years to ensure continuity and ease of administration. If at the end of the five-year period another agency has the largest dollar amount of negotiated contracts, including options, then the two agencies should coordinate and determine which will assume cognizance. However, cognizance may transfer before the five-year period expires if circumstances warrant it and the affected agencies agree.

b. *Billing Rates*.

(1) A billing rate is an indirect cost rate established temporarily for interim reimbursement of incurred indirect costs, and is adjusted as necessary pending establishment of final indirect cost rates.

(2) The cognizant Contracting Officer (CO) (or cognizant Federal agency official)

or auditor responsible for establishing the final indirect cost rates is also responsible for determining the billing rates.

(3) The cognizant CO (or cognizant Federal agency official) or auditor establishes billing rates based on information from recent review, previous rate audits or experience, or similar reliable data or experience of other contracting activities. In establishing billing rates, the cognizant CO (or cognizant Federal agency official) or auditor should ensure billing rates are as close as possible to the final indirect cost rates anticipated for the contractor's fiscal period, as adjusted for any unallowable costs. When the cognizant CO (or cognizant Federal agency official) or auditor determines the dollar value of contracts requiring use of billing rates does not warrant submission of a detailed billing rate proposal, the billing rates may be established by making appropriate adjustments from the prior year's indirect cost experience to eliminate unallowable and nonrecurring costs and to reflect new or changed conditions.

(4) Once established, billing rates may be prospectively or retroactively revised by mutual agreement of the cognizant CO (or cognizant Federal agency official) or auditor and the contractor at either party's request, to prevent substantial overpayment or underpayment. When the parties cannot agree, the cognizant CO (or cognizant Federal agency official) may unilaterally determine billing rates.

(5) The elements of indirect cost and the base or bases used in computing billing rates must not be interpreted as determinative of the indirect costs to be distributed or of the bases of distribution to be used in the final settlement.

(6) When the contractor provides the certified final indirect cost rate proposal to the cognizant CO, the contractor and the Government may mutually agree to revise billing rates to reflect the proposed indirect cost rates, as approved by the Government to reflect historically disallowed amounts from prior years' audits, until the proposal has been audited and settled. The historical decrement will be determined by either the cognizant CO/agency official or the auditor.

c. *Reimbursing Indirect Costs*. Billing rates and final indirect cost rates must be used in reimbursing indirect costs under cost-reimbursement contracts and in determining progress payments under fixed-price contracts.

d. *Final Indirect Cost Rates*.

(1) Final indirect cost rates must be established on the basis of CO determination procedure or auditor determination procedure. The establishment of a business unit's final indirect cost rates provides uniformity of approach with a contractor when more than one contract or agency is involved; economy of administration; and timely settlement under cost-reimbursement contracts.

(2) These rates are binding for all cost-reimbursement contracts for all agencies and their contracting offices, unless otherwise specifically prohibited by statute. An agency must not perform an audit of indirect cost rates when the CO determines that the objectives of the audit can reasonably be met by accepting the results of an audit that was conducted by any other department or agency of the Federal Government.

(3) Billing rates and final indirect cost rates must be used in reimbursing indirect costs under cost-reimbursement contracts and in determining progress payments under fixed-price contracts.

(4) Final indirect cost rates must be used for contract closeout for a business unit, unless the quick-closeout procedure in AMS Procurement Guidance T3.10.1.A.11.F is used.

(5) Within 120 days (or longer period, if approved in writing by the CO) after settlement of the final annual indirect cost rates for all years of a physically complete contract, the contractor must submit a completion invoice or voucher reflecting the settled amounts and rates. To determine whether a period longer than 120 days is appropriate, the CO should consider whether there are extenuating circumstances, such as:

(a) Pending closeout of subcontracts awaiting Government audit.

(b) Pending contractor, subcontractor, or Government claims.

(c) Delays in the disposition of Government property.

(d) Delays in contract reconciliation.

(e) Any other pertinent factors.

(6) If the contractor fails to submit a completion invoice or voucher within the time specified in subparagraph c.(2) of this section, the cognizant CO may determine the amounts due to the contractor under the contract, and document it in a unilateral modification to the contract.

(7) The CO must coordinate a possible unilateral decision on final indirect rates and resolution efforts with Headquarters Procurement Legal Division, or Region or Center Assistant Chief Counsel's office, as applicable.

e. *CO Determination Procedure*.

(1) The cognizant CO (or cognizant Federal agency official) is responsible for establishing the final indirect cost rates for:

(a) Business units of a multidivisional corporation under the cognizance of a corporate administrative contracting officer (ACO) with that officer responsible for the determination, assisted as required by the ACO, assigned to the individual business units. Negotiations may be conducted on a coordinated or centralized basis, depending upon the degree of centralization within the contractor’s organization.

(b) Business units not under the cognizance of a corporate ACO, but having a resident ACO, with that officer responsible for the determination. For this

purpose, a nonresident ACO is considered as resident if at least 75 percent of the time is devoted to a single contractor.

(c) Educational institutions

(d) State and local governments

(e) Nonprofit organizations other than educational and state and local governments

(2) According to AMS clause 3.2.4-5 "Allowable Cost and Payment," the contractor must submit a certified final indirect cost rate proposal to the CO (or cognizant Federal agency official) and to the cognizant auditor. The required content of the proposal and supporting data will vary depending on such factors as business type, size, and accounting system capabilities. The contractor, CO, and auditor must work together to make the proposal, audit, and negotiation process as efficient as possible. Each contractor must submit an adequate proposal to the CO (or cognizant Federal agency official) and auditor within the 180 day period following the expiration of each of its fiscal years. Reasonable extensions, for exceptional circumstances only, may be requested in writing by the contractor and granted in writing by the CO. A contractor must support its proposal with adequate supporting data. For guidance on what generally constitutes an adequate final indirect cost rate proposal and supporting data, contractors should refer to the Model Incurred Cost Proposal in Chapter 6 of the Defense Contract Audit Agency Pamphlet No. 7641.90, Information for Contractors, available on their website.

(3) The auditor must submit to the cognizant CO (or cognizant Federal agency official) an advisory audit report identifying any relevant advance agreements or restrictive terms of specific contracts.

(4) The cognizant CO (or cognizant Federal agency official) heads the Government negotiating team, which includes the cognizant auditor and technical or functional personnel as required. Contracting offices having significant dollar interest must be invited to participate in the negotiation and in the preliminary discussion of critical issues. Individuals or offices that have provided a significant input to the Government position should be invited to attend.

(5) The Government negotiating team must develop a negotiation position. The cognizant
CO must:

(a) Not resolve any questioned costs until obtaining adequate documentation on the costs and the contract auditor’s opinion on the allowability of the costs; and

(b) Whenever possible, invite the contract auditor to serve as an advisor at any negotiation or meeting with the contractor on the determination of the contractor’s final indirect cost rates.

(6) The cognizant CO:

(a) Conducts negotiations;

(b) Prepares a written indirect cost rate agreement conforming to the requirements of the contracts; and

(c) Prepares, signs, and places in the contractor general file:

(i) The disposition of significant matters in the advisory audit report;

(ii) Reconciliation of all costs questioned, with identification of items and amounts allowed or disallowed in the final settlement as well as the disposition of period costing or allocability issues;

(iii) Reasons why any recommendations of the auditor or other Government advisors were not followed; and

(iv) Identification of cost or pricing data submitted during the negotiations and relied upon in reaching a settlement; and

(v) Promptly distribute resulting documents to include executed copies of the indirect cost rate agreement to the contractor and to each affected contracting agency and provide copies of the agreement for the contract files, in accordance with the guidance for contract modifications, T3.10.1.

(vi) Notify the contractor of the individual costs which were considered unallowable and the respective amounts of the disallowance.

f. *Auditor Determination Procedure*.

(1) The cognizant Government auditor establishes final indirect cost rates for:

(a) Business units of a multidivisional corporation under the cognizance of a corporate ACO, with that officer responsible for the determination, assisted as required by the ACO, assigned to the individual business units. Negotiations may be conducted on a coordinated or centralized basis, depending upon the degree of centralization within the contractor's organization.

(b) Business units not under the cognizance of a corporate ACO, but having a resident ACO, with that officer responsible for the determination. For this purpose, a nonresident ACO is considered as resident if at least 75 percent of the time is devoted to a single contractor.

(c) For business units not included, the CO (or cognizant Federal agency official) will determine whether the rates will be CO or auditor determined.

(d) Educational institutions.

(e) State and local governments.

(f) Nonprofit organizations other than educational and state and local governments

(2) The auditor determination may be used for business units that are covered when the CO (or cognizant Federal agency official) and auditor agree that the indirect costs can be settled with little difficulty and any of the following circumstances apply:

(a) The business unit has primarily fixed-price contracts, with only minor involvement in cost-reimbursement contracts.

(b) The administrative cost of CO determination would exceed the expected benefits.

(c) The business unit does not have a history of disputes and there are few cost problems.

(d) The CO (or cognizant Federal agency official) and auditor agree that special circumstances require auditor determination.

(3) Procedures.

(a) The contractor must submit to the cognizant CO (or cognizant Federal agency official) and auditor a final indirect cost rate proposal.

(b) Upon receipt of a proposal, the auditor:

(i) Audits the proposal and seeks agreement on indirect costs with the contractor;

(ii) Prepares an indirect cost rate agreement conforming to the requirements of the contracts. The agreement must be signed by the contractor and the auditor;

(iii) If agreement with the contractor is not reached, forwards the audit report to the CO (or cognizant Federal agency official) identified in the Federal Directory of Contract Administration Services Components, available on their website, who will then resolve the disagreement; and

(iv) Distributes Resulting Documents. Copies of the documented audit report prepared under auditor determination or audit report prepared under auditor determination must be furnished, as appropriate, to the contracting offices and Government audit offices.

g. *Certification*.

(1) Certificate of Indirect Costs. A proposal must not be accepted and no agreement be made to establish final indirect cost rates unless the contractor certifies the costs.

(a) Waiver of Certification. The agency head, or designee, may waive the certification requirement when determined to be in the interest of the United States. The reasons for the determination documented in writing and made available to the public. A waiver may be appropriate for a contract with:

(1) A foreign government or international organization, such as a subsidiary body of the North Atlantic Treaty Organization;

(2) A state or local government subject to OMB Circular A-87;

(3) An educational institution subject to OMB Circular A-21; and

(4) A nonprofit organization subject to OMB Circular A-122.

(b) Failure to certify.

(1) If the contractor has not certified its proposal for final indirect cost rates and a waiver is not appropriate, the CO may unilaterally establish the rates.

(2) Rates established unilaterally are based on audited historical data or other available data as long as unallowable costs are excluded; and set low enough to ensure that unallowable costs will not be reimbursed.

(c) False Certification. The CO should consult with legal counsel to determine appropriate action when a contractor's certificate of final indirect costs is thought to be false.

(d) Penalties for Unallowable Costs. Penalties for submission of unallowable costs in final indirect cost rate proposals are outlined in AMS clause 3.10.1-3.

## 13 Contract Audit Revised 7/2012

*a. Contract Audit - Post Award.*

(1) The auditor is responsible for:

(a) Submitting information and advice to the requesting activity, based on the auditor's analysis of the contractor's financial and accounting records or other related data as to the acceptability of the contractor's incurred and estimated costs.

(b) Reviewing the financial and accounting aspects of the contractor's cost control system.

(c) Performing other analyses and reviews that require access to the contractor's financial and accounting records supporting proposed and incurred costs.

(2) *Audit Cognizance*. Normally, DCAA is the responsible Government audit agency. However, there may be instances where an agency other than DCAA desires cognizance of a particular contractor. In those instances, the two agencies should agree on the most efficient and economical approach to meet contract audit requirements.

(3) *Assigning Audit Services*. COs should coordinate with Headquarters Cost/Price Services (AAP-500) when requesting audit services directly from the responsible audit agency. DCAA's audit office locator is online at http://www.dcaa.mil. The audit request should include a suspense date and should identify any information needed by the CO. The responsible audit agency may decline requests for services on a case-by-case basis, if resources of the audit agency are inadequate to accomplish the tasks. Declinations must be in writing.

**14 Bankruptcy Revised 7/2012**

a. *General*. The CO must proactively monitor contracts to the extent practicable for indications of contractor financial difficulty, and respond appropriately to a written notification of bankruptcy. If the contractor provides the CO with a written notification of bankruptcy, the CO must protect FAA's rights and interests under contracts with the contractor.

b. *Contractor Financial Difficulties*. When the CO becomes aware of contractor financial difficulties, he or she must verify accuracy of the information, and follow the steps described below. Information relating to contractor financial difficulties should come from sources such as, but not limited to, the COR, QRO, Finance Office, Office of Inspector General, a financial institution, Dun and Bradstreet, or a newspaper article.

(1) Determine whether the contractor is performing in a timely manner and making satisfactory progress.

(2) Consider terminating the contractor for default if performance is untimely or otherwise unsatisfactory and the reason is within the contractor's control.

(3) Request that the COR or QRO monitor the contract more closely if contract termination is considered unnecessary.

(4) Notify the cognizant small and disadvantaged business utilization specialist if a small business contractor is involved.

(5) Notify the bonding company, if appropriate.

c. *Notification of Bankruptcy*. Upon receipt of a contractor notification of bankruptcy, as required by AMS clause 3.10.1-7, "Bankruptcy," the CO must:

(1) Furnish the notification of bankruptcy to Headquarters Assistant Chief Counsel for Procurement Law and other appropriate offices, such as finance, property, and other FAA contracting offices.

(2) Determine the amount of FAA's potential claim against the contractor. In assessing this impact, identify and review any contracts that have not been closed out, including those that are physically completed or terminated.

(3) Take actions necessary to protect FAA's rights and interests, including Government property.

(4) Consult with and furnish information to Headquarters legal counsel, as appropriate, throughout the process.

**15 Reporting Executive Compensation and First-Tier Subcontract Awards Revised 10/2012**

a. *Scope*. The Federal Funding Accountability and Transparency Act, as amended, requires contractors to report subcontracted award data and the total compensation of the five most highly compensated executives of the contractor and subcontractor(s).

b. *Applicability*. This reporting requirement applies to all contracts with a value of $25,000 or more. Reporting subcontract information is limited to the first-tier subcontractor(s). As described in AMS clause 3.13-14, there is an additional subcontract reporting exemption for contractors and subcontractors who had gross income in the previous tax year under $300,000. Specific reporting requirements for executive compensation are also outlined in AMS clause 3.13-14.

c. *Review*. The CO will ensure contractors comply with the reporting requirements of AMS clause 3.13-14. Contractor reports will be reviewed as necessary to ensure the information is consistent with contract information. In such reviews, the CO is not required to address data for which FAA would not normally have supporting information, such as compensation information required of contractors and first-tier subcontractors. However, the CO will inform the contractor of any inconsistencies with the contract information and require that the contractor correct the report, or provide a reasonable explanation why it believes the information to be correct. The reports may be reviewed at http://www.fsrs.gov.

d. *Failure to Comply*. If the contractor fails to comply with the reporting requirements, the CO will immediately bring this to the contractor's attention. If the contractor still does not comply, appropriate contractual remedies should be taken. In addition, the CO should make the contractor's failure to comply with the reporting requirements a part of the contractor's past performance evaluation.

e. When COs report contracting data to the Federal Procurement Data System (FPDS),

certain data will then pre-populate from FPDS to assist the contractor complete and submit the reports.

## 16 Contractor Performance Documentation and Maintenance Added 4/2013

a. This section provides policies and establishes responsibilities for recording and maintaining contractor performance information in the Contractor Performance Assessment Reporting System (CPARS). This section does not apply to determinations of fees under award or incentive fee contracts.

b. Past performance information is relevant information, for future source selection purposes, regarding a contractor's actions under previously awarded contracts. It includes, for example, the contractor's record of conforming to contract requirements and to standards of good workmanship; the contractor's record of forecasting and controlling costs; the contractor's adherence to contract schedules, including the administrative aspects of performance; the contractor's history of reasonable and cooperative behavior and commitment to customer satisfaction; the contractor's record of meeting small business subcontracting objectives; the contractor's record of integrity and business ethics, and generally, the contractor's business-like concern for the interest of the customer.

c. Past performance evaluations must be prepared as specified in the FAA CPARS Guide, Appendix 11. Generally reporting is done on an annual basis and should be completed no later than sixty (60) days after the end of the applicable reporting period. The content of the evaluations should be tailored to the size, content, and complexity of the contractual requirements.

d.

(1) Except as provided in this paragraph (d), FAA must prepare an evaluation of contractor performance for each contract or order that exceeds the following thresholds.

(i) Services exceeding $5,000,000

(ii) Supply contracts exceeding $10,000,000

(iii) Construction contracts exceeding $10,000,000

(iv) Research & Development contracts exceeding $5,000,000

(2) An evaluation of contractor performance is required for each order that exceeds the above specified thresholds placed against a Federal Supply Schedule contract, a task order contract or a delivery order contract, or any other ordering Agreement. Evaluations of multiple orders under an ordering contract or agreement may be combined in accordance with the guidance provided in the FAA CPARS Guide.

(3) Contracts or orders made pursuant to the Javits-Wagner-O'Day (JWOD) Act with firms under the AbilityOne program or with Federal Prison Industries, Inc.

(FPI) do not require evaluations.

(4) An evaluation may be performed for any contract or order that does not meet the above thresholds.

e. Roles and Responsibilities. Responsibility for completing CPARS evaluations rests with the Assessing Official (AO), who may be the Program Manager (PM), the Contracting Officer's Representative (COR), or the other individual familiar with the contract, program, project, or task/job/delivery order requirements and execution. The AO may be supported in this process by the Assessing Official Representative (AOR). The AOR may be the Performance Evaluator, Quality Assurance Evaluator, Requirements Indicator, or Task Monitor for tasks under IDIQ contracts, or any other individual familiar with the contractor's performance. The AO and AOR are responsible for entering the ratings and narratives for each evaluation performed.

f. Non-Disclosure. The completed CPARS evaluation must not be made available to anyone other than Government personnel and the contractor whose performance is being evaluated.

Agency support contractors must not have access to CPARS evaluations of other contractors.

**B Clauses**

view contract clauses

**C Forms**

view procurement forms

**D Appendices**

**1 Appendix – Reserved Revised 7/2014**

**2 Appendix – Reserved Revised 7/2014**

**3 Appendix - When Should a COR be Appointed Revised 4/2012**

**When Should a COR be Appointed?**

**Usually Necessary:**

- Contracts for items, services or construction with technical complexity, such as:
  - Major systems
  - Highly technical services such as engineering, programming, architecture and engineering (A&E) etc.

    - Evolving technologies (e.g. NEXTGEN)
    - Large scale construction (e.g. ATCT, ARTCC)
- Contracts with a long performance time, such as:
    - Janitorial
- Items, services or construction requiring extensive oversight and inspection, such as:
    - Guard services
- Contracts with a contract type other than firm-fixed-price (e.g. cost-type, T&M/LH)
- Service or construction contracts with numerous task orders (e.g. TSSC, NISC, eFAST)
- High-visibility contracts
- Contracts with numerous contractor personnel, especially when performing at an FAA site
- Contracts requiring delivery/monitoring of extensive Government furnished property

**Usually Not Necessary:**

- Contracts delivering commercial fixed-price items or services, such as:
    - Spare parts
    - Office equipment and maintenance
    - Tree trimming/small landscaping projects
    - Other items of a low complexity
- Commercial services with a short performance time, such as:
    - Copier repair
    - Elevator repair
    - Small scale moving services
- Purchase orders with simple terms and conditions that require minimal oversight and inspection
- Short-term contracts to address requirements for a bona-fide emergency

## 4 Appendix - Stop-Work Order Revised 4/2011

STOP-WORK
ORDER

Pending a decision from the FAA, you are hereby instructed to stop all work immediately and to make no further commitments under contract [*insert number*] pursuant to clause 3.10.1-9 titled "Stop-Work Order." Under the requirements of this clause, please take steps necessary to minimize the incurrence of costs allocable to the period of work stoppage and advise all subcontractors and vendors to do the same. This stop-work order is in effect for 90* days from the date you receive this letter.

**A longer period may be indicated based upon mutual agreement of the parties.*

## 5 Appendix - Novation Agreement Revised 4/2011

NOVATION
AGREEMENT

The [*insert name of transferor*] (Transferor), a corporation duly organized and existing under

the laws of [*insert state*] with its principal office in [*insert city here*]; the [*insert name of transferee*] (Transferee), [*if appropriate add "formerly known as the* [*insert former name*] a corporation duly organized and existing under the laws of [*insert state*] with its principal office in [*insert city here*]; and the United States of America (Government) enter into this Agreement as of [*insert the date transfer of assets became effective*] under applicable State law.

(a) The parties agree to the following facts:

(1) The Government, represented by various Contracting Officers of the[insert name(s) of agency(ies) [*insert name(s) of agency(ies)*], has entered into certain contracts with the Transferor, namely: [*insert contract or purchase order identifications or delete "namely" and insert "as shown in the attached list marked `Exhibit A' and incorporated in this Agreement by reference."*] The term "the contracts," as used in this Agreement, means the above contracts and

purchase orders and all other contracts and purchase orders, including all modifications, made between the Government and the Transferor before the effective date of this Agreement (whether or not performance and payment have been completed and releases executed if the Government or the Transferor has any remaining rights, duties, or obligations under these contracts and purchase orders). Included in the term "the contracts" are also all modifications made under the terms and conditions of these contracts and purchase orders between the Government and the Transferee, on or after the effective date of this Agreement.

(2) As of [*insert date]* ], the Transferor has transferred to the Transferee all the assets of the Transferor by virtue of a [*insert term descriptive of the legal transaction involved between the Transferor and the Transferee.*]

(3) The Transferee has acquired all the assets of the Transferor by virtue of the above transfer.

(4) The Transferee has assumed all obligations and liabilities of the Transferor under the contracts by virtue of the above transfer.

(5) The Transferee is in a position to fully perform all obligations that may exist under the contracts.

(6) It is consistent with the Government's interest to recognize the Transferee as the successor party to the contracts.

(7) Evidence of the above transfer has been filed with the Government.

*(When a change of name is also involved; e.g., a prior or concurrent change of the Transferee's name, an appropriate statement shall be inserted (see example in paragraph (8) below.)*

(8) A certificate dated [*insert date*], signed by the Secretary of State of [*insert name of State*], *to the effect that the corporate name of EFG Corporation* [*insert name of transferor*] *was changed to XYZ Corporation* [*insert name of transferee*] *on* [*insert date*], *has been filed with the Government.*

(b) In Consideration of these facts, the Parties agree that by this agreement

(1) The Transferor confirms the transfer to the Transferee, and waives any claims and rights against the Government that it now has or may have in the future in connection with the contracts.

(2) The Transferee agrees to be bound by and to perform each contract in accordance with the conditions contained in the contracts. The Transferee also assumes all obligations and liabilities of, and all claims against, the Transferor under the contracts as if the Transferee were the original party to the contracts.

(3) The Transferee ratifies all previous actions taken by the Transferor with respect to the contracts, with the same force and effect as if the action had been taken by the Transferee.

(4) The Government recognizes the Transferee as the Transferor's successor in interest in and to the contracts. The Transferee by this Agreement becomes entitled to all rights, titles, and interests of the Transferor in and to the contracts as if the Transferee were the original party to the contracts. Following the effective date of this Agreement, the term "Contractor," as used in the contracts, shall refer to the Transferee.

(5) Except as expressly provided in this Agreement, nothing in it shall be construed as a waiver of any rights of the Government against the Transferor.

(6) All payments and reimbursements previously made by the Government to the Transferor, and all other previous actions taken by the Government under the contracts, shall be considered to have discharged those parts of the Government's obligations under the contracts. All payments and reimbursements made by the Government after the date of this Agreement in the name of or to the Transferor shall have the same force and effect as if made to the Transferee, and shall constitute a complete discharge of the Government's obligations under the contracts, to the extent of the amounts paid or reimbursed.

(7) The Transferor and the Transferee agree that the Government is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer or this Agreement, other than those that the Government in the absence of this transfer or Agreement would have been obligated to pay or reimburse under the terms of the contracts.

(8) The Transferor guarantees payment of all liabilities and the performance of all obligations that the Transferee--

(i) Assumes under this Agreement; or

(ii) May undertake in the future should these contracts be modified under their terms and conditions. The Transferor waives notice of, and consents to, any such future modifications.

(9) The contracts shall remain in full force and effect, except as modified by this Agreement. Each party has executed this Agreement as of the day and year first above written.

UNITED STATES OF AMERICA ,

By _____

Title _____

[*insert name of company*],

By _____

Title _____

(CORPORATE SEAL)

[*insert name of company*],

By_____

Title _____

CORPORATE

SEAL

CERTIFICATE

I, [*insert name of secretary*], certify that I am the Secretary of ABC Corporation, that [*insert name*], who signed this Agreement for this corporation, was then [*insert information*] of this corporation; and that this Agreement was duly signed for and on behalf of this corporation by authority of its governing body and within the scope of its corporate powers.

Witness my hand and the seal of this corporation this day of _____ 19 ____. By _____

(CORPORATE SEAL)

CERTIFICATE

I, [*insert name*], certify that I am the Secretary of [*insert name of company*], that [*insert name*], who signed this Agreement for this corporation, was then [*insert information*] of this corporation; and that this Agreement was duly signed for and on behalf of this corporation by authority of its governing body and within the scope of its corporate powers. Witness my hand and the seal of this corporation this day of _____19___.

By _____

CORPORATE SEAL

## 6 Appendix - Change of Name Agreement Revised 4/2011

CHANGE OF NAME AGREEMENT

The [*insert new name of company*] (Contractor), a corporation duly organized and existing under the laws of [insert State], and the United States of America (Government), enter into this Agreement as of [*insert date*] when the change of name became effective under applicable State law.

(a) The parties agree to the following facts:

(1) The Government, represented by various Contracting Officers of the [*insert name(s) of agency(ies)*], has entered into certain contracts and purchase orders with [*insert original name of company*], namely [*insert contract or purchase order identifications; or delete "namely" and insert "as shown in the attached list marked "Exhibit A*"] and incorporated in this Agreement by reference." The term "the contracts," as used in this Agreement, means the above contracts and purchase orders and all other contracts and purchase orders, including all modifications, made by the Government and the Contractor before the effective date of this Agreement (whether or not performance and payment have been completed and releases executed if the Government or the Contractor has any remaining rights, duties, or obligations under these contracts and purchase orders).

(2) [*Insert former name of company*], by an amendment to its certificate of incorporation, dated [*insert date*], has changed its corporate name to [*insert new name of company*].

(3) This amendment accomplishes a change of corporate name only and all rights and obligations of the Government and of the Contractor under the contracts are unaffected by this change.

(4) Documentary evidence of this change of corporate name has been filed with the Government.

(b) In consideration of these facts, the parties agree that--

(1) The contracts covered by this Agreement are amended by substituting the name [insert new name of company] for the name [*insert original name of company*] wherever it appears in the contracts; and

(2) Each party has executed this Agreement as of the day and year first above written.

United States of America ,

By _____

Title _____

[*Insert new name of company*]

By _____

Title _____

Corporate Seal

Certificate

I, [*insert name*] , certify that I am the Secretary of [*insert new name of company*]; that [*insert name*], who signed this Agreement for this corporation, was then [*insert information*] of this corporation; and that this Agreement was duly signed for and on behalf of this corporation by authority of its governing body and within the scope of its corporate powers. Witness my hand and the seal of this corporation this [*insert number*] day of [*insert month*] 19[*insert year*].

By _____

Corporate Seal

## 7 Appendix - Guide for Creating and Maintaining Contract Administration Files

**Revised 7/2012**

The following guidance is intended to assist contracting personnel maintain contract files and perform contract administration. When contracting personnel invest time at contract award to create files and tracking tools, and maintain those files as changes occur, it ultimately helps reduce time required for contract administration and closeout. Organized and maintained files allow contracting personnel to quickly and easily locate documents and information when needed, making contract administration more efficient and less burdensome. The procedures outlined below provide enough detail for effective administration of large contracts. For administration of smaller contracts, contracting personnel can choose those sections that apply.

### 1. Establishing Contract Administration Files (or Basic Contract Files).

Contract File folders should be used for all files related to the contract. Labels on folders should be typed so they can be easily read and should include the contract number and title of contents (e.g., Basic Contract Folder, Modification Folder, Voucher/Invoice Folder). The Basic Contract File should include the documents listed in the subparagraphs below. Documents should be placed in the folder(s) in the order listed in the "Contract Organization and File Content List" (see Procurement Forms in FAST) and separated by marked tabs or in separate folders. The "Contract Organization and File Content List" should be annotated with the contractor's mailing address and fax number, contractor's point of contact and telephone numbers, Contracting Officer's Representative (COR) name and telephone number, and Quality Reliability Officer (QRO) name and telephone number.

a. *Basic Contract Documents*. A copy of the table of contents should be included in each folder of the Basic Contract File. (Some contracts are large enough to require more than one folder.)

1. Original Signed Contract - Sections A thru J.
2. Distribution Sheet (the Distribution Sheet should be annotated with the date each copy of the contract was distributed.
3. Requisition or procurement request (PR) and appropriate automated procurement system award form.
4. Copies of COR, QRO, Property Administrator, and Contract Administrator Designation memoranda.
5. Any other applicable documents listed in the Contract Organization and File Content List.

b. *Contract Data Requirements List (CDRL) Folder*. Copies of documents delivered under CDRLs should be filed in the order received, with each version separated by tabs.

c. *Voucher/Invoice Folder*. Each voucher/invoice should be filed with its signed voucher/invoice approval certification and record of payment. Vouchers/invoices should be filed chronologically. A financial spreadsheet should be filed on the left side of each Voucher/Invoice Folder. Guidance on creating financial spreadsheets can be found in paragraph (2)(a), below.

d. *Working Copy of the Contract*. A working copy of the contract should be maintained electronically and in hard copy in a binder. Both copies should be updated to reflect the most current version of the contract each time a modification is issued. To facilitate this process, all modifications should be issued with contract change pages. Changes in the contract change pages should be highlighted (e.g., bold, shaded, or italicized font).

e. *Other Contract Folders*. Folders should be created for the following contract documentation, as applicable:

1. Incoming Correspondence;
2. Outgoing Correspondence;
3. Subcontracts;
4. Government Furnished Property/Information;
5. Memoranda to the File;
6. Program Management Reviews/Progress /Status Reports;
7. Quality Reliability Officer (QRO) Reports;

8. Contractor and Industrial Security; and
9. Modifications.

**2. Processing Vouchers/Invoices.**

a. *Financial Spreadsheet.* A financial spreadsheet should be developed to track total contract obligations and invoice payments. This provides the current balance of contract funds. For contracts containing many Contract Line Item Numbers (CLINs), it may be helpful to develop a spreadsheet for each CLIN. For contracts containing task orders, it may be helpful to develop a spreadsheet for each task order. If spreadsheets are created for each CLIN or task order, a summary financial spreadsheet should be created to provide the current balance of funds for the entire contract.

b. *Processing Vouchers/Invoices.*

1. Review each voucher/invoice for errors;
2. Record costs and fees separately in spreadsheets;
3. Forward voucher/invoice to COR or FAA Program Office designee for review and acceptance in PRISM, noting date sent to COR/designee;
4. Set up a "Voucher Suspense Desk File" with a copy of the approval certification; note date due to Accounts Payable. Set a suspense date a few days earlier to trigger COR/designee acceptance and release;
5. Upon confirmation of acceptance in PRISM by COR/designee, authorize payment of invoice;
6. Make a copy of approval certification and invoice;
7. Place in voucher/invoice folder;
8. Any disallowances must be noted with a memo to the file explaining the deduction and/or rejection and steps taken to notify the contractor. A letter should be written to the contractor explaining the deduction and/or rejection and a copy included with the invoice;
9. Confirm payment was made; and
10. Conduct periodic reviews of payments with Accounts Payable.

**3. Correspondence**

a. *Processing Incoming Correspondence.*

1. Create an incoming correspondence log sheet. As correspondence is received, it should be annotated in the log and filed in the incoming correspondence folder. Completed log sheets should be filed on the right side of each folder on top of incoming correspondence. Completed log sheets can be filed in hand-written form; however, if the information is typed in an electronic document, the log can be searched electronically.
2. Incoming correspondence by serial number, CDRL number or reference, subject, and date.
3. Review the correspondence and take action as required. If the correspondence requires COR review and/or action, be sure to give the COR a suspense date and file a copy of the e-mail or memo and correspondence in a "COR Suspense Desk File."
4. If the appropriate action includes providing a response to the contractor, prepare a written response using the outgoing correspondence procedures described in paragraph

(3)(b), below.

b. *Processing Outgoing Correspondence*.

1. Create an outgoing correspondence log sheet. Completed log sheets should be filed on the right side of each folder. Completed log sheets can be filed in hand-written form; however, if the information is typed in a Microsoft Word document, the log can be searched electronically.
2. Log all outgoing correspondence using the next available serial number, entering CDRL number or reference, subject, and date. (Note: to make outgoing correspondence easier to track, it can be helpful to include in the correspondence serial number the calendar or fiscal year and program acronym.)
3. When preparing outgoing correspondence, it is helpful to create an electronic outgoing correspondence directory to create and store electronic copies of correspondence. The serial number from the outgoing correspondence log should be typed in the top right corner of the outgoing letter. The subject line of the letter should be included in the log for quick reference.
4. The file copy of letters to the contractor should be filed in the outgoing correspondence folder with relevant documents.

**4. Processing Modifications to the Basic Contract**

a. *Preparing the Modification*.

Each modification should include an SF-30 or appropriate automated procurement system modification form to meet the requirements of the specific modification. If an SF-30 is used to award the modification, the file must also contain the automated procurement system modification form.

1. A modification summary, each page of which should be annotated with the contract, requisition, modification, and page numbers. The modification summary should include:
2. A preamble summarizing all changes included in the modification.
3. A section by section, detailed description of the changed or modified parts of the contract. This description should include from/to statements to explain the change.
4. If funds are involved, Section G is always modified to show the new CLIN and appropriation data and amount as well as the affect the modification has on total contract value. This amount should match the amount on the SF-30 and automated procurement system modification form.
5. Contract change pages (with changes highlighted) for the working copy of the contract. The modification number should be printed in the top left corner of each modified page.

b. *Distributing the Modification*. Prepare a Distribution Sheet to document proper distribution of the modification. Annotate the Distribution Sheet with the date distribution was made.

c. *Filing the Modification*. The modification file should include the documents listed in the subparagraphs below. If the modification is large enough to be filed in its own folder, it is helpful to include a table of contents listing the modification and all other supporting

documents included in the folder. Copies of the modified/changed contract pages should be filed in the working copy of the contract. The electronic version of the working contract should be updated to include the changed pages.

1. Signed SF-30 and automated procurement system modification form, the modification, and any associated documents (e.g., memoranda to the file, Determinations and Findings, contractor proposals, negotiation memoranda)
2. Requisition or PR.
3. Distribution Sheet.
4. Any other applicable documents listed in the "Contract Organization and File Content List-Modifications" checklist.

d. *Other Actions Related to Modifications*:

1. Update or create appropriate financial spreadsheets (described in paragraph 2.a); and
2. Create a Modification Summary Table. This document provides a quick reference documenting by modification number the description, type (bilateral or unilateral), dollar amount, and date of each modification. The electronic version of the table can be searched, allowing quick retrieval of modification information.

**5. Preparing Memoranda to the File**.

Typed or hand-written notes should be prepared to document telephone calls and meetings, and filed in a single folder as memoranda to the file. These notes should include a list of participants, the topic, the date, and action items assigned for each telephone call and meeting.

**6. Maintaining the Subcontract File**.

If applicable, ensure that the contract has an approved Subcontracting Plan that has been incorporated into the contract by reference and has been made an attachment to the basic contract. File copies of all subcontracting documentation in the Subcontract File. Ensure that the contractor submits the required subcontracting information to the Electronic Subcontracting Reporting System (eSRS) electronically in accordance with AMS clause 3.6.1-4 "Small, Small Disadvantaged, Women-Owned, and Service-Disabled Veteran Owned Small Business Subcontracting Plan (January 2010).

**7. Processing CDRLs**

a. *Submission and Review of CDRLs*. The contractor should submit CDRLs in hard copy or electronically in accordance with the contract (Block 15 of CDRL). Procedures should be established to ensure that all CDRLs are reviewed by the CO and responsible program/technical representatives and that comments are provided to the CO in a timely manner. Most CDRLs have a time limit for Government review and response. The document transmitting comments to the CO should be filed so it can be used to support COR/technical review.

b. *Processing Comments and Changes to and Approving CDRLs*. CDRL discrepancy forms should be developed to transmit comments to the contractor. Comments regarding CDRLs and approval of CDRLs should be transmitted to the contractor under a transmittal letter prepared

by the CO. The transmittal letter should include re-submittal requirements if applicable. The transmittal letter should be filed in the outgoing correspondence folder. Changes to CDRLs, including extensions to submission or review dates, should include adequate consideration. These revisions must be documented in a contract modification establishing the new terms.

c. *Tracking CDRLs*. The CO should create a tracking system to manage submission of all CDRLs.

## 8 Appendix - Contract File Completion Statement Revised 4/2011

CONTRACT FILE COMPLETION STATEMENT

Contract Administration Office (If different from the Contracting Office):

Name: _____

Address: _____

_____

Contracting Office Name:_____

Address:_____

_____

Contract No._____

Last Modification No._____

Last Call or Order No._____

Contractor's Name:_____

Address:_____

_____

Dollar Amount of Excess Funds (if any):_____

Voucher Number and Date, if Final Payment has been made:

Voucher No.: _____ Date: _____

Invoice No. and date, if final approved invoice forwarded to disbursing office or other agency/activity

Voucher No.: _____ Date: _____

_____ _____

## 9 Appendix – Reserved Revised 7/2014

## 10 Appendix - Common Authorities for Modifications Revised 7/2012

As described in AMS Procurement Guidance T3.10.1, contract terms may be modified by the Contracting Officer (CO) when in the best interest of FAA. Modifications can either be bilateral or unilateral:

1. Bilateral modification: a contract modification jointly agreed to by the CO and contractor.

2. Unilateral modification: a contract modification made by the CO that does not require concurrence by the contractor.

To issue a modification, the CO must have the authority to do so. The basis for the authority to modify a contract may be an AMS clause incorporated into a contract, a law or statute, or simply the terms and conditions of the contract.

The tables below provide varying actions that support a contract modification. The actions covered include change orders, administrative changes, supplemental agreements, and other actions that support a modification. Each table describes:

1. The type of action;

2. Whether it is a bilateral or unilateral modification; and

3. Reasons and authorities supporting a modification depending on the kind of requirement (i.e., supply, service, or construction) and type of contract (i.e., fixed-price or cost-reimbursement).

Each table also provides guidance into how each factor relates to Standard Form (SF) 30, Amendment of Solicitation/Modification of Contract.

### Table 1: Change Orders

Unilateral Modification (SF 30: Change Order (Block 13A), Unilateral (Block 13E))

| Reasons for Modification | Authority |
|---|---|
| **Supplies (Fixed-Price)** | AMS Clause 3.10.1-12, Changes-Fixed-Price |

| | |
|---|---|
| Change to:<br><br>☐ Drawings, Designs, or Specifications<br>☐ Method of Shipment or Packing<br>☐ Place of Delivery | |
| **Services (no supplies to be furnished)**<br><br>Change to:<br><br>☐ Description of Services<br>☐ Time of Performance<br>☐ Place of Performance | AMS Clause 3.10.1-12/alt1,<br>Changes- Fixed-Price Alternate I |
| **Services (supplies to be furnished) (Fixed-Price)**<br><br>Change to:<br><br>☐ Description of Services<br>☐ Time of Performance<br>☐ Place of Performance<br>☐ Drawings, Designs, or Specifications<br>☐ Method of Shipment or Packing<br>☐ Place of Delivery | AMS Clause 3.10.1-12/alt2,<br>Changes- Fixed-Price Alternate II |
| **A&E or Other Professional Services (Fixed-Price)**<br><br>Change to:<br><br>☐ General scope | AMS Clause 3.10.1-12/alt3,<br>Changes- Fixed-Price Alternate III |
| **Transportation Services (Fixed-Price)**<br><br>Change to:<br><br>☐ Specifications<br>☐ Work or services<br>☐ Place of origin<br>☐ Place of delivery<br>☐ Tonnage to be shipped<br>☐ Amount of Government-furnished property<br><br>Place of delivery<br>☐ Tonnage to be shipped<br>☐ Amount of Government-furnished property | AMS Clause 3.10.1-12/alt4,<br>Changes- Fixed-Price Alternate IV |
| **R&D (Fixed-Price)**<br><br>Change to: | AMS Clause 3.10.1-12/alt5,<br>Changes- Fixed-Price Alternate V |

| | |
|---|---|
| Drawings, Designs, or Specifications<br>Place of Inspection, Delivery, or Acceptance | |
| **Supplies (Cost-Reimbursement)**<br><br>Change to:<br><br>Drawings, Designs, or Specifications<br>Method of Shipment or Packing<br>Place of Delivery | AMS Clause 3.10.1-13, Changes-Cost-Reimbursement |
| **Services (no supplies to be furnished) (Cost-Reimbursement)**<br><br>Change to:<br><br>Description of Services<br>Time of Performance<br>Place of Performance | AMS Clause 3.10.1-13/alt1, Changes- Cost-Reimbursement Alternate I |
| **Services (supplies to be furnished) (Cost-Reimbursement)**<br><br>Change to:<br><br>Description of Services<br>Time of Performance<br>Place of Performance<br>Drawings, Designs, or Specifications<br>Method of Shipment or Packing<br>Place of Delivery | AMS Clause 3.10.1-13/alt2, Changes- Cost-Reimbursement Alternate II |
| **Construction (Cost-Reimbursement)**<br><br>Change to:<br><br>Plans and Specifications or Instructions | AMS Clause 3.10.1-13/alt3, Changes-Cost-Reimbursement Alternate III |
| **Facilities (Cost-Reimbursement)**<br><br>Change to:<br><br>General Scope | AMS Clause 3.10.1-13/alt4, Changes- Cost-Reimbursement Alternate IV |
| **R&D (Cost-Reimbursement)**<br><br>Change to:<br><br>Drawings, Designs, or Specifications | AMS Clause 3.10.1-13/alt5, Changes- Cost-Reimbursement Alternate V |

| | |
|---|---|
| ☐ Place of Inspection, Delivery, or Acceptance | |
| **Time and Materials or Labor Hours**<br><br>Change to:<br><br>☐ Description of Services<br>☐ Time of Performance<br>☐ Place of Performance<br>☐ Drawings, Designs, or Specifications<br>☐ Method of Shipment or Packing<br>☐ Place of Delivery<br>☐ Amount of Government Furnished Property | AMS Clause 3.10.1-14, Changes-Time and Materials or Labor Hours |
| **Construction, Dismantling, Demolition, or Removal of Improvements**<br><br>Change to:<br><br>☐ Drawings, Designs, or Specifications<br>☐ Method or Manner of Performance<br>☐ Government-Furnished Facilities, Equipment, Materials, Services, or | AMS Clause 3.10.1-15, Changes-Construction, Dismantling, Demolition, or Removal of Improvements |
| Site<br>☐ Accelerate the Performance of the Work | |
| **Construction (Changed Conditions)**<br><br>Change to:<br><br>☐ Drawings or Specification within the Scope of the Contract | AMS Clause 3.10.1-16, Changes and Changed Conditions |

**Table 2: Administrative Changes**

Unilateral Modification (SF 30: Administrative Change (Block 13B), Unilateral (Block 13E))

| **Reasons for Modification** | **Authority** |
|---|---|
| Accounting Code Change | AMS Procurement Guidance T3.10.1 |
| COR Change | AMS Procurement Guidance T3.10.1 |
| Change-of-Name Agreement | AMS Procurement Guidance T3.10.1 |

**Table 3: Supplemental Agreements**

Bilateral Modifications (SF 30: Supplemental Agreement (Block 13C), Bilateral (Block 13E))

| **Reasons for Modification** | **Authority** |
|---|---|
| Negotiated Price or Other Adjustment Resulting from Changes Clause (Increase or Decrease) | Reference Applicable Changes Clause |
| Change in Term or Conditions or Order | Reference Applicable Changes Clause |
| Adjustments to Wage Determinations and collective bargaining agreements | AMS Clause 3.6.2-30, Fair Labor Standards Act and Service Contract Act--Price Adjustment (Multiple Year and Option Contracts) |
| Novation Agreement and Change-of-Name | AMS Procurement Guidance T3.10.1 & AMS Clause 3.10.1-25, Novation and Change-of-Name Agreements |
| Settlement of Agreement Under the Disputes Clause | AMS Clause 3.9.1-1, Contract Disputes |
| Assignment of Claims | AMS Clause 3.3.1-15, Assignment of Claims |
| Extension of Delivery Date of Performance Period | Reference Applicable Changes Clause |

**Table 4: Other**

Unilateral Modifications (SF 30: Other (Block 13D), Unilateral (Block 13E))

| **Reasons for Modification** | **Authority** |
|---|---|
| Option for Increased Quantity (Specific Line Item) | AMS Clause 3.2.4-32, Option for Increased Quantity |
| Option for Increased Quantity (Separately Priced Line Item) | AMS Clause 3.2.4-33, Option for Increased Quantity- Separately Priced Line Item |
| Option to Extend Services | AMS Clause 3.2.4-34, Option to Extend Services |
| Option to Extend the Term of the Contract | AMS Clause 3.2.4-35, Option to Extend the Term of the Contract |
| Termination for Convenience of the Government (Fixed-Price) | AMS Clause 3.10.6-1, Termination for Convenience of the Government (Fixed-Price) |
| Termination for Convenience of the Government (Educational and Other Nonprofit Institutions) | AMS Clause 3.10.6-2, Termination for Convenience of the Government (Educational and Other Nonprofit Institutions) |
| Termination (Cost-Reimbursement) | AMS Clause 3.10.6-3, Termination (Cost-Reimbursement) |
| Termination (Cost-Reimbursement) (Construction) | AMS Clause 3.10.6-3/alt1, Termination (Cost-Reimbursement) Alternate I |

| | |
|---|---|
| Termination (Cost-Reimbursement) (Contracts with Agencies of the Federal Government, or state, local or foreign governments or their agencies) | AMS Clause 3.10.6-3/alt2, Termination (Cost-Reimbursement) Alternate II |
| Termination (Cost-Reimbursement) (Construction with agencies of the Federal Government, state, local or foreign governments or their agencies) | AMS Clause 3.10.6-3/alt3, Termination (Cost-Reimbursement) Alternate III |
| Termination (Cost-Reimbursement) (T&M and LH) | AMS Clause 3.10.6-3/alt4, Termination (Cost-Reimbursement) Alternate IV |
| Termination (Cost-Reimbursement) (T&M and LH with agencies of the Federal Government, state, local or foreign governments or their agencies) | AMS Clause 3.10.6-3/alt5, Termination (Cost-Reimbursement) Alternate V |
| Default (Fixed-Price Supply and Service) | AMS Clause 3.10.6-4, Default (Fixed-Price Supply and Service) |
| Default (Fixed-Price R&D) | AMS Clause 3.10.6-5, Default (Fixed-Price Research and Development) |
| Default (Fixed-Price Construction) | AMS Clause 3.10.6-6, Default (Fixed Price Construction) |
| Availability of Funds | AMS Clause 3.3.1-10, Availability of Funds |
| Availability of Funds for the Next Fiscal Year | AMS Clause 3.3.1-11, Availability of Funds for the Next Fiscal Year |
| Excusable Delays | AMS Clause 3.10.6-7, Excusable Delays |
| Government Delay of Work | AMS Clause 3.10.1-11, Government Delay of Work |
| Government Property | AMS Clause 3.10.3-2, Government Property - Basic Clause |
| Government Property (Fixed-Price) | AMS Clause 3.10.3-2/alt1,Government Property - Basic Clause Alternate I |
| Government Property (T&M/LH or Cost Reimbursement) | AMS Clause 3.10.3-2/alt2, Government Property - Basic Clause Alternate II |
| Government Property Consolidated Facilities | AMS Clause 3.10.3-3, Government Property Consolidated Facilities |
| Government Property (Facilities Acquisition) | AMS Clause 3.10.3-6, Government Property (Facilities Acquisition) |
| Government Property (Facilities Use) | AMS Clause 3.10.3-7, Government Property - Facilities Use |
| Government Property (Facilities Use) (Research) | AMS Clause 3.10.3-7/alt1, Government Property (Facilities Use). AlternateI |
| Suspension of Work | AMS Clause 3.10.1-8, Suspension of Work |

| | |
|---|---|
| Disputes (Continued Performance) | AMS Clause 3.9.1-1, Contract Disputes |
| Variation in Quantity (Fixed-Price contracts for supplies and services that involve the furnishing of supplies) | AMS Clause 3.2.2.8-2, Variation in Quantity |
| Variation in Estimated Quantities (Fixed-Price Construction) | AMS Clause 3.2.2.8-4, Variation in Estimated Quantities |

**Table 5: Other**

Bilateral Modifications (SF 30: Other (Block 13D), Bilateral (Block 13E))

| Reasons for Modification | Authority |
|---|---|
| Addition of new work using a single source procurement (out of scope changes, additional quantities, time extensions that constitute new work, etc.) | AMS Policy 3.2.2.4 |

## 11 FAA CPARS Guide Revised 10/2014

### FAA Use of Contractor Performance Assessment Reporting System (CPARS)

### 1.0 Introduction

This Guide assigns responsibilities and provides procedures for systematically assessing contractor performance in accordance with AMS Procurement Guidance T3.10.1A16.

### 1.1 Background

The Contractor Performance Assessment Reporting System (CPARS) is a paperless contracting initiative housed and maintained by the DoD. Since the National Institutes of Health (NIH) discontinued use of its Contractor Performance System (CPS), CPARS has been mandated for use across all Federal Government agencies as the "feeder" system for entering contract performance data into the Government-wide Past Performance Information Retrieval System (PPIRS). Use of the CPARS is strongly encouraged, as it ensures that the FAA's contract performance evaluations will be entered into the PPIRS database to enhance the centralized data repository of contractor performance information. All CPARS evaluations must be initiated and completed electronically within the system. This Guide refers only to the CPARS module under which performance evaluations for most CPARS evaluations will be done. Any performance evaluations for architect-engineer or construction contracts will be done under the separate ACASS and CCASS modules respectively. Information on all modules is available on the CPARS website.

### 1.2 Purpose

The primary purpose of the CPARS is to ensure current and accurate data on contractor past performance is available for use in source selections. The completed past performance assessments are available through PPIRS. In addition to the sources of information outlined in AMS Procurement Guidance T3.2.2A.3, the Contracting Officer may use information available through PPIRS to support responsibility determinations of prospective contractors. Senior FAA and contractor officials may also use the information derived from the CPARS for other management purposes consistent with AMS Guidance.

CPARS assesses a contractor's performance, both positively and negatively as appropriate, providing a record on a given contract during a specified period of time. Each assessment must be based on objective data (or measurable, subjective data when objective data is not available) supportable by program and contract management data (see Section 1.4). CPARS performance expectations should be addressed in the Government and contractor's initial post-award meeting.

### 1.3 Responsibility for Completing CPARS Assessments

Responsibility for completing quality CPARS assessments in a timely manner rests with the Assessing Official (AO), who may be the Program Manager (PM), the Contracting Officer's Representative (COR), or the other individual familiar with the contract, program, project, or task/job/delivery order execution. The AO may be supported in this process by the Assessing Official Representative (AOR). The AOR may be the Performance Evaluator, Quality Assurance Evaluator, Requirements Indicator, or Task Monitor for tasks under IDIQ contracts, or any other individual familiar with the contractor's performance. The AO and AOR shall be responsible for entering the ratings and narratives for each evaluation performed.

The CPARS process is designed with checks-and-balances to facilitate the objective and consistent evaluation of contractor's performance. Both the Government's and contractor's perspectives are captured in the CPARS evaluation.

### 1.4 CPAR Evaluation Methodology

The value of the CPARS to a future source selection team is dependent on the level of effort the AO takes in preparing a quality and timely narrative to accompany the CPAR's ratings. It is paramount the AO submits a rating consistent with the definitions of each rating and thoroughly describes the circumstances supporting the rating. The definitions of each rating, together with related guidance for preparing the narrative, are provided in Attachment 1.

Each evaluation must be based on objective data (or subjective data when objective data is not available) supported by program and contract management records. The following sources of data are recommended:

- Contractor operations reviews
- Status and progress reviews
- Production and management reviews
- Management and engineering process reviews (e.g. risk management, requirements management, etc.)
- Cost performance reports and other cost and schedule metrics

- Other program measures and metrics such as:
    - Measures of progress and status of critical resources
    - Measures of product size and stability
    - Measures of product quality and process performance
    - Customer feedback/comments and satisfaction ratings
- Systems engineering and other technical progress reviews
- Technical interchange meetings
- Physical and functional configuration audits
- Quality reviews and quality assurance evaluations
- Subcontracting reports
- Earned contract incentives and award fee determinations

Subjective assessments concerning the cause or ramifications of the contractor's performance may be provided; however, speculation or conjecture is prohibited.

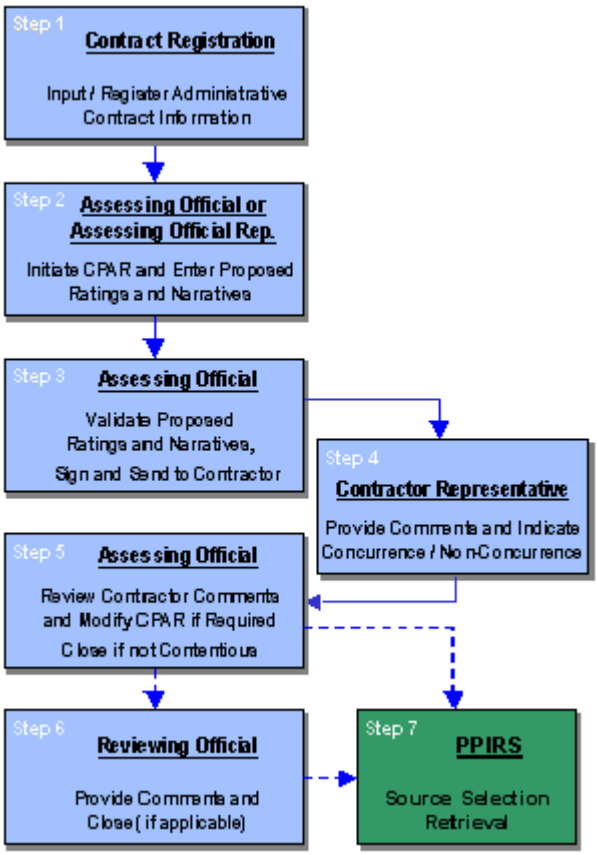
### 1.5 Uses of Summary CPAR Data

Summary data from the CPARS database or from the reports themselves may be used to measure the status of industry performance and support continuous process improvement. Further analysis of data from the CPARS database may be accomplished by the CPARS Focal Point for internal Government use but is not authorized for release outside the Government.

### 1.6 Change-of-Name/Novation

In the event of a contract novation or the change of the contractor’s name, see AMS Procurement Guidance T3.10.1A.8 for guidance in these circumstances since the Dun & Bradstreet Universal Numbering System (DUNS), Commercial and Government Entity (CAGE) codes and contractor names may be affected in the CPARS. The AO of each contract affected by any such changes is ultimately responsible for ensuring that the contract information in the CPARS is current and correct.

### 1.7 Basic Workflow Diagram




## 2.0 Thresholds for Mandatory Evaluations

All contracts or orders which exceed the following thresholds must include the applicable contract clause addressing CPARS evaluations and have an evaluation completed in CPARS:

- Services contracts exceeding $5,000,000;
- Supply contracts exceeding $10,000,000;
- Construction contracts exceeding $10,000,000
- Research and development contracts exceeding $5,000,000

In addition to contracts that must have CPARS evaluations performed, FAA may choose to perform CPARS evaluations for contracts that do not meet the above thresholds.

## 2.1 CPARS for Indefinite-Delivery Contracts, Basic Ordering Agreements (BOAs) and Blanket Purchase Agreements (BPAs)

For indefinite-delivery contracts and BPAs, but excluding Basic Ordering Agreements, (BOAs) the dollar value of individual orders is combined to determine if the threshold to require completing CPARS evaluation(s) has been met.

The cognizant program office for the contract or agreement shall determine how CPARS evaluations' will be completed:

- One CPARS evaluation for each order,

- By combining all orders into one CPARS evaluation), or
- Combining similar orders together. For example, orders for one type of service are combined into one evaluation and orders for a different type of service are combined into separate evaluations.

Combining orders into one CPARS evaluation may not be feasible, when contracts are used by multiple activities within the agency, or when individual orders are significantly different. The cognizant program office should avoid combining into one CPARS evaluation multiple orders that are for different products or services or those that are different contract types.

When orders are combined, the narrative describing the contractor's performance on each order, both positive and negative, must be included so that the breadth and quality of information is available for source selection official use.

If a consolidated CPARS evaluation for orders is completed, the period of performance for the assessment is based on the effective date/award date of the basic contract and each subsequent, exercised option year period. Where possible, each order number and title may be included in Block 17. Narrative must be provided on the contractor's performance on each order (in Block
20) so that the breadth and quality of information on the order is available for source selection official use.

If separate CPARS for any single orders are completed, the period of performance for the assessments is based on the effective date/award date of each individual order.

For BOA orders, a CPARS evaluation must only be completed on each order meeting the threshold.

### 2.2 CPARs for Orders Under Federal Supply Schedules

For CPARS evaluations on Federal Supply Schedule Orders, the period of performance for the assessment must be based on the effective date/award date of the individual order.

### 2.3 Joint Ventures

When the joint venture on a contract using CPARS has a unique CAGE code and DUNS number, a single CPAR will be prepared for the joint venture using those CAGE and DUNS codes. If the joint venture does not have a unique CAGE code and DUNS code, separate CPARS containing identical narratives will be prepared for each participating contractor and will reference that the evaluation is based on performance under a joint venture and will identify the contractors that were part of the joint venture.

### 2.4 Letter or Ceiling Priced Contracts

Assessment information regarding performance under letter or ceiling priced contracts using CPARS must be included in the annual evaluation. If the final negotiated contract type is not a cost-type contract, cost information for the period such an action was in effect (if applicable) must be included under the Cost rating element in the CPARS. If the final negotiated contract type is a cost-type, cost information for the entire period of performance must be included under

the Cost rating element. The supporting narrative must fully explain the contractor's performance during the action, including throughout definitization. The contractor's performance under the undefinitized period must be separately identified but considered in the overall CPARS.

### 2.5 Subcontractor Assessments

Assessments shall not be completed on subcontractor performance. However, an assessment shall address the prime contractor's ability to manage and coordinate subcontractor efforts, if applicable, as well as compliance with requirements of the Small Business Subcontracting Program.

## 3.0 FAA Responsibilities

The FAA will:

- Establish procedures to implement CPARS. These procedures shall include training requirements for Focal Points, AOs, ROs, and Contractor Representatives to ensure procedures for monitoring the timely completion of reports, report integrity (e.g., quality of reports) and overall CPARS system administration are in place.
- Establish CPARS Focal Point(s)
- Register new contracts using CPARS in the system within 30 calendar days after contract award with the information for blocks 1-14 of the CPARS form. Registering the contract will establish the record and facilitate subsequent CPARS reporting.

### 3.1 CPARS Roles and Responsibilities

#### 3.1.1 Agency Point of Contact (DOT Office of the Senior Procurement Executive (M-60))

The Agency Point of Contact is DOT, which responsible for administrative oversight of the CPARS process. Duties include:

- Obtaining Command Point of Contact access to CPARS
- Assigning of Senior Command Official(s)
- Serving on CPARS Operational Requirements Committee
- Monitoring to ensure effective implementation of the CPARS process

#### 3.1.2 Senior Command Official (FAA Acquisition Policy Group (AAP-100))

- Obtaining Senior Command Official access to CPARS by contacting the Agency Point of Contact
- Coordination and submittal of subordinate organization CPARS Focal Points to the CPARS Program Office
- Assistance to subordinate organization CPARS Focal Points (e.g., training, monitoring, and policy)
- Evaluating quality and compliance metrics of subordinate organizations
- Providing metrics for management, as requested
- Reviewing and providing subordinate organization issues to the CPARS Focal Point and/or the CPARS Program Office

### 3.1.3 Focal Point (FAA Procurement and Information Services Team (AAP-120))

- Registering contracts using CPARS in the system within 30 calendar days of contract award
- Training in their prospective agency
- Assigning access authorization for FAA and contractor personnel (complete contract authorization based on information from the Contracting Officer, COR/Project Officer, and contractor personnel authorized to appoint a designated representative)
- CPARS account management and maintenance
- Control and monitoring of CPARS, including the status of overdue evaluations
- Establishing processes to monitor quality reports in a timely manner
- Troubleshoot user errors-if cannot be mitigated, contact the CPARS Help Desk

### 3.1.4 Assessing Official (AO) (FAA COR, Program/Project Manager, or Program Office Representative)

- Responsible for completing the CPARS
- Reviewing comments from the designated contractor representative once the evaluation has been returned by the contractor or after 30 days have lapsed
- After receiving and reviewing the contractor's comments on the CPAR, the AO may revise the assessment, including the narrative. The AO will notify the contractor of any revisions made to a report as a result of the contractor's comments. Such a revised report will not be sent to the contractor for further comment. The contractor will have access to both the original and final reports in CPARS when the FAA finalizes the evaluation.

### 3.1.5 Contractor Representative

The contractor on a given contract must designate two representatives to whom the evaluations shall be sent automatically and electronically. The name, title, e-mail address and phone number of the designated contractor representative must be provided to the Contracting Officer who will, in turn, provide that information to the CPARS Focal Point for authorization access. Any changes in designated contractor personnel will be the sole responsibility of the contractor to inform the Contracting Officer or Contract Specialist who shall in turn forward the information to the CPARS Focal Point. The designated contractor representative has the authority to:

- Receive the Government evaluation from the AO
- Review, comment and return the evaluation within 60 calendar days. If the contractor desires a meeting or teleconference with the AO to discuss the CPAR, it must be requested, in writing, no later than seven calendar days from the receipt of the CPAR. The meeting or teleconference shall be held during the contractor's 60-day review period.

### 3.1.6 Reviewing Official (RO) (FAA Contracting Officer)

The Reviewing Official is the final arbiter when there is disagreement between the government and the contractor. The RO must review and sign the assessment when the

contractor indicates non-concurrence with the CPARS or when the contractor is non-responsive. The RO has the authority to:

- Provide narrative comment (the Reviewing Official's comments supplement those provided by the AO. They do not replace the ratings provided by the AO).
- Sign the CPARS (at this point it is considered final and is posted in the CPARS and is available for Source Selection Official use in the PPIRS)
- Ensuring a copy of the completed evaluation is placed in the contract file

**4.0 Frequency of Reporting**

Generally, reporting is done on an annual basis. When an out-of-cycle CPARS is required, however, it is acceptable to complete two CPARS in a given year for the contract. Out-of-cycle CPARS do not alter the annual reporting requirement. For example, if the regular CPARS period of performance ends on 30 September 2012 and an out-of-cycle CPARS is completed which covers a performance period that ends on 1 May 2012, the next intermediate CPARS report is still required to cover the period of performance from 1 October 2011 to 30 September 2012. A period of performance overlap is only permitted when an out-of-cycle CPARS report has been prepared.

**4.1 Initial Reports**

An initial CPARS is required for new contracts using CPARS that have a period of performance greater than 365 calendar days. The initial CPARS must reflect evaluation of at least the first 180 calendar days of performance under the contract, and may include up to the first 365 calendar days of performance. For contracts with a period of performance of less than 365 calendar days, see “Final Reports” below.

**4.2 Intermediate Reports**

Intermediate CPARS are required every 12 months throughout the entire period of performance of the contract after the initial report and up to the final report. An intermediate CPARS is also required:

- Upon a significant change in the quality of contractor performance, or
- Upon a significant change within the agency, provided that a minimum of six months of performance has occurred, such a change in program management responsibility:

An intermediate CPARS must be done prior to any transfer of Assessing Official duties from one individual to another to ensure continuity.

An intermediate CPARS is limited to contractor performance occurring after the preceding normal cycle CPARS. To improve efficiency in preparing the CPARS, the CPARS may be completed together with other reviews (e.g., award fee determinations, major program events, program milestones and quality assurance surveillance records).

**4.3 Final Report**

A final CPARS must be completed upon contract completion or delivery of the final major end item on contract. Final Reports are to be prepared on all contracts using CPARS with a period of performance of less than 365 calendar days. The final CPARS does not include cumulative information but is limited to the period of contractor performance occurring after the preceding CPARS. The CPARS Focal Point has the authority to approve extensions when special circumstances arise.

### 4.4 Out-of-Cycle Reports

An Out-of-Cycle CPARS may be appropriate when there is a significant change in performance that alters the assessment in one or more evaluation area(s). The contractor may request a new assessment or the AO may unilaterally prepare a new evaluation and process a new CPARS through the automated CPARS system. The determination as to whether or not to update an evaluation will be made solely by the AO. The evaluation will follow the same workflow as the annual evaluations and will be posted electronically in CPARS and PPIRS after review/coordination through the FAA and contractor.

### 4.5 Addendum Reports

Addendum reports may be prepared, after the final past performance evaluation, to record the contractor's performance relative to contract closeout, warranty performance and other administrative requirements.

## 5.0 Records Retention and Disposition

All records created under this document must be retained and disposed of in accordance with agency procedures and any applicable program security requirements.

### 5.1 CPARS Markings and Protection

Anyone granted access to CPARS is responsible for ensuring that all CPARS are appropriately marked and handled. All CPARS forms, attachments, and working papers must be marked "FOR OFFICIAL USE ONLY/SOURCE SELECTION INFORMATION". Caution must be exercised in transmitting any CPARS as an attachment to an email message. CPARS may also contain information that is proprietary to the contractor. Information contained on the CPARS, such as trade secrets, protected commercial information, or financial data obtained from the contractor in confidence, must be protected from unauthorized disclosure. AOs and ROs must annotate on the CPARS if it contains material that is a trade secret, etc., to ensure that future readers of the evaluations in the PPIRS are informed and will protect as required. The following guidance applies to protection both internal and external to the FAA.

#### 5.1.1 Internal FAA Protection

CPARS must be treated as source selection information at all times. Information contained in the CPARS must be protected in the same manner as information contained in source selection files.

#### 5.1.2 External Government Protection

Due to the sensitive nature of CPARS, disclosure of CPARS data to contractors other than the contractor that is the subject of the report, or other entities outside the FAA, is not authorized. Disclosure of CPARS data to advisory and assistance support contractors other than the contractor that is the subject of the report is strictly prohibited. A contractor will be granted access to its CPARS maintained in CPARS by the appropriate Focal Point.

### 5.2 Freedom of Information Act (FOIA)

Contractor performance information is privileged source selection information. It is also protected by the Privacy Act and is not releasable under the Freedom of Information Act. Performance assessments may be withheld from public disclosure under Exemption 5 of the Freedom of Information Act. The FOIA office must coordinate the request with the CPARS PMO and local FAA Focal Point.

### 5.3 Use of CPARS in Source Selection

CPARS provides an assessment of ongoing performance of contractors. Each report consists of a narrative evaluation by the AO, the contractor's comments, if any, relative to the assessment and the RO's acknowledged consideration and reconciliation of significant discrepancies between the AO's evaluation and the contractor's comments. Source selection officials retrieve CPARS by using the PPIRS.

### 5.4 CPARS Format

For information on the CPARS format see Attachments 2, 3, or the CPARS website.

Attachment 1

| Evaluation Rating Definitions (Excluding Utilization of Small Business) | | |
|---|---|---|
| **Rating** | **Definition** | **Note** |
| Dark Blue/Exceptional | Performance meets contractual requirements and exceeds many to the Government's benefit. The contractual performance of the element or sub-element being assessed was accomplished with few minor problems for which corrective actions taken by the contractor was highly effective. | To justify an Exceptional rating, identify multiple significant events and state how they were of benefit to the Government. A singular benefit, however, could be of such magnitude that it alone constitutes an Exceptional rating. Also, there must have been NO significant weaknesses identified. |
| Purple/Very Good | Performance meets contractual requirements and exceeds some to the Government's benefit. The contractual performance of | To justify a Very Good rating, identify a significant event and state how it was a benefit to the Government. There must have been no |

| | | |
|---|---|---|
| | the element or sub-element being assessed was accomplished with some minor problems for which corrective actions taken by the contractor was effective. | significant weaknesses identified. |
| Green/Satisfactory | Performance meets contractual requirements. The contractual performance of the element or sub- element contains some minor problems for which corrective actions taken by the contractor appear or were satisfactory. | To justify a Satisfactory rating, there must have been only minor problems, or major problems the contractor recovered from without impact to the contract. There must have been NO significant weaknesses identified. Contractors will not be assessed a rating lower than Satisfactory solely for not performing beyond the requirements of the contract. |
| Yellow/Marginal | Performance does not meet some contractual requirements. The contractual performance of the element or sub-element being assessed reflects a serious problem for which the contractor has not yet identified corrective actions. The contractor's proposed actions appear only marginally effective or were not fully implemented. | To justify Marginal performance, identify a significant event in each category that the contractor had trouble overcoming and state how it impacted the Government. A Marginal rating must be supported by referencing the management tool that notified the contractor of the contractual deficiency (e.g., management, quality, safety, or environmental deficiency report or letter). |
| Red/Unsatisfactory | Performance does not meet most contractual requirements and recovery is not likely in a timely manner. The contractual performance of the element or sub-element contains a serious problem(s) for which the contractor's corrective actions appear or were ineffective. | To justify an Unsatisfactory rating, identify multiple significant events in each category that the contractor had trouble overcoming and state how it impacted the Government. A singular problem, however, could be of such serious magnitude that it alone constitutes an unsatisfactory rating. An Unsatisfactory rating must be supported by referencing |

| | | |
|---|---|---|
| | | the management tools used to notify the contractor of the contractual deficiencies (e.g., management, quality, safety, or environmental deficiency reports, or letters). |

NOTE 1: Plus or minus signs may be used to indicate an improving (+) or worsening (-) trend insufficient to change the assessment status.

NOTE 2: N/A (not applicable) must be used if the ratings are not going to be applied to a particular area for evaluation.

| **Evaluation Ratings Definitions (Utilization of Small Business)** | | |
|---|---|---|
| **Rating** | **Definition** | **Note** |
| Dark Blue/Exceptional | Exceeded all negotiated subcontracting goals or exceeded at least one goal and met all of the other negotiated subcontracting goals for the current period. Had exceptional success with initiatives to assist, promote, and utilize small business (SB), small disadvantaged business (SDB), women- owned small business (WOSB), veteran-owned small business (VOSB) and service disabled veteran owned small business (SDVOSB). Complied with AMS, 3.6.1-3 Utilization of Small, Small Disadvantaged and Women-Owned, and Service-Disabled Veteran Owned Small Business Concerns (February 2009). Exceeded any other small business participation requirements incorporated in the contract, including the use of small businesses in mission critical aspects of the program. Went above and beyond the required elements of the | To justify an Exceptional rating, identify multiple significant events and state how they were a benefit to small business utilization. A singular benefit, however, could be of such magnitude that it constitutes an Exceptional rating. Ensure that small businesses are given meaningful, innovative work directly related to the project, rather than peripheral work, such as cleaning offices, supplies, landscaping, etc. Also, there must have been no significant weaknesses identified. |

| | | |
|---|---|---|
| | subcontracting plan and other small business requirements of the contract. Completed and submitted Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate and timely manner. | |
| Purple/Very Good | Met all of the negotiated subcontracting goals in the traditional socio- economic categories (SB, SDB and WOSB) and met at least one of the other socio-economic goals (SDVOSB) for the current period. Had significant success with initiatives to assist, promote and utilize SB, SDB, WOSB, VOSB, and SDVOSB. Complied with AMS, 3.6.1-3. Met or exceeded any other small business participation requirements incorporated in the contract, including the use of small businesses in mission critical aspects of the program. Endeavored to go above and beyond the required elements of the subcontracting plan. Completed and submitted Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate and timely manner. | To justify a Very Good rating, identify a significant event and state how they were a benefit to small business utilization. Ensure that small businesses are given meaningful, innovative work directly related to the project, rather than peripheral work, such as cleaning offices, supplies, landscaping, etc. There must be no significant weaknesses identified. |
| Green/Satisfactory | Demonstrated a good faith effort to meet all of the negotiated subcontracting goals in the various socio-economic categories for the current period. Complied with AMS, 3.6.1-3. Met any other small business participation requirements included in the contract. Fulfilled the requirements of the subcontracting plan included in the contract. | To justify a Satisfactory rating, there must have been only minor problems, or major problems the contractor has addressed or taken corrective action. There must have been no significant weaknesses identified. |

| | | |
|---|---|---|
| | Completed and submitted Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate and timely manner. | |
| Yellow/Marginal | Deficient in meeting key subcontracting plan elements. Deficient in complying with AMS, 3.6.1-3, and any other small business participation requirements in the contract. Did not submit Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate or timely manner. Failed to satisfy one or more requirements of a corrective action plan currently in place; however, does show an interest in bringing performance to a satisfactory level and has demonstrated a commitment to apply the necessary resources to do so. Required a corrective action plan. | To justify a Marginal rating, identify a significant event that the contractor had trouble overcoming and how it impacted small business utilization. A Marginal rating must be supported by referencing the actions taken by the government that notified the contractor of the contractual deficiency. |
| Red/Unsatisfactory | Noncompliant with AMS 3.6.1-3, and any other small business participation requirements in the contract. Did not submit Individual Subcontract Reports and/or Summary Subcontract Reports in an accurate or timely manner. Showed little interest in bringing performance to a satisfactory level or is generally uncooperative. Required a corrective action plan. | To justify an Unsatisfactory rating, identify multiple significant events that the contractor had trouble overcoming and state how it impacted small business utilization. A singular problem, however, could be of such serious magnitude that it alone constitutes an Unsatisfactory rating. An Unsatisfactory rating must be supported by referencing the actions taken by the government to notify the contractor of the deficiencies. When an Unsatisfactory rating is justified, the Contracting Officer must consider whether the contractor made |

| | | |
|---|---|---|
| | | a good faith effort to comply with the requirements of the subcontracting plan required and any other applicable clauses. |

NOTE 1: Plus or minus signs may be used to indicate an improving (+) or worsening (-) trend insufficient to change assessment status.

NOTE 2: Zero percent is not a goal unless the Contracting Officer determined when negotiating the subcontracting plan that no subcontracting opportunities exist in a particular socio-economic category. In such cases, the contractor will be considered to have met the goal for any socio- economic category where the goal negotiated in the plan was zero.

**Attachment 2 Instructions for Completing a Systems CPARS Evaluation**

A2.1 The Systems Business Sub-Sectors (not all of which are applicable to FAA procurements) are Aircraft, Shipbuilding, Space, Ordnance, Ground Vehicles, Training Systems, or Other Systems.

A2.2 **Block 1 Name/Address of Contractor**. State the name and address of the division or subsidiary of the contractor that is performing the contract. Identify the parent corporation (no address required). Identify the CAGE code, DUNS+4 number, Federal Supply Classification (FSC) or Service Code, and North American Industrial Classification System (NAICS) Code. All codes can be accessed by using the on-screen "lookup" function provided in the electronic form.

A2.3 **Block 2 Type Report**. Indicate whether the CPARS is an initial, intermediate, or final report. If this is an "out-of-cycle" report, select "out-of-cycle." If this is a report to record contractor performance relative to contract closeout or other administrative requirements, select "Addendum."

A.2.4 **Block 3 Period of Performance Being Assessed**. State the period of performance covered by the report (dates must be in MM/DD/YYYY format). The initial period of performance should not cover less than six months of actual performance.

A2.4.1 **Period of Performance for Delayed Starts, Protests or Phase In Periods**. In the case of delayed starts or protests, the initial period of performance may cover more than twelve months of time since contract award, but normally no more than twelve months of actual contract performance. Initial periods reporting on performance greater than 12 months (such as for phase-in periods) must be approved by the CPARS Focal Point and coordinated with the contractor. The period of performance should not already include reported efforts except when an out-of-cycle CPARS has been processed.

A2.4.2 **Period of Performance for Intermediate/Final Reports.** CPARS assessments for intermediate and final reports should cover a 12 month period of performance. Exceptions to this rule for special circumstances, such as a period of performance that ends one month

before contract completion or in those instances (up to six months beyond the annual period) where the performance has been extended must be approved by the CPARS Focal Point.

A2.4.3 **Period of Performance for Out-of-Cycle Reports**. Select "Out-of-Cycle" from the drop-down menu if the AO elects to prepare an out-of-cycle report which will be posted to CPARS for a time period which overlaps the regularly scheduled performance period if there has been a significant change in the performance which alters the assessment in one or more evaluation area(s) since the last performance period. If the AO chooses to have the Out-of-Cycle report posted in the CPARS AIS (and ultimately the PPIRS), the CPARS will be processed through the regular work flow (Government and contractor review). See Paragraph 4.4 for more information on Out-of-Cycle reports.

A.2.3.5 **Block 4a Contract Number**. Use the contract number as identified on the contract, except in the case of BOAs, BPAs, GSA schedule and other agency orders. If an order/call is issued under a BOA, BPA, GSA schedule or other agency contract/agreement, the contract number in CPARS should match the master contract number. The order/call number field should be used to reflect the contract/schedule/agreement number for the order/call.

A2.6 **Block 4b Business Sector and Sub Sector**. Select Services/IT/Operations

A2.7 **Block 5 Contracting Office (Organization and Code).** Identify the contracting office symbol.

A2.8 **Block 6 Location of Contract Performance**. Provide a geographical reference (e.g., nearest city and installation name).

A2.9 **Block 7a Contracting Officer**. Self-explanatory.

A2.9.1 **Block 7b Phone Number**. Include commercial phone number in the following format: (XXX) XXX-XXXX

A2.10 **Block 8a Contract Award Date**. Identify the date of contract award or select the date on the on-screen, drop-down calendar.

A2.10.1 **Block 8b Contract Effective Date**. Identify the date (MM/DD/YYYY) that actual contract performance is set to begin or select the on-screen calendar only if that date is later than Block 8a, Contract Award Date.

A2.11 **Block 9 Contract Completion Date**. Identify the last possible date of contract performance (e.g., the last calendar day of the last option period) or select the date on the on- screen, drop-down calendar.

A2.12 **Block 10 Contract Percent Complete/Delivery Order Status**. State the current percent of the contract that is complete. If Cost Performance Reports (CPR) or Cost/Schedule Status Reports (C/SSR) data is available, calculate percent complete by dividing cumulative Budgeted Cost of Work Performed (BCWP) by Contract Budget Base (CBB) (less management reserve) and multiply by 100. CBB is the sum or negotiated cost plus estimated cost of authorized undefinitized work. If CPR or C/SSR data is not available, estimate percent

complete by dividing the number of months elapsed by total number of months in contract period of performance and multiplying by 100. In the event an Indefinite Delivery contract is utilized, estimate the percent complete.

A2.13 **Block 11 Awarded Value**. Enter the total value of the contract, including unexercised options. For delivery/task/job order contracts where orders will be assessed under a single CPAR, enter the maximum ordering amount under the contract, including options. For delivery/task/job order contracts where orders will be assessed on an individual basis, enter the awarded value of the individual order. For BOAs/BPAs where orders/calls will be assessed individually, enter the awarded value of the individual order/call.

A2.14 **Block 12 Current Contract Dollar Value**. State the current obligated amount including modifications and options that have been exercised. For incentive contracts, state the target price or total estimated amount. For delivery/task order contracts where orders will be assessed under a single CPAR, state the total amount obligated on all delivery orders, including modifications. For delivery/task/job order contracts where orders will be assessed on an individual basis, state the current obligated amount of the individual order, including modifications. For BOAs/BPAs where orders/calls will be assessed individually, state the current obligated amount of the individual order/call, including modifications.

A2.15 **Block 13 Basis of Award**. Identify the basis of award by selecting competitive or non- competitive. If the CPAR is for a single order/call, select the basis of award for that order/call.

A2.16 **Block 14 Contract Type**. Identify the contract type. For mixed contract types, select the predominant contract type and identify the other contract type in the "mixed" block.

A2.17 **Block 15 Key Subcontractors and Description of Effort Performed**. Identify subcontractors, including CAGE code and DUNS +4 number, performing either a critical aspect of the contracted effort or more than 25 percent of the dollar value of the effort

A2.18 **Block 16 (Systems) Program Title and Phase of Acquisition**. Provide a descriptive narrative of the program. Spell out all abbreviations and acronyms. Identify overall program phase and production lot (for example, concept development, engineering and manufacturing development, low-rate initial production, or full-rate production (Lot 1)), and any specific aspects of the phase of the acquisition being evaluated. Identify milestone phases, if applicable. Block 16 (Ship Repair and Overhaul) – Type of Availability. Not applicable to FAA contracts.

A2.19 **Block 17 Contract Effort Description**. This section is of critical importance to future source selection teams. The description should be detailed enough to assist a future source selection officials in determining the relevance of this program to their source selection. It is important to address the complexity of the contract effort and the overall technical risk associated with accomplishing the effort. For intermediate CPARs, a description of key milestone events that occurred in the review period may be beneficial (e.g., Critical Design Review (CDR), Functional Configuration Audit (FCA)), as well as major contract modifications during the period. Ensure all acronyms are identified.

Provide a complete description of the contract effort that identifies key technologies, components, subsystems, and requirements. For task/delivery/job order contracts, state the number of tasks issued during the period, tasks completed during the period, and tasks that remain active.

For contracts that include multiple functional disciplines or activities, separate them into categories to:

1. Reflect the full scope of the contract, and
2. Allow grouping of similar work efforts within the categories to avoid unnecessary segregation of essentially similar specialties or activities. Each category or area should be separately numbered, titled and described within Block 17 to facilitate cross- referencing with the evaluation of the contractor's performance within each category in Blocks 18 and 19.

A2.20 **Small Business Utilization**. Answer the following questions:

1. Does this contract include a subcontracting plan?
2. Is small business subcontracting under this contract included in a comprehensive small business subcontracting plan?
3. Is small business subcontracting under this contract included in a commercial small business subcontracting plan?
4. Date of last Individual Subcontracting Report (ISR)/Summary Subcontracting Report (SSR)?

A2.21 **Block 18 Evaluation Areas**. Evaluate each area based on the following criteria:

A2.21.1 Each area assessment must be based on objective data that will be provided in Block 20. Facts to support specific areas of evaluation must be requested from the AORs, AOs and other Government specialists familiar with the contractor's performance on the contract under review. Such specialists may, for example, be from engineering, manufacturing, quality, logistics (including provisioning), contracting, maintenance, security, etc.

A2.21.2 The amount of risk inherent in the effort should be recognized as a significant factor and taken into account when assessing the contractor's performance. For example, if a contractor meets an extremely tight schedule, a dark blue (exceptional) may be appropriate, or meeting a tight schedule with few delinquencies, a green (satisfactory) with a plus sign assessment may be given in recognition of the inherent schedule risk. When a contractor identifies significant technical risk and takes action to abate those risks, the effectiveness of these actions should be included in the narrative supporting the Block 18 ratings.

A2.21.3 The CPAR is designed to assess prime contractor performance. In those evaluation areas where subcontractor actions have significantly influenced the prime contractor's performance in a negative or positive way, record the subcontractor actions in Block 20.

A2.21.4 Many of the evaluation areas in Block 18 represent groupings of diverse elements. The AO should consider each element and use the area rating to highlight significant issues. In

addition, the AO should clearly focus on the contractor's "results" as they may be appropriate for the period being assessed in determining the overall area rating.

A2.21.5 Evaluate all areas which pertain to the contract under evaluation unless they are not applicable (N/A).

A2.21.6 When performance has changed from one period to another such that a change in ratings results, the narrative in Block 20 must address each change.

A2.21.7 The AO should use customary industry quantitative measures where they are applicable if the contract is for commercial products.

A2.21.8 Ratings will be in accordance with the definitions described in Attachment 2, "Evaluation Ratings Definitions."

A2.22 **Block 18a Technical (Quality of Product).** This element is comprised of an overall rating and six sub-elements. Activity critical to successfully complying with contract requirements must be assessed within one or more of these sub-elements. The overall rating at the element level is the AO's integrated evaluation as to what most accurately depicts the contractor's technical performance or progress toward meeting requirements. This assessment is not a roll-up of the sub-element assessments.

A2.22.1 **Block 18a(1) Product Performance**. Assess the achieved product performance relative to performance parameters required by the contract.

A2.22.2 **Block 18a(2) Systems Engineering**. Assess the contractor's effort to transform operational needs and requirements into an integrated system design solution.

A2.22.2.1 Areas of focus should be: the planning and control of technical program tasks, the quality and adequacy of the engineering support provided throughout all phases of contract execution, the integration of the engineering specialties, management of interfaces, interoperability, and the management of a totally integrated effort of all engineering concerns to meet cost, technical performance, and schedule objectives.

A2.221.2.2 System engineering activities ensure that integration of these engineering concerns is addressed up-front and early in the design/development process. The assessment should cover these disciplines: systems architecture, design, manufacturing, integration and support, configuration control, documentation, test and evaluation.

A2.22.2.3 The assessment for test and evaluation should consider success/problems/failure in developing test and evaluation objectives; planning (ground/air/sea) test, simulations and/or demonstrations; in accomplishing those objectives and on the timeliness of coordination and feedback of the test results (simulations/demonstrations) into the design and/or manufacturing process.

A2.22.2.4 Other activities include production engineering, logistics support analysis, supportability considerations (maintenance personnel/skills availability or work hour

constraints, operating, and cost constraints, allowable downtime, turnaround time to service/maintain the system, standardization requirements), survivability, human factors, reliability, quality, maintainability, availability, inspection, etc. Although some of these activities will be specifically addressed in other elements/sub-elements (such as product assurance), the focus of the assessment of systems engineering is on the integration of those specific disciplines/activities.

A2.22.2.5 The assessment of systems engineering needs to remain flexible to allow the evaluator to account for program-unique technical concerns and to allow for the changing systems engineering environment as a program moves through the program phases, e.g., Engineering and Manufacturing Development, Production.

A2.22.3 **Block 18a(3) Software Engineering**. Assess the contractor's success in meeting contract requirements for all applicable software engineering based activities and processes.

A2.22.3.1 Software engineering activities include, as appropriate, software development (design, code, and unit test); application of reuse, COTS, and other non-developmental software components; integration (including software component integration, system integration and test, and acceptance test support); and sustainment. Software processes include, for example: software size, effort, and schedule estimation; requirements analysis, development, and management; software configuration management; software risk identification and management; metrics collection and analysis, technical reviews, decision analysis, and software quality assurance and control, each as they specifically address software engineering activities.

A2.22.3.2 Consider the contractor's success with respect to:

1. Planning a software development, integration, and testing effort that includes compatible cost, schedule, and performance baselines
2. Delivering expected software driven capabilities on cost and on schedule
3. Effective software metrics collection/analysis and status monitoring/reporting that provide the software visibility necessary to identify timely corrective actions and appropriately execute them
4. Staffing with the software knowledge, skills, and abilities needed to execute the contract across the lifecycle; timely assignment of the appropriate numbers of software staff
5. Awareness and control of software size and stability to enable tracking and allowing growth according to vetted enhancements vice scope creep
6. Effective testing and integration of developed software within the larger system test and evaluation effort
7. Effective processes to acquire, integrate, and test commercial off-the-shelf software and to achieve planned software reuse
8. Achieving software assurance
9. Consistent application of documented software engineering and management processes, including technical reviews, in alignment with contract requirements

A2.22.4 **Block 18a(4) Logistic Support/Sustainment**. Assess the success, as appropriate, of the contractor's performance in accomplishing logistics planning. For example, maintenance planning; manpower and personnel; supply support; support equipment; technical provisioning data; training and support; computer resources support; facilities; packaging, handling, storage

and transportation; design interface; the contractor's performance of logistics support analysis activities and the contractor's ability to successfully support fielded equipment. When the contract requires technical and/or engineering data deliverables, the cognizant cataloging and/or standardization activity comments should be solicited.

A2.22.5 **Block 18a(5) Product Assurance**. Assess how successfully the contractor meets program quality objectives; e.g., production, reliability, maintainability, inspection, testability, and system safety, and controls the overall manufacturing process. The PM must be flexible in how contractor success is measured, e.g., data from design test/operational testing successes, field reliability and maintainability and failure reports, user comments and acceptance rates, improved subcontractor and vendor quality, and scrap and rework rates. These quantitative indicators may be useful later, for example, in source selection evaluations, in demonstrating continuous improvement, quality and reliability leadership that reflects progress in total quality management. Assess the contractor's control of the overall manufacturing process to include material control, shop floor planning and control, status and control, factory floor optimization, factory design, and factory performance.

A2.22.6 **Block 18a(6) - Other Technical Performance**. Assess all the other technical activity critical to successful contract performance. Identify any additional assessment aspects that are unique to the contract or that cannot be captured in another sub-element.

A2.23 **Block 18b Schedule**. Assess the timeliness of the contractor against the completion of the contract, task orders, milestones, delivery schedules, administrative requirements, etc. Assess the contractor's adherence to the required delivery schedule by assessing the contractor's efforts during the assessment period that contribute to or affect the schedule variance. Also, address significance of scheduled events (e.g., design reviews), discuss causes, and assess the effectiveness of contractor corrective actions.

A2.24 **Block 18c Cost Control**. (Not Applicable for Firm-Fixed Price or Firm-Fixed Price with Economic Price Adjustment). Assess the contractor’s effectiveness in forecasting, managing, and controlling contract cost. Is the contractor experiencing cost growth or underrun, discuss the causes and contractor-proposed solutions for the cost overruns. For contracts where task or contract sizing is based upon contractor-provided person hour estimates, the relationship of these estimates to ultimate task cost should be assessed. In addition, the extent to which the contractor demonstrates a sense of cost responsibility, through the efficient use of resources, in each work effort should be assessed.

A2.24.1 Assessment information regarding performance under a UCA must be included in the annual evaluation. If the final negotiated contract type is not a cost-type, cost information for the period the UCA was in effect must be included under the Cost element. The contractor’s performance under the UCA must be separately identified but considered in the overall annual ratings.

A2.25 **Block 18d Management**. This element is comprised of an overall rating and three sub- elements. Activity critical to successfully executing the contract must be assessed within one or more of the sub-elements. This overall rating at the element level is the AO's integrated assessment as to what most accurately depicts the contractor’s performance in managing the contracted effort. It is not a roll-up of the sub-element assessments.

A2.25.1 Block 18d(1) Management Responsiveness. Assess the timeliness, completeness and quality of problem identification, corrective action plans, proposal submittals (especially responses to change orders, Engineering Change Proposals (ECPs), or Letter or Ceiling Priced Contracts), the contractor's history of reasonable and cooperative behavior, effective business relations, and customer satisfaction. Consider the contractor's responsiveness to the program as it relates to meeting contract requirements during the period covered by the report.

A2.25.2 Block 18d(2) Subcontract Management. Assess the contractor's success with timely award and management of subcontracts. Assess the prime contractor's effort devoted to managing subcontracts and whether subcontractors were an integral part of the contractor's team. Consider efforts taken to ensure early identification of subcontract problems and the timely application of corporate resources to preclude subcontract problems from impacting overall prime contractor performance.

A2.25.3 Block 18d(3) Program Management and Other Management. Assess the extent to which the contractor discharges its responsibility for integration and coordination of all activity needed to execute the contract; identifies and applies resources required to meet schedule requirements; assigns responsibility for tasks/actions required by contract; communicates appropriate information to affected program elements in a timely manner. Assess the contractor's risk management practices, especially the ability to identify risks and formulate and implement risk mitigation plans. If applicable, identify any other areas that are unique to the contract, or that cannot be captured elsewhere under the Management element.

A2.25.3.1 Integration and coordination of activities should reflect those required by the Integrated Master Plan/Schedule. Also consider the adequacy of the contractor's mechanisms for tracking contract compliance, recording changes to planning documentation and management of cost and schedule control system, and internal controls, as well as the contractor's performance relative to management of data collection, recording, and distribution as required by the contract.

A2.26 **Block 18e Utilization of Small Business**. FAA AMS T3.6.1 and Clause 3.6.1-4 contain requirements for complying with the Small Business Subcontracting Program. Assess whether the contractor provided maximum practicable opportunity for Small Business (including Alaska Native Corporations (ANCs) and Indian Tribes) (including Small Disadvantaged Businesses (which also includes ANCs and Indian Tribes), Women Owned Small Businesses, Veteran Owned, Service Disabled Veteran Owned Small Business, Historically Black Colleges and Minority Institutions and ANCs and Indian Tribes that are not Small Disadvantaged Businesses or Small Businesses) to participate in contract performance consistent with efficient performance of the contract.

A2.26.1 Assess compliance with all terms and conditions in the contract relating to Small Business participation. Where applicable, assess compliance with Small Business Subcontracting Plan (Test Program)) including any program specific data required in the contract. Assess achievement on each individual goal stated within the contract or subcontracting plan including good faith effort if the goal was not achieved.

A3.26.2 It may be necessary to seek input from the Small Business specialist, ACO or PCO in regards to the contractor's compliance with these criteria, especially when a comprehensive plan is submitted. In cases where the contractor has a comprehensive

subcontracting plan, request the DCMA Comprehensive Subcontracting Plan Manager to provide input including any program specific performance information.

A2.26.3 For contracts subject to a commercial subcontracting plan, the Utilization of Small Business factor should be rated “green” as long as an approved plan remains in place, unless liquidated damages have been assessed by the Contracting Officer who approved the commercial plan (see AMS 3.6.1-6). In such case, the Utilization of Small Business area must be rated “red”.

A2.26.4 This area must be rated for all contracts and task orders that contain a small business subcontracting goal.

A2.26.5 Ratings will be in accordance with definitions described in Attachment 1, "Evaluation Rating Definitions (Utilization of Small Business)."

A2.26.6 A contract may have no more than one subcontracting plan. Evaluations of the utilization of small business are required for contracts and orders placed against basic ordering agreement (BOA) and blanket purchase agreement (BPA) if a subcontracting plan is required. Evaluations of utilization of small business for single-agency task orders and delivery orders (to include FSS) are not required and will not be accomplished unless the Contracting Officer determines that such evaluations would produce more useful past performance information for source selection officials than that contained in the overall contract evaluation. Execution of any subcontracting plan may be addressed in block 20.

A2.27 **Block 18f Other Areas.** Specify additional evaluation areas that are unique to the contract or that cannot be captured elsewhere on the form. More than one type of entry may be included but should be separately labeled. If extra space is needed, use Block 20.

A2.27.1 If the contract contains an award fee clause, enter "award fee" in the "Other Areas" Block (18f). The AO should translate the award fee earned to color ratings which could prove more useful for using past performance to assess future performance risk in upcoming source selections. If award fee information is included in the CPAR, use Block 20 to provide a description for each award fee. Include the scope of the award fee by describing the extent to which it covers the total range of contract performance activities, or is restricted to certain elements of the contract.

A2.27.2 If any other type of contract incentive is included in the contract (excluding contract share incentives on fixed price or cost-type incentive contracts), it should be reported in a manner similar to the procedures described above for award fee (by entering "Incentive" in Block 18f).

A2.27.3 Use Block 18f in those instances where an aspect of the contractor's performance does not fit into any of the other blocks on the form. As an example, this block may be used to address security issues, provide an assessment of provisioning line items or other areas as appropriate.

A2.28 **Block 19 Variance (Contract-to-Date).** If Cost Performance Report (CPR) or Cost/Schedule Status Review (C/SSR) data are available, identify the current percent cost variance to date, the Government's estimated completion cost variance (percent), and the

cumulative schedule variance (percent). Indicate the cutoff date for the CPR or C/SSR used.

A2.28.1 Compute current cost variance percentage by dividing cumulative cost variance to date (column 11 of the CPR, column 6 of the C/SSR) by the Budgeted Cost of Work Performed (BCWP) and multiply by 100.

A2.28.2 Compute completion cost variance percentage by dividing the Contract Budget Baseline (CBB) less the Government's Estimate At Completion (EAC) by CBB and multiplying by 100. The calculation is [(CBB - EAC)/CBB] X 100. The CBB must be the current budget base against which the contractor is performing (including formally established Over Target Baselines (OTB)). If an OTB has been established since the last CPAR, a brief description in Block 20 of the nature and magnitude of the baseline adjustment must be provided. Subsequent CPARs must evaluate cost performance in terms of the revised baseline and reference the CPAR that described the baseline adjustment. For example, "The contract baseline was formally adjusted on (date); see CPAR for (period covered by report) for an explanation."

A2.28.3 Compute cumulative schedule variance percentage by dividing the Budgeted Cost of Work Performed (BCWP) less budgeted cost of work scheduled (BCWS) by BCWS and multiply by 100. The calculation is [(BCWP - BCWS)/BCWS] X 100. If the schedule variance exceeds 15 percent (positive or negative), briefly discuss in Block 20 the significance of this variance for the contract effort.

A2.29 **Block 20 AO Narrative (see Paragraph 1.4).** A factual narrative is required for all assessments regardless of color rating (e.g., even "green" or “satisfactory” ratings require narrative support). Cross-reference the comments in Block 20 to their corresponding evaluation area in Block 18 or 19. Each narrative statement in support of the area assessment must contain objective data. An exceptional cost performance assessment could, for example, cite the current underrun dollar value and estimate at completion. A marginal engineering design/support assessment could, for example, be supported by information concerning personnel changes. Key engineers familiar with the effort may have been replaced by less experienced engineers. Sources of data include operational test and evaluation results; technical interchange meetings; production readiness reviews; earned contract incentives; or award fee evaluations. The AO’s comments in Block 20 may be up to 16,000 characters (approximately three pages) in CPARS.

A2.29.1 The AO must choose the applicable choice to the following statement after block 20: “Given what I know today about the contractor’s ability to execute what he promised in his proposal, I (definitely would not, probably would not, might or might not, probably would or definitely would) award to him today given that I had a choice.”

A2.30 **Block 21 AO Signature**. The AO enters his or her name, title, and organization, phone number (in the following format: (XXX)XXX-XXXX ), email address, FAX number, and signs and dates the form prior to making it available to the contractor for review.

A2.31 **Block 22 Contractor Comments.** Completed at the option of the contractor. The contractor’s narrative comments may be up to 16,000 characters (approximately three pages).

A2.32 **Block 23 Contractor Representative Signature**. The contractor representative reviewing/commenting on the CPAR will enter his or her name, title, phone number, email address, FAX number, and signs and dates the form prior to returning it to the AO.

A2.33 **Block 24 RO Comments**. The RO must acknowledge consideration of any significant discrepancies between the AO assessment and the contractor's comments. The RO's narrative comments may be up to 16,000 characters (approximately three pages).

A2.34 **Block 25 - RO Signature**. The RO will enter his or her name, title, organization (AF users do not include a code), phone number in the following format: (XXX) XXX-XXXX, email address, FAX number, and date when completing the CPAR.

**Attachment 3 Instructions for Completing a Services, Information Technology, or Operations Support CPAR**

A3.1 All business sectors, except Systems, and construction and architect-engineer, will be completed on this form.

A3.2 **Block 1 Name/Address of Contractor**. State the name and address of the division or subsidiary of the contractor that is performing the contract. Identify the parent corporation (no address required). Identify the CAGE code, DUNS+4 number, Federal Supply Classification (FSC) or Service Code, and North American Industrial Classification System (NAICS) code. All codes can be accessed by using the on-screen "lookup" function provided in the electronic form.

A3.3 **Block 2 Type Report**. Indicate whether the CPAR is an initial, intermediate, or final report. If this is an "out-of-cycle" report, select "out-of-cycle." If this is a report to record contractor performance relative to contract closeout or other administrative requirements, select "Addendum."

A3.4 **Block 3 Period of Performance Being Assessed**. State the period of performance covered by the report (dates must be in MM/DD/YYYY format). The initial period of performance should not cover less than six months of actual performance.

A3.4.1 **Period of Performance for Delayed Starts, Protests or Phase-In Periods**. In the case of delayed starts or protests, the initial period of performance may cover more than twelve months of time since contract award, but normally no more than twelve months of actual contract performance. Initial periods reporting on performance greater than 12 months (such as for phase-in periods) must be approved by the CPAR Focal Point and coordinated with the contractor. The period of performance should not already include reported efforts except when an out-of-cycle CPAR has been processed.

A3.4.2 **Period of Performance for Intermediate/Final Reports**. CPAR assessments for intermediate and final reports should cover a 12 month period of performance. Exceptions to this rule for special circumstances, such as a period of performance that ends one month before contract completion or in those instances (up to six months beyond the annual period) where the performance has been extended must be approved by the CPAR Focal Point.

A3.4.3 **Period of Performance for Out-of-Cycle Reports**. Select "Out-of-Cycle" from the drop-down menu if the AO elects to prepare an out-of-cycle report which will be posted to the CPARS AIS for a time period which overlaps the regularly scheduled performance period if there has been a significant change in the performance which alters the assessment in one or more evaluation area(s) since the last performance period. If the AO chooses to have the Out-of- Cycle report posted in the CPARS AIS (and ultimately the PPIRS), the CPAR will be processed through the regular work flow (Government and contractor review). See Paragraph 4.4 for more information on Out-of-Cycle reports.

A3.5 **Block 4a Contract Number**. Use the contract number as identified on the contract, except in the case of BOAs, BPAs, GSA schedule and other agency orders. If an order/call is issued under a BOA, BPA, GSA schedule or other agency contract/agreement, the contract number in CPARS should match the master contract number. The order number field should be used to reflect the contract/schedule/agreement number for the order/call.

A3.6 **Block 4b Business Sector and Sub-Sector**. Service/IT/Operations

A3.7 **Block 5 Contracting Office (Organization and Code).** Identify the contracting office symbol.

A3.8 **Block 6 - Location of Contract Performance**. Provide a geographical reference (e.g., nearest city and installation name) if performance is on a military installation.

A3.9 **Block 7a Contracting Officer**. Self-explanatory.

A3.9.1 **Block 7b Phone Number**. Include the commercial phone number in the following format: (XXX) XXX-XXXX

A3.10 **Block 8a Contract Award Date**. Identify the date of contract award or select the date on the on-screen, drop-down calendar.

A3.10.1 **Block 8b Contract Effective Date**. Identify the date (MM/DD/YYYY) that actual contract performance is set to begin or select the on-screen calendar date only if that date is later than Block 8a, Contract Award Date.

A3.11 **Block 9 Contract Completion Date.** Identify the last possible date of contract performance (e.g., the last calendar day of the last option period) or select the date on the on- screen, drop-down calendar.

A3.12 **Block 10 N/A**. Not applicable.

A3.13 **Block 11 Awarded Value**. Enter the total value of the contract, including unexercised options. For delivery/task/job order contracts where orders will be assessed under a single CPAR, enter the maximum ordering amount under the contract, including options. For delivery/task/job order contracts where orders will be assessed on an individual basis, enter the awarded value of the individual order. For BOAs/BPAs where orders/calls will be assessed individually, enter the awarded value of the individual order.

A3.14 **Block 12 Current Contract Dollar Value**. State the current obligated amount

including modifications and options that have been exercised. For incentive contracts, state the target price or total estimated amount. For delivery/task/job order contracts where orders will be assessed under a single CPAR, state the total amount obligated on all delivery orders, including modifications. For delivery/task/job order contracts where orders will be assessed on an individual basis, state the current obligated amount of the individual order, including modifications. For BOAs where orders will be assessed individually, state the current obligated amount of the individual order, including modifications.

A3.15 **Block 13 Basis of Award**. Identify the basis of award by selecting competitive or non- competitive. If the CPAR is for a single order/call, select the basis of award for that order/call.

A3.16 **Block 14 Contract Type**. Identify the contract type. For mixed contract types, select the predominant contract type and identify the other contract type in the "mixed" block.

A3.17 **Block 15 Key Subcontractors and Description of Effort Performed**. Identify subcontractors, including CAGE code and DUNS +4 number, performing either a critical aspect of the contracted effort or more than 25 percent of the dollar value of the effort. If possible, include the amount of subcontract costs of the total contract effort. Discussion of the prime contractor's management of the subcontractor should be included in Block 18d- Business Relations.

A3.18 **Block 16 Program Title and Phase of Acquisition**. Provide a descriptive narrative of the program. Spell out all abbreviations and acronyms. Identify the type of services (for example, professional services, maintenance, installation or information technology services).

A3.19 **Block 17 Contract Effort Description**. Provide a description of the contract effort that identifies the key requirements and/or type of effort. This section is of critical importance to future source selection officials. The description should be detailed enough so that it can be used in determining the relevance of this program to future source selections. It is important to address the complexity of the contract effort and the overall technical risk associated with accomplishing the effort. Ensure acronyms are identified. For task/delivery order contracts, state the number of orders issued during the period.

A3.20 **Small Business Utilization**. Answer the following questions:

1. Does this contract include a subcontracting plan?
2. Is small business subcontracting under this contract included in a comprehensive small business subcontracting plan?
3. Is small business subcontracting under this contract included in a commercial small business subcontracting plan?
4. Date of last Individual Subcontracting Report (ISR) /Summary Subcontracting Report (SSR)

A3.21 **Block 18 Evaluation Areas**. Evaluate each area based on the following criteria:

A3.21.1 Each area assessment must be supported by objective data (or subjective observations) that will be provided in Block 20. Facts to support specific areas of evaluation

must be requested from the PM, Contracting Officer and other specialists familiar with the contractor's performance on the contract under review. Such specialists may, for example include the Contracting Officer's Representative (COR) for the program and may also be from engineering, manufacturing, quality, logistics (including provisioning), contracting, maintenance, security, data, etc.

A3.21.2 The amount of risk inherent in the effort should be recognized as a significant factor and taken into account when assessing the contractor's performance. When a contractor identifies significant technical risk and takes action to abate those risks, the effectiveness of these actions should be included in the narrative supporting the Block 18 ratings.

A3.21.3 The CPAR is designed to assess prime contractor performance. In those evaluation areas where subcontractor actions have significantly influenced the prime contractor's performance in a negative or positive way, record the subcontractor actions in Block 20.

A3.21.4 Evaluate all areas which pertain to the contract under evaluation, unless they are not applicable ("N/A").

A3.21.5 When performance has changed from one period to another such that a change in ratings results, the narrative in Block 20 must address each change.

A3.21.6 The AO should use customary industry quantitative measures where they are applicable if the contract is for commercial products.

A3.21.7 Ratings will be in accordance with the definitions in Attachment 2.

A3.21.8. A fundamental principle of assigning ratings is that contractors will not be assessed a rating lower than satisfactory solely for not performing beyond the requirements of the contract.

A3.22 **Block 18a Quality of Product or Service**. Assess the contractor's conformance to contract requirements, specifications and standards of good workmanship (e.g., commonly accepted technical, professional, environmental, or safety and health standards). List and assess any sub-elements to indicate different efforts where appropriate. Include, as applicable, information on the following:

1. Are the reports data accurate?
2. Does the product or service provided meet the specifications of the contract?
3. Does the contractor's work measure up to commonly accepted technical or professional standards?
4. What degree of FAA technical direction was required to solve problems that arise during performance?

For Operations Support: Assess how successfully the contractor meets program quality objectives such as production, reliability, maintainability and inspection. The AO must be flexible in how contractor success is measured; e.g., using data from field reliability and maintainability and failure reports, user comments and acceptance rates, and scrap and

rework rates. These quantitative indicators may be useful later, for example, in source selection evaluations, in demonstrating continuous improvement, quality and reliability leadership that reflects progress in total quality management. Assess the contractor's control of the overall production process to include material control, shop planning and control, and providing status updates.

A3.23 **Block 18b Schedule**. Assess the timeliness of the contractor against the completion of the contract, task orders, milestones, delivery schedules, and administrative requirements (e.g., efforts that contribute to or affect the schedule variance).

This assessment of the contractor's adherence to the required delivery schedule should include the contractor's efforts during the assessment period that contributes to or affect the schedule variance. This element applies to contract closeout activities as well as contract performance. Instances of adverse actions such as the assessment of liquidated damages or issuance of Cure Notices, Show Cause Notices, and any other notifications to the contractor of serious contract performance issues are indicators of problems which may have resulted in variance to the contract schedule and should, therefore, be noted in the evaluation.

A3.24 **Block 18c Cost Control**. (Not required for Firm-Fixed Price or Firm-Fixed Price with Economic Price Adjustment). Assess the contractor's effectiveness in forecasting, managing, and controlling contract cost. Include, as applicable, the following information:

1. Does the contractor keep within the total estimated cost (what is the relationship of the negotiated costs and budgeted costs to actuals)?
2. Did the contractor do anything innovative that resulted in cost savings?
3. Were billings current, accurate and complete?
4. Are the contractor's budgetary internal controls adequate?

Assessment information regarding performance under a UCA must be included in the annual evaluation. If the final negotiated contract type is not a cost-type, cost information for the period the UCA was in effect must be included under the cost element. The contractor's performance under the UCA will be separately identified but considered in the overall annual ratings.

A3.25 **Block 18d Business Relations**. Assess the integration and coordination of all activity needed to execute the contract, specifically the timeliness, completeness and quality of problem identification, corrective action plans, proposal submittals, the contractor's history of reasonable and cooperative behavior (to include timely identification of issues in controversy), customer satisfaction, timely award and management of subcontracts. Include, as applicable, information on the following:

1. Is the contractor oriented toward the customer?
2. Is interaction between the contractor and the government satisfactory or does it need improvement?
3. Include the adequacy of the contractor's accounting, billing, and estimating systems and the contractor's management of Government Property (GFP) if a substantial amount of GFP has been provided to the contractor under the contract.
4. Address the timeliness of awards to subcontractors and management of subcontractors, including subcontract costs. Consider efforts taken to ensure early identification of subcontract problems and the timely application of corporate

resources to preclude subcontract problems from impacting overall prime contractor performance.

5. Assess the prime contractor's effort devoted to managing subcontracts and whether subcontractors were an integral part of the contractor's team.

A3.26 **Block 18e Management of Key Personnel (For Services and Information Technology Business Sectors only - Not Applicable to Operations Support).** Assess the contractor's performance in selecting, retaining, supporting, and replacing, when necessary, key personnel. For example:

1. How well did the contractor match the qualifications of the key position, as described in the contract, with the person who filled the key position?
2. Did the contractor support key personnel so they were able to work effectively?
3. If a key person did not perform well, what action was taken by the contractor to correct this?
4. If a replacement of a key person was necessary, did the replacement meet or exceed the qualifications of the position as described in the contract schedule?

A3.27 **Block 18f Utilization of Small Business**. FAA AMS T3.6.1 and Clause 3.6.1-4 contain requirements for complying with the Small Business Subcontracting Program. Assess whether the contractor provided maximum practicable opportunity for Small Business (including Alaska Native Corporations (ANCs) and Indian Tribes) (including Small Disadvantaged Businesses (which also includes ANCs and Indian Tribes), Women Owned Small Businesses, Service Disabled Veteran Owned Small Business, Historically Black Colleges and Universities and Minority Educational Institutions and ANCs and Indian Tribes that are not Small Disadvantaged Businesses or Small Businesses) to participate in contract performance consistent with efficient performance of the contract.

A3.27.1 Assess compliance with all terms and conditions in the contract relating to Small Business participation Assess any small business participation goals which are stated separately in the contract. Assess achievement on each individual goal stated within the contract or subcontracting plan including good faith effort if the goal was not achieved.

A3.27.2 It may be necessary to seek input from the Small Business Office or Contracting Officer in regards to the contractor's compliance with these criteria, especially when a comprehensive plan is submitted

A3.27.3 For contracts subject to a commercial subcontracting plan, the Utilization of Small Business factor should be rated "satisfactory" as long as an approved plan remains in place, unless liquidated damages have been assessed by the Contracting Officer who approved the commercial plan In such case, the Utilization of Small Business area must be rated "unsatisfactory".

A3.27.4 This area must be rated for all contracts and task orders that contain a small business subcontracting goal.

A3.27.5 Ratings will be in accordance with definitions described in Attachment 2, "Evaluation Ratings Definitions (Utilization of Small Business)."

A3.27.6 A contract must have no more than one subcontracting plan. Evaluations of the utilization of small business are required for contracts and orders placed against basic ordering agreement (BOA) and blanket purchase agreement (BPA) if a subcontracting plan is required. Evaluations of utilization of small business for single-agency task orders and delivery orders (to include FSS) are not required and will not be accomplished unless the Contracting Officer determines that such evaluations would produce more useful past performance information for source selection officials than that contained in the overall contract evaluation. Execution of any subcontracting plan may be addressed in block 20.

A3.28 **Block 18g Other Areas.** Specify additional evaluation areas that are unique to the contract, or that cannot be captured elsewhere on the form. More than one type of entry may be included, but should be separately labeled. If extra space is needed, use Block 20.

A3.28.1 If the contract contains an award fee clause, enter "award fee" in the "Other Areas" Block (18g). The AO should translate the award fee earned to adjectival ratings which could prove more useful for using past performance to assess future performance risk in upcoming source selections. If award fee information is included in the CPAR, use Block 20 to provide a description for each award fee. Include the scope of the award fee by describing the extent to which it covers the total range of contract performance activities, or is restricted to certain elements of the contract.

A3.28.2 If any other type of contract incentive is included in the contract (excluding contract share incentives on fixed price or cost-type contracts), it should be reported in a manner similar to the procedures described above for award fee (by entering "Incentive" in Block 18g).

A3.28.3 Use Block 18g in those instances where an aspect of the contractor's performance does not fit into any of the other blocks on the form.

A3.29 **Block 19 N/A.** Not applicable.

A3.30 **Block 20 Assessing Official Narrative (see Paragraph 1.4).** A factual narrative is required for all assessments regardless of rating. Cross-reference the comments in Block 20 to their corresponding evaluation area in Block 18. Each narrative statement in support of the area assessment must contain objective data. An exceptional cost performance assessment could, for example, cite the current underrun dollar value and estimate at completion. A marginal assessment could, for example, be supported by information concerning personnel changes or schedule delinquency rate. Key personnel familiar with the effort may have been replaced by less experienced personnel. Sources of the data used by the AO for the assessment may include customer/field surveys or evaluation of contractor reports. The Contracting Officer should be contacted to ensure that all applicable data has been incorporated. Block 20 comments may be up to 16,000 characters (approximately three pages) in CPARS.

A3.30.1 The AO must choose the applicable choice to the following statement after Block 20: “Given what I know today about the contractor’s ability to execute what he promised in his proposal, I (definitely would not, probably would not, might or might not, probably would or definitely would) award to him today given that I had a choice.”

A3.31 **Block 21 AO Signature**. The AO enters his or her name, title, and organization, phone number (in the following format: (XXX)XXX-XXXX), email address, FAX number, and signs and dates the form prior to making it available to the contractor for review.

A3.32 **Block 22 Contractor Comments**. Completed at the option of the contractor. The contractor's narrative comments may be up to 16,000 characters (approximately three pages).

A3.33 **Block 23 Contractor Representative Signature**. The contractor representative reviewing/commenting on the CPAR will enter his or her name, title, phone number, email address, FAX number, and signs and dates the form prior to returning it to the AO.

A3.34 **Block 24 RO Comments**. The RO must acknowledge consideration of any significant discrepancies between the AO assessment and the contractor's comments. The RO's narrative comments may be up to 16,000 characters (approximately three pages).

A3.35 **Block 25 - RO Signature**. The RO will enter his or her name, title, organization, phone number in the following format: (XXX)XXX-XXXX, email address, FAX number, and date when completing the CPAR.

Attachment 4 CPARS Website Features

Features of the CPARS website include:

1. The "production" CPAR system for actual entry of the performance evaluation data;
2. The "practice" CPAR system. The practice system is a mirror image of the functionality of the CPAR system using a separate database of simulated CPAR records. The practice system allows users to gain familiarity with the system without actually entering live performance evaluation data;
3. A "requirements" page that describes hardware and software required, security access levels, security features, how to obtain a user account and technical service support, and answers to frequently asked questions.
4. Instructions on Internet Explorer (IE) fixes that may be necessary for FAA access to CPARS;
5. A Quality Checklist that tutors users on completing a quality evaluation;
6. Link to reference material;
7. Link to CPARS Training;
8. Access Request forms;
9. Software Release history; and
10. Metrics (updated quarterly).