

CHANGE REQUEST COVER SHEET

Change Request Number: 12-113

Date Received: 7/18/2012

Title: CFO Changes

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Policy OR Guidance: Guidance

Section/Text Location Affected: T3.2.1.4A.1 and T3.2.2.5A.5

Summary of Change: (1)References changed in T3.2.1.4 consistent with IG Audit (2) References in T3.2.2.5A.5 changed to reflect DOT guidance, and (3) CFO Forms deleted from AMS Procurement Forms, and (4) Administrative updates

Reason for Change: Updates consistent with the IG audit and DOT conference requirements. Administrative updates in reference to CFO web site.

Development, Review, and/or Concurrence: Office of Financial Controls; Acquisition Policy Division; Procurement Legal; and Contracting personnel at HQ, the Service Areas, and Centers

Target Audience: Program Offices and Contracting Workforce

Potential Links within FAST for the Change: <http://fast.faa.gov/ProcurementToolboxForms.cfm> (removal of Request for Approval of Chief Financial Officer, Request for Approval of Chief Financial Officer (CFO) - Phase I Support Contract Review Board (SCRB), and Request for Approval of Chief Financial Officer (CFO) - Phase II Support Contract Review Board (SCRB) Forms)

Briefing Planned: No

ASAG Responsibilities: None

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Links for New/Modified Forms (or) Documents (LINK 1) [null](#)

Links for New/Modified Forms (or) Documents (LINK 2) [null](#)

Links for New/Modified Forms (or) Documents (LINK 3) [null](#)

SECTIONS EDITED:

Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method

Simplified Purchasing

Section 5 : FAA Sponsored Conferences, Seminars, Ceremonies, and

Workshops [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.2.1.4 - Chief Financial Officer Requirements

Chief Financial Officer Approvals and Other Requirements

Section 1 : Authorization for Procurement Request [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

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Section 5 : FAA Sponsored Conferences, Seminars, Ceremonies, and Workshops

Old Content: Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method

Simplified Purchasing

Section 5 : FAA Sponsored Conferences, Seminars, Ceremonies, and Workshops

a. FAA-sponsored conferences, seminars, ceremonies, and workshops are a routine element of FAA operations. FAA personnel must consider certain special requirements when planning and conducting such events.

b. *Office of Financial Controls Oversight Coordination.*

(1) Conferences sponsored by FAA with an estimated expenditure of \$100,000 or more, when the travel costs FAA will pay in support of the conference are included, require Chief Financial Officer (CFO) and Administrator review and approval. See the FAA website for more information **(FAA only)**.

(2) Conferences sponsored by the FAA with an estimated expenditure of less than \$100,000, and 20 or more FAA employees meeting outside of their normal duty stations, require FAA Chief of Staff review and approval.

(3) A copy of the written justification and the approvals must be sent to the FAA CFO at least 30 days prior to the conference.

c. *Securing Conference Space.* See AMS Real Estate Guidance 2.4.6, Appendix F, for information on short-term conference and meeting space.

d. *Legal Review.* Legal counsel must first review any agreement in excess of \$100,000 (total Government expenditures including room charges for the attendees) between FAA and a hotel. Except as provided below, agreements below \$100,000 do not require review, but review may be sought at the discretion of the CO or the CO's delegee.

(1) Changes to the following AMS clauses require legal review regardless of the dollar value:

(a) 3.9.1-1 Contract Disputes; and

(b) 3.10.6-1 Termination for Convenience of the Government (Fixed Price).

(2) Incorporation of the following clauses requires legal review regardless of the dollar value:

(a) Clauses making any law (including state law) other than Federal law controlling;

(b) Clauses that establish liability beyond what is funded or contingent liability beyond the limits imposed allowed the Federal Tort Claims Act; and

(c) Clauses requiring binding arbitration.

e. *Travel-related Costs.* Employee's travel, hotel, local transportation, and per diem must be paid with the FAA travel card. An employee's travel-related costs cannot be paid for under a contract, purchase order, or FAA purchase card.

f. *Items for Distribution to Conference Attendees.* Generally, personal use items, such as mugs, clothing, or bags, cannot be purchased and given to conference attendees. Conference planners must consult with legal counsel before purchasing any items to be distributed to conference or event attendees.

g. *Food and Beverage.*

(1) The FAA may purchase food and beverage for conference participants under the following narrowly defined circumstances:

(a) *Formal Conferences.*

(i) The term "formal conference" usually denotes topical matters of interest to and participation of multiple agencies and/or non-Governmental participants. Other indicators are registration, published substantive agenda, scheduled speakers and discussion panels.

(ii) The meals, beverages, and refreshments must be incidental to the conference.

(iii) Attendance at the meals and attendance when the refreshments are provided must be important for FAA to ensure full participation in essential discussions, lectures, or speeches concerning the purpose of the conference.

(iv) The meals, beverages, and refreshments must be part of a formal conference that includes both substantial functions at the time the meals, beverages and refreshments are served and substantial functions separate from when food, beverages, or refreshments are served.

(v) At formal conferences where the above criteria are met, FAA may also pay for the food, beverages, and refreshments of private citizens or Federal employees from other agencies when an administrative determination is made that their attendance is necessary to achieve the program or conference objectives.

(b) *Internal FAA Training Conferences.* The meals, beverages, and refreshments must be:

(i) Incidental to the conference;

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(iii) The employees and members are not free to take meals elsewhere without being absent from the essential business of the meeting.

(c) *Award Ceremonies.* The FAA may purchase light refreshments for award ceremonies. The FAA purchase card may be used to purchase light refreshments.

(d) *Cultural Awareness Ceremonies.* FAA may purchase food or beverage if part of a formal program intended to both advance Equal Employment Opportunity objectives and provide cultural or ethnic awareness. Food and beverage must be part of a culture's food and beverage and offered as part of a larger program that serves an educational function.

(e) *Official Receptions.* For official receptions hosted by the Administrator (or designated senior executive) for foreign or non-Federal dignitaries, FAA may purchase light refreshments, meals, snacks, and beverage. The Administrator's official reception and representation funds must be used for these events (see FAA Order 1200.3). The FAA purchase card may be used to purchase food or beverage for these events.

(2) Except for FAA award ceremonies and the Administrator's official receptions, FAA purchase card cannot be used as a procurement vehicle for food and beverage; a purchase order or contract must be used instead. However, the purchase card may be used to make payment against a duly executed contract signed by a warranted CO.

(3) Food and beverage costs must be reasonable, must not include alcoholic drinks, and cannot be purchased for amusement or social events, such as networking sessions or hospitality suites (except hospitality functions at the Administrator's official receptions).

(4) The FAA cannot purchase food and beverage for routine meetings to discuss day-to-day issues. Examples of routine meetings include those to discuss day-to-day operations, to develop business plans to accompany FAA goals, or to develop performance targets.

(5) The FAA may pay a facility rental fee that includes the cost of food or beverages provided to FAA employees where the fee is all-inclusive, not negotiable and competitively priced to those that do not include food.

h. *Justification for Food and Beverage.* The FAA's policy is to not use, nor create the appearance of, Government funds to entertain Federal employees. Before contracting for a conference or event with food and beverage, the Director (or equivalent management level) of the organization sponsoring the event and legal counsel must approve a written justification explaining why food and beverage is necessary. The justification must describe:

(1) Nature and purpose of the event;

(2) Applicability of the event to FAA's programs or activities;

(3) Any statutory, regulatory, or other authority for the event;

(4) Participants;

(5) Dates;

(6) Facility and location;

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(8) Reason why food and beverage is necessary.

(9) Meal(s) that will need to be offset in attendees' travel vouchers; and

(10) Keynote functions which include meals. The description of the function is to include any keynote speakers, the type of presentation(s) being given and how they are integral to the conference.

i. *Travel Vouchers and Per Diem.* Conference attendees must offset in their travel vouchers the cost of meals paid for and provided by the Government. Light refreshments do not need to be offset in travel vouchers. Distinguishing meals from light refreshments is important and sometimes difficult. Foods that constitute light refreshment are snacks, such as cookies, and beverages. A meal is an occasion in which food is eaten (specifically: breakfast, lunch or dinner). See FAA Travel Policy for rules when meals are furnished by the Government.

j. *Registration Fees.* Registration fees are payments collected by FAA, or a support contractor on behalf of FAA, from private and other public participants attending an FAA-sponsored conference. If FAA wishes to charge a registration fee, it must have statutory authority to do so. Under 31 U.S.C. 3302(b), FAA must deposit registration fees in the U.S. Treasury, unless there is specific statutory authority for FAA to keep and use fees collected. The FAA currently has statutory authority to credit back to its operations account authorized collections; therefore conference planners should check with legal counsel before depositing authorized registration fees into the general treasury. FAA may not authorize a conference support contractor to charge a fee to offset costs. However, in cases when FAA co-sponsors a conference and the co-sponsor incurs the cost of the conference without FAA reimbursement, the co-sponsor is permitted to collect registration fees to cover its costs.

New Content: Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method

Simplified Purchasing

Section 5 : FAA Sponsored Conferences, Seminars, Ceremonies, and Workshops

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(1) Conferences sponsored by FAA with an estimated expenditure of \$500,000 or more are prohibited unless a waiver approving the conference is signed by the Secretary of Transportation.

(2) Conferences sponsored by FAA with an estimated expenditure of \$100,000 or more, when the travel costs FAA will pay in support of the conference are included, require Chief Financial Officer (CFO), Administrator, and Deputy Secretary review and approval.

(3) Conferences sponsored by the FAA with an estimated expenditure of less than \$100,000, and 20 or more FAA employees meeting outside of their normal duty stations, require FAA Administrator review and approval.

(4) A copy of the written justification and the approvals must be sent to the FAA CFO at least 30 days prior to the conference for those with an estimated expenditure of \$100,000 or more.

(5) For current forms and guidance, please see the Financial Standard Operating Procedure "Processing Event Packages over \$100,000" at the Financial Services website and the guidance provided at the CFO Acquisition Oversight website.

c. *Securing Conference Space.* See AMS Real Property Guidance 2.4.6, Appendix F, for real property considerations regarding short-term conference and meeting space. Warranted Contracting Officers under the acquisition organization and the real property organization have the authority to secure conference space. Generally, such space can be contracted for utilizing a standard purchase order or on a purchase card. If the conference space provider

produces their own conference form, it must be reviewed for unacceptable terms/language and when acceptable, signed by a warranted Contracting Officer.

d. *Legal Review.* Legal counsel must first review any agreement in excess of \$100,000 (total Government expenditures including room charges for the attendees) between FAA and a hotel. Except as provided below, agreements below \$100,000 do not require review, but review may be sought at the discretion of the CO or the CO's delegee.

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Section 1 : Authorization for Procurement Request

Old Content: Procurement Guidance:

T3.2.1.4 - Chief Financial Officer Requirements

Chief Financial Officer Approvals and Other Requirements

Section 1 : Authorization for Procurement Request

a. The Administrator, in a memorandum dated August 11, 2005, directed the Chief Financial Officer (CFO) to exercise greater control and fiscal oversight over FAA contracting by specifically giving the CFO approval authority over all proposed procurement actions of \$10 million or more. This control and fiscal oversight were further clarified when the CFO, in the Administrator-delegated role as FAA's liaison to the DOT Office of Inspector General (OIG),

provided the official FAA response in a memorandum dated September 15, 2006 to OIG Report Number FI-2006-072, "Audit of Federal Aviation Administration's RESULTS National Contracting Service." To accomplish the greater control and fiscal oversight, FAA program offices must submit these proposed procurement actions for CFO review to the Office of Financial Controls early enough in the acquisition process so that CFO participation can be effective. Review of potential commitments that have already been negotiated or otherwise finalized to the extent that there is little left to do but execute the document does not provide the CFO opportunity for effective contributions.

b. The CFO approval requirement applies to procurement actions for supplies, equipment, materials, systems, services, construction, real property (e.g. utilities), or other items where the total potential contract value or contract ceilings including options would be \$10 million or more.

c. CFO approval is required on all original actions of \$10 million or more that would result in one of the following:

- (1) New contract, including letter contract;
- (2) New agreement (interagency, intra-agency, not-to-exceed orders, other transaction, or cooperative agreement);
- (3) Basic ordering agreement (BOA)/blanket purchase agreement (BPA) where the potential value equals or exceeds \$10 million as well as any individual orders on a BOA or BPA that equals or exceeds \$10 million; and
- (4) Other procurement actions or any other binding commitment, such as a lease.

d. CFO approval is required on all modification actions (except as noted in paragraph e., below) to existing contracts, orders, or agreements where the following applies:

- (1) Any individual modification or combination of modifications, to an existing contract of less than \$10 million, which increases the total value or ceiling to \$10 million or more;
- (2) Any individual modification or combination of modifications previously not approved by the CFO to a contract with a ceiling or value of \$10 million or more, that increases the base value (the total ceiling or value previously approved by the CFO) by the lesser of either 15 percent or \$10 million.

Note: The 15 percent is to be applied to a "base value" which is the value for the contract or other type of agreement that has been approved by the CFO. This value is set at two distinct events:

- (i) at the time of initial approval of the planned contract or other agreement; and

(ii) when CFO approval of modifications is received, the base value is reset to include the value of the modifications, and for contracts awarded before October 1, 2005, the base value is the contract ceiling or value that includes modifications accrued through September 30, 2005.

(3) Any modification to an existing contract of \$10 million or more that results in a significant change to the statement of work. (The specific conditions involved with this approval will vary according to several factors, including the magnitude of the change to contract scope of work/requirements. The Office of Financial Controls is available for consultation with any program office to discuss questions concerning these conditions).

e. The CFO review and approval is not required for incremental funding actions under contracts, orders, or agreements; or exercising of priced options which were included in the total estimated contract value as part of a procurement action previously reviewed and approved by the CFO. Also, modifications for incremental funding or exercise of priced options under contracts awarded before October 1, 2005, do not need CFO approval as long as there is no change in scope, contract ceiling, or contract value.

f. Procurement actions must not be split to avoid CFO approval of actions of \$10 million or more.

g. For procurements that meet the threshold for CFO review, market research and analysis is required. It needs to be conducted in time to be documented in the package submitted the Office of Financial Controls for CFO approval. The level of market analysis should be commensurate with the size and complexity of the acquisition (see AMS Procurement Guidance T3.2.1.2)

h. The Contracting Officer (CO) must not release a request for offer (RFO) prior to receiving CFO approval. This requirement applies to both competitive and non-competitive procurements. (This paragraph relates to the timing of the CFO approval and does not override the descriptions in paragraphs b. through g. of what requires CFO approval.)

i. CFO review and approval processes are as follows:

(1) For all acquisitions subject to CFO review and approval other than support services acquisitions, the program official will get the CFO's approval by submitting a "Request for Approval of Chief Financial Officer" form to the Office of Financial Controls. The "Request for Approval of Chief Financial Officer" template can be found under AMS Procurement Forms. The template includes a checklist of questions and requires submission of a business case, statement of work, and independent Government cost estimate (IGCE) for each proposed acquisition that meets the criteria for submission to the CFO.

(2) Acquisitions for support services (also referred to as "support contracts") as defined under AMS Procurement Guidance T3.8.2A.4 that are subject to CFO review and

approval must be reviewed by the Support Contract Review Board (SCRB) which will make a recommendation of approval or disapproval to the CFO. The purpose of the SCRБ is to simplify and expedite CFO approval of support services procurements by adhering to a set processing timetable, while obtaining simultaneous approval from Contracting and Acquisition, Legal counsel, and the Office of Financial Controls. SCRБ Phase I and Phase II templates may be found under AMS Procurement Forms.

j. The program official must provide a copy of the Office of Financial Controls' approval note, including all imposed conditions, and the CFO signature page to the CO.

k. CFO approval is specific to the business case, statement of work, and IGCE provided to the Office of Financial Controls prior to approval. The criteria below provide guidance on proper procedures to follow if there are significant changes to the business case, statement of work and/or IGCE subsequent to CFO approval:

(1) If, after CFO approval, the requirements do not change, but the revised cost estimate, negotiated amount, or selected offer is 15 percent or more greater than the IGCE approved by the CFO, the revised estimate and an explanation for changes must be submitted to the Office of Financial Controls for an updated approval;

(2) If, after CFO approval, the requirements do not change, but the revised cost estimate, negotiated amount, or selected offer is 15 percent or more less than the IGCE approved by the CFO, the program office must, before contract award, submit to the CFO an explanation of why the initial estimate was overstated, and provide the award amount to the Office of Financial Controls;

(3) If, after CFO approval, there are significant changes to CFO-approved contract statement of work, the program office must submit a revised statement of work to the Office of Financial Controls for an updated approval. (The specific conditions involved with this approval will vary according to several factors, including the magnitude of the change to contract scope of work/requirements. The Office of Financial Controls is available for consultation with any program office to discuss questions concerning these conditions).

l. After contract award, the Office of Financial Controls will request information regarding the contract amount, compliance with any conditions/requirements in the CFO's approval, and other information which must be provided to CFO for follow-up action.

New Content: Procurement Guidance:

T3.2.1.4 - Chief Financial Officer Requirements

Chief Financial Officer Approvals and Other Requirements

Section 1 : Authorization for Procurement Request

a. The Administrator, in a memorandum dated August 11, 2005, directed the Chief Financial Officer (CFO) to exercise greater control and fiscal oversight over FAA contracting by

specifically giving the CFO approval authority over all proposed procurement actions of \$10 million or more. This control and fiscal oversight were further clarified when the CFO, in the Administrator-delegated role as FAA's liaison to the DOT Office of Inspector General (OIG), provided the official FAA response in a memorandum dated September 15, 2006 to OIG Report Number FI-2006-072, "Audit of Federal Aviation Administration's RESULTS National Contracting Service." To accomplish the greater control and fiscal oversight, FAA program offices must submit these proposed procurement actions for CFO review to the Office of Financial Controls early enough in the acquisition process so that CFO participation can be effective. Review of potential commitments that have already been negotiated or otherwise finalized to the extent that there is little left to do but execute the document does not provide the CFO opportunity for effective contributions.

b. The CFO approval requirement applies to procurement actions for supplies, equipment, materials, systems, services, construction, real property (e.g. utilities), or other items where the total potential contract value or contract ceilings including options would be \$10 million or more.

c. CFO approval is required on all original actions of \$10 million or more that would result in one of the following:

- (1) New contract, including letter contract;
- (2) New agreement (interagency, intra-agency, not-to-exceed orders, other transaction, or cooperative agreement);
- (3) Basic ordering agreement (BOA)/blanket purchase agreement (BPA) where the potential value equals or exceeds \$10 million as well as any individual orders on a BOA or BPA that equals or exceeds \$10 million; and
- (4) Other procurement actions or any other binding commitment, such as a lease.

d. CFO approval is required on all modification actions (except as noted in paragraph e., below) to existing contracts, orders, or agreements where the following applies:

- (1) Any individual modification or combination of modifications, to an existing contract of less than \$10 million, which increases the total value or ceiling to \$10 million or more;
- (2) Any individual modification or combination of modifications previously not approved by the CFO to a contract with a ceiling or value of \$10 million or more, that increases the base value (the total ceiling or value previously approved by the CFO) by the lesser of either 15 percent or \$10 million.

Note: The 15 percent is to be applied to a "base value" which is the value for the contract or other type of agreement that has been approved by the CFO. This value is set at two distinct events:

(i) at the time of initial approval of the planned contract or other agreement; and

(ii) when CFO approval of modifications is received, the base value is reset to include the value of the modifications, and for contracts awarded before October 1, 2005, the base value is the contract ceiling or value that includes modifications accrued through September 30, 2005.

(3) Any modification to an existing contract of \$10 million or more that results in a significant change to the statement of work. (The specific conditions involved with this approval will vary according to several factors, including the magnitude of the change to contract scope of work/requirements. The Office of Financial Controls is available for consultation with any program office to discuss questions concerning these conditions).

e. The CFO review and approval is not required for incremental funding actions under contracts, orders, or agreements; or exercising of priced options which were included in the total estimated contract value as part of a procurement action previously reviewed and approved by the CFO. Also, modifications for incremental funding or exercise of priced options under contracts awarded before October 1, 2005, do not need CFO approval as long as there is no change in scope, contract ceiling, or contract value.

f. Procurement actions must not be split to avoid CFO approval of actions of \$10 million or more.

g. For procurements that meet the threshold for CFO review, market research and analysis is required. It needs to be conducted in time to be documented in the package submitted the Office of Financial Controls for CFO approval. The level of market analysis should be commensurate with the size and complexity of the acquisition (see AMS Procurement Guidance T3.2.1.2)

h. The Contracting Officer (CO) must not release a request for offer (RFO) prior to receiving CFO approval. This requirement applies to both competitive and non-competitive procurements. (This paragraph relates to the timing of the CFO approval and does not override the descriptions in paragraphs b. through g. of what requires CFO approval.)

i. CFO review and approval processes are as follows:

(1) For all acquisitions subject to CFO review and approval other than support services acquisitions, the program official will get the CFO's approval by submitting a "Request for Approval of Chief Financial Officer" form to the Office of Financial Controls. The "Request for Approval of Chief Financial Officer" template can be found on the [Financial Services website](#) (FAA only). The template includes a checklist of questions and requires submission of a business case, statement of work, and independent Government cost estimate (IGCE) for each proposed acquisition that meets the criteria for submission to the CFO.

(2) Acquisitions for support services (also referred to as "support contracts") as defined under AMS Procurement Guidance T3.8.2A.4 that are subject to CFO review and approval must be reviewed by the Support Contract Review Board (SCRB) which will make a recommendation of approval or disapproval to the CFO. The purpose of the SCRB is to simplify and expedite CFO approval of support services procurements by adhering to a set processing timetable, while obtaining simultaneous approval from Contracting and Acquisition, Legal counsel, and the Office of Financial Controls. SCRB Phase I and Phase II Templates may be found on the [Financial Services website](#) (FAA only).

j. The program official must provide a copy of the Office of Financial Controls' approval note, including all imposed conditions, and the CFO signature page to the CO.

k. CFO approval is specific to the business case, statement of work, and IGCE provided to the Office of Financial Controls prior to approval. The criteria below provide guidance on proper procedures to follow if there are significant changes to the business case, statement of work and/or IGCE subsequent to CFO approval:

(1) If, after CFO approval, the requirements do not change, but the revised cost estimate, negotiated amount, or selected offer is 15 percent or more greater than the IGCE approved by the CFO, the program office must submit a revised estimate and an explanation and reconciliation for changes must be submitted to the Office of Financial Controls for an updated approval prior to contract award;

(2) If, after CFO approval, the requirements do not change, but the revised cost estimate, negotiated amount, or selected offer is 15 percent or more less than the IGCE approved by the CFO, the program office must submit to the CFO, no later than the day of contract award, an explanation and reconciliation of why the initial estimate was overstated;

(3) If, after CFO approval, there are significant changes to CFO-approved contract statement of work, the program office must submit a revised statement of work to the Office of Financial Controls for an updated approval. (The specific conditions involved with this approval will vary according to several factors, including the magnitude of the change to contract scope of work/requirements. The Office of Financial Controls is available for consultation with any program office to discuss questions concerning these conditions).

(4) The program office must provide to the Office of Financial Controls the contract award amount and contract number within 30 days of contract award.

l. After contract award, the Office of Financial Controls will request information regarding the contract amount, compliance with any conditions/requirements in the CFO's approval, and other information which must be provided to CFO for follow-up action.

m. For current forms and guidance, please see the [Financial Services website](#) (FAA only).

Red Line Content: Procurement Guidance:

T3.2.1.4 - Chief Financial Officer Requirements

Chief Financial Officer Approvals and Other Requirements

Section 1 : Authorization for Procurement Request

a. The Administrator, in a memorandum dated August 11, 2005, directed the Chief Financial Officer (CFO) to exercise greater control and fiscal oversight over FAA contracting by specifically giving the CFO approval authority over all proposed procurement actions of \$10 million or more. This control and fiscal oversight were further clarified when the CFO, in the Administrator-delegated role as FAA's liaison to the DOT Office of Inspector General (OIG), provided the official FAA response in a memorandum dated September 15, 2006 to OIG Report Number FI-2006-072, "Audit of Federal Aviation Administration's RESULTS National Contracting Service." To accomplish the greater control and fiscal oversight, FAA program offices must submit these proposed procurement actions for CFO review to the Office of Financial Controls early enough in the acquisition process so that CFO participation can be effective. Review of potential commitments that have already been negotiated or otherwise finalized to the extent that there is little left to do but execute the document does not provide the CFO opportunity for effective contributions.

b. The CFO approval requirement applies to procurement actions for supplies, equipment, materials, systems, services, construction, real property (e.g. utilities), or other items where the total potential contract value or contract ceilings including options would be \$10 million or more.

c. CFO approval is required on all original actions of \$10 million or more that would result in one of the following:

- (1) New contract, including letter contract;
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d. CFO approval is required on all modification actions (except as noted in paragraph e., below) to existing contracts, orders, or agreements where the following applies:

- (1) Any individual modification or combination of modifications, to an existing contract of less than \$10 million, which increases the total value or ceiling to \$10 million or more;

(2) Any individual modification or combination of modifications previously not approved by the CFO to a contract with a ceiling or value of \$10 million or more, that increases the base value (the total ceiling or value previously approved by the CFO) by the lesser of either 15 percent or \$10 million.

Note: The 15 percent is to be applied to a “base value” which is the value for the contract or other type of agreement that has been approved by the CFO. This value is set at two distinct events:

(i) at the time of initial approval of the planned contract or other agreement; and

(ii) when CFO approval of modifications is received, the base value is reset to include the value of the modifications, and for contracts awarded before October 1, 2005, the base value is the contract ceiling or value that includes modifications accrued through September 30, 2005.

(3) Any modification to an existing contract of \$10 million or more that results in a significant change to the statement of work. (The specific conditions involved with this approval will vary according to several factors, including the magnitude of the change to contract scope of work/requirements. The Office of Financial Controls is available for consultation with any program office to discuss questions concerning these conditions).

e. The CFO review and approval is not required for incremental funding actions under contracts, orders, or agreements; or exercising of priced options which were included in the total estimated contract value as part of a procurement action previously reviewed and approved by the CFO. Also, modifications for incremental funding or exercise of priced options under contracts awarded before October 1, 2005, do not need CFO approval as long as there is no change in scope, contract ceiling, or contract value.

f. Procurement actions must not be split to avoid CFO approval of actions of \$10 million or more.

g. For procurements that meet the threshold for CFO review, market research and analysis is required. It needs to be conducted in time to be documented in the package submitted the Office of Financial Controls for CFO approval. The level of market analysis should be commensurate with the size and complexity of the acquisition (see AMS Procurement Guidance T3.2.1.2)

h. The Contracting Officer (CO) must not release a request for offer (RFO) prior to receiving CFO approval. This requirement applies to both competitive and non-competitive procurements. (This paragraph relates to the timing of the CFO approval and does not override the descriptions in paragraphs b. through g. of what requires CFO approval.)

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(2) Acquisitions for support services (also referred to as "support contracts") as defined under AMS Procurement Guidance T3.8.2A.4 that are subject to CFO review and approval must be reviewed by the Support Contract Review Board (SCRB) which will make a recommendation of approval or disapproval to the CFO. The purpose of the SCRB is to simplify and expedite CFO approval of support services procurements by adhering to a set processing timetable, while obtaining simultaneous approval from Contracting and Acquisition, Legal counsel, and the Office of Financial Controls. ~~._~~ SCR Phase I and Phase II Templates ~~templates~~ may be found ~~under~~ ~~AMS Procurement~~ on the Forms Financial Services website.

j. The program official must provide a copy of the Office of Financial Controls' approval note, including all imposed conditions, and the CFO signature page to the CO.

k. CFO approval is specific to the business case, statement of work, and IGCE provided to the Office of Financial Controls prior to approval. The criteria below provide guidance on proper procedures to follow if there are significant changes to the business case, statement of work and/or IGCE subsequent to CFO approval:

(1) If, after CFO approval, the requirements do not change, but the revised cost estimate, negotiated amount, or selected offer is 15 percent or more greater than the IGCE approved by the CFO, the program office must submit a revised estimate and an explanation and reconciliation for changes must be submitted to the Office of Financial Controls for an updated approval prior to contract award;

(2) If, after CFO approval, the requirements do not change, but the revised cost estimate, negotiated amount, or selected offer is 15 percent or more less than the IGCE approved by the CFO, the program office must, ~~before~~ submit contract to award, ~~the~~ submit CFO, to no later than the day of contract CFO award, an explanation and reconciliation of why the initial estimate was overstated, ~~and provide the award amount to the Office of Financial Controls~~;

(3) If, after CFO approval, there are significant changes to CFO-approved contract statement of work, the program office must submit a revised statement of work to the Office of Financial Controls for an updated approval. (The specific conditions involved with this approval will vary according to several factors, including the magnitude of the change to contract scope of

work/requirements. The Office of Financial Controls is available for consultation with any program office to discuss questions concerning these conditions).

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l. After contract award, the Office of Financial Controls will request information regarding the contract amount, compliance with any conditions/requirements in the CFO's approval, and other information which must be provided to CFO for follow-up action.

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m. For current forms and guidance, please see the Financial Services website.
