

# CHANGE REQUEST COVER SHEET

**Change Request Number:** 13-20

**Date Received:** 11/14/2012

**Title:** Chief Financial Officer Submittal Guidance - adjustment

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**Name:** Tim Eckert

**Phone:** (202) 267-7527

**Policy OR Guidance:** Guidance

**Section/Text Location Affected:** T3.2.1.4A.1

**Summary of Change:** Deletion of "for changes must be submitted"

**Reason for Change:** Correction of typo (language not needed)

**Development, Review, and/or Concurrence:** Office of Financial Services and Acquisition Policy

**Target Audience:** Program Offices and Contracting Workforce

**Potential Links within FAST for the Change:** None

**Briefing Planned:** No

**ASAG Responsibilities:** None

**Potential Links within FAST for the Change:** None

**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:

*T3.2.1.4 - Chief Financial Officer Requirements*

*Chief Financial Officer Approvals and Other Requirements*

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

## SECTIONS EDITED:

### **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 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).

**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:

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- (1) New contract, including letter contract;
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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.

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