

AMS/FAST CHANGE REQUEST (CR) COVERSHEET

Change Request Number: 20-54

Date Received: 09 June 20

Title: CFO Guidance Admin Changes

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Initiator Organization Name / Routing Code: Procurement Policy Branch, AAP-110

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Policy and Guidance: (check all that apply)

- Policy
- Procurement Guidance
- Real Estate Guidance
- Other Guidance
- Non-AMS Changes

Summary of Change:

Update of reference to FAA Financial Manual under "Capitalization of Assets" .

Reason for Change:

Administrative update.

Development, Review, and Concurrence:

AFA-100 and Acquisition Policy

Target Audience:

Contracting workforce and program offices

Briefing Planned: No.

ASAG Responsibilities: None.

Section / Text Location:

T3.2.1.4

The redline version must be a comparison with the current published FAST version.

I confirm I used the latest published version to create this change / redline

or

This is new content

Links:

<https://fast.faa.gov/docs/procurementGuidance/guidanceT3.2.1.4.pdf>

Attachments:

Redline and final documents.

Other Files:

N/A

Redline(s):

Section Revised:

3.2.1.4 A 2 – Capitalization of Assets

Procurement Guidance - (~~4/2020~~ 7/2020)

T3.2.1.4 - Chief Financial Officer Requirements Revised 1/2008

A Chief Financial Officer Approvals and Other Requirements Revised 1/2006

1 Authorization for Procurement Request Revised 4/2016

2 Capitalization of Assets Revised ~~7/2010~~ 7/2020

B Clauses Revised 10/2007

C Forms Revised 1/2006

T3.2.1.4 - Chief Financial Officer Requirements Revised 1/2008

A Chief Financial Officer Approvals and Other Requirements Revised 1/2006

1 Authorization for Procurement Request Revised 4/2016

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 Analysis 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.

The CFO has approval authority over all proposed procurement actions of \$10 million or more per AMS 3.2.1.4.2.

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:

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

(b) 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 Analysis 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 Analysis 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 process for non-support and support service procurements is as follows:

(1) The evaluation process for non-support service packages is as follows:

a) The program office may contact the staff of the Office of Financial Analysis to schedule an appointment to discuss the CFO evaluation process and ask questions specific to the particular contract package to be evaluated prior to preparing the package. This meeting is at the option of the program office, but recommended.

b) The process officially begins with the submission to the Office of Financial Analysis (AFA-100) of a complete package which contains the following:

i. The approval of the requester (usually the program or project manager);

ii. The approval of the head of the line of business or staff office;

iii. The approval of the Chief Information Officer (CIO);

iv. The approval of a procurement attorney;

v. A completed acquisition checklist (template can be found at FAST.FAA.GOV in “Procurement Forms” section under “CFO Approval Requirements – Non-support Service Procurements”);

vi. A completed business case;

vii. A copy of the statement of work; and

viii. A supported independent government cost estimate (IGCE) with a narrative identifying sources of information and explaining methods and assumptions. The IGCE must be cross-referenced to the planned Section B CLIN structure of the solicitation and to the statement of work.

c) The Office of Financial Analysis coordinates with the AFI-1 Investment Planning and Analysis Office on all packages with emphasis on packages associated with the Joint Resources Council (JRC). The coordination is designed to ensure no duplication between the two offices.

d) Once the Office of Financial Analysis receives the complete package, within 15 calendar days, the program office receives an initial assessment. The initial assessment is usually to identify the package acceptability for submission, provide questions to clarify items in the submission, and request a sample of IGCE items selected to be substantiated

with sources/supporting documentation.

e) If the package is found to have minor deficiencies, the staff of the Office of Financial Analysis would recommend actions for the program office to correct the deficiencies or recommend conditions on the approval to address inadequacies. If the package is determined to be significantly inadequate, the program office would be notified of the intention to cancel the evaluation and describe the deficiencies that need to be remedied. The program office would be instructed of what steps were needed to resubmit the package.

f) After the response to the questions and cost estimate sample are determined to be adequate, a recommendation memorandum is sent to the Chief Financial Officer recommending approval or disapproval of the submitted package.

g) Once the CFO has approved the package, the program office is notified and a copy of the approval is provided for the program office's record. A copy of the CFO approval must be provided to the contracting officer for the official eDocs contract file.

(2) The evaluation process for support service procurements (also referred to as "support contracts") is as follows:

a) Support services procurements requiring CFO approval must be reviewed by the Support Contract Review Board (SCRB) which makes a recommendation of approval or disapproval to the CFO. The purpose of the SCRB is to simplify and expedite CFO approval of support services acquisitions by adhering to a set processing timetable, while simultaneously obtaining approval from Contracting and Acquisition, Legal Counsel and the Office of Financial Analysis.

b) Support services contracts and acquisitions are those that augment the resources currently provided by the government (FAA) such as technical assistance contracts, systems engineering support and implementation services. The following items are not considered support services contracts and acquisitions for the purposes of the SCRB: air traffic control services, telecommunication services, flight services, contract tower, maintenance and contract weather.

c) The SCRB process has two phases. Phase I is a high level examination of the funding, acquisition strategy and schedule (approval of the Acquisition Strategy Review Board is required prior to the SCRB Phase I approval). Phase II is a detailed examination of the planned procurement.

d) Prior to the SCRB Phase I meeting the following must be completed:

i. Obtain the approval of the Acquisition Strategy Review Board (ASRB) and submit a complete approved form;

ii. Submit a completed SCRB Phase I form (The Phase I form is at FAST.FAA.GOV)

under “Procurement Forms” under “CFO Approval Requirements – SCRB Phase I”) approved by the requester and the head of the line of business;

iii. Submit a complete set of briefing slides (SCRB briefing slides template is at FAST.FAA.GOV under “Procurement Templates & Samples” under “CFO SCRB Phase I Presentation Template”).

e) The SCRB meeting is conducted every Wednesday morning (except federal holidays) and the above items must be received by the Office of Financial Analysis by noon the Friday prior to the Wednesday of the meeting.

f) Prior to preparing the SCRB Phase II package, the program office may contact the staff of the Office of Financial Analysis to schedule an appointment to discuss the CFO evaluation process and ask questions specific to the particular package to be evaluated. This meeting is at the option of the program office, but recommended.

g) The SCRB Phase II process officially begins with the submission to the Office of Financial Analysis (OFA) of a complete package which contains the following:

i. The approval of the requester (usually the program or project manager);

ii. The approval of the head of the line of business or staff office;

iii. The approval of a procurement attorney;

iv. The approval of the contracting officer;

v. The approval of the Chief Information Officer (CIO);

vi. A completed acquisition checklist (The Phase II form is at FAST.FAA.GOV under “Procurement Forms” under “CFO Approval Requirements – SCRB Phase II”);

vii. A completed business case;

viii. A copy of the statement of work; and

ix. A supported independent government cost estimate (IGCE) with a narrative identifying sources of information and explaining methods and assumptions. The IGCE must be cross-referenced to the planned Section B CLIN structure of the solicitation and to the statement of work.

h) The Office of Financial Analysis coordinates with the AFI-1 Investment Planning and Analysis Office on all packages with emphasis on packages associated with the Joint Resources Council (JRC). The coordination is designed to ensure no duplication between the two offices.

i) Once the Office of Financial Analysis receives the complete package, within 15 calendar days, the program office receives an initial assessment. The initial assessment is usually to identify the package acceptability for submission, provide questions to clarify items in the submission, and request a sample of IGCE items selected to be substantiated with sources/supporting documentation.

j) If the package is found to have minor deficiencies, the staff of the Office of Financial Analysis would recommend actions for the program office to correct the deficiencies or recommend conditions on the approval to address inadequacies. If the package is determined to be significantly inadequate, the program office would be notified of the intention to cancel the evaluation and describe the deficiencies that need to be remedied. The program office would be instructed of what steps were needed to resubmit the package.

k) After the response to the questions and cost estimate sample are determined to be adequate, a recommendation memorandum is sent to the Chief Financial Officer recommending approval or disapproval of the submitted package.

l) Once the CFO has approved the package, the program office is notified and a copy of the approval is provided for the program office's record. A copy of the CFO approval must be provided to the contracting officer for the official eDocs contract file.

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

k. CFO approval is specific to the checklist, business case, statement of work and/or independent government cost estimate (IGCE) provided prior to approval. The criteria below provide guidance on procedures to follow if there are significant changes to the checklist, 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 evaluated by the Office of Financial Analysis, the program office must submit a revised estimate and an explanation and reconciliation to the Office of Financial Analysis for an updated CFO 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 evaluated by the Office of Financial Analysis, the program office must submit a revised estimate and an explanation and reconciliation to the Office of Financial Analysis before contract award;

(3) If, after the CFO approval, there are significant changes to the business case and/or statement of work, the program office must submit to the Office of Financial Analysis a revised checklist, business case and/or statement of work for an updated CFO approval. (The specific conditions involved with this approval will vary based upon several factors, including

the magnitude of the change to contract scope of work/requirements. The Office of Financial Analysis 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 Analysis the contract award amount and contract number within 30 days of contract award.

1. The Office of Financial Analysis conducts post CFO approval evaluations and 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 the CFO for follow-up action.

2 Capitalization of Assets Revised ~~7/2010~~ 7/2020

Capitalization allows FAA to accurately record the value of its assets and to generate reliable information for financial statements required by the Chief Financial Officers Act. The CO and requisitioning/program office personnel are to comply with capitalization requirements and processes outlined in the Financial Manual, Volume 58 Capitalization Property, Plant, and Equipment, available online (FAA only).

B Clauses Revised 10/2007

[view contract clauses](#)

C Forms Revised 1/2006

[view procurement forms](#)