

code of federal regulations

Federal Acquisition Regulations System

48

CHAPTERS 3 TO 6

Revised as of October 1, 1996

CONTAINING
A CODIFICATION OF DOCUMENTS
OF GENERAL APPLICABILITY
AND FUTURE EFFECT

AS OF OCTOBER 1, 1996

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Cite this Code: CFR

*To cite the regulations in
this volume use title,
part and section num-
ber. Thus, 48 CFR
301.101 refers to title 48,
part 301, section 101.*

Explanation

The Code of Federal Regulations is a codification of the general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. The Code is divided into 50 titles which represent broad areas subject to Federal regulation. Each title is divided into chapters which usually bear the name of the issuing agency. Each chapter is further subdivided into parts covering specific regulatory areas.

Each volume of the Code is revised at least once each calendar year and issued on a quarterly basis approximately as follows:

Title 1 through Title 16.....	as of January 1
Title 17 through Title 27.....	as of April 1
Title 28 through Title 41.....	as of July 1
Title 42 through Title 50.....	as of October 1

The appropriate revision date is printed on the cover of each volume.

LEGAL STATUS

The contents of the Federal Register are required to be judicially noticed (44 U.S.C. 1507). The Code of Federal Regulations is prima facie evidence of the text of the original documents (44 U.S.C. 1510).

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The Code of Federal Regulations is kept up to date by the individual issues of the Federal Register. These two publications must be used together to determine the latest version of any given rule.

To determine whether a Code volume has been amended since its revision date (in this case, October 1, 1996), consult the “List of CFR Sections Affected (LSA),” which is issued monthly, and the “Cumulative List of Parts Affected,” which appears in the Reader Aids section of the daily Federal Register. These two lists will identify the Federal Register page number of the latest amendment of any given rule.

EFFECTIVE AND EXPIRATION DATES

Each volume of the Code contains amendments published in the Federal Register since the last revision of that volume of the Code. Source citations for the regulations are referred to by volume number and page number of the Federal Register and date of publication. Publication dates and effective dates are usually not the same and care must be exercised by the user in determining the actual effective date. In instances where the effective date is beyond the cut-off date for the Code a note has been inserted to reflect the future effective date. In those instances where a regulation published in the Federal Register states a date certain for expiration, an appropriate note will be inserted following the text.

OMB CONTROL NUMBERS

The Paperwork Reduction Act of 1980 (Pub. L. 96-511) requires Federal agencies to display an OMB control number with their information collection request.

Many agencies have begun publishing numerous OMB control numbers as amendments to existing regulations in the CFR. These OMB numbers are placed as close as possible to the applicable recordkeeping or reporting requirements.

OBSOLETE PROVISIONS

Provisions that become obsolete before the revision date stated on the cover of each volume are not carried. Code users may find the text of provisions in effect on a given date in the past by using the appropriate numerical list of sections affected. For the period before January 1, 1986, consult either the List of CFR Sections Affected, 1949–1963, 1964–1972, or 1973–1985, published in seven separate volumes. For the period beginning January 1, 1986, a “List of CFR Sections Affected” is published at the end of each CFR volume.

CFR INDEXES AND TABULAR GUIDES

A subject index to the Code of Federal Regulations is contained in a separate volume, revised annually as of January 1, entitled CFR INDEX AND FINDING AIDS. This volume contains the Parallel Table of Statutory Authorities and Agency Rules (Table I), and Acts Requiring Publication in the Federal Register (Table II). A list of CFR titles, chapters, and parts and an alphabetical list of agencies publishing in the CFR are also included in this volume.

An index to the text of “Title 3—The President” is carried within that volume.

The Federal Register Index is issued monthly in cumulative form. This index is based on a consolidation of the “Contents” entries in the daily Federal Register.

A List of CFR Sections Affected (LSA) is published monthly, keyed to the revision dates of the 50 CFR titles.

REPUBLICATION OF MATERIAL

There are no restrictions on the republication of material appearing in the Code of Federal Regulations.

INQUIRIES

For a legal interpretation or explanation of any regulation in this volume, contact the issuing agency. The issuing agency’s name appears at the top of odd-numbered pages.

For inquiries concerning CFR reference assistance, call 202–523–5227 or write to the Director, Office of the Federal Register, National Archives and Records Administration, Washington, DC 20408.

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The Government Printing Office (GPO) processes all sales and distribution of the CFR. For payment by credit card, call 202–512–1800, M–F 8 a.m. to 4 p.m. e.s.t. or fax your order to 202–512–2233, 24 hours a day. For payment by check, write to the Superintendent of Documents, Attn: New Orders, P.O. Box 371954, Pittsburgh, PA 15250–7954. For GPO Customer Service call 202–512–1803.

RICHARD L. CLAYPOOLE,

Director,

Office of the Federal Register.

October 1, 1996.

THIS TITLE

Title 48—FEDERAL ACQUISITION REGULATIONS SYSTEM is composed of eight volumes. The chapters in these volumes are arranged as follows: Chapter 1 (parts 1 to 51), chapter 1 (parts 52 to 99), chapter 2 (parts 201 to 251 and parts 252 to 299), chapters 3 to 6, chapters 7 to 14, chapters 15 to 28 and chapter 29 to end. The contents of these volumes represent all current regulations codified under this title of the CFR as of October 1, 1996.

The Federal acquisition regulations in chapter 1 are those government-wide acquisition regulations jointly issued by the General Services Administration, the Department of Defense, and the National Aeronautics and Space Administration. Chapters 2 through 99 are acquisition regulations issued by individual government agencies. Parts 1 to 69 in each of chapters 2 through 99 are reserved for agency regulations *implementing* the Federal acquisition regulations in chapter 1 and are numerically keyed to them. Parts 70 to 99 in chapters 2 through 99 contain agency regulations *supplementing* the Federal acquisition regulations.

The OMB control numbers for the Federal Acquisition Regulations System appear in section 1.106 of chapter 1. For the convenience of the user section 1.106 is reprinted in the Finding Aids section of the second volume containing chapter 1 (parts 52 to 99).

The two volumes containing chapter 1 include an index to the Federal acquisition regulations. The second volume, containing chapter 1 (parts 52 to 99), includes contract clauses and forms.

For this volume, Ann E. Maso was Chief Editor. The Code of Federal Regulations publication program is under the direction of Richard L. Claypoole, assisted by Alomha S. Morris.

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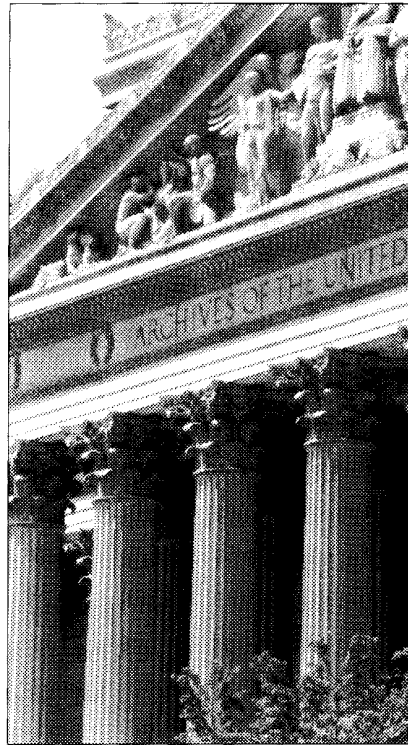
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AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 13961, Apr. 9, 1984, unless otherwise noted.

Subpart 301.1—Purpose, Authority, Issuance

301.101 Purpose.

(a) The Department of Health and Human Services Acquisition Regulation (HHSAR) is issued to establish uniform acquisition policies and procedures for the Department of Health and Human Services (HHS) which conform to the Federal Acquisition Regulation (FAR) System.

(b) The HHSAR implements and supplements the FAR. (Implementing material expands upon or indicates the manner of compliance with related FAR material. Supplementing material is new material which has no counterpart in the FAR.)

(c) The HHSAR contains all formal departmental policies and procedures that govern the acquisition process or otherwise control contracting relationships between the Department's contracting offices and contractors.

301.102 Authority.

The HHSAR is prescribed by the Assistant Secretary for Management and Budget under the authority of 5 U.S.C. 301 and section 205(c) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 486(c)), as delegated by the Secretary. The Assistant Secretary for Management and Budget has redelegated the authority to establish all departmental acquisition policy and publish all acquisition regulations to the Deputy Assistant Secretary for Management and Acquisition. This authority is not delegable.

[49 FR 13961, Apr. 9, 1984, as amended at 54 FR 24342, June 7, 1989]

301.103

301.103 Applicability.

The FAR and HHSAR apply to all HHS acquisitions as stated in FAR 1.103. Unless specified otherwise, these regulations apply to acquisitions within and outside the United States.

301.104 Issuance.

301.104-1 Publication and code arrangement.

(a) The HHSAR is also published in the same forms as indicated in FAR 1.104-1(a).

(b) The HHSAR is issued in the Code of Federal Regulations (CFR) as Chapter 3 of Title 48, Department of Health and Human Services Acquisition Regulation. It may be referenced as “48 CFR Chapter 3.”

301.104-2 Arrangement of regulations.

(a) *General.* The HHSAR conforms to the FAR with respect to divisional arrangements; i.e., subchapters, parts, subparts, sections, subsections, and paragraphs.

(b) *Numbering.* The FAR System of numbering permits the keying of the same or similar subject matter throughout Chapters 1 (FAR) and 3 (HHSAR). However, unlike the FAR numbering scheme, our scheme varies somewhat in the numbering to the left of the decimal point. Whereas the FAR only identifies the part number to the left of the decimal point, our corresponding reference identifies the chapter as well. For example, this corresponding paragraph in the FAR is numbered 1.104-2(b) where “1” is the part number (may be one or two digits and is followed by a decimal point), “1” (to the right of the decimal point) is the subpart number, “04” (always two digits) is the section number, “2” is the subsection number (always hyphenated), and “(b)” is the paragraph reference. The corresponding HHSAR reference is 301.104-2(b) where the “3” or first digit is the chapter number assigned to the particular department or agency (may be two digits) and the “01” represents the part number (part numbers will always be two digits for agencies implementing the FAR). The remaining numbers are identical to and represent the same divisions as the FAR example.

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(c) *References and citations.* (1) Unless otherwise stated, references, indicate parts, subparts, sections, subsections, etc., of this regulation, the HHSAR.

(2) This regulation shall be referred to as the Department of Health and Human Services Acquisition Regulation (HHSAR). Any reference may be cited as “HHSAR” followed by the appropriate number. Within the HHSAR, the number alone will be used.

(3) Citations of authority shall be incorporated where necessary. All FAR reference numbers shall be preceded by “FAR”.

301.104-3 Copies.

Copies of the HHSAR in FEDERAL REGISTER and CFR form may be purchased by the public from the Superintendent of Documents, Government Printing Office (GPO), Washington, DC 20402. Lose-leaf copies of the HHSAR may be obtained by departmental personnel having a need for the document by placing an order with a Directives Distribution Coordinator in accordance with General Administration Manual Chapter 1-00, HHS Staff Manual System.

301.105 OMB approval under the Paperwork Reduction Act.

The following OMB control numbers apply to the information collection and recordkeeping requirements contained in this regulation:

HHSAR segment	OMB control no.
315.4	0990-0139
324.70	0990-0136
332.406	0990-0134
342.7103	0990-0131
352.215-71	0990-0139
352.216-70	0990-0138
352.224-70	0990-0136
352.228-70	0990-0135
352.232-71	0990-0134
352.232-73	0990-0134
352.233-70	0990-0133
352.270-1	0990-0129
352.270-2	0990-0129
352.270-3	0990-0129
352.270-5	0990-0130
370.1	0990-0129
370.2	0990-0129

The OMB control number “OMB No. 0990-0115” is to be included in the upper

Department of Health and Human Services

301.301

right corner of the first page of all solicitations, purchase orders, and contracts issued by departmental contracting activities. The number represents approval of the HHS acquisition process and covers recordkeeping and reporting requirements which are unique to individual acquisitions (e.g., requirements contained in specifications, statements of work, etc.).

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 51 FR 44293, Dec. 9, 1986; 53 FR 15562, May 2, 1988]

Subpart 301.2—Administration

301.201 Maintenance of the HHSAR.

(a) The HHSAR is prepared and issued under the authority of the Deputy Assistant Secretary for Management and Acquisition. Acquisition policies and procedures which are necessary to implement, supplement, or deviate from the FAR will be issued in the HHSAR by the Deputy Assistant Secretary for Management and Acquisition when necessary to accomplish Department-wide acquisition objectives.

(b) The HHSAR is maintained by the Office of Acquisition and Grants Management. The Director, Office of Acquisition and Grants Management is responsible for developing and preparing for issuance all acquisition regulatory material to be included in the HHSAR.

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24342, June 7, 1989]

301.270 Executive Committee for Acquisition.

(a) The Deputy Assistant Secretary for Management and Acquisition has established the Executive Committee for Acquisition (ECA) to assist and facilitate the planning and development of departmental acquisition policies and procedures and to assist in responding to other agencies and organizations concerning policies and procedures impacting the Federal acquisition process.

(b) The ECA consists of members and alternates from the Office of Acquisition and Grants Management, Division of Contract Operations-OS, Office of Human Development Services, Health Care Financing Administration, Social

Security Administration, Public Health Service, and, collectively, the regional offices. The ECA is chaired by the Director, Office of Acquisition and Grants Management. All meetings will be held at the call of the Chairman, and all activities will be carried out under the direction of the Chairman.

(c) The ECA, to facilitate the planning, development, and coordination of government-wide and department-wide acquisition policies and procedures, is to:

(1) Advise and assist the Chairman concerning major acquisition policy matters;

(2) Review and appraise, at appropriate intervals, the overall effectiveness of existing policies and procedures; and

(3) Review and appraise the impact of new major acquisition policies, procedures, regulations, and developments on current acquisition policies and procedures.

(d) The Chairman will periodically issue a list of current members and alternates specifying the name, title, organization, address, and telephone number of each. The member organizations are responsible for apprising the Chairman whenever a new member or alternate is to be appointed to the ECA.

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24342, June 7, 1989]

301.271 Timing of HHSAR revisions.

HHSAR revisions will be issued throughout the year as the need arises. HHSAR material shall become effective on the date cited in the FEDERAL REGISTER issuance or on the date of the transmittal notice which distributes it to HHSAR Staff Manual holders, unless otherwise indicated.

Subpart 301.3—Agency Acquisition Regulations

301.301 Policy.

(a)(1) The FAR and HHSAR are intended to provide all necessary regulatory guidance for the conduct of the acquisition process within the Department. However, there may be some rare instances where regulations are

301.302

necessary to implement and/or supplement the FAR and/or HHSAR at the Operating Division (OPDIV) level or lower. The Department discourages the proliferation of OPDIV and lower level issuances, but will allow lower level issuances when deemed pertinent.

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

301.302 Limitations.

The same limitations applicable to the FAR also apply to the HHSAR.

301.303 Publication and codification.

(a) The HHSAR shall be codified in Chapter 3 of Title 48, Code of Federal Regulations. Any OPDIV or lower implementation or supplementation of the HHSAR or FAR shall also be codified as part of Chapter 3. Implementing material is that which expands upon or indicates the manner of compliance with related higher level material. Supplementing material is that for which there is no counterpart. Where material in the FAR requires no implementation, there will be no corresponding number in the HHSAR. Thus, there are gaps in the HHSAR sequence of numbers where the FAR, as written, is deemed adequate. Supplementary material shall be numbered as specified in FAR 1.303.

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

301.304 Agency control and compliance procedures.

(a) Whenever an OPDIV or lower level organization determines a need for an acquisition regulation not covered by the FAR or HHSAR or wishes to implement or supplement the coverage in either, the organization shall prepare a memorandum that explains the need, background, justification, and significant aspects of the proposed regulation and send it, together with an outline, to the Director, Office of Acquisition and Grants Management. The Director will analyze the request to determine if it has applicability to the HHSAR or FAR; if not, the Director will either approve or disapprove the request for incorporation into the organization's acquisition regulation.

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If the request is approved, the organization must prepare the proposed regulation in FEDERAL REGISTER format, obtain all necessary concurrences, including Office of General Counsel—Business and Administrative Law Division, and send it to the Director, Office of Acquisition and Grants Management for review and approval. The regulation must be prepared for signature by the Deputy Assistant Secretary for Management and Acquisition. All regulations will be required to be processed through the public rulemaking process in the FEDERAL REGISTER.

(b) Only the organizations listed in paragraph (d) are authorized to establish acquisition regulations. As of the date of issuance of the HHSAR, no acquisition regulations below the HHSAR level exist, and the procedures detailed in paragraph (a) must be followed to initiate the establishment of an OPDIV or lower level regulation.

(c) Under no circumstances shall any organization's implementation or supplementation of the FAR or HHSAR conflict with, supersede, or repeat, paraphrase, or otherwise restate policies or procedures prescribed by these regulatory issuances. OPDIV or lower level material shall follow the numbering system, format, and arrangement of the FAR and HHSAR and will be applicable only within the organization issuing it. One copy of all OPDIV or lower level material issued in loose-leaf format shall be furnished the Director, Office of Acquisition and Grants Management at the times of issuance.

(d) Material issued by OPDIV or lower level organizations to implement and supplement the HHSAR and FAR shall be identified by prefixes to the digit 3 (indicating Chapter 3—HHSAR) as follows, and shall use the same numbering system as the HHSAR:

Organization	Prefix
Office of the Secretary	OS
Health Care Financing Administration	HCFA
Office of Human Development Services	OHDS
Public Health Service	PHS
Alcohol, Drug Abuse, and Mental Health Administration.	ADAMHA
Centers for Disease Control	CDC
Food and Drug Administration	FDA
Health Resources and Services Administration.	HRSA
Indian Health Service	IHS
National Institutes of Health	NIH

Department of Health and Human Services

301.501-2

Organization	Prefix
Social Security Administration	SSA

Each OPDIV or lower level acquisition regulation will be included in its entirety as a separate appendix to 48 CFR Chapter 3. The Director, Office of Acquisition and Grants Management will assign the appendix designation upon approval of the initial request to establish the OPDIV or lower level acquisition regulation.

[49 FR 13961, Apr. 9, 1984, as amended at 49 FR 36110, Sept. 14, 1984; 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 53 FR 43206, Oct. 26, 1988, 54 FR 24342, June 7, 1989]

Subpart 301.4—Deviations From the FAR

301.403 Individual deviations.

Requests for individual deviations to either the FAR or HHSAR shall be prepared in accordance with 301.470 and forwarded through administrative channels to the Director, Office of Acquisition and Grants Management for review and approval.

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24342, June 7, 1989]

301.404 Class deviations.

Requests for class deviations to either the FAR or HHSAR shall be prepared in accordance with 301.470 and forwarded through administrative channels to the Deputy Assistant Secretary for Management and Acquisition for review and approval.

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24342, June 7, 1989]

301.470 Procedure.

(a) When a contracting activity or contracting office determines that a deviation is needed, it shall prepare a deviation request in memorandum form and forward it through administrative channels to the official designated as stated in 301.403 or 301.404. In an exigency situation, the contracting activity or contracting office may request a deviation verbally, but is required to confirm the request in writing as soon as possible.

(b) A deviation request shall clearly and precisely set forth the:

- (1) Nature of the needed deviation;
- (2) Identification of the FAR or HHSAR from which the deviation is needed;
- (3) Circumstances under which the deviation would be used;
- (4) Intended effect of the deviation;
- (5) Time-frame; and
- (6) Reasons which will contribute to complete understanding and support of the requested deviation. A copy of pertinent background papers such as a form or contractor's request should accompany the deviation request.

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24342, June 7, 1989]

Subpart 301.5—Agency and Public Participation

301.501 Solicitation of agency and public views.

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

301.501-2 Opportunity for public comments.

(b) Public opportunity for comment on proposed changes or additions to the HHSAR or lower level acquisition regulations will be offered whenever the proposed regulation will have an impact on the public and/or contractors. This will be accomplished by publishing a notice of proposed rulemaking in the FEDERAL REGISTER which will include the proposed language and the background and rationale for the proposed regulation. Comments will not be solicited directly from professional or industry associations or other interested parties; they will be expected to respond based upon the FEDERAL REGISTER notification. Normally, the public will be given 45 days to comment. Proposed changes or additions to the HHSAR or FAR shall be staffed to the Executive Committee for Acquisition in accordance with 301.270.

[49 FR 13961, Apr. 9, 1984. Redesignated and amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

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301.501-3 Exceptions.

(e) Comments will not be solicited from the public when the change or addition to the HHSAR or lower level acquisition regulation is deemed procedural in nature and concerns internal administrative directions aimed at departmental personnel (see FAR 1.301(b)).

[49 FR 13961, Apr. 9, 1984, as amended at 49 FR 36110, Sept. 14, 1984. Redesignated and amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

301.503 Public meetings.

Public meetings will not normally be used to solicit comments or views on HHSAR or lower level acquisition regulations. However, when the topic is so controversial that the Department or OPDIV believes a public meeting would be beneficial, public meetings will be convened.

[49 FR 13961, Apr. 9, 1984. Redesignated at 50 FR 23127, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

Subpart 301.6—Contracting Authority and Responsibility

SOURCE: 53 FR 15562, May 2, 1988, unless otherwise noted.

301.602-3 Ratification of unauthorized commitments.

(b) *Policy.* (1) The Government is not bound by agreements or contractual commitments made to prospective contractors by persons to whom contracting authority has not been delegated. However, execution of otherwise proper contracts made by individuals without contracting authority, or by contracting officers in excess of the limits of their delegated authority, may be later ratified. The ratification must be in the form of a written document clearly stating that ratification of a previously unauthorized act is intended and must be signed by the head of the contracting activity (HCA).

(2) The HCA or his/her designee is the official authorized to ratify an unauthorized commitment (but see (b)(3), below).

(3) Ratification authority may be re-delegated by the HCA, but not below

the level of the principal official responsible for acquisition (PORA).

(c) *Limitations.* (5) The concurrence of legal counsel concerning the payment issue is optional.

(7) The ratification shall be in written document form containing verification of each limitation stated in FAR 1.602-3(c)(1)-(6), and shall be processed in accordance with 301.602-3(e) *Procedures.*

(e) *Procedures.* (1) The individual who made the unauthorized contractual commitment shall furnish the reviewing contracting officer all records and documents concerning the commitment and a complete written statement of facts, including, but not limited to: a statement as to why the contracting office was not used, a statement as to why the proposed contractor was selected, a list of other sources considered, a description of work to be performed or products to be furnished, the estimated or agreed contract price, a citation of the appropriation available, and a statement of whether the contractor has commenced performance.

(2) The contracting officer will review the submitted material, and prepare the ratification document if he/she determines that the commitment may be ratifiable. The contracting officer shall forward the ratification document and the submitted material to the HCA or designee with any comments or information which should be considered in evaluation of the request for ratification. If legal review is desirable, the HCA or designee will coordinate the request for ratification with the Office of General Counsel, Business and Administrative Law Division.

(3) If ratification is authorized by the HCA or designee, the file will be returned, along with the ratification document, to the contracting officer for issuance of a purchase order or contract, as appropriate.

(4) HCA's or their designees will report the number and dollar value of requests for ratifications received and ratifications authorized each calendar quarter. Reports shall be submitted in an original and one copy to the Deputy Assistant Secretary for Management and Acquisition to arrive no later than

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30 calendar days after the close of each calendar quarter.

[53 FR 43206, Oct. 26, 1988]

301.603 Selection, appointment, and termination of appointment.

301.603-1 General.

(a) The appointment and termination of appointment of contracting officers shall be made by the principal official responsible for acquisition (PORA). This authority is not delegable. The head of the contracting activity shall ensure that only the PORA is redelegated, and exercises, this authority.

(b) Only GS-1105 and 1106 and GS/GM-1101 and 1102 personnel shall be appointed as contracting officers (see 301.603-3(b)).

(c) The appointment of contracting officers shall be made at one of the four levels specified under the HHS Acquisition Certification Program (see 301.603-3(b)).

(d) An individual shall be appointed only in instances where a valid organizational need for a contracting officer can be demonstrated or a replacement position is to be filled. Factors to be considered in assessing the need for a contracting officer appointment include volume of actions, complexity of work, and structure of the organization.

301.603-2 Selection.

(a) When an organizational need for a contracting officer is determined or a replacement is required, an official (usually the prospective contracting officer's immediate supervisor) will nominate a contracting officer candidate. The nomination shall be accompanied by the candidate's current Standard Form (SF) 171, Personal Qualifications Statement, that contains all relevant information, to include that stated in FAR 1.603-2, a copy of the nominee's most recent performance appraisal, and a copy of the certificate issued under the HHS Acquisition Certification Program indicating the current level of certification.

(b) The PORA shall review the submitted material to determine the candidate's ability to perform the contracting functions required to meet the organizational need. If the PORA re-

quires additional information to make the decision, it shall be provided expeditiously by the nominating official.

301.603-3 Appointment.

(a) Contracting officer appointments shall become effective when the PORA signs the Standard Form 1402, Certificate of Appointment. SF 1402's shall be prepared and maintained in accordance with FAR 1.603-3.

(b) Appointments shall be made at one of the four levels established by the HHS Acquisition Certification Program. Therefore, the contracting officer candidate must meet the minimum eligibility requirements of certification for one of the four stated levels. The level will be determined by the organizational need or position being refilled (replacement). The four levels are as follows:

(1) *Level I—Purchasing Agent.* Mandatory for all personnel who have signature authority for small purchases (GS-1102, 1105, and 1106), including orders from GSA sources.

(2) *Level II—Acquisition Official.* Mandatory for those in the GS-1102 series. Sufficient for delegation of contracting officer authority to a maximum of \$100,000.

(3) *Level III—Senior Acquisition Official.* Mandatory for those in the GS-1102 series for delegation of contracting officer authority above \$100,000.

(4) *Level IV—Acquisition Manager.* Mandatory for preaward review and approval authority as specified in HHSAR Subpart 304.71.

(c) Changes to contracting officer appointments, either increasing or decreasing the warrant limitations, shall be made by the PORA. Changes must be made from one of the four certification levels to another, or within one of the certification levels, and must be implemented by the PORA's issuance of a new SF 1402 to replace the existing SF 1402.

(d) Personnel shall not ordinarily be appointed as contracting officers if they do not meet the qualifications prescribed for one of the four certification levels. However, if it is essential to appoint a contracting officer who does not fully meet the certification qualifications, an interim appointment may be granted by the PORA. The

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PORA shall require as a condition of the interim appointment that all training or experience requirements be met within a six month time period. Usually, interim appointments shall not exceed six months. Failure to successfully complete the necessary training requirements or gain the experience within this time frame will result in termination of the appointment, unless the PORA determines that unusual circumstances prevented the attainment of either. In this instance, one additional six month interim appointment may be issued, but no more shall be allowed. The PORA shall fully document all interim appointment actions.

(e) The original SF 1402 shall be provided to the contracting officer, and a copy shall be retained by the PORA. Another copy of the SF 1402 along with the SF 171 material shall be forwarded to the servicing personnel office for inclusion in the individual's personnel file folder. Files on individuals should not be established by the PORA.

301.603-4 Termination.

Termination of contracting officer appointments shall be executed by the PORA in accordance with FAR 1.603-4.

301.603-70 Delegation of contracting officer responsibilities.

(a) Non-GS/GM-1101 or 1102 or GS-1105 or 1106 personnel shall only be delegated contracting officer responsibilities when determined necessary by a warranted contracting officer (holder of a valid SF 1402), and in accordance with this subsection. Personnel, such as a contracting officer's representative or an ordering officer, shall be delegated only the needed responsibilities by the warranted contracting officer in a written memorandum of delegation which clearly states any limitations on the delegation. Personnel who are not in the GS/GM-1101 or 1102 or GS-1105 or 1106 job series shall not be issued a SF 1402, Certificate of Appointment.

(b) Non-acquisition personnel who are delegated acquisition responsibilities shall be required to have the training, experience, and education requirements necessary for the responsibilities assigned. If, for example, responsibility is to be delegated for making small purchases, the training, edu-

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cation, and experience for Level I—Purchasing Agent, or its equivalent as determined by the PORA, shall be required.

301.670 Head of the contracting activity.

301.670-1 Responsibility.

The head of the contracting activity (HCA) is responsible for conducting an effective and efficient acquisition program. Adequate controls shall be established to assure compliance with applicable laws, regulations, procedures, and the dictates of good management practices. Periodic reviews shall be conducted by qualified personnel, preferably assigned to positions other than in the contracting office being reviewed, to determine the extent of adherence to prescribed policies and regulations, and to detect a need for guidance and/or training.

301.670-2 Designation.

Each OPDIV head and PHS agency head has been designated as HCA along with the following officials:

- (a) Deputy Assistant Secretary for Management and Acquisition; and
- (b) Each Regional Director.

[53 FR 15562, May 2, 1988, as amended at 54 FR 24342, June 7, 1989]

301.670-3 Redelegation.

(a) The heads of contracting activities may redelegate their HCA authorities to the extent that redelegation is not prohibited by the terms of their respective delegations of authority, by law, by the Federal Acquisition Regulation, by the HHS Acquisition Regulation, or by other regulations. However, HCA and other contracting approvals and authorities shall not be redelegated below the levels specified in the HHS Acquisition Regulation or, in the absence of coverage in the HHS Acquisition Regulation, the Federal Acquisition Regulation. To ensure proper control of redelegated acquisition authorities, HCA's shall maintain a file containing successive delegations of HCA authority through and including the contracting officer level.

(b) Personnel delegated responsibility for acquisition functions must possess a level of experience, training, and

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ability commensurate with the complexity and magnitude of the acquisition actions involved.

Subpart 301.7—Determinations and Findings

SOURCE: 50 FR 23127, May 31, 1985 (interim rule) and 50 FR 38004, Sept. 19, 1985 (final rule), unless otherwise noted.

301.703 Class determinations and findings.

(b) All class determinations and findings (D&F's) shall be limited to a period of one year or less.

301.704 Content.

An example of a D&F format may be found in 316.301–3(c). All D&F's shall be prepared using the referenced format and shall include the information required by FAR 1.704(a)–(g).

PART 302—DEFINITIONS OF WORDS AND TERMS

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

Subpart 302.1—Definitions

302.100 Definitions of terms.

Chief of the contracting office (CCO) is a mid-level management official in charge of a contracting office who controls and oversees the daily contracting operation of an Operating Division (OPDIV) or major component of an OPDIV. The CCO is subordinate to the principal official responsible for acquisition and is located at a management level above other contracting personnel, usually as a branch chief.

Head of the agency or *agency head* means the head of the Operating Division (OPDIV) for HCFA, OHDS, PHS, and SSA, or the Assistant Secretary for Management and Budget (ASMB) for the Office of the Secretary (OS).

Head of the contracting activity (HCA)—see 301.670–2.

Principal official responsible for acquisition (PORA) is defined in terms of certain organizational positions within the Office of Management and Acquisition (OMAC–OS), Health Care Financing Administration (HCFA), Office of Human Development Services (OHDS), Office of the Assistant Secretary for

Health (OASH), Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA), Centers for Disease Control (CDC), Food and Drug Administration (FDA), Health Resources and Services Administration (HRSA), Indian Health Service (IHS), National Institutes of Health (NIH), Social Security Administration (SSA), and the Regional Offices (RO's), as follows:

OMAC–OS—Director, Division of Contract Operations

HCFA—Director, Office of Acquisition and Grants, Office of Budget and Administration

OHDS—Director, Grants and Contracts Management Division, Office of Management Services

OASH—Director, Division of Acquisitions Management, Administrative Services Center, Office of Management

ADAMHA—Director, Division of Grants and Contracts Management, Office of the Administrator

CDC—Director, Procurement and Grants Office, Office of the Center Director

FDA—Director, Division of Contracts and Grants Management, Office of the Associate Commissioner for Management and Operations

HRSA—Director, Division of Grants and Procurement Management, Office of Management

IHS—Director, Division of Contracts and Grants Policy, Office of Administration and Management

NIH—Director, Division of Contracts and Grants, Office of Administration

SSA—Associate Commissioner, Office of Acquisition and Grants

RO's—Director, Regional Administrative Support Center

The PORA is subordinate to the head of the contracting activity and is the official in charge of the major contracting operation activity within the OPDIV, agency, staff office, or regional office.

[49 FR 13964, Apr. 9, 1984, as amended at 51 FR 23231, June 26, 1986; 51 FR 44293, Dec. 9, 1986; 52 FR 27558, July 22, 1987; 53 FR 43207, Oct. 26, 1988; 54 FR 24342, June 7, 1989; 55 FR 13536, Apr. 11, 1990; 56 FR 47002, Sept. 17, 1991]

PART 303—IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST

Subpart 303.1—Safeguards

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- 303.101–3 Agency regulations.
- 303.104 Procurement integrity.
- 303.104–4 Definitions.
- 303.104–5 Disclosure of proprietary and source selection information.
- 303.104–6 Restrictions on Government officials, employees, and consultants.
- 303.104–9 Certification requirements.
- 303.104–11 Processing violations or possible violations.
- 303.104–12 Ethics program training requirements.

Subpart 303.2—Contract Gratuities to Government Personnel

- 303.203 Reporting suspected violations of the Gratuities clause.

Subpart 303.3—Report of Suspected Antitrust Violations

- 303.303 Reporting suspected antitrust violations.

Subpart 303.4—Contingent Fees

- 303.408 Evaluation of the SF 119.
- 303.408–1 Responsibilities.
- 303.409 Misrepresentations or violations of the Covenant Against Contingent Fees.

Subpart 303.5—Other Improper Business Practices

- 303.502 Subcontractor kickbacks.

Subpart 303.6—Contracts With Government Employees or Organizations Owned or Controlled by Them

- 303.602 Exceptions.

Subpart 303.7—Voiding and Rescinding Contracts

- 303.704 Policy.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 13964, Apr. 9, 1984, unless otherwise noted.

Subpart 303.1—Safeguards

SOURCE: 54 FR 31528, July 31, 1989, unless otherwise noted.

303.101 Standards of conduct.

303.101–3 Agency regulations.

The Department of Health and Human Services' Standards of Conduct are prescribed in Part 73 of Title 45.

303.104 Procurement integrity.

303.104–4 Definitions.

(h)(1) *Procurement official* means any individual who has participated personally and substantially in the conduct of a procurement. The following classes of employees may be considered procurement officials depending on the circumstances prevailing in a given case: contracting officers, contract specialists, contract administrators, procurement agents, procurement clerks, cost/price analysts, procurement analysts, clerical support and administrative personnel, auditors, professional staff of the Division of Cost Allocation, acquisition review and approval officials, contract clearance staff, board of award members, supervisory procurement officials, small and disadvantaged business utilization specialists, project officers, project managers, program officials, officials who provide special program clearances and approvals, program managers, technical evaluation panelists, peer reviewers, source selection evaluation board members, source selection advisory council members, source selection authorities, finance officials, and procurement lawyers. Concept peer reviewers are not considered to be procurement officials when participating in project concept reviews pursuant to 42 CFR 52h.10(a). However, concept peer reviewers, or other peer reviewers, who participate in a project approach review are procurement officials. When there is a question whether an individual is a procurement official, the activities of the individual should be analyzed by the contracting officer to determine whether there is both personal and substantial involvement in a procurement. If there is doubt in a particular case, the doubt should be resolved by including the individual as a procurement official. The contracting officer has the authority to decide who is or who is not a procurement official in a particular case. The opinion of the Office of the General Counsel (OGC) should be requested when the contracting officer believes the situation is particularly complex or sensitive. When the contracting officer's decision is disputed by the individual whose status as a procurement official is in question, the

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matter will be referred to the Principal Official Responsible for Acquisition (PORA) for a final determination.

(k)(1) *Source selection information* includes “derivative documents” which are documents containing references to or directly citing or paraphrasing proprietary or source selection information.

303.104-5 Disclosure of proprietary and source selection information.

(a) The contracting officer or any other individual who prepares, makes or controls proprietary, source selection information, or derivative documents shall—

(1) Ensure documents are marked as prescribed in FAR 3.104-4 (j) and (k);

(2) Provide physical security for documents in the office environment during and after duty hours; and

(3) Ensure security of interoffice mailing of documents by using opaque envelopes, double wrapping with more than one envelope, and sealing of envelopes, as necessary.

(b) Individuals responsible for preparing derivative documents are responsible for marking such documents in accordance with FAR 3.104-5(b).

(c) Only the contracting officer has the authority to authorize individuals, or classes of individuals, access to proprietary or source selection information for each procurement except for paragraph (d) of this section.

(d) The following classes of individuals are authorized blanket access to only that source selection information developed before a request for contract is sent to the contract office, or to later modifications or supplements to such information—

(1) The generators of the requirements, including program, scientific, and technical experts involved in the development of the statements of work, specifications, evaluation plans, budget estimates, or similar documents;

(2) Reviewing officials; and

(3) Supervisors in the management chain of the individuals listed in paragraphs (d) (1) and (2) of this section. The contracting officer shall include in the contract file names and functions of any other individuals authorized ac-

cess to proprietary or source selection information.

303.104-6 Restrictions on Government officials, employees, and consultants.

(b) Procurement officials leaving the Department will be required to complete the certification set forth in Chapter 1-90 of the General Administration Manual if that official leaves the Department during the conduct of a procurement expected to result in a contract or modification in excess of \$100,000. The administrative officer will forward a copy of the certification to each responsible contracting officer for incorporation into the contract file.

303.104-9 Certification requirements.

(c) The contracting officer shall include the contracting officer certification in the contract file for each contract action over \$100,000. Including the certificate in the contract file shall be considered notification to the head of the agency.

(e)(2) The waiver shall be submitted to the Office of Acquisition and Grants Management in the Office of Management and Acquisition, Office of Management and Budget in the Office of the Secretary for review and approval before submission to the head of the agency.

303.104-11 Processing violations or possible violations.

(a)(1) The contracting officer determination that a reported violation or possible violation of the statutory prohibitions has no impact on the impending award or selection of a source must be submitted through channels, along with supporting documentation, to the PORA for review and approval of the determination before award of a contract.

(2) The contracting officer’s determination that a reported violation or possible violation of the statutory prohibitions has an impact on the pending award or selection of a source must be referred through channels, along with all related information available, to the PORA (if the PORA is an SES) or to another SES official designated by the OPDIV. That individual will—

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(i) Refer the matter immediately to the Office of Acquisition and Grants Management in the Office of Management and Acquisition, Office of Management and Budget, Office of the Secretary for review, which office may consult with the Office of the General Counsel and the Office of the Inspector General, as appropriate; and

(ii) Determine the action to be taken on the procurement in accordance with FAR 3.104-11 (c) and (d).

(b) The individual in paragraph (a)(2) of this section acts as the agency head designee with respect to actions taken under the FAR clause at 52.203-10, Remedies for Illegal or Improper Activity.

303.104-12 Ethics program training requirements.

(a) The Office of Acquisition and Grants Management in the Office of Management and Acquisition (OAGM), Office of Management and Budget in the Office of the Secretary is responsible for developing a training module which can be used by the Department's OPDIVs and Regional offices to train procurement officials. Upon receipt of the module, each OPDIV and Regional Office must train the procurement officials set forth in 303.104-4(h)(1) before they can act as procurement officials.

(b) After the training has been completed, each procurement official must sign the "Procurement Official's Certificate of Procurement Integrity" before he/she can act as a procurement official on any procurement. The certificate shall be submitted to the servicing personnel office, where the certificate will be filed on the left side of the employee's Official Personnel Folder. A copy of the certificate shall be provided to the contract office which shall maintain a list of the procurement officials who have signed the certificates.

(c) Procurement officials who serve multiple contracting offices (such as procurement lawyers) shall submit copies of their certificates to OAGM with the originals being transmitted to their servicing personnel office. OAGM shall maintain a list of such procurement officials and inform cognizant contracting officers upon telephonic

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request whether particular individuals are included on the list.

Subpart 303.2—Contractor Gratuities to Government Personnel

303.203 Reporting suspected violations of the Gratuities clause.

Departmental personnel shall report suspected violations of the Gratuities clause in accordance with subpart M, Reporting Violations, of the Department's Standards of Conduct (45 CFR part 73) and General Administration Manual Chapter 5-10, rather than as specified in FAR 3.203. Refer to subpart E, Gifts, Entertainment, and Favors, of 45 CFR part 73 for an explanation regarding what is prohibited and what is permitted.

Subpart 303.3—Report of Suspected Antitrust Violations

303.303 Reporting suspected antitrust violations.

A copy of each report of suspected antitrust violations submitted to the Attorney General shall also be submitted to the Director, Office of Acquisition and Grants Management.

[49 FR 13964, Apr. 9, 1984, as amended at 54 FR 24342, June 7, 1989]

Subpart 303.4—Contingent Fees

303.408 Evaluation of the SF 119.

303.408-1 Responsibilities.

(b) The chief of the contracting office shall perform the review required by FAR 3.408-1(b) and should consult with the Office of General Counsel, Business and Administrative Law Division, when deemed necessary.

303.409 Misrepresentations or violations of the Covenant Against Contingent Fees.

(a) Reports shall be made promptly to the contracting officer.

(b)(1)-(3) [Reserved]

(4) Suspected fraudulent or criminal matters to be reported to the Department of Justice shall be prepared in letter format and forwarded through acquisition channels to the head of the contracting activity for signature. The

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letter must contain all pertinent facts and background information considered by the contracting officer and chief of the contracting office that led to the decision that fraudulent or criminal matters may be present. A copy of the signed letter shall be sent to the Director, Office of Acquisition and Grants Management.

[49 FR 13964, Apr. 9, 1984, as amended at 54 FR 24342, June 7, 1989]

Subpart 303.5—Other Improper Business Practices

303.502 Subcontractor kickbacks.

(b) Any known or suspected violations of the Anti-Kickback Act (41 U.S.C. 51–54) shall be reported to the contracting officer who shall investigate the matter, document the findings, and report the results to the chief of the contracting office. If the results substantiate the known or suspected violation, the chief of the contracting office shall notify the Office of General Counsel, Business and Administrative Law Division and report the matter, through acquisition channels, to the head of the contracting activity. The head of the contracting activity shall take appropriate action in consonance with the Act, and notify the Director, Office of Acquisition and Grants Management of the case and its disposition.

[49 FR 13964, Apr. 9, 1984, as amended at 54 FR 24342, June 7, 1989]

Subpart 303.6—Contracts With Government Employees or Organizations Owned or Controlled by Them

303.602 Exceptions.

Approval of an exception to the policy stated in FAR 3.601 shall be made by the head of the OPDIV (Assistant Secretary for Management and Budget in OS cases) or the Regional Director.

Subpart 303.7—Voiding and Rescinding Contracts

303.704 Policy.

For the purposes of implementing FAR subpart 3.7, the authorities granted to the “agency head or designee”

shall be exercised by the principal official responsible for acquisition.

[51 FR 44293, Dec. 9, 1986]

PART 304—ADMINISTRATIVE MATTERS

Subpart 304.1—Contract Execution

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304.101 Contracting officer’s signature.

304.170 [Reserved]

Subpart 304.2—Contract Distribution

304.201 Procedures.

Subpart 304.6—Contract Reporting

304.602 Federal Procurement Data System.

Subpart 304.8—Contract Files

304.801 General.

304.804 Closeout of contract files.

304.804–1 Closeout by the office administering the contract.

304.870 Closing review.

Subpart 304.70—Acquisition Instrument Identification Numbering System

304.7000 Scope of subpart.

304.7001 Numbering contracts.

304.7002 Numbering solicitation documents.

304.7003 Numbering purchase and delivery orders.

304.7004 Numbering basic agreements.

304.7005 Numbering basic ordering agreements.

Subpart 304.71—Review and Approval of Proposed Contract Awards

304.7100 Scope of subpart.

304.7101 Contracts requiring review and approval.

304.7102 Conduct of the review.

304.7103 Approvals.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 13965, Apr. 9, 1984, unless otherwise noted.

Subpart 304.1—Contract Execution

304.101 Contracting officer’s signature.

An original of each bilateral contract or modification shall be executed by the contractor and contracting officer. An original of each unilateral contract or modification shall be executed by

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the contracting officer. The contracting officer need only sign the original when carbon paper is used in sets of forms such as Standard Form 44 or Optional Form 347 or 348. A legible carbon impression of the contracting officer's signature shall carry the same force and effect as a pen and ink signature for unilateral contracts.

§ 304.170 [Reserved]

Subpart 304.2—Contract Distribution

304.201 Procedures.

The signed original of bilateral contracts and modifications shall be placed in the contract file, and duplicate originals shall be furnished the contractor, the appropriate accounting point, the project officer, and other individuals or offices, as applicable. Purchase orders, delivery orders, and other unilateral contracts and modifications shall be distributed the same as bilateral contracts except the original shall be furnished the contractor or seller. Copies of unilateral contracts and modifications with carbon impressed signatures may be used but must be stamped "DUPLICATE ORIGINAL" (see 304.101).

[49 FR 36110, Sept. 14, 1984]

Subpart 304.6—Contract Reporting

304.602 Federal Procurement Data System.

The Department-wide Contract Information System (DCIS) represents the Department's implementation of the FPDS. All departmental contracting activities are required to participate in the DCIS and follow the procedures stated in the Contract Information System Manual and amendments to it. The principal official responsible for acquisition shall ensure that all required contract information is collected, submitted, and received into the DCIS on or before the 15th of each month for all appropriate contract and contract modification awards of the prior month.

[49 FR 13965, Apr. 9, 1984. Redesignated at 51 FR 44293, Dec. 9, 1986]

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Subpart 304.8—Contract Files

304.801 General.

OPDIVs shall prescribe the contents of contract files and establish filing procedures consistent with the nature of the contracting actions and in accordance with FAR 4.801, 4.802, and 4.803. Contract files should contain an index of the contents to facilitate review and should be separated into logical categories (see FAR 4.803).

304.804 Closeout of contract files.

304.804–1 Closeout by the office administering the contract.

(3) Files for all cost-reimbursement type contracts should be closed within 20 months of the month in which the contracting officer receives evidence of physical completion (see FAR 4.804–4). The contracting officer responsible for contract closeout may negotiate settlement of indirect costs for a specific contract, in advance of the determination of final indirect cost rates in accordance with FAR 42.708.

304.870 Closing review.

(a) Contracting officers shall assure the applicable items in FAR 4.804–5, other than a field audit, have been accomplished prior to closing any physically completed contract. Cost-reimbursement type contracts will be subject to the additional requirements set forth below before they may be closed.

(b) Contracting officers shall use the instructions in the October 5, 1982 memorandum from the Deputy Assistant Secretary for Procurement, Assistance and Logistics to closeout cost-reimbursement type contracts physically completed prior to fiscal year 1977 and cost-reimbursement type contracts completed subsequent to that date for which field audit information is available.

(c) Contracting officers shall closeout all other cost-reimbursement type contracts physically completed after September 30, 1977 in accordance with the following procedures:

(1) Field audits will be conducted for contracts in excess of \$500,000 awarded to commercial organizations and non-profit organizations other than colleges and universities, hospitals and

State and local units of government for which an agency other than HHS has audit cognizance. Field audits will also be conducted each year on approximately 25 of the same type contractors for which HHS has audit cognizance. These contracts may be closed after receipt of the field audit report.

(2) Contracts of any dollar value with non-proprietary colleges and universities, hospitals and State and local units of government and contracts not in excess of \$500,000 with other institutions/organizations shall be closed out on the basis of a desk audit. The desk audit should include (i) a confirmation from the project officer that labor, material, travel, and other types of direct costs are commensurate with contract requirements, (ii) a review of available audit reports to determine if any adjustments were made that may be applicable to the contract under review, and (iii) discussions with the cognizant government auditor when considered appropriate. These contracts shall be closed with the condition that they are subject to adjustment should an on-site audit be conducted at a later date and should unallowable costs be identified as a result of that audit. The release executed by the contractor shall contain the following:

The Contractor agrees, pursuant to the clause in this contract entitled Allowable Cost (for cost-reimbursement contracts) or Allowable Cost and Fixed Fee (for CPFF contracts), that the amount of any sustained audit exceptions resulting from any audit made after final payment will be refunded to the Government.

(3) The contracting officer may request a field audit of any contract when, in his/her judgment, the risk attendant with the contract warrants it. The contracting officer, however, shall exercise discretion in requesting such audits on creditable evidence such as unsatisfactory dealings with the contractor during the period of contract performance, prior audit reports containing serious findings against the contractor, the known experience of other government officials in dealing with the contractor when the contracting officer is personally knowledgeable about the circumstances, formal third party complaints or allegations which bear upon the contractor's integrity or

the propriety of costs charged to the Government, and other comparable allegations or advice of a derogatory nature about the contractor made by responsible individuals which in the contracting officer's judgment should be investigated. Except where a contracting officer suspects misrepresentation or fraud, audits should not be requested if their cost of performance is likely to exceed their potential cost recovery.

(4) When an audit is warranted prior to closing out a contract, the contracting officer should request the audit directly from the Department of Health and Human Services Office of the Inspector General, Office of Audits (HHSOA). The request should cite the reasons the contracting officer believes an audit is warranted. A copy of the request should be forwarded to the Director, Office of Acquisition and Grants Management (DOAGM). In the event the Office of the Inspector General cannot honor the request in a reasonable period of time, it will consult with DOAGM and the contracting officer. The final decision on the need and scope of an audit will be made on the basis of the value of the contract, the nature of the contracting officer's concerns, and the availability of HHSOA or other existing resources in the Department to perform a review to satisfy the contracting officer's concerns.

(5) Closeout procedures are to be followed in conjunction with the regular procedures now followed in administering contracts. These procedures are not meant or to be interpreted as imposing any requirement or responsibility on contracting officers or necessitating any reviews on the part of the contracting officials not currently required by the FAR. With some rare exceptions, Standard Form 1034, Public Voucher for Purchases and Services Other than Personal, will contain sufficient information to allow a contracting officer to satisfy requirements for desk audits. Accordingly, these closeout procedures shall not cause contracting officers to engage in extraordinary oversight or review and shall not be used by contracting officers as the basis for requiring contractors to submit extraordinary documentation

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such as payroll listing, labor billings, travel details, etc.

[49 FR 13965, Apr. 9, 1984, as amended at 54 FR 24342, June 7, 1989; 54 FR 43965, Oct. 30, 1989; 56 FR 47002, Sept. 17, 1991]

Subpart 304.70—Acquisition Instrument Identification Numbering System

304.7000 Scope of subpart.

This subpart prescribes policy and procedures for assigning identifying numbers to contracts and related instruments, including solicitation documents, purchase orders, and delivery orders.

304.7001 Numbering contracts.

(a) *Contracts which require numbering.* The following contracts shall be numbered in accordance with the system prescribed in paragraph (b) of this section:

(1) All contracts, including letter contracts and task orders under basic ordering agreements, which involve the payment of \$2,500 or more for the acquisition of personal property or non-personal services.

(2) All contracts which involve the payment of \$2,000 or more for construction (including renovation or alteration).

(3) All contracts which involve more than one payment regardless of amount.

(The number assigned to a letter contract shall be assigned to the superseding definitized contract.)

(b) *Numbering system.* All contracts which require numbering shall be assigned a number consisting of the following:

(1) The three digit code assigned to the contracting office by the Office of Financial Operations, Office of Finance.

(2) A two digit fiscal year designation; and

(3) A four digit serial number. While it is required that a different series of four digit serial numbers be used for each fiscal year, serial numbers assigned need not be sequential.

(c) *Illustration of contract numbers.* The initial contract executed by the Division of Contract Operations, Office

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of the Secretary, for fiscal year 1983 should be numbered 100-83-0001, the second contract 100-83-0002. Alternatively, if it is desirable for internal identification purposes to establish separate series of numbers for sealed bid and negotiated contracts, this procedure is permissible. In this instance, the initial sealed bid contract might be numbered 100-83-0001 and the initial negotiated contract numbered 100-83-0500.

(d) *Assignment of identification codes.* Each contracting office of the Department shall be assigned a three digit identification code by the Office of Financial Operations. Requests for the assignment of such codes for newly established contracting offices shall be submitted by the headquarters acquisition staff office of the contracting activity to the Director, Office of Financial Operations. Conversely, in the event that a contracting office is to be disestablished, the Director, Office of Financial Operations shall be notified. A listing of the contracting office identification codes currently in use is contained in the Department-wide Contract Information System Manual (DCIS).

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24342, June 7, 1989]

304.7002 Numbering solicitation documents.

Requests for proposals and invitations for bids shall be numbered in accordance with procedures prescribed by the headquarters staff office of the contracting activity.

304.7003 Numbering purchase and delivery orders.

Contracting offices shall establish procedures for numbering purchase orders as required for effective identification and control.

304.7004 Numbering basic agreements.

Basic agreements shall be numbered in accordance with procedures prescribed by the headquarters staff office of the cognizant contracting activity. However, individual contracts entered into pursuant to the terms and conditions of a basic agreement shall be numbered in accordance with 304.7001(b).

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304.7005 Numbering basic ordering agreements.

Basic ordering agreements shall be numbered in accordance with procedures prescribed by the headquarters staff office of the contracting activity.

[49 FR 13965, Apr. 9, 1984, as amended at 53 FR 15563, May 2, 1988]

Subpart 304.71—Review and Approval of Proposed Contract Awards

304.7100 Scope of subpart.

This subpart prescribes review and approval procedures for contract actions to ensure that:

(a) Contract awards are in conformance with law, established policies and procedures, and sound business practices;

(b) Contractual documents properly reflect the mutual understanding of the parties; and

(c) The contracting officer is informed of deficiencies and items of questionable acceptability and corrective action is taken.

304.7101 Contracts requiring review and approval.

(a) *General.* All contractual documents, regardless of dollar value, are to be reviewed by the contracting officer prior to award, even if the review and approval procedures prescribed in this section are applicable. However, under no circumstances may the individual who signs a contract instrument as contracting officer perform final review and approval of that contract action if it, or any modification to it, is expected to exceed the levels set forth in (b) (1) or (2) below.

(b) *Required reviews and approvals.* (1) Officials responsible for the acquisition function in the Office of the Secretary, OPDIVs (except the Public Health Service), and regional offices are to assure that sealed bid or negotiated contracts, and/or modifications to them, expected to exceed \$300,000, are reviewed and approved prior to award. In order to assure the propriety of smaller dollar acquisitions, a statistically significant sample of contract actions not

expected to exceed \$300,000 are to be reviewed and approved prior to award.

(2) Contract actions of the Public Health Service are to be reviewed and approved prior to award in accordance with the dollar thresholds stated in Subpart PHS 304.71. In order to assure the propriety of smaller dollar acquisitions, a statistically significant sample of contract actions not expected to exceed those dollar thresholds referenced in Subpart PHS 304.71 are to be reviewed and approved prior to award.

(c) *Reviewing officials.* Officials assigned responsibility for review and approval of contract actions must possess qualifications in the field of acquisition commensurate with the level of review performed, and, as a minimum, possess those acquisition skills expected of a contracting officer. The following officials are responsible for preaward contract review and approval:

Office of the Secretary—

Director, Division of Contract and Grant Operations

Director, Division of Contract Operations, Office of Administrative and Management Services

Office of Human Development Services—Director, Grants and Contracts Management Division

Social Security Administration—Director, Office of Acquisition and Grants (may be redelegated to the appropriate division direction within the Office of Acquisition and Grants)

Health Care Financing Administration—Director, Division of Procurement Services.

Public Health Service—The reviewing official is designated in Subpart PHS 304.71, as approved by the Director, Office of Procurement and Logistics Policy, OPAL.

However, if any of the officials are to serve as the contracting officer and sign the contractual document, the review and approval function shall be performed by an appropriate official at least one level above.

(d) *Regional offices.* The Director, Regional Administrative Support Center (RASC) is responsible for review and approval of contracts, or modifications to them, expected to exceed \$300,000 and executed by the regional office's

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contracting staff. The RASC may obtain the advice of the Regional Attorney in the review of proposed contract awards.

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23127, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 51 FR 44293, Dec. 9, 1986; 52 FR 27558, July 22, 1987; 54 FR 24343, June 7, 1989]

304.7102 Conduct of the review.

(a) *General.* Reviewing officials may solicit the participation of specialists in various technical and administrative disciplines to aid in the review. The method of the review is not prescribed here in order to permit discretionary judgment in determining the depth to which significant areas are to be examined.

(b) *Contract file.* The reviewer is to:

- (1) Determine that the contract file constitutes an independent record, documented to provide a complete chronology of actions related to all aspects of the acquisition, and that the documentation is consistent with the requirements of FAR 4.803;

- (2) Determine that each contract file contains documentation or other data (i.e., technical and business management evaluation, cost advisory and audit reports, negotiation memorandum, etc.) sufficient to explain and support the rationales, judgments, and authorities upon which all decisions and actions were predicated; and

(3) Ascertain:

- (i) If the proposed acquisition action is to be awarded by other than full and open competition, that the documentation and approvals supporting the decision are present in the contract file;

- (ii) That proper publicizing of the proposed acquisition was made pursuant to FAR Part 5;

- (iii) That approval was obtained for any deviation from prescribed contract clauses;

- (iv) That sufficient competition was obtained, the competitive range was appropriately determined, and oral or

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written discussions were conducted with all firms in the competitive range;

- (v) That all the rules set forth in FAR Part 14 were complied with when the proposed award is a result of an IFB; and

- (vi) That appropriate determinations and findings which justify the type of contract and advance payments are a part of the contract file.

[49 FR 13961, Apr. 9, 1984, as amended at 50 FR 23127, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

304.7103 Approvals.

(a) Awards are not to be made until approval is granted by the reviewing official identified in 304.7101. All approvals are to be in writing, except that when time is of the essence approval may be given orally and subsequently confirmed in writing.

(b) The reviewing official shall not approve a proposed contract award if a substantive issue (or issues) remains to be resolved. However, in appropriate circumstances, the reviewing official may use discretion and grant approval on a conditional basis and require the contracting officer to submit follow-up written documentation that the substantive issue has been resolved. This provides the reviewing official the option to require the contracting officer to resolve the substantive issue and submit documenting evidence before award approval is given, or to grant conditional approval providing the substantive issue is resolved before the contract is awarded and require the contracting officer to submit documenting evidence either before or after the award. The reviewing official also has the option to determine the extent of documentation evidence to be submitted by the contracting officer. This may range from complete resubmission of the contract file to submission of a memorandum stating the contracting officer's actions in resolving the substantive issue.

SUBCHAPTER B—ACQUISITION PLANNING

PART 305—PUBLICIZING CONTRACT ACTIONS

Subpart 305.1—Dissemination of Information

Sec.

305.102 [Reserved]

Subpart 305.2—Synopsis of Proposed Contract Actions

305.202 Exceptions.

Subpart 305.3—Synopsis of Contract Awards

305.303 Announcement of contract awards.

Subpart 305.5—Paid Advertisements

305.502 Authority.

305.503 Procedures.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 13969, Apr. 9, 1984, unless otherwise noted.

Subpart 305.1—Dissemination of Information

§ 305.102 [Reserved]

Subpart 305.2—Synopsis of Proposed Contract Actions

305.202 Exceptions.

(b) When a contracting office believes that it has a situation where advance notice is not appropriate or reasonable, it shall prepare a memorandum citing all pertinent facts and details and send it, through normal acquisition channels, to the Director, Office of Acquisition and Grants Management (DOAGM) requesting relief from synopsisizing. The DOAGM shall review the request and decide whether an exception to synopsisizing is appropriate or reasonable. If it is, the DOAGM shall take the necessary coordinating actions required by FAR 5.202(b). Whatever the decision is on the request, the DOAGM shall promptly notify the contracting office when a determination has been made.

[51 FR 44293, Dec. 9, 1986, as amended at 54 FR 24343, June 7, 1989]

Subpart 305.3—Synopsis of Contract Awards

305.303 Announcement of contract awards.

(a) *Public announcement.* Any contract, contract modification, or delivery order in the amount of \$1 million or more shall be reported by the contracting officer to the Office of the Deputy Assistant Secretary for Legislation (Congressional Liaison), Room 406G, Hubert H. Humphrey Building. Notification shall be accomplished by providing a copy of the contract or award document face page to the referenced office prior to the day of award, or in sufficient time to allow for an announcement to be made by 5 p.m. Washington, DC time on the day of award.

[53 FR 43207, Oct. 26, 1988, as amended at 57 FR 11689, April 7, 1992]

Subpart 305.5—Paid Advertisements

305.502 Authority.

The contracting officer is authorized to publish advertisements, notices, and contract proposals in newspapers and periodicals in accordance with the requirements and conditions referenced in FAR Subpart 5.5.

305.503 Procedures.

Requests for acquisition of advertising shall be accompanied by written authority to advertise or publish which sets forth justification and includes the names of newspapers or journals concerned, frequency and dates of proposed advertisements, estimated cost, and other pertinent information. Paid advertisements shall be limited to the publication of essential details of grant announcements, invitations for bids, and requests for proposals, including those for the sale of personal property, and for the recruitment of employees.

PART 306—COMPETITION REQUIREMENTS

Subpart 306.2—Full and Open Competition After Exclusion of Sources

Sec.

306.202 Establishing or maintaining alternative sources.

Subpart 306.3—Other Than Full and Open Competition

306.302 Circumstances permitting other than full and open competition.

306.302–1 Only one responsible source and no other supplies or services will satisfy agency requirements.

306.302–7 Public interest.

306.303 Justifications.

306.303–1 Requirements.

306.303–2 Content.

306.304 Approval of the justification.

Subpart 306.4—Sealed Bidding and Competitive Proposals

306.401 Sealed bidding and competitive proposals.

Subpart 306.5—Competition Advocates

306.501 Requirement.

306.502 Duties and responsibilities.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 50 FR 23127, May 31, 1985, unless otherwise noted.

Subpart 306.2—Full and Open Competition After Exclusion of Sources

306.202 Establishing or maintaining alternative sources.

(a) The reference to the agency head in FAR 6.202(a) shall mean the appropriate competition advocate cited in 306.501.

(b)(1) The required determination and findings (D&F) shall be prepared by the contracting officer based on the data provided by program personnel, and shall be signed by the appropriate competition advocate. The D&F signatory authority is not delegable.

[50 FR 23127, May 31, 1985, and 50 FR 38004, Sept. 19, 1985, as amended at 51 FR 44293, Dec. 9, 1986]

Subpart 306.3—Other Than Full and Open Competition

06.302 Circumstances permitting other than full and open competition.

306.302–1 Only one responsible source and no other supplies or services will satisfy agency requirements.

(a) *Authority.* (2)(ii) Follow-on contracts for the continuation of major research and development studies on long-term social and health programs, major research studies, or clinical trails may be deemed to be available only from the original source when it is likely that award to any other source would result in unacceptable delays in fulfilling the Department's or OPDIV's requirements.

(b) *Application.* (4) When the OPDIV head has determined that a specific item of technical equipment or parts must be obtained to meet an activity's program responsibility to test and evaluate certain kinds and types of products, and only one source is available. (This criterion is limited to testing and evaluation purposes only and may not be used for initial outfitting or repetitive acquisitions. Project officers should support the use of this criterion with citations from their agency's legislation and the technical rationale for the item of equipment required.)

(c) *Application for brand name descriptions.* There is existing equipment which, for reasons of compatibility and interchangeability, requires an item which is manufactured only by one source. (This criterion is for use in acquisitions where a particular brand name item is required, and an "or equal" will not meet the Government's requirements. This criterion may not be used when there are other manufacturers available which may be able to produce acceptable items even though their products might require some adjustments and modifications. These other manufacturers must be given the opportunity to compete.)

[50 FR 23127, May 31, 1985, and 50 FR 38004, Sept. 19, 1985, as amended at 51 FR 44293, Dec. 9, 1986; 57 FR 11689, Apr. 7, 1992]

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306.302-7 Public interest.

(a) *Authority.* (2) Agency head, in this instance, means the Secretary.

(c) *Limitations.* When using the authority cited in FAR 6.302-7(a)(1), the Secretary's approval must be obtained. Therefore, an "approval package" must be prepared and staffed through departmental acquisition channels to the Secretary. The package shall include:

(1) A determination and findings, prepared by the contracting officer, for the Secretary to sign.

(2) A letter for the Secretary to sign notifying Congress of the determination to award a contract under the authority of 41 U.S.C. 253(c)(7). This letter must be received by Congress at least 30 days before contract award.

(3) A "Justification for Other than Full and Open Competition" (JOFOC).

(4) A briefing paper presenting background, need, etc.

(5) Any other pertinent papers or documents required by the Department.

306.303 Justifications.

306.303-1 Requirements.

(b) Preliminary arrangements or agreements with the proposed contractor made by someone other than the contracting officer shall have no effect on the rationale used to support an acquisition for other than full and open competition.

(f) The program office should discuss prospective other than full and open competition requests with their supporting contracting office as early as possible during the acquisition planning stage (see FAR Subpart 7.1 and Subpart 307.1), and before submitting the requisition or request for contract. The discussions may resolve uncertainties, provide program offices with names of other sources, allow proper scheduling of the acquisition, and avoid delays which might otherwise occur should it be determined that the request for other than full and open competition is not justified.

(g) When a program office desires to obtain certain goods or services by contract without full and open competition, it shall, at the time of forwarding the requisition or request for contract, furnish the contracting office a justification explaining why full and open

competition is not feasible. All justifications shall be initially reviewed by the contracting officer.

(1) Justifications in excess of the small purchase limitation shall be in the form of a separate, self-contained document, prepared in accordance with FAR 6.303 and 306.303, and called a "JOFOC" (Justification for Other than Full and Open Competition). Justifications of \$25,000 or less may be in the form of a paragraph or paragraphs contained in the requisition or request for contract.

(2) Justifications, whether over or under the small purchase limitation, shall fully describe what is to be acquired, offer reasons which go beyond inconvenience, and explain why it is not feasible to obtain competition. The justifications shall be supported by verifiable facts rather than mere opinions. Documentation in the justifications should be sufficient to permit an individual with technical competence in the area to follow the rationale.

[50 FR 23127, May 31, 1985, as amended at 57 FR 11689, Apr. 7, 1992]

306.303-2 Content.

(a)(1) The program office and name, address, and telephone number of the project officer shall also be included.

(2) This item shall include project identification such as the authorizing program legislation, to include citations or other internal program identification data such as title, contract number, etc.

(3) A full description of the requirement and its dollar amount is to be included. It may be in the form of a statement of work, purchase description, or specification. A statement is to be included to explain whether the acquisition is an entity in itself, whether it is one in a series, or part of a related group of acquisitions.

(c) Each JOFOC shall conclude with at least the following signatory lines (other concurrence lines may be added as deemed necessary by the contracting activity):

Recommended, Project Officer _____
Date _____
Concur, Project Officer's Immediate Supervisor _____
Date _____
Concur, Contracting Officer _____

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Date _____
Approved, Approving Official _____
Date _____

306.304 Approval of the justification.

(a)(1) For purchases in excess of 10 percent of the small purchase limitation but not over the small purchase limitation, the contracting officer is authorized to review and approve (or disapprove) the justification (see 313.106(c)(2)). For acquisitions over the small purchase limitation, but not exceeding \$100,000, the JOFOC shall be submitted to the contracting officer for review. The contracting officer will either concur or nonconcur, and forward the JOFOC to the principal official responsible for acquisition for approval. (When the contracting officer and principal official responsible for acquisition are the same individual, the approval will be made by the respective official listed in 306.501.) The principal official responsible for acquisition may redelegate approval for acquisitions between the small purchase limitation and \$50,000 to the chief of the contracting office, provided that individual is at least one level above the contracting officer who will sign the contract.

(2) The competition advocates are listed in 306.501.

(3) The following shall serve as the approving officials referenced in FAR 6.304(a)(3):

HCFA—Administrator for Health Care Financing

OHDS—Assistant Secretary for Human Development Services

OS—Assistant Secretary for Management and Budget

PHS—Assistant Secretary for Health (may be delegated to the Deputy Assistant Secretary for Health Operations)

SSA—Commissioner of Social Security

RO's—Regional Director

This authority is not delegable, except as indicated for PHS.

(4) The senior procurement executive of the Department is the Assistant Secretary for Management and Budget.

(c) A class justification shall be processed the same as an individual justification.

(d) The contracting officer who receives a JOFOC for processing shall, after ascertaining that the document is complete, request advice from pricing, audit, legal, and other appropriate staff

offices, and forward the JOFOC with his or her concurrence or nonconcurrence, to the appropriate approving official. When the contracting officer does not concur with the JOFOC, a written explanation setting forth the reasons must be provided the approving official. If the JOFOC is disapproved by the approving official, the contracting officer shall promptly notify the concerned program office.

(e) It is the responsibility of the approving official to determine whether a contract may properly be awarded without full and open competition. The program office and project officer are responsible for furnishing the contracting officer and approving official with pertinent supporting information necessary to make such determinations. Other staff offices shall advise the contracting officer and approving official as requested.

(f) As each justification is reviewed, the approving official should ask: why the acquisition cannot be competed, are there sufficient grounds for excluding all other actual or potential sources, what actions can be taken to obtain full and open competition in the instant acquisition, and what actions are needed to avoid the need for a subsequent or continuing acquisition that is for other than full and open competition?

[50 FR 23127, May 31, 1985, as amended at 56 FR 47002, Sept. 17, 1991]

Subpart 306.4—Sealed Bidding and Competitive Proposals

306.401 Sealed bidding and competitive proposals.

The requirement in FAR 6.401 to document the reasons sealed bidding is not appropriate may be accomplished by adding a sentence to the negotiation memorandum (see 315.672) specifying which criterion (or criteria) listed in FAR 6.401(a) is (are) not applicable to the acquisition.

Subpart 306.5—Competition Advocates

306.501 Requirement.

The Department's competition advocate is the Deputy Assistant Secretary

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for Management and Acquisition. The competition advocates for the Department's primary contracting offices are as follows:

HCFA—Associate Administrator for Management and Support Services

OHDS—Director, Office of Management Services

OS—Director, Office of Acquisition and Grants Management

OASH—Director, Administrative Services Center

ADAMHA—Associate Administrator for Management

AHCPR—Executive Officer, Agency for Health Care Policy and Research

CDC—Director, Office of Program Support

FDA—Associate Commissioner for Management and Operations

HRSA—Associate Administrator for Operations and Management

IHS—Associate Director, Office of Administration and Management

NIH—(R&D)—Associate Director for Extramural Affairs (Other than R&D)—Associate Director for Intramural Affairs

SSA—Deputy Commissioner for Management.

RO's—Director, Regional Administrative Support Center

[50 FR 23127, May 31, 1985, and 50 FR 38004, Sept. 19, 1985, as amended at 52 FR 27558, July 22, 1987; 53 FR 15563, May 2, 1988; 53 FR 43207, Oct. 26, 1988; 54 FR 24343, June 7, 1989; 55 FR 42197, Oct. 18, 1990]

306.502 Duties and responsibilities.

(b) The competition advocates listed in 306.501 shall assist the Department's competition advocate, when requested, by providing data and reports to aid in the accomplishment of the duties required of the Department's competition advocate as stated in FAR 6.502(a).

[50 FR 23127, May 31, 1985, as amended at 50 FR 38004, Sept. 19, 1985]

PART 307—ACQUISITION PLANNING

Subpart 307.1—Acquisition Plans

Sec.

307.104 General procedures.

307.104-1 Requirement for acquisition planning.

307.104-2 Responsibilities for acquisition planning.

307.104-3 Preparation of acquisition plan.

307.105 Contents of written acquisition plans.

307.105-1 Format and content.

307.105-2 Special program clearances or approvals.

307.105-3 Specification, purchase description, and statement of work.

307.170 Program training requirements.

307.170-1 Policy exceptions.

307.170-2 Training course prerequisites.

Subpart 307.3—Contractor Versus Government Performance

307.302 General.

307.303 Determining availability of private commercial sources.

307.304 Procedures.

307.307 Appeals.

Subpart 307.70—Considerations in Selecting an Award Instrument

307.7000 Scope of subpart.

307.7001 Applicability.

307.7002 Purpose.

307.7003 Distinction between acquisition and assistance.

307.7004 Procedures.

Subpart 307.71—Phase II Advance Acquisition Planning (Scheduling)

307.7101 Background.

307.7102 Accountability and responsibility.

307.7103 Purpose.

307.7104 Contracting activity actions.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 13969, Apr. 9, 1984, unless otherwise noted.

Subpart 307.1—Acquisition Plans

307.104 General procedures.

(a) The acquisition planning document is an administrative tool designed to enable the contracting officer and project officer to plan effectively for the accomplishment of an acquisition during a specified time frame. The acquisition planning document serves as an outline of the method by which the contracting officer expects to accomplish the acquisition task.

(c) If the plan proposes using other than full and open competition, the plan shall also be coordinated with the Chief of the contracting office, acting for the competition advocate.

[49 FR 13969, Apr. 9, 1984, as amended at 50 FR 23129, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 51 FR 44293, Dec. 9, 1986]

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307.104-1 Requirement for acquisition planning.

(a) The acquisition planning document is required for all new negotiated acquisitions which are expected to exceed \$100,000, except the following:

(1) Acquisition of architect-engineer services;

(2) Acquisitions of utility services where the services are available from only one source; and

(3) Acquisitions made from or through other Government agencies.

(b) An acquisition planning document is also required for all two-step sealed bid acquisitions expected to exceed \$100,000.

(c) The principal official responsible for acquisition shall prescribe acquisition planning procedures for:

(1) Negotiated acquisitions which are not expected to exceed \$100,000;

(2) Two-step sealed bid acquisitions which are not expected to exceed \$100,000; and

(3) All other sealed bid acquisitions regardless of dollar amount.

(d) An acquisition planning document is not required for a contract modification which either exercises an option or adds funds to an incrementally funded contract, provided there is an approved acquisition planning document in accordance with 307.105 and there is no significant deviation from that plan.

[49 FR 13969, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

307.104-2 Responsibilities for acquisition planning.

(a) *Planning by program and staff activities.* Whenever execution of a program or project requires the acquisition of property or services by contract, the program or project plan shall delineate all elements to be acquired by contract. The program or project plans must include a plan and time-frame for completion action.

(b) *Planning for acquisition actions.* Action should commence as early as possible to effect an orderly and balanced acquisition workload throughout a fiscal year. Project officers who expect to initiate acquisitions are required to discuss their requirements with the contracting officials who will

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be responsible for these acquisitions to compare current staff capabilities with anticipated requirements to achieve an even distribution of fiscal year workload consistent with program needs. These discussions should result in understandings on:

(1) The details of the acquisition plan;

(2) Schedule for the completion of the acquisition plan;

(3) Preliminary discussions on the work statement/specifications and appropriate evaluation criteria; and

(4) Preliminary discussions on the content and timing of the request for contract (RFC).

(c) *Planning by contracting activities.* Contracting activities are required to coordinate with program and staff offices to ensure:

(1) Timely and comprehensive planning for acquisitions;

(2) Timely initiation of requests for contracts; and

(3) Instruction of program and staff offices in proper acquisition practices and methods.

307.104-3 Preparation of acquisition plan.

(a) The acquisition planning document serves as an advance agreement between program and contracting personnel by outlining the methods of how and when the acquisition is to be accomplished. It serves to resolve problems early in the acquisition cycle thereby precluding delays in contract placement. It is developed prior to the preparation and submission of the formal request for contract to the contracting activity. (For detailed information concerning the request for contract, see Subpart 315.70.)

(b) The acquisition planning document shall be prepared jointly by the project officer and the contract negotiator or in accordance with procedures prescribed by the principal official responsible for acquisition.

307.105 Contents of written acquisition plans.

307.105-1 Format and content.

The Department does not prescribe a standard format for the acquisition planning document, but recommends

the use of a format similar to what is provided in this section. The subject areas addressed in paragraphs (a) through (e) must be included in every acquisition planning document. An OPDIV, agency, or regional office contracting activity may prescribe a standard format for the acquisition planning document and may include additional subject areas that are pertinent to that activity's needs.

(a) *Identification information.* The contracting activity shall prescribe the information necessary for readily identifying a planned acquisition. The information may include items such as acquisition planning document number, request for contract number, public law, program or project officer, etc.

(b) *Programmatic considerations.* (1) *Description of the project/supplies/services.* Include a brief description of the proposed project/supplies/services. Discuss all anticipated future requirements related to the acquisition. Discuss any past, present or future inter-related projects.

(2) *Project funding.* Include the summary of funds expected to be obligated for the entire project by fiscal years and phases. Include expenditures for previous years. Discuss the probability of obtaining future years funding and/or what specific managerial action can be taken to insure future funding (if applicable).

(3) *Background and acquisition history.* Provide a brief factual summary of the technical and contractual history of the supplies/services being acquired.

(4) *Related projects, efforts undertaken to avoid duplication of effort.* Discuss efforts made to determine if existing projects, supplies or materials will satisfy the requirement. Include any related in-house efforts, searches, and clearinghouse reviews made to avoid duplication of effort.

(5) *Need for project/supplies/services.* Discuss rationale for deciding on the need for the project/supplies/services.

(6) *Special program clearances or approvals.* Review 307.105-2 to determine which special program clearances or approvals are required. Specify clearances or approvals applicable to this acquisition.

(7) *Phasing.* Briefly describe discrete tasks or stages of accomplishment

which could be susceptible to phasing. Describe criteria for evaluation of performance of each phase before proceeding to the next. (See 307.105-3(c)(3) for a discussion on phasing.)

(8) *Government furnished material/facilities.* Indicate material and facilities that will be furnished to the contractor and any associated problems which may be encountered. Discuss possible inequities which may arise in furnishing the materials or facilities. Discuss screening efforts for availability through GSA excess property schedules.

(9) *Discussion of project risk.* Provide a discussion of major areas of project risk including technical, cost, and schedule risk. Describe what efforts are planned to reduce risk. If an acquisition, which is planned to be awarded using other than full and open competition represents a significant portion of a proposed contractor's business, discuss the impact on technical capability, realism of schedule, changes in contractor workload and related cost impact.

(10) *Reporting/delivery requirements.* Describe the basis for establishing the delivery/reporting requirements and include the anticipated deliverables and time(s) for delivery.

(11) *Replication, dissemination, or use of the results.* Discuss anticipated replication, dissemination, or use of the results. Describe user audience and their expected use. Include a description of the delivery system.

(12) *Data, data rights, patents, copyrights.* Discuss data to be developed. Specify data to be delivered and data to remain in the contractor's possession. Discuss how the data is to be used, maintained, disclosed and disposed of by the contractor. Discuss data subject to the Privacy Act or Confidentiality of Information clause. Discuss data to be delivered with limited rights, data where title would not vest in the Government, and anticipated copyrights or patents. Discuss whether or not the data will permit any follow-on acquisitions to be competitive.

(13) *Post-award administration and monitoring.* Detail milestones that require periodic evaluation of the contractor's progress. Discuss any formal management systems to be used to

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monitor the contractor. Discuss plans for post-award conference and site visits. Delineate the timing of the periodic status reports.

(14) *Technical evaluation plans.* Discuss the plans for technical evaluation of the proposal. Discuss whether non-Federal technical evaluators will review the proposals. Discuss potential conflict of interest situations.

(c) *Acquisition approach.* (1) *Proposed sources.* Include sources or categories of sources (if apparent). Address the pertinent areas stated in FAR 7.105(b)(2).

(2) *Contract type.* Provide the rationale for recommendation of contract type.

(3) *Socioeconomic programs.* Discuss preliminary liaison with the Small and Disadvantaged Business Utilization Specialist for review to determine requirements susceptible for the various socioeconomic acquisition programs; i.e., small business, disadvantaged business, or labor surplus area set-asides.

(4) *Other considerations, as applicable.* Discuss special contract clauses and proposed HHSAR deviations, if required. Discuss circumstances such as the effect of a protest on a previous acquisition to this acquisition, special public law or regulatory requirements which place restrictions on this acquisition, and use of a special type of synopsis. Address planned preproposal conference, preaward survey and preaward site visits.

(d) *Planning for the acquisition cycle.* (1) *Scheduling considerations.* The project officer and the contract negotiator shall establish realistic planned dates which meet the program needs for award to assure timely delivery or completion of the project. The following factors should be considered in planning realistic dates:

(i) Individual project officer and contract negotiator workloads;

(ii) Planned, extended absences from the office; and

(iii) Schedules are in consonance with established office goals for overall orderly and balanced workloads.

(2) *Acquisition planning schedule.* The following acquisition planning schedule should be included in all plans to the extent the items are significant or appropriate to the acquisition. Addi-

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tional items may be added as appropriate.

ACQUISITION PLANNING SCHEDULE

Actions and Date

Advance or sources sought synopsis released
Advance or sources sought synopsis closed
Synopsis evaluation received
Request for contract received
Special program approvals received
Synopsis publicizing proposed acquisition released
Request for proposal released
Preproposal conference conducted
Proposals received
Technical evaluation received
Cost advisory or audit report received
Equal opportunity clearance obtained
Prenegotiation conference conducted
Negotiation completed
Contract document prepared
Contract approval completed
Contract released
Award

(e) *Approvals.* All acquisition planning documents shall be signed by the project officer and the contract negotiator. Acquisition planning documents for acquisitions estimated to be between \$100,000 and \$1,000,000 shall be approved by the contracting officer. Acquisition planning documents for acquisitions estimated to be in excess of \$1 million shall be approved by the principal official responsible for acquisition or his/her designee. The designated official shall be in a position no lower than the level above the contracting officer. One copy of all acquisition planning documents shall be filed with the principal official responsible for acquisition or the designated official for planning purposes. The original acquisition planning document shall be retained in the contract file.

[49 FR 13969, Apr. 9, 1984, as amended at 50 FR 23129, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

307.105-2 Special program clearances or approvals.

The following special program clearances or approvals should be reviewed for applicability to each planned acquisition. The ones which are applicable should be addressed in the acquisition planning document and immediate programmatic action should be initiated to obtain the necessary clearances or approvals.

(a) *Clearances or approvals required to be completed and submitted with the request for contract (RFC).*—(1) *Automatic data processing.* All proposed acquisitions of automatic data processing hardware, software packages, and services, as well as telecommunications equipment, which exceed the dollar thresholds stated in Chapter 4-10 of the HHS Information Resources Management (IRM) Manual, must be reviewed and approved by the Office of Information Resources Management (OIRM), OASMB-0S. (See HHS Information Resources Management (IRM) Manual, Chapter 4-10; Title 41 CFR Chapter 201; and Subpart 339.70.)

(2) *ADP systems security.* All ADP systems regardless of dollar amount are required to have a Certification of ADP Systems Security Adequacy signed by the ADP system manager and the cognizant ADP systems security officer. (See HHS IRM Manual, Part 6—ADP Systems Security; OMB Circular No. A-71, Transmittal Memorandum No. 1; and Subpart 339.70.)

(3) *Advisory and assistance services.* OPDIV and STAFFDIV heads and regional directors are responsible for review and approval of all proposed advisory and assistance services contracts and purchase orders. (See General Administration Manual Chapter 8-15.)

(4) *Evaluation contracts.* The Assistant Secretary for Planning and Evaluation (ASPE) must approve all evaluation projects for proposed solicitations, except those which have been included in research, demonstration, or evaluation plans previously approved by the ASPE.

(5) *Commercial activities.* (OMB Circular No. A-76) A request for contract (RFC) must contain a statement as to whether the proposed solicitation is or is not to be used as part of an OMB Circular No. A-76 cost comparison. (See General Administrative Manual (GAM) Chapter 18-10; FAR Subpart 7.3, Subpart 307.3; OMB Circular No. A-76.)

(6) *Paid advertising.* Paid advertisements, notices or contract proposals to be published in newspapers and periodicals may be authorized by the contracting officer. (See FAR Subpart 5.5, Subpart 305.5; Title 7, Chapter 5-25.2, and the General Accounting Office Pol-

icy and Procedures Manual for Guidance of Federal Agencies.)

(7) *Printing.* The acquisition of printing by contract is prohibited unless it is authorized by the Joint Committee on Printing of the U.S. Congress. Procedures to be followed are contained in the “Government Printing and Binding Regulations” and the HHS Printing Management Manual and FAR Subpart 8.8.

(8) *Fraud, abuse and waste.* All proposed acquisitions that concern the subjects of fraud, abuse and waste must be reviewed and approved by the Inspector General or Deputy Inspector General, and written approval from either must be included in the request for contract.

(9) *Paperwork Reduction Act.* Under the Paperwork Reduction Act of 1980 (Pub. L. 96-511), a Federal agency shall not collect information or sponsor the collection of information from ten or more persons (other than Federal employees acting within the scope of their employment) unless, in advance, the agency has submitted Standard Form 83, Request for OMB Review, to the Director of the Office of Management and Budget, and the Director has approved the proposed collection of information. Procedures for the approval may be obtained by contacting the OPDIV reports clearance officer. (See Title 5 CFR Part 1320 and General Administration Manual Chapter 10-20.)

(10) *Contracts with federal employees.* Contracts between the Government and Government employees or between the Government and organizations which are substantially owned or controlled by Government employees may not knowingly be entered into, except for the most compelling reasons (see FAR Subpart 3.6). Authority to enter into a contract with a Government employee or an organization substantially owned or controlled by a Government employee must be approved prior to award of the contract by either the Assistant Secretary for Management and Budget, the head of the OPDIV, or the regional director, or their designees. (See 45 CFR Part 73 and HHS Standards of Conduct.)

(11) *Publications.* All projects which will result in contracts and which include publications require review and

approval by the Office of the Assistant Secretary for Public Affairs (OASPA). Form HHS-615, Publication Planning and Clearance Request, should be forwarded to OASPA through the OPDIV public affairs officer. Publications are defined in the chapter on publications in the Public Affairs Management Manual.

(12) *Public affairs services.* Projects for the acquisition of public affairs services in excess of \$5,000 shall be submitted to the Office of the Assistant Secretary for Public Affairs (OASPA) for review and approval on Form HHS-524, Request for Public Affairs Service Contract.

(13) *Audiovisual (videotape and motion picture production).* Any proposed acquisition of an audiovisual production requires the submission of a Standard Form 282, Mandatory Title Check, to the National Audiovisual Center (NAC). When the results of this title check have been reviewed by the project office and if a determination is made that existing materials are not adequate to fulfill the requirement, a statement to that effect shall be prepared by the project office. For acquisitions in excess of \$5,000, a copy of that statement, together with a Standard Form 202, Federal Audiovisual Production Report, and Form HHS-524A, Request for Audiovisual Material, shall be submitted through the OPDIV public affairs officer to the Office of the Assistant Secretary for Public Affairs (OASPA) for review and approval. Following approval by OASPA, the SF 202 and the statement explaining why existing materials are insufficient will be forwarded to NAC by OASPA. An approved copy of the Form HHS-524A will be returned to the OPDIV for transmission to the contract negotiator. All audiovisuals are required to be acquired under the Government-wide Contracting System for Motion Picture and Videotape Productions, unless they are included in the exceptions to the mandatory use of the uniform system. (See the Executive Agent for Government-Wide Contracting System for Audiovisual Productions' March 21, 1980, memorandum on Implementation of OFPP Policy Letter No. 79-4, November 28, 1979, Contracting for Motion Picture and Videotape Productions;

HHS General Administration Manual Chapter 1-121.)

(14) *Privacy Act (Pub. L. 93-579.)* Whenever the Department contracts for the design, development, operation, or maintenance of a system of records on individuals on behalf of the Department in order to accomplish a departmental function, the Privacy Act is applicable. The program official, after consultation with the activity's Privacy Act Coordinator and the Office of General Counsel as necessary shall include a statement in the request for contract as to the applicability of the Act. Whenever an acquisition is subject to the Act, the program official prepares a "system notice" and has it published in the FEDERAL REGISTER. (See HHS Privacy Act regulation, 45 CFR 5b; FAR Subpart 24.1 and Subpart 324.1.)

(b) *Clearances or approvals required to be completed prior to contract award.* All foreign research contract projects to be conducted in a foreign country and financed by HHS funds (U.S. dollars) must have clearance by the Department of State with respect to consistency with foreign policy objectives. This clearance should be obtained prior to negotiation. Procedures for obtaining this clearance are set forth in the HHS General Administration Manual, Chapter 20-60.

[49 FR 13969, Apr. 9, 1984, as amended at 49 FR 36110, Sept. 14, 1984; 50 FR 23129, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 53 FR 15563, May 2, 1988; 53 FR 43207, Oct. 26, 1988; 53 FR 44551, Nov. 3, 1988]

307.105-3 Specification, purchase description and statement of work.

One of the most important parts of a contract is the description of the work to be done. The description of that work may be in the form of a specification, purchase description or statement of work. A brief reference to specifications and purchase descriptions is provided, although the nature of the work performed in this Department usually results in the development of work statements. The development of the acquisition planning document should result in sufficient information to readily develop the description of work, usually in the form of a statement of work.

(a) *Specification.* Specification is defined in FAR 10.001. Use of the specification is primarily limited to supply or service contracts where the material end item or service to be delivered is well defined by the Government.

(b) *Purchase description.* FAR 10.001 also contains the definition of purchase description.

(c) *Statement of work.*—(1) *General.* A statement of work differs from a specification and purchase description primarily in that it describes work or services to be performed in reaching an end result rather than a detailed, well defined description or specification of the end product. The statement of work may enumerate or describe the methods (statistical, clinical, laboratory, etc.) that will be used. However, it is preferable for the offeror to propose the method of performing the work. The statement of work should specify the desired results, functions, or end items without telling the offeror what has to be done to accomplish those results unless the method of performance is critical or required for the successful performance of the contract. The statement of work should be clear and concise and must completely define the responsibilities of the Government and the contractor. The statement of work should be worded so as to make more than one interpretation virtually impossible because it has to be read and interpreted by persons of varied backgrounds, such as attorneys, contracting personnel, cost estimators, accountants, scientists, sociologists, educators, functional specialists, etc. If the statement of work does not state exactly what is wanted, or does not state it precisely, it will generate many contract management problems for both the project officer and the contracting officer. Ambiguous statements of work can create unsatisfactory performance, delays, and disputes, and can result in higher costs.

(2) *Term (level of effort) vs. completion work statement.* Careful distinctions must be drawn between term (level of effort) statements of work, which essentially require the furnishing of technical effort and a report thereof, and completion type work statements, which often require development of

tangible end items designed to meet specific performance characteristics.

(i) *Term or level of effort.* A term or level of effort type statement of work is appropriate to research where one seeks to discover the feasibility of later development, or to gather general information. A term or level of effort type statement of work may only specify that some number of labor-hours be expended on a particular course of research, or that a certain number of tests be run, without reference to any intended conclusion.

(ii) *Completion.* A completion type statement of work is appropriate to development work where the feasibility of producing an end item is already known. A completion type statement of work may describe what is to be achieved through the contracted effort, such as the development of new methods, new end items, or other tangible results.

(3) *Phasing.* Individual research, development, or demonstration projects frequently lie well beyond the present state of the art and entail procedures and techniques of great complexity and difficulty. Under these circumstances, a contractor, no matter how carefully selected, may be unable to deliver the desired result. Moreover, the job of evaluating the contractor's progress is often difficult. Such a contract is frequently phased and often divided into stages of accomplishment, each of which must be completed and approved before the contractor may proceed to the next. Phasing makes it necessary to develop methods and controls, including reporting requirements for each phase of the contract and criteria for evaluation of the reports submitted, that will provide, at the earliest possible time, appropriate data for making decisions relative to all phases. A phased contract may include stages of accomplishment such as research, development, and demonstration. Within each phase, there may be a number of tasks which should be included in the statement of work. When phases of work can be identified, the statement of work will provide for phasing and the request for proposals will require the submission of proposed costs by phases. The resultant contract will reflect costs by phases, require the

contractor to identify incurred costs by phases, establish delivery schedules by phases, and require the written acceptance of each phase. The provisions of the Limitation of Cost clause shall apply to the estimated cost of each phase. Contractors shall not be allowed to incur costs for phases which are dependent upon successful completion of earlier phases until written acceptance of the prior work is obtained from the contracting officer.

(4) *Elements of the statement of work.* The elements of the statement of work will vary with the objective, complexity, size, and nature of the acquisition. In general, it should cover the following matters as appropriate.

(i) *A general description of the required objectives and desired results.* Initially, a broad, nontechnical statement of the nature of the work to be performed. This should summarize the actions to be performed by the contractor and the results that the Government expects.

(ii) *Background information helpful to a clear understanding of the requirements and how they evolved.* Include a brief historical summary as appropriate. Include pertinent legislative history, related contracts or grants, and the relationship to overall program objectives.

(iii) *A detailed description of the technical requirements.* A comprehensive description of the work to be performed to provide whatever details are necessary for prospective offerors to submit meaningful proposals.

(iv) *Subordinate tasks or types of work.* A listing of the various tasks or types of work (it may be desirable in some cases to indicate that this is not all-inclusive). The degree of task breakout is directly dependent on the size and complexity of the work to be performed and the logical groupings. A single cohesive task should not be broken out merely to conform to a format. Indicate whether the tasks are sequential or concurrent for offeror planning purposes.

(v) *Phasing.* When phasing is applicable, describe in detail the work or effort required in each phase and the criteria for determining whether the next phase will take place. If one or more phases contain subordinate tasks or types of work, the preceding informa-

tion in paragraph (c)(4) (iv) may be incorporated into the part.

(vi) *Reference material.* All reference material to be used in the conduct of the project, such as technical publications, reports, specifications, architect or engineering drawings, etc., that tell how the work is to be carried out must be identified. Applicability should be explained, and a statement made as to where the material can be obtained.

(vii) *Level of effort.* When a level of effort is required, the number and type of personnel required should be stated. If known, the type and degree of expertise should be specified.

(viii) *Special requirements* (as applicable). An unusual or special contractual requirement, which would impact on contract performance, should be included as a separate section. Such items could include required place(s) of performance or unusual travel requirements. Clearance requirements, such as forms clearance, should be addressed.

(ix) *Deliverables reporting requirements.* All deliverables and/or reports must be clearly and completely described. For example, in a Final Study Report it is important to indicate what areas the report should cover and the criteria for use in accepting the final report to determine if the contract objectives have been satisfied. It is important to require the preparation and submission of progress reports (administrative, technical and financial) to reflect contractor certification of satisfactory progress. If possible, the reports should be coordinated in such a manner as to provide a correlation between costs incurred and the state of completion. All delivery and reporting requirements shall include the quantities, the place of delivery, and time of delivery.

307.170 Program training requirements.

(a) Chapter 8–95 of the General Administration Manual (GAM) addresses the general parameters for acquisition planning as stated in 307.104. In conjunction with the principles of proper acquisition planning, the Department has established training courses for program officials to promote expedient program management in the planning and other pertinent aspects of the acquisition process. Chapter 8–96 of the

GAM sets forth specific training requirements for program officials as follows:

(1) All program personnel selected to serve as project officer for an HHS contract shall have successfully completed either the Department's appropriate "Base Project Officer" course, or an equivalent course (see paragraph (b), below).

(2) At least fifty percent of the HHS program personnel performing the function of technical proposal evaluator on a technical evaluation team or panel for any competitively solicited HHS contract shall have successfully completed the appropriate "Basic Project Officer" course, or an equivalent course (see paragraph (b), below). This requirement applies to the initial technical proposal evaluation and any subsequent technical evaluations that may be required.

(b) Determination of course equivalency shall be made by the principal official responsible for acquisition of the cognizant contracting activity. The contracting officer is responsible for ensuring that the project officer and technical proposal evaluators have successfully completed the required training discussed in 307.170-2.

[49 FR 13969, Apr. 9, 1984, as amended at 56 FR 47002, Sept. 17, 1991]

307.170-1 Policy exceptions.

(a) *Small contracting activities.* (1) Program personnel designated to serve as project officers and technical proposal evaluators for contracts which originate in offices having a mission which only incidentally and infrequently involves the generation of contract requirements (i.e., normally less than three contract requirements per fiscal year and in an amount not exceeding \$100,000 per contract) are not required to have completed any of the referenced training courses, although completion of an appropriate "Basic Project Officer" course is recommended.

(2) As a substitute for the training, contracting officers servicing these program offices are required to ensure, as a minimum, that program personnel designated to serve as project officers and technical proposal evaluators have read and studied the "DHHS Project

Officers' Contracting Handbook," and fully understand their responsibilities. The contracting officer shall require these program personnel to furnish written certification that they have fulfilled this requirement prior to discharging the duties of project officer or technical proposal evaluator.

(b) *Urgent requirements.* In the event there is an urgent requirement for a specific individual to serve as a project officer and that individual has not successfully completed the prerequisite training course, the principal official responsible for acquisition may waive the training requirement and authorize the individual to perform the project duties, provided that:

(1) The individual first meets with the cognizant contracting officer to review the "DHHS Project Officers' Contracting Handbook," and to discuss the important aspects of the contracting—program office relationship as appropriate to the circumstances; and

(2) The individual attends the next scheduled and appropriate "Basic Project Officer" course.

[49 FR 13969, Apr. 9, 1984, as amended at 56 FR 47002, Sept. 17, 1991]

307.170-2 Training course prerequisites.

(a) *Project officers.* (1) Newly appointed project officers, and project officers with less than three years experience and no previous related training, are required to take the appropriate "Basic Project Officer" course. (The grade level for project officers attending the course should be GS-7 and above). All project officers are encouraged to take the appropriate "Writing Statements of Work" course.

(2) Project officers with more than three years experience, and project officers with less than three years experience who have successfully completed the appropriate basic course, are qualified (and encouraged) to take the "Advanced Project Officer" course.

(3) Additional information on prerequisites for attendance of these courses may be found in the "DHHS Acquisition Training and Certification Program Handbook."

(b) *Technical proposal evaluators.* Technical proposal evaluators, regardless of experience, are required to take

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the appropriate “Basic Project Officer” course. Upon successful completion of the basic course, it is recommended that they take the appropriate “Advanced Project Officer” course.

[49 FR 13969, Apr. 4, 1984, as amended at 56 FR 47002, Sept. 17, 1991]

Subpart 307.3—Contractor Versus Government Performance

307.302 General.

(a) GAM Chapter 18–10, Commercial-Industrial Activities of the Department of Health and Human Services Providing Products or Services for Government Use, assigns responsibilities for making method-of-performance decisions (contract vs. in-house performance) to various management levels within the Department depending on the dollar amount of capital investment or annual operating costs. It also requires that each operating division (OPDIV), staff division (STAFFDIV) and regional office (RO) designate a “Commercial-Industrial Control Officer” (CICO) to be responsible for ensuring compliance with the requirements of the Chapter.

(d) Besides contracts with annual operating costs under \$100,000, contracts under an authorized acquisition set-aside for small business or labor surplus area concerns and contracts made pursuant to section 8(a) of the Small Business Act are exempted from the requirements of FAR Subpart 7.3, GAM Chapter 18–10, and OMB Circular No. A–76.

307.303 Determining availability of private commercial sources.

In accordance with the provisions of GAM Chapter 18–10, OPDIVs, STAFFDIVs, and ROs and must prepare and maintain a complete inventory of all individual commercial or industrial activities, including those conducted under contracts in excess of \$100,000 annually. They must also conduct periodic reviews of each activity and contract in the inventory to determine if the existing performance, in-house or by contract, continues to be in accordance with the policy guidelines of GAM Chapter 18–10.

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307.304 Procedures.

Contracting officers shall ensure that no acquisition action involving a commercial-industrial activity is initiated unless it is in compliance with the requirements of GAM Chapter 18–10. The contracting officer must check each request for contract expected to result in a contract in excess of \$100,000 to ensure that it contains a statement as to whether the proposed contract is or is not subject to review under GAM Chapter 18–10 requirements. If the contracting officer has any questions regarding the determination of applicability or nonapplicability, or if the required statement is missing, the program office submitting the request for contract should be contacted and the situation rectified. If the issue cannot be resolved with the program office, the contracting officer shall refer the matter to the CICO for a final determination. The principal official responsible for acquisition is responsible for ensuring that contracting activities are in full compliance with FAR Subpart 7.3.

307.307 Appeals.

The review and appeals procedures discussed in FAR 7.307 are addressed in GAM Chapter 18–10.

Subpart 307.70—Considerations in Selecting an Award Instrument

307.7000 Scope of subpart.

This subpart provides guidance on the appropriate selection of award instruments consistent with the Federal Grant and Cooperative Agreement Act of 1977 (Pub. L. 95–224) and the OMB implementation of the Act as published in the FEDERAL REGISTER on August 18, 1978 (41 FR 36860). This subpart addresses acquisition relationships where the award instrument is the contract, and assistance relationships where the award instrument is either a grant or cooperative agreement.

307.7001 Applicability.

This subpart applies to the choice of award instrument—contract, grant, or cooperative agreement—for all program and individual transactions, except where specifically prohibited by law.

307.7002 Purpose.

This subpart provides guidance to assist in the determination of whether to use the acquisition or assistance process to fulfill program needs. The distinction between, and use of, grants and cooperative agreements is not discussed in detail. Detailed guidance may be found in Chapter 1-02 of the Grants Administration Manual.

307.7003 Distinction between acquisition and assistance.

(a) The Federal Grant and Cooperative Agreement Act of 1977 requires the use of contracts to acquire property or services for the direct benefit or use of the Government and grants or cooperative agreements to transfer money, property, services, or anything of value to recipients to accomplish a public purpose of support or stimulation authorized by Federal statute.

(b) A contract is to be used as the legal instrument to reflect a relationship between the Federal Government and a recipient whenever:

(1) The principal purpose of the instrument is the acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government; or

(2) The Department determines in a specific instance that the use of a type of contract is appropriate. That is, it is determined in a certain situation that specific needs can be satisfied best by using the acquisition process. However, this authority does not permit circumventing the criteria for use of acquisition or assistance instruments. Use of this authority is restricted to extraordinary circumstances and only with the prior approval of the Director, Office of Acquisition and Grants Management.

(c) A grant or cooperative agreement is to be used as the legal instrument to reflect a relationship between the Federal Government and a recipient whenever the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the recipient to accomplish a public purpose of support or stimulation authorized by Federal statute.

(1) A grant is the legal instrument to be used when no substantial involvement is anticipated between the De-

partment and the recipient during performance of the contemplated activity.

(2) A cooperative agreement is the legal instrument to be used when substantial involvement is anticipated between the Department and the recipient during performance of the contemplated activity.

(d) As a general rule, contracts are to be used for the following purposes:

(1) Evaluation (including research of an evaluative nature) of the performance of Government programs or projects or grantee activity initiated by the funding agency for its direct benefit or use.

(2) Technical assistance rendered to the Government, or on behalf of the Government, to any third party, including those receiving grants or cooperative agreements.

(3) Surveys, studies, and research which provide specific information desired by the Government for its direct activities, or for dissemination to the public.

(4) Consulting services or professional services of all kinds if provided to the Government or, on behalf of the Government, to any third party.

(5) Training projects where the Government selects the individuals or specific groups whose members are to be trained or specifies the content of the curriculum (not applicable to fellowship awards).

(6) Planning for Government use.

(7) Production of publications or audiovisual materials required primarily for the conduct of the direct operations of the Government.

(8) Design or development of items for Government use or pursuant to agency definition or specifications.

(9) Conferences conducted on behalf of the Government.

(10) Generation of management information or other data for Government use.

(e) As a general rule, grants or cooperative agreements are to be used for the following purposes:

(1) General financial assistance (stimulation or support) to eligible recipients under specific legislation authorizing the assistance.

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(2) Financial assistance (stimulation or support) to a specific program activity eligible for assistance under specific legislation authorizing the assistance.

[49 FR 13969, Apr. 9, 1984, as amended at 54 FR 24343, June 7, 1989]

307.7004 Procedures.

(a) OPDIV, agency, and regional office program officials should use existing budget and program planning procedures to propose new activities and major changes in ongoing programs. It is the responsibility of these program officials to meet with the principal official responsible for acquisition and the principal grants management official, or their designees, to distinguish the relationships and determine whether award is to be made through the acquisition process or assistance process. This determination should be made prior to the time when the annual acquisition plan is reviewed and approved so that the plan will reflect all known proposed contract actions. The cognizant contracting officer will confirm the appropriateness of the use of the contract instrument when reviewing the request for contract.

(b) Shifts from one award instrument to another must be fully documented in the appropriate files to show a fundamental change in program purpose that unequivocally justifies the rationale for the shift.

(c) OPDIVs, agencies, and regional offices must ensure that the choice of instrument is determined in accordance with the Federal Grant and Cooperative Agreement Act of 1977 and applicable departmental policies. If, however, there are major individual transactions or programs which contain elements of both acquisition and assistance in such a way that they cannot be characterized as having a principal purpose of one or the other, guidance should be obtained from the Director, Office of Acquisition and Grants Management through normal channels, before proceeding with a determination.

(d) Any public notice, program announcement, solicitation, or request for applications or proposals must indicate whether the intended relationship will be one of acquisition or assistance

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and specify the award instrument to be used.

[49 FR 13969, Apr. 9, 1984, as amended at 54 FR 24343, June 7, 1989]

Subpart 307.71—Phase II Advance Acquisition Planning (Scheduling)

307.7101 Background.

(a) Failure to properly plan individual acquisitions and failure to schedule the overall acquisition workload of an office, agency, or OPDIV tends to result in an inordinate percentage of contract awards being made in the closing weeks and even days of the fiscal year. This phenomenon, variously identified as “The September Rush”, “Hurry-up Spending”, “End-of-Year Purchasing”, and “Year-End Spending Abuses”, in turn fosters rushed, other than full and open competition, inadequately documented, and potentially wasteful acquisitions. Excessive year-end spending also invites increased intervention and/or scrutiny from Congress, the Office of Management and Budget, and the media. The end of the fiscal year, however, is usually too late to take corrective actions that are effective without being unduly damaging to necessary programs. The key is to begin advance acquisition planning far earlier.

(b) To avoid the historic pattern of wasteful and unnecessary year-end spending, the Department introduced the Acquisition Planning Initiative by Under Secretarial memorandum of February 19, 1980, Subject: New Procedures to Improve Planning and Scheduling of Contract Awards and Curb Last-Minute Year-End Procurement Spending. Phase II of this initiative, beginning with Fiscal Year 1981, established the present acquisition planning mechanism. Basic guidance on the Phase II mechanism is contained in the ASMB memorandum of March 28, 1980, Subject: Phase II of (Fiscal Year 1981) Procurement Planning Initiative—Guidelines for Program Funding Milestones. For the Public Health Service, the above guidance is supplemented by the ASMB memorandum of April 21,

Department of Health and Human Services

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1982, Subject: Phase II Annual Procurement Planning.

[49 FR 13969, Apr. 9, 1984, as amended at 50 FR 23129, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

307.7102 Accountability and responsibility.

Phase II is a Department-wide monitoring and accountability system that requires early planning of acquisition requirements down to the individual project level. The Phase II mechanism includes the following:

(a) Accountability lies with the OPDIV and STAFFDIV heads who are required to coordinate overall schedules which plot the planned distribution of RFC deliveries and contract awards over an eighteen-month timeline extending to fiscal year-end.

(b) Each OPDIV and STAFFDIV retains the flexibility to schedule individual RFC deliveries and contract awards as desired, so long as the overall schedule presents a relatively even distribution of contract awards and workload across the fiscal year.

(c) The schedules are updated quarterly to compare actual versus planned progress and, when necessary, to revise the schedules for the remainder of the fiscal year.

(d) Project officers are responsible for initiating the project planning by coordinating with contracting activities prior to RFC preparation, and taking the lead in developing acquisition plans that establish the date(s) for delivering complete RFC packages to the contracting activity, and that establish the planned award dates for individual projects.

(e) The Director, Office of Acquisition and Grants Management monitors the OPDIV and STAFFDIV Phase II plans throughout the year to assure that an even distribution of awards, dollar obligations, and workload is maintained.

[49 FR 13969, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24343, June 7, 1989]

307.7103 Purpose.

The Phase II Advance Acquisition Planning mechanism serves to avoid excessive year-end spending and distributes the contract workload as even-

ly as possible over the fiscal year, and provides a mechanism for planning at the program/acquisition operational level and a management tool for monitoring at the program, OPDIV, and departmental levels.

307.7104 Contracting activity actions.

The contracting activity shall take the following actions:

(a) Advise program and staff personnel of their responsibilities to ensure that:

(1) Year-end acquisitions of unplanned items are not entered into to use available balances of expiring appropriations (which would otherwise revert to the Treasury);

(2) Orders for supplies, materials, and equipment are kept to the minimum needed to carry on approved programs;

(3) Inventories are held to normal levels; and

(4) New contracts for future services and payments to contractors are made only in accordance with established plans.

(b) Determine closing dates for purchases to be made from appropriations ending on September 30.

(c) Expedite the preparation and processing of determinations and findings which require the approval of the Assistant Secretary for Management and Budget or the OPDIV head.

PART 309—CONTRACTOR QUALIFICATIONS

Subpart 309.1—Responsible Prospective Contractors

Sec.

309.104 Standards.

309.104-1 General standards.

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309.470 Reporting of suspected causes for debarment, suspension, or the taking of evasive actions.

309.470-1 Situations where reports are required.

309.470-2 Contents of reports.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 13976, Apr. 9, 1984, unless otherwise noted.

Subpart 309.1—Responsible Prospective Contractors

309.104 Standards.

309.104-1 General standards.

(a) In determining the adequacy of a prospective contractor's financial resources for the performance of the proposed contract, particular attention shall be given to the ability of the contractor to discharge its full financial responsibility for charges and losses of Government-furnished material, when the contractor has responsibility for such material.

(e) The prospective contractor must have an established system of accounting and financial controls which are determined by the contracting officer to be adequate to permit the effective administration of the type of contract proposed, particularly if under its terms the costs incurred are a factor in determining the amount payable under the contract, or if advance or progress payments are requested.

309.105 Procedures.

309.105-1 Obtaining information.

(b)(2)(ii) To ensure that a prospective contractor has the necessary accounting and operational controls (see 309.104-1(e)), a written determination must be made by the contracting officer that the prospective contractor has an adequate accounting system for determining costs applicable to the contract and a billing system that satisfies the contractual payment provisions. The determination must explain the basis for this judgment.

(A) When dealing with high risk organizations, i.e., new organizations, those with known problems, and those with accounting system deficiencies, the contracting officer shall use every reasonable means available to protect the

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Government from the improper expenditure of Federal funds. Actions should include at least one of the following: preaward and postaward audits; direct identification of cost with deliverables; billing by contract phases or tasks; fidelity bonding or other guarantees by the parent company or principals of the organization; increased scrutiny of vouchers and financial reports; and frequent site visits to verify the incurrence of specific costs and the relationship of technical progress with the amount billed.

(B) If a prospective contractor's accounting or billing system (or both) is determined to be inadequate, corrective action must be taken before that organization is awarded a contract. When corrective action cannot be completed until after the award and the contracting officer determines that the award must be made, the contracting officer shall consult with the cognizant cost advisor and take the appropriate actions set forth in FAR 16.104 to ensure that the Government's interests will be protected and the contract will be adequately costed and administered. Awards made under the preceding condition must be approved in writing by the principal official responsible for acquisition.

Subpart 309.4—Debarment, Suspension, and Ineligibility

SOURCE: 50 FR 7780, Feb. 26, 1985, unless otherwise noted.

309.403 Definitions.

Acquiring agency's head or a designee, as used in the FAR, shall mean, unless otherwise stated in this subpart, the head of the contracting activity. Acting in the capacity of the acquiring agency's head, the head of the contracting activity may make the required justifications or determinations, and take the necessary actions, specified in FAR §§9.405, 9.406, and 9.407 for his or her respective activity, but only after obtaining the approval of the debarring or suspending official, as the case may be.

Debarring official means the Assistant Secretary for Management and Budget, or his/her designee.

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Initiating official means either the contracting officer, the head of the contracting activity, the Deputy Assistant Secretary for Management and Acquisition, or the Inspector General.

Suspending official means the Assistant Secretary for Management and Budget, or his/her designee.

[50 FR 7780, Feb. 26, 1985, as amended at 54 FR 24343, June 7, 1989; 54 FR 43965, Oct. 30, 1989]

309.404 Parties excluded from procurement programs.

(c) The Office of Management and Acquisition (OMAC) shall perform the actions required by FAR 9.404(c).

(4) OMAC shall maintain all documentation submitted by the initiating official recommending the debarment or suspension action and all correspondence and other pertinent documentation generated during the OMAC review.

[50 FR 7780, Feb. 26, 1985, as amended at 54 FR 24343, June 7, 1989; 54 FR 43966, Oct. 30, 1989]

309.405 Effect of listing.

(a) The head of the contracting activity may, with the concurrence of the debarring or suspending official, make the determinations referenced in FAR 9.405(a), regarding contracts for their respective activities.

(1) If a contracting officer considers it necessary to award a contract, or consent to a subcontract with a debarred or suspended contractor, the contracting officer shall prepare a determination, including all pertinent documentation, and submit it through acquisition channels to the head of the contracting activity. The documentation must include the date by which approval is required and a compelling reason for the proposed action. Some examples of circumstances that may constitute a compelling reason for the award to, or consent to a subcontract with, a debarred or suspended contractor include:

(i) The property or services to be acquired are available only from the listed contractor;

(ii) The urgency of the requirement dictates that the Department deal with the listed contractor; or

(iii) There are other compelling reasons which require business dealings with the listed contractor.

(2) If the head of the contracting activity decides to approve the requested action, he/she shall request the concurrence of the debarring or suspending official and, if given, shall, in writing, inform the contracting officer of the decision within the required time period.

309.405-1 Continuation of current contracts.

(a) Notwithstanding the debarment or suspension of a contractor, contracting officers may continue contracts or subcontracts in existence at the time the contractor was debarred or suspended, unless the head of the contracting activity or debarring or suspending official directs otherwise. A decision as to the type of termination action, if any, to be taken should be made only after review by the awarding activity's contracting and technical personnel. The contracting officer shall coordinate any termination with the Office of the General Counsel to ensure the propriety of the proposed action.

(b) Contracting officers shall not renew the current contracts of debarred or suspended contractors, or otherwise extend their duration, unless the head of the contracting activity determines to do so, with the concurrence of the debarring or suspending official. The contracting officer shall prepare a determination meeting the requirements of 309.405(a) and submit it, through acquisition channels, to the head of the contracting activity. If the head of the contracting activity agrees with the determination, he/she shall obtain the concurrence of the debarring or suspending official.

309.406 Debarment.

309.406-3 Procedures.

(a) *Investigation and referral.* Whenever an apparent cause for debarment becomes known to an initiating official, that person shall prepare a report incorporating the information required by 309.470-2, if known, and forward it through appropriate channels, with a written recommendation, to the debarring official. Contracting officers shall

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forward their reports in accordance with 309.470-1. The debarring official shall initiate an investigation through such means as he/she deems appropriate.

(b) *Decisionmaking process.* The debarring official shall review the results of the investigation, if any, and make a written determination whether or not debarment procedures are to be commenced. A copy of the determination shall be promptly sent through appropriate channels to the initiating official, and the contracting officer, if necessary. If the debarring official determines to commence debarment procedures, he/she shall, after consultation with the Office of the General Counsel, notify the contractor in accordance with FAR 9.406-3(c). If the proposed action is not based on a conviction or judgment and the contractor's submission in response to the notice raises a genuine dispute over facts material to the proposed debarment, the debarring official shall arrange for fact-finding hearings and take the necessary actions specified in FAR 9.406-3(b)(2). The debarring official shall also ensure that written findings of fact are prepared, and shall base the debarment decision on the facts as found, after considering information and argument submitted by the contractor and any other information in the administrative record. The Office of the General Counsel shall represent the Department at any fact-finding hearing and may present witnesses for HHS and question any witnesses presented by the contractor.

309.407 Suspension.

309.407-3 Procedures.

(a) *Investigation and referral.* Whenever an apparent cause for suspension becomes known to an initiating official, that person shall prepare a report incorporating the information required by 309.470-2, if known, and forward it through appropriate channels, with a written recommendation, to the suspending official. Contracting officers shall forward their reports in accordance with 309.470-1. The suspending official shall initiate an investigation through such means as he/she deems appropriate.

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(b) *Decisionmaking process.* The suspending official shall review the results of the investigation, if any, and make a written determination whether or not suspension should be imposed. A copy of this determination shall be promptly sent through appropriate channels to the initiating official and the contracting officer, if necessary. If the suspending official determines to impose suspension, he/she shall, after consultation with the Office of the General Counsel, notify the contractor in accordance with FAR 9.407-3(c). If the action is not based on an indictment and, subject to the provisions of FAR 9.407-3(b)(2), the contractor's submission in response to the notice raises a genuine dispute over facts material to the suspension, the suspending official shall, after suspension has been imposed, arrange for fact-finding hearings and take the necessary actions specified in FAR 9.407-3(b)(2).

309.470 Reporting of suspected causes for debarment or suspension, or the taking of evasive actions.

309.470-1 Situations where reports are required.

A report incorporating the information required by 309.470-2 shall be forwarded, in duplicate, by the contracting officer through acquisition channels to the OMAC when—

(a) A contractor has committed, or is suspected of having committed, any of the acts described in FAR 9.406-2 or FAR 9.407-2; or

(b) A contractor is suspected of attempting to evade the prohibitions of debarment or suspension imposed under this regulation, or any other comparable regulation, by changes of address, multiple addresses, formation of new companies, or by other devices.

[50 FR 7780, Feb. 26, 1985, as amended at 54 FR 24343, June 7, 1989]

309.470-2 Contents of reports.

Each report prepared under 309.470-1 shall be coordinated with the Office of the General Counsel and shall include the following information, where available:

(a) Name and address of contractor.

(b) Name of the principal officers, partners, owners, or managers.

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(c) All known affiliates, subsidiaries, or parent firms, and the nature of the affiliation.

(d) Description of the contract or contracts concerned, including the contract number, and office identifying numbers or symbols, the amount of each contract, the amount paid the contractor and the amount still due, and the percentage of work completed and to be completed.

(e) The status of vouchers.

(f) Whether contract funds have been assigned pursuant to the Assignment of Claims Act, as amended, 31 U.S.C. 3727, 41 U.S.C. 15, and, if so assigned, the name and address of the assignee and a copy of the assignment.

(g) Whether any other contracts are outstanding with the contractor or any affiliates, and, if so, the amount of such contracts, whether these funds have been assigned pursuant to the Assignment of Claims Act, as amended, 31 U.S.C. 3727, 41 U.S.C. 15, and the amounts paid or due on such contracts.

(h) A complete summary of all available pertinent evidence.

(i) A recommendation as to the continuation of current contracts.

(j) An estimate of damages, if any, sustained by the Government as a result of the action of the contractor, including an explanation of the method used in making the estimate.

(k) The comments and recommendations of the contracting officer and statements regarding whether the contractor should be suspended or debarred, whether any limitations should be applied to such action, and the period of any proposed debarment.

(l) As an enclosure, a copy of the contract(s) or pertinent excerpts therefrom, appropriate exhibits, testimony or statements of witnesses, copies of assignments, and other relevant documentation or a written summary of any information for which documentation is not available.

SUBCHAPTER C—CONTRACTING METHODS AND CONTRACT TYPES

PART 313—SMALL PURCHASE AND OTHER SIMPLIFIED PURCHASE PROCEDURES

Subpart 313.1—General

Sec.

313.101 Definitions.

313.104 Procedures.

313.105 Small business—small purchase set-aside.

313.106 Competition and price reasonableness.

313.107 Solicitation and evaluation of quotations.

Subpart 313.2—Blanket Purchase Agreements

313.201 General.

313.204 Purchases under Blanket Purchase Agreements.

Subpart 313.4—Imprest Fund

313.403 Agency responsibilities.

Subpart 313.5—Purchase Orders

313.505 Purchase order and related forms.

313.505-3 Standard Form 44, Purchase Order—Invoice—Voucher.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 13977, Apr. 9, 1984, unless otherwise noted.

Subpart 313.1—General

313.101 Definitions.

“Small purchase procedures”

(d) Acquisition of architect-engineer professional services of any dollar amount.

313.104 Procedures.

(i) Small purchase methods are designed to acquire defined, off-the-shelf, standard supplies, equipment, or services which may be awarded on the basis of a fixed price quotation. Small purchase methods should not be used to acquire R & D, complex studies, services, and the like (which require judgmental technical evaluations and involve negotiations) where the award cannot be confidently made on the low price. Where requirements are not suit-

able for accomplishment using small purchase methods, more formal negotiation methods or sealed bidding should be used.

(j) Small purchases accomplished in accordance with this part may not be awarded on a cost-reimbursement basis.

(k) Small purchase methods should be used with great prudence for the acquisition of consultants to avoid the increased possibility of using consultants in an improper personal services capacity.

[49 FR 13977, Apr. 9, 1984, as amended at 50 FR 23129, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 53 FR 15563, May 2, 1988]

313.105 Small business-small purchase set-aside.

(d) (2) The contracting officer shall consult with the small and disadvantaged business utilization specialist (SADBUS) to determine whether small business sources are known by the SADBUS before determining not to proceed with the small business-small purchase set-aside. Coordination with the SADBUS is not required for small purchases at or below ten percent of the small purchase limitation.

[57 FR 11689, Apr. 7, 1992]

313.106 Competition and price reasonableness.

(a) *Purchases not over 10 percent of the small purchase limitation.* Purchases not exceeding this limit are exempt from the documentary requirements of FAR Subpart 6.3 and Subpart 306.3. However, purchases shall not be made repetitively from one source except for reasons which clearly and convincingly justify other than full and open competition (see FAR Subpart 6.3).

(b) *Purchases over 10 percent of the small purchase limitation.*

(4)(i)(D) Women-owned small business.

(c) *Data to support small purchases over 10 percent of the small purchase limitation.*

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(2) Purchases ranging in excess of 10 percent of the small purchase limitation up to and including the small purchase limitation which are made without full and open competition require justification as to why competition was not obtained. The justification, which may be in the form of a paragraph or paragraphs in the request for contract or requisition, must address the considerations in FAR Subpart 6.3 and Subpart 306.3. The contracting officer may approve or disapprove the justification. Award of the contract or purchase order by the contracting officer shall constitute approval of the justification (see 306.304(a)(1)).

[49 FR 13977, Apr. 9, 1984, as amended at 50 FR 23129, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 56 FR 47002, Sept. 17, 1991]

313.107 Solicitation and evaluation of quotations.

(e) *Amendments.* (1) If after the issuance of a request for quotations but before the closing date of their receipt, it becomes necessary (i) to make significant changes in the quantity, specifications, or delivery schedule, (ii) to make any change in the closing date, or (iii) to correct a defect or ambiguity, the change shall be accomplished by issuance of an amendment to the request. Requests for quotations using the Standard Form 18 may be amended by letter. Oral requests for quotations may be amended orally.

(2) When it is considered necessary to issue an amendment to a request for quotations, the period of time remaining before closing and the need for extending this period by postponing the time set for closing must be considered. Where only a short time remains before the time set for closing, extension of time may be made by telegram or telephone. This notification should be confirmed in the amendment.

(3) Any information given to one potential quoter concerning a request for quotations shall be furnished promptly to all other potential quoters in an amendment to the request, if the information is necessary to potential quoters in submitting quotations, or if the lack of the information would be

prejudicial to uninformed potential quoters.

[49 FR 13977, Apr. 9, 1984, as amended at 49 FR 36110, Sept. 14, 1984; 56 FR 47003, Sept. 17, 1991]

Subpart 313.2—Blanket Purchase Agreements

313.201 General.

(e) Each blanket purchase arrangement (BPA) shall be documented by issuance of a contractual instrument which is appropriately numbered.

313.204 Purchases under Blanket Purchase Agreements.

(e)(5) Delivery documents, invoices, etc. signed by the Government employee receiving the item or service, will be forwarded to the fiscal office or other paying office as designated by the OPDIV. Payment will be made on the basis of the signed document, invoice, etc. Contracting offices will ensure that established procedures allowing for availability of funds are in effect prior to placement of orders.

[49 FR 13977, Apr. 9, 1984, as amended at 56 FR 47003, Sept. 17, 1991]

Subpart 313.4—Imprest Fund

313.403 Agency responsibilities.

(a) The amount of each imprest fund shall be established on the basis of the estimated monthly payment and the need for replenishment. A review shall be made by the responsible official at least quarterly to insure that the fund is not in excess of needs, and appropriate adjustments are made accordingly.

(c) Requests to establish imprest funds shall be made to the responsible fiscal office. At larger activities where the cashier may not be conveniently located near the purchasing office, a Class C Cashier may be installed in the purchasing office. Documentation of cash purchases shall be in accordance with instructions contained in the HHS Voucher Audit Manual Part 1, Chapter 1–10.

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Subpart 313.5—Purchase Orders

313.505 Purchase order and related forms.

313.505-3 Standard Form 44, Purchase Order—Invoice—Voucher.

(d) Since the Standard Form 44 is an accountable form, a record shall be maintained of serial numbers of the form, to whom issued, and date issued. SF-44's shall be kept under adequate lock and key to prevent unauthorized use. A reservation of funds shall be established to cover total anticipated expenditures prior to use of the SF-44.

PART 314—FORMAL ADVERTISING

Subpart 314.2—Solicitation of Bids

Sec.

314.202-7 Facsimile bids.

314.213 Annual submission of representations and certifications.

Subpart 314.4—Opening of Bids and Award of Contract

314.404 Rejection of bids.

314.404-1 Cancellation of invitations after opening.

314.406 Mistakes in bids.

314.406-3 Other mistakes disclosed before award.

314.406-4 Mistakes after award.

314.407 Award.

314.407-8 Protests against award.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

Subpart 314.2—Solicitation of Bids

SOURCE: 55 FR 13536, Apr. 11, 1990, unless otherwise noted.

314.202-7 Facsimile bids.

The principal official responsible for acquisition (PORA) shall determine whether to allow the use of facsimile bids. If the PORA decides to allow the use of facsimile bids, internal procedures shall be developed, in accordance with the FAR, to ensure uniform processing and control.

314.213 Annual submission of representations and certifications.

Each principal official responsible for acquisition (PORA) shall determine whether to allow the use of the annual submission of representations and cer-

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tifications by bidders. If allowed, the provisions of FAR 14.213 shall be followed.

Subpart 314.4—Opening of Bids and Award of Contract

314.404 Rejection of bids.

314.404-1 Cancellation of invitations after opening.

(c) The chief of the contracting office (CCO) shall make the determination required by FAR 14.404-1(c).

(e) The CCO shall make the referenced determination.

[51 FR 44294, Dec. 9, 1986]

314.406 Mistakes in bids.

314.406-3 Other mistakes disclosed before award.

(e) Authority has been delegated to the Protest Control Officer, Division of Acquisition Policy, Office of Acquisition and Grants Management (OAGM) to make administrative determinations in connection with mistakes in bid alleged after opening and before award. This authority may not be re-delegated.

(f) Each proposed determination shall have the concurrence of the Chief, Business Law Branch, Business and Administrative Law Division, Office of General Counsel.

(g)(3) The data required by FAR 14.406-3(g)(3) shall be marked "IMMEDIATE ACTION—MISTAKE IN BID" and submitted through acquisition channels to the Protest Control Officer, Division of Acquisition Policy, Office of Acquisition and Grants Management (OAGM). The file shall be assembled in an orderly manner and shall include an index of enclosures. A single copy of the file is sufficient.

(4) Since examination of evidence is necessary to determine the proper course of action to be taken, no action will be taken on cases referred by telephone or telegraph.

(5) Where the evidence submitted by the bidder is incomplete or in need of clarification, the contracting officer shall document the file to indicate the effort made to obtain clear and convincing evidence to support the alleged mistake. Since the burden of providing

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such evidence lies with the bidder-claimant, repeated efforts to obtain such information are neither necessary nor desirable.

(i) Doubtful cases shall *not* be submitted by the contracting officer directly to the Comptroller General, but shall be submitted as indicated in 314.406-3(g)(3).

[49 FR 13978, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24343, June 7, 1989]

314.406-4 Mistakes after award.

(c) Authority has been delegated to the Protest Control Officer, Division of Acquisition Policy, OAGM to make administrative determinations in connection with mistakes in bid alleged after award. This authority may not be re-delegated.

(d) Each proposed determination shall have the concurrence of the Chief, Business Law Branch, Business and Administrative Law Division, Office of General Counsel.

(2) The data required by FAR 14.406-4(e)(2) shall be marked "IMMEDIATE ACTION—MISTAKE IN BID" and submitted as prescribed in 314.406-3(g)(3).

[49 FR 13978, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24343, June 7, 1989]

314.407 Award.

314.407-8 Protests against award.

See Subpart 333.1—Protests.

[50 FR 23129, May 31, 1985, and 50 FR 38004, Sept. 19, 1985]

PART 315—CONTRACTING BY NEGOTIATION

Subpart 315.1—General Requirements for Negotiation

Sec.

315.103 Converting from sealed bidding to negotiation procedures.

Subpart 315.4—Solicitation and Receipt of Proposals and Quotations

315.402 General.

315.404 Presolicitation notices and conferences.

315.405 Solicitations for information or planning purposes.

315.405-1 General.

315.406 Preparing requests for proposals (RFP's) and requests for quotations (RFQ's).

315.406-1 Uniform contract format.

315.406-2 Part I—The Schedule.

315.406-3 Part II—Contract clauses.

315.406-5 Part IV—Representations and instructions.

315.407 Solicitation provisions.

315.408 Issuing solicitations.

315.409 Pre-proposal conferences.

315.410 Amendment of solicitations before closing date.

315.413 Disclosure and use of information before award.

315.413-1 Alternate I.

315.413-2 Alternate II.

315.470 Review of RFP.

315.471 Annual submission of representations and certifications.

Subpart 315.5—Unsolicited Proposals

315.505 Content of unsolicited proposals.

315.506 Agency procedures.

315.506-1 Receipt and initial review.

315.509 Limited use of data.

Subpart 315.6—Source Selection

315.602 Applicability.

315.604 Responsibilities.

315.605 Evaluation factors.

315.607 Disclosure of mistakes before award.

315.608 Proposal evaluation.

315.608-70 Technical evaluation plan.

315.608-71 Technical evaluation panel.

315.608-72 Procedures for handling and disclosing proposals.

315.608-73 Receipt of proposals.

315.608-74 Convening the technical evaluation panel.

315.608-75 Rating and ranking of proposals.

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315.608-77 Evaluation of business proposals.

315.609 Competitive range.

315.610 Written or oral discussions.

315.611 Best and final offers.

315.670 Negotiation with the selected source.

315.671 Post negotiation contract preparation and award.

315.672 Preparation of negotiation memorandum.

Subpart 315.8—Price Negotiation

315.804 Cost or pricing data.

315.804-3 Exemptions from or waiver of submission of certified cost or pricing data.

315.805 Proposal analysis.

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Subpart 315.9—Profit

315.900 Scope of subpart.

315.905-70 Structured approach.

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- 315.905-72 Contractor effort.
- 315.905-73 Other factors.
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Subpart 315.10—Preaward, Award, and Postaward Notifications, Protests, and Mistakes

- 315.1000 General.
- 315.1003 Debriefing of unsuccessful offerors.
- 315.1004 Protests against award.
- 315.1005 Discovery of mistakes.

Subpart 315.70—Requests for Contract

- 315.7000 Scope of subpart.
- 315.7001 General.
- 315.7002 Procedures.
- 315.7003 Responsibilities.
- 315.7004 Transmittal.
- 315.7005 Format and content.
- 315.7006 Review.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486cc).

SOURCE: 49 FR 13979, Apr. 9, 1984, unless otherwise noted.

Subpart 315.1—General Requirements for Negotiation

315.103 Converting from sealed bidding to negotiation procedures.

The chief of the contracting office has the authority to make the determination referenced in FAR 15.103.

[51 FR 44294, Dec. 9, 1986]

Subpart 315.4—Solicitation and Receipt of Proposals and Quotations

315.402 General.

(i) The principal official responsible for acquisition (PORA) shall determine whether to allow the use of facsimile proposals. If the PORA decides to allow the use of facsimile proposals, internal procedures shall be developed, in accordance with the FAR, to ensure uniform processing and control.

[55 FR 13536, Apr. 11, 1990]

315.404 Presolicitation notices and conferences.

(c) *Presolicitation conferences.* (1) The presolicitation conference may only be used when approved by the chief of the contracting office.

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315.405 Solicitations for information or planning purposes.

315.405-1 General.

The determination approval required by FAR 15.405-1 that a solicitation for information or planning purposes is appropriate shall be made by the chief of the contracting office.

315.406 Preparing requests for proposals (RFP's) and requests for quotations (RFQ's).

(a) The contracting officer is responsible for preparing the RFP with the assistance of the project officer. The purpose of the RFP is to convey information that prospective offerors need to prepare a proposal. The RFP includes the statement of work and the terms, conditions and provisions that will form the basis for the final definitive contract. It specifies all the information that prospective offerors must furnish to permit a meaningful and equitable evaluation of their offers. The RFP must be clear, complete, accurate, and consistent with the requirements of the acquisition so that it provides all who receive it with the same understanding of the requirements. Much of the information in the RFP is either derived directly from the request for contract or is otherwise furnished by the project officer. Therefore, it is important that the project officer develop a meaningful request for contract and supporting documentation during the initial presolicitation phase which will fully satisfy program needs and objectives when included in the RFP (see Subpart 315.70).

(b) Careful drafting of the RFP is vital to the proper working of the competitive process. The success of the acquisition depends, in large measure, on how well the work to be performed and the basic ground rules under which the competition will be conducted are described in the RFP. Particular effort must be made to develop a comprehensive and accurate statement of work (see 307.105-3 and FAR 35.007) to prevent ambiguities and to avoid misunderstandings which might otherwise surface at later stages of the acquisition.

(c) Care should be taken to avoid conflicting statements in the RFP. Clear

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distinctions must be made as to the contents and purpose of the statement of work, the instructions to offerors, and the evaluation criteria. Briefly:

(1) The statement of work must clearly specify the work to be done by the resultant contractor (or, if it is an R & D acquisition, present a clear statement of the requirements, see FAR Part 35);

(2) The general, technical, and business instructions must delineate all the essential information prospective offerors need to know in preparing their proposals (see 315.406-5(b)); and

(3) The evaluation criteria must clearly indicate the technical, management, personnel, and cost or pricing factors which are to be the major considerations in selecting the successful offeror (see 315.406-5(c)).

(d) The RFP must require that proposals be submitted in two parts—a “Technical Proposal” and a “Business Proposal.” Each part is to be separate and complete in itself so that evaluation of one may be accomplished independently of the other.

(e) The technical and business proposal instructions of the RFP must provide all the information deemed essential for proper evaluation of the proposals so that all prospective offerors are aware of all requirements, and so that differences in proposals will reflect each offeror’s individual approach to the clear and unambiguous requirements and criteria stated in the RFP.

(f) The RFP must inform prospective offerors of all evaluation criteria and of the relative importance or weight attached to each criterion. Evaluation criteria must be described sufficiently enough in the RFP to inform prospective offerors of the significant matters which should be addressed in the proposals. Only the evaluation criteria set forth in the RFP shall be used in the evaluation of proposals, and the criteria can only be modified by a formal amendment to the RFP.

(g) Generally, the RFP will provide that the technical proposal not contain any reference to cost. However, resource information, such as data concerning labor hours and categories, materials, subcontracts, travel, computer time, etc., must be included in the

technical proposal so that the offeror’s understanding of the scope of work may be evaluated.

(h) The project officer should be offered the opportunity to review the finalized RFP before it is printed and released.

315.406-1 Uniform contract format.

The uniform contract format specified in FAR 15.406-1 and Table 15-1 shall be used by all contracting activities of the Department.

[49 FR 13979, Apr. 9, 1984, as amended at 50 FR 23129, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

315.406-2 Part I—The Schedule.

(a) *Section A, Solicitation/contract form.*

(3) Contracting activities are encouraged to use SF 33 for RFPs. In those instances where a contracting activity believes the SF 33 is not appropriate, a transmittal letter may be used. However, it is essential that the transmittal letter contain the pertinent information that must be brought to the attention of prospective offerors, so the information contained in FAR 15.406-2(a)(3) shall be included in it. The transmittal letter should also contain reference to the solicitation provision “Late Submissions, Modifications, and Withdrawals of Proposals or Quotations” and stress the importance of timeliness. The last paragraph of the transmittal letter should provide the name and complete telephone number of a contract specialist who can provide information concerning the solicitation.

[49 FR 13979, Apr. 9, 1984, as amended 54 FR 24343, June 7, 1989]

315.406-3 Part II—Contract clauses.

Section I, Contract clauses.

This section should contain all the pertinent contract clauses applicable to the acquisition, to include those contained in the general provisions, any additions or modifications to the general provisions, and special contract clauses (see Part 352—Solicitation Provisions and Contract Clauses).

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315.406-5 Part IV—Representations and instructions.

(a) *Section K, Representations, certifications, and other statements of offerors or quoters.*

(1) This section shall begin with the following statements and continue with the applicable representations and certifications:

To Be Completed by the Offeror: (The Representations and Certifications must be executed by an individual authorized to bind the offeror.)

The offeror makes the following Representations and Certifications as part of its proposal (check or complete all appropriate boxes or blanks on the following pages).

Name of offeror _____

RFP No. _____

Signature of authorized individual _____

Date _____

Type name of authorized individual _____

NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

(2) The contracting officer shall insert in all solicitations the representations and certifications at—

(i) FAR 52.203-2, Certificate of Independent Price Determination;

(ii) FAR 52.203-4, Contingent Fee Representation and Agreement;

(iii) FAR 52.204-3, Taxpayer Identification;

(iv) FAR 52.209-5, Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters;

(v) FAR 52.215-6, Type of Business Organization;

(vi) FAR 52.215-20, Place of Performance;

(vii) FAR 52.219-1, Small Business Concern Representation;

(viii) FAR 52.219-2, Small Disadvantaged Business Concern Representation;

(ix) FAR 52.219-3, Women-Owned Small Business Representation;

(x) FAR 52.222-19, Walsh-Healy Public Contracts Act Representation;

(xi) FAR 52.222-21, Certification of Nonsegregated Facilities;

(xii) FAR 52.222-22, Previous Contracts and Compliance Reports;

(xiii) FAR 52.222-25, Affirmative Action Compliance;

(xiv) FAR 52.223-1, Clean Air and Water Certification;

(xv) FAR 52.223-5, Certification Regarding a Drug-Free Workplace;

(xvi) FAR 52.225-1, Buy American Certification;

(xvii) FAR 52.225-12, Notice of Restrictions on Contracting With Sanctioned Persons;

(xviii) FAR 52.230-2, Cost Accounting Standards Notices and Certification (Nondefense); and

(xix) FAR 15.804-4, Certificate of Current Cost or Pricing Data; and

NOTE: The following paragraph shall be inserted between the title and text of this certificate:

(When a certificate of cost or pricing data is required to be submitted in accordance with Federal Acquisition Regulation (FAR) 15.804-4, the Contracting Officer will request that the offeror complete, execute, and submit to the Contracting Officer a certification in the format shown in the following Certificate of Current Cost or Pricing Data. The certification shall be submitted only at the time negotiations are concluded. Offerors should complete the certificate set forth below and return it when requested by the Contracting Officer.)

(xx) 352.215-71, Employer's Identification Number.

(b) *Section L, Instructions, conditions, and notices to offerors and quoters.* This section shall be comprised of the general instructions, technical proposal instructions, and business proposal instructions, as well as pertinent solicitation provisions (see FAR 15.407).

(1) *General instructions.*

(i) The general instructions provide basic guidance to prospective offerors that informs them of what is required in the preparation and submission of proposals. The general instructions must include the following statements and any instructions pertinent to the individual acquisition and applicable requirements of the OPDIV, agency, or regional office.

GENERAL INSTRUCTIONS

The following instructions establish the acceptable minimum requirements for the format and content of proposals:

Your special attention is directed to the requirements for technical and business proposals to be submitted in accordance with these instructions.

Any resultant contract shall include the general provisions applicable to the selected offeror's organization and type of contract awarded. Copies of general provisions may be

obtained by contacting the contracting officer. Any additional clauses required by public law, executive order, or acquisition regulations, in effect at the time of execution of the proposed contract, will be included.

The proposal must be prepared in two parts: a "Technical Proposal" and a "Business Proposal." Each of the parts shall be separate and complete in itself so that evaluation of one may be accomplished independently of evaluation of the other. The technical proposal must not contain reference to cost; however, resource information, such as data concerning labor hours and categories, materials, subcontracts, etc., must be contained in the technical proposal so that your understanding of the scope of the work may be evaluated. It must disclose your technical approach in sufficient detail to provide a clear and concise presentation that includes, but is not limited to, the requirements of the technical proposal instructions.

The proposal must be signed by an official authorized to bind your organization. (Number) copies of your technical proposal and (number) copies of your business proposal must be submitted to: (Insert complete address indicating where the proposal is to be sent and how it is to be marked. Provide similar information for hand-delivered proposals.)

You may, at your discretion, submit alternate proposals, or proposals which deviate from the requirements; *provided*, that you also submit a proposal for performance of the work as specified in the statement of work. These proposals may be considered if overall performance would be improved or not compromised, and if they are in the best interest of the Government. Alternate proposals, or deviations from any requirements of this RFP, must be clearly identified.

The Government will evaluate proposals in accordance with the evaluation criteria set forth in Section M of this request for proposals.

It is understood that your proposal will become part of the official contract file.

The RFP does not commit the Government to pay any cost for the preparation and submission of a proposal. In addition, the Contracting Officer is the only individual who can legally commit the Government to the expenditure of public funds in connection with this proposed acquisition.

(ii) Include either of the following in the General Instructions if prospective offerors are to be informed of the Government's estimate of the level of effort necessary to accomplish the requirement:

The Government considers the level of effort to perform the resultant contract should take the following staff-hours: (insert a breakdown of the Government's staff-hour

estimates by categories). These estimates are furnished for the offeror's information only and are not to be considered restrictive for proposal purposes; or

To assist you in the preparation of your proposal, the Government considers the effort to perform this contract to be approximately (insert the total number) staff-hours. This number is furnished for the offeror's information only and is not considered restrictive for proposal purposes.

(NOTE: The first paragraph should only be used for term (e.g. level of effort task order), rather than completion type, contracts.)

(iii) If the proposed contract will involve performance or services on a Government installation, insert the following in the General Instructions:

Offerors are urged and expected to inspect the site where services are to be performed and to satisfy themselves as to all general and local conditions that may affect the cost of performance of the contract, to the extent such information is reasonably obtainable. In no event will failure to inspect the site constitute grounds for claims by the contractor after the award of a contract.

(iv) If reference material is to be provided for use in preparation of proposals, insert either of the following:

To assist offerors in preparing their proposals, reference material consisting of (insert title or description of publications, specifications, drawings, reports, or other documentation being made available as reference material) will be available for inspection at (insert name and address of building and room number).

Offerors are expected to examine all reference material prior to preparation and submission of their proposals. Failure to do so will be at the offeror's risk; or

To assist offerors in preparing their proposals, reference material consisting of (insert title or description of publications, specifications, drawings, reports, or other documentation being furnished as reference material) is enclosed. Offerors are expected to examine all reference material prior to preparation and submission of their proposal. Failure to do so will be at the offeror's risk.

(v) If the reference material being provided is to be returned to the Government, include the following statement:

All reference material furnished hereunder shall be returned within (insert number) days after the submission of proposals to (insert name and address of building and room number).

(vi) If an incentive type contract is being considered, a notice to the offeror of the Government's desire as to use of incentives considered applicable, objectives of the incentive performance goals, schedules, milestones, critical delivery parameters, and similar information must be included.

(2) *Technical proposal instructions.*

(i) The technical proposal instructions should clearly and concisely describe the information prospective offerors must provide in their technical proposals. The instructions should address the need for submission of a detailed work plan indicating how each aspect of the statement of work is to be accomplished, a discussion of how the work is to be organized, staffed, and managed, and statements of the qualifications and experience of the prospective offeror and its key personnel.

(ii) The technical proposal instructions must be specific enough to convey the information the program office will require from offerors to allow the technical proposal evaluators to determine whether a proposal is acceptable. Therefore, it is essential that the instructions are written to elicit the information necessary to fully address all the elements of the work plan with particular emphasis on the evaluation criteria, so that evaluators may readily evaluate each offer in the pertinent areas. The instructions should not require the submission of excessive information since this will complicate the evaluation process and could cause unnecessary proposal preparation costs for offerors.

(iii) The technical proposal instructions should require that technical proposals be prepared in a specified format to facilitate evaluation. A uniform format will minimize evaluators' efforts and should minimize the amount of extraneous and voluminous material sometimes included in proposals.

(iv) Since specific instructions must be developed to suit the needs of the individual acquisition, detailed guidance concerning the contents of the technical proposal instructions is not presented here. However, the following represents a sampling of general statements which may be helpful in the preparation of the instructions:

TECHNICAL PROPOSAL INSTRUCTIONS

Proposals which merely offer to conduct a program in accordance with the requirements of the Government's scope of work will not be eligible for award. You must submit an explanation of the proposed technical approach in conjunction with the tasks to be performed in achieving the project objectives.

A detailed work plan must be submitted indicating how each aspect of the statement of work is to be accomplished. Your technical approach should be in as much detail as you consider necessary to fully explain your proposed technical approach or method. The technical proposal should reflect a clear understanding of the nature of the work being undertaken.

The technical proposal must include information on how the project is to be organized, staffed, and managed. Information should be provided which will demonstrate your understanding and management of important events or tasks. You must explain how the management and coordination of consultant and/or subcontractor efforts will be accomplished.

The technical proposal must include a list of names and proposed duties of the professional personnel, consultants, and key subcontractor employees assigned to the project. Their résumés should be included and should contain information on education, background, recent experience, and specific scientific or technical accomplishments. The approximate percentage of time each individual will be available for this project must be included. The proposed staff hours for each of the above individuals should be allocated against each task or subtask for the project.

The technical proposal must provide the general background, experience, and qualifications of the organization. Similar or related contracts, subcontracts, or grants should be included and contain the name of the customer, contract or grant number, dollar amount, time of performance, and the names and telephone numbers of the project officer and contracting/grants officer.

The technical proposal must contain a discussion of present or proposed facilities and equipment which will be used in the performance of the contract.

The technical proposal must be prepared and submitted in the following format:

(Provide the required format.)

(3) *Business proposal instructions.* Business proposal instructions consist of cost and pricing data and administrative and management data.

(i) *Cost and pricing data.* Prospective offerors must be informed in the business proposal instruction that they are

required to submit cost or pricing information in sufficient detail to allow a complete cost analysis. (See FAR 15.804 for requirements on cost or pricing data.) Categories and amounts of labor, materials, travel, computer time, overhead and other costs should be requested. Prospective offerors are to be provided Standard Form 1411, Contract Pricing Proposal Cover Sheet, for use in preparing the cost of pricing data, and are to be told to submit, as a minimum, cost proposals fully supported by cost and pricing data adequate to establish the reasonableness of the proposed amount. Prospective offerors are to comply with the instruction on the SF 1411 and fill in or check the appropriate boxes. In addition, they should be informed to itemize the cost for individual elements, each as analytical studies, reports, etc., and the estimated cost of each phase or segment of the offered performance.

(ii) *Administrative and management data.*

(A) The business proposal instructions must be written so that the contracting officer receives adequate information to evaluate each offeror's management capability and to determine whether each offeror is responsible. Therefore, under this section, information should be requested to allow the contracting officer to assess the following factors as they apply to the instant acquisition:

- (1) The offeror's financial capability;
- (2) The offeror's capability to meet delivery or performance schedules;
- (3) The offeror's record of past performance;
- (4) The offeror's record of business integrity;
- (5) The offerors's possession of necessary organization, experience, and technical skills, or the ability to obtain them;
- (6) The offeror's possession of required facilities; and
- (7) Any other special consideration involved in the instant acquisition.

In some cases, these factors may duplicate evaluation criteria and may be adequately addressed in the technical proposal instructions. However, the contracting officer must ensure that they are covered in both the business

proposal instructions and the technical proposal instructions.

(B) The contracting officer may determine that other administrative data in the form of additional business or cost information is necessary. Some examples of additional information include:

- (1) A copy of the current agreement on indirect cost rates;
- (2) A copy of the most recent financial statements;
- (3) A discussion on the extent of proposed subcontracting with small and disadvantaged business enterprises;
- (4) A request for pricing or cost breakdown tailored to the instant acquisition to provide information for a more thorough and complete cost analysis; and
- (5) A request for explicit instructions on pricing of options and individual line items.

However, care should be taken to request additional information only when necessary, to prevent excessive proposal preparation costs for offerors.

(C) The following are required statements which must be included in the RFP.

Your proposal must stipulate that it is predicated upon all the terms and conditions of this RFP. In addition, it must contain a statement to the effect that it is firm for a period of at least (insert number) days from the date of receipt by the Government.

It is HHS policy that contractors provide all equipment and facilities necessary for performance of contracts; however, in some instances, an exception may be granted to furnish Government-owned property or to authorize purchase with contract funds. If additional equipment must be acquired, you must include in your proposal the description and estimated cost of each item, and whether you propose to furnish the item with your own funds.

You must identify all Government-owned property in your possession and all property acquired from Federal funds, to which you have title, that is proposed to be used in the performance of the prospective contract.

The management and control of Government property must be in accordance with HHS Publication (OS) 686 entitled, "Contractor's Guide for Control of Government Property (1990)," a copy of which will be provided upon request.

(c) *Section M, Evaluation factors for award—(1) General.* (i) The evaluation criteria must be developed by the

project officer and submitted to the contracting officer in the request for contract (RFC) for inclusion in the RFP. Development of these criteria and the assignment of the relative importance or weight to each criterion require the exercise of judgment on a case-by-case basis because they must be tailored to the requirements of the individual acquisition. Since the criteria will serve as a standard against which all proposals will be evaluated, it is imperative that they be chosen carefully to emphasize those factors considered to be critical in the selection of a contractor.

(ii) The finalized evaluation criteria and indications of their relative importance or weights, as included in the RFP, cannot be changed except by a formal amendment to the RFP issued by the contracting officer. No factors other than those set forth in the RFP shall be used in the evaluation of proposals.

(2) *Review of evaluation criteria.* (i) The evaluation criteria should be reviewed by the contracting officer in terms of the work statement. This review is not intended to dictate to the program office or project officer, but rather to ensure that the evaluation criteria are clear, concise, and fair so that all potential offerors are fully aware of the bases for proposal evaluation and are given an equal opportunity to compete.

(ii) The project officer and the contracting officer should then review the evaluation criteria together to ascertain the following:

(A) The criteria are described in sufficient detail to provide the offerors (and evaluators) with a total understanding of the factors to be involved in the evaluation process;

(B) The criteria address the key programmatic concerns which the offerors must be aware of in preparing proposals;

(C) The criteria are specifically applicable to the instant acquisition and are not merely restatements of criteria from previous acquisitions which are not relevant to this acquisition; and

(D) The criteria are selected to represent only the significant areas of importance which must be emphasized rather than a multitude of factors. (All

criteria tend to lose importance if too many are included. Using too many criteria will prove as detrimental as using too few.)

(3) *Examples of topics that form a basis for evaluation criteria.* Typical examples of topics that form a basis for the development of evaluation criteria are listed in the following paragraphs. These examples are intended to assist in the development of actual evaluation criteria for a specific acquisition and should only be used if they are applicable to that acquisition. They are not to be construed as actual examples of evaluation criteria to be included in the RFP.

(i) Understanding of the problem and statement of work;

(ii) Method of accomplishing the objectives and intent of the statement of work;

(iii) Soundness of the scientific or technical approach for executing the requirements of the statement of work (to include, when applicable, preliminary layouts, sketches, diagrams, other graphic representations, calculations, curves, and other data necessary for presentation, substantiation, justification, or understanding of the approach);

(iv) Special technical factors, such as experience or pertinent novel ideas in the specific branch of science or technology involved;

(v) Feasibility and/or practicality of successfully accomplishing the requirements (to include a statement and discussion of anticipated major difficulties and problem areas and recommended approaches for their resolution);

(vi) Availability of required special research, test, and other equipment or facilities;

(vii) Managerial capability (ability to achieve delivery or performance requirements as demonstrated by the proposed use of management and other personnel resources, and to successfully manage the project, including subcontractor and/or consultant efforts, if applicable, as evidenced by the management plan and demonstrated by previous experience).

(viii) Availability, qualifications, experience, education, and competence of

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professional, technical, and other personnel, to include proposed subcontractors and consultants (as evidenced by resumes, endorsements, and explanations of previous efforts); and

(ix) Soundness of the proposed staff time or labor hours, propriety of personnel classifications (professional, technical, others), necessity for type and quantity of material and facilities proposed, validity of proposed subcontracting, and necessity of proposed travel.

(4) Relative importance or weight.

(i) A statement or indication of the relative importance or weight must be assigned to each evaluation criterion to inform prospective offerors (and evaluators) of the specific significance of each criterion in comparison to the other criteria. Similarly, if a criterion is subdivided into parts, each of the parts must be assigned a statement or indication of the relative importance or weight.

(ii) The two principal methods used to indicate the relative importance or weight are the numerical score and adjective description. The Department does not prescribe a single method for determining the relative importance or weight, but recommends the use of the numerical score method because it is more precise and informative. However, it is recognized that in some instances the use of the adjective description method be more appropriate and, hence, may be used when that determination is made.

(iii) Cost or price is not generally included as one of the evaluation criteria and is not assigned an indication of relative importance or weight. However, a statement must be included in the RFP to reflect the relationship of cost or price in comparison to the other criteria. The contracting officer must ensure that this statement accurately reflects the appropriate balance between cost or price and the technical factors. The contracting officer and project officer should work together in arriving at the final determination regarding the relationship. The following are examples of statements that may be used to reflect this relationship. However, since these examples represent only the two extremes and the middle position, another statement may be devel-

oped to reflect the relationship which applies to the instant acquisition.

(A) You are advised that paramount consideration shall be given to the evaluation of technical proposals rather than cost or price.

(B) You are advised that paramount consideration shall be given to cost or price rather than the evaluation of technical proposals.

(C) You are advised that the evaluation of technical proposals and cost or price are of approximately equal value.

[49 FR 13979, Apr. 9, 1984; 49 FR 36110, Sept. 14, 1984, as amended at 53 FR 43207, Oct. 26, 1988; 54 FR 24343, June 7, 1989; 54 FR 43966, Oct. 30, 1989; 56 FR 47003, Sept. 17, 1991]

315.407 Solicitation provisions.

(c)(2) The referenced provision (FAR 52.215-6, Type of Business Organization) is a representation, has been included under Section K (see 315.406-5(a)(2)(iii)), and need not be restated again.

(8) The provision at 352.215-12 shall be used in place of that specified at FAR 52.215-12.

(g) The referenced provision (FAR 52.215-20, Place of Performance) is to be considered a certification and is included under section K (see 315.406-5(a)(2)(iv)); it need not be restated again.

(n) The contracting officer shall insert the provision at FAR §52.233-2, Service of Protest, in solicitations as required by FAR 33.106(a).

[49 FR 13979, Apr. 9, 1984, as amended at 54 FR 43966, Oct. 30, 1989; 57 FR 11690, Apr. 7, 1992]

315.408 Issuing solicitations.

The minimum proposal preparation or response time between the date of distribution of a RFP and the date set for receipt of proposals shall not be less than 30 calendar days.

[49 FR 13979, Apr. 9, 1984, as amended at 53 FR 43208, Oct. 26, 1988]

315.409 Pre-proposal conferences.

If a pre-proposal conference is to be held, the provision at 352.215-72 shall be included in the solicitation.

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315.410 Amendment of solicitations before closing date.

For additional information on amendments to solicitations, see FAR 15.606.

315.413 Disclosure and use of information before award.

315.413-1 Alternate I.

The Department shall not use Alternate I procedures.

315.413-2 Alternate II.

The Department shall use the Alternate II procedures as modified in this subsection and shall use the provision at 352.215-12, Restriction on Disclosure and Use of Data, rather than the similar provision at FAR 15.215-12 (see 315.407(c)(8)). Any reference in the FAR to the provision at FAR 52.215-12 shall apply to the provision at 352.215-12.

(b) The term “data,” as used in this section and in 352.215-12, refers to trade secrets, business data, and technical data. Trade secrets, within the meaning of 18 U.S.C. 1905, include, for example, processes, formulas, and chemical compositions. Business data includes, for example, commercial information, financial information, and cost and pricing data. Technical data includes, for example, plans, designs, suggestions, improvements and concepts.

The Department recognizes that requests for proposals may require the offeror, including its prospective subcontractor(s), if any, to submit data which the offeror does not want used or disclosed for any purpose other than for evaluation of the proposal. Each proposal containing data which the offeror desires to restrict must be marked on the cover sheet by the offeror with the legend set forth at 352.215-12. Proposals, or portions of proposals, so marked shall be handled in accordance with the provisions of the legend.

(c) Contracting officers receiving proposals which contain restrictive statements or legends not conforming to the referenced provision at 352.215-12 must carefully evaluate the form and substance of the restriction before making a determination to reject the proposal. Deviations in form which do not compromise the Government’s rights may

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be accepted if approved by the activity’s FOI official and the Office of General Counsel, Business and Administrative Law Division.

(e) The Government notice shown in FAR 15.413-2(e) shall be used by this Department and is to be placed on the cover sheet of each proposal or quotation upon its receipt. The Government notice shall be completed by adding the following to the end of the last sentence: “HHSAR paragraph 315.608-72.”

(f) The Department sometimes finds it necessary (and in some instances is required by law) to seek evaluation of proposals outside the Department (see 315.608(d)(6)). All conditions required by FAR 15.413-2(f) have been met and are covered in 315.608-72, Procedures for handling and disclosing proposals. In regard to item (f)(1) of FAR 15.413-2, the Department has found that the procedure stated in the first sentence of paragraph 315.608-72 is best and considers it in compliance with the FAR requirement.

(g) See subpart 324.2 for detailed procedures concerning FOIA requests.

[49 FR 13979, Apr. 9, 1984; 49 FR 36110, Sept. 14, 1984, as amended at 51 FR 44294, Dec. 9, 1986]

315.470 Review of RFP.

The principal official responsible for acquisition shall establish procedures to ensure that an independent review of the RFP is made between the time the synopsis is sent to the Commerce Business Daily announcing the availability of the RFP and the release date of the RFP. The individual selected to conduct the review must possess the acquisition knowledge necessary to readily ascertain whether the RFP contains the required information to be in conformance with all laws, regulations, and internal procedures and instructions. The individual selected to conduct the review must be a person other than the preparer of the RFP.

[49 FR 13979, Apr. 9, 1984, as amended at 50 FR 23129, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

315.471 Annual submission of representations and certifications.

Each Principal Official Responsible for Acquisition (PORA) shall determine

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whether to allow the use of the annual submission of representations and certifications by offerors. If allowed, the provisions of FAR 14.213 shall be followed.

[55 FR 13536, Apr. 11, 1990]

Subpart 315.5—Unsolicited Proposals

315.505 Content of unsolicited proposals.

(d) Certification by offeror—To ensure against contacts between Department employees and prospective offerors which would exceed the limits of advance guidance set forth in FAR 15.504 resulting in an unfair advantage to an offeror, the principal official responsible for acquisition (or designee) shall ensure that the following certification is furnished to the prospective offeror and the executed certification is included as part of the resultant unsolicited proposal:

UNSOLICITED PROPOSAL CERTIFICATION BY OFFEROR

This is to certify, to the best of my knowledge and belief, that:

a. This proposal has not been prepared under Government supervision.

b. The methods and approaches stated in the proposal were developed by this offeror.

c. Any contact with employees of the Department of Health and Human Services has been within the limits of appropriate advance guidance set forth in FAR 15.504.

d. No prior commitments were received from departmental employees regarding acceptance of this proposal.

Date: _____

Organization: _____

Name: _____

Title: _____

(This certification shall be signed by a responsible official of the proposing organization or a person authorized to contractually obligate the organization.)

315.506 Agency procedures.

(a) The principal official responsible for acquisition is responsible for establishing procedures to comply with FAR 15.506(a).

(b) The principal official responsible for acquisition or his/her designee shall be the point of contact for coordinating the receipt and handling of unsolicited proposals. Contacts made outside the contracting activity shall be promptly

coordinated with the principal official responsible for acquisition or the designee.

315.506–1 Receipt and initial review.

(d) An unsolicited proposal shall not be refused consideration merely because it was initially submitted as a grant application. However, contracts shall not be awarded on the basis of unsolicited proposals which have been rejected for grant support on the ground that they lack scientific merit.

315.509 Limited use of data.

The legend, Use and Disclosure of Data, prescribed in FAR 15.509(a) is to be used by the offeror to restrict the use of data for evaluation purposes only. However, data contained within the unsolicited proposal may have to be disclosed as a result of a request submitted pursuant to the Freedom of Information Act. Because of this possibility, the following notice shall be furnished to all prospective offerors of unsolicited proposals whenever the legend is provided in accordance with FAR 15.504(b)(7):

The Government will attempt to comply with the “Use and Disclosure of Data” legend. However, the Government may not be able to withhold a record (data, document, etc.) nor deny access to a record requested by an individual (the public) when an obligation is imposed on the Government under the Freedom of Information Act, 5 U.S.C. 552, as amended. The Government’s determination to withhold or disclose a record will be based upon the particular circumstances involving the record in question and whether the record may be exempted from disclosure under the Freedom of Information Act. Records which the offeror considers to be trade secrets and commercial or financial information and privileged or confidential must be identified by the offeror as indicated in the referenced legend.

Subpart 315.6—Source Selection

315.602 Applicability.

(b) This subpart does not apply to contracts for architect-engineer services or contracts awarded to the Small Business Administration under section 8(a) of the Small Business Act.

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315.604 Responsibilities.

(d) Personnel participating in the evaluation process must not discuss or reveal information concerning the evaluations except to an individual participating in the same evaluation proceedings, and then only to the extent that the information is required in connection with the proceedings. Divulging information during the evaluation, selection, and negotiation phases of the acquisition to offerors or to personnel not having a need to know could jeopardize the resultant award. Therefore, the contracting officer must instruct personnel participating in the evaluations to observe these restrictions and insure that all personnel understand that unauthorized disclosure of information, no matter how innocent, could compromise the acquisition process and is prohibited.

(e) Only the contracting officer or his/her authorized representative within the contracting office shall conduct discussions with offerors relative to any aspect of the acquisition.

315.605 Evaluation factors.

(e) The evaluation criteria included in the solicitation serve as the standard against which all proposals are evaluated. Prospective offerors rely upon the evaluation criteria in the solicitation in developing proposals, and they must be assured that the evaluation is conducted in accordance with those criteria. All personnel involved in the evaluation process must make sure that the evaluation criteria contained in the solicitation are the *only* criteria used in conducting the evaluation. See FAR 15.406-5(c) and 315.406-5(c) for detailed guidance on evaluation criteria.

315.607 Disclosure of mistakes before award.

(a) The contracting officer shall require that offerors' clarifications are in writing.

(c)(3) The chief of the contracting office is authorized to make the written determination permitting a correction of a mistake in a proposal.

315.608 Proposal evaluation.

(a)(1) *Cost of price evaluation.* (See 315.608-77.)

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(2) *Technical evaluation.* (See 315.608-75 and 76.)

(b) The determination required by FAR 15.608(b) shall be made by the chief of the contracting office.

[50 FR 23130, May 31, 1985, and 50 FR 38004, Sept. 19, 1985, as amended at 51 FR 44294, Dec. 9, 1986]

315.608-70 Technical evaluation plan.

(a) A technical evaluation plan may be required by the contracting officer, at his/her discretion, when an acquisition is sufficiently complex as to warrant a formal plan.

(b) The technical evaluation plan should include at least the following:

(1) A list of technical evaluation panel members, their organizations as well as a list of their major consulting clients (if applicable), their qualifications, and curricula vitae (if available);

(2) A justification for using non-Government technical evaluation panel members. (Justification is not required if non-Government evaluators will be used in accordance with standard contracting activity procedures or policies);

(3) A statement that there is no apparent or actual conflict of interest regarding any panel member;

(4) A copy of each rating sheet, approved by the contracting officer, to be used to assure consistency with the evaluation criteria; and

(5) A brief description of the general evaluation approach.

(c) The technical evaluation plan must be signed by an official within the program office in a position at least one level above the project officer or in accordance with contracting activity procedures.

(d) The technical evaluation plan should be submitted to the contracting officer for review and approval before the solicitation is issued. The contracting officer shall make sure that the principal factors relating to the evaluation are reflected in the evaluation criteria when conducting the review of the plan.

[50 FR 23130, May 31, 1985, and 50 FR 38004, Sept. 19, 1985]

315.608-71 Technical evaluation panel.

(a) *General.* (1) A technical evaluation panel is required for all acquisitions

applicable to this subpart which are expected to exceed \$300,000. The contracting officer has the discretion to require a technical evaluation panel for acquisitions not exceeding \$300,000 based on the complexity of the acquisition.

(2) The technical evaluation process requires careful consideration regarding the size, composition, expertise, and function of the technical evaluation panel. The efforts of the panel can result in the success or failure of the acquisition.

(b) *Role of the project officer.* (1) The project officer is the contracting officer's technical representative for the acquisition action. The project officer may be a voting member of the technical evaluation panel, and may also serve as the chairperson of the panel, unless prohibited by law or contracting activity procedures.

(2) The project officer is responsible for recommending panel members who are knowledgeable in the technical aspects of the acquisition and who are competent to identify strengths and weaknesses of the various proposals. The program training requirements specified in 307.170 must be adhered to when selecting prospective panel members.

(3) The project officer shall ensure that persons possessing expertise and experience in addressing issues relative to sex, race, national origin, and handicapped discrimination be included as panel members in acquisitions which address those issues. The intent is to balance the composition of the panel so that qualified and concerned individuals may provide insight to other panel members regarding ideas and approaches to be taken in the evaluation of proposals.

(4) The project officer is to submit the recommended list of panel members to an official within the program office in a position at least one level above the project officer or in accordance with contracting activity procedures. This official will review the recommendations, appoint the panel members, and select the chairperson.

(5) The project officer shall arrange for adequate and secure working space for the panel.

(c) *Role of the contracting officer.* (1) The contracting officer is the Department's

official representative with delegated acquisition authority to enter into and administer contracts. The term "contracting officer," as used in this subpart, may be the contracting officer or his/her designated representative within the contracting office.

(2) The contracting officer shall not serve as a member of the technical evaluation panel but should be available to:

(i) Address the initial meeting of the technical evaluation panel (see 315.608-74(c));

(ii) Provide assistance to the evaluators as required; and

(iii) Ensure that the scores adequately reflect the written technical evaluation report comments (see 315.608-76).

(d) *Conflicts of interest.* (1) If a panel member has an actual or apparent conflict of interest related to a proposal under evaluation, he/she shall be removed from the panel and replaced with another evaluator. If a suitable replacement is not available, the panel shall perform the review without a replacement.

(2) For the purposes of this subpart, conflicts of interest are defined in the Department's Standards of Conduct set forth in 45 CFR Part 73 which incorporates 5 CFR Part 737, Post Employment Conflict of Interest. The Standards of Conduct shall be applicable to both in-house personnel and outside evaluators serving on the technical evaluation panel.

(e) *Continuity of evaluation process.* (1) The technical evaluation panel is responsible for evaluating the original proposals, making recommendations to the chairperson regarding clarifications and deficiencies of proposals, and, if required by the contracting officer, assisting the contracting officer during discussions and negotiations, and reviewing supplemental, revised and/or "best and final" offers. To the extent possible, the same evaluators should be available throughout the entire evaluation and selection process to ensure continuity and consistency in the treatment of proposals. The following are examples of circumstances when it

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would *not* be necessary for the technical evaluation panel to evaluate revised proposals submitted during the acquisition:

(i) The answers to questions do not have a substantial impact on the proposal (see 315.609(i));

(ii) The “best and final” offers are not materially different from the original proposals; or

(iii) The rankings of the offerors are not affected because the revisions to the proposals are relatively minor.

(2) The chairperson, with the concurrence of the contracting officer, may decide not to have the panel evaluate the revised proposals. Whenever this decision is made, it must be fully documented by the chairperson and approved by the contracting officer.

(3) When technical evaluation panel meetings are considered necessary by the contracting officer, the attendance of evaluators is mandatory. When the chairperson determines that an evaluator’s failure to attend the meetings is prejudicial to the evaluation, the chairperson shall replace the individual after discussing the situation with the contracting officer and obtaining his/her concurrence and the approval of the program official responsible for appointing the panel members (see 315.608-71(b)(4)).

(4) Whenever continuity of the evaluation process is not possible, and either new evaluators are selected or a reduced panel is decided upon, each proposal which is being reviewed at any stage of the acquisition shall be reviewed at that stage by all members of the revised panel unless it is impractical to do so because of the receipt of an unusually large number of proposals.

(f) *Use of outside evaluators.* (1) The technical evaluation panel shall be composed of Government employees except when outside evaluators possess a required expertise which is not available within the Government, or as required by law.

(2) The National Institutes of Health (NIH) and the Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA) are required to have a peer review of research and development contracts in accordance with Pub. L. (Pub. L.) 93-352 as amended by Pub. L.

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94-63; 42 U.S.C. 289 1-4. This legislation requires peer review of projects and proposals, and not more than one-fourth of the members of a peer review group may be officers or employees of the United States. NIH and ADAMHA are therefore exempt from the provisions of 315.608-71 to the extent that 42 U.S.C. 289 1-4 applies.

[50 FR 23130, May 31, 1985, and 50 FR 38004, Sept. 19, 1985, as amended at 53 FR 15563, May 2, 1988]

315.608-72 Procedures for handling and disclosing proposals.

(a) The procedures and notice specified in FAR 15.413-2 and 315.413-2 shall be used in handling solicited proposals and for disclosing proposals outside the Government for evaluation purposes. (For unsolicited proposals, see FAR 15.509 and 315.509.)

(b) Decisions to disclose proposals outside the Government for evaluation purposes shall be made by the chief official having programmatic responsibility for the acquisition, after consultation with the contracting officer and in accordance with operating division procedures. The decision to disclose either a solicited or unsolicited proposal outside the Government for the purpose of obtaining an evaluation shall take into consideration the avoidance of organizational conflicts of interest and any competitive relationship between the submitter of the proposal and the prospective evaluator(s).

(c) When it is determined to disclose a solicited proposal outside the Government for evaluation purposes, the following or similar conditions shall be included in the written agreement with the evaluator(s) prior to disclosure (see FAR 15.413-2(f) and 315.413-2(f)). Also, a review must be made to ensure that the notice required by FAR 15.413-2(e) is affixed to the proposal before it is disclosed to the evaluator(s).

CONDITIONS FOR EVALUATING PROPOSALS

The evaluator agrees to use the data (trade secrets, business data, and technical data) contained in the proposal only for evaluation purposes.

This requirement does not apply to data obtained from another source without restriction.

Any notice or legend placed on the proposal by either the Department or the submitter of the proposal shall be applied to any reproduction or abstract provided to the evaluator or made by the evaluator. Upon completion of the evaluation, the evaluator shall return the Government-furnished copy of the proposal or abstract, and all copies thereof, to the Departmental office which initially furnished the proposal for evaluation.

Unless authorized by the Department's initiating office, the evaluator shall not contact the submitter of the proposal concerning any aspects of its contents.

The evaluator will be obligated to obtain commitments from its employees and subcontractors, if any, in order to effect the purposes of these conditions.

[50 FR 23131, May 31, 1985, and 50 FR 38004, Sept. 19, 1985]

315.608-73 Receipt of proposals.

(a) After the closing date set by the solicitation for the receipt of proposals, the contracting officer will use a transmittal memorandum to forward the technical proposals to the project officer or chairperson for evaluation. The business proposals will be retained by the contracting officer for evaluation (see 315.608-77).

(b) The transmittal memorandum to the chairperson shall include at least the following:

(1) A list of the names of the organizations submitting proposals;

(2) A reference to 315.604(d) on the need to preserve the integrity of the source selection process;

(3) A requirement for a technical evaluation report in accordance with 315.608-76; and

(4) The establishment of a date for receipt of the technical evaluation report.

[50 FR 23131, May 31, 1985, and 50 FR 38004, Sept. 19, 1985]

315.608-74 Convening the technical evaluation panel.

(a) Normally, the technical evaluation panel will convene to evaluate the proposals. However, there may be situations when the contracting officer determines that it is not feasible for the panel to convene. Whenever this decision is made, care must be taken to assure that the technical review is closely monitored to produce acceptable results.

(b) When a panel is convened, the chairperson is responsible for the control of the technical proposals provided to him/her by the contracting officer for use during the evaluation process. The chairperson will generally distribute the technical proposals at the initial panel meeting and will establish procedures for securing the proposals whenever they are not being evaluated to insure their confidentiality. After the evaluation is complete, all proposals must be returned to the contracting officer, destroyed or filed in an appropriate manner to maintain the confidential nature of the data.

(c) The contracting officer shall address the initial meeting of the panel and state the basic rules for conducting the evaluation. The contracting officer shall provide written guidance to the panel if he/she is unable to attend the initial panel meeting. The guidance should include:

(1) An explanation of conflicts of interest (see 315.608-71(d));

(2) The necessity to read and understand the solicitation, especially the statement of work and evaluation criteria, prior to reading the proposals;

(3) The need for evaluators to restrict the review to only the solicitation and the contents of the technical proposals;

(4) The need for each evaluator to review all the proposals;

(5) The need to watch for ambiguities, inconsistencies, errors, and deficiencies which should be surfaced during the evaluation process;

(6) An explanation of the evaluation process and what will be expected of the evaluators throughout the process;

(7) The need for the evaluators to be aware of the requirement to have complete written documentation of the individual strengths and weaknesses which affect the scoring of the proposals; and

(8) An instruction directing the evaluators that, until the award is made, information concerning the acquisition must not be disclosed to any person not directly involved in the evaluation process.

[50 FR 23131, May 31, 1985, and 50 FR 38004, Sept. 19, 1985]

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315.608-75 Rating and ranking of proposals.

The evaluators will individually read each proposal, describe tentative strengths and weaknesses, and develop preliminary scores in relation to each evaluation criterion set forth in the solicitation. The evaluators will use the rating sheets either in the technical evaluation plan or approved by the contracting officer when a technical evaluation plan is not required (see 315.608-70). After this has been accomplished, the evaluators shall discuss in detail the individual strengths and weaknesses described by each evaluator and, if possible, arrive at a common understanding of the major strengths and weaknesses and the potential for correcting each offeror's weakness(es). Each evaluator will score each proposal, and then the technical evaluation panel will collectively rank the proposals. Generally, ranking will be determined by adding the numerical scores assigned to the evaluation criteria and finding the average for each offeror. The evaluators should then identify whether each proposal is acceptable or unacceptable. Predetermined cutoff scores shall not be employed.

[50 FR 23131, May 31, 1985, and 50 FR 38004, Sept. 19, 1985]

315.608-76 Technical evaluation report.

A technical evaluation report shall be prepared and furnished to the contracting officer by the chairperson and maintained as a permanent record in the contract file. The report must reflect the ranking of the proposals and identify each proposal as acceptable or unacceptable in accordance with 315.608-75. The report must also include a narrative evaluation specifying the strengths and weaknesses of each proposal, a copy of each rating sheet, and any reservations, qualifications, or areas to be addressed that might bear upon the selection of sources for negotiation and award. Concrete technical reasons supporting a determination of unacceptability with regard to any proposal must be included. The report should also include specific points and

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questions which are to be raised in discussions or negotiations.

[50 FR 23132, May 31, 1985, and 50 FR 38004, Sept. 19, 1985]

315.608-77 Evaluation of business proposals.

(a) The contracting officer shall evaluate the business proposals concurrently with the evaluation of the technical proposals. The contracting officer must adhere to the requirements for cost or price analysis included in FAR 15.805-1 for each business proposal in the competitive range. An audit report may be required in accordance with FAR 15.805-5 and 315.805-5. The contracting officer must determine the extent of analysis in each case depending on the amount of the proposal, the technical complexity and related cost or price, and cost realism. The contracting officer should request the project officer to analyze such items as the number of labor hours proposed for various labor categories; the mix of labor hours and categories of labor in relation to the technical requirements of the project; the kinds and quantities of material, equipment, and supplies; types, numbers, and hours/days of proposed consultants; logic of proposed subcontracting; analysis of the travel proposed including number of trips, locations, purpose, and travelers; and kinds and quantities of data processing. The project officer shall provide his/her opinion as to whether these elements are necessary and reasonable for efficient contract performance. Exceptions to proposed elements shall be supported by adequate rationale to allow for effective negotiations. The contracting officer should also request the assistance of a cost/price analyst when considered necessary. In all cases, the negotiation memorandum (see 315.672) must include the rationale used in determining that the price or cost is fair and reasonable.

(b) The contracting officer must appraise the management capability of the offeror to perform the required work in a timely manner. In making this appraisal, the contracting officer should consider factors such as the offeror's management organization,

past performance, reputation for reliability, availability of the required facilities, and cost controls. This information is to be used by the contracting officer to determine the offeror's responsibility.

[50 FR 23132, May 31, 1975, and 50 FR 38004, Sept. 19, 1985]

315.609 Competitive range.

(a) A proposal must be included in the competitive range unless there is no real possibility that it can be improved to the point where it becomes the *most* acceptable.

(e) In certain circumstances, when deciding which proposals should be included in the competitive range, the contracting officer may request that the technical evaluation panel review the cost or price data. Typical situations which may necessitate this review include a suspected "buy-in," large differences in cost or price among the proposals, proposals receiving high technical ratings which have relatively high costs, and proposals receiving low technical ratings which have relatively low costs. The resultant comparison of cost or price to technical factors and the determination of cost or price realism should assist the contracting officer in deciding which proposals are to be included in the competitive range.

(f) All determinations regarding the inclusion or exclusion of proposals in the competitive range must be completely documented, including the salient reasons for the determinations, and set forth in the negotiation memorandum.

(g) Some of the factors which the contracting officer should consider in determining the competitive range are:

(1) The relative importance of cost or price as compared to technical factors in accordance with the solicitation provisions required in 315.406-5(c);

(2) The susceptibility of significantly reducing a proposal with an unreasonable high price or cost without undermining the technical merit if the offeror otherwise has a reasonable chance to receive an award; and

(3) The likelihood of reducing cost or price of a proposal which exceeds the Government's requirements.

(h) The contacting officer shall conduct a thorough review of the technical evaluation report to be assured that:

(1) All determinations of unacceptability are supported by concrete and comprehensive statements that are factual and convincing and are consistent with the evaluation criteria set forth in the solicitation. Every statement should be reviewed carefully to eliminate any doubts as to the unacceptability of a proposal;

(2) All recommendations to exclude proposals from the competitive range are supported by persuasive rationale and sufficient facts to substantiate a judgment that meaningful discussions are not possible or there is no reasonable chance of the proposal being selected for award;

(3) Those cases where only one organization is found to be technically acceptable are fully scrutinized; and

(4) Unacceptable proposals contain "information" deficiencies which are so material as to preclude any possibility of upgrading the proposal to a competitive level except through major revisions and additions which would be tantamount to the submission of another proposal.

(i) The contracting officer and project officer should discuss the uncertainties and/or deficiencies that are included in the technical evaluation report for each proposal in the competitive range. Technical questions should be developed by the project officer and/or the technical evaluation panel and should be included in the technical evaluation report. The management and cost or price questions should be prepared by the contracting officer with assistance from the project officer and/or panel as required. The method of requesting offerors in the competitive range to submit the additional information will vary depending on the complexity of the questions, the extent of additional information requested, the time needed to analyze the responses, and the time frame for making the award. However, to the extent practicable, all questions and answers should be in writing. Each offeror in the competitive range shall be given an equitable period of time for preparation of responses to questions to the extent practicable. The questions

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should be developed so as to disclose the ambiguities, uncertainties, and deficiencies of the offeror (see FAR 15.610(c)).

315.610 Written or oral discussions.

(b) The contracting officer, with the support of personnel who evaluated the technical proposals, and, if necessary, cost analysts, attorneys, etc., must conduct written or oral discussions with all responsible offerors within the competitive range.

(d) Careful judgment must be exercised in determining the extent of discussions. In some cases, more than one round of discussions with all the offerors within the competitive range may be required. The time available, the expense and administrative limitations, and the complexity, size, and significance of the acquisition should all be considered in deciding on the type, duration, and depth of the discussions.

315.611 Best and final offers.

(b)(5) Notice that confirmation of a prior offer should be specifically stated as a final offer; and

(6) Notice that all revisions to former offers should be submitted on Standard Form 1411, Contract Pricing Proposal Cover Sheet, and should be fully documented.

(c) "Best and final" offers are subject to a final evaluation of price or cost and other salient factors by the contracting officer and project officer with assistance from a cost/price analyst, and an evaluation of technical factors by the technical evaluation panel, as necessary. Proposals may be technically rescored and reranked by the technical evaluation panel and a technical evaluation report prepared. To the extent practicable, the evaluation shall be performed by the same evaluators who reviewed the original proposals (see 315.670—).

(e) Of particular importance in the award of research or development contracts, including those with educational institutions, is the competence of key personnel in the specific field of science or technology involved, as reflected in the proposal. However, awards should not be made for research and development capabilities that ex-

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ceed those needed for the successful performance of the particular project.

315.670 Negotiation with the selected source.

(a) After selection of the successful proposal, a limited negotiation with the selected offeror may be conducted if deemed necessary. However, no factor which could have any effect on the selection process may be introduced into the negotiation after the common cutoff date for receipt of best and final offers. The negotiation shall not in any way prejudice the competitive interests or right of the unsuccessful offerors. Negotiations with the selected offeror shall be restricted to definitizing the final agreement on terms and conditions; e.g., assuming none of these factors were involved in the selection process, negotiation could include such topics as payment provisions, patent rights, rights in data, property provisions, labor rates, indirect cost rates, and fees. Prior to conducting the limited negotiation, the contracting officer shall approve a written determination citing both the specific issues to be discussed and the rationale showing that the negotiations shall not have any effect on the selection process.

(b) Caution must be exercised by the contracting officer to insure that the negotiation is not used to change the requirement contained in the solicitation, nor to make any other changes which would impact on the source selection decision. Whenever a material change occurs in the requirements as a result of the negotiation, the competition must be reopened and all offerors submitting "best and final" offers must be given an opportunity to resubmit proposals based on the revised requirements. Whenever there is a question as to whether a change is material, the contracting officer should obtain the advice of technical personnel and legal counsel before reopening the competition. Significant changes in the offeror's cost proposal may also necessitate a reopening of competition if such changes alter the factors involved in the original selection process.

(c) Should negotiations beyond those specified in (a) above be required for

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any reason, discussions must be re-opened with all offerors submitting “best and final” offers.

(d) Upon completion of the negotiation, the contracting officer shall obtain a confirmation letter from the successful offeror which includes any revisions to the technical proposal, the agreed to price or cost, and, as applicable, a certificate of current cost or pricing data.

[49 FR 13979, Apr. 9, 1984, 49 FR 36110, Sept. 14, 1984]

315.671 Post negotiation contract preparation and award.

(a) The contracting officer must perform the following actions after negotiations have been completed:

(1) Prepare the negotiation memorandum in accordance with 315.672;

(2) Prepare the contract containing all agreed to terms and conditions and clauses required by law or regulation;

(3) Include in the contract file the pertinent documents referenced in FAR 4.803; and

(4) Obtain the appropriate approval of proposed contract awards in accordance with Subpart 304.71 and contracting activity procedures.

(b) After receiving the required approvals, the contract should be transmitted to the prospective contractor for signature. The prospective contractor must be informed that the contract is not effective until accepted by the contracting officer.

(c) The contract shall not be issued until the finance office certifies that the funds are available for obligation.

315.672 Preparation of negotiation memorandum.

The negotiation memorandum or summary of negotiations is a complete record of all actions leading to award of a contract and is prepared by the contract negotiator. It should be in sufficient detail to explain and support the rationale judgments, and authorities upon which all actions were predicated. The memorandum will document the negotiation process and reflect the negotiator’s actions, skills, and judgments in concluding a satisfactory agreement for the Government. Negotiation memorandums shall contain discussion of the following or a

statement of nonapplicability; however, information already contained in the contract file need not be reiterated. A reference to the document which contains the required information is satisfactory.

(a) *Description of articles and services and period of performance.* A description of articles and services, quantity, unit price, total contract amount, and period of contract performance should be set forth (if Supplemental Agreement—show previous contract amount as revised, as well as information with respect to the period of performance).

(b) *Acquisition planning.* Summarize any acquisition planning activities that have taken place. Include items such as meetings with program and staff personnel and the development of acquisition planning schedules.

(c) *Synopsis of proposed acquisition.* A statement as to whether the acquisition has or has not been publicized in accordance with FAR Subpart 5.2. A brief statement of explanation should be included with reference to the specific basis for exemption under the FAR, if applicable.

(d) *Contract type.* Provide sufficient detail to support the type of contractual instrument recommended for the acquisition and cite any required D & F. If the contract is a cost-sharing type, explain the essential cost-sharing features.

(e) *Extent of competition.* The extent to which full and open competition was solicited and obtained must be discussed. The discussion shall include the date of solicitation, sources solicited, and solicitation results. If a late proposal was received, discuss whether or not the late proposal was evaluated and the rationale for the decision. If the acquisition is to be awarded without full and open competition, discuss the rationale for the decision.

(f) *Technical evaluation.* Summarize the results presented in the technical evaluation report and delineate the basis of acceptability or unacceptability of the proposals from a technical standpoint. Discussion should be in nontechnical terms.

(g) *Business evaluation.* Summarize the results presented in the business report and delineate the basis for the determination of acceptability or

unacceptability of the business proposals.

(h) *Competitive range.* If full and open competition, describe how the zone of consideration or competitive range was determined and state the offerors who were included in the competitive range and the ones who were not. Explain why any offeror who submitted a technically acceptable proposal was not included in further discussions. Comment on any changes made in the offeror's proposal as a result of the discussions.

(i) *Cost breakdown and analysis.* Include a complete cost breakdown together with the negotiator's analysis of the estimated cost by individual cost elements. The negotiator's analysis should contain such information as:

(1) A comparison of cost factors proposed in the instant case with actual cost factors used in earlier contracts, using the same cost centers of the same supplier or cost centers or other sources having recent contracts for the same or similar item.

(2) Any pertinent Government-conducted audit of the proposed contractor's records of any pertinent cost advisory report (see FAR 15.805).

(3) Any pertinent technical evaluation inputs as to necessity, allocability and reasonableness of labor, material and other direct expenses.

(4) Any other pertinent information to fully support the basis for and rationale of the cost analysis.

(5) If the contract is an incentive type, discuss the rationale for the following:

- (i) Cost-plus-award-fee.
 - (A) Base fee.
 - (B) Maximum fee.
 - (C) Award fee.
- (ii) Cost-plus-incentive-fee.
 - (A) Minimum fee.
 - (B) Target fee.
 - (C) Maximum fee.
 - (D) Incentives relative to performance and/or delivery.
 - (E) Sharing ratios.
- (iii) Fixed-price incentives.
 - (A) Target profit.
 - (B) Target price.
 - (C) Ceiling price.
 - (D) Sharing ratios.
 - (E) Incentives relative to performance and/or delivery.

(6) A justification of the reasonableness of the proposed contractor's estimated profit or fixed fee, considering such factors as any competitive elements, established efficiency or performance, extent of the risk assumed by the proposed contractor, character of the proposed contractor's normal business, the extent of subcontracting in the instant case and the reasons, capital employed, and other factors as are appropriate, including type of organization.

(j) *Government-furnished property and Government-provided facilities.* With respect to Government-furnished material or Government-provided facilities, equipment, tooling, or other property, include the following: (A separate D & F is required for facilities construction.)

(1) Where no property is to be provided, a statement to that effect.

(2) Where property is to be provided, a full description, the estimated dollar value, the basis of price comparison with competitors, and the basis of rental charge, if rental is involved.

(3) Where the furnishing of any property or the extent has not been determined and is left open for future resolution, a detailed explanation.

(k) *Negotiations.* Include a statement as to the date and place negotiations were conducted, and identify members of both the Government and contractor negotiating teams by area of responsibility. Include negotiation details relative to the statement of work, terms and conditions, and special provisions. The results of cost or price negotiations must include the information required by FAR 31.109 and 15.808. In addition, if cost or pricing data was required to be submitted and certified, the negotiation record must also contain the extent to which the contracting officer relied upon the factual cost or pricing data submitted and used in negotiating the cost or price.

(l) *Other considerations.* Include coverage of areas such as:

(1) Financial data with respect to a contractor's capacity and stability.

(2) Determination of contractor responsibility.

(3) Details as to why the method of payment, such as progress payment,

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advance payment, etc., is necessary. Also cite any required D & F's.

(4) Information with respect to obtaining of a certificate of current cost or pricing data.

(5) Other required special approvals, such as those referenced in 307.105-2.

(6) If the contract represents an extension of previous work, the status of funds and performance under the prior contract(s) should be reflected. Also, a determination should be made that the Government has obtained enough actual or potential value from the work previously performed to warrant continuation with the same contractor. (Project officer should furnish the necessary information.)

(7) If the contract was awarded by full and open competition state where the unsuccessful offerors' proposals are filed.

(8) State that equal opportunity provisions of the proposed contract have been explained to the contractor, and it is aware of its responsibilities. Also state whether or not a clearance is required.

(9) If the contract is for services, a statement must be made, in accordance with FAR 37.103 and 337.103, that the services to be acquired are nonpersonal in nature.

(m) *Terms and conditions.* Identify the general provisions and any special clauses and conditions that are contained in the contract, such as option arrangements, incremental funding, anticipatory costs, deviations from the standard clauses, etc. The basis and rationale for inclusion of any special terms and conditions must be stated and, where applicable, the document which granted approval for its use identified.

(n) *Recommendation.* A brief statement setting forth the recommendations for award.

(o) *Signature.* The memorandum must be signed by the contract negotiator who prepared the memorandum.

[49 FR 13979, Apr. 9, 1984, as amended at 50 FR 23132, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

Subpart 315.8—Price Negotiation

315.804 Cost or pricing data.

315.804-3 Exemptions from or waiver of submission of certified cost or pricing data.

(i) *Waiver for exceptional cases.* The authority referenced in FAR 15.804-3(i) may be delegated to the principal official responsible for acquisition.

[51 FR 44294, Dec. 9, 1986]

315.805 Proposal analysis.

315.805-5 Field pricing support.

(2) When some or all information sufficient to determine the reasonableness of the proposed cost or price is already available or can be obtained by phone from the cognizant audit agency, contracting officers may request less-than-complete field pricing support (specifying in the request the information needed) or may waive in writing the requirement for audit and field pricing support by documenting the file to indicate what information is to be used instead of the audit report and the field pricing report.

(c)(1) When initiating audit and field pricing support, the contracting officer shall do so by sending a request to the cognizant administrative contracting officer (ACO), with an information copy to the cognizant audit office. When field pricing support is not available, the contracting officer shall initiate an audit by sending, in accordance with agency procedures, two (2) copies of the request to the OIG Office of Audits' Regional Audit Director. In both cases, the contracting officer shall, in the request:

(i) Prescribe the extent of the support needed;

(ii) State the specific areas for which input is required;

(iii) Include the information necessary to perform the review (such as the offeror's proposal and the applicable portions of the solicitations, particularly those describing requirements and delivery schedules);

(iv) Provide the complete address of the location of the offeror's financial records that support the proposal;

(v) Identify the office having audit responsibility if other than an HHS Regional Audit Office; and

(vi) Specify a due date for receipt of a verbal report to be followed by a written audit report. (If the time available is not adequate to permit satisfactory coverage of the proposal, the auditor shall so advise the contracting officer and indicate the additional time needed.) Normally, the Office of Audits will need 30 days after receipt of the proposal for submission of oral results. However, the Office of Audits' ability to conduct reviews by the due date will be influenced by the OPDIV's ability to properly plan its acquisitions. If the Office of Audits requires additional time to conduct the review, the contracting officer has the option, at the time the auditor acknowledges receipt of the request, to accept the revised due date or cancel the request and use cost advisory services within the agency to satisfy the requirement. In such cases, the contracting officer shall immediately advise the OIG/OA/Regional Audit Director and the OIG/OA/Division of Audit Coordination (OIG/OA/DAC) of the revised due date or cancellation of the request.

(4) One copy of the audit request letter that was submitted to the Regional Audit Director and a complete copy of the contract price proposal shall be submitted to OIG/OA/DAC.

(5) Whenever, an audit review has been conducted by the Office of Audits, two (2) copies of the memorandum of negotiation shall be forwarded to OIG/OA/DAC by the contracting officer (see FAR 15.808(b)).

Subpart 315.9—Profit

315.900 Scope of subpart.

This subpart—

(c) Prescribes a structured approach for establishing the profit or fee portion of the Government prenegotiation objective in all contracts requiring cost analysis except as stated in 315.905-70(b). The profit analysis factors set forth at FAR 15.905 shall be used in all excepted contracts requiring cost analysis.

315.905-70 Structured approach.

(a) *General.* (1) The structured approach for determining profit or fee (hereafter referred to as profit) provides contracting officers with a technique that will ensure consideration of the relative value of the appropriate profit factors described in 315.905-71 in the establishment of a profit objective for the conduct of negotiations. The contracting officer's analysis of these profit factors is based on information available to him/her prior to negotiations. Such information is furnished in proposals, audit data, assessment reports, preaward surveys and the like. The structured approach also provides a basis for documentation of this objective, including an explanation of any significant departure from this objective in reaching an agreement. The extent of documentation should be directly related to the dollar value and complexity of the proposed acquisition.

(2) The negotiation process does not require agreement on either estimated cost elements or profit elements. The profit objective is a part of an overall negotiation objective which, as a going-in objective, bears a distinct relationship to the cost objective and any proposed sharing arrangement. Since profit is merely one of several interrelated variables, the Government negotiator generally should not complete the profit negotiation without simultaneously agreeing on the other variables. Specific agreement on the exact weights or values of the individual profit factors is not required and should not be attempted.

(b) *Exceptions.* (1) The profit-analysis factors set forth at FAR 15.905 shall be used for establishing profit objectives under the following listed circumstances. Generally, it is expected that this method will be supported in a manner similar to that used in the structured approach (profit factor breakdown and documentation of the profit objective); however, factors within FAR 15.905 considered inapplicable to the acquisition will be excluded from the profit objective.

(i) Contracts not expected to exceed \$100,000;

(ii) Architect-engineer contracts;

(iii) Management contracts for operation and/or maintenance of Government facilities;

(iv) Construction contracts;

(v) Contracts primarily requiring delivery of material supplies by subcontractors;

(vi) Termination settlements; and

(vii) Cost-plus-award-fee contracts (However, contracting officers may find it advantageous to perform a structured profit analysis as an aid in arriving at an appropriate fee arrangement).

(2) Other exceptions may be made in the negotiation of contracts having unusual pricing situations. Such exceptions shall be justified in writing by the contracting officer in situations where the structured approach is determined to be unsuitable.

(c) *Limitation.* The maximum profit objective shall be the percentage allowed pursuant to statute or regulation (see FAR 15.903(d)).

(d) *Profit objective.* (1) A profit objective is that part of the estimated contract price objective or value which, in the judgment of the contracting officer, constitutes an appropriate amount of profit for the acquisition being considered. This objective should realistically reflect the total overall task to be performed and the requirements placed on the contractor.

(2) Development of a profit objective should not begin until the following actions have been accomplished:

(i) A thorough review of proposed contract work;

(ii) A review of all available knowledge regarding the contractor pursuant to FAR Subpart 9.1, including audit data, preaward survey reports and financial statements, as appropriate; and

(iii) An analysis of the contractor's cost estimate and comparison with the Government's estimate or projection of cost.

315.905-71 Profit factors.

(a) The following factors shall be considered in all cases in which profit is to be negotiated. The weight ranges listed after each factor shall be used in all instances where the structured approach is used.

Profit factors	Weight ranges (percent)
Contractor effort:	
Material acquisition	1 to 5
Direct labor	4 to 15
Overhead	4 to 9
General management (G&A)	4 to 8
Other costs	1 to 5
Other factors:	
Cost risk	0 to 7
Investment	-2 to +2
Performance	-1 to +1
Socioeconomic programs	-.5 to +.5
Special situations	

(b) Under the structured approach, the contracting officer shall first measure "Contractor Effort" by the assignment of a profit percentage within the designated weight ranges to each element of contract cost recognized by the contracting officer. The amount calculated for the cost of money for facilities capital is not to be included for the computation of profit as part of the cost base.

(c) The suggested categories under "Contractor Effort" are for reference purposes only. Often individual proposals will be in a different format, but since these categories are broad and basic, they provide sufficient guidance to evaluate all other items of cost.

(d) After computing a total dollar profit for "Contractor Effort," the contracting officer shall then calculate the specific profit dollars assigned for cost risk, investment, performance, socioeconomic programs, and special situations. This is accomplished by multiplying the total Government Cost Objective, exclusive of any cost of money for facilities capital, by the specific weight assigned to the elements within the "Other Factors" category. Form HHS-674, Structured Approach Profit/Fee Objective, should be used, as appropriate, to facilitate the calculation of this profit objective. Form HHS-674 is illustrated in 353.370-674.

(e) In making a judgment of the value of each factor, the contracting officer should be governed by the definition, description, and purpose of the factors together with considerations for evaluating them as set forth in 315.905-72 and 315.905-73.

(f) The structured approach was designed for arriving at profit objectives for other than nonprofit organizations. However, if appropriate adjustments

are made to reflect differences between profit and nonprofit organizations, the structured approach can be used as a basis for arriving at profit objectives for nonprofit organizations. Therefore, the structured approach, as modified in paragraph (f)(2) below, shall be used to establish profit objectives for nonprofit organizations.

(1) For purposes of this section, nonprofit organizations are defined as those business entities organized and operated exclusively for charitable, scientific, or educational purposes, no part of the net earnings of which inure to the benefit of any private shareholder or individual, and which are exempt from Federal income taxation under Section 501 of the Internal Revenue Code.

(2) For contracts with nonprofit organizations where profit is involved, an adjustment of up to 3 percentage points will be subtracted from the total profit objective percentage. In developing this adjustment, it will be necessary to consider the following factors:

- (i) Tax position benefits;
- (ii) Granting of financing through advance payments; and
- (iii) Other pertinent factors which may work to either the advantage or disadvantage of the contractor in its position as a nonprofit organization.

[49 FR 13979, Apr. 9, 1984, as amended at 53 FR 15563, May 2, 1988; 56 FR 47003, Sept. 17, 1991]

315.905-72 Contractor effort.

(a) *General.* Contractor effort is a measure of how much the contractor is expected to contribute to the overall effort necessary to meet the contract performance requirement in an efficient manner. This factor, which is apart from the contractor's responsibility for contract performance, takes into account what resources are necessary and what the contractor must do to accomplish a conversion of ideas and material into the final service or product called for in the contract. This is a recognition that within a given performance output, or within a given sales dollar figure, necessary efforts on the part of individual contractors can vary widely in both value and quantity, and that the profit objective should reflect the extent and na-

ture of the contractor's contribution to total performance. A major consideration, particularly in connection with experimental, developmental, or research work, is the difficulty or complexity of the work to be performed, and the unusual demands of the contract, such as whether the project involves a new approach unrelated to existing technology and/or equipment or only refinements to these items. The evaluation of this factor requires an analysis of the cost content of the proposed contract as follows:

(1) *Material acquisition.* (Subcontracted items, purchased parts, and other material.) Analysis of these cost items shall include an evaluation of the managerial and technical effort necessary to obtain the required subcontracted items, purchased parts, material or services. The contracting officer shall determine whether the contractor will obtain the items or services by routine order from readily available sources or by detailed subcontracts for which the prime contractor will be required to develop complex specifications. Consideration shall also be given to the managerial and technical efforts necessary for the prime contractor to select subcontractors and to perform subcontract administration functions. In application of this criterion, it should be recognized that the contribution of the prime contractor to its purchasing program may be substantial. Normally, the lowest unadjusted weight for direct material is 2 percent. A weighting of less than 2 percent would be appropriate only in unusual circumstances when there is a minimal contribution by the contractor.

(2) *Direct Labor* (Professional, service, manufacturing and other labor). Analysis of the various labor categories of the cost content of the contract should include evaluation of the comparative quality and quantity of professional and semiprofessional talents, manufacturing and service skills, and experience to be employed. In evaluating professional and semiprofessional labor for the purpose of assigning profit dollars, consideration should be given to the amount of notable scientific talent or

unusual or scarce talent needed in contrast to nonprofessional effort. The assessment should consider the contribution this talent will provide toward the achievement of contract objectives. Since nonprofessional labor is relatively plentiful and rather easily obtained by the contractor and is less critical to the successful performance of contract objectives, it cannot be weighted nearly as high as professional or semiprofessional labor. Service contract labor should be evaluated in a like manner by assigning higher weights to engineering or professional type skills and lower weights to semiprofessional or other type skills required for contract performance. Similarly, the variety of manufacturing and other categories of labor skills required and the contractor's manpower resources for meeting these requirements should be considered. For purposes of evaluation, categories of labor (i.e., quality control, receiving and inspection, etc.) which do not fall within the definition for professional, service or manufacturing labor may be categorized as appropriate. However, the same evaluation considerations as outlined above will be applied.

(3) *Overhead and general management (G&A).* (i) Analysis of these overhead items of cost should include the evaluation of the makeup of these expenses and how much they contribute to contract performance. To the extent practicable, analysis should include a determination of the amount of labor within these overhead pools and how this labor would be treated if it were considered as direct labor under the contract. The allocable labor elements should be given the same profit considerations that they would receive if they were treated as direct labor. The other elements of these overhead pools should be evaluated to determine whether they are routine expenses, such as utilities and maintenance, and hence given lesser profit consideration, or whether they are significant contributing elements. The composite of the individual determinations in relation to the elements of the overhead pools will be the profit consideration given the pools as a whole. The procedure for assigning relative values to these overhead expenses differs from

the method used in assigning values of the direct labor. The upper and lower limits assignable to the direct labor are absolute. In the case of overhead expenses, individual expenses may be assigned values outside the range as long as the composite ratio is within the range.

(ii) It is not necessary that the contractor's accounting system break down overhead expenses within the classifications of research overhead, other overhead pools, and general administrative expenses, unless dictated otherwise by Cost Accounting Standards (CAS). The contractor whose accounting system reflects only one overhead rate on all direct labor need not change its system (if CAS exempt) to correspond with the above classifications. The contracting officer, in an evaluation of such a contractor's overhead rate, could break out the applicable sections of the composite rate which could be classified as research overhead, other overhead pools, and general and administrative expenses, and follow the appropriate evaluation technique.

(iii) Management problems surface in various degrees and the management expertise exercised to solve them should be considered as an element of profit. For example, a contract for a new program for research or an item which is on the cutting edge of the state of the art will cause more problems and require more managerial time and abilities of a higher order than a follow-on contract. If new contracts create more problems and require a higher profit weight, follow-ons should be adjusted downward because many of the problems should have been solved. In any event, an evaluation should be made of the underlying managerial effort involved on a case-by-case basis.

(iv) It may not be necessary for the contracting officer to make a separate profit evaluation of overhead expenses in connection with each acquisition action for substantially the same project with the same contractor. Where an analysis of the profit weight to be assigned to the overhead pool has been made, that weight assigned may be used for future acquisitions with the same contractor until there is a change in the cost composition of the overhead

pool or the contract circumstances, or the factors discussed in (iii) above are involved.

(b) *Other costs.* Analysis of this factor should include all other direct costs associated with contractor performance (e.g., travel and relocation, direct support, and consultants). Analysis of these items of cost should include:

(1) The significance of the cost of contract performance;

(2) Nature of the cost; and

(3) How much they contribute to contract performance. Normally, travel costs require minimal administrative effort by the contractor and, therefore, usually receive a weight no greater than 1 percent. Also, the contractor may designate individuals as "consultants" but in reality these individuals may be obtained by the contractor to supplement its workforce in the performance of routine duties required by contract. These costs would normally receive a minimum weight. However, there will be instances when the contractor may be required to locate and obtain the services of consultants having expertise in such fields as medicine or human services. In these instances, the contractor will be required to expend greater managerial and technical effort to obtain such services and, consequently, such costs should receive a much greater weight.

315.905-73 Other factors.

(a) *Contract cost risk.* The contract type employed basically determines the degree of cost risk assumed by the contractor. For example, where a portion of the risk has been shifted to the Government through cost-reimbursement provisions, unusual contingency provisions, or other risk-reducing measures, the amount of profit should be less than where the contractor assumes all the risk. In developing the prenegotiation profit objective, the contracting officer will need to consider the type of contract anticipated to be negotiated and the contractor risk associated therewith when selecting the position in the weight range for profit that is appropriate for the risk to be borne by the contractor. This factor should be one of the most important in arriving at prenegotiation profit objectives.

(1) Evaluation of this risk requires a determination of:

(i) The degree of cost responsibility the contractor assumes;

(ii) The reliability of the cost estimates in relation to the task assumed; and

(iii) The complexity of the task assumed by the contractor. This factor is specifically limited to the risk of contract costs. Thus, such risks on the part of the contractor as reputation, losing a commercial market, risk of losing potential profits in other fields, or any risk which falls on the contracting office such as the risk of not acquiring a satisfactory report, are not within the scope of this factor.

(2) The first and basic determination of the degree of cost responsibility assumed by the contractor is related to the sharing of total risk of contract cost by the Government and the contractor through the selection of contract type. The extremes are a cost-plus-a-fixed-fee contract requiring the contractor to use its best efforts to perform a task and a firm fixed-price contract for a service or a complex item. A cost-plus-a-fixed-fee contract would reflect a minimum assumption of cost responsibility, whereas a firm fixed-price contract would reflect a complete assumption of cost responsibility. Where proper contract selection has been made, the regard for risk by contract type would usually fall into the following percentage ranges:

Percent

Cost-reimbursement type contracts—0-3

Fixed-price type contracts—2-7

(3) The second determination is that of the reliability of the cost estimates. Sound price negotiation requires well-defined contract objectives and reliable cost estimates. Prior experience assists the contractor in preparing reliable cost estimates on new acquisitions for similar related efforts. An excessive cost estimate reduces the possibility that the cost of performance will exceed the contract price, thereby reducing the contractor's assumption of contract cost risk.

(4) The third determination is that of the difficulty of the contractor's task. The contractor's task can be difficult

or easy, regardless of the type of contract.

(5) Contractors are likely to assume greater cost risk only if contracting officers objectively analyze the risk incident to proposed contracts and are willing to compensate contractors for it. Generally, a cost-plus-fixed fee contract will not justify a reward for risk in excess of 0.5 percent, nor will a firm fixed-price contract justify a reward of less than the minimum in the structured approach. Where proper contract-type selection has been made, the reward for risk, by contract type, will usually fall into the following percentage ranges:

(i) Type of contract and percentage ranges for profit objectives developed by using the structured approach for research and development and manufacturing contracts:

Percent

Cost-plus-fixed fee—0 to 0.5

Cost-plus-incentive fee:

With cost incentive only—1 to 2

With multiple incentives—1.5 to 3

Fixed-price-incentive:

With cost incentive only—2 to 4

With multiple incentives—3 to 5

Prospective price redetermination—3 to 5

Firm fixed-price—5 to 7

(ii) Type of contract and percentage ranges for profit objectives developed by using the structured approach for service contracts:

Percent

Cost-plus-fixed fee—0 to 0.5

Cost-plus-incentive fee—1 to 2

Fixed-price incentive—2 to 3

Firm fixed-price—3 to 4

(6) These ranges may not be appropriate for all acquisitions. For instance, a fixed-price-incentive contract that is closely priced with a low ceiling price and high incentive share may be tantamount to a firm fixed-price contract. In this situation, the contracting officer may determine that a basis exists for high confidence in the reasonableness of the estimate and that little opportunity exists for cost reduction without extraordinary efforts. On the other hand, a contract with a high ceiling and low incentive formula can be considered to contain cost-plus-incentive-fee contract features. In this situation, the contracting officer may de-

termine that the Government is retaining much of the contract cost responsibility and that the risk assumed by the contractor is minimal. Similarly, if a cost-plus-incentive-fee contract includes an unlimited downward (negative) fee adjustment on cost control, it could be comparable to a fixed-price-incentive contract. In such a pricing environment, the contracting officer may determine that the Government has transferred a greater amount of cost responsibility to the contractor than is typical under a normal cost-plus-incentive-fee contract.

(7) The contractor's subcontracting program may have a significant impact on the contractor's acceptance of risk under a contract form. It could cause risk to increase or decrease in terms of both cost and performance. This consideration should be a part of the contracting officer's overall evaluation in selecting a factor to apply for cost risk. It may be determined, for instance, that the prime contractor has effectively transferred real cost risk to a subcontractor and the contract cost risk evaluation may, as a result, be below the range which would otherwise apply for the contract type being proposed. The contract cost risk evaluation should not be lowered, however, merely on the basis that a substantial portion of the contract costs represents subcontracts without any substantial transfer of contractor's risk.

(8) In making a contract cost risk evaluation in an acquisition action that involves definitization of a letter contract, unpriced change orders, and unpriced orders under BOA's, consideration should be given to the effect on total contract cost risk as a result of having partial performance before definitization. Under some circumstances it may be reasoned that the total amount of cost risk has been effectively reduced. Under other circumstances it may be apparent that the contractor's cost risk remained substantially unchanged. To be equitable, the determination of profit weight for application to the total of all recognized costs, both those incurred and those yet to be expended, must be made with consideration to all attendant circumstances—not just the portion of costs incurred or percentage

of work completed prior to definitization.

(9) Time and material and labor hour contracts will be considered to be cost-plus-a-fixed-fee contracts for the purpose of establishing profit weights unless otherwise exempt under 315.905-70(b) in the evaluation of the contractor's assumption of contract cost risk.

(b) *Investment.* HHS encourages its contractors to perform their contracts with the minimum of financial, facilities, or other assistance from the Government. As such, it is the purpose of this factor to encourage the contractor to acquire and use its own resources to the maximum extent possible. The evaluation of this factor should include an analysis of the following:

(1) *Facilities* (Including equipment). To evaluate how this factor contributes to the profit objective requires knowledge of the level of facilities utilization needed for contract performance, the source and financing of the required facilities, and the overall cost effectiveness of the facilities offered. Contractors who furnish their own facilities which significantly contribute to lower total contract costs should be provided with additional profit. On the other hand, contractors who rely on the Government to provide or finance needed facilities should receive a corresponding reduction in profit. Cases between the above examples should be evaluated on their merits with either positive or negative adjustments, as appropriate, in profit being made. However, where a highly facilitized contractor is to perform a contract which does not benefit from this facilitization or where a contractor's use of its facilities has a minimum cost impact on the contract, profit need not be adjusted. When applicable, the prospective contractor's computation of facilities capital cost of money for pricing purposes under CAS 414 can help the contracting officer identify the level of facilities investment to be employed in contract performance.

(2) *Payments.* In analyzing this factor, consideration should be given to the frequency of payments by the Government to the contractor. The key to this weighting is to give proper consideration to the impact the contract will have on the contractor's cash flow.

Generally, negative consideration should be given for advance payments and payments more frequent than monthly with maximum reduction being given as the contractor's working capital approaches zero. Positive consideration should be given for payments less frequent than monthly with additional consideration given for a capital turn-over-rate on the contract which is less than the contractor's or the industry's normal capital turn-over rate.

(c) *Performance.* (Cost-control and other past accomplishments.) The contractor's past performance should be evaluated in such areas as quality of service or product, meeting performance schedules, efficiency in cost control (including need for and reasonableness of cost incurred), accuracy and reliability of previous cost estimates, degree of cooperation by the contractor (both business and technical), timely processing of changes and compliance with other contractual provisions, and management of subcontract programs. Where a contractor has consistently achieved excellent results in the foregoing areas in comparison with other contractors in similar circumstances, such performance merits a proportionately greater opportunity for profit. Conversely a poor record in this regard should be reflected in determining what constitutes a fair and reasonable profit.

(d) *Federal socioeconomic programs.* This factor, which may apply to special circumstances or particular acquisitions, relates to the extent of a contractor's successful participation in the Government sponsored programs such as small business, small disadvantaged business, labor surplus area, and energy conservation efforts. The contractor's policies and procedures which energetically support Government socioeconomic programs and achieve successful results should be given positive considerations. Conversely, failure or unwillingness on the part of the contractor to support Government socioeconomic programs should be viewed as evidence of poor performance for the purpose of establishing a profit objective.

(e) *Special situations.* (1) *Inventive and developmental contributions.* The extent

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and nature of contractor-initiated and financed independent development should be considered in developing the profit objective, provided that the contracting officer has made a determination that such effort will benefit the contract. The importance of the development in furthering health and human services purposes, the demonstrable initiative in determining the need and application of the development, the extent of the contractor's cost risk, and whether the development cost was recovered directly or indirectly from Government sources should be weighed.

(2) *Unusual pricing agreements.* Occasionally, unusual contract pricing arrangements are made with the contractor wherein it agrees to cost ceilings, e.g., a ceiling on overhead rates for conditions other than those discussed at FAR 42.707. In such circumstances, the contractor should receive favorable consideration in developing the profit objective.

(3) *Negative factors.* Special situations need not be limited to those which only increase profit levels. A negative consideration may be appropriate when the contractor is expected to obtain spin-off benefits as a direct result of the contract (e.g., products or services with commercial application).

[49 FR 13979, Apr. 9, 1984, as amended at 53 FR 15563, May 2, 1988]

315.905-74 Facilities capital cost of money.

When facilities capital cost of money (cost of capital committed to facilities) is included as an item of cost in the contractor's proposal, a reduction in the profit objective shall be made in an amount equal to the amount of facilities capital cost of money allowed in accordance with the Facilities Capital Cost-of-Money Cost Principal. If the contractor does not propose this cost, a provision must be inserted in the contract that facilities capital cost of money is not an allowable cost.

[49 FR 13979, Apr. 9, 1984, as amended at 53 FR 15563, May 2, 1988]

Subpart 315.10—Preaward, Award, and Postaward Notifications, Protests, and Mistakes

315.1000 General.

Once a contract action has progressed through the evaluation process, and even after the selection of a contractor, all queries as to the relative merits of the submitted proposals shall be courteously but firmly directed to the contracting officer. All other personnel will avoid any exchange of comments with offerors.

[49 FR 13979, Apr. 9, 1984. Redesignated and amended at 50 FR 23132, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

315.1003 Debriefing of unsuccessful offerors.

(a) Any HHS employee who receives either a written or oral request for a debriefing from an unsuccessful offeror shall immediately, without any discussion regarding the merits or deficiencies of the unsuccessful offeror's proposal, refer the request to the contracting officer. If the request is made orally, the contracting officer shall require that the request be made in writing. The contracting officer or his/her designee shall be present at all debriefings and shall review written debriefings prior to release.

(b) A debriefing is intended to: (1) Tell an unsuccessful offeror which areas of its proposal were judged to be weak and deficient and whether the weaknesses or deficiencies were factors in its not having been selected; and

(2) Identify the factors which were the basis for selection of the successful contractor. If the quality of the successful offeror's proposal to satisfy the mission requirement was the basis, the unsuccessful offeror should be so informed, and given a general comparison of significant areas, but not a point-by-point comparison of all the elements considered in the evaluation criteria. If the successful offeror was selected on the basis of cost, the unsuccessful offeror should be told that was the case. If selection was based on other factors, they should be specified.

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(d) If an unsuccessful offeror feels that its failure to obtain the award was not justified, it will rely, at least in part, on the information given in the debriefing to determine whether it should seek recourse. Accordingly, it is essential that a debriefing be conducted in a scrupulously fair, objective, and impartial manner, and that the information given the unsuccessful offeror be absolutely factual and consistent with the findings of the contracting officer and the basis on which the award was made.

(e) In some cases, it may be necessary to arrange informal debriefings for an unsuccessful offeror's personnel by departmental technical evaluators. This determination will be made by, and meeting arrangements will be the responsibility of, the contracting officer.

(f) It is very important that all departmental personnel engaged in the evaluation and selection processes be aware of the policies and procedures in FAR Subpart 15.10 and this Subpart 315.10. Detailed and complete records of the acquisition will be maintained by key technical and contracting personnel in a manner which will facilitate either a written or an oral debriefing of any unsuccessful offeror.

[49 FR 13979, Apr. 9, 1984. Redesignated and amended at 50 FR 23132, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

315.1004 Protests against award.

See Subpart 333.1.

[49 FR 13979, Apr. 9, 1984. Redesignated and amended at 50 FR 23132, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

315.1005 Discovery of mistakes.

See 314.406 and 315.607.

[49 FR 13979, Apr. 9, 1984. Redesignated at 50 FR 23132, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

Subpart 315.70—Requests for Contract

315.7000 Scope of subpart.

This subpart prescribes the format and contents of the request for contract and provides procedures for the preparation and submission of the request for contract document.

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315.7001 General.

The program office's preparation of the request for contract (RFC) and submission to the contracting activity finalizes the presolicitation phase of the acquisition planning process and commences the solicitation phase. The RFC is the formal document which initiates the preparation of the request for proposals by the contracting activity and sets the acquisition process in motion. It represents the results of planning by the project officer and contract negotiator and contains much of the pertinent information necessary for the development of a sound, comprehensive RFP.

315.7002 Procedures.

(a) Requests for contract are required to be prepared by the program office for all proposed negotiated acquisitions estimated to exceed the small purchase limitation.

(b) The program office should submit the RFC as early as possible to the contracting activity. The proposed period of time between the date of submission of the RFC and the date of contract award (or date of delivery of the product, service, study, etc.) should be determined by the project officer, contract negotiator, and, if necessary, the contracting officer. The amount of leadtime should be determined on a case-by-case basis and should reflect the characteristics and complexities of the individual acquisition. When lengthy and/or involved clearances or special approval are required, for example, they must be taken into account when the leadtime is determined. If a formal acquisition planning document is used, (see Subpart 307.1), the RFC should be submitted in accordance with the timetable set forth in that document. OPDIV, agency, and regional office contracting activities may prescribe specific leadtimes for submission of RFC's in their implementation of this subpart.

[49 FR 13979, Apr. 9, 1984, as amended at 53 FR 15563, May 2, 1988; 56 FR 47003, Sept. 17, 1991]

315.7003 Responsibilities.

It is the responsibility of the project officer to prepare the RFC so that it

complies with the requirements of this subpart and any OPDIV, agency, or regional office guidance issued in accordance with this subpart. Prior to the submission of the RFC to the contracting activity, the head of the program office sponsoring the project shall review the RFC to ensure that all required information is provided in the prescribed format and a technical review of the statement of work has been made. The level and extent of the technical review is to be commensurate with the estimated cost, importance, and complexity of the proposed acquisition, and must be thorough enough to ensure that vague and ambiguous language is eliminated, the statement of work is structured by phases or tasks, if appropriate, and methods are available for assessing the contractor's technical, cost, and delivery performances.

315.7004 Transmittal.

The RFC will be conveyed to the contracting activity by use of a covering memorandum or other form of transmittal. The transmittal document must be signed by the head of the sponsoring program office and include both a statement attesting to the conclusiveness of the review discussed in the preceding section and a list identifying all attachments to the RFC. A standard format for the transmittal document may be prescribed by the OPDIV, agency, or regional office contracting activity.

315.7005 Format and content.

The Department does not prescribe a standard format for the RFC document, but recommends the use of a format similar to what is provided in this section. The subject areas addressed in paragraphs (a) and (b) must be included in every RFC document, whereas the areas addressed in paragraph (c) need only be included if applicable. An OPDIV, agency, or regional office contracting activity may prescribe a standard format for the RFC document and may include additional subject areas that are pertinent to that activity's needs. Some of the information to be furnished in the RFC document may be repetitive of that found in the acquisition planning document. If this infor-

mation has not changed since the development of the acquisition planning document, the RFC document may either restate the information as it appears in the acquisition planning document or cross reference the applicable portion where the information appears.

(a) The RFC document must contain the following:

(1) *Purpose of contract.* A brief, general description of requirements, including the citation of the legislation which authorizes the program or project, is to be provided, along with a statement as to the intended purpose/use of the proposed contract.

(2) *Background and need.* The background history and necessity for the proposed contract are to be described. This section is to include prior, present, and planned efforts by the program office in the same or related areas, and a description of efforts by other departmental activities and Federal agencies in the same or related program areas, if known. In addition, specific project information such as the relevance or contribution to overall program objectives, reasons for the need, priority, and project overlap are to be provided.

(3) *Period of performance.* The number of months (or other time period) required for total performance, and, if applicable, for each phase of work indicated in the statement of work, is to be specified. The program office must indicate the proposed starting date and the required date of delivery for each deliverable.

(4) *Estimated cost and fund citation.* The project officer's estimate of the total cost of the proposed contract, and, if applicable, the estimate for each phase indicated in the statement of work, is to be provided. The project officer must provide a cost breakdown of all contributing cost factors, to include an estimate of the technical staff hours, direct materials, subcontracting, travel, etc. The project officer may consult with contracting and cost advisory personnel in developing this information. This section must include the certification of funds availability for the particular proposed acquisition, along with the appropriation and accounting information citations. When funds are not currently available but

are anticipated, a statement indicating that the financial plan includes provision for the funds for the proposed acquisition but the funds are not yet available for obligation shall be included in lieu of the certification of funds availability. (Contracts cannot be awarded unless funds are available, but see FAR 32.703-2.)

(5) *Reference material.* A list, by title and description, of study reports, plans, drawings, and other data to be made available to prospective offerors for use in preparation of proposals and/or the contractor for use in performance of the contract is to be provided. The project officer must indicate whether this material is currently available or when it will be available.

(6) *Technical evaluation criteria and instructions.* The project officer is to include the technical evaluation criteria, which have been developed based on the requirements of the specific project, and any instructions and information which will assist in the preparation of prospective offerors' technical proposals. For example, critical areas discussed in the statement of work and the relative order of importance and weights assigned to each of these areas for technical evaluation purposes must be identified. These areas may include understanding of the problem, technical approach, experience, personnel, facilities, etc.

(7) *Sources for solicitation.* The project officer is to develop and include a list of known potential sources by name and mailing address. The project officer is encouraged to use trade and professional journals and publications to identify new prospective sources to supplement the list of known sources. Efforts to identify set-aside possibilities, i.e., small, disadvantaged, and labor surplus areas, and women-owned businesses, must be explained.

(8) *Special approvals, clearances, and requirements.* All special approvals, clearances, and requirements pertinent to the proposed acquisition are to be listed in this section. Copies of the actual documents are to be attached to the RFC. If the approval, clearance, or requirement has been requested and is being processed, a footnote to this effect, including all pertinent details, must be included in this section. A list

of Government-wide and Department imposed approvals, clearances, and requirements is set forth in 307.105-2. Comprehensive checklists of these and any OPDIV, agency, regional office, etc. special approvals, clearances, and requirements shall be provided for reference purposes to program offices by the servicing contracting activity.

(9) *Identification and disposition of data.* The project officer must identify the data expected to be generated by the acquisition and specify the data to be delivered to the Department (see 315.7005(b)(2)) and that to be retained by the contractor. The project officer must also include information relative to the use, maintenance, disclosure, and disposition of data. The project officer must include a statement as to whether or not another acquisition, based upon the data generated by the proposed acquisition, is anticipated. The project officer must also include a statement indicating whether the proposed acquisition is or is not subject to the Privacy Act (see FAR Subpart 24.1 and Subpart 324.1).

(10) *Project officer and alternate.* The project officer's name, title, organization, mailing address, and telephone number are to be provided in this section, along with the same data for the project officer's alternate. In addition, a statement that the project officer has completed the Department's project officer training course is to be provided (see 307.170).

(b) The following must be submitted with every RFC but are to be prepared as separate attachments so they may be readily adopted into the request for proposal format:

(1) *Statement of work or specification.* The statement of work describes the requirements to be performed and may describe the methods to be used (see 307.105-3 and FAR 35.005 for a detailed explanation). A specification is used in lieu of a statement of work when a clear and accurate description of the technical requirements for a product, material, or service can be provided along with the procedure to determine that the requirements have been met. It is essential that a complete and comprehensive statement of work or specification be provided by the project officer.

(2) *Schedule of deliverables or reporting requirements.* The project officer must specifically describe what is to be delivered and when it is to be delivered to ensure proper contract monitoring. Usually, technical and financial progress reports and the final report are prescribed in this section. These reports should be tailored to the instant acquisition and should avoid unnecessary and burdensome reporting requirements.

(c) The following may not be applicable to all RFC's but must be included as attachments whenever any do apply:

(1) *Government property.* The project officer must identify, as referenced in the statement of work, the types, individual items, and quantities of Government property to be furnished to or allowed to be acquired by, the resultant contractor, if known. The project officer must specify when the Government property is to be made available to the resultant contractor.

(2) *Special terms and conditions.* The project officer may suggest inclusion of any special terms and conditions applicable to the proposed acquisition not already covered in the statement of work or the applicable contract general provisions.

(3) *Justification for other than full and open competition.* If the proposed acquisition is to be awarded using other than full and open competition, a justification, prepared in accordance with FAR Subpart 6.3 and Subpart 306.3, must be submitted as an attachment to the RFC.

(4) *Privacy Act "system notice."* When the project officer has determined that the requirements of the Privacy Act are applicable to the proposed acquisition, a copy of the "system notice" must be attached to the RFC (see 324.103(d)).

[49 FR 13979, Apr. 9, 1984, as amended at 50 FR 23132, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

315.7006 Review.

Upon receipt of the RFC, the contracting activity shall review the contents to ensure that all pertinent information has been provided by the program office. If pertinent information is missing or if there are discrepancies in previously agreed upon information,

such as significant alterations in the statement of work, the contracting activity shall obtain or clarify the information so that the acquisition schedule is met. If the program office delays furnishing the information or clarification, the acquisition schedule may have to be changed. When this circumstance arises, the contracting activity should notify the head of the sponsoring program office of the problem, in writing, of the possible slippage in the acquisition schedule, and the need for an expeditious remedy. If the head of the sponsoring program office is not responsive to the request for expediency, the matter should be referred to higher management authorities for resolution.

[49 FR 13979, Apr. 9, 1984, as amended at 49 FR 36110, Sept. 14, 1984]

PART 316—TYPES OF CONTRACTS

Subpart 316.3—Cost-Reimbursement Contracts

Sec.

316.301 General.

316.301-3 Limitations.

316.303 Cost-sharing contracts.

316.306 Cost-plus-fixed-fee contracts.

316.307 Contract clauses.

Subpart 316.4—Incentive Contracts

316.403 Fixed-price incentive contracts.

Subpart 316.6—Time-and-Materials, Labor-Hour, and Letter Contracts

316.601 Time-and-materials contracts.

316.603 Letter contracts.

316.603-2 Application.

316.603-3 Limitations.

316.603-70 Information to be furnished when requesting authority to issue a letter contract.

316.603-71 Approval for modifications to letter contracts.

Subpart 316.7—Agreements

316.702 Basic agreements.

316.770 Unauthorized types of agreements.

316.770-1 Letters of intent.

316.770-2 Memorandums of understanding.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14004, Apr. 9, 1984, unless otherwise noted.

316.301-3

Subpart 316.3—Cost-Reimbursement Contracts

316.301 General.

316.301-3 Limitations.

(c) The following format shall be used and executed by the contracting officer as the determination and findings authorizing the use of a cost-reimbursement contract and establishing the fee:

DEPARTMENT OF HEALTH AND HUMAN
SERVICES—DETERMINATION AND FINDINGS

Authority to Use Cost-Reimbursement Contract

I hereby find that:

(1) The (agency title) proposes to contract with (name of proposed contractor) for (describe work, service, or product) (identify program or project). The estimated cost is (\$——) (if contract is CPFF type, insert, “plus a fixed fee of (\$——) which is —— percent of the estimated cost exclusive of fee”).

(2) (Set forth facts and circumstances that show why it is impracticable to secure property or services of the kind or quantity required without the use of the proposed type of contract or why the proposed method of contracting is likely to be less costly than other methods.) I hereby determine that:

On the basis of the above findings, and in accordance with FAR 16.301-3, it is impracticable to secure the property or services of the kind or quality required without the use of a (cost, cost-sharing, or cost-plus-a-fixed fee*) type of contract, or the (cost, cost-sharing, or cost-plus-a-fixed fee*) method of contracting is likely to be less costly than other methods.

Date _____

Signature _____

[49 FR 14004, Apr. 9, 1984, as amended at 50 FR 23132, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 51 FR 44294, Dec. 9, 1986]

316.303 Cost-sharing contracts.

For detailed information concerning the use of cost-sharing contracts, see 335.070.

316.306 Cost-plus-fixed-fee contracts.

(c)(2) The determination and findings (D&F) required by FAR 16.306(c)(2) has been combined with the D&F required by FAR 16.301-3(c) authorizing the use of cost-reimbursement contract, and is shown in 316.301-3(c). The contracting officer is responsible for executing the

*Use applicable word, words, or statement.

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D&F and is authorized to make both determinations required by the FAR.

[51 FR 44294, Dec. 9, 1986]

316.307 Contract clauses.

(a) If the contract is with a hospital (profit or nonprofit), modify the “Allowable Cost and Payment” clause at FAR 52.216-7 by deleting from paragraph (a) the words “subpart 31.2 of the Federal Acquisition Regulation (FAR)” and substituting “45 CFR part 74 appendix E.”

(j) The contracting officer shall insert the clause at 352.216-72, Additional Cost Principles, in solicitations and resultant cost-reimbursement contracts with nonprofit organizations, as identified in OMB Circular A-122.

[55 FR 42197, Oct. 18, 1990]

Subpart 316.4—Incentive Contracts

316.403 Fixed-price incentive contracts.

(c) The determination and findings required by FAR 16.403(c) shall be executed by the chief of the contracting office after it is prepared by the contracting officer.

[51 FR 44294, Dec. 9, 1986]

Subpart 316.6—Time-and-Materials, Labor-Hour, and Letter Contracts

316.601 Time-and-materials contracts.

(c) *Limitations.* The format prescribed in 316.301-3(c) shall be used and executed by the contracting officer as the determination and findings authorizing the use of either a time-and-materials contract or a labor-hour contract, except that the final paragraph shall be changed to read as follows:

I hereby determine that:

On the basis of the above findings, no other type of contract will suitably serve for the acquisition of the required work or services.

316.603 Letter contracts.

316.603-2 Application.

It is the policy of the Department to refrain from issuing letter contracts.

Department of Health and Human Services

316.702

Exceptions to this policy will be permitted only in those cases where all matters of a substantive nature, such as statements of work, delivery schedules, and general and special clauses have been resolved and agreed upon.

316.603-3 Limitations.

The principal official responsible for acquisition shall be the approving official who executes the prescribed written statement. However, if the principal official responsible for acquisition is to sign the letter contract as the contracting officer, the approving official becomes the head of the contracting activity.

[49 FR 14004, Apr. 9, 1984, as amended at 51 FR 44294, Dec. 9, 1986]

316.603-70 Information to be furnished when requesting authority to issue a letter contract.

The following information should be included by the contracting officer in any memorandum requesting approval to issue a letter contract:

- (a) Name and address of proposed contractor.
- (b) Location where contract is to be performed.
- (c) Contract number, including modification number, if possible.
- (d) Brief description of work and services to be performed.
- (e) Performance or delivery schedule.
- (f) Amount of letter contract.
- (g) Estimated total amount of definitized contract.
- (h) Type of definitive contract to be executed (fixed price, cost-reimbursement, etc.).
- (i) Statement of the necessity and advantage to the Government of the use of the proposed letter contract.
- (j) Statement of percentage of the estimated cost that the obligation of funds represents. In rare instances where the obligation represents 50 percent or more of the proposed estimated cost of the acquisition, a justification for that obligation must be included which would indicate the basis and necessity for the obligation (e.g., the contractor requires a large initial outlay of funds for major subcontract awards or an extensive purchase of materials to meet an urgent delivery requirement). In every case, documentation

must assure that the amount to be obligated is not in excess of an amount reasonably required to perform the work.

(k) Period of effectiveness of the proposed letter contract. If more than 180 days, complete justification must be given.

(l) Statement of any substantive matters that need to be resolved.

316.603-71 Approval for modifications to letter contracts.

All letter contract modifications (amendments) must be approved by the principal official responsible for acquisition. Requests for authority to issue letter contract modifications shall be processed in the same manner as requests for authority to issue letter contracts and shall include the following:

- (a) Name and address of the contractor.
- (b) Description of work and services.
- (c) Date original request was approved and indicate approving official.
- (d) Letter contract number and date issued.
- (e) Complete justification as to why the letter contract cannot be definitized at this time.
- (f) Complete justification as to why the level of funding must be increased.
- (g) Complete justification as to why the period of effectiveness is increased beyond 180 days, if applicable.
- (h) If the funding of the letter contract is to be increased to more than 50 percent of the estimated cost of the acquisition, the information required by 316.603-70(j) must be included.

Subpart 316.7—Agreements

316.702 Basic agreements.

- (b) *Application.*
 - (2) Basic agreements shall continue in effect until termination, supersession, or expiration of the term.
 - (d) *Contracts incorporating basic agreements.*
 - (2) Any provision of a contract which conflicts with the terms of a basic agreement must be approved by the Director, Division of Acquisition Policy, OAGM.

(4) Basic agreements may include negotiated overhead rates for cost-reimbursement type contracts. Where negotiated overhead rates are included, the bases to which the rates apply and the period of applicability must also be stated. All pertinent provisions such as final rates for past periods, provisional rates for current or future periods, ceilings, and any specific items to be treated as indirect costs shall also be included as appropriate.

(e) *Content and format.* A basic agreement shall consist of an execution page(s), contents page, special provisions, and general provisions. The following is illustrative of an execution page:

Basic Agreement Page 1 of—
Number pages

Basic Agreement

Between the United States of America, as represented by the Department of Health and Human Services, and (Name of Contractor), this agreement, effective (Insert Date) by and between the United States of America, hereinafter called the "Government," as represented by the Department of Health and Human Services, and (Name of Contractor), a corporation organized and existing under the laws of the (State/Commonwealth) of _____ with its principal office in (City, State), hereinafter called the "Contractor".

Witneseth That

Whereas, the Government and the Contractor desire to enter into a single basic agreement for use only in connection with negotiated (insert type of contract and categories of effort that the basic agreement will cover) entered into on or after the effective date of this Agreement, and prior to its termination; and

Whereas, the parties understand that this Agreement shall not in any manner provide for or imply any agreement on the part of the Government to place future orders or contracts with the Contractor.

Now therefore, the Government and the Contractor agree that the provisions and clauses of the Special Provisions, as set forth herein, and the General Provisions, as set forth and modified herein, shall be incorporated in and constitute the terms and conditions applicable to all negotiated (insert type of contract and categories of effort that the basic agreement will cover) entered into on or after the effective date of this Agreement, and prior to its termination.

In witness whereof, the parties hereto have executed this Agreement as of the day and year first above written.

United States of America

Name of Contractor _____

Signature of Contracting Officer _____

By _____

Signature of Authorized Official _____

Typed name _____

Typed name _____

Date _____

(f) *Procedures.* (1) Negotiation of basic agreements may be undertaken by OPDIV contracting activities on behalf of the Department. When an OPDIV contracting activity decides to negotiate a basic agreement with an organization, prior authorization must be requested, in writing, from the Director, Division of Acquisition Policy (DAP). When the Director, DAP, gives written authorization to the OPDIV contracting activity designated to conduct negotiations on behalf of the Department, all other OPDIVs will be notified of this designation. If another OPDIV elects, it may attend the negotiation or furnish special terms and conditions or provisions for inclusion in the proposed basic agreement by advising the designated negotiating activity in writing within ten (10) days from the date of the authorization. After review and resolution of all requests for inclusion of special terms and conditions or provisions, the designated negotiating activity will invite those OPDIVs which expressed an interest in attending the negotiations and make the necessary arrangements for the negotiation of the basic agreement.

(2) Prior to the conclusion of negotiations, the designated negotiating activity shall furnish the OPDIVs a draft copy of the proposed basic agreement together with:

(i) A resume of all salient features of the basic agreement which will facilitate review;

(ii) Any of the negotiating OPDIV's guides or procedures which are being considered for incorporation into the basic agreement by reference;

(iii) A listing of nonstandard clauses used, the genesis of such clauses, and the reasons for such clauses in the basic agreement; and

(iv) The contractor's comments, including the basis for requesting any deviation from the HHSAR and the designated negotiating activity's position with respect thereto.

Department of Health and Human Services

317.201

(3) The OPDIVs shall have fifteen (15) days from the date of the memorandum transmitting the information to submit comments on the draft copy of the basic agreement. After receipt, analysis, and resolution of the comments of the OPDIVs, the designated negotiating activity will proceed to conclude the negotiation of the basic agreement.

(4) After conclusion of the negotiation, but prior to execution of the basic agreement, a copy of the basic agreement, together with the information specified in paragraph (f)(2) above, the comments of the OPDIVs, the designated negotiating activity's analysis of the OPDIV comments, and the basis for the action taken will be furnished to the Director, DAP for review by DPP and the Office of General Counsel. Approval by the Director, DAP must be given prior to the execution of the basic agreement. After approval and execution of the basic agreement, the designated negotiating activity will distribute the executed document to the OPDIVs, Office of General Counsel, and the Director, DAP. The basic agreement is mandatory for use by all activities of the Department for all acquisitions falling within the scope of the basic agreement.

[49 FR 14004, Apr. 9, 1984, as amended at 50 FR 23126, 23133, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24343 June 7, 1989; 54 FR 24343, June 7, 1989]

316.770 Unauthorized types of agreements.

316.770-1 Letters of intent.

A letter of intent is an informal unauthorized agreement between the Government and a prospective contractor which indicates that products or services will be produced after completion of funding and/or other contractual formalities. Letters of intent are often solicited by prospective contractors or may be originated by Government personnel. Letters of intent are not authorized by the FAR and are prohibited for use by Department personnel.

316.770-2 Memorandums of understanding.

A "memorandum of understanding" is an unauthorized agreement, usually

drafted during the course of negotiations, to modify mandatory FAR and HHSAR provisions in such a manner as to make them more acceptable to a prospective contractor. It may be used to bind the contracting officer in attempting to exercise rights given the Government under the contract, or may contain other matters directly contrary to the language of the solicitation or prospective contractual document. Use of such memorandums of understanding is not authorized. Any change in a solicitation or contract shall be made by amendment or modification to that document. When a change to a prescribed contract clause is considered necessary, a deviation shall be requested.

PART 317—SPECIAL CONTRACTING METHODS

Subpart 317.2—Options

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317.201 Definition.

317.202 Use of options.

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Subpart 317.70—Consolidated Acquisitions

317.7001 General.

317.7002 Policy.

Subpart 317.71—Supply and Service Acquisitions Under the Government Employees Training Act

317.7100 Scope of subpart.

317.7101 Applicable regulations.

317.7102 Acquisition of training.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14006, Apr. 9, 1984, unless otherwise noted.

Subpart 317.2—Options

317.201 Definition.

(a) An option must:

(1) Identify the supplies or services as a discrete option quantity in addition to the basic quantity of supplies or services to be delivered under the initial contract award;

(2) Establish a price or specify a method of calculation which will make the price certain;

(3) Be agreed to and included in the initial contract award; and

317.202

(4) Permit the Government the right to exercise the option unilaterally.

(b) Contract provisions which provide the Government the right to buy additional requirements, subject to the written agreement of the contractor, do not meet the requirements of paragraph (a)(4) of this section and are not authorized. Further, any contract provision which merely extends the initial contract period without requiring delivery of additional supplies or services is not an option.

317.202 Use of options.

(c)(6) The primary purpose for inclusion would be the achievement of administrative convenience.

317.203 Solicitations.

(g)(2) When unusual circumstances exist, the principal official responsible for acquisition (not delegable) may approve a greater percentage (but see FAR 17.205).

317.206 Evaluation.

The determination referenced in FAR 17.206(b) shall be made by the chief of the contracting office.

[49 FR 14006, Apr. 9, 1984, as amended at 53 FR 43208, Oct. 26, 1988]

Subpart 317.70—Consolidated Acquisitions

317.7001 General.

Studies have indicated that substantial savings can be realized through centralized and consolidated acquisitions of common use supplies, services, and equipment. The Department has identified common use items and has applied the principle of consolidated acquisition to these items.

317.7002 Policy.

(a) The following supplies, services, and equipment have been indentified as common use items and are to be acquired by the centralized contracting activity identified in paragraph (b):

(1) Administrative supplies, equipment, and services (i.e., general use office items or related services), as distinguished from functional or program requirements.

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(2) Automated data processing services (but see ADP Systems Manual, Chapter 4).

(3) Stenographic reporting services.

(4) Visual arts, graphics, and supplementing services.

(5) Press clipping services.

(b) Activities within the metropolitan Washington, DC area are required to submit purchase requests for the above items to the applicable centralized contracting activity as follows:

(1) Activities located in the Southwest Washington complex; Procurement Branch, Division of Contract Operations, Office of Acquisition and Grants Management, Office of the Secretary.

(2) Parklawn Complex, Rockville, Maryland (Montgomery and Prince Georges Counties area); Division of Acquisition Management, Administrative Services Center, Office of Management, Public Health Service.

(3) National Institutes of Health; Division of Procurement, National Institutes of Health.

(c) Activities outside the metropolitan Washington, DC area are encouraged to establish centralized points to conduct acquisitions for common use items.

[49 FR 14006, Apr. 9, 1984, as amended at 54 FR 24343, June 7, 1989; 55 FR 13536, Apr. 11, 1990]

Subpart 317.71—Supply and Service Acquisitions Under the Government Employees Training Act

SOURCE: 53 FR 43208, Oct. 26, 1988, unless otherwise noted.

317.7100 Scope of subpart.

This subpart provides alternate methods for obtaining training in non-Government facilities under the Government Employees Training Act, 5 U.S.C. chapter 41.

317.7101 Applicable regulations.

Basic policy, standards, and delegations of authority to approve training are contained in HHS Personnel Manual Instruction 410–1.

Department of Health and Human Services

317.7102

317.7102 Acquisition of training.

(a) The acquisition of interagency training courses and non-governmental off-the-shelf training courses, whether for individual employees or for groups of employees, is the responsibility of

the Assistant Secretary for Personnel Administration.

(b) Non-governmental training must be acquired through the contracting office if there are costs for training course development or for modification of off-the-shelf training courses.

SUBCHAPTER D—SOCIOECONOMIC PROGRAMS

PART 319—SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS

Subpart 319.2—Policies

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319.201 General policy.

319.201–70 Small and disadvantaged business utilization specialist.

319.270 Federal acquisition conferences.

Subpart 319.5—Set-Asides for Small Business

319.501 General.

319.503 Setting aside a class of acquisitions.

319.503–70 Small business class set-aside for construction, repair, and alteration work.

319.505 Rejecting set-aside recommendations.

319.506 Withdrawing or modifying set-asides.

319.570 Contract payments.

Subpart 319.7—Subcontracting With Small Business and Small Disadvantaged Business Concerns

319.705 Responsibilities of the contracting officer under the subcontracting assistance program.

319.705–2 Determining the need for a subcontracting plan.

319.705–3 Preparing the solicitation.

319.705–4 Reviewing the subcontracting plan.

319.705–5 Awards involving subcontracting plans.

319.705–6 Postaward responsibilities of the contracting officer.

319.706 Responsibilities of the cognizant administrative contracting officer.

Subpart 319.8—Contracting with the Small Business Administration (the 8(a) Program)

319.800 General.

319.803 Selecting acquisitions for the 8(a) Program.

319.812 Contract administration.

319.870 Liaison with the Small Business Administration.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14007, Apr. 9, 1984, unless otherwise noted.

Subpart 319.2—Policies

319.201 General policy.

(c) The functional management responsibilities for the Department's small business, disadvantaged business, and labor surplus area programs are delegated to the Director of the Office of Small and Disadvantaged Business Utilization (OSDBU).

(1) The Director, OSDBU is responsible for:

(i) Recommending to the Under Secretary overall Department-wide operating concepts and policies relating to the Department's small business, disadvantaged business, and labor surplus area programs;

(ii) Implementing policy decisions through the issuance of operating procedures (Operating Divisions (OPDIVs) may develop alternative procedures for achieving departmental policy goals, and objectives. However, any change in procedures must be approved by the Under Secretary);

(iii) Reviewing and evaluating the Department's policies, practices, and procedures pertaining to the disadvantaged business, small business, and labor surplus area programs, as well as recommending changes or corrective actions to the OPDIV heads or to the Under Secretary, as appropriate;

(iv) Providing the Under Secretary with regular appraisals of performance and quality of effort, including timely notification of significant problems, events, and accomplishments, and the need for changes in Department-wide objectives and policies; and

(v) Providing technical assistance and support to the small and disadvantaged business utilization specialists.

(2) The Director, OSDBU is authorized to:

(i) Establish standards, procedures and operating guidelines controlling the manner in which the small business, disadvantaged business, and labor surplus area programs are conducted throughout the Department;

(ii) Provide advice on proposed allocations of personnel, funds, and other resources in light of the total needs of the Department;

(iii) Prescribe, after coordination with appropriate concerned personnel, reporting requirements necessary to preserve openness in reporting, identifying emerging problems, monitor Department-wide activity, and provide a basis for appraisal and evaluation of performance. To the maximum extent, these reporting requirements will be satisfied through existing Department-wide reporting systems or by making modifications to them;

(iv) Conduct surveys and review of operating practices in the OPDIVs and regional offices; and

(v) Communicate directly with the small and disadvantaged business utilization specialists to assist them in carrying out their individual and collective responsibilities.

319.201-70 Small and disadvantaged business utilization specialist.

(a) The Head of each OPDIV shall appoint a qualified full time small and disadvantaged business utilization specialist (SADBUS) in the following activities: Office of Human Development Services (OHDS), Health Care Financing Administration (HCFA), Social Security Administration (SSA), Public Health Service (PHS), to include the Food and Drug Administration (FDA), Health Resources and Services Administration (HRSA) (and each regional Office of Engineering Services), Indian Health Service (IHS), National Institutes of Health (NIH), Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA), Centers for Disease Control (CDC), and Administrative Services Center (ASC). A SADBUS shall also be appointed for the Office of the Secretary (OS) and for each Regional Office. As deemed necessary, additional small and disadvantaged business utilization specialists may be appointed in larger contracting activities.

(b) When the volume of contracting does not warrant assignment of a full-time SADBUS, an individual shall be appointed as the specialist on a part-time basis. The responsibilities of this assignment shall take precedence over other responsibilities. The specialist shall be responsible directly to the appointing authority and shall be at an organizational level outside the direct

acquisition chain of command, i.e., should report directly to the principal official responsible for acquisition, where appropriate.

(c) The Director, OSDDBU will exercise functional management authority over small and disadvantaged business utilization specialist regarding small business, disadvantaged business, and labor surplus area matters. Appointments of SADBUS's shall only be made after consultation with the Director, OSDDBU. A copy of each appointment and termination of appointment of specialists shall be forwarded to the Director, OSDDBU.

(d) The SADBUS shall perform the following duties, as determined to be appropriate to the activity by the appointing official or by the Director, OSDDBU. The SADBUS shall:

(1) Maintain a program designed to locate capable small business, disadvantaged business, women-owned business and labor surplus area business sources for current and future acquisitions, through SBA or by using other methods, establish appropriate source lists for each category, and work closely with contracting and small purchasing offices to ensure offers are solicited from firms on the source lists;

(2) Coordinate inquiries and requests for advice from small business, disadvantaged business, women-owned business, and labor surplus area business concerns on acquisition matters, and counsel them with respect to business opportunities to enhance their potential participation in the Department's acquisition program;

(3) Prior to the issuance of solicitations (or contract modifications for additional supplies or services) in excess of the small purchase limitation, which have not been reviewed, reserved, or set-aside by the contracting officer, review the contracting officer's justification for such action;

(4) Assure that small business, disadvantaged business, women-owned business, and labor surplus area concerns are provided adequate specifications or drawings by initiating actions, in writing, with appropriate technical and contracting personnel to ensure that all necessary specifications or

drawings for current and future acquisitions, as appropriate, are available;

(5) Review proposed requirements for possible breakout of items suitable for acquisitions from small business, disadvantaged business, women-owned business, and labor surplus area concerns;

(6) Assure that financial assistance, available under existing regulations, is offered, and that requests by small business concerns for proper assistance are not treated as a handicap in the award of contracts;

(7) Participate in determinations concerning responsibility of prospective contractors whenever small business concerns are involved;

(8) Participate in the evaluation of a prime contractor's small business, labor surplus area, and disadvantaged business subcontracting plans;

(9) Advise and assist contracting officers in discharging their responsibilities by:

(i) Monitoring and reviewing contractor performance to determine compliance with small and small disadvantaged business subcontracting plans, and

(ii) Developing and maintaining records and reports that reflect such compliance or noncompliance;

(10) Review and make appropriate recommendations to the contracting officer on proposals to furnish Government-owned facilities to contractors if this action may enhance the small business program;

(11) Assure that the participation of small businesses, disadvantaged businesses, women-owned business, and labor surplus area concerns is accurately reported;

(12) Make available to SBA copies of solicitations when so requested;

(13) When a bid or offer from a small business, disadvantaged business, women-owned business, or labor surplus area concern has been rejected for nonresponsiveness or nonresponsibility, upon request, aid, counsel and assist that firm in understanding requirements for responsiveness and responsibility so that the firm may be able to qualify for future awards;

(14) Participate in government-industry conferences to assist small business, disadvantaged business, women-

owned business, and labor surplus area concerns, including Business Opportunity/ Federal Acquisition Conferences, Minority Business Enterprises Acquisition Seminars, and Business Opportunity Committee meetings;

(15) Advise potential sources how they can obtain information about sealed bid and negotiated acquisitions;

(16) Brief the head of the contracting activity at least once quarterly concerning the status of the activity's small business, disadvantaged business, women-owned business, and labor surplus area programs in relation to goals and objectives established;

(17) Participate in the development, implementation, and review of automated source systems to assure that the interests of small business, disadvantaged business, women-owned business, and labor surplus area concerns are fully considered;

(18) Assure that the organization maintains a list of products and services which are categorized as repetitive small business set-aside;

(19) Provide small business, disadvantaged business, women-owned business, and labor surplus area concerns information regarding assistance available from Federal agencies such as the Small Business Administration, Minority Business Development Agency, Bureau of Indian Affairs, Economic Development Administration, National Science Foundation, Department of Labor, and others, including State agencies and trade associations;

(20) Be responsible for establishing an education and training program for personnel whose duties and functions affect the activity's small business, disadvantaged business, women-owned business, and labor surplus areas programs; and

(21) Participate in interagency programs relating to small business, disadvantaged business, women-owned business, and labor surplus area matters as authorized by the Director, OSD/BU.

[49 FR 14007, Apr. 9, 1984, as amended at 50 FR 23126, 23133, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 54 FR 24343, June 7, 1989; 57 FR 11690, Apr. 7, 1992]

319.270 Federal acquisition conference.

The Department of Commerce is responsible for coordinating the participation of Federal civilian agencies in a continuing series of conferences which are sponsored by members of Congress. The objectives of these conferences are:

- (a) Location of additional acquisition sources to broaden the acquisition base of Federal agencies;
- (b) Stimulation of local, regional, and national economic growth, national security, and cost reduction;
- (c) Location of underutilized production capacity;
- (d) Prevention or elimination of pockets of underemployment; and
- (e) Assistance of small and small disadvantaged business concerns.

As notified by the OSDDBU, contracting activities shall provide appropriate SADBUS or acquisition personnel to participate in person-to-person counseling at these conferences. Ordinarily, participation by contracting activities will be restricted to conferences held within the geographical areas adjacent to their officers. The brochure, "How To Do Business With DHHS" should be of great assistance in this counseling as it has been specifically prepared to assist individuals, firms, and institutions who may wish to do business with this Department. It contains a brief description of the mission and programs of HHS and its Operating Divisions and provides a listing of contracting offices and the types of services and commodities acquired by each.

Subpart 319.5—Set-Asides for Small Business

319.501 General.

(c) Prior to the contracting officer's review, the SADBUS shall review each proposed acquisition to determine the feasibility of recommending award to the Small Business Administration (SBA) pursuant to section 8(a) of the Small Business Act. When it cannot be awarded to SBA pursuant to section 8(a), the SADBUS shall review the proposed acquisition to determine if it can be recommended as a set-aside under one of the set-aside priorities stated in FAR 19.504. The SADBUS's rec-

ommendation shall be entered on Form HHS-653, Small Business-Labor Surplus Set-Aside Review Form, with the reasons for the type of set-aside recommended, or the reasons for not recommending a set-aside, and provided to the contracting officer. Upon receipt of the Form HHS-653, the contracting officer shall promptly concur or nonconcur with the SADBUS's recommendation. The contracting officer will make the final determination as to whether the proposed acquisition will be set-aside or not. If the contracting officer approves the SADBUS's set-aside recommendation, the proposed acquisition will be set-aside as specified. However, if the contracting officer disapproves the SADBUS's set-aside recommendation, the reasons must be documented on the Form HHS-653, and the form signed. (See 319.505 for options available to the SADBUS regarding the contracting officer's disapproval of a set-aside recommendation.) In all cases, the completed Form HHS-653 is to be retained by the contracting officer and placed in the contract file.

[57 FR 11690, Apr. 7, 1992]

319.503 Setting aside a class of acquisitions.

319.503-70 Small business class set-aside for construction, repair, and alteration work.

A small business class set-aside is considered to have been made for each proposed acquisition for construction, repair, and alteration work in an estimated amount ranging from \$2,500 to \$2 million. Accordingly, the contracting officer shall set aside for small business each proposed acquisition. If, in his/her judgment, the particular acquisition falling within the dollar limits specified above is unsuitable for a set-aside for exclusive small business participation, the procedure set forth in FAR 19.506 shall apply. Proposed acquisitions for construction, repair, and alteration work in an estimated amount of more than \$2 million shall be processed on a case by case basis.

319.505 Rejecting set-aside recommendations.

(a) If the contracting officer rejects the SADBUS's recommendation for a

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set-aside and an SBA procurement center representative (PCR) is not assigned or available, the SADBUS may appeal, in writing, to the head of the contracting activity (HCA) or his/her designee. The SADBUS shall provide the HCA or designee all the pertinent information concerning the set-aside disagreement, and the HCA shall respond in writing within seven business days. The HCA's decision is final and not appealable. The decision by the HCA shall be attached to the Form HHS-653 and placed in the contract file. After receipt of a final decision by the HCA, and if the decision approves the action of the contracting officer, the SADBUS shall forward, for information and management purposes, complete documentation of the case to the OSDBU Director. Documentation transmitted shall include, as a minimum, a copy of the appeal memorandum submitted to the HCA, a copy of the IFB or RFP, a list of proposed sources, a copy of the Form HHS-653 and attachments completed by the SADBUS and the contracting officer, a copy of the HCA's decision, and all other written material considered by the HCA in arriving at the decision. The SADBUS' transmittal memorandum shall contain an affirmative statement that the attachments constitute the complete file reviewed and considered by the HCA in making the final decision.

If an SBA PCR is assigned or available and the SADBUS refers the case to that person, the SBA PCR may either concur with the decision of the contracting officer not to set-aside the proposed acquisition or recommend to the contracting officer that it be set-aside. For the SBA PCR to make a comprehensive review, at least the following should be provided as attachments to the Form HHS-653: the statement of work, evaluation criteria, Government cost estimate, source list including size of firms, and a copy of any justification for other than small business considerations that may be applicable. Once the case has been referred to the SBA PCR, no further appeal action shall be taken by the SADBUS. (Refer to FAR 19.505 for the procedures available to the SBA PCR if the con-

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tracting officer rejects the set-aside recommendation.)

[49 FR 14007, Apr. 9, 1984, as amended at 57 FR 11690, Apr. 7, 1992]

319.506 Withdrawing or modifying set-asides.

(b) If an SBA PCR is not assigned, the disagreement between the contracting officer and the SADBUS shall be referred to the HCA for resolution.

(d) Immediately upon notice from the contracting officer, the SADBUS shall provide telephone notification regarding all set-aside withdrawals to the OSDBU Director.

319.570 Contract payments.

Contract payments to small business concerns must be made on a timely basis. Payment of an invoice or voucher must be made within 30 days after receipt of the invoice or voucher or from acceptance of the goods or services. Each invoice or voucher from a small business concern not sent directly to the servicing finance office, but received by the contracting activity, shall be stamped or otherwise identified for expedited payment before it is forwarded to the servicing finance office.

Subpart 319.7—Subcontracting With Small Business and Small Disadvantaged Business Concerns

319.705 Responsibilities of the contracting officer under the subcontracting assistance program.

319.705-2 Determining the need for a subcontracting plan.

The dollar value of all proposed incremental funding actions shall be included in determining whether the acquisition meets the dollar threshold requiring a subcontracting plan. The subcontracting plan shall be based on the total value of the acquisition which will include the value of all option quantities or funding actions.

319.705-3 Preparing the solicitation.

The SBA PCR should be allowed a period of one to five business days for the review of the solicitation, depending

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upon the circumstances and complexity of the individual acquisition.

[49 FR 14007, Apr. 9, 1984, as amended at 57 FR 11690, Apr. 7, 1992]

319.705-4 Reviewing the subcontracting plan.

The offeror's/bidder's subcontracting plan for small business concerns shall be judged independently of the subcontracting plan for small disadvantaged business concerns. If a subcontracting plan is not obtained, the contracting officer must document the contract file to substantiate the reasons why the plan was not obtained. The contracting officer must obtain a satisfactory subcontracting plan prior to awarding the contract.

(d) If the contracting officer determines that the subcontracting plan submitted reflects the best effort by the offeror/bidder to award subcontracts to small and small disadvantaged business concerns, but the SADBUS disagrees with the contracting officer's determination, a final determination shall be made by the principal official responsible for acquisition. The SADBUS shall submit this final determination to the Director, OSDBU with the appropriate supporting documentation.

(1) The contracting officer may accept the terms of an overall or "master" company subcontracting plan if it is incorporated by reference into a specific subcontracting plan submitted by the apparent successful offeror/bidder for a specific contract, if:

(i) The master plan contains all the elements required by the statute;

(ii) Subcontracting goals for small and small disadvantaged business concerns are specifically set forth in each contract or modification over the statutory thresholds;

(iii) Any changes to the plan deemed necessary and required by the contracting officer in areas other than goals are specifically set forth in the contract or modification;

(iv) The contracting officer has copies of the entire plan; and

(v) The SBA PCR has had an opportunity to comment on the master plan.

(2) If the prime contract is for a commercial product, the required subcontracting plan may relate to the

company's production of the item generally (both for the Government contract and for regular commercial sale) rather than solely to the item being acquired under the Government contract. In such cases, the contractor shall be required to submit one company-wide, annual plan to be reviewed for approval by the first agency with which it enters into a prime contract (which requires a subcontracting plan) during the fiscal year. The approved plan will remain in effect for the entire fiscal year and is applicable to all deliveries made under contracts entered into during the contractor's fiscal year, even though these deliveries are made in a succeeding fiscal year. The contractor shall submit a new plan to the first agency with which it enters into a contract (over the statutory threshold) during a succeeding fiscal year. The new plan shall apply to all deliveries made under contracts entered into during the succeeding fiscal year, no matter when the deliveries are made.

[49 FR 14007, Apr. 9, 1984, as amended at 57 FR 11690, Apr. 7, 1992]

319.705-5 Awards involving subcontracting plans.

(a)(3) The SBA PCR shall be allowed a period of one to five business days to review the contract award package, depending upon the circumstances and complexity of the individual acquisition.

319.705-6 Postaward responsibilities of the contracting officer.

The SADBUS shall perform the distribution requirements stated in paragraphs (a) through (c) of FAR 19.705-6. A copy of any company-wide plans and associated approvals shall also be sent to the Director, OSDBU by the SADBUS. In addition, the SADBUS is responsible for summarizing and reporting to the Director, OSDBU, on a quarterly basis, all prime contracts \$500,000 and over (\$1 million for construction) using the following reporting format:

(a) Name of the OPDIV and program office;

(b) Number and dollar amount of contracts requiring subcontracting plans;

(c) Number of contracts with subcontracting plans;

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(d) Number of contracts without subcontracting plans;

(e) Small and small disadvantaged business subcontracting goals; and

(f) Statements citing reasons why small and small disadvantaged business subcontracting plans were not included in the contracts.

319.706 Responsibilities of the cognizant administrative contracting officer.

(a) The contracting officer shall comply with the requirements of FAR 19.706(a), and shall use the Standard Form 294, Subcontracting Report for Individual Contracts, to monitor the contractor's progress in achieving both the small business and small disadvantaged business subcontracting goals. The contracting officer shall require the contractor to provide in the Remarks block of each Standard Form 294 submitted a narrative of the progress in fulfilling the small business and small disadvantaged business subcontracting goals. The contracting officer shall require the contractor to report any difficulties in achieving the goals and the actions being taken by the contractor to overcome the difficulties. The contracting officer shall document the contract file whenever the contractor is experiencing difficulties in achieving the planned subcontracting goals, and shall indicate the actions taken by the contractor to resolve the difficulties and the actions taken by the contracting officer to remedy the situation. A copy of this documentation shall be provided to the SADBUS.

(b) At the time of physical completion of the contract, the contracting officer shall prepare a memorandum for record for inclusion in the contract file indicating whether or not the contractor complied with the subcontracting plan and subcontracting provisions of the contract.

(1) If the contractor achieved its subcontracting dollar goals for both small business and small disadvantaged business, the memorandum shall state that the contractor complied with the subcontracting plan and provisions of the contract. No other documentation is needed.

(2) If the contractor failed to achieve its subcontracting dollar goals for either small business or small disadvantaged business, or both, the contracting officer shall indicate this failure in the memorandum and determine whether the contractor did or did not exercise its best efforts in attempting to achieve the goals.

(i) If determined that the contractor exercised its best efforts, the contractor shall be found to have complied with the subcontracting plan and provisions of the contract. The rationale for this determination shall be documented in the memorandum.

(ii) If determined that the contractor did not exercise its best efforts, the contractor shall be found to have not complied with the subcontracting plan and provisions of the contract. The reasons for this determination shall be documented in the memorandum, along with a description of specific actions taken by the contracting officer during the performance of the contracting to attempt to remedy the failure.

(c) A copy of the memorandum pertaining to either situation described in paragraph (b)(2) (i) or (ii) of this section shall be sent to the Director, Office of Small and Disadvantaged Business Utilization.

[50 FR 46299, Nov. 7, 1985]

Subpart 319.8—Contracting with the Small Business Administration (the 8(a) Program)

SOURCE: 55 FR 13536, Apr. 11, 1990, unless otherwise noted.

319.800 General.

(c) The signing of the contract document may be accepted as the Small Business Administration's (SBA) certification that SBA is competent to perform a specific HHS requirement.

319.803 Selecting acquisitions for the 8(a) Program.

(c) Brochures of 8(a) concerns which have been interviewed by the Office of Small and Disadvantaged Business Utilization (OSDBU) are forwarded to each small and disadvantaged business utilization specialist (SADBUS). These brochures are to be reviewed by the

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SADBUS to match HHS requirements with the capabilities of these concerns. The SADBUS will make the capabilities of these concerns known to program personnel and will obtain information, as needed, by contacting OSDBU or SBA.

319.812 Contract administration.

(b) The responsibility for subcontract administration and field inspection will, in most cases, be delegated by SBA to the contracting activity. The contracting activity may develop a tripartite agreement for execution by SBA, the 8(a) subcontractor, and the contracting activity instead of developing separate modifications for the SBA contract and the 8(a) subcontract.

(c) Some 8(a) concerns may need additional management expertise for optimal performance and completion of a particular contract. Therefore, when subcontract administration is delegated to HHS by SBA, the contracting activity shall promptly apprise the SBA, the SADBUS, and OSDBU whenever the contractor is experiencing problems. SBA should provide necessary technical assistance so the contractor can successfully complete the contract.

(d) The OSDBU, SADBUS, and SBA are to be notified prior to initiating final action to terminate an 8(a) contract.

319.870 Liaison with the Small Business Administration.

(a) Contracting activities will maintain a continuous liaison with the SBA to ensure that the overall goals of each activity are achieved. In the event there is a dispute between the contracting activity and a SBA representative regarding any aspect of 8(a) contracting, the contracting activity must promptly notify OSDBU.

(b) The business development responsibility of SBA requires them to assist in and monitor the growth and development of all 8(a) concerns. Therefore, it is incumbent upon HHS to assist SBA in this effort by utilizing the source selection process in a manner that would make use of the largest possible number of 8(a) concerns.

PART 320—LABOR SURPLUS AREA CONCERNS

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

Subpart 320.1—General

320.102 General policy.

Contracting activities should obtain appropriate publications and other information identifying labor surplus areas from:

U.S. Department of Labor, Employment and Training Administration, Office of Policy Evaluation and Research, Division of Labor Market Information, Washington, D.C. 20530.

Contracting officers shall use the “Directory of Labor Surplus Area Contractors,” provided by the Office of Small and Disadvantaged Business Utilization, as a source to identify labor surplus area concerns and to augment other labor surplus area source lists. Contracting officers should also seek to identify concerns from labor surplus areas by placing sources sought synopses in the Commerce Business Daily. Small and disadvantaged business utilization specialists shall assist contracting officers in developing and maintaining source lists of small business and other concerns in labor surplus areas. Department of Commerce and SBA regional and field offices should be contacted for assistance in identifying labor surplus area concerns.

[49 FR 14012, Apr. 9, 1984]

PART 322—APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

Subpart 322.6—Walsh-Healey Public Contracts Act

Sec.

322.604 Exemptions.

322.604-2 Regulatory exemptions.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

Subpart 322.6—Walsh-Healey Public Contracts Act

322.604 Exemptions.

322.604-2 Regulatory exemptions.

(c)(1) The actions required by FAR 22.604-2(c)(1) shall be exercised by the Director, Office of Acquisition and Grants Management (DOAGM). Contracting offices requiring exemptions shall forward requests through normal acquisition channels to the DOAGM.

[51 FR 44294, Dec. 9, 1986; 51 FR 47353, Dec. 31, 1986, as amended at 54 FR 24343, June 7, 1989]

PART 324—PROTECTION OF PRIVACY AND FREEDOM OF INFORMATION

Subpart 324.1—Protection of Individual Privacy

Sec.

324.100 Scope of subpart.

324.102 General.

324.103 Procedures.

Subpart 324.2—Freedom of Information Act

324.202 Policy.

Subpart 324.70—Confidentiality of Information

324.7001 General.

324.7002 Policy.

324.7003 Applicability.

324.7004 Required clause.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14013, Apr. 9, 1984, unless otherwise noted.

Subpart 324.1—Protection of Individual Privacy

324.100 Scope of subpart.

This subpart implements 45 CFR part 5b, Privacy Act Regulations, and FAR subpart 24.1, Protection of Individual Privacy, which implement the Privacy Act of 1974 (Pub. L. 93-579, December 31, 1974; 5 U.S.C. 552a) and OMB Circular No. A-108, July 9, 1975.

324.102 General.

(a) It is the Department's policy to protect the privacy of individuals to the maximum possible extent while permitting the exchange of records re-

quired to fulfill the Department's administrative and program responsibilities and its responsibilities for disclosing records to which the general public is entitled under the Freedom of Information Act (5 U.S.C. 552). The Privacy Act of 1974 and the Department's implementation under 45 CFR part 5b apply "when an agency provides by a contract for the operation by or on behalf of the agency of a system of records to accomplish any agency function . . ." The key factor is whether a departmental function is involved. Therefore, the Privacy Act requirements apply to a departmental contract when, under the contract, the contractor must maintain or operate a system of records to accomplish a departmental function.

(e) The program official, and, as necessary, the official designated as the activity's Privacy Act Coordinator and the Office of General Counsel, shall determine the applicability of the Act to each proposed acquisition. The program official is required to include a statement in the request for contract indicating whether the Privacy Act is or is not applicable to the proposed acquisition.

(f) Whenever the contracting officer is informed that the Privacy Act is not applicable, but the resultant contract will involve the collection of individually identifiable personal data by the contractor, the contracting officer shall include provisions to protect the confidentiality of the records and the privacy of individuals identified in the records (see subpart 324.70).

324.103 Procedures.

(a) All requests for contract shall be reviewed by the contracting officer to determine whether the Privacy Act requirements are applicable. If applicable, the contracting officer shall include the solicitation notification and contract clause required by FAR 24.104 in the solicitation, and the contract clause in the resultant contract. In addition, the contracting officer shall ensure that the solicitation notification, contract clause, and other pertinent information specified in this subpart are included in any contract modification

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which results in the Privacy Act requirements becoming applicable to a contract.

(b)(1) The contracting officer shall identify the system(s) of records on individuals in solicitations, contracts, and contract modifications to which the Privacy Act and the implementing regulations are applicable.

(2) The contracting officer shall include a statement in the contract notifying the contractor that the contractor and its employees are subject to criminal penalties for violations of the Act (5 U.S.C. 552a(i)) to the same extent as employees of the Department. The statement shall require that the contractor assure that each contractor employee knows the prescribed rules of conduct, and each contractor employee is aware that he/she can be subjected to criminal penalties for violations of the Act. The contracting officer shall provide the contractor with a copy of the rules of conduct and other requirements set forth in 45 CFR 5b.

(c) The contracting officer shall include in the contract the disposition to be made of the system(s) of records on individuals upon completion of performance of the contract. For example, the contract may require the contractor to completely destroy the records, to remove personal identifiers, to turn the records over to the Department, or to keep the records but take certain measures to keep the records confidential and protect the individuals' privacy.

(d) Whenever an acquisition is determined to be subject to the Privacy Act requirements, a "system notice," prepared by the program official and describing the Department's intent to establish a new system of records on individuals, to make modifications to an existing system, or to disclose information in regard to an existing system, is required to be published in the FEDERAL REGISTER. A copy of the "system notice" shall be attached to the request for contract or purchase request. If a "system notice" is not attached, the contracting officer shall inquire about its status and shall obtain a copy from the program official for inclusion in the contract file. If a "system notice" has not been published in the FEDERAL REGISTER, the contracting officer

may proceed with the acquisition but shall not award the contract until the "system notice" is published, and publication is verified by the contracting officer.

Subpart 324.2—Freedom of Information Act

324.202 Policy.

(a) The Department's regulation implementing the Freedom of Information Act (FOIA), 5 U.S.C. 552, as amended, is set forth in 45 CFR part 5.

(b) The contracting officer, upon receiving a FOIA request, shall follow Department and operating division procedures. As necessary, actions should be coordinated with the cognizant Freedom of Information (FOI) Officer and the Business and Administrative Law Division of the Office of General Counsel. The contracting officer must remember that only the FOI Officer has the authority to release or deny release of records. While the contracting officer should be familiar with the entire FOIA regulation in 45 CFR part 5, particular attention should be focused on sections 5.65 and 5.66; also of interest are sections 5.32, 5.33, and 5.35.

[54 FR 24343, June 7, 1989]

Subpart 324.70—Confidentiality of Information

324.7001 General.

In the performance of certain HHS contracts, it is necessary for the contractor to generate data, or be furnished data by the Government, which is about individuals, organizations, or Federal programs. This subpart and the accompanying contract clause require contractors to prudently handle disclosure of certain types of information not subject to the Privacy Act or the HHS human subject regulations set forth in 45 CFR Part 46. This subpart and contract clause address the kinds of data to be generated by the contractor and/or data to be furnished by the Government that are considered confidential and how it should be treated.

324.7002

324.7002 Policy.

It is the policy of HHS to protect personal interests of individuals, corporate interests of non-governmental organizations, and the capacity of the Government to provide public services when information from or about individuals, organizations, or Federal agencies is provided to or obtained by contractors in performance of HHS contracts. This protection depends on the contractor's recognition and proper handling of such information. As a result, the "Confidentiality of Information" contract clause was developed.

324.7003 Applicability.

(a) The "Confidentiality of Information" clause, set forth in 352.24-70, should be used in solicitations and resultant contracts whenever the need exists to keep information confidential. Examples of situations where the clause may be appropriate include:

(1) Studies performed by the contractor which generate information or involve Government-furnished information that is personally identifiable, such as medical records, vital statistics, surveys, and questionnaires;

(2) Contracts which involve the use of salary structures, wage schedules, proprietary plans or processes, or confidential financial information of organizations other than the contractor's; and

(3) Studies or research which may result in preliminary or unvalidated findings which, upon disclosure to the public, might create erroneous conclusions which, if acted upon, could threaten public health or safety.

(b) With regard to protecting individuals, this subpart and contract clause are not meant to regulate or control the method of selecting subjects and performing studies or experiments involving them. These matters are dealt with in the HHS regulation entitled "Protection of Human Subjects," 45 CFR part 46. If a system of records under contract, or portions thereof, is determined to be subject to the requirements of the Privacy Act, in accordance with FAR 24.1 and 324.1 and Title 45 CFR part 5b, the procedures cited in those references are applicable and the Privacy Act contract clause shall be included in the contract. If the

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contract also involves confidential information, as described herein, which is not subject to the Privacy Act, the contract shall include the "Confidentiality of Information" clause in addition to the Privacy Act clause.

324.7004 Required clause.

The clause set forth in 352.224-70 shall be included in any RFP and resultant contract(s) where it has been determined that confidentiality of information provisions may apply. Any REP announcing the intent to include this clause in any resultant contract(s) shall indicate, as specifically as possible, the types of data which would be covered and requirements for handling such data.

PART 325—FOREIGN ACQUISITION

Subpart 325.1—Buy American Act—Supplies

Sec.

325.102 Policy.

325.108 Excepted articles, materials, and supplies.

325.108-70 Formats for nonavailability determinations.

Subpart 325.3—Balance of Payments Program

325.302 Policy.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14015, Apr. 9, 1984, unless otherwise noted.

Subpart 325.1—Buy American Act—Supplies

325.102 Policy.

(b) The head of the contracting activity shall make the determinations required by FAR 25.102(a) (1) through (5) and FAR 25.102(b).

[51 FR 44294, Dec. 9, 1986; 51 FR 47353, Dec. 31, 1986]

325.108 Excepted articles, material, and supplies.

(b) Articles, materials, and supplies not listed in FAR 25.108(d) may be excepted only after a written determination has been made by the head of the contracting activity. These determinations are required only in instances

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where it has been determined that only suppliers of foreign source end items shall be solicited. However, approvals and determinations covering individual acquisitions in the following categories may be made by the contracting officer:

(1) Acquisition of spare and replacement parts for foreign manufactured items, if the acquisition must be restricted to the original manufacturer or its supplier; and

(2) Acquisition of foreign drugs when it has been determined, in writing, by the responsible program official, that only the requested foreign drug will fulfill the requirement.

Formats for the above referenced written determinations are shown in 325.108-70.

325.108-70 Formats for nonavailability determinations.

(a) The following is the format for a nonavailability determination made by a contracting officer:

DETERMINATION OF NONAVAILABILITY

Pursuant to the authority contained in section 2, Title III, of the Act of March 3, 1933, popularly called the Buy American Act (41 U.S.C. 10(a-d)), and authority delegated to me by 325.108(b), I hereby find that:

(a) (Insert a description of the item or items to be acquired, including unit, quantity, and estimated cost inclusive of duty and transportation costs to destination.)

(b) (Enter the name and address of the proposed contractor or supplier, and country of origin of the item or items.)

(c) (Include a statement of the necessity for the acquisition.)

(d) (Include a statement of facts establishing the nonavailability of a similar item or items of domestic origin. If there is no known domestic item or items which can be used as a reasonable substitute, a statement to this effect will be made.)

Based upon these findings, it is determined that the above-described item(s) is (are) not mined, produced, or manufactured, or the articles, materials, or supplies from which it (they) is (are) manufactured, are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

Accordingly, the requirement of the Buy American Act that acquisition be made from domestic sources and that it be of domestic origin is not applicable to this acquisition, since the referenced acquisition is within the nonavailability exception stated in the Buy

American Act. Authority is granted to acquire the above-described item(s) of foreign origin (country of origin) at an estimated total cost of \$_____, including duty and transportation cost to destination.

(Date) _____

(Contracting Officer)

(b) The following is the format for a nonavailability determination made by the head of the contracting activity. Part 1 of the determination shall be signed by the preparing authority (contracting officer of official with contracting authority), and Part 2 shall be signed by the approving authority.

DETERMINATION OF NONAVAILABILITY

Part 1

Date _____

Pursuant to the authority contained in Section 2, Title III, of the Act of March 3, 1933, popularly called the Buy American Act (41 U.S.C. 10(a-d)), I hereby find:

(a) (Insert a description of the item or items to be acquired, including unit, quantity, and estimated cost inclusive of duty and transportation costs to destination.)

(b) (Insert a brief statement of the necessity for the acquisition.)

(c) (Include a statement of facts establishing the nonavailability of a similar item or items of domestic origin.)

Based upon the above showing of fact, it is determined that the above described item(s) is (are) not mined, produced, or manufactured, or the articles, materials, or supplies from which it (they) is (are) manufactured, are not mined, produced or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

(Signature) _____

Part 2

The requirement of the Buy American Act that acquisition be made from domestic sources and that it be of domestic origin is not applicable to the above described acquisition, since the referenced acquisition is within the nonavailability exception stated in the Act. The feasibility of foregoing the requirement or providing a United States substitute has been considered. Authority is granted to acquire the above described item(s) of foreign origin (country of origin) at an estimated total cost of \$_____, including duty and transportation costs to destination.

(Signature) _____

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**Subpart 325.3—Balance of
Payments Program**

325.302 Policy.

All determinations addressed in FAR 25.302 shall be made by the principal official responsible for acquisition (not delegable).

SUBCHAPTER E—GENERAL CONTRACTING REQUIREMENTS

PART 328—BONDS AND INSURANCE

Subpart 328.3—Insurance

Sec.

328.301 Policy.

328.311 Solicitation provision and contract clause on liability insurance under cost-reimbursement contracts.

328.311-2 Contract clause.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 56 FR 58316, Nov. 19, 1991, unless otherwise noted.

Subpart 328.3—Insurance

328.301 Policy.

(a) It is the policy of this Department to limit the Government's reimbursement of its contractors' liability to third persons for claims not covered by insurance in cost-reimbursement contracts to the Limitation of Funds or Limitation of Cost clause of the contract.

(b) In addition to the limitations in paragraph (a) of this section, the amount of the Government's reimbursement will be limited to final judgments or settlements approved in writing by the Government.

328.311 Solicitation provision and contract clause on liability insurance under cost-reimbursement contracts.

328.311-2 Contract clause.

(a) The contracting officer shall insert the clause at 352.228-7, Insurance—Liability to Third Persons, in all solicitations and resulting cost-reimbursement contracts, in lieu of the clause at FAR 52.228-7.

PART 330—COST ACCOUNTING STANDARDS

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

Subpart 330.2—CAS Program Requirements

330.201-5 Waiver.

(c) The requirements of FAR 30.201-5 shall be exercised by the Director, Office of Acquisition and Grants Management (DOAGM). Requests for waivers shall be forwarded through normal acquisition channels to the DOAGM.

[54 FR 24344, June 7, 1989]

PART 332—CONTRACT FINANCING

Subpart 332.4—Advance Payments

Sec.

332.402 General.

332.403 Applicability.

332.406 Letters of credit.

332.407 Interest.

332.409 Contracting officer action.

332.409-1 Recommendation for approval.

Subpart 332.5—Progress Payments Based on Costs

332.501 General.

332.501-2 Unusual progress payments.

Subpart 332.7—Contract Funding

332.702 Policy.

332.703 Contract funding requirements.

332.703-1 General.

332.704 Limitation of cost or funds.

332.705 Contract clauses.

332.705-2 Clauses for limitation of costs or funds.

Subpart 332.9—Prompt Payment

Sec.

332.902 Definitions.

332.905 Invoice payments.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14018, Apr. 9, 1984, unless otherwise noted.

Subpart 332.4—Advance Payments

332.402 General.

(e) The determination that the making of an advance payment is in the public interest (See FAR 32.402(c)(1)(iii)(A)) shall be made by the

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respective principal official responsible for acquisition (PORA).

[52 FR 27560, July 22, 1987, as amended at 55 FR 42197, Oct. 18, 1990]

332.403 Applicability.

All contracts for research work with educational institutions located in the United States shall provide for financing by use of advance payments, in reasonable amounts, unless otherwise prohibited by law.

332.406 Letters of credit.

(c)(1) A blanket determination and findings authorizing interest free advance payments under a single letter of credit has been executed and remains in effect for each of the nonprofit organizations listed in Attachment I "Single Letter of Credit Recipients and Central Point Addressees." These determinations and findings are applicable to all existing and future contracts entered into by the Department, its operating divisions, OS staff offices, and regional offices. All contracts with the listed organizations which require advance payments (whether under section 305 of the Federal Property and Administrative Services Act of 1949, as amended, or other statutory authority) shall provide for payment to be made under the appropriate letter of credit. The clause set forth in 352.232-73 shall be included in all such contracts and the cognizant fiscal office shall be apprised of its inclusion.

(2) In those instances where it is practical and feasible to finance an advance payment under a letter of credit other than one which is incorporated under a single letter of credit described in paragraph (c)(1) above, a determination and findings shall be executed by the PORA if the cited authority is to be section 305 of the Federal Property and Administrative Services Act. In cases where an authority other than section 305 is to be used, a determination and findings shall be submitted to the appropriate official authorized by the cited statute to approve the advance payment.

(3) The Treasury Department's letter of credit method of financing advance payments shall be employed, whenever feasible. Department-wide blanket letters of credit, which apply to the fi-

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ancing of research contracts and grants between the institution and all activities of the Department, shall be utilized to the maximum extent practicable. Where a particular educational institution is supported by research contracts and grants with only one operating division of the Department, a single letter of credit, applicable to all research contracts and grants between the institution and that operating division may be employed.

[49 FR 14018, Apr. 9, 1984, as amended at 50 FR 23133, May 31, 1985; 50 FR 38004, Sept. 19, 1985; 51 FR 44294, Dec. 9, 1986; 55 FR 42197, Oct. 18, 1990]

332.407 Interest.

(d) The PORA is authorized to make the determinations in FAR 32.407(d) and as follows. In addition to the interest-free advance payments for the types of contracts listed in FAR 32.407(d), advance payments without interest may be approved for nonprofit contracts which are without fee with educational institutions and other nonprofit organizations, whether public or private, which are for the performance of work involving health services, educational programs, or social service programs, including, but not limited to, programs such as:

(1) Community health representative services for an Indian Tribe or Band;

(2) Narcotic addict rehabilitative services;

(3) Comprehensive health care service program for Model Neighborhood programs;

(4) Planning and development of health maintenance organizations;

(5) Dissemination of information derived from educational research;

(6) Surveys or demonstrations in the field of education;

(7) Producing or distributing educational media for handicapped persons including captioned films for the deaf;

(8) Operation of language or area centers;

(9) Conduct of biomedical research and support services;

(10) Research surveys or demonstrations involving the training and placement of health manpower and health professionals, and dissemination of related information; and

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(11) Surveys or demonstrations in the field of social service.

[49 FR 14018, Apr. 9, 1984, as amended at 51 FR 44294, Dec. 9, 1986; 52 FR 27560, July 22, 1987; 55 FR 42197, Oct. 18, 1990]

332.409 Contracting officer action.

332.409-1 Recommendation for approval.

The information in FAR 32.409-1 (or FAR 32.409-2) shall be transmitted to the PORA in the form of a briefing memorandum.

[49 FR 14018, Apr. 9, 1984, as amended at 51 FR 44294, Dec. 9, 1986; 52 FR 27560, July 22, 1987; 55 FR 42197, Oct. 18, 1990]

Subpart 332.5—Progress Payments Based on Costs

332.501 General.

[51 FR 44294, Dec. 9, 1986]

332.501-2 Unusual progress payments.

(a)(3) The approval of an unusual progress payment shall be made by the appropriate principal official responsible for acquisition (PORA).

[51 FR 44294, Dec. 9, 1986, as amended at 52 FR 27560, July 22, 1987; 55 FR 42197, Oct. 18, 1990]

Subpart 332.7—Contract Funding

332.702 Policy.

An incrementally funded contract is a contract in which the total work effort is to be performed over multiple time periods and funds are allotted to cover discernible phases or increments of performance.

(a) Incremental funding may be applied to cost-reimbursement type contracts for the acquisition of research and development and other types of nonpersonal, nonseverable services. It shall not be applied to contracts for construction services, architect-engineer services, or severable services. Incremental funding allows nonseverable cost-reimbursement contracts, awarded for more than one year, to be funded from succeeding fiscal years.

(b) It is departmental policy that contracts for projects of multiple year duration be fully funded, whenever pos-

sible, to cover the entire project. However, incrementally funded contracts may be used when:

(1) A project, which is part of an approved program, is anticipated to be of multiple year duration, but funds are not currently available to cover the entire project;

(2) The project represents a valid need of the fiscal year in which the contract is awarded and of the succeeding fiscal years of the project's duration, during which additional funds may be obligated by increasing the allotment to the contract;

(3) The project is so significant to the approved program that there is reasonable assurance that it will command a high priority for proposed appropriations to cover the entire multiple year duration; and

(4) The statement of work is specific and is defined by separate phases or increments so that, at the completion of each, progress can be effectively measured.

[49 FR 14018, Apr. 9, 1984, as amended at 57 FR 35473, Aug. 10, 1992]

332.703 Contract funding requirements.

332.703-1 General.

(b) The following general guidelines are applicable to incrementally funded contracts:

(1) The estimated total cost of the project (all planned phases or increments) is to be taken into consideration when determining the requirements which must be met before entering into the contract; i.e., justification for noncompetitive acquisition, approval of award, etc.

(2) The RFP and resultant contract are to include a statement of work which describes the total project covering the proposed multiple year period of performance and indicating time-tables consistent with planned phases or increments and corresponding allotments of funds.

(3) Offerors will be expected to respond to RFPs with technical and cost proposals for the entire project indicating distinct break-outs of the planned phases or increments.

(4) Negotiations will be conducted based upon the total project, including

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all planned phases or increments, and the multiple year period of performance.

(5) Sufficient funds must be obligated under the basic contract to cover no less than the first year of performance, unless the contracting officer determines it is advantageous to the Government to fund the contract for a lesser period. In that event, the contracting officer shall ensure that the obligated funds are sufficient to cover a complete phase or increment of performance representing a material and measurable part of the total project, and the contract period shall be reduced accordingly.

(6) Because of the magnitude of the scope of work and multiple year period of performance under an incrementally funded contract, there is a critical need for careful program planning. Program planning must provide for appropriate surveillance of the contractor's performance and adequate controls to ensure that projected funding will not impinge on the program office's ability to support, within anticipated appropriations, other equally important contract or grant programs.

(7) An incrementally funded contract must contain precise requirements for progress reports to enable the project officer to effectively monitor the contract. The project officer should be required to prepare periodic performance evaluation reports to facilitate the program office's ultimate decision to allot additional funds under the contract.

332.704 Limitation of cost or funds.

For detailed instruction regarding administrative actions in connection with anticipated cost overruns, see subpart 342.71.

332.705 Contract clauses.

332.705-2 Clauses for limitation of costs or funds.

(c) (1) When using the Limitation of Funds clause (FAR 52.232-22) in the solicitation and resultant incrementally funded contract, the contracting officer shall insert the following legend between the clause title and the clause text:

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(This clause supersedes the Limitation of Cost clause found in the General Provisions of this contract.)

(2) The contracting officer shall also include a clause reading substantially as that shown in 352.232-74 in the Special Provisions of the resultant incrementally funded contract.

(3) The request for proposals must inform prospective offerors of the Department's intention to enter into an incrementally funded contract. Therefore, the contracting officer shall include the provision at 352.232-75 in the request for proposals whenever the use of incremental funding is contemplated.

Subpart 332.9—Prompt Payment

332.902 Definitions.

Fiscal office means the office responsible for: (a) Determining whether interest penalties are due a contractor and, if so, the amount, (b) determining whether an invoice offers a financially advantageous discount, (c) maintaining records for and submission of prompt payment reports to the Deputy Assistant Secretary, Finance (DASF), ASMB, OS, and (d) processing payments to the Treasury Department to allow for payment to a contractor when due. The fiscal office shall fulfill the roles of the "designated billing office" and the "designated payment office."

[53 FR 43208, Oct. 26, 1988]

332.905 Invoice payments.

(a)(1)(ii), (b)(4), (c)(5). In most instances, the contracting officer will use the seven (7) day constructive acceptance period (specified in paragraph (a)(6)(i) of the Prompt Payment clause at FAR 52.232-25, paragraph (a)(5)(i) of the Prompt Payment clause at FAR 52.232-26, and paragraph (a)(4)(i) of the Prompt Payment clause at FAR 52.232-27) for solicitations and resultant contracts as the basis for the fiscal office's computation of interest penalties. However, where the contracting officer extends the constructive acceptance period, under the conditions described in FAR 32.905, the extension shall be coordinated with the fiscal office. A constructive acceptance period of less than seven (7) days is not authorized.

(j) When the contracting officer mistakenly receives an invoice first, or is specified in the contract as the first recipient of the invoice, and the contract requires payment with thirty (30) days from receipt of a “proper invoice” (as defined by FAR 32.902), the contracting officer shall review the invoice to determine whether or not it is proper; and, if so, shall approve the invoice and submit it to the fiscal office within sixteen (16) days from the date of receipt. When the contracting officer is the first recipient of the invoice and the contract establishes a payment due date of more than thirty (30) days after receipt, the contracting officer shall review, approve, and submit the “proper invoice” to the fiscal office at least fourteen (14) days prior to the payment due date (unless the contracting officer and fiscal office agree, prior to contract award, to a longer period).

[54 FR 43966, Oct. 30, 1989]

PART 333—PROTESTS, DISPUTES, AND APPEALS

Subpart 333.1—Protests

Sec.

333.101 Definitions.

333.102 General.

333.103 Protests to the agency.

333.104 Protests to GAO.

333.105 Protests to GSBCA.

333.106 Solicitation provision and contract clause.

Subpart 333.2—Disputes and Appeals

333.203 Applicability.

333.209 Suspected fraudulent claims.

333.210 Contracting officer’s authority.

333.211 Contracting officer’s decision.

333.212 Contracting officer’s duties upon appeal.

333.212–70 Formats.

333.213 Obligation to continue performance.

333.214 Contract clause.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

Subpart 333.1—Protests

SOURCE: 50 FR 23133, May 31, 1985, unless otherwise noted.

333.101 Definitions.

Filed, as used in this subpart, means receipt in the contracting office, the immediate Office of the Secretary, the

General Accounting Office (GAO), or the General Services Board of Contract Appeals (GSBCA), as the case may be.

333.102 General.

(a) Contracting officers shall consider all protests or objections regarding the award of a contract, whether submitted before or after award, provided the protests are filed in a timely manner and are submitted by interested parties. To be considered timely, protests based on alleged improprieties in any type of solicitation which are apparent before bid opening or the closing date for receipt of proposals shall be filed prior to bid opening or the closing date for receipt of proposals. In the case of negotiated acquisitions, alleged improprieties which do not exist in initial solicitations, but which are subsequently incorporated by amendment, must be protested not later than the next closing date for receipt of proposals following the incorporation. In other cases, protests shall be filed not later than ten (10) Federal Government working days after the basis for protest is known or should have been known, whichever is earlier. Provided a timely protest has been filed initially with the contracting officer, any subsequent protest to the Secretary or GAO filed within ten (10) Federal Government working days of notification of adverse action will be considered. Written confirmation of all oral protests shall be requested from protestants and must be timely filed.

(d)(1) Office of Acquisition and Grants Management (OAGM) has been designated as the headquarters office to serve as the liaison for protests lodged with GAO. Within OAGM, the Departmental Protest Control Officer (DPCO) has been designated as the individual to be contacted by GAO.

(2) The Office of General Counsel—Business and Administrative Law Division (OGC–BAL) has been designated to serve as the liaison for protests lodged with the GSBCA.

(3) Each contracting activity shall designate a protest control officer to serve as an advisor to the contracting officer and to monitor protests from the time of initial notification until the protest has been resolved. The protest control officer should be a senior

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acquisition specialist in the headquarters acquisition staff office. In addition, contracting activities should designate similar officials within their principal components to the extent practicable and feasible. A copy of each appointment and termination of appointment of protest control officers shall be forwarded to the Director, OAGM.

[50 FR 23133, May 31, 1985, as amended at 54 FR 24344, June 7, 1989; 56 FR 47003, Sept. 17, 1991]

333.103 Protests to the agency.

(a)(2) The contracting officer is authorized to make the determination, using the criteria in FAR 33.103(a), to award a contract notwithstanding the protest after obtaining the concurrence of the contracting activity's protest control officer and OGC-BAL. If the protest has been lodged with the Secretary, is addressed to the Secretary, or requests referral to the Secretary, approval shall also be obtained from the Director, OAGM before making the award.

(3) The contracting officer shall require written confirmation of any oral protest. To be considered timely, the written confirmation must be filed in accordance with the applicable provisions in 333.102(a). In the following cases, written protests received by the contracting officer before award shall be forwarded, through acquisition channels, to the DPCO for processing. Files concerning these protests shall be submitted, in duplicate, by the most expeditious means, marked "IMMEDIATE ACTION—PROTEST BEFORE AWARD", and contain the documentation referenced in 333.104(a)(3).

(i) The protestant requests referral to the Secretary of Health and Human Services;

(ii) The protest is known to have been lodged with the Comptroller General or the Secretary, or is addressed to either; or

(iii) The contracting officer entertains some doubt as to the proper action regarding the protest or believes it to be in the best interest of the Government that the protest be considered by the Secretary or the Comptroller General.

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Otherwise, submissions of protests to the DPCO may be dispensed with by the contracting officer if he/she is reasonably satisfied that the protest is groundless. In this instance, the contracting officer, with the concurrence of the contracting activity's protest control officer and OGC-BAL, may disallow the protest.

(4) Protests received after award shall be treated as indicated in 333.103(a)(3), above; however, if the files are to be submitted to the DPCO for action, they shall be marked "IMMEDIATE ACTION—PROTEST AFTER AWARD".

[50 FR 23133, May 31, 1985, as amended at 54 FR 24344, June 7, 1989; 56 FR 47003, Sept. 17, 1991; 57 FR 35473, Aug. 10, 1992]

333.104 Protests to GAO.

(a) *General.* (1) A protestor shall be required to furnish a copy of its complete protest to the contracting officer no later than the first working day after the protest is filed with GAO. Immediately upon receiving a copy of the complete protest, the contracting officer shall telephonically notify the contracting activity's protest control officer, who, in turn, shall immediately notify the DPCO. The contracting officer shall provide the name of the protestor, the solicitation number, the date and time the protest was received from the protestor, and any other significant information.

(3) Protests lodged with GAO, whether before or after award, shall be processed by the DPCO. Protest files shall be prepared by the contracting office and distributed as follows: two copies to the DPCO, one copy to the contracting activity's protest control officer, and one copy to OGC-BAL. Files shall include the following documentation:

(i) The contracting officer's statement of facts and circumstances, including a discussion of the merits of the protest, and conclusions and recommendations, including documentary evidence on which they are based.

(ii) A copy of the IFB or RFP.

(iii) A copy of the abstract of bids or proposals.

(iv) A copy of the bid or proposal of the successful offeror to whom award has been made or is proposed to be made.

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(v) A copy of the bid or proposal of the protestant, if any.

(vi) The current status of award. When award has been made, this shall include whether performance has commenced, shipment or delivery has been made, or a stop work order has been issued.

(vii) A copy of any mutual agreement to suspend work on a no-cost basis, when appropriate (see FAR 33.104(c)(4)).

(viii) Copies of the notice of protest given offerors and other parties when the notice is appropriate (see FAR 33.104(a)(4)).

(ix) A copy of the technical evaluation report required by 315.608-76, when applicable, and a copy of each evaluator's rating for all proposals.

(x) A copy of the negotiation memorandum, when applicable (see 315.672).

(xi) The name and telephone number of the person in the contracting office who may be contacted for information relevant to the protest, and

(xii) Any document which is referred to in the contracting officer's statement of facts.

The files shall be assembled in an orderly manner and shall include an index of enclosures.

(4) The contracting officer is responsible for making the necessary notifications referenced in FAR 33.104(a)(4). Copies of the views of interested parties submitted in response to the notifications shall be immediately provided to the DPCO upon receipt by the contracting officer.

(5) The contracting officer shall furnish the protest file containing the documentation specified in 333.104(a)(3), except item (i), to the DPCO within twelve (12) work days from receipt of the protest. The contracting officer shall provide the documentation required by item (i) of 333.104(a)(3) to the DPCO within nineteen (19) work days from receipt of the protest. (The contracting activity's protest control officer may provide a written opinion and recommendation on the protest to the DPCO within nineteen (19) work days from receipt of the protest by the contracting officer.) The contracting officer shall clearly identify any documents or portions of documents he or she desires to withhold from the protester, and shall in-

clude justification for the withholding of each document or portion of a document in the contracting officer's statement of facts. Since the statute allows only a short time period in which to respond to protests lodged with GAO, the contracting officer shall handle each protest on a priority basis.

The DPCO shall prepare the report and submit it and the protest file to GAO in accordance with FAR 33.104(a)(5).

(6)(i) The DPCO shall take the necessary actions specified in FAR 33.104(a)(6)(i) after receiving all the documentation required by 333.104(a)(3) from the contracting officer.

(ii) Since the DPCO will furnish the report to GAO, the protestor, and other interested parties, comments on the report from the protester and other interested parties will be requested to be sent to the DPCO.

(7) The Office of Acquisition and Grants Management (OAGM) has been designated as the headquarters office, and the DPCO as the individual, that GAO should contact concerning all protests lodged with GAO.

(b) *Protests before award.* (1) To make an award notwithstanding a protest, the contracting officer shall prepare a finding using the criteria in FAR 33.104(b)(1), have it executed by the principal official responsible for acquisition (PORA), and forward it, along with a written request for approval to make the award, to the Director, OAGM.

(2) If the request to make an award notwithstanding the protest is approved by the Director, OAGM, the DPCO shall notify GAO. Whether the request is approved or not, the DPCO shall telephonically notify the contracting activity's protest control officer of the decision by the Director, OAGM, and the contracting activity's protest control officer shall immediately notify the contracting officer. The DPCO shall confirm the decision by memorandum to the contracting activity's protest control officer.

(4) The contracting office shall prepare the protest file in accordance with 333.104(a)(2), and forward it, in duplicate, to the DPCO (see 333.104(a)(4)). The file shall be marked "IMMEDIATE

ACTION—PROTEST BEFORE AWARD.”

(c) *Protests after award.* (2) If the contracting officer believes performance should be allowed to continue notwithstanding the protest, a finding shall be prepared by the contracting officer, executed by the PORA, and forwarded, along with a written request for approval, to the Director, OAGM. The same procedures for notification stated in 333.104(b)(2), above shall be followed.

(6) The contracting officer shall prepare the protest file in accordance with 333.104(a)(3), and forward it, in duplicate, to the DPCO (see 333.104(a)(5)). The file shall be marked “IMMEDIATE ACTION—PROTEST AFTER AWARD.”

(d) *Findings and notice.* The contracting officer shall perform the actions required by FAR 33.104(d); however, notification to GAO shall be made by the DPCO.

(g) *Notice to GAO.* The Director, Office of Acquisition and Grants Management shall be the official to comply with the requirements of FAR 33.104(g).

(i) *Express option.* When GAO invokes the express option, the contracting officer shall prepare the complete protest file as described in 333.104(a)(3), to include item (i), and deliver it (hand-carry, if necessary) to the DPCO no later than the close of business on the ninth work day after the express option is invoked. The contracting officer shall involve OGC-BAL as early as possible after receiving notification of the invocation of the express option, and obtain the concurrence of the cognizant OGC-BAL attorney prior to transmitting the protest file to the DPCO. The DPCO shall prepare the report and submit it and the protest file to GAO.

[50 FR 23133, May 31, 1985, as amended at 50 FR 38004, Sept. 19, 1985; 54 FR 24344, June 7, 1989; 55 FR 42197, Oct. 18, 1990; 56 FR 47003, Sept. 17, 1991]

333.105 Protests to GSBGA.

(a)(1) The contracting officer shall give telephone notification to the DPCO, OGC-BAL, and the contracting activity's protest control officer immediately upon notification of the protest.

(2)(i) The contracting officer is responsible for complying with the requirement in FAR 33.105(a)(2)(i).

(ii) The cognizant OGC-BAL attorney is responsible for complying with the requirement stated in FAR 33.105(a)(2)(ii).

(b) As soon as possible but no later than six (6) work days after the filing of the protest, a copy of the protest file containing *all* documents (see FAR 33.105(b), especially (b)(7)), and labeled on the cover “FOR USE BY DPCO ONLY”, shall be in the hands of the DPCO for review. Simultaneously, two copies of the same protest file provided to the DPCO shall be provided to the cognizant OGC-BAL attorney. These two copies shall be labeled on the cover “FOR USE BY OGC-BAL.” After consultation with the cognizant OGC-BAL attorney, the DPCO shall transmit the protest file to the GSBGA.

(1) Rather than furnishing a decision, the contracting officer shall include a statement of facts and circumstances and a discussion of the merits of the protest, as well as conclusions and recommendations and documentary evidence on which they are based. These statements shall be reviewed by the cognizant OGC-BAL attorney before being finalized.

(7) The DPCO shall provide all parties with a list of documents furnished to the GSBGA for *in camera* review.

(10) The copies of the protest files to be provided to the DPCO and OGC-BAL shall also contain the documents or information specified in 333.104(a)(3)(vii) through (xii). The file shall be assembled in an orderly manner and include an index of enclosures.

(c) The cognizant OGC-BAL attorney is responsible for complying with the requirement stated in FAR 33.105(c).

(d)(1) If the protest requests a suspension of acquisition authority, the contracting officer must make this known to the DPCO, OGC-BAL, and the contracting activity's protest control officer at the time of the initial telephone notification of the filing of the protest to afford an opportunity for the DPCO, OGC-BAL, principal official responsible for acquisition (PORA), and contracting officer to take appropriate action.

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(2) If it can be established that the conditions stated in FAR 33.105(d)(1)(i) and (ii) are present, the contracting officer shall prepare a D&F setting forth the circumstances. The D&F shall be concurred in by the cognizant OGC-BAL attorney before being executed by the PORA (not delegable).

(g) If an appeal is to be made by the Department regarding a final decision issued by the GSBGA, it shall be made by OGC-BAL.

[50 FR 23133, May 31, 1985, as amended at 50 FR 38004, Sept. 19, 1985; 56 FR 47003, Sept. 17, 1991]

333.106 Solicitation provision and contract clause.

(a) The provision at FAR 52.233-2, Service of Protest, shall be completed by entering the name and complete mailing address of the contracting officer.

[50 FR 23133, May 31, 1985, as amended at 50 FR 38004, Sept. 19, 1985]

Subpart 333.2—Disputes and Appeals

SOURCE: 53 FR 15563, May 2, 1988, unless otherwise noted.

333.203 Applicability.

(c) The Armed Services Board of Contract Appeals (ASBCA) has been designated by the Secretary as the authorized “Board” to hear and determine disputes for the Department.

333.209 Suspected fraudulent claims.

The contracting officer shall submit any instance of a contractor’s suspected fraudulent claim to the Office of the Inspector General for investigation.

333.210 Contracting officer’s authority.

The contracting officer shall refer a proposed final decision to the Office of General Counsel, Business and Administrative Law Division (OGC-BAL), or the Regional Attorney in the HHS regional office servicing the region in which the contracting officer is located, for advice as to the legal sufficiency and format before sending the final decision to the contractor. The

contracting officer shall provide OGC-BAL or the Regional Attorney with the pertinent documents with the submission of each proposed final decision.

333.211 Contracting officer’s decision.

(a)(2) See 333.210.

(a)(4)(v) When using the paragraph in FAR 33.211(a)(4)(v), the contracting officer shall insert the words “Armed Services” before each mention of the term “Board of Contract Appeals”.

(c)(2) The contracting officer does not have jurisdiction to consider a claim from the contractor over \$50,000, unless that claim has been certified.

(h) At any time within the period of appeal, the contracting officer may modify or withdraw his/her final decision. If an appeal from the final decision has been taken to the ASBCA, the contracting officer will forward his/her recommended action to OGC-BAL or the cognizant Regional Attorney with the supplement to the contract file which supports the recommended correction or amendment.

333.212 Contracting officer’s duties upon appeal.

(a) Appeals shall be governed by the rules set forth in the “Rules of the Armed Services Board of Contract Appeals”, or by the rules established by the U.S. Claims Court, as appropriate.

(b) OGC-BAL or the cognizant Regional Attorney is designated as the Government Trial Attorney to represent the Government in the defense of appeals before the ASBCA. A decision by the ASBCA will be transmitted by the Government Trial Attorney to the appropriate contracting officer for compliance in accordance with the ASBCA’s decision.

(c) If an appeal is filed with the ASBCA, the contracting officer shall assemble a file within 30 days of receipt of an appeal, or advice that an appeal has been filed, that consists of all documents pertinent to the appeal, including:

(1) The decision and findings of fact from which the appeal is taken;

(2) The contract, including specifications and pertinent modifications, plans and drawings;

(3) All correspondence between the parties pertinent to the appeal, including the letter or letters of claims in response to which the decision was issued;

(4) Transcripts of any testimony taken during the course of proceedings, and affidavits or statements of any witnesses on the matter in dispute made prior to the filing of the notice of appeal with the Board; and

(5) Any additional information considered pertinent.

The contracting officer shall furnish the appeal file to the Government Trial Attorney for review and approval. After approval, the contracting officer shall prepare four copies of the file, one for the ASBCA, one for the appellant, one for the Government Trial Attorney, and one for the contracting office.

(d) At all times after the filing of an appeal, the contracting officer shall render whatever assistance is requested by the Government Trial Attorney. When an appeal is set for hearing, the concerned contracting officer, acting under the guidance of the Government Trial Attorney, shall be responsible for arranging for the presence of Government witnesses and specified physical and documentary evidence at both the pre-hearing conference and the hearing.

(e) If a contractor which has filed an appeal with the ASBCA elects to accept fully the decision from which the appeal was taken, or any modification to it, and gives written notification of acceptance to the Government Trial Attorney or the concerned contracting officer, the Government Trial Attorney will notify the ASBCA of the disposition of the dispute in accordance with Rule 27 of the ASBCA.

(f) If the contractor has elected to appeal to the U.S. Claims Court, the U.S. Department of Justice will represent the Department. However, the contracting officer shall still coordinate all actions through OGC-BAL.

333.212-70 Formats.

(a) The following format is suggested for use in transmitting appeal files to the ASBCA:

Your reference: _____

(Docket No.)

(Name)

Recorder, Armed Services Board of Contracts Appeals, Skyline Six, 5109 Leesburg Pike, Falls Church, Virginia 22041.

Dear (Name):

Transmitted herewith are documents relative to the appeal under Contract No. _____ with the (name of contractor), in accordance with the procedures under Rule 4.

The Government Trial Attorney for this case is (Insert Division of Business and Administrative Law, Office of General Counsel, Department of Health and Human Services, 330 Independence Avenue SW., Washington, DC 20201, or Regional Attorney and office address, as appropriate).

The request for payment of charges resulting from the processing of this appeal should be addressed to: (Insert name and address of cognizant finance office.)

Sincerely yours,

Contracting Officer

Enclosures

(b) The following format is suggested for use in notifying the appellant that the appeal file was submitted to ASBCA:

(Contractor Address)

Dear _____:

An appeal file has been compiled relative to the appeal under Contract No. _____, and has been submitted to the Armed Services Board of Contract Appeals (ASBCA). The enclosed duplicate of the appeal file is identical to that submitted to the Board, except that contract documents which you already have may have been excluded.

You may furnish or suggest any additional information deemed pertinent to the appeal to the Armed Services Board of Contract Appeals according to their rules.

The ASBCA will provide you with further information concerning this appeal.

Sincerely yours,

Contracting Officer

Enclosure

333.213 Obligation to continue performance.

(a) The Disputes clause at FAR 52.233-1 shall be used without the use of Alternate I. However, if the contracting officer determines that the Government's interest would be better served by use of paragraph (h) in Alternate I, he/she must request approval for its

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use from the Director, Division of Acquisition Policy (through normal acquisition channels).

[53 FR 15563, May 2, 1988, as amended at 54 FR 24344, June 7, 1989]

333.214 Contract clause.

The clause at FAR 52.233-1 shall be used in all circumstances except as indicated in 333.213.

SUBCHAPTER F—SPECIAL CATEGORIES OF CONTRACTING

PART 334—MAJOR SYSTEM ACQUISITION

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

334.003 Agency head responsibilities.

The Department's implementation of OMB Circular No. A-109 may be found in Chapter 1-150 of the General Administration Manual.

[49 FR 14020, Apr. 9, 1984]

PART 335—RESEARCH AND DEVELOPMENT CONTRACTING

Sec.

335.070 Cost-sharing.

335.070-1 Policy.

335.070-2 Amount of cost-sharing.

335.070-3 Method of cost-sharing.

335.070-4 Institutional cost-sharing agreements.

335.070-5 Contract clauses.

335.070-6 Contract award.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14020, Apr. 9, 1984, unless otherwise noted.

335.070 Cost-sharing.

335.070-1 Policy.

(a) In addition to utilizing cost-sharing type contracts when required by statute, the desirability of utilizing this type of contract, when authorized should also be considered under certain circumstances when not required by statute. Contractors should be encouraged to contribute to the cost of performing research where there is a probability that the contractor will receive present or future benefits from participation, such as, increased technical know-how, training to employees, acquisition of equipment, use of background knowledge in future contracts, etc. Cost-sharing is intended to serve the mutual interest of the Government and the performing organization by helping to assure efficient utilization of the resources available for the conduct of research projects and by promoting sound planning and prudent fiscal policies by the performing organization. If cost-sharing is not required

by statute, encouragement should be given to organizations to contribute to the cost of performing research under research contracts unless the contracting officer determines that a request for cost-sharing would not be appropriate because of the following circumstances:

(1) The particular research objective or scope of effort for the project is specified by the Government rather than proposed by the performing organization. This would usually include any formal Government requests for proposals for a specific project.

(2) The research effort has only minor relevance to the non-Federal activities of the performing organization, and the organization is proposing to undertake the research primarily as a service to the Government.

(3) The organization has little or no non-Federal sources or funds from which to make a cost contribution. Cost-sharing should generally not be requested if cost-sharing would require the Government to provide funds through some other means (such as fees) to enable the organization to cost-share. It should be recognized that those organizations which are predominantly engaged in research and development and have little or no production or other service activities may not be in a favorable position to make a cost contribution.

(b) Cost-sharing may be negotiated in either of two ways. When cost-sharing is negotiated on a contract by contract basis, the responsibility for negotiating the cost-sharing arrangement is that of the contracting officer. In the case of institutional cost-sharing arrangements (see 335.070-4), the responsibility for negotiating cost-sharing is that of the Office of the Assistant Secretary for Health. Each research contract file should show whether the contracting officer considered cost-sharing appropriate for that particular contract and, except when an institutional cost-sharing agreement is applicable, in what amount. If cost-sharing was not considered appropriate, the file must indicate the factual basis for that decision, e.g., "Because the contractor will derive no

benefits from this award that can be applied to its commercial activities, cost-sharing is not considered appropriate.” The contracting officer may wish to coordinate with the project officer before documenting this decision.

(c) If the contracting officer considers cost-sharing to be appropriate for a research contract and the contractor refuses to accept this type of contract, the award may be made without cost-sharing, except when cost-sharing is required by statute, if the contracting officer concludes that payment of the full cost of the research effort is necessary in order to obtain the services of that particular contractor.

[49 FR 14020, Apr. 9, 1984; 49 FR 36110, Sept. 14, 1984]

335.070-2 Amount of cost-sharing.

When cost-sharing is required by statute or determined to be appropriate, the following guidelines shall be utilized in determining the amount of cost participation by the contractor, except where an institutional cost-sharing agreement is applicable:

(a) Cost participation by educational institutions and other not-for-profit or nonprofit organizations should normally be at least 1 percent of the total project cost. In many cases, cost-sharing of less than 5 percent of the total project cost would be appropriate in view of the organizations’ nonprofit status and their normally limited ability to recover the cost of such participation from non-Federal sources. However, in some cases, it may be appropriate for educational institutions to provide a higher degree of cost-sharing, such as when the cost of the research consists primarily of the academic year salary of faculty members (or when the equipment acquired by the institution for the project will be of significant value to the institution in its educational activities). The percentages stated above are not intended as a substitution for those set forth in any legislation and are not to be used in lieu of those contained in that legislation.

(b) The amount of cost participation by commercial or industrial organizations should depend to a large extent on whether the research effort or results are likely to enhance the per-

forming organization’s capability, expertise, or competitive position, and the value of such enhancement to the performing organization. It should be recognized that those organizations which are predominantly engaged in research and development and have little or no production or other service activities may not be in a favorable position to derive a monetary benefit from their research under Federal agreements. Therefore, cost participation by commercial or industrial organizations could reasonably range from as little as 1 percent or less of the total project cost, to more than 50 percent of the total project cost.

(c) If the performing organization will not acquire title to or the right to use inventions, patents, or technical information resulting from the research project, it would generally be appropriate to obtain less cost-sharing than in cases in which the performer acquires such rights.

(d) When cost-sharing is required by statute, cost participation of less than 1 percent may be appropriate if consistent with the provisions of the statute, and:

(1) A formal request for proposal is issued;

(2) The contractor proposes to perform the research primarily as a service to the Government; or

(e) The contractor has little or no non-Federal sources of funds from which to make a cost contribution.

(3) A fee or profit will usually not be paid to the performing organization if the organization is to contribute to the cost of the research effort, but the amount of cost-sharing may be reduced to reflect the fact that the organization is foregoing its normal fee or profit in the research. However, if the research is expected to be of only minor value to the performing organization and if cost-sharing is not required by statute, it may be appropriate for the performer to make a contribution in the form of a reduced fee or profit rather than sharing the costs of the project.

(f) The organization’s participation may be considered over the total term of the project so that a relatively high contribution in one year may be offset

by a relatively low contribution in another.

(g) A relatively low degree of cost-sharing may be appropriate if, in the view of the operating divisions or their subordinate elements, an area of research requires special stimulus in the national interest.

(h) In the final analysis, the amount of cost participation should reflect the mutual agreement of the parties, provided that it is consistent with any statutory requirements.

335.070-3 Method of cost-sharing.

Cost-sharing on individual contracts may be accomplished either by a contribution of part or all of one or more elements of allowable cost of the work being performed, or by a fixed amount or stated percentage of the total allowable costs of the project. Costs so contributed may not be charged to the Government under any other grant or contract (including allocations to other grants or contracts as part of any independent research and development program).

[49 FR 14020, Apr. 9, 1984. Correctly designated at 49 FR 36110, Sept. 14, 1984]

335.070-4 Institutional cost-sharing agreements.

(a) An institutional cost-sharing agreement covers the aggregate of some or all of the research projects supported by HHS research contracts and grants at a given performing organization. With respect to contracts, these agreements will apply only to cost-sharing type contracts resulting from unsolicited proposals and awarded without fee or profit. Eligibility for institutional cost-sharing agreements is limited to nonprofit institutions of higher education and other public or private nonprofit or not-for-profit organizations. Usually, a single agreement will cover all applicable research projects at a given performing organization; however, in unusual cases, separate agreements for individual departments or locations of the performing organization may be negotiated if deemed advantageous.

(b) The institutional cost-sharing agreements establish an overall sharing ratio applicable to the aggregate of all covered projects. Individual awards

will incorporate the institutional agreement by reference, but will not establish a specific sharing ratio for the individual project. The amount of sharing on any particular project will therefore be left to the discretion of the performing organization, and relatively high contributions on some projects may offset relatively low contributions on other projects, provided that the agreed aggregate contribution is made during each of the contractor's fiscal years, and a contribution, even if nominal, is made to each covered project.

(c) The Public Health Service shall be responsible for negotiating all HHS institutional cost-sharing agreements. Agreements, when negotiated, will be binding upon all HHS activities. Eligible contractors wishing to negotiate institutional cost-sharing agreements should contact the Division of Grants and Contracts, Office of Resource Management, Public Health Service, Room 18 A 19, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland 20857.

(1) All necessary implementing instructions to cover matters such as content of proposals, format of agreements, documentation, etc. shall be issued by the Public Health Service, subject to the prior approval of the Office of Acquisition and Grants Management.

(2) The Public Health Service shall provide the Office of Acquisition and Grants Management, and the Department's operating divisions with current listings of all institutional cost-sharing agreements, indicating the date on which they became effective with respect to contracts. Copies of individual agreements will be made available to the Department's other activities upon request. Each activity shall designate only one individual who shall be authorized to make such requests.

(d) The amount of cost-sharing negotiated under an institutional cost-sharing agreement will be determined in accordance with the appropriate guidelines contained in "A Guide to Institutional Cost Sharing Agreements" issued by the Office of Resource Management, PHS. The extent to which the performing organization shared in the costs of HHS-sponsored research in the

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past, and its anticipated ability to do so in the future, should also be taken into account.

[49 FR 14020, Apr. 9, 1984, as amended at 54 FR 24344, June 7, 1989]

335.070-5 Contract clauses.

Clauses for cost sharing in individually negotiated contracts or under institutional agreements are set forth in 352.232-71.

335.070-6 Contract award.

In consonance with the Department's objectives of competition and support of the small business program, award of contracts should not be made solely on the basis of ability or willingness to cost-share. Awards should be made primarily on the contractor's competence and only after adequate competition has been obtained among large and small business organizations whenever possible. The offeror's willingness to share costs should not be considered in the technical evaluation process but as a business consideration, which is secondary to selecting the best qualified source.

PART 337—SERVICE CONTRACTING

Subpart 337.1—Service Contracts—General

Sec.

337.101 Definitions.

337.103 Contracting officer responsibility.

337.104 Personal services contracts.

337.109 Services of quasi-military armed forces.

Subpart 337.2—Consulting Services

337.204 Policy.

337.270 Consulting services reporting.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14022, Apr. 9, 1984, unless otherwise noted.

Subpart 337.1—Service Contracts—General

337.101 Definitions.

Service contract. A contract may require the furnishing of both property and services, such as a research and development contract which requires a final report. In a case such as this, this

subpart will apply to the extent that the furnishing of services is involved. Other examples of service contracts include training and education, surveys and data collection, data processing, medical services, and stenographic services.

337.103 Contracting officer responsibility.

(b) Contract actions for the services of experts and consultants are also exempt from the requirements of FAR Part 37.103(a)(3); they are to be certified in accordance with the provisions in General Administration Manual Chapter 8-15.

(c) For negotiated acquisitions, the determination shall be included as a statement in the negotiation memorandum. For sealed bid acquisitions, the determination shall be included as a separate statement in the contract file.

(d) In most cases, gathering the information and data on which to base the determination should be a joint effort between contracting and program personnel. The contracting officer shall request the advice of the Office of General Counsel and/or the personnel office before processing any request to acquire services if there is doubt as to whether an employer-employee relationship would be involved in performance of the contract.

[49 FR 14022, Apr. 9, 1984, as amended at 50 FR 23126, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

337.104 Personal services contracts.

(a) As indicated in FAR 37.104, the paramount consideration in determining if an employer-employee relationship exists is the presence of direction or supervision by Government personnel of contractor employees, as a result of either the inherent nature of the service or the manner in which the service is provided. A personal service relationship exists if this direction or supervision is necessary to:

(1) Adequately protect the Government's interest;

(2) Retain control of the function involved; and/or

(3) Retain full personal responsibility by a duly authorized Federal officer or employee for the function supported.

(c)(2) The degree of supervision necessary to establish an employer-employee relationship is relatively continuous, close supervision. Sporadic supervision is not sufficient to constitute an employer-employee relationship. (In determining whether the Government rather than the contractor exercises “relatively continuous, close supervision” of contractor personnel, the fact that an engineer, for example, may require less supervision and may exercise more independence of judgment than a food service worker is not itself determinative. If the Government takes over that degree of supervision that the contractor would otherwise exercise over either individual, the relationship created between the Government and either individual is tantamount to that of employer and employee.)

(d) The likelihood of the existence of an employer-employee relationship increases as the number and extent of the elements in FAR 37.104(d) increases. However, the mere existence of these elements does not constitute an employer-employee relationship unless continuous, close supervision exists. In determining the presence of the referenced elements, relevant factors including the following shall be considered:

(1) *The nature of the work.* (i) If the Government can use Federal personnel to perform the required work, or if the Government has rights to the specialized knowledge or equipment which is needed to perform the work;

(ii) Whether the services represent the discharge of a Government function which calls for the exercise of personal judgment and discretion on behalf of the Government. (This factor, if present in sufficient degree, may alone render the service personal in nature.); and/or

(iii) If the services are to be a one-time occurrence (or a continuing requirement of short term duration).

(2) *Contractual provisions concerning the contractor’s employees.* (i) To what extent the Government specifies the qualifications of, or has the right to approve, individual contractor employees (other than the Government’s right to approve or disapprove new key personnel, remove key personnel, grant or

deny security clearances, and provide for necessary health qualifications). (Also, it is permissible for the Government to specify the technical and experience qualifications of contractor employees, if this is necessary to assure satisfactory performance.);

(ii) To what extent the Government can assign tasks to, and prepare work schedules for, contractor employees during performance of the contract. (This does not preclude inclusion in the contract of work schedules for the contractor—but not individual employees—or the establishment of a time of performance for orders issued under a requirement or other indefinite delivery-type contract.);

(iii) To what extent the Government can supervise or control the method in which the contractor performs the service, the number of people that will be employed, the specific duties of individual employees, and similar details. (However, it is permissible to require that contractor employees comply with regulations for the protection of life and property. Also, it is permissible to recommend a specific number of people the contractor may employ, if this is necessary to assure performance; but in that event, the contract must specify that this does not in any way minimize the contractor’s obligation to use as many employees as are necessary for proper contract performance.);

(iv) If the Government can review performance of each individual contractor employee (as opposed to reviewing the final product after completion of the work.); and/or

(v) If the Government has the right to have contractor employees removed from the job for reasons other than misconduct or security.

(3) *Other provisions of the contract.* (i) Whether the contractor undertakes a specific task or project that is definable either at the inception of the contract or at some point during performance, or whether the work is defined on a day-to-day basis. (However, this does not preclude use of a requirement or other indefinite delivery-type contract, provided the nature of the work is specifically described in the contract, and orders are formally issued to the contractor rather than to individual employees.);

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(ii) Whether payment will be for results accomplished or solely according to time worked. (This is a factor which might be useful in a doubtful case, but should not in itself create doubt about services which are otherwise clearly nonpersonal.); and/or

(iii) Whether Government office or working space, facilities, equipment, and supplies will be used for contract performance. (This is a factor which might be useful in a doubtful case, but should not in itself create doubt about services which are otherwise clearly nonpersonal.).

(4) *Administration of the contract.* (i) If contractor employees are used interchangeably with Government personnel; and/or

(ii) If contractor employees are integrated into the Government's organizational structure.

(e) and (f) Reserved.

(g) The following are examples of personal and nonpersonal services, but are illustrative only and are not to be used as the basis for determination in any specific case.

(1) The following are examples of personal services contracts:

(i) A contract to furnish ordinary, day-to-day, stenographic and secretarial services in a Government office under direct Government supervision.

(ii) A contract for the testing of a substance where the project officer visits the contractor's facility several times each week to consult with the principal investigator, review data, specify methods of quality control, specify testing to be done, and provide instruction to investigators.

(iii) A contract for the performance of a function which management must perform in order to retain essential control over the conduct of agency programs (e.g., negotiating contract amounts).

(2) The following are examples of nonpersonal services contracts:

(i) A contract for technical assistance work requiring specialized equipment and trained personnel unavailable to the Government. The contractor performs work described in the contract free of Government supervision, and does not act on behalf of the Government.

(ii) A contract with an individual for delivery of lectures without Government supervision (even if they are to be given on specific dates, or on specialized subjects, or if payment will be by the hour).

(iii) A fixed price contract for janitorial services which provides for specific tasks to be performed in specific places, free of Government direction, supervision, and control over the contractor's employees.

(iv) A research and development contract providing for a level of effort which will be performed by the contractor independent of Government direction, supervision, and control.

337.109 Services of quasi-military armed forces.

As distinguished in FAR 37.109, solicitations for protective services shall include the following certification:

The bidder/offeror certifies it is not a detective agency, nor an employee of such agency as contemplated by 5 U.S.C. 3108.

Subpart 337.2—Consulting Services

337.204 Policy.

General Administration Manual Chapter 8-15 prescribes policies and procedures concerning approvals required before contracting for expert or consulting services.

(e) Services of experts or consultants may be acquired by contract only when:

(1) The services will be nonpersonal in nature, are critical to the planning, development, operation, or evaluation of a Department program, cannot be accomplished by Government employees, and are economically available from the private sector; or

(2) The performance of the work by a consultant is directed by statute.

337.270 Consulting services reporting.

The clause set forth in 352.237-70 shall be included in every contract for expert or consulting services.

PART 339—MANAGEMENT, ACQUISITION, AND USE OF INFORMATION RESOURCES

Subpart 339.70—ADP Clearances and Systems Security

Sec.

339.7001 ADP Clearances.

339.7002 ADP systems security.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486 (c).

SOURCE: 49 FR 14023, Apr. 9, 1984, unless otherwise noted.

Subpart 339.70—ADP Clearances and Systems Security

339.7001 ADP clearances.

In accordance with Chapter 4-10 of the HHS Information Resources Management (IRM) Manual, the Office of Information Resources Management (OIRM), OASMB-OS, is responsible for the review and approval of all requests for proposed automatic data processing (ADP) systems and modifications to existing ADP systems which require the acquisition of ADP hardware, software packages, and services, and telecommunications equipment, which exceed the dollar thresholds stated in Chapter 4-10.

(a) It is the responsibility of the program office to obtain written approval from OIRM on proposed ADP acquisitions which exceed the thresholds stated in Exhibit 4-10-A of Chapter 4-10 prior to submitting the request for contract to the contracting activity.

(b) The OIRM approval document (delegation of procurement authority (DPA)) is to be attached to the request for contract when it is submitted by the program office to the contracting activity. The contracting activity shall not issue a solicitation based on the request for contract until a properly executed approval document (DPA) is obtained.

[49 FR 14023, Apr. 9, 1984, as amended at 53 FR 43208, Oct. 26, 1988]

339.7002 ADP systems security.

(a) *Program responsibilities.* Whenever a proposed contract action requires the design, development, maintenance, or use of an ADP system or the use of ADP resources, the program office is

required to designate a responsible individual to serve as the ADP system manager who is to ensure, in coordination with the cognizant systems security officer, that ADP security requirements are met and that each contractor maintains an acceptable security program. The project officer is responsible for setting forth the specific portions of Part 6, ADP Systems Security, of the HHS IRM Manual which are applicable to the instant acquisition.

(b) *Contracting responsibilities.* (1) The contracting officer is responsible for ensuring that a certification of ADP systems security requirements, signed by both the ADP system manager and the ADP systems security officer, is submitted with the request for contract. The contracting officer shall not initiate action on the request for contract until the properly executed certification is received. The certification will state that the security requirements specified are reasonably sufficient for the intended application and that they comply with current Federal and HHS computer security policies, procedures, standards, and guidelines.

(2) When developing the request for proposals, the contracting officer shall include in the technical proposal instructions a statement requiring that the offeror present a detailed outline of its proposed ADP system security program which complies with the requirements of the statement of work and applicable portions of Part 6, ADP Systems Security, of the HHS IRM Manual.

(3) The contracting officer shall include a special provision reading substantially as follows in all applicable solicitations and resultant contracts:

The Contractor agrees to comply with the ADP system security requirements set forth in the system of work and applicable portions of Part 6, ADP Systems Security, of the HHS IRM Manual. The Contractor further agrees to include this provision in any subcontract awarded pursuant to this prime contract.

(4) The contracting officer shall ensure that a properly executed certification confirming that the offerors comply with the necessary security requirements is attached to the technical evaluation report received from the evaluation panel before proceeding

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with the acquisition process. This certification must be countersigned by the officials designated in paragraph (b)(1)

above and must contain a similar statement of compliance.

[49 FR 14023, Apr. 9, 1984, as amended at 53 FR 43208, Oct. 26, 1988]

SUBCHAPTER G—CONTRACT MANAGEMENT

PART 342—CONTRACT ADMINISTRATION

Subpart 342.5—Postaward Orientation

Sec.

342.504 Postaward letters.

Subpart 342.7—Indirect Cost Rates

342.705 Final indirect cost rates.

Subpart 342.70—Contract Monitoring

342.7001 Purpose.

342.7002 Contract monitoring responsibilities.

342.7003 Withholding of contract payments.

342.7003–1 Policy.

342.7003–2 Procedures.

342.7003–3 Withholding payments.

Subpart 342.71—Administrative Actions for Cost Overruns

342.7100 Scope of subpart.

342.7101 Applicability.

342.7102 General.

342.7103 Contract administration.

342.7103–1 General.

342.7103–2 Procedures.

342.7104 Contract modifications.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14024, Apr. 9, 1984, unless otherwise noted.

Subpart 342.5—Postaward Orientation

342.504 Postaward letters.

To the extent practicable, contracting officers should use letters to accomplish postaward orientation objectives. A postaward orientation conference should only be arranged when letters cannot resolve key issues.

Subpart 342.7—Indirect Cost Rates

342.705 Final indirect cost rates.

The Director, Division of Cost Allocation of the Regional Administrative Support Center within each HHS regional office has been delegated the authority to establish indirect cost rates, research patient care rates, and, as necessary, fringe benefit, computer, and other special costing rates for use

in contracts and grants awarded to State and local governments, colleges and universities, hospitals, and other nonprofit organizations.

Subpart 342.70—Contract Monitoring

342.7001 Purpose.

Contract monitoring is an essential element of contract administration and the acquisition process. This subpart describes the Department's operating concepts regarding contract monitoring, performed jointly by the project officer and the contracting officer, to ensure that the required monitoring is performed, timely remedial action is taken when necessary, and a determination is made that contract objectives have been met.

342.7002 Contract monitoring responsibilities.

(a) Upon execution of the contract, the mutual obligations of the Government and the contractor are established by, and limited to, the written stipulations in the contract. Unless authorized by the contracting officer, HHS personnel shall not direct or request the contractor to assume any obligation or take any actions not specifically required by the contract. Only the contracting officer may impose a requirement which will result in a change to the contract. All contract changes must be directed in writing or confirmed in writing by the contracting officer.

(b) The contracting officer is responsible for assuring compliance with all terms of the contract, especially the statutory, legal, business, and regulatory provisions. Whether or not a postaward conference is held, the contracting officer shall inform the contractor by letter (if not already stipulated by contract provisions) of the authorities and responsibilities of the Government personnel with whom the contractor will be dealing throughout the life of the contract.

(c) The contracting officer must depend on program, technical, and other

personnel for assistance and advice in monitoring the contractor's performance, and in other areas of postaward administration. The contracting officer must assure that responsibilities assigned to these personnel are understood and carried out. The individual roles and corresponding responsibilities typically involve, but are not limited to, the following:

(1) The role of program and technical personnel in monitoring the contract to assist or advise the contracting officer (or act as his/her representative when so designated by the contracting officer) in activities such as:

(i) Providing technical monitoring during contract performance, and issuing letters to the contractor and contracting officer relating to delivery acceptance, or rejection in accordance with the terms of the contract;

(ii) Assessing contractor performance, including inspection and testing of products and evaluation of reports and data;

(iii) Recommending necessary changes to the schedule of work and period of performance in order to accomplish the objectives of the contract. This shall be accomplished by a written request to the contracting officer, together with an appropriate justification and funds availability citation;

(iv) Reviewing invoices/vouchers and recommending approval/disapproval action by the contracting officer, to include comments regarding anything unusual discovered in the review;

(v) Reviewing and recommending approval or disapproval of subcontracts, overtime, travel, and key personnel changes; and

(vi) Participating, as necessary, in various phases of the contract closeout process.

(2) The role of the project officer in performing required aspects of the contract monitoring process. In addition to those applicable activities set forth in (c)(1) above, the project officer shall:

(i) Submit periodic reports to the contracting officer that concisely explain the status of the contract, and include recommended actions for any problems reported. Provide the contracting officer with written notification of evaluation and approval/dis-

approval of contract deliverables and of completion of tasks or phases. The contracting officer will, in turn, provide the contractor with written notification of approval or disapproval unless the responsibility has been delegated by the contracting officer, in which case the person responsible for such action will notify the contractor and provide a copy to the contracting officer for inclusion in the contract file;

(ii) Monitor the technical aspects of the contractor's business and technical progress, identify existing and potential problems that threaten performance, and immediately inform the contracting officer of deviations from contract objectives, or from any technical or delivery requirements, so that remedial measures may be instituted accordingly;

(iii) Provide immediate notification to the head of the program office responsible for the program whenever it is determined that program objectives are not being met, together with specific recommendations of action to be taken. A copy of the project officer's report and recommendations shall be transmitted to the contracting officer for appropriate action;

(iv) Submit, within 120 days after contract completion, a final assessment report to the contracting officer. The report should include an analysis of the contractor's performance, including the contract and program objectives achieved and missed. A copy of the final assessment report shall be forwarded to the head of the program office responsible for the program for management review and followup, as necessary; and

(v) Accompany and/or provide, when requested, technical support to the HHS auditor in the conduct of floor checks.

(3) The role of the contract administrator, auditor, cost analyst, and property administrator in assisting or advising the contracting officer in postaward administration activities such as:

(i) Evaluation of contractor systems and procedures, to include accounting policies and procedures, purchasing policies and practices, property accounting and control, wage and salary

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plans and rate structures, personnel policies and practices, etc.;

(ii) Processing of disputes under the Disputes clause and any resultant appeals;

(iii) Modification or termination of the contract; and

(iv) Determination of the allowability of cost charges to incentive or cost-reimbursement type contracts and progress payments under fixed-price contracts. This is especially important when award is made to new organizations or those with financial weaknesses.

(d) The contracting officer is responsible for assuring that contractor performance and contract monitoring are carried out in conformance with contract provisions. If performance is not satisfactory or if problems are anticipated, it is essential that the contracting officer take immediate action to protect the Government's rights under the contract. The contracting officer shall notify his/her immediate supervisor of problems that cannot be resolved within contract limitations and whenever contract or program objectives are not met. The notification shall include a statement of action being taken by the contracting officer.

(e) Contract cost and manpower reporting shall be required on all cost-reimbursement type contracts financed under letter of credit or Departmental Federal Assistance Financing System (DFAFS) methods of payment regardless of dollar value, and on all other cost-reimbursement type contracts of \$100,000 or more. Financial reporting may be required on cost-reimbursement contracts under \$100,000, when financed by other than the letter of credit or DFAFS methods, but only if it is necessary for effective contract administration. Financial and manpower information may be submitted either as a separate contract financial report or as an addendum to a public voucher, as prescribed by the contracting officer. Frequency, format (including instructions), extent, structure (including cost elements and labor categories), and distribution of reporting fall within the discretion of the contracting officer. The contracting officer shall set forth financial reporting requirements in all applicable RFPs and contracts, shall

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limit the requirements to those necessary for effectual cost and manpower management of the contract, and shall avoid the use of reporting requirements that are unduly burdensome on the contractor.

[49 FR 14024, Apr. 9, 1984, as amended at 54 FR 43966, Oct. 30, 1989; 54 FR 47750, Nov. 16, 1989]

342.7003 Withholding of contract payments.

342.7003-1 Policy.

(a) All solicitations and resultant contracts shall contain a withholding of contract payments clause and an excusable delays clause or a clause which incorporates the definition of excusable delays. These clauses are contained in the Department's contract general provisions.

(b) The transmittal letter used to convey the contract to each contractor shall contain a notice which highlights the contractor's agreement with the withholding of contract payments clause.

(c) No contract payment shall be made when any report required to be submitted by the contractor is overdue, or the contractor fails to perform or deliver work or services as required by the contract.

(d) The contracting officer shall issue a ten-day cure notice or initiate appropriate termination action for any failure in the contractor's performance as stated in the preceding paragraph (c).

342.7003-2 Procedures.

(a) The contracting officer is responsible for initiating immediate action to protect the Government's rights whenever the contractor fails to comply with either the delivery or reporting provisions of the contract. Compliance with the reporting provisions includes those reports to be submitted directly to the payment office. If such a report is not submitted on time, the contracting officer is to be notified promptly by the payment office.

(b) When the contract contains a termination for default clause, the contractor's failure to either submit any required report when due or perform or deliver services or work when required by the contract is to be considered a

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default in performance. In either circumstance, the contracting officer is to immediately issue a formal ten-day cure notice pursuant to the default clause. The cure notice is to follow the format prescribed in FAR 49.607 and is to include a statement to the effect that contract payments will be withheld if the default is not cured or is not determined to be excusable.

(1) If the default is cured or is determined to be excusable, the contracting officer is not to initiate the withholding action.

(2) If the default is not determined to be excusable or a response is not received within the allotted time, the contracting officer is to initiate withholding action on all contract payments and is to determine whether termination for default or other action would be in the best interest of the Government.

(c) When the contract does not contain a termination for default clause, the contractor's failure to either submit any required report when due or perform or deliver services or work when required by the contract is to be considered a failure to perform. In either circumstance, the contracting officer is to immediately issue a written notice to the contractor specifying the failure and providing a period of ten days, or a longer period as determined necessary by the contracting officer, in which the contractor is to cure the failure or establish an excusable delay. The contracting officer is to include a statement in the written notice to the effect that contract payments will be withheld if the failure is not cured or is not determined to be excusable.

(1) If the failure is cured or is determined to be excusable, the contracting officer is not to initiate the withholding action.

(2) If the failure is not determined to be excusable or a response is not received within the allotted time, the contracting officer is to initiate withholding action on all contract payments and is to determine whether termination for convenience or other action would be in the best interest of the Government.

(d) The contracting officer should consult FAR Subpart 49.4 for further

guidance before taking any of the actions described in this section.

342.7003-3 Withholding payments.

(a) When making the determination that contract payments should be withheld in accordance with the Withholding of Contract Payments clause, the contracting officer is to immediately notify the servicing finance office in writing of the determination to suspend payments. The notice of suspension is to contain all elements of information required by the payment office to properly identify the contract and the applicable accounts involved.

(b) The contracting officer is to immediately notify the contractor in writing that payments have been suspended until the default or failure is cured.

(c) When the contractor cures the default or failure, the contracting officer is to immediately notify, in writing, all recipients of the notice of suspension that the suspension is to be lifted and contract payments are to be resumed.

(d) When exercising actions regarding the withholding of payment procedures, the contracting officer must be careful not to waive any of the Government's rights when corresponding with the contractor or when taking any other actions.

Subpart 342.71—Administrative Actions for Cost Overruns

342.7100 Scope of subpart.

This subpart sets forth the procedures to be followed when a cost overrun is anticipated; i.e., the allowable actual cost of performing a cost-reimbursement type contract is expected to exceed the total estimated cost specified in the contract.

342.7101 Applicability.

This subpart applies to the administration of cost-reimbursement type contracts and the cost-reimbursement portion of other types of contracts. Nothing in this subpart shall be construed to relieve contractors from compliance with the Limitation of Cost clause or any other provisions of contracts.

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342.7102 General.

Reimbursement for costs incurred under cost-reimbursement contracts shall not exceed the amount of funds obligated by the contract, unless increased by the contracting officer. Cost overruns shall be held to an absolute minimum, compatible with accomplishment of the statement of work.

342.7103 Contract administration.

342.7103-1 General.

Upon receipt of information that a contractor's accumulated cost and projected expenditures will exceed the limit of funds obligated by the contract, the contracting officer shall coordinate immediately with the appropriate program office to determine whether the contract should be modified or terminated. If the contracting officer receives information from a source other than the contractor that a cost overrun is anticipated, the contracting officer shall verify the information with the contractor, and remind the contractor of the notification requirements of the Limitation of Cost clause.

342.7103-2 Procedures.

(a) Upon notification that a cost overrun is anticipated, the contracting officer shall inform the contractor to submit a request for additional funds which is to include:

- (1) Name and address of contractor.
- (2) Contract number and expiration date.
- (3) Contract item(s) and amount(s) creating the overrun.
- (4) The elements of cost which changed from the original estimate (i.e., labor, material, travel, overhead, etc.) to be furnished in the following format:
 - (i) Original estimate,
 - (ii) Costs incurred to date,
 - (iii) Estimated cost to completion,
 - (iv) Revised estimate, and
 - (v) Amount of adjustment.
- (5) The factors responsible for the increase, i.e., error in estimate, changed conditions, etc.
- (6) The latest date by which funds must be available for commitment to avoid contract slippage, work stoppage, or other program impairment.

(b) When the contractor submits a notice of an impending overrun, the contracting officer shall:

(1) Immediately advise the appropriate program office and furnish a copy of the notice and any other data received;

(2) Request audit or cost advisory services, and technical support, as necessary, for evaluation of information and data received; and

(3) Maintain continuous follow-up with the program office in order to obtain a timely decision as to whether the work under the contract should be continued and additional funds provided, or the contract terminated. The decision of the program office must be supported by an appropriate written statement and funding authority, or a formal request for termination, when applicable. After a programming and funding decision is received from the program office, the contracting officer shall promptly notify the contractor in writing that:

(i) A specified amount of additional funds has been allotted to the contract by a contractual instrument; or

(ii) Work will be discontinued when the funds allotted to the contract have been exhausted, and that any work performed after that date is at the contractor's risk; or

(iii) The Government is considering whether additional funds should be allotted to the contract and will notify the contractor as soon as possible, but that any work performed after the funds then allocated to the contract have been exhausted is at the contractor's risk.

Timely, formal notification of the Government's intention is essential in order to preclude loss of contractual rights in the event of dispute, termination, or litigation.

(c) If program requirements permit, contracting officers should refrain from issuing any contractual documents which will require new work or an extension of time, pending resolution of an overrun or additional fund request.

342.7104 Contract modifications.

(a) Modifications to contracts containing the Limitation of Cost clause shall include either:

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(1) A provision increasing the estimated or ceiling amount referred to in the Limitation of Cost clause of the contract and stating that the clause will thereafter apply in respect to the increase amount; or

(2) A provision stating that the estimated or ceiling amount referred to in the contract is not changed by the modification and that the Limitation of Cost clause will continue to apply with respect to the amount in effect prior to the modification.

(b) A fixed-fee provided in a contract shall not be changed when funding a cost overrun. Changes in fixed-fee will be made only to reflect changes in the scope of work which justify an increase or decrease in fee.

PART 345—GOVERNMENT PROPERTY

Subpart 345.3—Providing Government Property to Contractors

Sec.
345.370 Providing Government property (in general).

Subpart 345.4—Contractor Use and Rental of Government Property

345.405 Contracts with foreign governments or international organizations.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14030, Apr. 9, 1984, unless otherwise noted.

Subpart 345.3—Providing Government Property to Contractors

345.370 Providing Government property (in general).

(a) A contractor may be provided Government property or allowed to acquire such property at Government expense upon determination that:

(1) No practicable or economical alternative exists; e.g., acquisition from other sources, utilization of subcontractors, rental of property, or modification of program project requirements, etc.;

(2) The Government receives adequate consideration for providing the property; or

(3) Furnishing Government property is likely to result in substantially

lower cost to the Government for the items produced or services rendered when all costs involved (e.g., transportation, installation, modification, maintenance, etc.) are compared with the cost to the Government of the contractor's use of privately-owned property.

(b) The determination that it is necessary to provide a contractor or subcontractor with property will be made by the contracting officer with the advice of the agency property official.

(c) If the program office is aware, prior to the submission of the request for contract, that it will be necessary to provide prospective contractors with property, a written justification must accompany the request for contract to the contracting activity.

Subpart 345.4—Contractor Use and Rental of Government Property

345.405 Contracts with foreign governments or international organizations.

Upon the request of a foreign government or international organization, or a contractor certifying that it is acting on behalf of a foreign government or international organization, the contracting officer, with advice from the agency property official cognizant of Government property located in the United States, its possessions, or Puerto Rico, may give written approval for its use without charge on contracts or subcontracts thereunder if:

(a) The foreign government or international organization would be authorized to place the contract with the activity concerned under the Foreign Assistance Act of 1961, as amended, or such use is authorized by an agreement with the foreign government;

(b) The foreign government's placement of the contract directly with the contractor is consistent with the best interests of the United States;

(c) It appears that the foreign government will place the contract with the contractor whether or not use is authorized, and no competitive pricing advantage will accrue to the contractor by virtue of its use;

(d) The contractor agrees that no charge for the use of the property will

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be included in the price charged the
foreign government under the contract;
and

(e) The use will not interfere with
foreseeable requirements of the United
States.

SUBCHAPTER H—CLAUSES AND FORMS

PART 352—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

Subpart 352.2—Texts of Provisions and Clauses

Sec.

- 352.202-1 Definitions.
- 352.215-12 Restriction on disclosure and use of data.
- 352.215-71 [Reserved]
- 352.215-72 Pre-proposal conference.
- 352.216-70 Negotiated overhead rates—fixed.
- 352.216-72 Additional cost principles.
- 352.224-70 Confidentiality of information.
- 352.228-7 Insurance—Liability to third persons.
- 352.232-9 Withholding of contract payments.
- 352.232-71 Cost sharing.
- 352.232-73 Method of payment—letter of credit.
- 352.232-74 Estimated cost and fixed fee-incrementally funded contract.
- 352.232-75 Incremental funding.
- 352.233-70 Litigation and claims.
- 352.237-70 Consulting services reporting.
- 352.242-71 Final decisions on audit findings.
- 352.242-72—352.242-79 [Reserved]
- 352.249-14 Excusable delays.
- 352.270-1 Accessibility of meetings, conferences, and seminars to persons with disabilities.
- 352.270-2 Indian preference.
- 352.270-3 Indian preference program.
- 352.270-4 Pricing of adjustments.
- 352.270-5 Key personnel.
- 352.270-6 Publication and publicity.
- 352.270-7 Paperwork Reduction Act.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14031, Apr. 9, 1984, unless otherwise noted.

Subpart 352.2—Texts of Provisions and Clauses

352.202-1 Definitions.

Insert the following clause in all solicitations and resultant contracts instead of the clause in FAR 52.202-1 except when contemplating (a) a fixed price research and development contract that is expected to be \$2,500 or less or (b) a purchase order.

DEFINITIONS (APR 1984)

(a) The term *Secretary* or *Head of the Agency* (also called *Agency Head*) means the Secretary, Under Secretary, or any Assistant Secretary, Administrator or Commissioner,

of the Department of Health and Human Services; and the term “his/her duly authorized representative” means any person, persons, or board authorized to act for the Secretary.

(b) The term *Contracting Officer* means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer.

(c) The term *Project Officer* means the person representing the Government for the purpose of technical monitoring of contract performance. The Project Officer is not authorized to issue any instructions or directions which effect any increases or decreases in the scope of work or which would result in the increase or decrease of the price of this contract or a change in the delivery dates or performance period of this contract.

(d) The term *Department* means the Department of Health and Human Services.

(e) Except as otherwise provided in this contract, the term *subcontract* includes purchase order under this contract.

(End of clause)

Alternate I (Apr 1984). For cost-reimbursement contracts other than purchase orders, delete paragraph (c) above and replace with the following paragraph (c):

(c) The term *Project Officer* means the person representing the Government for the purpose of technical monitoring of contract performance. The Project Officer is not authorized to issue any instructions or directions which effect any increases or decreases in the scope of work or which would result in the increase or decrease of the cost of this contract or a change in performance period of this contract. In addition, the Project Officer is not authorized to receive or act upon the Contractor's notification of a revised cost estimate pursuant to the Limitation of Cost or Limitation of Funds clause of this contract.

[49 FR 14031, Apr. 9, 1984, as amended at 53 FR 15564, May 2, 1988]

352.215-12 Restriction of disclosure and use of data.

Insert the following provision in all requests for proposals, and all requests for quotations other than those for information or planning purposes. This provision shall be used in lieu of the provision in FAR 52.215-12.

352.215-72**RESTRICTION ON DISCLOSURE AND USE OF
DATA (APR 1984)**

The proposal submitted in response to this request may contain data (trade secrets; business data, e.g., commercial information, financial information, and cost and pricing data; and technical data) which the offeror, including its prospective subcontractor(s), does not want used or disclosed for any purpose other than for evaluation of the proposal. The use and disclosure of any data may be so restricted; *provided*, that the Government determines that the data is not required to be disclosed under the Freedom of Information Act, 5 U.S.C. 552, as amended, and the offeror marks the cover sheet of the proposal with the following legend, specifying the particular portions of the proposal which are to be restricted in accordance with the conditions of the legend. The Government's determination to withhold or disclose a record will be based upon the particular circumstances involving the record in question and whether the record may be exempted from disclosure under the Freedom of Information Act:

Unless disclosure is required by the Freedom of Information Act, 5 U.S.C. 552, as amended, (the Act) as determined by Freedom of Information (FOI) Officials of the Department of Health and Human Services, data contained in the portions of this proposal which have been specifically identified by page number, paragraph, etc. by the offeror as containing restricted information shall not be used or disclosed except for evaluation purposes. The offeror acknowledges that the Department may not be able to withhold a record (data, document, etc.) nor deny access to a record requested pursuant to the Act and that the Department's FOI Officials must make that determination. The offeror hereby agrees that the Government is not liable for disclosure if the Department has determined that disclosure is required by the Act.

If a contract is awarded to the offeror as a result of, or in connection with, the submission of this proposal, the Government shall have the right to use or disclose the data to the extent provided in the contract. Proposals not resulting in a contract remain subject to the Act.

The offeror also agrees that the Government is not liable for disclosure or use of unmarked data and may use or disclose the data for any purpose, including the release of the information pursuant to requests under the Act.

The data subject to this restriction are contained in pages (insert page numbers, paragraph designations, etc. or other identification).

In addition, the offeror should mark each page of data it wishes to restrict with the following legend:

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Use or disclosure of data contained on this page is subject to the restriction on the cover sheet of this proposal or quotation.

Offerors are cautioned that proposals submitted with restrictive legends or statements differing in substance from the above legend may not be considered for award. The Government reserves the right to reject any proposal submitted with a nonconforming legend.

(End of provision)

352.215-71 [Reserved]**352.215-72 Pre-proposal conference.**

If a pre-proposal conference is to be held as indicated in FAR 15.409, insert the following provision in the affected solicitation:

PRE-PROPOSAL CONFERENCE (APR 1984)

A pre-proposal conference will be held with prospective offerors at (insert local prevailing time) on (insert date) in room (insert room number) at (insert name and location of building).

The pre-proposal conference will be held for the purpose of providing information concerning the Government's requirements which may be helpful in the preparation of proposals and for answering any questions which you have regarding this solicitation.

The success of this type of conference depends largely on the leadtime available to the Government for research in connection with questions submitted by prospective offerors. Therefore, you are requested to mail written questions concerning any areas of uncertainty which, in your opinion, require clarification or correction, in sufficient time to be received on or before (insert date).

Your questions should be submitted to the Contract-Officer, (insert name of Contracting Officer), and the envelope should be marked "Pre-Proposal Conference, RFP No. (insert number of RFP)." A set of questions and answers will be furnished to all prospective offerors whether or not they are in attendance.

Because of space limitations, each prospective offeror will be limited to a total of (insert number) representatives.

Attendance at the pre-proposal conference is recommended; however, attendance is not a prerequisite for proposal submission and will not be considered a factor in proposal evaluation.

(End of provision)

352.216-70 Negotiated overhead rates—fixed.

Insert the following clause in all cost-reimbursement contracts with

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educational institutions and nonprofit organizations when fixed rates subject to carryforward adjustments are used.

NEGOTIATED OVERHEAD RATES—FIXED (APR 1984)

(a) Notwithstanding the provisions of the clause entitled "Allowable Cost and Payment," the allowable indirect costs under this contract shall be obtained by applying negotiated fixed overhead rates for the applicable period(s) to bases agreed upon by the parties, as specified below. A negotiated fixed rate(s) is based on an estimate of the costs which will be incurred during the period for which the rate(s) applies. When the application of the negotiated fixed rates against the actual bases during a given fiscal period produces an amount greater or less than the indirect costs determined for such period, such greater or lesser amount(s) will be carried forward to a subsequent period.

(b) The Contractor, as soon as possible but no later than six months after the close of its fiscal year, or such other period as may be specified in the contract, shall submit to the Secretary or the duly authorized representative, with a copy to the cognizant audit activity, a proposed fixed overhead rate or rates based on the Contractor's actual cost experience during the fiscal year, including adjustment, if any, for amounts carried forward, together with supporting cost data. Negotiation of fixed overhead rates, including carryforward adjustments, if any, by the Contractor and the Secretary, or the duly authorized representative, shall be undertaken as promptly as practicable after receipt of the Contractor's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with Part 31 of the Federal Acquisition Regulation (FAR) as in effect on the date of this contract.

(d) The results of each negotiation shall be set forth in an amendment to this contract, which shall specify: (1) The agreed fixed overhead rates, (2) the bases to which the rates apply, (3) the fiscal year, unless the parties agreed to a different period, for which the rates apply, and (4) the specific items treated as direct costs or any changes in the items previously agreed to be direct costs.

(e) Pending establishment of fixed overhead rates for any fiscal year or different period agreed to by the parties, the Contractor shall be reimbursed either at the rates fixed for the previous fiscal year or other period or at billing rates acceptable to the Contracting Officer, subject to appropriate adjustment when the final rates for that fiscal year or other period are established.

(f) Any failure of the parties to agree on any fixed overhead rate or rates or to the amount of any carryforward adjustment

under this clause shall not be considered a dispute concerning a question of fact for decision by the Contracting Officer within the meaning of the "Disputes" clause of this contract. If for any fiscal year or other period specified in the contract, the parties fail to agree to a fixed overhead rate or rates, it is agreed that the allowable indirect costs under this contract shall be obtained by applying negotiated final overhead rates in accordance with the terms of the "Allowable Cost and Payment" clause set forth in FAR 52.216-7, as in effect on the date of this contract.

(g) Submission of proposed fixed, provisional, and/or final overhead rates, together with appropriate data in support thereof, to the Secretary or the duly authorized representative and agreements on fixed, provisional, and/or final overhead rates entered into between the Contractor and the Secretary or the duly authorized representative, as evidenced by Negotiated Overhead Rate Agreements signed by both parties, shall be deemed to satisfy the requirements of paragraphs (b), (d), and (e), of this clause.

(End of clause)

352.216-72 Additional cost principles.

As prescribed in 316.307(j), insert the following clause in all solicitations and resultant cost-reimbursement contracts with nonprofit organizations, as identified in OMB Circular A-122.

ADDITIONAL COST PRINCIPLES (OCT 1990)

(a) *Bid and proposal costs.* (1) Bid and proposal costs are the immediate costs of preparing bids, proposals, and applications for potential Federal and non-Federal contracts, grants, and agreements, including the development of scientific, cost, and other data needed to support the bids, proposals, and applications.

(2) Bid and proposal costs of the current accounting period are allowable as indirect costs.

(3) Bid and proposal costs of past accounting periods are unallowable in the current period. However, if the organization's established practice is to treat these costs by some other method, they may be accepted if they are found to be reasonable and equitable.

(4) Bid and proposal costs do not include independent research and development costs covered by the following paragraph, or preaward costs covered by paragraph 33 of Attachment B to OMB Circular A-122.

(b) *Independent research and development costs.* (1) Independent research and development is research and development conducted by an organization which is not sponsored by Federal or non-Federal contracts, grants, or other agreements.

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(2) Independent research and development shall be allocated its proportionate share of indirect costs on the same basis as the allocation of indirect costs to sponsored research and development.

(3) The costs of independent research and development, including its proportionate share of indirect costs, are unallowable.

(End of clause)

[55 FR 42197, Oct. 18, 1990]

352.224-70 Confidentiality of information.

The following clause is covered by the policy set forth in subpart 324.70 and is to be used in accordance with the instructions set forth in 324.7004.

CONFIDENTIALITY OF INFORMATION (APR 1984)

(a) Confidential information, as used in this clause, means (1) information or data of a personal nature about an individual, or (2) proprietary information or data submitted by or pertaining to an institution or organization.

(b) In addition to the types of confidential information described in (a)(1) and (2) above, information which might require special consideration with regard to the timing of its disclosure may derive from studies or research, during which public disclosure of preliminary unvalidated findings could create erroneous conclusions which might threaten public health or safety if acted upon.

(c) The Contracting Officer and the Contractor may, by mutual consent, identify elsewhere in this contract specific information and/or categories of information which the Government will furnish to the Contractor or that the Contractor is expected to generate which is confidential. Similarly, the Contracting Officer and the Contractor may, by mutual consent, identify such confidential information from time to time during the performance of the contract. Failure to agree will be settled pursuant to the "Disputes" clause.

(d) If it is established elsewhere in this contract that information to be utilized under this contract, or a portion thereof, is subject to the Privacy Act, the Contractor will follow the rules and procedures of disclosure set forth in the Privacy Act of 1974, 5 U.S.C. 552a, and implementing regulations and policies, with respect to systems of records determined to be subject to the Privacy Act.

(e) Confidential information, as defined in (a)(1) and (2) above, that is information or data of a personal nature about an individual, or proprietary information or data submitted by or pertaining to an institution or organization, shall not be disclosed without the prior written consent of the individual, institution, or organization.

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(f) Written advance notice of at least 45 days will be provided to the Contracting Officer of the Contractor's intent to release findings of studies or research, which have the possibility of adverse effects on the public or the Federal agency, as described in (b) above. If the Contracting Officer does not pose any objections in writing within the 45-day period, the Contractor may proceed with disclosure. Disagreements not resolved by the Contractor and the Contracting Officer will be settled pursuant to the "Disputes" clause.

(g) Whenever the Contractor is uncertain with regard to the proper handling of material under the contract, or if the material in question is subject to the Privacy Act or is confidential information subject to the provisions of this clause, the Contractor should obtain a written determination from the Contracting Officer prior to any release, disclosure, dissemination, or publication.

(h) Contracting Officer determinations will reflect the results of internal coordination with appropriate program and legal officials.

(i) The provisions of paragraph (e) of this clause shall not apply when the information is subject to conflicting or overlapping provisions in other Federal, State or local laws.

(End of clause)

352.228-7 Insurance—Liability to third persons.

As prescribed in 328.311-2, contracting officers shall include the following clause in all cost-reimbursement contracts, in lieu of the clause at FAR 52.228-7:

**INSURANCE—LIABILITY TO THIRD PERSONS
(DEC. 1991)**

(a)(1) Except as provided in subparagraph (2) immediately following, or in paragraph (h) of this clause (if the clause has a paragraph (h)), the Contractor shall provide and maintain workers' compensation, employer's liability, comprehensive general liability (bodily injury), comprehensive automobile liability (bodily injury and property damage) insurance, and such other insurance as the Contracting Officer may require under this contract.

(2) The Contractor may, with the approval of the Contracting Officer, maintain a self-insurance program; *Provided That*, with respect to workers' compensation, the Contractor is qualified pursuant to statutory authority.

(3) All insurance required by this paragraph shall be in a form and amount and for those periods as the Contracting Officer may require or approve and with insurers approved by the Contracting Officer.

(b) The Contractor agrees to submit for the Contracting Officer's approval, to the extent

and in the manner required by the Contracting Officer, any other insurance that is maintained by the Contractor in connection with performance of this contract and for which the Contractor seeks reimbursement.

(c) Except as provided in paragraph (h) of this clause (if the clause has a paragraph (h)), the Contractor shall be reimbursed—

(1) For that portion (i) of the reasonable cost of insurance allocable to this contract, and (ii) required or approved under this clause; and

(2) For certain liabilities (and expenses incidental to such liabilities) to third persons not compensated by insurance or otherwise within the funds available under the Limitation of Cost or the Limitation of Funds clause of this contract. These liabilities must arise out of the performance of this contract, whether or not caused by the negligence of the Contractor or of the Contractor's agents, servants, or employees, and must be represented by final judgments or settlements approved in writing by the Government. These liabilities are for—

(i) Loss of or damage to property (other than property owned, occupied, or used by the Contractor, rented to the Contractor, or in the care, custody, or control of the Contractor); or

(ii) Death or bodily injury.

(d) The Government's liability under paragraph (c) of this clause is limited to the amounts reflected in final judgments, or settlements approved in writing by the Government, but in no event to exceed the funds available under the Limitation of Cost or Limitation of Funds clause of this contract. Nothing in this contract shall be construed as implying that, at a later date, the Government will request, or the Congress will appropriate, funds sufficient to meet any deficiencies.

(e) The Contractor shall not be reimbursed for liabilities (and expenses incidental to such liabilities)—

(1) For which the Contractor is otherwise responsible under the express terms of any clause specified in the Schedule or elsewhere in the contract;

(2) For which the Contractor has failed to insure or to maintain insurance as required by the Contracting Officer; or

(3) That result from willful misconduct or lack of good faith on the part of the Contractor's directors, officers, managers, superintendents, or other representatives who have supervision or direction of—

(i) All or substantially all of the Contractor's business;

(ii) All or substantially all of the Contractor's operations at any one plant or separate location in which this contract is being performed; or

(iii) A separate and complete major industrial operation in connection with the performance of this contract.

(f) The provisions of paragraph (e) of this clause shall not restrict the right of the Contractor to be reimbursed for the cost of insurance maintained by the Contractor in connection with the performance of this contract, other than insurance required in accordance with this clause: *Provided*, That such cost is allowable under the Allowable Cost and Payment clause of this contract.

(g) If any suit or action is filed or any claim is made against the Contractor, the cost and expense of which may be reimbursable to the Contractor under this contract, and the risk of which is then uninsured or is insured for less than the amount claimed, the Contractor shall—

(1) Immediately notify the Contracting Officer and promptly furnish copies of all pertinent papers received;

(2) Authorize Government representatives to collaborate with counsel for the insurance carrier in settling or defending the claim when the amount of the liability claimed exceeds the amount of coverage; and

(3) Authorize Government representatives to settle or defend the claim and to represent the Contractor in or to take charge of any litigation, if required by the Government, when the liability is not insured or covered by bond. The Contractor may, at its own expense, be associated with the Government representatives in any such claim or litigation.

(End of clause)

Alternate I (APR 1984). If the solicitation includes the provision at 52.228-6, Insurance-Immunity from Tort Liability, and the successful offeror represents in the offer that the offeror is partially immune from tort liability as a State agency or as a charitable institution, add the following paragraph (h) to the basic clause:

(h) Notwithstanding paragraphs (a) and (c) of this clause—

(1) The Government does not assume any liability to third persons, nor will the Government reimburse the Contractor for its liability to third persons, with respect to loss due to death, bodily injury, or damage to property resulting in any way from the performance of this contract or any subcontract under this contract; and

(2) The contractor need not provide or maintain insurance coverage as required by paragraph (a) of this clause; *provided*, that the Contractor may obtain any insurance coverage deemed necessary, subject to approval by the Contracting Officer as to form, amount, and duration. The Contractor shall be reimbursed for the cost of such insurance and, to the extent provided in paragraph (c) of this clause, to liabilities to third persons for which the contractor has obtained insurance coverage as provided in this paragraph, but for which such coverage is insufficient in amount.

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(End of clause)

Alternate II (APR 1984). If the solicitation includes the provision at 52.228-6, Insurance-Immunity from Tort Liability, and the successful offeror represents in the offer that the offeror is totally immune from tort liability as a State agency or as a charitable institution, substitute the following paragraphs (a) and (b) for paragraphs (a) through (g) of the basic clause:

(a) The Government does not assume any liability to third persons, nor will the Government reimburse the Contractor for its liability to third persons, with respect to loss due to death, bodily injury, or damage to property resulting in any way from the performance of this contract or any subcontract under this contract.

(b) If any suit or action is filed, or if any claim is made against the Contractor, the cost and expense of which may be reimbursable to the Contractor under this contract, the Contractor shall immediately notify the Contracting Officer and promptly furnish copies of all pertinent papers received by the Contractor. The Contractor shall, if required by the Government, authorize Government representatives to settle or defend the claim and to represent the Contractor in or take charge of any litigation. The Contractor may, at its own expense, be associated with the Government representatives in any such claim or litigation.

(End of clause)

[56 FR 58316, Nov. 19, 1991]

352.232-9 Withholding of contract payments.

Insert the following clause in all solicitations and contracts other than purchase orders:

WITHHOLDING OF CONTRACT PAYMENTS (APR 1984)

Notwithstanding any other payment provisions of this contract, failure of the Contractor to submit required reports when due or failure to perform or deliver required work, supplies, or services, will result in the withholding of payments under this contract unless such failure arises out of causes beyond the control, and without the fault or negligence of the Contractor as defined by the clause entitled "Excusable Delays" or "Default", as applicable. The Government shall promptly notify the Contractor of its intention to withhold payment of any invoice or voucher submitted.

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(End of clause)

352.232-71 Cost sharing.

The policy relative to cost sharing is set forth in 335.070.

(a) In contracts for which cost-sharing has been individually negotiated, the clause set forth in FAR 52.232-20 shall be used. Also, an article reading substantially as follows, which includes a cost-sharing formula agreed upon by the contracting officer and the contractor that provides for the ratio of cost-sharing for both the originally established estimated cost and any increase pursuant to the FAR clause, shall be included in the contract.

COST SHARING (APR 1984)

The Contractor agrees to share in the cost of the work hereunder to the extent of not less than (indicate percent of the total cost or dollar amount, etc.) and shall maintain records of all costs so contributed, as well as costs to be paid by the Government. Such records shall be subject to audit. Costs contributed by the Contractor shall not be charged to the Government under any other grant or contract (including allocation to other grants or contracts as part of an independent research and development program).

(End of clause)

(b) In contracts for which cost-sharing will be in accordance with a previously negotiated institutional agreement, the clause set forth in FAR 52.232-20 shall also be used. However, instead of specifying a cost-sharing formula, the following shall be included as a special provision.

COST SHARING UNDER INSTITUTIONAL AGREEMENT (APR 1984)

This contract is subject to an Institutional Cost-Sharing Agreement which became effective with respect to HHS research contracts on (date), and the Contractor agrees that the Government shall not bear the entire cost of the work hereunder.

(End of clause)

352.232-73 Method of payment—letter of credit.

When authorized by an individual or blanket determination, findings, and authorization for advance payment, under a letter of credit, the following clause shall be used: (See 332.406 for

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further instructions regarding use of the clause.)

METHOD OF PAYMENT—LETTER OF CREDIT (APR 1984)

(a) The Contractor shall be paid with funds made available under the Federal Reserve Letter of Credit No. —, established by — Department of Health and Human Services, against which the Contractor will withdraw funds pursuant to Federal Reserve Letter of Credit procedures contained in Treasury Department Circular 1075 (31 CFR Part 205).

(b) At the request of the Contractor and subject to the following conditions, the Government shall make an advance payment, or advance payments, from time to time, to the Contractor. No advance payment shall be made: (1) Without the approval of the office administering advance payments (hereinafter called the "Administering Office" and designated in paragraph (g)(2)) as to the financial necessity therefor (except in the case of educational institutions); (2) in an amount which, together with all advance payments made, exceeds the contract amount; and (3) without a properly certified invoice. The Contractor shall (1) initiate cash drawdowns only when actually needed for its disbursements, (2) report timely the cash disbursements and balances as required by the Administering Office, and (3) impose the same standards of timing and amount upon any subcontractors including the furnishing of reports of cash disbursements and balances. Failure to adhere to these material provisions will be considered an event under paragraph (f) of this clause.

(c) The funds drawn by the Contractor against the Federal Reserve Letter of Credit shall be only for current allowable expenditures necessary for the performance of this contract.

(d) When requested in writing by the Contracting Officer, the Contractor shall repay to the Government such part of the unliquidated balance of the advance payments as shall, in the opinion of the Contracting Officer, be in excess of the Contractor's current needs or in excess of the contract price.

(e) If, upon completion or termination of this contract, all amounts obtained by the Contractor under this letter of credit have not been fully liquidated by authorized charges under the contract, the balance thereof shall be deducted from any sums otherwise due to the Contractor from the Government, and any excess funds shall be repaid by the Contractor to the Government upon demand.

(f) Upon the happening of any of the following events of default: (1) A finding by the Administering Office that the Contractor (i) has failed to observe any of the covenants, conditions, or warranties of these provisions

or has failed to comply with any material provisions of this contract, or (ii) has so failed to make progress, or is in such unsatisfactory financial condition, as to endanger performance of this contract, or (iii) has allocated inventory to this contract substantially exceeding reasonable requirements, or (iv) is delinquent in payment of taxes or of the costs of performance of this contract in the ordinary course of business; (2) appointment of a trustee, receiver or liquidator for all or a substantial part of the Contractor's property, or institution of bankruptcy, reorganization, arrangement or liquidation proceedings by or against the Contractor; (3) service of any writ of attachment, levy of execution, or commencement of garnishment proceedings; or (4) the commission of an act of bankruptcy; the Government, without limiting any rights it may otherwise have, may, in its discretion and upon written notice to the Contractor, withhold further withdrawals under the Letter of Credit and withhold further payments on this contract. Payment can also be stopped for lack of submission of timely and accurate reports in accordance with contract requirements. Upon the continuance of any such events of default for a period of thirty (30) days after such written notice to the Contractor, the Government may, in its discretion, and without limiting any other rights which the Government may have, take the following additional actions as it may deem appropriate in the circumstances:

(1) Charge interest on advance payments outstanding during the period of any such default at the rate established by the Secretary of the Treasury pursuant to Public Law 92-41, 80 Stat. 97 for the Renegotiation Board;

(2) Demand immediate repayment of the unliquidated balance of advance payments hereunder; and/or

(3) Take possession of and, with or without advertisement, sell at public sale at which the Government may be purchaser, or at a private sale, all or any part of the property on which the Government has a lien under this contract, and after deducting any expenses incident to such sale, apply the net proceeds of such sale in reduction of the unliquidated balance of advance payments hereunder and in reduction of any other claims of the Government against the Contractor.

(g)(1) No interest shall be charged for advance payments made hereunder, except interest during a period of default as provided in paragraph (f)(2). The Contractor shall charge interest at the rate established by the Secretary of the Treasury pursuant to Public Law 92-41 85 Stat. 97 for the Renegotiation Board on subadvances or downpayments to subcontractors and such interest will be credited to the account of the Government. However, interest need not be charged on

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subadvances on subcontracts with educational or research institutions provided such subcontracts are awarded without profit or fee for research, development or experimental work.

(2) The office administering advance payments is designated as _____.

(End of clause)

352.232-74 Estimated cost and fixed fee—incrementally funded contract.

The following clause, or one reading substantially as it, shall be included in the Special Provisions of an incrementally funded contract:

CONSIDERATION—ESTIMATED COST AND FIXED FEE (APR 1984)

(a) It is estimated that the total cost to the Government for full performance of this contract will be \$_____, of which the sum of \$_____ represents the estimated reimbursable costs and \$_____ represents the fixed-fee.

(b) Total funds currently available for payment and allotted to this contract are \$_____, of which \$_____ represents the estimated reimbursable costs and \$_____ represents the fixed-fee. For further provisions on funding, see the Limitation of Funds clause.

(c) It is estimated that the amount currently allotted will cover performance of Phase I which is scheduled to be completed by (date) _____.

(d) The Contracting Officer may allot additional funds to the contract without the concurrence of the Contractor.

(End of clause)

352.232-75 Incremental funding.

The following provision shall be included in all requests for proposals whenever the use of incremental funding is contemplated:

INCREMENTAL FUNDING (APR 1984)

(a) Sufficient funds are not presently available to cover the total cost of the complete multiple year project described in this solicitation. However, it is the Government's intention to negotiate and award a contract using the incremental funding concepts described in the clause entitled Limitation of Funds. Under that clause, which will be included in the resultant contract, initial funds will be obligated under the contract to cover the first year of performance. Additional funds are intended to be allotted to the contract by contract modification, up to and including the full estimated cost of the contract, to accomplish the entire project. While it is the Government's intention to

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progressively fund this contract over the entire period of performance up to and including the full estimated cost, the Government will not be obligated to reimburse the Contractor for costs incurred in excess of the periodic allotments, nor will the Contractor be obligated to perform in excess of the amount allotted.

(b) The Limitation of Funds clause to be included in the resultant contract shall supersede the Limitation of Cost clause found in the General Provisions.

(End of provision)

352.233-70 Litigation and claims.

Insert the following clause in all solicitations and resultant cost-reimbursement contracts:

LITIGATION AND CLAIMS (APR 1984)

The Contractor shall give the Contracting Officer immediate notice in writing of (a) any action, including any proceeding before an administrative agency, filed against the Contractor arising out of the performance of this contract, including, but not limited to the performance of any subcontract hereunder; and (b) any claim against the Contractor the cost and expense of which is allowable under the clause entitled "Allowable Cost and Payment." Except as otherwise directed by the Contracting Officer, the Contractor shall furnish immediately to the Contracting Officer copies of all pertinent papers received by the Contractor with respect to such action or claim. To the extent not in conflict with any applicable policy of insurance, the Contractor may, with the Contracting Officer's approval, settle any such action or claim. If required by the Contracting Officer, the Contractor shall (a) effect an assignment and subrogation in favor of the Government of all the Contractor's rights and claims (except those against the Government) arising out of any such action or claim against the Contractors; and (b) authorize representatives of the Government to settle or defend any such action or claim and to represent the Contractor in, or to take charge of, any action. If the settlement or defense of an action or claim is undertaken by the Government, the Contractor shall furnish all reasonable assistance in effecting a settlement or asserting a defense. Where an action against the Contractor is not covered by a policy of insurance, the Contractor shall, with the approval of the Contracting Officer, proceed with the defense of the action in good faith. The Government shall not be liable for the expense of defending any action or for any costs resulting from the loss thereof to the extent that the Contractor would have been compensated by insurance which was required by law or regulation or

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by written direction of the Contracting Officer, but which the Contractor failed to secure through its own fault or negligence.

In any event, unless otherwise expressly provided in this contract, the Contractor shall not be reimbursed or indemnified by the Government for any liability loss, cost or expense, which the Contractor may incur or be subject to by reason of any loss, injury, or damage, to the person or to real or personal property of any third parties as may accrue during, or arise from, the performance of this contract.

(End of clause)

352.237-70 Consulting services reporting.

The contracting officer shall include the following clause in every contract for consulting services, as defined in the General Administration Manual Chapter 8-15 and as required by 337.270.

CONSULTING SERVICES REPORTING (APR 1984)

The Contractor shall set forth on the cover of every report submitted pursuant to this contract the following information: (a) Name and business address of the Contractor; (b) Contract number; (c) Contract dollar amount; (d) Whether the contract was competitively or noncompetitively awarded; (e) Name of the Department's project officer and complete office identification and address; and (f) Names of the managerial and professional personnel responsible for the content and preparation of the report.

(End of clause)

352.242-71 Final decisions on audit findings.

Insert the following clause in all solicitations and resultant cost-reimbursement contracts.

FINAL DECISIONS ON AUDIT FINDINGS (APR 1984)

For the purpose of issuing final decisions under the Disputes clause of this contract concerning monetary audit findings, the Contracting Officer shall be that person with ultimate responsibility for making that decision in accordance with Chapter 1-105, Resolution of Audit Findings, of the Department's Grants Administration Manual.

(End of clause)

352.242-72—352.242-79 [Reserved]

352.249-14 Excusable delays.

Insert the following clause in all solicitations and resultant contracts other than purchase orders which do

not have either a default or excusable delays clause.

EXCUSABLE DELAYS (APR 1984)

(a) Except with respect to failures of subcontractors, the Contractor shall not be considered to have failed in performance of this contract if such failure arises out of causes beyond the control and without the fault or negligence of the Contractor.

(b) Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather, but in every case the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the failure of a subcontractor to perform, and if such failure arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be deemed to have failed in performance of the contract, unless: (1) The supplies or services to be furnished by the subcontractor were obtainable from other sources, (2) The Contracting Officer shall have ordered the Contractor in writing to procure such supplies or services from such other sources, and (3) The Contractor shall have failed to comply reasonably with such order. Upon request of the Contractor, the Contracting Officer shall ascertain the facts and extent of such failure and, if he/she shall determine that any failure to perform was occasioned by any one or more of the said causes, the delivery schedule shall be revised accordingly, subject to the rights of the Government under the termination clause hereof. (As used in this clause, the terms "subcontractor" and "subcontractors" mean subcontractor(s) at any tier.)

(End of clause)

352.270-1 Accessibility of meetings, conferences, and seminars to persons with disabilities.

The following clause is to be used in accordance with 370.102:

ACCESSIBILITY OF MEETINGS, CONFERENCES, AND SEMINARS TO PERSONS WITH DISABILITIES (APR 1984)

The Contractor agrees as follows:

(a) *Planning.* The Contractor will develop a plan to assure that any meeting, conference, or seminar held pursuant to this contract will meet or exceed the minimum accessibility standards set forth below. This plan shall include a provision for ascertaining the number and types of disabled individuals planning to attend the meeting, conference, or

seminar. The plan shall be submitted to the project officer for approval prior to initiating action. (A consolidated or master plan for contracts requiring numerous meetings, conferences, or seminars may be submitted in lieu of separate plans.)

(b) *Facilities.* Any facility to be utilized for meetings, conferences, or seminars in performance of this contract shall be accessible to persons with disabilities. The Contractor shall determine, by an on-site inspection if necessary, that the following minimum accessibility requirements are met, or suitable modifications are made to meet these requirements, before the meeting:

(1) *Parking.* (i) Where parking is available on or adjacent to the site, one 12' wide space must be set aside for the care of each mobility impaired attendee. The space need not be permanently striped but may be temporarily marked by signs, ropes, or other means satisfactory to carry out this provision.

(ii) Where parking is not available on or adjacent to the site, valet parking or other alternative means to assist a person who has a mobility impairment may be used. Alternate means must be satisfactory in the judgment of the Government project officer.

(2) *Entrances.* (i) "Entrances" shall include at least one accessible entrance from the street/sidewalk level, and at least one accessible entrance from any available parking facility.

(ii) The entrance shall be level or accessible by ramp with an incline that allows independent negotiation by a person in a wheelchair. In general, the slope of the incline shall be no more than 1" rise per foot of ramp length (1:12).

(iii) Entrance doorways shall be at least 30" in clear width and capable of operation by persons with disabilities. Revolving doors, regardless of foldback capability, will not meet this requirement.

(3) *Meeting Rooms.* (i) Meeting room access from the main entrance area must be level or at an independently negotiable incline (approximately 1:12) and/or served by elevators from the main entrance level. All elevators shall be capable of accommodating a wheelchair 29" wide by 45" long.

(ii) Meeting rooms shall be on one level or, if on different levels, capable of being reached by elevators or by ramps that can be independently negotiated by a person in a wheelchair. Doorways to all meeting rooms shall be at least 30" in clear width.

(iii) The interior of the meeting room shall be on one level or ramped so as to be independently negotiable for a person in a wheelchair.

(iv) Stages, speaker platforms, etc. which are to be used by persons in wheelchairs must be accessible by ramps or lifts. When used, the ramps may not necessarily be independently negotiable if space does not permit. However, any slope over 1:12 must be ap-

proved by the project officer. Each case is to be judged on its own merits.

(v) If a meeting room with fixed seating is utilized, seating arrangements for persons in wheelchairs shall be made so that these persons are incorporated into the group rather than isolated on the perimeter of the group.

(4) *Restrooms.* (i) Restrooms shall have level access, signs indicating accessibility, and doorways at least 30" in clear width.

(ii) Sufficient turning space within restrooms shall be provided for independent use by a person in a wheelchair 29" wide by 45" long. A space 60" by 60" or 63" by 56" of unobstructed floor space as measured 12" above the floor is acceptable by standard; other layouts will be accepted if it can be demonstrated that they are usable as indicated.

(iii) There will be a restroom for each sex or a unisex restroom with at least one toilet stall capable of accommodating a wheelchair 29" wide by 45" long (by standard, the minimum is 3'-0" by 4'-8") with outswinging doors or privacy curtains. Wall mounted grab bars are required.

(iv) When separate restrooms have been set up for mobility impaired persons, they shall be located adjacent to the regular restrooms and shall be fully accessible.

(5) *Eating Facilities.* (i) Eating facilities in the meeting facility must be accessible under the same general guidelines as are applied to meeting rooms.

(ii) If the eating facility is a cafeteria, the food service area (cafeteria line) must allow sufficient room for independent wheelchair movement and accessibility to food for persons in wheelchairs, and cafeteria staff shall be available to assist disabled persons.

(6) *Overnight Facilities.* If overnight accommodations are required:

(i) Sufficient accessible guest rooms to accommodate each attendee who is disabled shall be located in the facility where the meeting, conference, or seminar is held, or in a facility housing the attendees which is conveniently located nearby, whichever is satisfactory to the project officer.

(ii) Overnight facilities shall provide for the same minimum accessibility requirements as the facility utilized for the meeting, conference, or seminar. In addition, guest room access from the main entrance area shall be level, ramped at an independently negotiable incline (1:12), and/or served by elevators capable of accommodating a wheelchair 29" wide by 45" long.

(iii) Doorways to guest rooms, including the doorway to the bathroom, shall be at least 30" in clear width.

(iv) Bathrooms shall have wall mounted grab bars at the tub and water closet.

(v) Guest rooms for persons with a disability shall be provided at the same rate as a guest room for other attendees.

(7) *Water Fountains.* Water fountains shall be accessible to disabled persons, or have cup dispensers for use by persons in wheelchairs.

(c) *Provisions of Services for Sensory Impaired Attendees.* (1) The Contractor, in planning the meeting, conference, or seminar, shall include in all announcements and other materials pertaining to the meeting, conference, or seminar a notice indicating that services will be made available to sensory impaired persons attending the meeting, if requested within five (5) days of the date of the meeting, conference, or seminar. The announcement(s) and other material(s) shall indicate that sensory impaired persons may contact a specific person(s), at a specific address and phone number(s), to make their service requirements known. The phone number(s) shall include a teletype number for the hearing impaired.

(2) The Contractor shall provide, at no cost to the individual, those services required by persons with sensory impairments to insure their complete participation in the meeting, conference, or seminar.

(3) As a minimum, when requested in advance, the Contractor shall provide the following services:

(i) For hearing impaired persons, qualified interpreters. Provisions will also be made for volume controlled phone lines and, if necessary, transportation to local teletype equipment to enable hearing impaired individuals to receive and send meeting related calls. If local teletype equipment is not available, the Contractor shall provide on site teletype equipment. Also, the meeting rooms will be adequately illuminated so signing by interpreters can be easily seen.

(ii) For vision impaired persons, readers and/or cassette materials, as necessary, to enable full participation. Also, meeting rooms will be adequately illuminated.

(iii) Agenda and other conference material(s) shall be translated into a usable form for the visually and hearing impaired. Readers, braille translations, and/or tape recordings are all acceptable. These materials shall be available to sensory impaired individuals upon their arrival.

(4) The Contractor is responsible for making every effort to ascertain the number of sensory impaired individuals who plan to attend the meeting, conference, or seminar. However, if it can be determined that there will be no sensory impaired person (deaf and/or blind) in attendance, the provision of those services under paragraph (c) for the nonrepresented group, or groups, is not required.

(End of clause)

352.270-2 Indian preference.

The following clause shall be used as prescribed in 370.202(a):

INDIAN PREFERENCE (APR 1984)

(a) The Contractor agrees to give preference in employment opportunities under this contract to Indians who can perform required work, regardless of age (subject to existing laws and regulations), sex, religion, or tribal affiliation. To the extent feasible and consistent with the efficient performance of this contract, the Contractor further agrees to give preference in employment and training opportunities under this contract to Indians who are not fully qualified to perform regardless of age (subject to existing laws and regulations), sex, religion, or tribal affiliation. The Contractor also agrees to give preference to Indian organizations and Indian-owned economic enterprises in the awarding of any subcontracts to the extent feasible and consistent with the efficient performance of this contract. The Contractor shall maintain statistical records as are necessary to indicate compliance with this paragraph.

(b) In connection with the Indian employment preference requirements of this clause, the Contractor shall provide opportunities for training incident to such employment. Such training shall include on-the-job, classroom or apprenticeship training which is designed to increase the vocational effectiveness of an Indian employee.

(c) If the Contractor is unable to fill its employment and training opportunities after giving full consideration to Indians as required by this clause, those needs may be satisfied by selection of persons other than Indians in accordance with the clause of this contract entitled "Equal Opportunity."

(d) If no Indian organizations or Indian-owned economic enterprises are available under reasonable terms and conditions, including price, for awarding of subcontracts in connection with the work performed under this contract, the Contractor agrees to comply with the provisions of this contract involving utilization of small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, or labor surplus area concerns.

(e) As used in this clause:

(1) "Indian" means a person who is a member of an Indian Tribe. If the contractor has reason to doubt that a person seeking employment preference is an Indian, the Contractor shall grant the preference but shall require the individual to provide evidence within thirty (30) days from the Tribe concerned that the person is a member of that Tribe.

(2) "Indian Tribe" means an Indian Tribe, pueblo, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (85

Stat. 688; 43 U.S.C. 1601) which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(3) "Indian organization" means the governing body of any Indian Tribe or entity established or recognized by such governing body in accordance with the Indian Financing Act of 1974 (88 Stat. 77; 25 U.S.C. 1451); and

(4) "Indian-owned economic enterprise" means any Indian-owned commercial, industrial, or business activity established or organized for the purpose of profit, provided that such Indian ownership shall constitute not less than 51 percent of the enterprise, and that ownership shall encompass active operation and control of the enterprise.

(f) The Contractor agrees to include the provisions of this clause, including this paragraph (f), in each subcontract awarded at any tier under this contract.

(g) In the event of noncompliance with this clause, the Contracting Officer may terminate the contract in whole or in part or may impose any other sanctions authorized by law or by other provisions of the contract.

(End of clause)

352.270-3 Indian preference program.

The following clause shall be used as prescribed in 370.202(b):

INDIAN PREFERENCE PROGRAM (APR 1984)

(a) In addition to the requirements of the clause of this contract entitled "Indian Preference," the Contractor agrees to establish and conduct an Indian preference program which will expand opportunities for Indians to receive preference for employment and training in connection with the work to be performed under this contract, and which will expand the opportunities for Indian organizations and Indian-owned economic enterprises to receive a preference in the awarding of subcontracts. In this connection, the Contractor shall:

(1) Designate a liaison officer who will (i) Maintain liaison with the Government and the Tribe(s) on Indian preference matters; (ii) Supervise compliance with the provisions of this clause; and (iii) Administer the Contractor's Indian preference program.

(2) Advise its recruitment sources in writing and include a statement in all advertisements for employment that Indian applicants will be given preference in employment and training incident to such employment.

(3) Not more than twenty (20) calendar days after award of the contract, post a written notice in the Tribal office of any reservations on which or near where the work under this contract is to be performed that sets forth the Contractor's employment needs

and related training opportunities. The notice shall include the approximate numbers and types of employees needed; the approximate dates of employment; the experience or special skills required for employment, if any; training opportunities available; and other pertinent information necessary to advise prospective employees of any other employment requirements. The Contractor shall also request the Tribe(s) on or near whose reservation(s) the work is to be performed to provide assistance to the Contractor in filling its employment needs and training opportunities. The Contracting Officer will advise the Contractor of the name, location, and phone number of the Tribal officials to contact in regard to the posting of notices and requests for Tribal assistance.

(4) Establish and conduct a subcontracting program which gives preference to Indian organizations and Indian-owned economic enterprises as subcontractors and suppliers under this contract. The Contractor shall give public notice of existing subcontracting opportunities and, to the extent feasible and consistent with the efficient performance of this contract, shall solicit bids or proposals only from Indian organizations or Indian-owned economic enterprises. The Contractor shall request assistance and information on Indian firms qualified as suppliers or subcontractors from the Tribe(s) on or near whose reservation(s) the work under the contract is to be performed. The Contracting Officer will advise the contractor of the name, location, and phone number of the Tribal officials to be contacted in regard to the request for assistance and information. Public notices and solicitations for existing subcontracting opportunities shall provide an equitable opportunity for Indian firms to submit bids or proposals by including:

(i) A clear description of the supplies or services required, including quantities, specifications, and delivery schedules which facilitate the participation of Indian firms; (ii) A statement indicating that preference will be given to Indian organizations and Indian-owned economic enterprises in accordance with section 7(b) of Public Law 93-638 (88 Stat. 2205; 25 U.S.C. 450e(b)); (iii) Definitions for the terms "Indian organization" and "Indian-owned economic enterprise" as prescribed under the "Indian Preference" clause of this contract; (iv) A representation to be completed by the bidder or offeror that it is an Indian organization or "Indian-owned economic enterprise; and (v) A closing date for receipt of bids or proposals which provides sufficient time for preparation and submission of a bid or proposal. If after soliciting bids or proposals from Indian organizations and Indian-owned economic enterprises, no responsive bid or acceptable proposal is received, the Contractor shall comply with the requirements of paragraph (d) of the "Indian Preference" clause of this

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contract. If one or more responsive bids or acceptable proposals are received, award shall be made to the low responsible bidder or acceptable offeror if the price is determined to be reasonable. If the low responsive bid or acceptable proposal is determined to be unreasonable as to price, the Contractor shall attempt to negotiate a reasonable price and award a subcontract. If a reasonable price cannot be agreed upon, the Contractor shall comply with the requirements of paragraph (d) of the "Indian Preference" clause of this contract. (5) Maintain written records under this contract which indicate: (i) The numbers of Indians seeking employment for each employment position available under this contract; (ii) the number and types of positions filled by Indians and non-Indians, and the total number of Indians employed under this contract; (iii) For those positions where there are both Indian and non-Indian applicants, and a non-Indian is selected for employment, the reason(s) why the Indian applicant was not selected; (iv) Actions taken to give preference to Indian organizations and Indian-owned economic enterprises for subcontracting opportunities which exist under this contract; (v) Reasons why preference was not given to Indian firms as subcontractors or suppliers for each requirement where it was determined by the Contractor that such preference would not be consistent with the efficient performance of the contract; and (vi) The number of Indian organizations and Indian-owned economic enterprises contacted, and the number receiving subcontract awards under this contract.

(6) Submit to the Contracting Officer for approval a quarterly report which summarizes the Contractor's Indian preference program and indicates the number and types of available positions filled by Indians and non-Indians, and the dollar amounts of all subcontracts awarded to Indian organizations and Indian-owned economic enterprises, and to all other firms.

(7) Maintain records pursuant to this clause and keep them available for review by the Government until expiration of one (1) year after final payment under this contract, or for such longer period as may be required by any other clause of this contract or by applicable law or regulation.

(b) For purposes of this clause, the following definitions of terms shall apply:

(1) The terms "Indian," "Indian Tribe," "Indian Organization," and "Indian-owned economic enterprise" are defined in the clause of this contract entitled "Indian Preference."

(2) "Indian reservation" includes Indian reservations, public domain Indian Allotments, former Indian reservations in Oklahoma, and land held by incorporated Native groups, regional corporations, and village corporations under the provisions of the

Alaska Native Claims Settlement Act (85 Stat. 688; 43 U.S.C. 1601 et seq.)

(3) "On or near an Indian Reservation" means on a reservation or reservations or within that area surrounding an Indian reservation(s) where a person seeking employment could reasonably be expected to commute to and from in the course of a workday.

(c) Nothing in the requirements of this clause shall be interpreted to preclude Indian Tribes from independently developing and enforcing their own Indian preference requirements. Such requirements must not conflict with any Federal statutory or regulatory requirement dealing with the award and administration of contracts.

(d) The Contractor agrees to include the provisions of this clause, including this paragraph (d), in each subcontract awarded at any tier under this contract and to notify the Contracting Officer of such subcontracts.

(e) In the event of noncompliance with this clause, the Contracting Officer may terminate the contract in whole or in part or may impose any other sanctions authorized by law or by other provisions of the contract.

(End of clause)

352.270-4 Pricing of adjustments.

Insert the following clause in all solicitations and resultant fixed-priced contracts other than purchase orders.

PRICING OF ADJUSTMENTS (APR 1984)

When costs are a factor in determination of a contract price adjustment pursuant to the "Changes" clause or any provision of this contract, such costs shall be determined in accordance with the applicable cost principles and procedures set forth below:

Principles	Types of organizations
(a) Subpart 31.2 of the Federal Acquisition Regulation.	Commercial.
(b) Subpart 31.3 of the Federal Acquisition Regulation.	Education.
(c) Subpart 31.6 of the Federal Acquisition Regulation.	State or local governments.
(d) 45 CFR Part 74 Appendix E	Hospitals.
(e) Subpart 31.7 of the Federal Acquisition Regulation.	Other non-profit institutions.

(End of clause)

[49 FR 14031, Apr. 9, 1984, as amended at 50 FR 38005, Sept. 19, 1985]

352.270-5 Key personnel.

Insert the following clause in all solicitations and resultant cost-reimbursement contracts.

352.270-6

KEY PERSONNEL (APR 1984)

The personnel specified in this contract are considered to be essential to the work being performed hereunder. Prior to diverting any of the specified individuals to other programs, the Contractor shall notify the Contracting Officer reasonably in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No diversion shall be made by the Contractor without the written consent of the Contracting Officer; *Provided*, that the Contracting Officer may ratify in writing such diversion and such ratification shall constitute the consent of the Contracting Officer required by the clause. The contract may be amended from time to time during the course of the contract to either add or delete personnel, as appropriate.

(End of clause)

352.270-6 Publication and publicity.

Insert the following clause in all solicitations and resultant contracts.

PUBLICATIONS AND PUBLICITY (JUL 1991)

(a) Unless otherwise specified in this contract, the Contractor is encouraged to publish the results of its work under this contract. A copy of each article submitted by the Contractor for publication shall be promptly sent to the Project Officer. The Contractor shall also inform the Project Officer when the article or other publication is published, and furnish a copy of it as finally published.

(b) The Contractor shall include in any publication resulting from work performed under this contract a disclaimer reading as follows:

The content of this publication does not necessarily reflect the views or policies of the Department of Health and Human Services, nor does mention of trade names, commercial products, or organizations imply endorsement by the U.S. Government.

(End of Clause)

[56 FR 33882, July 24, 1991, as amended at 56 FR 57602, Nov. 13, 1991]

352.270-7 Paperwork Reduction Act.

Insert the following clause in all solicitations and contracts.

48 CFR Ch. 3 (10-1-96 Edition)

PAPERWORK REDUCTION ACT (APR 1984)

(a) In the event that it subsequently becomes a contractual requirement to collect or record information calling either for answers to identical questions from 10 or more persons other than Federal employees, or information from Federal employees which is outside the scope of their employment, for use by the Federal government or disclosure to third parties, the Paperwork Reduction Act of 1980 (Pub. L. 96-511) shall apply to this contract. No plan, questionnaire, interview guide or other similar device for collecting information (whether repetitive or single-time) may be used without first obtaining clearance from the Assistant Secretary for Management and Budget (ASMB) within the Department of Health and Human Services (HHS) and the Office of Management and Budget (OMB). Contractors and Project Officers should be guided by the provisions of 5 CFR Part 1320, Controlling Paperwork Burdens on the Public, and seek the advice of the HHS operating division or Office of the Secretary Reports Clearance Officer to determine the procedures for acquiring ASMB and OMB clearance.

(b) The Contractor shall obtain the required ASMB and OMB clearance through the Project Officer before expending any funds or making public contacts for the collection of data. The authority to expend funds and proceed with the collection of information shall be in writing by the Contracting Officer. The Contractor must plan at least 120 days for ASMB and OMB clearance. Excessive delay caused by the Government which arises out of causes beyond the control and without the fault or negligence of the Contractor will be considered in accordance with the Excusable Delays or Default clause of this contract.

(End of clause)

PART 353—FORMS

Subpart 353.3—Illustrations of Forms

Sec.

353.370-393 Form HHS 393, Purchase/Service/Stock Requisition.

353.370-674 Form HHS 674, Structured Approach Profit/Fee Objective.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

Subpart 353.3—Illustrations of Forms

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353.370-393 Form HHS 393, Purchase/Service/Stock Requisition.

DEPARTMENT OF HEALTH AND HUMAN SERVICES PURCHASE/SERVICE/STOCK REQUISITION				REQUISITION NUMBER 511163	
BPA and Call No. _____				OFFICE CODE/SYMBOL	
TO		REQUEST FOR ☐ PURCHASE ☐ SERVICE ☐ STOCK ISSUE ☐ RENTAL/LEASE			
REQUESTING ORGANIZATION		CUSTODIAL AREA		DATE	OBJECT CLASS
FOR REFERENCE CALL		EXTENSION		APPROPRIATION	
DELIVER TO				CAN	
				DATE REQUIRED	
ITEM NO.	DESCRIPTION (INCLUDE STOCK NUMBER, MODEL/PART NO., ETC.)	QUANTITY REQUIRED	UNIT OF ISSUE	COST	
				UNIT	TOTAL
I certify that the property/services requested are required for Government business, and are not available from excess or current assets.*		FUNDS AVAILABLE (Signature/Title)		DATE	TOTAL
REQUESTED BY (Signature/Title)*		DATE	RECEIVING OFFICIAL - I certify that the quantities indicated in the "Quantity Required" column above have been received in total or as annotated.		
RECOMMEND APPROVAL (Signature/Title)*		DATE	RECEIVING OFFICIAL (Signature/Title)		DATE
APPROVED BY (Signature/Title)*		DATE	ORDER NO. (PO, DO, FEDSTRIP, ETC.)		ORDER DATE
PROPERTY MANAGEMENT OFFICER (Signature)*		DATE	VOUCHER NO.		VOUCHER DATE

HHS - 393 (Rev. 4/81)

[51 FR 44295, Dec. 9, 1986]

353.370-674

48 CFR Ch. 3 (10-1-96 Edition)

353.370-674 Form HHS 674, Structured Approach Profit/Fee Objective.

Structured Approach Profit/Fee Objective				
CONTRACTOR			RFP/CONTRACT NO.	
BUSINESS UNIT			CONTRACT TYPE	
ADDRESS				
CONTRACTOR EFFORT				
1. COST CATEGORY	GOVERNMENT'S COST OBJECTIVE (a)	WEIGHT RANGE (b)	ASSIGNED WEIGHT (c)	WEIGHTED PROFIT/FEE (1a) x (c) (d)
MATERIAL ACQUISITION		1% to 5%		
DIRECT LABOR		4% to 15%		
OVERHEAD		4% to 9%		
OTHER COSTS		1% to 5%		
GENERAL MANAGEMENT (G & A)		4% to 8%		
1. A TOTAL				
2 OTHER FACTORS				
FACTOR	MEASUREMENT BASE (a)	WEIGHT RANGE (b)	ASSIGNED WEIGHT (c)	WEIGHTED PROFIT/FEE 1. A (a) x (c) (d)
COST RISK	TOTAL COST OBJECTIVE 1. A (a)	0% TO 7%		
INVESTMENT		-2% TO +2%		
PERFORMANCE		-1% TO +1%		
SOCIO ECONOMIC PROGRAMS		-3% TO +3%		
SPECIAL SITUATIONS				
2 A TOTAL OTHER FACTORS				
3 SUBTOTAL PROFIT/FEE LINES (1.A) + (2.A)				
4 LESS FACILITIES CAPITAL COST OF MONEY				
5 TOTAL PROFIT/FEE OBJECTIVE LINE (3) - (4)				

FORM HHS-674 (12/81)

[49 FR 14047, Apr. 9, 1984]

SUBCHAPTER T—HHS SUPPLEMENTATIONS

PART 370—SPECIAL PROGRAMS AFFECTING ACQUISITION

Subpart 370.1—Accessibility of Meetings, Conferences, and Seminars to Persons With Disabilities

Sec.

370.101 Policy.

370.102 Responsibilities.

Subpart 370.2—Indian Preference in Employment, Training, and Subcontracting Opportunities

370.201 Statutory requirements.

370.202 Applicability.

370.203 Definitions.

370.204 Compliance enforcement.

370.205 Tribal preference requirements.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 14048, Apr. 9, 1984, unless otherwise noted.

Subpart 370.1—Accessibility of Meetings, Conferences, and Seminars to Persons With Disabilities

370.101 Policy.

(a) It is the policy of HHS that all meetings, conferences, and seminars be accessible to individuals with disabilities. For the purposes of this policy, accessibility is defined as both physical access to meeting, conference, and seminar sites, and aids and services to enable individuals with sensory disabilities to fully participate in meetings, conferences, and seminars.

(b) In regard to acquisition, the policy is applicable to all contracts where the statement of work requires the contractor to conduct meetings, conferences, or seminars that are open to the public or involve HHS personnel, but not to ad hoc meetings that may be necessary or incidental to contract performance.

370.102 Responsibilities.

(a) The contracting officer shall include the clause in 352.270–1 in every solicitation and resulting contract when the statement of work requires the contractor to conduct meetings,

conferences, or seminars in accordance with 370.101(b).

(b) The project officer shall be responsible for obtaining, reviewing, and approving the contractor's plan, which is to be submitted in response to paragraph (a) of the contract clause in 352.270–1. A consolidated or master plan for contracts requiring numerous meetings, conferences, or seminars will be acceptable. The project officer, prior to approving the plan, shall consult with the Office of Engineering Services serving the region where the meeting, conference, or seminar is to be held, to assure that the contractor's plan meets the accessibility requirements of the contract clause. The Office of Engineering Services shall make a determination on the adequacy of the contractor's plan, and notify the project officer, in writing, within ten (10) working days of receiving the request from the project officer.

[49 FR 14048, Apr. 9, 1984, as amended at 50 FR 23135, May 31, 1985; 50 FR 38004, Sept. 19, 1985]

Subpart 370.2—Indian Preference in Employment, Training, and Subcontracting Opportunities

370.201 Statutory requirements.

Section 7(b) of the Indian Self-Determination and Education Assistance Act, Public Law 93–638, 88 Stat. 2205; 25 U.S.C. 450e(b) requires:

Any contract, subcontract, grant, or subgrant pursuant to this Act, the Act of April 16, 1934 (48 Stat. 596), as amended, or any other Act authorizing Federal contracts with or grants to Indian organizations or for the benefit of Indians, shall require that to the greatest extent feasible—

(1) Preferences and opportunities for training and employment in connection with the administration of such contracts or grants shall be given to Indians; and

(2) Preference in the award of subcontracts and subgrants in connection with the administration of such contracts or grants shall be given to Indian organizations and to Indian-owned economic enterprises as defined in section 3 of the Indian Financing Act of 1974 (88 Stat. 77).

370.202 Applicability.

The Indian Preference clause set forth in 352.270-2 and the Indian Preference Program clause set forth in 352.270-3 have been developed to implement section 7(b) of Public Law 93-638 for all activities of the Department. The clauses shall be used by any affected departmental contracting activity as follows, except solicitations issued and contracts awarded pursuant to Title I of Public Law 93-638 (25 U.S.C. 450 et seq.) are exempted:

(a) The Indian Preference clause (352.270-2) shall be included in each solicitation and resultant contract, regardless of dollar amount:

(1) When the contract is to be awarded pursuant to an act specifically authorizing contracts with Indian organizations; or

(2) Where the work to be performed under the contract is specifically for the benefit of Indians and is in addition to any incidental benefits which might otherwise accrue to the general public.

(b) The Indian Preference Program clause (352.270-3) shall be included in each solicitation and resultant contract when:

(1) The dollar amount of the acquisition is expected to equal or exceed \$50,000 for nonconstruction work or \$100,000 for construction work;

(2) The Indian Preference clause is to be included in the solicitation and resultant contract; and

(3) The determination is made, prior to solicitation that the work to be performed under the resultant contract will take place in whole or in substantial part on or near an Indian reservation(s). In addition, the Indian Pref-

erence Program clause may be included in any solicitation and resultant contract below the \$50,000 or \$100,000 level for nonconstruction or construction contracts, respectively, but which meet the requirements of paragraphs (b) (2) and (3) of this section, and, in the opinion of the contracting activity, offer substantial opportunities for Indian employment, training, and subcontracting.

370.203 Definitions.

For purposes of this Subpart 370.2, the following definitions shall apply:

(a) *Indian* means a person who is a member of an Indian Tribe. If the contractor has reason to doubt that a person seeking employment preference is an Indian, the contractor shall grant the preference but shall require the individual to provide evidence within thirty (30) days from the Tribe concerned that the person is a member of that Tribe.

(b) *Indian Tribe* means an Indian Tribe, pueblo, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (85 Stat. 688; 43 U.S.C. 1601) which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(c) *Indian organization* means the governing body of any Indian Tribe or entity established or recognized by such governing body in accordance with the Indian Financing Act of 1974 (88 Stat. 77; 25 U.S.C. 1451).

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370.205

(d) *Indian-owned economic enterprise* means any Indian-owned commercial, industrial, or business activity established or organized for the purpose of profit, provided that such Indian ownership shall constitute not less than 51 percent of the enterprise, and that ownership shall encompass active *operation and control*.

(e) *Indian reservation* includes Indian reservations, public domain Indian allotments, former Indian reservations in Oklahoma, and land held by incorporated Native groups, regional corporations, and village corporations under the provisions of the Alaska Native Claims Settlement Act (85 Stat. 688; 43 U.S.C. 1601 et seq.).

(f) *On or near an Indian Reservation* means on a reservation or reservations or within that area surrounding an Indian reservation(s) where a person seeking employment could reasonably be expected to commute to and from in the course of a work day.

370.204 Compliance enforcement.

(a) The concerned contracting activity shall be responsible for conducting periodic reviews to insure contractor compliance with the requirements of the clauses set forth in 352.270-2 and 352.270-3. These reviews may be conducted with the assistance of the Indian Tribe(s) concerned.

(b) Complaints of noncompliance with the requirements of the clauses set forth in 352.270-2 and 352.270-3 which are filed in writing with the contracting activity shall be promptly investigated and resolved by the contracting officer.

370.205 Tribal preference requirements.

(a) Where the work under a contract is to be performed on an Indian reservation, the contracting activity may supplement the clause set forth in 352.270-3 by adding specific Indian preference requirements of the Tribe on whose reservation the work is to be performed. The supplemental requirements shall be jointly developed for the contract by the contracting activity and the Tribe. Supplemental preference requirements must represent a further implementation of the requirements of section 7(b) of Public Law 93-638 and must be approved by the affected program director and approved for legal sufficiency by the Business and Administrative Law Division, OGC, or a regional attorney before being added to a solicitation and resultant contract. Any supplemental preference requirements to be added to the clause in 352.270-3 shall be included in the solicitation and clearly identified in order to ensure uniform understanding of the additional requirements by all prospective bidders or offerors.

(b) Nothing in these regulations shall be interpreted to preclude Tribes from independently developing and enforcing their own tribal preference requirements. Such independently developed tribal preference requirements shall not, except as provided in paragraph (a) above, become a requirement in contracts covered under this Subpart 370.2, and must not conflict with any Federal statutory or regulatory requirement concerning the award and administration of contracts.

ATTACHMENT I TO CHAPTER 3—SINGLE LETTER OF CREDIT RECIPIENTS AND CENTRAL POINT ADDRESSES

State	Organization and payee No.	Recipient CRS–EIN ¹	Letter of credit
Alabama	University of Alabama Medical Center, 1–636005396–A4	1–636001138–A2, 1–636001138–A3, 1–636001138–A4, 1–636001138–A5, 1–636001138–B1, 1–636005396–A3, 1–636005396–A4, 1–636005396–A5, 1–636005396–A6, 1–636005396–A7, 1–636005396–A8	750808110
	University Station, Birmingham, Alabama 35296	1–636001138–A1, 1–636001138–A6	750808115
	Comptroller, University of Alabama, P.O. Box M, University, Alabama	1–636001138–A7, 1–636001138–A8, 1–636001138–A9, 1–636001138–B2, 1–636001138–B3, 1–636001138–B4	750808115
	Southern Research, Institute, 1–630288868–A2	1–630288868–A1, 1–630288868–A2	75083532
	Financial Officer, Southern Research Institute, 2000 9th Avenue, South, Birmingham, Alabama 35205		75080021
	State of Alaska, 1–900001517–A1	1–000700389–A1, 1–926001185–A2, 1–926001185–A3	75080021
	Director, Division of Finance, Department of Administration, Pouch C, Juneau, Alaska 99801	1–926001185–A4, 1–926001185–A5, 1–926001185–A7, 1–926001185–B1, 1–926001185–B2, 1–926001185–B3, 1–926001185–B6, 1–926001185–B7, 1–926001185–B8, 1–926001185–B9, 1–926001185–C1, 1–926001185–C2	75080021
	State of Arizona, 1–866004791–B7	1–866004791–A1, 1–866004791–A2, 1–866004791–A3	75080628
	State Treasurer's Office, State Capitol, Phoenix, Arizona, 85007	1–866004791–A4, 1–866004791–A5, 1–866004791–A6, 1–866004791–A7, 1–866004791–A8, 1–866004791–A9, 1–866004791–B2, 1–866004791–B3, 1–866004791–B7, 1–866004791–B8, 1–866004791–C2, 1–866004791–C5, 1–866004791–C7, 1–866004791–C8, 1–866004791–C9, 1–866004791–D1, 1–866004791–D2, 1–866004791–D3, 1–866004791–D5, 1–866004791–D6, 1–866004791–D7, 1–866004791–D8, 1–866004791–D9, 1–866004791–E3, 1–866004791–E5, 1–866004791–E6, 1–866004791–E7, 1–866004791–E8, 1–866004791–E9	75080628
	County of San Diego, 1–95000934–A2	1–956000924–A1, 1–956000924–A2	75080386
California	Auditor and Controller, County of San Diego, County Administration Center, 1600 Pacific Highway, San Diego, California 92101		75081471
	University of California, 1–900001727–A1		75081471
	Letter of Credit, Universities of California, Berkeley, California 94720	1–956006145–A1, 1–956006145–A2	75081471
	Santa Barbara	1–956006144–A1, 1–956006144–A2, 1–956006144–A3	75081471
	San Diego	1–946036494–A1	75081471
	Davis	1–956006143–A1, 1–956006143–A2, 1–956006143–A3, 1–956006143–A4, 1–956006143–A6	75081471
	Los Angeles	1–952226406–A1, 1–952226406–A2	75081471
	Irvine	1–946002133–A1, 1–946002133–A2	75081471
	Berkeley	1–237361894–A1, 1–956006142–A1	75081471
	Riverside	1–941539563–A1	75081471
Connecticut	Santa Cruz	1–946036493–A1, 1–946036493–A6, 1–946036493–A7, 1–946036493–A8	75081471
	San Francisco	1–856004458–A1	75081471
	Los Alamos Lab	1–946031193–A1	75081471
	Lawrence Livermore Lab	1–951684089–A1	75081471
	Scripps Clinic and Res. Fndn		75087560
	Scripps Clinic and Res. Fndn. 476 Prospect Street, La Jolla, California 92037		75087560
	Yale University, 1–060646973–A1	1–060646973–A1, 1–060646973–A2, 1–060646973–A4	75089755

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ATTACHMENT I TO CHAPTER 3—SINGLE LETTER OF CREDIT RECIPIENTS AND CENTRAL POINT ADDRESSES—Continued

State	Organization and payee No.	Recipient CRS–EIN ¹	Letter of credit
Massachusetts	Financial Officer, The Jackson Laboratories, Otter Creek Road, Bar Harbor, Maine 04609.	1-042103547-A1, 1-042103547-A2, 1-042103547-A4	75081272
	Boston University, 1-042103547-A1		
	Comptroller, Boston University, 755 Commonwealth Avenue, Boston, Mass. 02215.		
	Forsyth Dental Center, 1-042104230-A2	1-042104230-A1, 1-042104230-A2	75083375
	Assistant Treasurer, Forsyth Dental Center, 140 Fenway, Boston, Mass. 02115.		
Maryland	Harvard University 1-042103580-B1	1-042103580-A2, 1-042103580-A3, 1-042103580-A4	75083630
	Office of the Comptroller	1-042103580-A5, 1-042103580-A6	
	President & Fellows of Harvard College Cambridge, Mass. 02138	1-042103580-A7, 1-042103580-A8, 1-042103580-A9, 1-042103580-B1	
	Massachusetts General Hospital, 1-041564655-A4	1-041564300-A1, 1-041564655-A3, 1-041564655-A4	75084810
	Treasurer, Massachusetts General Hospital, 45 Milk Street, Boston, Mass. 02114.	1-041564655-A5	
Michigan	Massachusetts Institute of Technology, 1-042103594-A1	1-042103594-A1, 1-042103594-A2	75084836
	Fiscal Officer, Division of Sponsored Research, Massachusetts Institute of Technology, Cambridge, Mass. 02139.		
	Worcester Foundation, 1-042121658-A1		
	Finance Officer, Worcester Foundation for Experimental Biology, Inc., 222 Maple Avenue, Shrewsbury, Massachusetts 01545.	1-042121658-A1	75089680
	Johns Hopkins University, 1-520595110-A5, University Budget Officer Johns Hopkins University, Garland Hall, Rm 327, Charles and 34th Streets, Baltimore, Md. 21218.	1-000701501-A1, 1-520595110-A1, 1-520595110-A2, 1-520595110-A3, 1-520595110-A4, 1-520595110-A5.	75084130
Minnesota	University of Michigan, 1-386006309-A1	1-386006309-A1, 1-386006309-A2, 1-386006309-A3	75085301
	University Cashier, Regents of the University of Michigan, 1015 L.S. & A. Bldg., Ann Arbor, Michigan 48104.	1-386006309-A4, 1-386006309-A5, 1-386006309-A6, 1-386006309-A7, 1-386006309-A8, 1-386006309-A9, 1-386006309-B1, 1-386006309-B2.	
	Mayo Foundation, 1-416011702-A1	1-4160011702-A1, 1-4160011702-A2	75084875
	Treasurer, Mayo Foundation, 200 First Street SW., Rochester, Minnesota 55901.		
	University of Minnesota, 1-416007513-A5	1-416007513-A1, 1-416007513-A2, 1-416007513-A3	75085448
Missouri	Director, Research Administration, 105 Admin. Servs. Building, 2610 University Avenue, St. Paul, Minnesota 55114.	1-416007513-A5, 1-416007513-A8, 1-416007513-B2, 1-416007513-B3, 1-416007513-B4, 1-416007513-B5, 1-416007513-B7.	
	Midwest Research Institute, 1-440545878-A1	1-440545878-A1	75085361
	Treasurer, Midwest Research Institute, 425 Volker Blvd., Kansas City, Missouri 64110.		
	State of Nebraska, 1-470491233-C5	1-000021900-A1, 1-210674761-A1, 1-470491233-A1	75086320

Department of Health and Human Services

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New York	State of Nebraska Accounting Dept., Administrative Services Office, State Capitol Bldg, Lincoln, Nebraska 68509.	1-470491233-A3, 1-470491233-A4, 1-470491233-A6, 1-470491233-A7, 1-470491233-A8, 1-470491233-A9, 1-470491233-B1, 1-470491233-B2, 1-470491233-B3, 1-470491233-B4, 1-470491233-B5, 1-470491233-B6, 1-470491233-B7, 1-470491233-B8, 1-470491233-B9, 1-470491233-C1, 1-470491233-C2, 1-470491233-C3, 1-470491233-C4, 1-470491233-C5, 1-470491233-C6, 1-470491233-C7, 1-470491233-C8, 1-470491233-C9, 1-470491233-D1, 1-470491233-D2, 1-470491233-D4, 1-476000479-A1, 1-476000535-A1, 1-476000535-A8, 1-74189874-A1, 1-900001910-A1, 1-900001919-A1, 1-900002209-A1, 1-900002333-A1, 1-900003427-A1, 1-900003437-A1, 1-111630741-A1	75080040
	Adephi University, 1-111630741-A1		
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	Albany Medical Center, 1-141338310-A1	1-141338310-A1	75080150
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	Comptroller, Children's Hospital of Buffalo, 219 Bryant Street, Buffalo, N.Y. 14222.		
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	Treasurer, New York Medical College, Flower/Fifth Avenue Hospitals, 1 East 105th Street, New York, N.Y. 10029.		
	New York University, 1-135562308-A1	1-135562308-A1, 1-135562308-A3, 1-135562308-A4	75086330
	Assistant Controller, New York University, 500 Kimball Hall, Washington Square, New York, New York 10003.	1-135562308-A5, 1-135562308-A6	
	New York University Medical Center, 1-135562309-A1	1-135562308-A2, 1-135562308-B1, 1-135562309-A1, 1-135562309-A2	75086333
	Comptroller, New York University Medical Center, 550 First Avenue, New York, New York 10016.	1-135562309-A3, 1-229124053-A1	
	University of Rochester, 1-160743209-A1, Research Accountant University of Rochester, River Campus, Rochester, New York 14627.	1-160743209-A1, 1-160743209-A2, 1-160743209-A3, 1-160743209-A4, 1-160743209-A5.	7508272
	Research Foundation of the State, University of New York, 1-14136861-J3, Comptroller, Research Foundation of State University of New York, P.O. Box 7126, Albany, New York 12224.	1-131819472-A1, 1-132633612-A1, 1-141368361-A1, 1-141368361-A2, 1-141368361-J3, 1-146013200-E4, 1-146013200-E5, 1-146013200-E6, 1-146013200-E7, 1-146013200-E8, 1-146013200-E9, 1-146013200-F1, 1-146013200-F2, 1-146013200-F3, 1-146013200-F4, 1-146013200-F5, 1-146013200-F6, 1-146013200-F7, 1-146013200-F8, 1-146013200-F9, 1-146013200-G1, 1-146013200-G2, 1-146013200-G3, 1-146013200-G4, 1-146013200-G5, 1-146013200-G6, 1-146013200-G7, 1-146013200-G8, 1-146013200-G9, 1-146013200-H1, 1-146013200-H2, 1-146013200-H3, 1-146013200-H4, 1-146013200-J3, 1-146013200-K4, 1-146013200-L5, 1-146013200-L6, 1-146013200-L7.	75087210
	Research Foundation of the City, University of New York, 1-131988190-A1	1-131988190-A1, 1-131988190-A8	75082337
	Treasurer, Research Foundation of the City, University of New York, 1411 Broadway, New York, New York 10018.		
	State of New York, 1-146013200-J7	1-146013200-A1, 1-146013200-A2, 1-146013200-A3	75086340

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State	Organization and payee No.	Recipient CRS–EIN ¹	Letter of credit
Ohio	Director, State Accounts, Alfred E. Smith, Building, Albany, New York 12225.	1–146013200–A4, 1–146013200–A5, 1–146013200–A6, 1–146013200–A7, 1–146013200–A8, 1–146013200–A9, 1–146013200–B1, 1–146013200–B2, 1–146013200–B3, 1–146013200–B4, 1–146013200–B5, 1–146013200–B6, 1–146013200–B7, 1–146013200–B8, 1–146013200–B9, 1–146013200–C1, 1–146013200–C2, 1–146013200–C3, 1–146013200–C4, 1–146013200–C5, 1–146013200–C6, 1–146013200–C8, 1–146013200–C9, 1–146013200–D1, 1–146013200–D2, 1–146013200–D3, 1–146013200–D4, 1–146013200–D5, 1–146013200–D6, 1–146013200–D7, 1–146013200–D9, 1–146013200–E1, 1–146013200–E2, 1–146013200–E3, 1–146013200–H5, 1–146013200–H6, 1–146013200–H7, 1–146013200–H8, 1–146013200–H9, 1–146013200–I1, 1–146013200–I2, 1–146013200–I3, 1–146013200–I4, 1–146013200–I7, 1–146013200–I8, 1–146013200–J1, 1–146013200–J4, 1–146013200–J5, 1–146013200–J6, 1–146013200–J7, 1–146013200–J8, 1–146013200–J9, 1–146013200–K1, 1–146013200–K2, 1–146013200–K3, 1–146013200–K6, 1–146013200–K7, 1–146013200–K9, 1–146013200–L3, 1–146013200–L4, 1–146013200–L8.	75089472
	Case Western Reserve University, 1–341018992–A1 Comptroller Case Western Reserve University, 2040 Adelbert Road, Cleveland, Ohio 44106.	1–341018992–A4, 1–341018992–A1, 1–341018992–A2	75083427
Tennessee	St. Jude's Children's Research Hospital, 1–620646012–A1 Treasurer, St. Jude's Children's Hospital, 332 N. Lauderdale, Memphis, Tennessee 38101.	1–62646012–A1	75081070
Texas	Baylor University College of Medicine, 1–741613878–A2 Business Manager, Baylor College of Medicine, 1200 Moursund Ave., Houston, Texas 77025.	1–741613878–A1, 1–741613878–A2	75088056
	University of Texas at Houston Health Center, 1–741761309–A4 Associate Dean for Business Affairs, University of Texas, Medical School, P.O. Box 20036 Houston, Texas 77025.	1–741761309–A4, 1–741761309–A6	75088130
Utah	University of Texas Medical School, 1–756002868–A4 Business Manager, University of Texas, Southwestern Medical Schools, 5323 Harry Hines Blvd., Dallas, Tex 75235.	1–756002868–A3, 1–756002868–A4, 1–756002868–A5	75088910
	University of Texas, M.D. Anderson Hospital, 1–746001118–A1 Supervisor, Grant Reporting, M.D. Anderson Hospital, University of Texas, 6723 Bernier Ave., Houston, Texas 77025.	1746001118–A1	75088916
Washington	University of Texas Medical Branch, Galveston, Texas, 1–74600949–A1 Business Manager, University of Texas, Medical Branch, 1000 Strand, Galveston, Texas 77550.	1–74600949–A1	75089067
	University of Utah and University of Utah Research 1–876000525–A6 Controller, University of Utah, 122 Park Building, Salt Lake City, Utah 84112.	1–876000525–A1, 1–876000525–A2, 1–876000525–A3, 1–876000525–A6, 1–876000525–A7, 1–876000525–A8	75089320

Wisconsin	State of Wisconsin, 1-396006469-B1 Budget Operations, State Budget Office, One West Wilson St., Madison Wisconsin 53607.	1-000039594-A1, 1-000702000-A1, 1-390808464-A1 1-391051231-A1, 1-396006436-A1, 1-396006443-A3, 1-396006447-A1, 1-396006461-A1, 1-396006461-A2, 1-396006461-A3, 1-396006461-A4, 1-396006461-A5, 1-396006461-A6, 1-396006461-A7, 1-396006461-A8, 1-396006461-A9, 1-396006469-A5, 1-396006469-A6, 1-396006469-A7, 1-396006469-B1, 1-396006469-B5, 1-396006487-A1, 1-396006487-A2, 1-396006488-A1, 1-396006492-A1, 1-396006492-A2, 1-396006492-A3, 1-396006492-A5, 1-396006492-A6, 1-396006492-A7, 1-396006492-A8, 1-396006492-B1, 1-396006492-B2, 1-396006492-B3, 1-396006492-B4, 1-396006492-B5, 1-396006492-B6, 1-396006492-B7, 1-396006492-B8, 1-396006492-B9, 1-396006492-C1, 1-396006492-C2, 1-396006492-C3, 1-396006492-C4, 1-396006492-C5, 1-396006492-C6, 1-396006492-C7, 1-396006492-C8, 1-396006492-D1, 1-396028867-A1, 1-396028867-A2, 1-396091677-A1, 1-396091677-A2, 1-396320507-A1, 1-900000022-A1, 1-900002012-A1, 1-900002564-A1, 1-900002665-A1, 1-900003134-A1.	7508H610

¹ Central Registry-System Entity Identification Number (CRS-EIN).
CRS-EIN is a twelve digit number used to identify a recipient organization/individual in the HHS Central Registry System (CRS). This system utilizes a standard identification number with- in HHS to identify recipients of Federal assistance-like programs. The first digit identifies whether the recipient is an organization (1) or individual (2). The next nine (9) digits uniquely associ- ate the organization/individual to an Employer Identification Number assigned by the Internal Revenue Service in the case of an organization, or a Social Security Number assigned by the Social Security Administration in the case of an individual. A two character suffix code is assigned by the Central Registry System, HHS, to identify component levels within the recipient or- ganization, such as: School of Medicine, Research Division, Department of Biology, etc. A suffix is not applied to a Social Security Number since that number is unique to each individual.
[49 FR 14049, Apr. 9, 1984. Redesignated at 49 FR 36110, Sept. 14, 1984]

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SUBCHAPTER A—GENERAL

PART PHS 301—PHS ACQUISITION REGULATION SYSTEM

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PHS 301.102 Authority.

PHS 301.103 Applicability.

PHS 301.104 Issuance.

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PHS 301.104-2 Arrangement of regulations.

PHS 301.104-3 Copies.

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PHS 301.270 Procurement Management Advisory Committee.

PHS 301.271 Timing of PHSAR revisions.

Subpart PHS 301.4—Deviations From the FAR

PHS 301.470 Procedure.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 36237, Sept. 14, 1984, unless otherwise noted.

Subpart PHS 301.1—Purpose, Authority, Issuance

PHS 301.101 Purpose.

(a) The Public Health Service Acquisition Regulation (PHSAR) is issued to establish uniform acquisition policies and procedures throughout PHS which are necessary to implement or supplement the Department of Health and Human Services Acquisition Regulation (HHSAR).

(b) PHS issuances do not reiterate material published in the HHSAR or the Federal Acquisition Regulation (FAR).

(c) The PHSAR implements and supplements the HHSAR. Implementing material expands upon or indicates the manner of compliance with the related HHSAR. Supplementing material is new material which has no counterpart in the HHSAR. The omission of sections or subsections in PHSAR means no further explanation or qualification

is necessary for implementation within PHS. Therefore, in order to obtain comprehensive coverage and assure consideration of all acquisition policies and procedures pertinent to PHS, the FAR, HHSAR, and PHSAR should be read.

PHS 301.102 Authority.

(a) The HHSAR authorizes supplementation or implementation of the FAR and HHSAR in accordance with prescribed procedures (see 301.301) in order to publish essential acquisition instructions, policies, and procedures that do not conflict with, supersede or duplicate that prescribed by the FAR and the HHSAR.

PHS 301.103 Applicability.

The FAR, HHSAR and PHSAR issuances apply to all acquisitions made by PHS procuring activities as defined in FAR 1.103.

PHS 301.104 Issuance.

PHS 301.104-1 Publication and code arrangement.

(a) The PHSAR is published in the same forms as indicated in FAR 1.104-1(a).

(b) PHS issuances will be published on yellow pages in looseleaf form for insertion into the HHSAR.

PHS 301.104-2 Arrangement of regulations.

(a) *General.* The PHSAR conforms to the FAR and HHSAR with respect to divisional arrangements; i.e., subchapters, parts, subparts, sections, subsections, and paragraphs.

(c) *References and citations.*

(2) This regulation shall be referred to as the Public Health Service Acquisition Regulation (PHSAR), Appendix A to the Department of Health and Human Services Acquisition Regulation. Any reference shall be cited as “PHS” followed by the appropriate number.

(3) Citations of authority shall be incorporated where necessary. All FAR reference numbers shall be preceded by “FAR.” References to the HHSAR shall

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state only the number without the prefix “HHSAR.”

PHS 301.104–3 Copies.

Copies of the PHSAR in FEDERAL REGISTER form may be purchased by the public from the Superintendent of Documents, Government Printing Office (GPO), Washington, DC 20402. Looseleaf copies of the PHSAR may be obtained by departmental personnel having a need for the document by placing an order with a Directives Distribution Coordinator in accordance with General Administration Manual Chapter 1–00, Exhibit G, HHS Staff Manual System.

PHS 301.105 OMB approval under the Paperwork Reduction Act.

The following OMB control numbers apply to the information collection and recordkeeping requirements contained in this regulation:

PHSAR segment	OMB control No.
All segments (excluding PHS 352.223–70 and PHS 252.232–70)	0990–0128
PHS 352.223–70	0990–0137
PHS 352.232–70	0990–0134

[49 FR 36237, Sept. 14, 1984, as amended at 51 FR 20486, June 5, 1986]

Subpart PHS 301.2—Administration

PHS 301.201 Maintenance of PHSAR.

The PHSAR is maintained by the Division of Grants and Contracts, Office of Resource Management, Office of Management, PHS. The Director, Division of Grants and Contracts is responsible for developing and preparing material to be included in the PHSAR.

PHS 301.270 Procurement management advisory committee.

(a) The Director, Division of Grants and Contracts has established the Procurement Management Advisory Committee (PMAC) to assist and facilitate the planning and development of acquisition policies and procedures, and the resolving of operational problems affecting all acquisition activities in the PHS.

(b) The PMAC consists of members and alternates from the Office of the Assistant Secretary for Health, Alco-

hol, Drug Abuse, and Mental Health Administration, Centers for Disease Control, Food and Drug Administration, Health Resources and Services Administration, and National Institutes of Health.

[49 FR 36237, Sept. 14, 1984, as amended at 51 FR 20486, June 5, 1986]

PHS 301.271 Timing of PHSAR revisions.

PHSAR revisions will be issued throughout the year as the need arises. PHS issuances shall be effective on the date cited in the FEDERAL REGISTER issuance or on the date of the transmittal notice which distributes it to PHSAR Staff Manual holders, unless otherwise directed.

Subpart PHS 301.4—Deviations From the FAR

PHS 301.470 Procedure.

(a) Requests for deviations from the FAR, HHSAR or any PHSAR issuance for implementation or supplementation shall be submitted in writing by the PHS agency principal official responsible for acquisition to the Director, Division of Grants and Contracts, ORM/OM/PHS for approval and/or further processing as may be required. When it is recognized that a deviation will be required prior to the issuance of a solicitation, the request for deviation must be processed and approved prior to release of the solicitation. When completion of a contract action is contingent on approval of a deviation, the request for deviation must be processed and approval granted by the appropriate level, prior to contract execution. In an exigency situation, initial verbal contact should be made with the Chief, Contracts Management Branch, DGC/ORM/OM/PHS or his/her designee. Only deviations to the PHSAR may be granted by the Director, Division of Grants and Contracts.

(b) Each request for deviation shall provide sufficient information to permit PHS compliance with the HHSAR. Generally, such requests shall contain the following in addition to the information required by 301.470(b):

(1) The name of the contractor and contract number, or the name of the

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proposed contractor and the solicitation number.

(2) A statement indicating whether or not the deviation had been previously requested. If so, outline the circumstances involved and the disposition of that request.

[49 FR 36237, Sept. 14, 1984, as amended at 51 FR 20486, June 5, 1986]

PART PHS 302—DEFINITIONS OF WORDS AND TERMS

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

Subpart PHS 302.1—Definitions

PHS 302.170 Definitions of terms.

The following terms, when utilized in PHS supplementing or implementing issuances to the HHSAR, have the meanings set forth below.

PHS agencies identifies collectively that group of organizational entities within the PHS which have assigned major health functions as currently shown in the PHS Organization Handbook. The PHS agencies are as follows:

Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA)
Centers for Disease Control (CDC)
Food and Drug Administration (FDA)
Health Resources and Services Administration (HRSA)
National Institutes of Health (NIH)

PHS agency heads identifies collectively those individuals who are given the responsibility and authority to manage and direct the efforts of the PHS agencies. These are the Administrators of ADAMHA and HRSA, Commissioner of FDA, and Directors of NIH and CDC.

PHS contracting activities identifies collectively those organizational elements of the PHS staff offices and the PHS agencies which have functional responsibility to contract for the acquisition of personal property and nonpersonal services.

[49 FR 36238, Sept. 14, 1984]

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PART PHS 304—ADMINISTRATIVE MATTERS

Subpart PHS 304.1—Contract Execution

Sec.

PHS 304.170 Ratification of unauthorized contract awards.

Subpart PHS 304.6—Contract Reporting

PHS 304.670 PHS Contract Information System.

PHS 304.670–1 Policy.

PHS 304.670–2 PHS agency implementation.

Subpart PHS 304.71—Review and Approval of Proposed Contract Awards

PHS 304.7101 Contracts requiring review and approval.

PHS 304.7102 Conduct of the review.

AUTHORITY: 5 U.S.C. 301, 40 U.S.C. 486(c).

SOURCE: 49 FR 36238, Sept. 14, 1984, unless otherwise noted.

Subpart PHS 304.1—Contract Execution

PHS 304.170 Ratification of unauthorized contract awards.

(c)(2) Where ratification of an unauthorized contract action within a PHS agency is requested, the contracting officer shall forward the file through acquisition channels to an official at an organizational level above the contracting officer. He/she in turn shall analyze and evaluate the contracting officer's submission and make appropriate recommendations regarding ratification to the head of the contracting activity.

The Administrative Services Center (ASC), Office of Management (OM), will submit its requests for ratification to the Director, OM through the Division of Grants and Contracts (DGC), Office of Resource Management, OM/PHS.

(c)(4)(i) PHS agencies, and ASC, OM/PHS, shall submit a report of ratification data as specified in 304.170. PHS agencies with several contracting offices will be required to collect the required information from these activities and submit a consolidated agency report.

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(ii) These reports shall be submitted to DGC/ORM/OM/PHS within 20 days following the expiration of the reporting period. A consolidated PHS report will be prepared for submission to the Deputy Assistant Secretary for Procurement, Assistance, and Logistics as specified in 304.170.

Subpart PHS 304.6—Contract Reporting

PHS 304.670 PHS Contract Information System (PHSCIS).

The PHS Contract Information System consolidates all PHS contract data for the Department-wide Contract Information System (DCIS) from the PHS contracting activities.

PHS 304.670–1 Policy

The PHS principal officials responsible for acquisition (PORA) are responsible for ensuring that all required information is collected, submitted, and received into the PHSCIS in accordance with the central PHSCIS User Manual.

[49 FR 36238, Sept. 14, 1984, as amended at 51 FR 20486, June 5, 1986]

PHS 304.670–2 PHS agency implementation.

It is the responsibility of the PORAs to develop and implement appropriate procedures within their activities to ensure that data submissions to the PHSCIS are timely, error free, and contain all the required information.

Subpart PHS 304.71—Review and Approval of Proposed Contract Awards

PHS 304.7101 Contracts requiring review and approval.

(b)(2)(i) In addition to the reviews required by 304.7101(a) and PHS 304.7101(c), internal reviews are to be conducted of acquisitions made by the following contracting offices in the National Institutes of Health for contract awards that fall below the dollar threshold for review and approval set forth in PHS 304.7101(c) but exceed the dollar threshold set forth herein:

National Cancer Institute—\$750,000

National Heart, Lung, and Blood Institute—\$500,000

National Institute of Environmental Health Sciences—\$250,000

National Institute of Allergy and Infectious Diseases—\$250,000

National Institute of Child Health and Human Development—\$250,000

Centralized procuring activity for all other National Institutes of Health Research Organizations (Research Contracts Branch)—\$250,000

These internal reviews shall be conducted by senior personnel with each contracting office. Typically, the chief of contracting office or his/her deputy should be involved in the review. Personnel involved in the contract action shall not perform the review. Each review shall be documented in writing, and any substantive issues identified shall be resolved prior to award.

(ii) Furthermore, to assure that an adequate review of smaller dollar acquisitions is made prior to award, a statistically significant sample of contract actions of dollar values, less than those amounts referenced in this section is required to be approved prior to award. This review and approval will be by the designated Reviewing Official listed in paragraph (c) (but see PHS 304.7102(a)). Records of such review actions will be maintained and will include documentation of the resolution of any significant issue raised by the review.

(iii) Contract awards and modifications of proposed architect-engineer contracts expected to exceed \$50,000 shall be reviewed and approved prior to award by the reviewing official designated in PHS 304.7101(c).

(c) *Reviewing officials.* For PHS agency contract awards expected to exceed the dollar amounts stated in this paragraph, the reviewing official indicated will personally approve the award. Other than these specified requirements for the designated reviewing official, PHS agencies may assign other review and approval responsibilities at their discretion. The following officials shall be responsible for preaward contract review and approval of all proposed contracts and modifications which are expected to exceed the dollar limits expressed below:

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Review and approval re-quired for contracts ex-pected to exceed	PHS acquisition activity	Reviewing official
Office of the Assistant Secretary for Health		
\$300,000	Administrative Services Center, Office of Management	Director, Administrative Services Center.
Alcohol, Drug Abuse and Mental Health Administration		
300,000	National Institute on Drug Abuse	Director, Division of Grants and Con-tracts Management.
300,000	National Institute on Alcohol Abuse and Alcoholism	Do.
300,000	National Institute of Mental Health	Do.
300,000	St Elizabeths, Hospital, NIMH	Do.
50,000	Addiction Research Center	Do.
Centers for Disease Control		
300,000	Centers for Disease Control	Director, Procurement and Grants Office.
Food and Drug Administration		
300,000	Division of Contracts and Grants Management	Director, Division of Contracts and Grants Management.
300,000	National Center for Toxicological Research	Do.
National Institutes of Health		
1,500,000	National Cancer Institute	Director, Division of Contracts and Grants.
1,000,000	National Heart, Lung, and Blood Institute	Do.
National Institutes of Environmental Health Sciences		
1,000,000	Research and development awards	Do.
100,000	Other than research and development	Director, Division of Procurement.
750,000	National Institute of Child Health and Human Development	Director, Division of Contracts and Grants.
750,000	National Institute of Allergy and Infectious Diseases	Do.
500,000	National Institute of Neurological and Communicative Disorders and Stroke.	Do.
National Library of Medicine		
500,000	Research and development awards	Director, Division of Contracts and Grants.
250,000	Other than research and development	Director, Division of Procurement.
250,000	National Institute of Dental Research	Director, Division of Contracts and Grants.
250,000	National Institute of Arthritis, Metabolism and Digestive Diseases	Do.
750,000	Centralized procuring activity for all other National Institutes of Health Re-search Organizations.	Do.
250,000	Procurement Branch, Division of Procurement, ORS	Director, Division of Procurement.
Health Resources and Services Administration		
500,000	Awards made by Headquarters and the Indian Health Service	Director, Division of Grants and Pro-curement Management.
300,000	Awards made by other than Headquarters and the Indian Health Service	Do.

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[49 FR 36238, Sept. 14, 1984, as amended at 51 FR 20486, June 5, 1986]

PHS 304.7102 Conduct of the review.

(a) *General.* The reviewing official is not required to personally perform the review, but he or she is responsible for assuring that the reviewer is knowledgeable in the acquisition field and

has sufficient expertise to perform a comprehensive review and to make cogent recommendations to the reviewing official for actions exceeding the dollar amounts stated in this subpart. The reviewing official shall approve each proposed contract award that is reviewed.

SUBCHAPTER B—ACQUISITION PLANNING**PART PHS 305—PUBLICIZING
CONTRACT ACTIONS**

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

**Subpart PHS 305.2—Synopsis of
Proposed Contract Actions****PHS 305.202 Exceptions.**

(b) A determination and finding has been executed by the Acting Assistant Secretary for Health after concurrence by the Administrator of the Office of Federal Procurement Policy and the Administrator of the Small Business Administration, which exempts for the period September 30, 1985 through September 29, 1988, certain acquisitions with the National Academy of Sciences (NAS) from the synopsis requirements set forth in FAR 5.201. This exemption is applicable only to acquisitions where NAS is the only source which can provide the measure of expertise, independence, objectivity, and audience acceptance necessary to meet the program requirements. To ensure that this exemption will be used only when appropriate, the agency competition advocate shall certify, prior to award, each acquisition with NAS which is not synopsisized regardless of the dollar value. The certification must state that only NAS can provide the measure of expertise, independence, objectivity, and audience acceptance necessary to meet the program needs.

[51 FR 20487, June 5, 1986]

**PART PHS 306—COMPETITION
REQUIREMENTS****Subpart PHS 306.3—Other Than Full and
Open Competition**

Sec.

PHS 306.304 Approval of the justification.

**Subpart PHS 306.5—Competition
Advocates**

PHS 306.502 Duties and responsibilities.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 51 FR 20487, June 5, 1986, unless otherwise noted.

**Subpart PHS 306.3—Other Than
Full and Open Competition****PHS 306.304 Approval of the justifica-
tion.**

(a)(3) The Deputy Assistant Secretary for Health, Operations, PHS, is designated as the approving official referenced in FAR 6.304(a)(3) and 306.304(a)(3).

**Subpart PHS 306.5—Competition
Advocates****PHS 306.502 Duties and responsibil-
ities**

(b) The competition advocates for the PHS activities shall coordinate their efforts with the PHS competition advocate, the Deputy Assistant Secretary for Health Operations.

SUBCHAPTER C—CONTRACTING METHODS AND CONTRACT TYPES

PART PHS 314—FORMAL ADVERTISING

Subpart PHS 314.4—Opening of Bids and Award of Contract

Sec.

PHS 314.406-3 Other mistakes disclosed before award.

PHS 314.406-4 Mistakes after award.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

Subpart PHS 314.4—Opening of Bids and Award of Contract

PHS 314.406-3 Other mistakes disclosed before award.

(g)(3) In addition to the requirement in 314.406-3(g)(3), a copy of the data required by FAR 14.406-3(g)(3) shall be sent to the Office of General Counsel, Business and Administrative Law Division, Parklawn Building, Room 17A-32, 5600 Fishers Lane, Rockville, MD 20857. An information copy of the contracting officer's written statement of facts and circumstances shall be provided to the Contracts Management Branch, DGC/ORM/OM/PHS.

[51 FR 20488, June 5, 1986]

PHS 314.406-4 Mistakes after award.

(e)(2) The data shall be submitted as prescribed in PHS 314.406-3(g)(3).

[51 FR 20488, June 5, 1986]

PART PHS 315—CONTRACTING BY NEGOTIATION

Subpart PHS 315.4—Solicitation and Receipt of Proposals and Quotations

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

PHS 315.412 Late proposals and modifications.

(c)(1) When the principal official responsible for acquisition determines that certain classes of biomedical or behavioral research and development acquisitions should be subject to conditions other than those specified in FAR 52.215-10, Late Submissions, Modifications and Withdrawals of Proposals, he/she may authorize the use of the provision in PHS 352.215-10 in addition to the provision at FAR 52.215-10.

(2) When the provision in PHS 352.215-10 is included in the solicitation and a proposal is received after the exact time specified for receipt, the contracting officer, with the assistance of cost and technical personnel, shall make a written determination as to whether the proposal meets the requirements of the provision at PHS 352.215-10 and, therefore, can be considered.

[51 FR 43357, Dec. 2, 1986; 51 FR 45229, Dec. 17, 1987, as amended at 52 FR 44397, Nov. 19, 1987]

SUBCHAPTER D—SOCIOECONOMIC PROGRAMS

PART PHS 323—ENVIRONMENT, CONSERVATION, AND OCCUPATIONAL SAFETY

Subpart PHS 323.70—Safety and Health

Sec.

PHS 323.7000 Scope of subpart.

PHS 323.7001 General.

PHS 323.7002 Policy.

PHS 323.7003 Actions required.

PHS 323.7004 Contract clause.

PHS 323.7005 Solicitation notice—construction.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 51 FR 20488, June 5, 1986, unless otherwise noted.

Subpart PHS 323.70—Safety and Health

PHS 323.7000 Scope of subpart.

This subpart prescribes the use of a safety and health clause in contracts involving hazardous material or operations, and procedures for developing and administering safety and health provisions.

PHS 323.7001 General.

Various statutes and regulations (e.g., Walsh-Healey Act; Service Contract Act) require adherence to minimum safety and health standards by contractors engaged in potentially hazardous work. Positive action to reduce accidents and conditions hazardous to health under all contracts is in the Government's interest since the cost of such accident and health hazards is borne by the Government through higher prices and sometimes by direct indemnification of contractors against liability claims.

PHS 323.7002 Policy.

(a) The guidance contained in FAR Subpart 23.3 shall be used for hazardous material as the primary reference. When that guidance is judged insufficient or does not meet the safety and health situation in the instant acquisition, this subpart shall be followed.

(b) Whenever the performance of a contract will require use of hazardous materials or operations, the contract-

ing activity shall require the prime contractor and subcontractors to:

(1) Provide protection for the life and health of PHS employees, contractor employees, other persons involved with work on PHS programs and projects, and the public;

(2) Avoid accidental work interruptions which could delay progress of PHS programs and project;

(3) Maintain controls for the prevention of damage and loss to property; and

(4) Accumulate and provide data necessary for analysis of risk and loss factors relating to PHS programs and projects.

PHS 323.7003 Actions required.

(a) *Contracting activities.* Contracting activities shall use the clause set forth in PHS 352.223-70 as a guide in developing appropriate safety and health clauses for use in prospective contracts involving the following:

(1) Services or products;

(2) Research, development, or test projects;

(3) Transportation of hazardous materials; and

(4) Construction, including construction of facilities on the contractor's premises.

(b) *Safety officers.* OPDIV safety officers shall advise and assist initiators of acquisition requests and contracting officers in:

(1) Determining whether safety and health provisions should be included in a prospective contract;

(2) Selecting or developing safety and health clause provisions for incorporation in a prospective contract;

(3) Evaluating a prospective contractor's safety and health programs; and

(4) Conducting post-award review and surveillance to the extent deemed necessary.

(c) *Initiators.* Initiators of acquisition requests for items described in paragraph (a) of this section shall:

(1) During the preparation of a request for contract, and in the RFP or IFB:

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(i) Ensure that hazardous materials and operations to be utilized in the performance of the contract are clearly identified; and

(ii) Coordinate with the appropriate safety officer to ensure that all hazardous materials and operations are evaluated and that adequate safety requirements are established in the RFP or IFB.

(2) During the period of performance:

(i) Apprise the contracting officer of any noncompliance with safety and health provisions identified in the contract; and

(ii) Cooperate with the safety officer in conducting review and surveillance activities.

PHS 323.7004 Contract clause.

All contracts which require the use of hazardous materials or operations shall include a clause to provide adherence to minimum safety and health standards. The clause set forth in PHS 352.223–70 may be used or appropriately modified to meet the needs of the individual contract.

PHS 323.7005 Solicitation notice—construction.

The contracting officer shall include the clause in PHS 352.223–71 in all solicitations and resultant contracts for construction and construction services.

SUBCHAPTER E—GENERAL CONTRACTING REQUIREMENTS

PART PHS 333—PROTESTS, DISPUTES, AND APPEALS

Subpart PHS 333.1—Protests

Sec.

PHS 333.102 General.

PHS 333.104 Protests to GAO.

PHS 333.105 Protests to GSBGA.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 51 FR 20488, June 5, 1986, unless otherwise noted.

Subpart PHS 333.1—Protests

PHS 333.102 General.

The Division of Grants and Contracts (DGC), ORM/OM/PHS, will participate directly in the resolution of protests against PHS agencies when the Office of the Secretary, HHS, requests DGC involvement, or when DGC considers a protest action to be sensitive or controversial, or otherwise has an interest in the protest. In cases where DGC will participate, the cognizant PHS contracting office shall be notified. In those instances, all file materials and written statements normally forwarded directly to the Departmental Protest Control Officer shall be forwarded to DGC, ORM/OM/PHS.

PHS 333.104 Protests to GAO.

(a) *General.* (2) A copy of the protest files shall be sent to the Office of General Counsel, Business and Administrative Law Division (OGC–BAL), Park-

lawn Building, Room 17A–32, 5600 Fishers Lane, Rockville, MD 20857. In addition, an information copy of the contracting officer's statement of facts required by 333.104(a)(2)(i) shall be sent to the Contracts Management Branch, DGC/ORM/OM/PHS.

(b) *Protests before award.* (1) The head of the contracting activity authority to approve the written finding required by FAR 33.104(b)(1) to authorize a contract award while a protest is pending, may be delegated to an organizational level no lower than the Executive Officer of each PHS Agency.

(4) The data shall be submitted as prescribed in PHS 333.104(a)(2).

(c) *Protests after award.* (1) The data shall be submitted as prescribed in PHS 333.104(a)(2).

(2) The head of the contracting activity authority to authorize contract performance notwithstanding a protest as set forth in FAR 33.104(c)(2), may be delegated to an organizational level no lower than the Executive Officer of each PHS Agency.

PHS 333.105 Protests to GSBGA.

(b) The copy of the protest file to be sent to OGC–BAL shall be sent to OGC–BAL, Parklawn Building, Room 17A–32, 5600 Fishers Lane, Rockville, MD 20857. In addition, an information copy of the contracting officer's statement of facts required by 333.105(b)(1) shall be sent to the Contracts Management Branch, DGC/ORM/OM/PHS.

SUBCHAPTER F—SPECIAL CATEGORIES OF CONTRACTING**PART PHS 335—RESEARCH AND DEVELOPMENT CONTRACTING**

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

PHS 335.080 Special determinations and findings affecting research and development contracting.

The Assistant Secretary for Health shall sign individual and class determinations and findings for:

(a) Acquisition or construction of equipment or facilities on property not owned by the United States pursuant to 42 U.S.C. 241(a)(7); and

(b) Use of an indemnification provision in a research contract pursuant to 42 U.S.C. 241(a)(7).

[51 FR 20489, June 5, 1986]

PART PHS 336—CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS**Subpart PHS 336.6—Architect-Engineer Services**

Sec.

PHS 336.680 Program of Requirements approval.

PHS 336.681 Funding.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 51 FR 20489, June 5, 1986, unless otherwise noted.

Subpart PHS 336.6—Architect-Engineer Services**PHS 336.680 Program of Requirements approval.**

The programmatic and technical requirements for PHS design projects are established in a special document known as a Program of Requirements (POR). In the case of design projects involving the construction of new space, including new facilities, replacement facilities, and building additions, the contracting officer shall ensure that the Office of the Assistant Secretary for Health has approved, or waived approval of, a POR prior to the issuance of the synopsis or solicitation for architectural/engineering services.

PHS 336.681 Funding.

(a) The contracting officer shall ensure that the agency financial management officer has identified and certified that design funds have been appropriated and apportioned prior to the release of a synopsis or solicitation for architect-engineer services for the types of acquisitions specified in PHS 336.680. New facilities, replacement facilities, and building additions must only be acquired with funds appropriated for that specific project as evidenced by either (1) specific language in an appropriations act, or (2) Congressional appropriations intent as reflected in appropriations committee reports or Congressional budget justification.

(b) In the case of ADAMHA, FDA, HRSA, and NIH, the referenced agency financial management officer is the Director of the agency's Division of Financial Management. In the case of CDC, this official is the Director of the Financial Management Office. Subject to HRSA concurrence, funding for projects of the Indian Health Service/HRSA may be certified by the designated financial management officer within the IHS Office of Administration.

(c) The funding source certification shall include identification of the title, appropriation symbol, and fiscal year of the appropriation plus any relevant project or activity description in the appropriation act or reports.

(d) In an unusual circumstance where time is critical, a synopsis or solicitation for architect-engineer services may be issued after the POR has been approved if the agency financial management officer certifies that appropriation and apportionment of proper funds as set forth in paragraph (a) above are expected within 60 days. In such cases, the synopsis or solicitation must specify that award is subject to the availability of funds. In these circumstances the contracting officer shall ensure that contract award is not made until the agency financial management officer has certified in writing

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that proper funds have been appropriated and apportioned. Other exceptions to the funding requirements set forth in paragraph (a) above, must be specifically approved in writing by the

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Office of the Assistant Secretary for Health prior to the release of a synopsis or solicitation for architect-engineer services for new facilities, replacement facilities, and building additions.

SUBCHAPTER H—CLAUSES AND FORMS

PART PHS 352—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**Subpart PHS 352.2—Texts of Provisions and Clauses**

Sec.

PHS 352.215–10 Late proposals, modifications of proposals, and withdrawals of proposals.

PHS 352.223–70 Safety and health.

PHS 352.223–71 Safety and health—construction.

PHS 352.232–70 Additional payment provision.

PHS 352.280–1 Protection of human subjects.

PHS 352.280–2 Care of laboratory animals.

PHS 352.280–3 Maximum allowable cost for drugs.

PHS 352.280–4 Contracts awarded under the Indian Self-Determination Act.

PHS 352.280–6 Demurrage charge provisions for reusable cylinders and containers.

Subpart PHS 352.3—Provision and Clause Matrices

PHS 352.380–4 Contract clauses for contracts awarded under the Indian Self-Determination Act.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 36242, Sept. 14, 1984, unless otherwise noted.

Subpart 352.2—Texts of Provisions and Clauses**PHS 352.215–10 Late proposals, modifications of proposals, and withdrawals of proposals.**

As prescribed in PHS 315.412, the following provision may be included in the solicitation when authorized by the principal official responsible for acquisition.

LATE PROPOSALS, MODIFICATIONS OF PROPOSALS, AND WITHDRAWALS OF PROPOSALS (NOV 1986)

Notwithstanding the procedures contained in the provision of this solicitation entitled Late Submissions, Modifications, and Withdrawals of Proposals, a proposal received after the date specified for receipt may be considered if it offers significant cost or technical advantages to the Government, and it was received before proposals were dis-

tributed for evaluation, or within five calendar days after the exact time specified for receipt, whichever is earlier.

(End of provision)

[51 FR 43357, Dec. 2, 1986; 51 FR 45229, Dec. 17, 1987, and 52 FR 44357, Nov. 19, 1987]

PHS 352.223–70 Safety and health.

The following clause is covered by the policy set forth in Subpart PHS 323.70 and is to be used in accordance with the instructions set forth in PHS 323.7002 and PHS 323.7003.

SAFETY AND HEALTH (APR 1984)

(a) In order to provide safety controls for protection to the life and health of employees and other persons; for prevention of damage to all property; and for avoidance of work interruptions in the performance of the contract; the Contractor will comply with the following standards: (Insert codes, standards, and criteria (including any applicable State and local requirements) prescribed by the Safety Officer.)

Further, the Contractor shall take or cause to be taken such additional safety measures as the Contracting Officer may determine to be reasonably necessary; *Provided*, that, if compliance with such additional safety measures results in a material increase in the cost or time of performance of the contract, an equitable adjustment will be made in accordance with the clause of this contract entitled "Changes."

(b) Prior to commencement of work, the Contractor will submit in writing its plan for complying with the safety and health provisions of this contract, and will meet with the Contracting Officer or his/her designated representative to discuss and develop a mutual understanding relative to administration of the overall safety program.

(c) During the performance of work under this contract, the Contractor shall comply with all procedures prescribed by the Contracting Officer for the control and safety of persons visiting the job site and will comply with such requirements to prevent accidents as may be prescribed by the Contracting Officer.

(d) The Contractor will maintain an accurate record of, and report to the Contracting Officer in such manner as the Contracting Officer may prescribe, all accidents and incidents resulting in death, traumatic injury, occupational disease, and/or damage to all property incident to work performed under the contract.

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(e) The Contracting Officer shall notify (if otherwise, confirm in writing) the Contractor of any noncompliance with the provisions of this clause and corrective action to be taken. After receipt of such notice, the Contractor shall immediately take such corrective action. (Such notice, when delivered to the Contractor or its representative at the site of the work, shall be deemed sufficient for the purpose.) If the Contractor fails or refuses to comply promptly, the Contracting Officer may issue an order stopping all or part of the work until satisfactory corrective action has been taken. No part of the time lost due to any such stop order shall be the subject of claim for extension of time or for costs or damages by the Contractor.

(f) The Contractor shall insert the substance of this clause in each subcontract involving the use of hazardous materials or operations. Compliance with the provisions of this clause by subcontractors will be the responsibility of the Contractor.

(End of clause)

[51 FR 20489, June 5, 1986]

PHS 352.223-71 Safety and health—construction.

The following clause shall be included in all solicitations and resultant contracts for construction and construction services, as required by PHS 323.7005.

SAFETY AND HEALTH—CONSTRUCTION (APR 1984)

Your attention is invited to the regulations issued by the Secretary of Labor pursuant to section 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 333) entitled “Safety and Health Regulations for Construction” (29 CFR Part 1926). The Contractor is required to comply with the referenced regulations to the extent that the resultant contract involves construction.

(End of clause)

[51 FR 20490, June 5, 1986]

PHS 352.232-70 Additional payment provision.

The following clause shall be included in all solicitations and resultant contracts for construction which contain the “Payments Under Fixed-Price Construction Contracts” clause set forth in FAR 52.232-4:

ADDITIONAL PAYMENT PROVISION (APR 1984)

Unless otherwise stated in this contract, there will be taken into consideration in computing progress payments material that

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will be incorporated into the structure if such material is delivered at the site, or is delivered to the Contractor and properly stored by it in a suitable warehouse, storage yard, or similar place either within 25 miles of the site or as otherwise approved by the Contracting Officer. Before each payment is made, the Contractor shall furnish to the Contracting Officer such evidence as he/she may require of the quantity and value of such material and that it will be incorporated into the structure. If such material is stored off the site, the Contractor shall also furnish to the Contracting Officer, before payment, properly executed bills of sale to the Government for the delivered material upon which such payment is to be made.

(End of clause)

[51 FR 20490, June 5, 1986]

PHS 352.280-1 Protection of human subjects.

The policy and procedures to be followed whenever individuals may be involved as subjects in research activities supported or conducted by the Department under a contract are provided in Subpart PHS 380.1 and 45 CFR Part 46, Protection of Human Subjects.

(a) The following provisions shall be included in solicitations expected to involve human subjects:

NOTICE TO OFFERORS OF REQUIREMENTS OF 45 CFR PART 46, PROTECTION OF HUMAN SUBJECTS (SEP 1985)

(a) Copies of the Department of Health and Human Services (Department) regulations for the protection of human subjects, 45 CFR Part 46, are available from the Office for Protection from Research Risks (OPRR), National Institutes of Health, Bethesda, Maryland 20892. The regulations provide a systematic means, based on established ethical principles, to safeguard the rights and welfare of individuals who participate as subjects in research activities supported or conducted by the Department.

(b) The regulations define a human subject as a living individual about whom an investigator (whether professional or student) conducting research obtains (1) data through intervention of interaction with the individual, or (2) identifiable private information. The regulations extend to the use of human organs, tissue, and body fluids from individually identifiable human subjects as well as to graphic, written, or recorded information derived from individually identifiable human subjects. The use of autopsy materials is governed by applicable State and local law and is not directly regulated by 45 CFR Part 46.

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(c) Activities in which the only involvement of human subjects will be in one or more of the categories set forth in 45 CFR 46.101(b)(1-6) are exempt from coverage.

(d) Inappropriate designations of the non-involvement of human subjects or of exempt categories of research in a project may result in delays in the review of a proposal. The Public Health Service will make a final determination of whether the proposed activities are covered by the regulations or are in an exempt category, based on the information provided in the proposal. In doubtful cases, *prior consultation with OPRR, (telephone: 301-496-7014), is recommended.*

(e) In accordance with 45 CFR Part 46, prospective Contractors being considered for award shall be required to file with OPRR an acceptable Assurance of Compliance with the regulations, specifying review procedures and assigning responsibilities for the protection of human subjects. The initial and continuing review of a research project by an institutional review board shall assure that the rights and welfare of the human subjects involved are adequately protected, that the risks to the subjects are reasonable in relation to the potential benefits, if any, to the subjects and the importance of the knowledge to be gained, and that informed consent will be obtained by methods that are adequate and appropriate. Prospective Contractors proposing research that involves human subjects shall be contacted by OPRR and given detailed instructions for establishing an institutional review board and filing an Assurance of Compliance.

(f) It is recommended that OPRR be consulted for advice or guidance concerning either regulatory requirements or ethical issues pertaining to research involving human subjects.

(End of provision)

(b) The following clause shall be included in contracts involving human subjects:

PROTECTION OF HUMAN SUBJECTS (OCT 1986)

(a) The Contractor agrees that the rights and welfare of human subjects involved in research under this contract shall be protected in accordance with 45 CFR Part 46 and with the Contractor's current Assurance of Compliance on file with the Office for Protection from Research Risks, National Institutes of Health, Public Health Service. The Contractor further agrees to provide certification at least annually that the institutional review board has reviewed and approved the procedures which involve human subjects in accordance with 45 CFR Part 46 and the Assurance of Compliance.

(b) The Contractor shall bear full responsibility for the performance of all work and services involving the use of human subjects

under this contract in a proper manner and as safely as is feasible. The parties hereto agree that the Contractor retains the right to control and direct the performance of all work under this contract. Nothing in this contract shall be deemed to constitute the Contractor or any subcontractor, agent or employee of the Contractor, or any other person, organization, institution, or group of any kind whatsoever, as the agency or employee of the Government. The Contractor agrees that it has entered into this contract and will discharge its obligations, duties, and undertakings and the work pursuant thereto, whether requiring professional judgement or otherwise, as an independent Contractor without imputing liability on the part of the Government for the acts of the Contractor or its employees.

(c) If at any time during performance of this contract, the Contracting Officer determines, in consultation with the Office for Protection from Research Risks (OPRR), National Institutes of Health (NIH), that the Contractor is not in compliance with any of the requirements and/or standards stated in paragraphs (a) and (b), above, the Contracting Officer may immediately suspend, in whole or in part, work and further payments under this contract until the Contractor corrects such noncompliance. Notice of the suspension may be communicated by telephone and confirmed in writing. If the Contractor fails to complete the corrective action within the period of time designated in the Contracting Officer's written notice of suspension, the Contracting Officer may, in consultation with OPRR, NIH, terminate this contract in whole or in part, and the Contractor's name may be removed from the list of those Contractors with approved Department of Health and Human Services Human Subject Assurances.

(End of clause)

[51 FR 20490, June 5, 1986, as amended at 52 FR 9300, Mar. 24, 1987]

PHS 352.280-2 Care of laboratory animals.

The policies and procedures to be used when contracts involve live vertebrate animals are provided in Subpart PHS 380.2, and in the *PHS Policy on Humane Care and Use of Laboratory Animals by Awardee Institutions* and accompanying implementation instructions published in a special edition of the *NIH Guide for Grants and Contracts*, Vol. 14, No. 8, June 25, 1985.

(a) The following provision shall be included in solicitations expected to involve vertebrate animals:

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**NOTICE TO OFFERORS OF REQUIREMENT FOR
ADEQUATE ASSURANCE OF PROTECTION OF
VERTEBRATE ANIMAL SUBJECTS (SEP 1985)**

The *PHS Policy on Humane Care and Use of Laboratory Animals* by Awardee Institutions establishes a number of requirements for research activities involving animals. Before a PHS award may be made to an applicant organization, the organization shall file, with the Office for Protection from Research Risks (OPRR), National Institutes of Health (NIH), PHS, a written Animal Welfare Assurance which commits the organization to comply with the provisions of the *PHS Policy on Humane Care and Use of Laboratory Animals* by Awardee Institutions, the Animal Welfare Act, and the *Guide for the Care and Use of Laboratory Animals* prepared by the Institute of Laboratory Animal Resources. In accordance with the *PHS Policy on Humane Care and Use of Laboratory Animals* by Awardee Institutions, applicant organizations must establish a committee, qualified through the experience and expertise of its members, to oversee the institution's animal program, facilities and procedures. No PHS award involving the use of animals shall be made unless the Animal Welfare Assurance has been approved by OPRR. Prior to award, the contracting officer will notify Contractor(s) selected for projects that involve live vertebrate animals that an Animal Welfare Assurance is required. The contracting officer will request that OPRR negotiate an acceptable Animal Welfare Assurance with those Contractor(s). For further information, OPRR may be contacted at NIH, Bethesda, Maryland 20892 (301-496-7041).

(End of provision)

(b) The following clause shall be included in all contracts involving research on vertebrate animals:

**CARE OF LIVE VERTEBRATE ANIMALS (OCT
1986)**

(a) Before undertaking performance of any contract involving research on live vertebrate animals, the Contractor shall register with the Secretary of Agriculture of the United States in accordance with 7 U.S.C. 2316 and 9 CFR 2.25-2.28. The Contractor shall furnish evidence of such registration to the Contracting Officer.

(b) The Contractor shall acquire vertebrate animals used in research from a dealer licensed by the Secretary of Agriculture under 7 U.S.C. 2133 and 9 CFR 2.1-2.11, or from a source that is exempt from licensing under those sections.

(c) The Contractor agrees that the care and use of any live vertebrate animals used or intended for use in the performance of this contract will conform with the *PHS Policy on Humane Care and Use of Laboratory Animals* by Awardee Institutions, the current Animal

Welfare Assurance, the *Guide for the Care and Use of Laboratory Animals* prepared by the Institute of Laboratory Animal Resources and the pertinent laws and regulations of the United States Department of Agriculture (see 7 U.S.C. 2131 *et seq.* and 9 CFR Subchapter A, Parts 1-4). In case of conflict between standards, the more stringent standard shall be used.

(d) If at any time during performance of this contract, the Contracting Officer determines, in consultation with the Office for Protection from Research Risks (OPRR), National Institutes of Health (NIH), that the Contractor is not in compliance with any of the requirements and/or standards stated in paragraphs (a) and (c), above, the Contracting Officer may immediately suspend, in whole or in part, work and further payments under this contract until the Contractor corrects such noncompliance. Notice of the suspension may be communicated by telephone and confirmed in writing. If the Contractor fails to complete corrective action within the period of time designated in the Contracting Officer's written notice of suspension, the Contracting Officer may, in consultation with OPRR, NIH, terminate this contract in whole or in part, and the Contractor's name may be removed from the list of those Contractors with approved Public Health Service Animal Welfare Assurances.

NOTE: The Contractor may request registration of its facility and a current listing of licensed dealers from the Regional Office of the Animal and Plant Health Inspection Service (APHIS), USDA, for the region in which its research facility is located. The location of the appropriate APHIS Regional Office, as well as information concerning this program may be obtained by contacting the Senior Staff Officer, Animal Care Staff, USDA/APHIS, Federal Center Building, Hyattsville, Maryland 20782.

(End of clause)

[51 FR 20491, June 5, 1986, as amended at 52 FR 9300, Mar. 24, 1987]

**PHS 352.280-3 Maximum allowable
cost for drugs.**

The following clause, or one reading substantially as follows, shall be included in all contracts subject to the provisions of the Maximum Allowable Cost (MAC) regulation and PHS 380.305.

**MAXIMUM ALLOWABLE COST FOR DRUGS (APR
1984)**

(a) Reimbursement for drugs provided or used under this contract shall be in accordance with the Maximum Allowable Cost (MAC) regulation set forth in 45 CFR Subtitle A, Part 19. In accordance with 19.3 of

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the MAC regulation, the amount which is recognized for reimbursement or payment purposes for any drug purchased under the terms of the contract shall not exceed the lowest of:

(1) The maximum allowable cost of the drug, if any, established in accordance with 19.5 of the MAC regulation plus a reasonable dispensing fee;

(2) The acquisition cost of the drug plus a reasonable dispensing fee; or

(3) The provider's usual and customary charge to the public for the drug; *Provided*, That:

(i) The maximum allowable cost established for any drug shall not apply to a brand of that drug prescribed for a patient which the prescriber has certified in his/her own handwriting is medically necessary for that patient; and *Provided, further*, That:

(ii) When compensation for drug dispensing is included in some other amount payable to the provider by the reimbursing or payment program agency, a separate dispensing fee will not be recognized.

(b) The Contractor agrees:

(1) To include the following solicitation notification in all applicable solicitations issued under this contract and to ensure that subcontractors include it in any subsequent applicable solicitation:

This acquisition is subject to the Maximum Allowable Cost (MAC) regulation set forth in Part 19 to Subtitle A of Title 45 of the Code of Federal Regulations.

(2) To include this clause, including this paragraph (b), in all applicable subcontracts, regardless of tier, awarded pursuant to this contract.

(3) To include the furnished MAC determination or acquisition cost data in all applicable solicitations issued under this contract and in all resultant subcontracts awarded pursuant to this contract.

(End of clause)

PHS 352.280-4 Contracts Awarded Under the Indian Self-Determination Act.

(a) Insert the following clauses in cost-reimbursement contracts awarded under the Indian Self-Determination Act as described in subpart PHS 380.4.

CLAUSE NO. 1—DEFINITIONS (JUNE 1977)

As used throughout this contract, the following terms shall have the meaning set forth below:

(a) The term "Secretary" means the Secretary, the Under Secretary, or any Assistant Secretary of the Department of Health and Human Services (HHS); and the term "his/her duly authorized representative" means any person, persons, or board (other

than the Contracting Officer) authorized to act for the Secretary.

(b) The term "Contracting Officer" means the person executing this contract on behalf of the Government, and any other officer or employee who is properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of the Contracting Officer acting within the limits of his/her authority.

(c) The term "Project Officer" means the person representing the Government for the purpose of monitoring contract performance. The Project Officer is not authorized to issue any instructions or directions which effect any increase or decrease in the cost of this contract or which change the period of this contract.

(d) The term "Department" means the Department of Health and Human Services.

(e) Except as otherwise provided in this contract, the term "subcontract" includes purchase orders under this contract.

(End of clause)

CLAUSE NO. 2—DISPUTES (JUNE 1977)

(a) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his/her decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Secretary. The decision of the Secretary or his/her duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

(b) This "Disputes" clause does not preclude consideration of law questions in connection with decisions provided for in paragraph (a) above: *Provided*, That nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

(End of clause)

CLAUSE NO. 3—LIMITATION OF COST (JUNE 1977)

(a) It is estimated that the total cost to the Government for the performance of this contract will not exceed the estimated cost set forth in this contract and the Contractor agrees to use its best efforts to perform all work and all obligations under this contract within such estimated costs. If at any time the Contractor has reason to believe that the costs which it expects to incur in the performance of this contract in the next succeeding sixty (60) days, when added to all costs previously incurred, will exceed seventy-five percent (75%) of the estimated cost set forth in the contract, or, if at any time the Contractor has reason to believe that the total cost to the Government, for the performance of this contract, will be substantially greater or less than the estimated cost thereof, the Contractor shall notify the Contracting Officer in writing to that effect, giving its revised estimate of such total cost for the performance of this contract.

(b) The Government shall not be obligated to reimburse the Contractor for costs incurred in excess of the estimated cost set forth in the contract and the Contractor shall not be obligated to continue performance under the contract or to incur costs in excess of such estimated cost unless and until the Contracting Officer shall have notified the Contractor in writing that such estimated cost has been increased and shall have specified in such notice a revised estimated cost which shall thereupon constitute the estimated cost of performance of this contract. When and to the extent that the estimated cost set forth in this contract has been increased by the Contracting Officer in writing, any costs incurred by the Contractor in excess of such estimated cost prior to the increase in estimated cost shall be allowable to the same extent as if such costs had been incurred after such increase in estimated cost.

(End of clause)

CLAUSE NO. 4—ALLOWABLE COST (JUNE 1977)

(a) *Compensation for Contractor's performance.* Payment for the allowable cost, as herein defined and as actually incurred by the Contractor shall constitute full and complete compensation for the performance of the work under this contract.

(b) *Allowable cost.* The allowable cost of performing the work under this contract shall be the cost actually incurred by the Contractor, either directly incident or properly allocable to the contract, in the performance of this contract in accordance with its terms. The allowable cost, direct and indirect, including acceptability of cost allocation

methods, shall be determined by the Contracting Officer in accordance with:

(1)(i) "A Guide for Nonprofit Institutions Establishing Indirect Cost Rates for Research Grants and Contracts with the Department of Health and Human Services, HHS Publication OASC-5" or (ii) "A Guide for Hospitals, Grants and Contracts with the Department of Health and Human Services, HHS Publication OASC-3," or (iii) Subpart 1-15.7 of the Federal Procurement Regulations (41 CFR Subpart 1-15.7) if the contract is with a state or local government agency, or (iv) Subpart 1-15.4 of the Federal Procurement Regulations (41 CFR Subpart 1-15.4) if the contract is for the procurement of construction or architect-engineer services.

(2) The terms of the contract.

(End of clause)

CLAUSE NO. 5—NEGOTIATED OVERHEAD RATES (JUNE 1977)

(a) Notwithstanding the provisions of the clause of this contract entitled, "Allowable Cost," the allowable indirect costs shall be obtained by applying negotiated overhead rates to bases agreed upon by the parties, as specified below.

(b) The Contractor, as soon as possible, but not later than six (6) months after the expiration of each of the Contractor's financial years or such period as may mutually be agreed upon by the Government and the Contractor, shall submit to the Contracting Officer, with a copy to the cognizant audit agency, a proposed final overhead rate or rates for that period based on the Contractor's cost experience during that period, together with supporting cost data. Negotiation of final overhead rates by the Contractor and the Contracting Officer shall be undertaken as promptly as practicable after receipt of the Contractor's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with the applicable cost principles set forth in paragraph (b)(1) of Clause 4, as in effect on the date of this contract, and the same hereby incorporated herein by reference.

(d) The results of each negotiation shall be set forth in an amendment to this contract, which shall specify (1) the agreed final rate, (2) the bases to which the rates apply, and (3) the periods for which the rates apply.

(e) Pending establishment of final overhead rates for any period, the Contractor shall be reimbursed either at negotiated provisional rates as provided in this contract or at billing rates acceptable to the Contracting Officer, subject to appropriate adjustment when the final rates for that period are established. To prevent substantial over or under payment, the provisional or billing rates may, at the request of either party, be

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revised by mutual agreement, either retroactively or prospectively. Any such revision of negotiated provisional rates provided in this contract shall be set forth in an amendment to this contract.

(f) Any failure by the parties to agree on any final rate or rates under this clause shall be considered a dispute concerning a question of fact for decision by the Contracting Officer within the meaning of the clause of this contract entitled "Disputes."

(g) Submission of proposed provisional and/or final overhead rates, together with appropriate data in support thereof, to the Secretary or his/her duly authorized representative, and agreements on provisional and/or final overhead rates entered into between the Contractor and the Secretary or his/her duly authorized representative, as evidenced by Negotiated Overhead Rate Agreements signed by both parties, shall be deemed to satisfy the requirements of (b), (d) and (e) above.

(End of clause)

CLAUSE NO. 6—PAYMENT (JUNE 1977)

(a) *Payment on account of allowable cost.* Once each month (or at more frequent intervals if approved by the Contracting Officer) the Contractor may submit to the Contracting Officer, in such form and reasonable detail as may be required, an invoice or voucher supported by a statement of costs incurred by the Contractor in the performance of this contract and claimed to constitute allowable costs. Promptly after receipt of each invoice or voucher, the Government shall, subject to the provisions of (b) below, make payment thereon as approved by the Contracting Officer.

(b) *Audit Adjustments.* At any time or times prior to settlement under this contract the Contracting Officer may have invoices or vouchers and statements of cost audited. Each payment theretofore made shall be subject to reduction for amounts included in the related invoice or voucher which are found by the Contracting Officer, on the basis of such audit, not to constitute allowable cost. Any payment may be reduced for overpayment, or increased for underpayments on preceding invoices or vouchers.

(c) *Completion voucher.* On receipt and approval of the invoice or voucher designated by the Contractor as the "completion invoice" or "Completion Voucher" and upon compliance by the Contractor with all the provisions of this contract (including without limitation, the provisions relating to patents and provisions of (d) below) the Government shall promptly pay to the Contractor any balance of allowable cost. The completion invoice or voucher shall be submitted by the Contractor promptly following completion of the work under this contract but in no event later than 6 months (or such

longer period as the Contracting Officer may in his/her discretion approve in writing) from the date of such completion.

(d) *Applicable credits.* The Contractor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Contractor or any assignee under this contract shall be paid by the Contractor to the Government, to the extent that they are properly allocable to costs for which the Contractor has been reimbursed by the Government under this contract. Reasonable expenses incurred by the Contractor for the purpose of securing such refunds, rebates, credits, or other amounts shall be allowable cost hereunder when approved by the Contracting Officer.

(e) *Financial settlement.* Prior to final payment under this contract, the Contractor and each assignee under this contract whose assignment is in effect at the time of final payment under this contract shall execute and deliver:

(1) An assignment to the Government in form and substance satisfactory to the Contracting Officer, of refunds, rebates, credits, or other amounts (including any interest thereon) properly allocable to costs for which the Contractor has been reimbursed by the Government under this contract, and

(2) A release discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract, subject only to the following exceptions:

(i) Specified claims in stated amounts or in estimated amounts where the amounts are susceptible to exact statement by the Contractor;

(ii) Claims, together with reasonable expenses incidental thereto, based upon liabilities of the Contractor to third parties arising out of the performance of this contract; Provided, That such claims are not known to the Contractor on the date of the execution of the release; And provided further, That the Contractor gives notice of such claims in writing to the Contracting Officer not more than 6 years after the date of the release or the date of any notice to the Contractor that the Government is prepared to make final payment, whichever is earlier; and

(iii) Claims for reimbursement of costs (other than expenses of the Contractor by reason of its indemnification of the Government against patent liability), including reasonable expenses incidental thereto, incurred by the Contractor under the provisions of this contract relating to patents.

(End of clause)

CLAUSE NO. 7—ADVANCE PAYMENTS (JUNE 1977)

(a) *Amount of Advance.* At the request of the Contractor, and subject to the conditions hereinafter set forth, the Government shall

make an advance payment, or advance payments from time to time, to the Contractor. No advance payment shall be made (1) without the approval of the office administering advance payments (hereinafter called the "Administering Office" and designated in paragraph (k)(4) as with all advance payments theretofore made, shall exceed the amount stated in paragraph (k)(1) hereof; and (3) without a properly certified invoice or invoices.

(b) *Special Bank Account.* Until all advance payments made hereunder are liquidated and the Administering Office approves in writing the release of any funds due and payable to the Contractor, all advance payments and all other payments under the contract shall be made by check payable to the Contractor, and be marked for deposit only in a Special Bank Account with the bank designated in paragraph (k)(2) hereof. No part of the funds in the Special Bank Account shall be mingled with other funds of the Contractor prior to withdrawal thereof from the Special Bank Account as hereinafter provided. Except as hereinafter provided, each withdrawal shall be made only by check of the Contractor countersigned on behalf of the Government by the Contracting Officer or such other person or persons as he/she may designate in writing (hereinafter called the "Countersigning Agent"). Until otherwise determined by the Administering Office, countersignature on behalf of the Government will not be required.

(c) *Use of Funds.* The funds in the Special Bank Account may be withdrawn by the Contractor solely for the purposes of making payments for items of allowable cost or to reimburse the Contractor for such items of allowable cost, and for such other purposes as the Administering Office may approve in writing. An interpretation required as to the proper use of funds shall be made in writing by the Administering Office.

(d) *Return of Funds.* The Contractor may at any time repay all or any part of the funds advanced hereunder. Whenever so requested in writing by the Administering Office, the Contractor shall repay to the Government such part of the unliquidated balance of advance payments as shall in the opinion of the Administering Office be in excess of current requirements, or (when added to total advance previously made and liquidated) in excess of the amount specified in paragraph (k)(1) hereof. In the event the Contractor fails to repay such part of the unliquidated balance of advance payments when so requested by the Administering Office, all or any part thereof may be withdrawn from the Special Bank Account by checks payable to the Treasurer of the United States signed solely by the Countersigning Agent and applied in reduction of advance payments then outstanding hereunder.

(e) *Liquidation.* If not otherwise liquidated, the advance payments made hereunder shall be liquidated as herein provided. When the sum of all payments under this contract, other than advance payments, plus the unliquidated amount of advance payments are equal to the total estimated cost for the work under this contract or such lesser amount to which the total estimated cost under this contract may have been reduced, plus increases, if any, in this total estimated cost not exceeding, in the aggregate (including, without limitation, reimbursable costs incident to termination for cause and retrocession as estimated by the Contracting Officer), the Government shall thereafter withhold further payments to the Contractor and apply the amounts withheld against the Contractor's obligation to repay such advance payments until such advance payments shall have been fully liquidated. If upon completion, termination, or retrocession of the contract all advance payments have not been fully liquidated, the balances therefor shall be deducted from any sums otherwise due or which may become due to the Contractor from the Government, and any deficiency shall be paid by the Contractor to the Government upon demand.

(f) *Bank Agreement.* Before an advance payment is made hereunder, the Contractor shall transmit to the Administering Office, in the form prescribed by such office, an Agreement in triplicate from the bank in which the Special Bank Account is established, clearly setting forth the special character of the account and the responsibilities of the bank thereunder. Wherever possible, such bank shall be a member bank of the Federal Reserve System, or an "insured" bank within the meaning of the Act creating the Federal Deposit Insurance Corporation Act of August 23, 1935, 49 Stat. 685, as amended (12 U.S.C. 264).

(g) *Lien on Special Bank Account.* The Government shall have a lien upon any balance in the Special Bank Account paramount to all other liens, which lien shall secure the repayment of any advance payments made hereunder.

(h) *Lien on Property Under Contract.* Any and all advance payments made under this contract shall be secured, when made, by a lien in favor of the Government, paramount to all other liens, upon the supplies or other things covered by this contract and on all material and other property acquired for or allocated to the performance of this contract, except to the extent that the Government by virtue of any other provision of this contract, or otherwise, shall have valid title to such supplies, materials, or other property as against other creditors of the Contractor. The Contractor shall identify, by marking or segregation, all property which

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is subject to a lien in favor of the Government by virtue of any provision of this contract in such a way as to indicate that it is subject to such lien and that it has been acquired for or allocated to the performance of this contract. If for any reason such supplies, materials, or other property are not identified by marking or segregation, the Government shall be deemed to have a lien to the extent of the Government's interest under this contract on any mass of property with which such supplies, materials, or other property are commingled. The Contractor shall maintain adequate accounting control over such property on its books and records. If at any time during the progress of the work on the contract it becomes necessary to deliver any item or items and materials upon which the Government has a lien as aforesaid to a third person, the Contractor shall notify such third person of the lien herein provided and shall obtain from such third person a receipt, in duplicate, acknowledging, inter alia, the existence of such lien. A copy of each receipt shall be delivered by the Contractor to the Contracting Officer. If this contract is terminated in whole or in part and the Contractor is authorized to sell or retain termination inventory acquired for or allocated to this contract, such sale or retention shall be made only if approved by the Contracting Officer, which approval shall constitute a release to the Government's lien hereunder to the extent that such termination inventory is sold or retained, and to the extent that the proceeds of the sale, or the credit allowed for such retention on the Contractor's termination claim, is applied in reduction of advance payments then outstanding hereunder.

(i) *Insurance.* The Contractor represents and warrants that it is now maintaining with responsible insurance carriers, (1) insurance upon its own plant and equipment against fire and other hazards to the extent that like properties are usually insured by others operating plants and properties of similar character in the same general locality; (2) adequate insurance against liability on account of damage to persons or property; and (3) adequate insurance under all applicable workmen's compensation laws. The Contractor agrees that, until work under this contract has been completed and all advance payments made hereunder have been liquidated, it will (i) maintain such insurance; (ii) maintain adequate insurance upon any materials, parts, assemblies, subassemblies, supplies, equipment and other property acquired for or allocable to this contract and subject to the Government lien hereunder; and (iii) furnish such certificates with respect to its insurance as the Administering Office may from time to time require.

(j) *Prohibition Against Assignment.* Notwithstanding any other provision of this contract, the Contractor shall not transfer,

pledge, or otherwise assign this contract, or any interest therein, or any claim arising thereunder, to any party or parties, bank, trust company, or other financing institution.

(k) *Designations and Determinations.* (1) *Amount.* The amount of advance payments at any time outstanding hereunder shall not exceed \$_____.

(2) *Depository.* The bank designated for the deposit of payments made hereunder shall be:

(3) *Interest Charge.* No interest shall be charged for advance payments made hereunder. The Contractor shall charge interest at the rate of 6 percent per annum on subadvances or down payments to subcontractors, and such interest will be credited to the account of the Government. However, interest need not be charged on subadvances on nonprofit subcontracts with nonprofit educational or research institutions for experimental, research or development work.

(4) *Administering Office.* The office administering advance payments shall be the office designated as having responsibility for awarding the contract.

(l) *Other Security.* The terms of this contract shall be considered adequate security for advance payments hereunder, except that if at any time the administering office deems the security furnished by the Contractor to be inadequate, the Contractor shall furnish such additional security as may be satisfactory to the administering office, to the extent that such additional security is available.

(End of clause)

CLAUSE NO. 8—EXAMINATION OF RECORDS (JUNE 1977)

(a) This clause is applicable if the amount of this contract exceeds \$2,500 and was entered into by means of negotiation including small business restricted advertising, but is not applicable if this contract was entered into by means of formal advertising.

(b) The Contractor agrees that the Comptroller General of the United States and the Secretary, or any of their duly authorized representatives, shall until expiration of 3 years after final payment under this contract or of the time period for the particular records in Part 1-20 of the Federal Procurement Regulations (41 CFR Part 1-20) whichever expires earlier, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Contractor involving transactions related to this contract.

(c) The Contractor further agrees to include in all its subcontracts hereunder a provision to the effect that the subcontractor agrees that the Comptroller General of the United States, or his/her duly authorized representatives shall, until expiration of 3

years after final payment under the subcontract or of the time periods for the particular records specified in Part 1-20 of the Federal Procurement Regulations (41 CFR Part 1-20) whichever expires earlier, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor, involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (1) purchases orders not exceeding \$2,500 and (2) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

(d) The periods of access and examination described in (b) and (c) above, for records which relate to (1) appeals under the "Disputes" clause of this contract, (2) litigation or the settlement of claims arising out of the performance of this contract, or (3) costs and expenses of this contract as to which exception has been taken by the Comptroller General or any of his/her duly authorized representatives, shall continue until such appeals, litigation, claims, or exceptions have been disposed of.

(End of clause)

CLAUSE NO. 9—INSPECTION AND REPORTS
(JUNE 1977)

(a) *Inspection of work.* The Government shall have the right to inspect the work and activities under this contract, including without limitation, premises where any Government property may be located at such reasonable times and in such manner as it may deem appropriate and the Contractor shall afford the Government proper facilities and assistance for such inspection.

(b) *Reports.* The Contractor shall furnish such progress reports, schedules, financial and cost reports, and other reports, concerning the work under this contract as specified elsewhere in this contract. Cost and other financial data and projections furnished pursuant to this paragraph (b) shall not relieve the Contractor of the requirements for furnishing notice specified in the clause of this contract entitled "Limitation of Cost."

(c) In addition, where Federal financial assistance is involved in the contract effort, the following clause will apply:

Reports to the Indian People

The contractor, as a recipient of Federal financial assistance, shall make reports and information available to the Indian people served or represented by the contractor. Such reports will reflect how the Federal assistance funds were utilized to the benefit of the Indian people served or represented as follows: (specific reporting requirements, formats and methods of distribution to the Indian people will be prescribed in the scope of the contract.)

(d) *Annual Reporting.*

(1) For each fiscal year during which a tribal organization receives or expends funds pursuant to a contract under this Part, the tribe which requested the contract must submit a report to the Contracting Officer. The report shall include, but not be limited to, an accounting of the amounts and purposes for which the contract funds were expended and information on the conduct of the program or services involved. The reports shall include any other information requested by the Contracting Officer and may be submitted as follows:

(i) When the contract is with the governing body of an Indian tribe, the tribe shall submit the report to the Contracting Officer.

(ii) When the contract is with a tribal organization other than the governing body of the tribe, the tribe has the option of having the tribal organization prepare the report and submit it to the tribe for review and approval before the tribe submits it to the Contracting Officer.

(iii) When the contract benefits more than one tribe, the tribal organization shall prepare and submit the report to each of the tribes benefiting under the contract. Each tribe shall endorse the report before submitting it to the Contracting Officer.

(2) The annual report shall be submitted to the Contracting Officer within 90 days of the end of the fiscal year in which the contract was performed. However, the period for submitting the report may be extended if there is just cause for such extension.

(3) In addition to the yearly reporting requirement given in paragraphs (a) and (b) of this section, the tribal contractor shall furnish other reports when and as required by the Secretary.

(End of clause)

CLAUSE NO. 10—SUBCONTRACTING (JUNE 1977)

(a) *Prior approval required.* Except as provided in (c) below, the Contractor shall not enter into any subcontract or purchase order not otherwise expressly authorized elsewhere in this contract without the prior written approval of the Contracting Officer and subject to such conditions as the Contracting Officer may require.

(b) *Request for approval.* The Contractor's request for approval to enter into a subcontract pursuant to this clause shall include: (1) A description of the supplies or services to be called for by the subcontract; (2) identification of the proposed subcontractor and an explanation of why and how the proposed subcontractor was selected, including the degree of competition obtained; (3) the proposed subcontract price, together with the Contractor's cost or price analysis thereof; (4) identification of the type of subcontract to be used; (5) a copy or draft of the proposed subcontract, if available; and (6)

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any other information which the Contracting Officer may require.

(c) *Certain purchases of property and services.* Prior written approval shall not be required for firm fixed-price subcontracts for the purchase or rental of items of personal property having a unit acquisition cost of less than \$200 or for subcontracts in a total amount less than \$1,000 unless otherwise specified elsewhere in this contract: Provided, however, That advance notification shall be given by the Contractor of any subcontract which exceeds in dollar amount 5 percentum of the total estimated cost of this contract.

(d) *Contractor's procurement system.* The contractor shall use methods, practices or procedures in subcontracting or purchasing (hereinafter referred to as the Contractor's "procurement system") acceptable to the Contracting Officer. The Contracting Officer may, at any time during the performance of this contract, require the Contractor to provide information concerning its procurement system.

(e) *Effect of subcontracting.* Subcontracts shall be made in the name of the Contractor and shall not bind nor purport to bind the Government. The making of subcontracts hereunder shall not relieve the Contractor of any requirement under this contract (including, but not limited to, the duty to properly supervise and coordinate the work of subcontracts, and the duty to maintain and account for property pursuant to the clause of this contract entitled "Government Property"). Approval of the provisions of any subcontract by the Contracting Officer shall not be construed to constitute a determination of the allowability of any cost under this contract, unless such approval specifically provides that it constitutes a determination of the allowability of such cost. In no event shall approval of any subcontract by the Contracting Officer be construed as effecting any increase in the estimated cost set forth in this contract. No subcontract placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis.

(f) *Procurements from contractor-controlled sources.* Procurement or transfer of equipment, materials, supplies, or services from contractor-controlled source (any division or other organizational component of the prime contractor, exclusive of the contracting component, and any subsidiary or affiliate of the Contractor under a common control) shall be considered a subcontract for the purpose of this clause.

(End of clause)

CLAUSE NO. 11—ACCOUNTS, AUDIT AND RECORDS (JUNE 1977)

(a) The Contractor shall maintain books, records, documents, and other evidence, ac-

counting procedures, and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of this contract. The foregoing constitutes "records" for the purposes of this clause.

(b) The Contractor's facility(ies), or such part thereof as may be engaged in the performance of this contract, and its records shall be subject at all reasonable times to inspection and audit by the Contracting Officer or his/her authorized representative.

(c) The contractor shall preserve and make available its records (1) until the expiration of 3 years from the date of final payment under this contract, or the time periods for the particular records specified in (41 CFR Part 1-20), whichever expires earlier and (2) for such longer period, if any, as is required by applicable statute, or by other clause of this contract, or by (i) or (ii) below.

(i) If this contract is completely or partially retroceded or reassumed by the Government, the records relating to the work terminated shall be preserved and made available for a period of 3 years from the date of any resulting final settlement.

(ii) Records which relate to (A) appeals under the "Disputes" clause of this contract, (B) litigation or the settlement of claims arising out of the performance of this contract, or (C) costs and expenses of this contract to which exception has been taken by the Contracting Officer or any of his/her duly authorized representatives, shall be retained until such appeals, litigation, claims, or exceptions have been disposed of.

(d) The Contractor shall insert the substance of this clause, including this paragraph (d), in each subcontract hereunder that is not firm fixed-price or fixed-price with escalation. When so inserted, changes shall be made to designate the higher-tier subcontractor at this level involved in place of the Contractor: to add "of the Government prime contract" in place of "this contract" in (B) of subparagraph (c)(ii) above.

(End of clause)

CLAUSE NO. 12—GOVERNMENT PROPERTY (JUNE 1977)

(a) *Government furnished property.* (1) The Government reserves the right to furnish any property or services required for the performance of the work under this contract.

(2) The Government shall deliver to the Contractor, for use in connection with and under the terms of this contract, the property described elsewhere in this contract, together with such related data and information as the Contractor may request and as may reasonably be required for the intended use of such property (such property to be referred to as "Government furnished property").

In the event that Government furnished property is not delivered to the contractor by the time or times as stated, or if not stated, in sufficient time to enable the Contractor to meet such delivery or performance dates under this contract, the Contracting Officer shall, upon timely written request made by the Contractor, make a determination of the delay occasioned the Contractor and make appropriate equitable adjustments to any contractual provisions affected by any such delay in accordance with the provisions of the clause of this contract entitled "Changes."

In the event that Government furnished property is received by the Contractor in a condition not suitable for the intended use, the Contractor shall, immediately upon receipt thereof, notify the Contracting Officer of such fact, and, as directed by the Contracting Officer either (i) return or otherwise dispose of such property, or (ii) effect repairs or modifications thereto. Upon completion of (i) or (ii) above, the Contracting Officer, upon timely written request of the Contractor, shall make appropriate equitable adjustments to any contractual provisions affected thereby in accordance with the provisions of the clause of this contract entitled "Changes." The foregoing provisions for adjustment are exclusive and the Government shall not be liable to suit for breach of contract by reason of any delay in delivery of Government furnished property or delivery of such property in a condition not suitable for its intended use.

(b) *Title.* (1) Title to all property furnished by the Government shall remain in the Government. Title to all property purchased by the Contractor, the cost of which the Contractor is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in the Government upon delivery of such property by the vendor. Title to other property, the cost of which is reimbursable to the Contractor under this contract, shall pass and vest in the Government upon (i) issuance for use of such property in the performance of this contract, or (ii) commencement of processing or use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by the Government in whole or in part, whichever first occurs. All Government furnished property, together with all property acquired by the Contractor, title to which vests in the Government under this paragraph, are subject to the provisions of this clause and are hereinafter collectively referred to as "Government property."

(2) Title to the Government property shall not be affected by the incorporation or attachment thereof to any property now owned by the Government, nor shall such Government property, or any part thereof, be or become a fixture or lose its identity or personality by reason of affixation to any realty.

(c) *Use of Government property.* Government property shall, unless otherwise provided herein or approved by the Contracting Officer, be used only for the performance of this contract.

(d) *Property management and control.* The Contractor shall maintain and administer in accordance with sound business practice a program for the maintenance repair, protection, and preservation, control of and accountability for Government property, so as to assure its full availability and usefulness for the performance of this contract. The Contractor shall comply with Federal, State, and local laws, codes, ordinances, regulations, and orders pertaining to standards of construction, safety, environment quality, energy conservation, historic site preservation, facilities for the handicapped, emergency preparedness, and other requirements that are applicable to the physical characteristics, operation, and maintenance of Government property. The Contractor agrees to promptly receipt for all Government property in a form and manner as prescribed by the Contracting Officer. The Contractor further agrees to take all reasonable steps to comply with all directions or instructions which the Contracting Officer may prescribe regarding the management and control of Government property.

(e) *Risk or loss.* (1) The Contractor shall not be liable for any loss of or damage to Government property, or for expenses incidental to such loss or damage, except that the Contractor shall be responsible for any such loss or damage (including expenses incidental thereto);

(i) Which results from willful misconduct or lack of good faith on the part of any of the Contractor's directors or officers, or on the part of any of its managers, superintendents, or other equivalent representatives, who have supervision or direction of

(A) all or substantially all of the Contractor's operations at any one plant, laboratory or separate location in which this contract is being performed or

(B) a separate and complete major organization, industrial or otherwise in connection with the performance of this contract;

(ii) Which results from a failure on the part of the Contractor, due to willful misconduct or lack of good faith on the part of any of its directors, officers, or other representatives mentioned in subparagraph (i) above, (A) to maintain and administer, in accordance with sound business practice, the program for maintenance, repair, protection, and preservation of Government property as required by paragraph (d) hereof, or (B) to take all reasonable steps to comply with any appropriate written directions of the Contracting Officer under paragraph (4) hereof;

(iii) For which the Contractor is otherwise responsible under the express terms of this contract;

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(iv) Which results from a risk expressly required to be insured under this contract, but only to the extent of the insurance so required to be procured and maintained, or to the extent of insurance actually procured and maintained, whichever is greater; or

(v) Which results from a risk which is in fact covered by insurance or for which the Contractor is otherwise reimbursed, but only to the extent of such insurance or reimbursement; Provided That, if more than one of the above exceptions shall be applicable in any case, the Contractor's liability under any one exception shall not be limited by any other exception.

(2) If the Contractor transfers Government property to the possession and control of a subcontractor the transfer shall not affect the liability of the Contractor for loss or destruction of or damage to Government property as set forth in (1) above. The Contractor shall require the subcontractor to assume the risk of and be responsible for any loss or destruction of or damage to Government property while in the latter's possession or control, and the subcontract shall contain appropriate provisions requiring the return of all Government property in as good condition as when received (except for reasonable wear and tear or for the utilization of the property in accordance with the provisions of this contract). Provided, however, That the subcontractor may be relieved from such liability only to the extent that the subcontract, with the prior approval of the Contracting Officer, so provides.

(3) The Contractor shall not be reimbursed for, and shall not include as an item of overhead, the cost of insurance, or any provisions for a reserve, covering the risk of loss or damage to the Government property, except to the extent that the Government may have required the Contractor to carry such insurance under any other provision of this contract.

(4) Upon the happening of loss or destruction of or damage to the Government property, the Contractor shall notify the Contracting Officer thereof, and shall take all reasonable steps to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the Government property in the best order, and furnish to the Contracting Officer a statement of:

(i) The lost, destroyed, and damaged Government property;

(ii) The time and origin of the loss, destruction or damage;

(iii) All known interests in commingled property of which the Government property is a part; and

(iv) The insurance, if any, covering any part of or interest in such commingled property.

The Contractor shall make repairs and renovation of the damaged Government property, or take such other actions as the Contracting Officer directs.

(5) In the event the Contractor is indemnified, reimbursed, or otherwise compensated for any loss or destruction of or damage to the Government property, it shall use the proceeds to repair, renovate, or replace the Government property involved, or shall credit such proceeds against the cost of the work covered by the contract, or shall otherwise reimburse the Government, as directed by the Contracting Officer. The loss, destruction or damage and, upon the request of the Contracting Officer, shall, at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including assistance in the prosecution of suit and the execution of instruments of assignment in favor of the Government) in obtaining recovery. In addition, where a subcontractor has not been relieved from liability for any loss or destruction of or damage to Government property, the Contractor shall enforce the liability of the subcontractor for such loss or destruction of or damage to the Government property for the benefit of the Government.

(f) *Disposition of Government property.*

(1) During the period of performance of this contract, the Contractor shall promptly and regularly report to the Contracting Officer, in such form and manner as the Contracting Officer may direct, concerning the status of Government property under the contract, including all Government property in the Contractor's possession which is not in use or which is excess to the needs of the contract. The Contractor shall make such disposition of Government property as the Contracting Officer may direct. The Contractor shall in no way be relieved of responsibility for Government property without the prior written approval of the Contracting Officer.

(2) Upon completion or expiration of this contract, or at such earlier date as may be fixed by the Contracting Officer, the Contractor shall render an accounting, as prescribed by the Contracting Officer, of all Government property which had come into the possession or custody of the Contractor under this contract. Such accounting shall include inventory schedules covering all items of Government property not consumed in the performance of this contract, or not theretofore delivered to the Government, or for which the Contractor has not otherwise been relieved of responsibility. The Contractor shall deliver or make such other disposition of Government property covered in such inventory schedules as the Contracting Officer may direct.

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(3) The net proceeds of any disposition of Government property, in accordance with (1) and (2) above, shall be credited to the cost of the work covered by the contract or shall be paid in such manner as the Contracting Officer may direct.

(g) *Restoration of premises.* Unless otherwise provided herein, the Government shall not be under any duty or obligation to restore or rehabilitate, or to pay the costs of the restoration or rehabilitation of the Contractor's facility or any portion thereof which is affected by removal of any Government property.

(End of clause)

CLAUSE NO. 13—CHANGES (JUNE 1977)

The Contracting Officer may at any time, with the consent of the Contractor, by a written order, and without notice to the sureties, if any, make changes, within the general scope of this contract, in any one or more of the following: (a) Drawings, designs, or specifications; (b) method of shipment or packing; (c) place of inspection, delivery, or acceptance; and (d) the amount of Government furnished property. If any such change causes an increase or decrease in the estimated cost of, or the time required for performance of this contract, or otherwise affects any other provisions of this contract, whether changed or not by any such order, an equitable adjustment shall be made (a) in the estimated cost or delivery schedule, or both, and (b) in such other provisions of the contract as may be so affected, and the contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by the Contractor of the notification of change: Provided, however, That the Contracting Officer, if he/she decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Where the cost of property made obsolete or excess as a result of a change is included in the Contractor's claim for adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of such property. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

(End of clause)

CLAUSE NO. 14—NOTICE TO THE GOVERNMENT OF DELAYS (JUNE 1977)

Whenever the Contractor has knowledge that any actual or potential situation, including, but not limited to, labor disputes, is

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delaying or threatens to delay the timely performance of the work under this contract, the Contractor shall immediately give written notice thereof, including all relevant information with respect thereto, to the Contracting Officer.

(End of clause)

CLAUSE NO. 15—RETROCESSION (JUNE 1977)

(a) The Indian Tribe that initially requested this contract may also request its retrocession, notwithstanding the fact that the Contractor may be a tribal organization other than the Tribe.

(b) Should the Tribe request retrocession of the contract and the Contractor is other than the Tribe, the Contracting Officer will notify the Contractor of the request and in consultation with the Tribe and the Contractor establish the effective date of the retrocession. The retrocession will become effective no later than 120 days after the Contracting Officer receives the Tribe's request unless the Tribe and the Contracting Officer mutually agree on a later date.

(c) Immediately after receipt of the request for retrocession and where applicable notifying the Contractor, the Contracting Officer will meet with the Contractor and, where applicable, the tribal governing body or bodies, mutually agree to:

(1) A plan for the orderly transfer of responsibilities;

(2) A plan for inventorying materials and supplies on hand;

(3) An accounting for funds, including but not limited to current and anticipated obligations;

(4) The cost of operation until retrocession; and,

(5) The identification of all records relating to the contract and the contracted function.

(End of clause)

CLAUSE NO. 16—ASSUMPTION AND REASSUMPTION OF CONTRACT PROGRAMS (JUNE 1977)

(a) When the Director or his/her delegate determines that the performance of a Contractor under these regulations involves (1) the violation of the rights or endangerment of the health, safety, or welfare of any persons, or (2) gross negligence or the mismanagement in the handling or use of funds under the contract, he/she will, in writing, notify the contractor of such determinations and will request that the Contractor take such corrective action within such period of time as the Director or his/her delegate may prescribe.

(b) When the Director or his/her delegate determines that a Contractor has not taken corrective action (as prescribed by him/her under paragraph (a) of this section) to his/her

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satisfaction, he/she may, after the Contractor has been provided an opportunity for a hearing in accordance with paragraph (c) of this section, rescind the contract in whole or in part and, if he/she deems it appropriate, assume or resume control or operation of the program, activity, or service involved.

(c)(1) When the Director or his/her delegate has made a determination described in paragraph (b) of this section, he/she shall in writing notify the Contractor of such determination and of the Contractor's right to request a review of such determination and of the determination described in paragraph (a) of this section. Such notification by the Director or his/her delegate shall set forth the reasons for the determination in sufficient detail to enable the Contractor to respond and shall inform the Contractor of its right to a hearing on the record before a Contract Appeals Board described in paragraph (d) of this section. Upon the request of the Contractor for a hearing, the Board, established pursuant to paragraph (d) of this section shall in writing within 10 days of the establishment notify the Contractor of the time, place and date of the hearing which will be held not later than 45 days after the request for a hearing.

(2) Where the Director or his/her delegate determines that a Contractor's performance under a contract awarded under this subpart poses an immediate threat to the safety of any person, he/she may immediately rescind the contract in whole or in part and, if he/she deems it appropriate, assume or resume control or operation of the program, activity, or service involved. Upon such a decision he/she will immediately notify the Contractor of such action and the basis therefor; and offer the Contractor an opportunity for a hearing on the record before the Contract Appeals Board established pursuant to paragraph (d) of this section to be held within 10 days of each action.

(d)(1) The Contract Appeals Board shall be composed of 3 persons appointed by the Director, Indian Health Service. Such persons may not be selected from the immediate office of any person participating in the determination at issue. The Board shall afford the Contractor the right:

- (i) To notice of the issues to be considered;
- (ii) To be represented by counsel;
- (iii) To present witnesses on Contractor's behalf;
- (iv) To cross-examine other witnesses either orally or through written interrogatories; and
- (v) To compel the appearance of Indian Health Service personnel or to take depositions of such persons at reasonable times and places.

(2) The Contract Appeals Board shall make an initial written decision which shall become final within 20 days unless the Director, Indian Health Service or his/her rep-

resentative modifies or reverses the decision. Any such decision by the Director of the Indian Health Service or his/her representative shall be in writing, shall be specific as to the reasons for such decision, and shall be considered final.

(3) Where the Board is considering issues arising under paragraph (2) of this section, the Board shall within 25 days after the conclusion of the hearing, notify all parties in writing of its decision.

(c) In any case where the officer has rescinded a contract under paragraph (b) or (c) of this section, he/she may decline to enter into a new contract agreement with the Contractor until such time as he/she is satisfied that the basis for the rescission has been corrected.

Nothing in this section shall be construed as contravening the Occupational Safety and Health Act of 1970 (84 Stat. 1590), as amended (29 U.S.C. 651).

(End of clause)

CLAUSE NO. 17—KEY PERSONNEL (JUNE 1977)

Where "key personnel" have been identified in this contract, it has been determined that such named personnel are necessary for the successful performance of the work under this contract; and the Contractor agrees to assign such personnel to the performance of the work under this contract, and shall not reassign or remove any of them without the consent of the Contracting Officer. Whenever, for any reason, one or more of the aforementioned personnel is unavailable for assignment for work under the contract, the Contractor shall immediately notify the Contracting Officer to that effect and shall, subject to the approval of the Contracting Officer without formal modification to the contract, replace such personnel with personnel of substantially equal ability and qualifications.

(End of clause)

CLAUSE NO. 18—LITIGATION AND CLAIMS (JUNE 1977)

The Contractor shall give the Contracting Officer immediate notice in writing of (a) any action, including any proceeding before an administrative agency, filed against the Contractor arising out of the performance of this contract, including, but not limited to, the performance of any subcontract hereunder; and (b) any claim against the Contractor the cost and expense of which is allowable under the clause entitled "Allowable Cost," except as otherwise directed by the Contracting Officer, the Contractor shall furnish immediately to the Contracting Officer copies of all pertinent papers received by the Contractor with respect to such action or claim. To the extent not in conflict with any

applicable policy of insurance, the Contractor may, with the Contracting Officer's approval, settle any such action or claim. If required by the Contracting Officer, the Contractor shall (a) effect an assignment and subrogation in favor of the Government of all the Contractor's rights and claims (except those against the Government) arising out of any such action or claim against the Contractor; and (b) authorize representatives of the Government to settle or defend any such action or claim and to represent the Contractor in, or to take charge of, any action. If the settlement or defense of an action or claim is undertaken by the Government, the Contractor shall furnish all reasonable assistance in effecting a settlement or asserting a defense. Where an action against the Contractor is not covered by a policy of insurance, the Contractor shall, with the approval of the Contracting Officer, proceed with the defense of the action in good faith. The Government shall not be liable for the expense of defending any action or for any cost resulting from the loss thereof to the extent that the Contractor would have been compensated by insurance which was required by law or regulation or by written direction of the Contracting Officer, but which the Contractor failed to secure through its own fault or negligence.

In any event, unless otherwise expressly provided in this contract, the Contractor shall not be reimbursed or indemnified by the Government for any liability loss, cost or expense, which the Contractor may incur or be subject to by reason of any loss, injury, or damage, to the person or to real or personal property of any third parties as may accrue during, or arise from, the performance of this contract.

(End of clause)

CLAUSE NO. 19—INDEMNITY AND INSURANCE
(JUNE 1977)

(a) The Contractor shall indemnify and save and keep harmless the Government against any or all loss, cost, damage, claim, expense or liability whatsoever, because of accident or injury to persons or property or others occurring in connection with any program included as a part of this contract, by providing where applicable, the insurance described below:

(b) The Contractor shall secure, pay the premium for, and keep in force until the expiration of this contract, or any renewal period thereof, insurance as provided below. Such insurance policies shall specifically include a provision stating the liability assumed by the Contractor under this contract.

(1) Workman's compensation insurance as required by laws of the state.

(2) Owner's, landlord's, and tenant's bodily injury liability insurance with limits of not

less than \$50,000 for each person and \$500,000 for each accident.

(3) Property damage liability insurance with limits of not less than \$25,000 for each accident.

(4) Automobile bodily injury liability insurance with limits of not less than \$50,000 for each person, and \$500,000 for each accident and property damage liability insurance with a limit of not less than \$5,000 for each accident.

(5) Food products liability insurance with limits of not less than \$50,000 for each person and \$500,000 for each accident.

(6) Professional malpractice insurance where medical, dental and other health professional services are involved.

(7) Other liability insurance not specifically mentioned when required.

(c) Each policy of insurance shall contain an endorsement providing that cancellation by the insurance company shall not be effective unless a copy of the cancellation is mailed (registered) to the Contracting Officer 30 days prior to the effective date of cancellation.

(d) A certificate of each policy of insurance, and any change therein, shall be furnished to the Contracting Officer immediately upon receipt from the insurance company.

(e) Insurance companies of the Contractor shall be satisfactory to the Contracting Officer. When in his/her opinion an insurance company is not satisfactory for reasons that will be stated, the Contractor shall provide insurance through companies that are satisfactory to the Contracting Officer.

(f) Each policy of insurance shall contain a provision that the insurance carrier waives any rights it may have to raise as a defense the tribe's sovereign immunity from suit, but such waivers shall extend only to claims the amount and nature of which are within the coverage and limits of the policy of insurance. The policy shall contain no provision, either expressed or implied, that will serve to authorize or empower the insurance carrier to waive or otherwise limit the tribe's sovereign immunity outside or beyond the coverage and limits of the policy insurance.

(End of clause)

CLAUSE NO. 20—OVERTIME (JUNE 1977)

Except as provided in this contract, the Contractor shall not perform overtime work under or in connection with this contract for which premium compensation is required to be paid, without specific written approval from the Contracting Officer.

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(End of clause)

CLAUSE NO. 21—FOREIGN TRAVEL (JUNE 1977)

Foreign travel shall not be performed without the prior written approval of the Contracting Officer. As used in this clause "Foreign Travel" means travel outside the United States, its Territories and Possessions, and Canada.

(End of clause)

CLAUSE NO. 22—QUESTIONNAIRE AND SURVEYS (JUNE 1977)

In the event the performance of this contract involves the collection of information upon identical items from 10 or more persons, other than Federal employees, the Contractor shall obtain written approval from the Contracting Officer, prior to the use thereof, of any forms, schedules, questionnaires, survey plans or other documents, and any revisions thereto, intended to be used in such collection.

(End of clause)

CLAUSE NO. 23—PRINTING (JUNE 1977)

Unless otherwise specified in this contract, the Contractor shall not engage in, nor subcontract for, any printing (as that term is defined in Title 1 of the Government Printing and Binding Regulations in effect on the effective date of this contract) in connection with the performance of work under this contract; Provided, however, That performance of a requirement under this contract involving the reproduction of less than 5,000 production units of any one page or less than 25,000 production units in the aggregate of multiple pages, will not be deemed to be printing. A production unit is defined as one sheet, size 8 by 10 and ½ inches, one side only, one color.

(End of clause)

CLAUSE NO. 24—SERVICES OF CONSULTANTS (JUNE 1977)

Except as otherwise expressly provided elsewhere in this contract, and notwithstanding the provisions of the clause of this contract entitled "Subcontracting," the prior written approval of the Contracting Officer shall be required:

(a) Whenever any employee of the Contractor is to be reimbursed as a "consultant" under this contract; and

(b) For the utilization of the services of any consultant under this contract exceeding the daily rate set forth elsewhere in this contract or, if no amount is set forth, \$100, exclusive of travel costs or where the services of any consultant under this contract will exceed 10 days in any calendar year. Whenever Contracting Officer approval is required, the Contractor will obtain and fur-

nish to the Contracting Officer information concerning the need for such consultant services and the reasonableness of the fees to be paid, including but not limited to, whether fees to be paid to any consultant exceed the lowest fee charged by such consultant to others for performing consultant services of a similar nature.

(End of clause)

CLAUSE NO. 25—ASSIGNMENT OF CLAIMS (JUNE 1977)

(a) Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (31 U.S.C. 203, 41 U.S.C. 15), if this contract provides for payments aggregating \$1,000 or more, claims for moneys due or to become due the Contractor from the Government under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in such financing. Unless otherwise provided in this contract, payment to assignee of any moneys due or to become due under this contract shall not, to the extent provided in said Act, as amended, be subject to reduction or setoff. (The preceding sentence applies only if this contract is made in time of war or national emergency as defined in said Act and is with the Department of Defense, the General Services Administration, the Atomic Energy Commission, the National Aeronautics and Space Administration, the Federal Aviation Agency or any other department or agency of the United States designated by the President pursuant to Clause 4 of the proviso of section 1 of the Assignment of Claims Act of 1940, as amended by the Act of May 15, 1951, 65 Stat. 41.)

(b) In no event shall copies of this contract or of any plans, specifications, or other similar documents relating to work under this contract, if marked "Top Secret," "Secret," or "Confidential," be furnished to any assignee of any claim arising under this contract or to any other person not entitled to receive the same. However, a copy of any part or all of this contract so marked may be furnished, or any information contained therein may be disclosed, to such assignee upon the prior written authorization of the Contracting Officer.

(End of clause)

CLAUSE NO. 26—CONTRACT WORK HOURS AND
SAFETY STANDARD ACT—OVERTIME COM-
PENSATION (JUNE 1977)

This contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330), is subject to the following provisions and to all other applicable provisions and exceptions of such Act and the regulations of the Secretary of Labor thereunder.

(a) *Overtime requirements.* No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek in which he/she is employed on such work to work in excess of eight hours in any calendar day or in excess of forty hours in such workweek on work subject to the provisions of the Contract Work Hours Standards Act unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his/her basic rate of pay for all such hours worked in excess of eight hours in any calendar day or in excess of forty hours in such workweek, whichever is the greater number of overtime hours.

(b) *Violation; liability for unpaid wages; liquidated damages.* In the event of any violation of the provisions of paragraph (a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for his/her unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph (a) in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed on such work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by paragraph (a).

(c) *Withholding for unpaid wages and liquidated damages.* The Contracting Officer may withhold from the Government Prime Contractor, from any moneys payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions of paragraph (b).

(d) *Subcontracts.* The Contractor shall insert paragraphs (a) through (d) of this clause in all subcontracts, and shall require their inclusion in all subcontracts for any tier.

(e) *Records.* The Contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records

shall be preserved for three years from the completion of the contract. This requirement does not apply where the tribal contractor is the governing body of the tribe and the work is being performed by the tribal contractor or the tribe with its regular employees.

(End of clause)

CLAUSE NO. 27—WALSH-HEALEY PUBLIC
CONTRACTS ACT (JUNE 1977)

If this contract is for the manufacture or furnishing of materials, supplies, articles, or equipment in an amount which exceeds or may exceed \$10,000 and is otherwise subject to the Walsh-Healey Public Contracts Act, as amended (41 U.S. Code 35-45), there are hereby incorporated by reference all representations and stipulations required by said Act and regulations issued thereunder by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect. This requirement does not apply where the tribal contractor is the governing body of the tribe and the work is being performed by the tribal contractor or the tribe with its regular employees.

(End of clause)

CLAUSE NO. 28—EQUAL OPPORTUNITY (JUNE
1977)

Subject to the Indian preference in training and employment of Clause 29 during the performance of this contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this Equal Opportunity clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

(c) The Contractor will send to each labor union or representative of workers with

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which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency Contracting Officer, advising the labor union or workers' representative of the Contractor's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's non-compliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (f) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

(End of clause)

CLAUSE NO. 29—INDIAN PREFERENCE IN TRAINING AND EMPLOYMENT (JUNE 1977)

(a) The Contractor shall give preference in employment for all work performed under

the contract, including subcontracts thereunder, to qualified Indians⁰ regardless of age, religion, or sex, and to the extent feasible consistent with the efficient performance of the contract, provide employment and training opportunities to Indians, regardless of age, religion, or sex, that are not fully qualified to perform under the contract. The Contractor shall comply with any Indian preference requirements established by the Tribe receiving services under the contract to the extent that such requirements are consistent with the purpose and intent of this paragraph.

(b) If the Contractor or any of its subcontractors is unable to fill its employment openings after giving full consideration to Indians as required in paragraph (a) above, these employment openings may then be filled by other than Indians under the conditions set forth in the Equal Opportunity clause of this contract.

(c) The Contractor agrees to include this clause or one similar thereto in all subcontracts issued under the contract.

(End of clause)

CLAUSE NO. 30—CERTIFICATE OF NONSEGREGATED FACILITIES (JUNE 1977)

By signing the contract the Contractor certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. It certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms, and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom or otherwise. It further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause; that it will retain such certifications in its files;

and that it will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods):

Notice to prospective subcontractors of requirement for certifications of nonsegregated facilities. A certificate of Nonsegregated Facilities must be submitted prior to the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually).

(End of clause)

CLAUSE NO. 31—CONVICT LABOR (JUNE 1977)

In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment at hard labor, except as provided by Public Law 89-176, September 10, 1965 (18 U.S.C. 4082(c)(2)), and Executive Order No. 11755, December 29, 1973.

(End of clause)

CLAUSE NO. 32—OFFICIALS NOT TO BENEFIT (JUNE 1977)

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

(End of clause)

CLAUSE NO. 33—BUY AMERICAN ACT FOR SUPPLY AND SERVICE CONTRACTS (JUNE 1977)

(a) In acquiring end products, the Buy American Act (41 U.S. Code 10a-d) provides that the Government give preference to domestic source end products. For the purpose of this clause:

(i) "Components" means those articles, materials, and supplies which are directly incorporated in the end products;

(ii) "End products" means those articles, materials, and supplies which are to be acquired under this contract for public use; and

(iii) A "domestic source end product" means (A) an unmanufactured end product which has been mined or produced in the United States and (B) an end product manufactured in the United States if the cost of the components thereof which are mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. For the purpose of this (a)(iii) (B), components of foreign origin of the same type or kind as the products referred to in (b) (ii) or (iii) of this clause shall

be treated as components mined, produced or manufactured in the United States.

(b) The Contractor agrees that there will be delivered under this contract only domestic source end products, except end products:

(i) Which are for use outside the United States;

(ii) Which the Government determines are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality;

(iii) As to which the Secretary determines the domestic preference to be inconsistent with the public interest; or

(iv) As to which the Secretary determines the cost to the Government to be unreasonable.

(The foregoing requirements are administered in accordance with Executive Order No. 10582, dated December 17, 1954).

(End of clause)

CLAUSE NO. 34—ANTI-KICKBACK ACT (JUNE 1977)

(a) Public Law 86-695, September 2, 1960 (41 U.S.C. 51-54) among other things prohibits the payment, directly or indirectly, by or on behalf of a subcontractor in any tier under any Government negotiated contract of any fee, gift or gratuity to the prime contractor or any higher tier subcontractor or any officer, agent, partner or employee thereof, as an inducement or acknowledgment for the award of a subcontract or order.

(b) The provisions of Public Law 86-695 are applicable to this contract and any subcontracts entered into under the contract.

(End of clause)

CLAUSE NO. 35—USE OF INDIAN BUSINESS CONCERNS (JUNE 1977)

(a) As used in this clause, the term "Indian business concern" means Indian organizations or an Indian-owned economic enterprise as defined in 42 FR 36.204(i).

(b) The contractor agrees to give preference to qualified Indian business concerns in the awarding of any subcontracts entered into under the contract consistent with the efficient performance of the contract. The contractor shall comply with any preference requirements regarding Indian business concerns established by the Tribe(s) receiving services under the contract to the extent that such requirements are consistent with the purpose and intent of this paragraph.

(c) If no Indian business concerns are available under the conditions in paragraph (b) above, the Contractor agrees to accomplish the maximum amount of subcontracting, as the Contractor determines is consistent with its efficient performance of the contract, with small business concerns, labor surplus

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area concerns or minority business enterprises, the definitions for which are contained in Subparts 1-1.7, 1-1.8, and 1-1.13 of the Federal Procurement Regulations. The Contractor is not, however, required to establish a small business, labor surplus, or minority business subcontracting program as described in sections 1-1.710-3(b), 1-1.805-3(b), and 1-1.1310-2(b), respectively, of the Federal Procurement Regulations (41 CFR Chapter 1).

(End of clause)

CLAUSE NO. 36—PAYMENT OF INTEREST ON CONTRACTOR'S CLAIMS (JUNE 1977)

(a) If an appeal is filed by the Contractor from a final decision of the Contracting Officer under the Disputes clause of this contract, denying a claim arising under the contract, simple interest on the amount of the claim finally determined owed by the Government shall be payable to the Contractor. Such interest shall be at the rate determined by the Secretary of the Treasury pursuant to P.L. 92-41, 85 Stat. 97, from the date the Contractor furnished to the Contracting Officer his written appeal under the Disputes clause of this contract, to the date of (1) a final judgment by a court of competent jurisdiction, or (2) mailing to the Contractor of a supplemental agreement for execution either confirming completed negotiations between the parties or carrying out a decision of a board of contract appeals.

(b) Notwithstanding (a), above, (1) interest shall be applied only from the date payment was due, if such date is later than the filing of appeals, and (2) interest shall not be paid for any period of time that the Contracting Officer determines the Contractor has unduly delayed in pursuing its remedies before a board of contract appeals or a court of competent jurisdiction.

The Contractor further agrees to comply with any rules, regulations and reporting requirements which may be imposed by the HHS Office for Civil Rights for purposes of insuring the proper exercise of this authority. The Contractor agrees to insert this clause in all subcontract(s) under this contract.

(End of clause)

CLAUSE NO. 37—FAIR AND EQUAL TREATMENT OF INDIAN PEOPLE (JUNE 1977)

(a) The Contractor agrees consistent with medical needs to make no discriminatory distinctions among Indian patients or beneficiaries of this contract. For the purpose of this contract discriminatory distinctions include but are not limited to the following:

- (i) denying a patient any service or benefit or availability of a facility;
- (ii) providing any service or benefit to a patient which is different, or is provided in a

different manner or at a different time from that provided to other patients under this contract; subjecting a patient to segregation or separate treatment in any manner related to his/her receipt of any service; restricting a patient in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; treating a patient differently from others in determining whether he/she satisfies any admission, enrollment, quota, eligibility membership, or other requirements of condition which individuals must meet in order to be provided any service or benefit; the assignment of times or places for the provision of services on the basis of discriminatory distinctions which may be made of the patients to be served.

(b) The Government reserves the right to reassume this contract in whole or in part whenever the Contractor fails to comply with the requirements of this clause.

(End of clause)

CLAUSE NO. 38—PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA

The following clause applies to all contracts where cost and pricing data is required in accordance with P.L. 87-653.

Price Reduction for Defective Cost or Pricing Data (June 1977)

(a) If the Contracting Officer determines that any price negotiated in connection with this contract or any cost reimbursable under this contract was increased by any significant sums because the Contractor, or any subcontractor pursuant to the Clause of this contract entitled "Subcontractor Cost or Pricing Data" or "Subcontractor Cost or Pricing Data-Price Adjustments," or any subcontract clause therein required, furnished incomplete or inaccurate cost or pricing data or data not current as certified in its Contractor's Certificate of Current Cost or Pricing Data, then such price or cost shall be reduced accordingly and the contract shall be modified in writing to reflect such reduction.

(b) Failure to agree on a reduction shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract.

(NOTE: Since this contract is subject to reduction under this clause by reason of defective cost or pricing data submitted in connection with certain subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately indemnify the Contractor. It is also expected that any subcontractor subject to such indemnification will generally require substantially similar indemnification for defective cost or pricing data required to be submitted by its lower tier subcontractors.)

(End of clause)

CLAUSE NO. 39—SUBCONTRACTOR COST AND
PRICING DATA

The following clauses should be included in all contracts, when the subcontracts of the type and size described therein are contemplated.

Subcontractor Cost and Pricing Data (June 1977)

(a) The Contractor shall require subcontractors hereunder to submit in writing cost or pricing data under the following circumstances:

(1) Prior to award of any cost-reimbursed type, time and material, labor-hour, incentive, or price redeterminable subcontract the price of which is expected to exceed \$100,000; and

(2) Prior to the award of any other subcontract, the price of which is expected to exceed \$100,000, or to the pricing of any subcontract change or other modification of which the price adjustment is expected to exceed \$100,000, where the price or price adjustment is not based on adequate price competition, established catalog or market price or commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(b) The Contractor shall require subcontractors to certify, substantially the same form as that used in the certificate by the Prime Contractor to the Government, that, to the best of their knowledge and belief, the cost and pricing data submitted under (a) above are accurate, complete, and current as of the date of the execution, which date shall be as close as possible to the date of agreement on the negotiated price of the subcontract or subcontract change or modification.

(c) The Contractor shall insert the substance of this clause including this paragraph (c) in each of its cost-reimbursement type, time and material, labor-hour, price redeterminable, or incentive subcontracts hereunder, and in any other subcontract hereunder which exceeds \$100,000 unless the price thereof is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such expected subcontract hereunder which exceeds \$100,000, the Contractor shall insert the substance of the following clauses:

Subcontractor Cost and Pricing Data—Price Adjustments

(a) Paragraphs (b) and (c) of this clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in

excess of \$100,000. The requirements of this clause shall be limited to such price adjustments.

(b) The Contractor shall require subcontractors hereunder to submit cost or pricing data under the following circumstances:

(1) Prior to award of any cost-reimbursement type, time and material, labor-hour, incentive, or price redeterminable subcontract, the price of which is expected to exceed \$100,000; and

(2) Prior to award of any other subcontract, the price of which is expected to exceed \$100,000, or to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed \$100,000, where the price or price adjustment is not based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(c) The Contractor shall require subcontractors to certify, in substantially the same form as that used in the Certificate by the Prime Contractor to the Government, that, to the best of their knowledge and belief, the cost and pricing data submitted under (b) above are accurate, complete, and current as of the date of the execution, which date shall be as close as possible to the date of agreement on the negotiated price of the contract modification.

(d) The Contractor shall insert the substance of this clause including this paragraph (d) in each subcontract hereunder which exceeds \$100,000.

(End of clause)

CLAUSE NO. 40—PENALTIES (JUNE 1977)

(a) Any officer, director, agent, employee or such other person connected in any capacity with this contract or any subcontract thereunder that embezzles, willfully misapplies, steals or obtains by fraud any of the money, funds, assets or property provided through the contract shall be fined not more than \$10,000 or imprisoned for more than two years, or both; Provided, That if the amount embezzled, misapplied, stolen, or obtained by fraud does not exceed \$100, such person shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

(b) The Contractor agrees to insert the clause in all subcontracts.

(End of clause)

CLAUSE NO. 41—EFFECT ON EXISTING RIGHTS
(JUNE 1977)

(a) Nothing in this contract shall be construed as:

(1) Affecting, modifying, diminishing, or otherwise impairing the sovereign immunity for suit enjoyed by an Indian tribe; or,

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(2) Authorizing or requiring the termination of any existing trust responsibility of the United States with respect to the Indian people.

(End of clause)

CLAUSE NO. 42—GENERAL SERVICES ADMINISTRATION (GSA) SUPPLY SOURCES

Indian tribal organizations which are awarded cost-reimbursement type contracts under the Indian Self-Determination Act, may be authorized to utilize GSA supply sources. The following clause will be inserted in all cost-reimbursement type contracts under which the Contractor may be authorized to acquire items for the account of the Government from GSA supply sources:

General Services Administration Supply Sources (June 1977)

The Contracting Officer may issue the Contractor an authorization to utilize General Services Administration supply sources for property to be used in the performance of this contract. Title to all property acquired by the Contractor under such an authorization shall vest in the Government, (1) unless otherwise specifically provided in the contract, (2) unless otherwise provided in the Government Property clause of this contract, or (3) in the absence of both the conditions in (1) and (2) of the clause. However, such property shall not be considered to be "Government-furnished property."

(End of clause)

(b) Insert the following clauses in fixed price contracts awarded under the Indian Self-Determination Act as described in Subpart PHS 380.4:

CLAUSE NO. 1—DEFINITIONS (JUNE 1977)

As used throughout this contract, the following terms shall have the meanings set forth below:

(a) The term "Secretary" means the Secretary, the Under Secretary, or any Assistant Secretary of the Department of Health and Human Services and the term "his/her duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the Secretary.

(b) The term "Contracting Officer" means the person executing this contract on behalf of the Government, and any other officer or employee who is properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of the Contracting Officer acting within the limits of his/her authority.

(c) The term "Department" means the Department of Health and Human Services (HHS).

(d) The term "constituent agency" means the agency of the Department responsible for the administration of this contract.

(e) Except as otherwise provided in this contract, the term "subcontract" includes purchase orders under this contract.

(f) The term "Project Officer" means the person representing the Government for the purpose of technical direction of contract performance. The Project Officer is not authorized to issue any instructions or directions which effect any increase or decrease in the cost of this contract or which change the period of this contract.

(End of clause)

CLAUSE NO. 2—DISPUTES (JUNE 1977)

(a) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his/her decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Secretary. The decision of the Secretary or his/her duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

(b) This "Disputes" clause does not preclude consideration of law questions in connection with decisions provided for in paragraph (a) above; Provided, That nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

(End of clause)

CLAUSE NO. 3—CONTRACT WORK HOURS AND SAFETY STANDARD ACT—OVERTIME COM- PENSATION (JUNE 1977)

This contract, to the extent it is of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330), is subject to the following provisions and exceptions of such Act and the regulations of the Secretary of Labor thereunder.

(a) *Overtime requirements.* No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek in which he/she is employed on such work to work in excess of eight hours in any calendar day or in excess of forty hours in such workweek on work subject to the provisions of the Contract Work Hours Standard Act unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his/her basic rate of pay for all such hours worked in excess of eight hours in any calendar day or in excess of forty hours in such workweek, whichever is the greater numbers of overtime hours.

(b) *Violation; liability for unpaid wages; liquidated damages.* In the event of any violation of the provisions of paragraph (a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for his/her unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph (a) at the sum of \$10 for each calendar day on which such employee was required or permitted to be employed on such work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by paragraph (a).

(c) *Withholding for unpaid wages and liquidated damages.* The Contracting Officer may withhold from the Government Prime Contractor, from any moneys payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions of paragraph (b).

(d) *Subcontracts.* The Contractor shall insert paragraphs (a) through (d) of this clause in all subcontracts, and shall require their inclusion in all subcontracts of any tier.

(e) *Records.* The Contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records shall be preserved for three years from the completion of the contract. This requirement does not apply where the tribal contractor is the governing body of the Tribe and the work is being performed by the tribal organization or Tribe with its own regular employees.

(End of Clause)

CLAUSE NO. 4—WALSH-HEALEY PUBLIC
CONTRACTS ACT (JUNE 1977)

If this contract is for the manufacture or furnishing of materials, supplies, articles, or equipment in an amount which exceeds or may exceed \$10,000 and is otherwise subject to the Walsh-Healey Public Contracts Act, as amended (41 U.S. Code 34-45), there are hereby incorporated by reference all representations and stipulations required by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect. This requirement does not apply where the tribal contractor is the governing body of the Tribe and the work is being performed by the tribal organization or Tribe with its own regular employees.

(End of Clause)

CLAUSE NO. 5—CONVICT LABOR (JUNE 1977)

In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment at hard labor except as provided by Public Law 89-176, September 10, 1965 (18 U.S.C. 4082(c)(2) and Executive Order No. 11755, December 29, 1973.

(End of clause)

CLAUSE NO. 6—NOTICE TO THE GOVERNMENT
OF DELAYS (JUNE 1977)

Whenever the Contractor has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this contract, the Contractor shall within ten days give notice thereof, including all relevant information with respect thereto, to the Contracting Officer.

(End of clause)

CLAUSE NO. 7—ASSIGNMENT OF CLAIMS (JUNE
1977)

(a) Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (31 U.S.C. 203, 41 U.S.C. 15), if this contract provides for payment aggregating \$1,000 or more, claims for moneys due or to become due the Contractor from the Government under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as agent or trustee for

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two or more parties participating in such financing. Unless otherwise provided in this contract payments to assignee of any moneys due or due to become due under this contract shall not, to the extent provided in said Act, as amended, be subject to reduction or setoff. (The preceding sentence applies only if this contract is made in time of war or national emergency as defined in said Act and is with the Department of Defense, the General Services Administration, the Atomic Energy Commission, the National Aeronautics and Space Administration, the Federal Aviation Agency, or any other department or agency of the United States designated by the President pursuant to Clause 4 of the proviso of section 1 of the Assignment of Claims Act of 1940, as amended by the Act of May 15, 1951, 65 Stat. 41).

(b) In no event shall copies of this contract or of any plans, specifications, or other similar documents relating to work under this contract, if marked "Top Secret," "Secret," or "Confidential," be furnished to any assignee of any claim arising under this contract or to any other person not entitled to receive the same. However, a copy of any part or all of this contract so marked may be furnished, or any information contained therein may be disclosed, to such assignee upon the prior written authorization of the Contracting Officer.

(End of clause)

CLAUSE NO. 8—OFFICIALS NOT TO BENEFIT (JUNE 1977)

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

(End of clause)

CLAUSE NO. 9—ANTI-KICKBACK ACT (JUNE 1977)

(a) Public Law 86-695, September 2, 1960 (41 U.S.C. 51-54) among other things, prohibits the payment, directly or indirectly, by or on behalf of a subcontractor in any tier under any Government negotiated contract of any fee, gift, or gratuity to the prime contractor or any officer, agent, partner or employee thereof, as an inducement or acknowledgment for the award of a subcontract or order.

(b) The provisions of Public Law 86-695 are applicable this contract and any subcontracts entered into under the contract.

(End of clause)

CLAUSE NO. 10—PENALTIES (JUNE 1977)

Any officer, director, agent, employee or such other person connected in any capacity

with this contract or any subcontract thereunder that embezzles, willfully misapplies, steals or obtains by fraud any of the money, funds, assets or property provided through the contract shall be fined not more than \$10,000 or imprisoned for not more than two years, or both; Provided, That if the amount embezzled, misapplied, stolen, or obtained by fraud does not exceed \$100, such person shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

(b) The Contractor agrees to insert this clause in all subcontracts.

(End of clause)

CLAUSE NO. 11—BUY AMERICAN ACT (JUNE 1977)

(a) In acquiring end products, the Buy American Act (41 U.S. Code 10a-d) provides that the Government give preference to domestic source end products. For the purpose of this clause:

(i) "Components" means those articles, materials, and supplies, which are directly incorporated in the end products;

(ii) "End products" means those articles, materials, and supplies, which are to be acquired under this contract for public use; and

(iii) "A domestic source end product" means (A) an unmanufactured end product which has been mined or produced in the United States and (B) an end product manufactured in the United States if the cost of the components thereof which are mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. For the purposes of this (a)(iii)(B), components of foreign origin of the same type or kind as the products referred to in (b) (ii) or (iii) of this clause shall be treated as components mined, produced, or manufactured in the United States.

(b) The Contractor agrees that there will be delivered under this contract only domestic source end products, except end products:

(i) Which are for use outside the United States;

(ii) Which the Government determines are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality;

(iii) As to which the Secretary determines the domestic preference to be inconsistent with the the public interest; or

(iv) As to which the Secretary determines the cost to the Government to be unreasonable. (The foregoing requirements are administered in accordance with Executive Order No. 10582, dated December 17, 1954).

(End of clause)

CLAUSE NO. 12—EQUAL OPPORTUNITY (JUNE 1977)

Subject to the Indian preference requirements of Clause 17, during the performance of this contract the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this Equal Opportunity clause.

(b) The Contractor will, in all solicitations or advertisement for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency Contracting Officer, advising the labor union or workers representative of the Contractor's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the contracting agency and the secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's non-compliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further

Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

(End of clause)

CLAUSE NO. 13—CERTIFICATE OF NONSEGREGATED FACILITIES (JUNE 1977)

By signing the contract the Contractor certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. It certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "Segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. It further agrees that (except where it has obtained identical certification from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior

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to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause; that it will retain such certifications in its files; and that it will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods):

Notice to prospective subcontractors of requirement for certifications of nonsegregated facilities. A certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each subcontract or all subcontracts during a period (i.e., quarterly, semiannually, or annually).

(End of clause)

CLAUSE NO. 14—SUBCONTRACTING (JUNE 1977)

The Contractor shall not enter into subcontracts for any of the work contemplated under this contract without obtaining the prior written approval of the Contracting Officer and subject to such conditions and provisions as he/she may deem necessary, in his/her discretion, to protect the interests of the Government: Provided, however, That notwithstanding the foregoing, unless otherwise provided herein, such prior written approval shall not be required for the purchase by the Contractor of articles, supplies, equipment and services which are both necessary for and merely incidental to the performance of the requirements under this contract; Provided, further, however, That the aforesaid right of Contractor to engage such services shall in no event be construed to permit the Contractor to subcontract with a third-party for the performance of any major function contemplated under this contract to be performed by the Contractor, and Provided, further, however, That no provision of this clause and no such approval by the Contracting Officer of any subcontract shall be deemed in any event or in any manner to provide for the incurrence of any obligation of the Government in addition to the total contract price.

(End of clause)

CLAUSE NO. 15—COMPETITION IN SUBCONTRACTING (JUNE 1977)

The Contractor agrees to select subcontractors on a competitive basis to the maximum practical consistent with the objectives and requirements of this contract.

(End of clause)

CLAUSE NO. 16—USE OF INDIAN BUSINESS CONCERNS (JUNE 1977)

(a) As used in this clause, the term, “Indian business concern” means Indian organizations or an Indian-owned economic enterprise as defined in 42 CFR 36.204(i).

(b) The Contractor agrees to give preference to qualified Indian business concerns in the awarding of any subcontracts entered into under the contract consistent with efficient performance of the contract. The Contractor shall comply with any preference requirements regarding Indian business concerns established by the tribe(s) receiving services under the contract to the extent that such requirements are consistent with the purpose and intent of this paragraph.

(c) If no Indian business concerns are available under the conditions in paragraph (b) above, the Contractor agrees to accomplish the maximum amount of subcontracting, as the Contractor determines is consistent with its efficient performance of the contract, with small business concerns, labor surplus area concerns or minority business enterprises, the definitions for which are contained in Subparts 1-1.7, 1-1.8, and 1-1.13 of the Federal Procurement Regulations. The Contractor is not, however, required to establish a small business, labor surplus, or minority business subcontracting program as described in sections 1-1.710-3(b), 1-1.805-3(b), and 1-1.1310-2(b), respectively of the Federal Procurement Regulations (41 CFR Chapter 1).

(End of clause)

CLAUSE NO. 17—INDIAN PREFERENCE IN TRAINING AND EMPLOYMENT (JUNE 1977)

(a) The Contractor shall give preference in employment for all work performed under the contract, including subcontracts thereunder, to qualified Indians regardless of age, religion, or sex, and to the extent feasible consistent with the efficient performance of the contract, provide employment and training opportunities to Indians, regardless of age, religion, or sex, that are not fully qualified to perform under the contract. The Contractor shall comply with any Indian preference requirements established by the tribe receiving services under the contract to the extent that such requirements are consistent with the purpose and intent of this paragraph.

(b) If the Contractor or any of its subcontractors is unable to fill its employment openings after giving full consideration to Indians as required in paragraph (a) above, these employment openings may then be filled by other than Indians under the conditions set forth in the Equal Opportunity clause of this contract.

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(c) The Contractor agrees to include this clause or one similar thereto in all sub-contracts issued under this contract.

(End of clause)

CLAUSE NO. 18—INSPECTION (JUNE 1977)

The Government, through any authorized representatives, has the right, at all reasonable times, to inspect, or otherwise evaluate the work performed or being performed hereunder and the premises in which it is being performed. If any inspection, or evaluation is made by the Government on the premises of the Contractor or a subcontractor, the Contractor shall provide and shall require its subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the Government representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work.

(End of clause)

CLAUSE NO. 19—CHANGES (JUNE 1977)

The Contracting Officer may at any time, with the consent of the Contractor, by a written order, and without notice to the sureties, if any, make changes, within the general scope of this contract, in any one or more of the following (i) drawings, designs, or specifications, (ii) place of inspection, delivery, or acceptance, and (iii) the amount of Government-furnished property. If any such change causes an increase or decrease in the cost of, or the time required for performance of, this contract, or otherwise affects any other provisions of this contract, whether changed or not changed by any such order, an equitable adjustment shall be made (i) in the contract price or time of performance, or both, and (ii) in such provisions of the contract as may be so affected, and the contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by the Contractor of the notification of change; Provided, however, That the Contracting Officer, if he/she decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Where the cost of property made obsolete or excess as a result of a change is included in the Contractor's claim for adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of such property. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes." However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

48 CFR Ch. 3 (10-1-96 Edition)

(End of clause)

CLAUSE NO. 20—RETROCESSION (JUNE 1977)

(a) The Indian tribe that initially requested this contract may also request its retrocession, notwithstanding the fact that the Contractor may be a tribal organization other than the Tribe.

(b) Should the Tribe request retrocession of the contract and the Contractor is other than the Tribe, the Contracting Officer will notify the Contractor of the request and in consultation with the Tribe and the Contractor establish the effective date of the retrocession. The retrocession will become effective no later than 120 days after the Contracting Officer receives the Tribe's request unless the Tribe and the Contracting Officer mutually agree on a later date.

(c) Immediately after receipt of the request for retrocession and where applicable notifying the Contractor, the Contracting Officer will meet with the Contractor and, where applicable, the tribal governing body or bodies mutually agree to:

(1) A plan for the orderly transfer of responsibilities;

(2) A plan for inventorying materials and supplies on hand;

(3) An accounting for funds, including but not limited to current and anticipated obligations;

(4) The cost of operation until retrocession; and,

(5) The identification of all records relating to the contract and the contracted function.

(End of clause)

CLAUSE NO. 21—ASSUMPTION AND REASSUMPTION OF CONTRACT PROGRAMS (JUNE 1977)

(a) When the Contracting Officer determines that the performance of a Contractor under these regulations involves (1) the violation of the rights or endangerment of the health, safety, or welfare of any person, or (2) gross negligence or the mismanagement in the handling or use of funds under the contract, the Contracting Officer will, in writing, notify the Contractor of such determination and will request that the Contractor take such corrective action within such period of time as the Secretary may prescribe.

(b) When the Director or his/her delegate determines that a Contractor has not taken corrective action (as prescribed by him/her under paragraph (a) of this section) to his/her satisfaction, he/she may, after the Contractor has been provided an opportunity for a hearing in accordance with paragraph (c) of this section, rescind the contract in whole or in part and, if he/she deems it appropriate, assume or resume control or operation of the program, activity, or service involved.

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(c)(1) When the Director or his/her delegate has made a determination described in paragraph (b) of this section, he/she shall in writing notify the Contractor of such determination and of the Contractor's right to request a review of such determination and of the determination described in paragraph (a) of this section. Such notification by the Director or his/her delegate shall set forth the reasons for the determination in sufficient detail to enable the Contractor to respond and shall inform the Contractor of its rights to a hearing on the record before a Contract Appeals Board described in paragraph (d) of this section. Upon the request of the Contractor for a hearing, the Board, established pursuant to paragraph (d) of this section, shall in writing within 10 days of the establishment notify the Contractor of the time, place and date of the hearing which will be held not later than 45 days after the request for a hearing.

(2) Where the Director or his/her delegate determines that a Contractor's performance under a contract awarded under this subpart poses an immediate threat to the safety of any person, he/she may immediately rescind the contract in whole or in part and, if he/she deems it appropriate, assume or resume control or operation of the program, activity, or service involved. Upon such a decision he/she will immediately notify the Contractor of such action and the basis therefor; and offer the Contractor an opportunity for a hearing on the record before the Contract Appeals Board established pursuant to paragraph (d) of this section to be held within 10 days of each action.

(d)(1) The Contract Appeals Board shall be composed of 3 persons appointed by the Director, Indian Health Service. Such persons may not be selected from the immediate office of any person participating in the determinations at issue. The Board shall afford the Contractor the right:

- (i) To notice of the issues to be considered;
- (ii) To be represented by counsel;
- (iii) To present witnesses on contractor's behalf;
- (iv) To cross-examine other witnesses either orally or through written interrogation; and
- (v) To compel the appearance of Indian Health Service personnel or to take depositions of such persons at reasonable times and places.

(2) The Contract Appeals Board shall make an initial written decision which shall become final within 20 days unless the Director, Indian Health Service or his/her representative modifies or reverses the decision. Any such decision by the Director of the Indian Health Service or his/her representative shall be in writing, shall be specific as to the reasons for such decision, and shall be considered final.

(3) Where Board is considering issues arising under paragraph (2) of this section, the Board shall within 25 days after the conclusion of the hearing, notify all parties in writing of its decision.

(e) In any case where the officer has rescinded a contract under paragraphs (b) or (c) of this section, he/she may decline to enter into a new contract agreement with the Contractor until such time as he/she is satisfied that the basis for the rescission has been corrected.

Nothing in this section shall be construed as contravening the Occupational Safety and Health Act of 1970 (84 Stat. 1590), as amended (29 U.S.C. 651).

(End of clause)

CLAUSE NO. 22—PAYMENT OF INTEREST ON CONTRACTORS' CLAIMS (JUNE 1977)

(a) If an appeal is filed by the Contractor from a final decision of the Contracting Officer under the Disputes clause of this contract, denying a claim arising under the contract, simple interest on the amount of the claim finally determined owed by the Government shall be payable to the Contractor. Such interest shall be at the rate determined by the Secretary of the Treasury pursuant to Public Law 92-41, 85 Stat. 97, from the date the Contractor furnished to the Contracting Officer his written appeal under the Disputes clause of this contract, to the date of (1) a final judgment by a court of competent jurisdiction, or (2) mailing to the Contractor of a supplemental agreement for execution either confirming completed negotiations between the parties or carrying out a decision of a board of contract appeals.

(b) Notwithstanding (a), above, (1) interest shall be applied only from the date payment was due, if such date is later than the filing of appeal, and (2) interest shall not be paid for any period of time that the Contracting Officer determines the Contractor has unduly delayed in pursuing its remedies before a board of contract appeals or a court of competent jurisdiction.

(End of clause)

CLAUSE NO. 23—GOVERNMENT-FURNISHED PROPERTY (JUNE 1977)

(a) The Government shall deliver to the Contractor, for use in connection with and under the terms of this contract, the property described elsewhere in this contract, together with such related data and information as the Contractor may request and as may reasonably be required for the intended use of such property (hereinafter referred to as "Government-Furnished Property"). The delivery or performance dates for the supplies or services to be furnished by the Contractor under this contract are based upon the expectation that Government-Furnished

Property suitable for use will be delivered to the Contractor at the times stated elsewhere in this contract or, if not so stated, in sufficient time to enable the Contractor by such time or times, to meet such delivery or performance dates. In the event that Government-Furnished Property is not delivered to the Contractor to meet such delivery or performance dates, the Contracting Officer shall, upon timely written request made by the Contractor, make a determination of the delay occasioned the Contractor and shall equitably adjust the delivery or performance dates, or the contract price, or both, and any other contractual provision affected by the delay. In the event that Government-Furnished Property is received by the Contractor in a condition not suitable for its intended use, the Contractor shall, upon receipt thereof, notify the Contracting Officer of such fact and, as directed by the Contracting Officer, either (1) return such property at the Government's expense or otherwise dispose of such property, or (2) effect repairs or modifications. Upon completion of (1) or (2) above, the Contracting Officer upon timely written request of the Contractor shall equitably adjust the delivery or performance dates of the contract price, or both, and any other contractual provision effected by the return, disposition, repair, or modification. The foregoing provisions for adjustment are exclusive and the Government shall not be liable to suit for breach of contract by reason of any delay in delivery of Government-Furnished Property or delivery of such property in a condition not suitable for its intended use.

(b) By notice in writing the Contracting Officer may decrease the property furnished or to be furnished by the Government under this contract. In any such case, the Contracting Officer upon timely written request of the Contractor shall equitably adjust the delivery or performance date or the contract price, or both, and any other contractual provisions affected by the decrease.

(c) Title to the Government-Furnished Property shall remain in the Government. Title to Government-Furnished Property shall not be affected by the incorporation or attachment thereof to any property not owned by the Government, nor shall such Government-Furnished Property, or any part thereof, be or become a fixture or lose its identity as personality by reason of affixation to any realty.

(d) The Government-Furnished Property, unless otherwise specifically provided herein, and except as otherwise approved or directed by the Contracting Officer in writing, shall be used exclusively for the performance of this contract.

(e) The Contractor shall maintain and administer, in accordance with sound business practice, a program for the maintenance, repair, protection and preservation of Govern-

ment-Furnished Property, until disposed of by the Contractor in accordance with this clause. In the event that any damage occurs to Government-Furnished Property the risk of which has been assumed by the Government under this contract, the Government shall replace such items or the Contractor shall make such repair of the property, as the Government directs; Provided, however, That if the Contractor cannot effect such repair within the time required, the Contractor may reject such property. The contract price includes no compensation to the Contractor for the performance of any repair or replacement for which the Government is responsible; and an equitable adjustment will be made in the contract price for any such repair or replacement of Government-Furnished Property made at the direction of the Government. Any repair or replacement for which the Contractor is responsible under the provisions of this contract shall be accomplished by the Contractor at its own expense.

(f) The Contractor also agrees to maintain and administer, in accordance with sound business practice, a property control system which will provide the following: Contract number; nomenclature of item; quantity received; issued; and balance on hand; posting reference to include date received, issued unit price and location; marking or identification of item; adequate maintenance, storage, and security of Government-Furnished Property, until disposed of by the Contractor in accordance with this clause. The Contractor further agrees to receipt promptly for all Government property in a form and manner as prescribed by the Contracting Officer.

(g) The Contractor agrees to make available to authorized representatives of the Contracting Officer at all reasonable times at the office of the Contractor all of its property records under this contract, and access to any premises where any of the Government-Furnished Property is located.

(h) (i) The Contractor shall not be liable for any loss or damage to the Government-Furnished Property, or for expenses incidental to such loss or damage except that the Contractor shall be liable for any such loss or damage (including expenses incidental thereto):

(A) Which results from willful misconduct or lack of good faith on the part of any of the Contractor's directors or officers, or on the part of any of its managers, superintendents, or other equivalent representatives who have supervision or direction of all or substantially all of the Contractor's business, or all or substantially all of the Contractor's operations at any one plant, laboratory, or separate location in which this contract is being performed; or

(B) Which results from a failure on the part of the Contractor, due to the willful

misconduct or lack of good faith on the part of any of its directors, officers, or other representatives mentioned in subparagraph (A) above, to maintain and administer, in accordance with sound business practice, the program for maintenance, repair, protection and preservation of Government-Furnished Property as required by subparagraph (e) above; or

(C) For which the Contractor is otherwise responsible under the express terms of the clause or clauses designated in this contract; or

(D) Which results from a risk expressly required to be insured under some other provision of this contract, or of the schedules or task orders thereunder, but only to the extent of the insurance so required to be procured and maintained or to the extent of insurance actually procured and maintained, whichever is greater; or

(E) Which results from a risk which is in fact covered by insurance or for which the Contractor is otherwise reimbursed but only to the extent of such insurance or reimbursement; Provided, That, if more than one of the above exceptions shall be applicable in any case, the Contractor's liability under any one exception shall not be limited by any other exception.

(ii) The Contractor represents that it is not including the price hereunder, and agrees that it will not hereafter include in any price to the Government, any charge or reserve for insurance (including self-insurance funds or reserves) covering loss or destruction of or damage to the Government-Furnished Property, except the extent that the risk of loss is imposed on the Contractor under (i)(C) above, or insurance has been required under (i)(D) above.

(iii) Upon the happening of loss or destruction of or damage to any Government-Furnished Property, the Contractor shall notify the Contracting Officer thereof and shall take all reasonable steps to protect the Government-Furnished Property from further damage, separate the damaged and undamaged Government-Furnished Property in the best possible order, and furnish to the Contracting Officer a statement of:

(A) The lost, destroyed and damaged Government-Furnished Property;

(B) The time and origin of the loss, destruction or damage;

(C) All known interest in commingled property of which the Government-Furnished Property is a part; and

(D) The insurance, if any, covering any part of or interest in such commingled property.

The Contractor shall be reimbursed for the expenditures made by it in performing its obligations under the subparagraph (iii), to the extent approved by the Contracting Officer and set forth in a supplemental agreement or amendment to this contract.

(iv) With the prior written approval of the Contracting Officer after loss or destruction of or damage to Government-Furnished Property, and subject to such conditions and limitations as may be imposed by the Contracting Officer, the Contractor may, in order to minimize the loss to the Government or in order to permit resumption of business or the like, sell for the account of the Government any item of Government-Furnished Property which has been damaged beyond practicable repair, or which is so commingled or combined with property of other, including the Contractor, that separation is impracticable.

(v) Except to the extent of any loss or destruction of or damage to Government-Furnished Property for which the Contractor is relieved of liability under the foregoing provisions of this clause, and except for reasonable wear and tear or depreciation, or the utilization of the Government-Furnished Property in accordance with the provisions of this contract, the Government-Furnished Property (other than property permitted to be sold) shall be returned to the Government in as good condition as when received by the Contractor in connection with this contract, or as repaired under paragraph (e) above.

(vi) In the event the Contractor is reimbursed or compensated for any loss or destruction of or damage to the Government-Furnished Property, it shall equitably reimburse the Government. The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any such loss, destruction or damage and, upon the request of the Contracting Officer shall at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including assistance in the prosecution of suit and the execution of instruments of assignment in favor of the Government) in obtaining recovery.

(i) Upon completion or expiration of this contract, any Government property which has not been consumed in the performance of this contract or which has not been previously disposed of in accordance with the provisions of this clause, or for which the Contractor has not otherwise been relieved of responsibility, shall be disposed of as the Contracting Officer may direct. The Contractor shall in no way be relieved of responsibility for Government property without the prior written approval of the Contracting Officer.

(j) If the Contracting Officer determines that the interests of the Government require removal of any Government-Furnished Property, or if the Contractor determines any Government-Furnished Property to be in excess of its need under this contract such Government-Furnished Property shall be disposed of in the same manner as covered by paragraph (i) above. In the event that the Contracting Officer requires the removal of

any Government-Furnished Property under this paragraph (j) or paragraph (i) above, upon timely written request of the Contractor, an equitable adjustment shall be made in the contract price to cover the direct cost to the Contractor of such removal and of any property damage occasioned thereby.

(End of clause)

CLAUSE NO. 24—EXAMINATION OF RECORDS BY THE COMPTROLLER GENERAL (JUNE 1977)

(a) The Contractor agrees that the Comptroller General of the United States or any of his/her duly authorized representatives shall, until expiration of 3 years after final payment under this contract, or of the time periods for the particular records specified in Part 1-20 of the Federal Procurement Regulations (41 CFR Part 1-20), whichever expires earlier, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Contractor involving transactions related to this contract.

(b) The Contractor further agrees to include in all its subcontracts hereunder a provision to the effect that the subcontractor agrees that the Comptroller General of the United States or any of his/her duly authorized representatives shall, until expiration of 3 years after final payment under the subcontract, or of the time periods for the particular records specified in Part 1-20 of the Federal Procurement Regulations (41 CFR Part 1-20), whichever expires earlier, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor, involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (1) purchase orders not exceeding \$2,500 and (2) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

(End of clause)

CLAUSE NO. 25—INDEMNITY AND INSURANCE (JUNE 1977)

(a) The Contractor shall indemnify and save and keep harmless the Government against any or all loss, cost, damage, claim, expense or liability whatsoever, because of accident or injury to persons or property or others occurring in connection with any program including as a part of this contract, by providing where applicable, the insurance described below:

(b) The Contractor shall secure, pay the premium for, and keep in force until the expiration of this contract, or any renewal period thereof, insurance as provided below. Such insurance policies shall specifically include a provision stating the liability assumed by the Contractor under this contract.

(1) Workman's compensation insurance as required by laws of the state.

(2) Owner's, landlord's, and tenant's bodily injury liability insurance with limits of not less than \$50,000 for each person and \$500,000 for each accident.

(3) Property damage liability insurance with limits of not less than \$25,000 for each accident.

(4) Automobile bodily injury liability insurance with limits of not less than \$50,000 for each person, and \$500,000 for each accident and property damage liability insurance with a limit of not less than \$5,000 for each accident.

(5) Food products liability insurance with limits of not less than \$50,000 for each person and \$500,000 for each accident.

(6) Professional malpractice insurance where medical, dental, or other health professional services are involved.

(7) Other liability insurance not specifically mentioned when required.

(c) Each policy of insurance shall contain an endorsement providing that cancellation by the insurance company shall not be effective unless a copy of the cancellation is mailed (registered) to the Contracting Officer 30 days prior to the effective date of cancellation.

(d) A certificate of each policy of insurance, and any change therein, shall be furnished to the Contracting Officer immediately upon receipt from the insurance company.

(e) Insurance companies of the Contractor shall be satisfactory to the Contracting Officer. When in his/her opinion an insurance company is not satisfactory for reasons that will be stated, the Contractor shall provide insurance through companies that are satisfactory to the Contracting Officer.

(f) Each policy of insurance shall contain a provision that the insurance carrier waives any rights it may have to raise as a defense the tribe's sovereign immunity from suit, but such waiver shall extend only to claims the amount and nature of which are within the coverage and limits of the policy of insurance. The policy shall contain no provision, either expressed or implied, that will serve to authorize or empower the insurance carrier to waive or otherwise limit the tribe's sovereign immunity outside or beyond the coverage and limits of the policy or insurance.

(End of clause)

CLAUSE NO. 26—FAIR AND EQUAL TREATMENT OF INDIAN PEOPLE (JUNE 1977)

(a) The Contractor agrees to make no discriminatory distinctions among Indian patients or beneficiaries of this contract. For the purpose of this contract discriminatory distinctions include but are not limited to the following:

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(i) Denying a patient any service or benefit or availability of a facility;

(ii) Providing any service or benefit to a patient which is different, or is provided in a different manner or at a different time from that provided to other patients under this contract; subjecting a patient to segregation or separate treatment in any manner related to his/her receipt of any service; restricting a patient in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; treating a patient differently from others in determining whether he/she satisfies any admission, enrollment, quota, eligibility membership, or other requirements or conditions which individuals must meet in order to be provided any service or benefit; the assignment of times or places for the provision of services on the basis of discriminatory distinctions which may be made of the patients to be served.

(b) The Government reserves the right to terminate this contract in whole or in part whenever the Contractor fails to comply with the requirements of this clause.

(End of clause)

CLAUSE NO. 27—REPORTS TO THE INDIAN PEOPLE AND ANNUAL REPORTS (JUNE 1977)

(a) The Contractor, as a recipient of Federal financial assistance, shall make reports and information available to the Indian people serviced or represented by the Contractor. Such reports will reflect how the Federal assistance funds were utilized to the benefit of the Indian people served or represented as follows: (specific reporting requirements, formats and methods of distribution to the Indian people will be prescribed in the scope of the contract.)

(b) *Annual reports.*

(1) For each fiscal year during which a tribal organization receives or expends funds pursuant to the contract under this Part, the tribe which requested the contract must submit a report to the Contracting Officer. The report shall include, but not be limited to, an accounting of the amounts and purposes for which the contract funds were expended and information on the conduct of the program or services involved. The report shall include any other information requested by the Contracting Officer and may be submitted as follows:

(i) When the contract is with the governing body of an Indian tribe, the tribe shall submit the reports to the Contracting Officer.

(ii) When the contract is with a tribal organization other than the governing body of the tribe, the tribe has the option of having the tribal organization prepare the report and submit it to the tribe for review and approval before the tribe submits it to the Contracting Officer.

(iii) When the contract benefits more than one tribe, the tribal organization shall prepare and submit the report to each of the tribes benefiting under the contract. Each tribe shall endorse the report before submitting it to the Contracting Officer.

(2) The annual report shall be submitted to the Contracting Officer within 90 days of the end of the fiscal year in which the contract was performed. However, the period for submitting the report may be extended if there is just cause for such extension.

(3) In addition to the yearly reporting requirement given in paragraphs (a) and (b) of this section, the tribal contractor shall furnish other reports when and as required by the Secretary.

(End of clause)

CLAUSE NO. 28—QUESTIONNAIRES AND SURVEYS (JUNE 1977)

In the event the performance of this contract involves the collection of information upon identical items from 10 or more persons, other than Federal employees, the Contractor shall obtain written approval from the Contracting Officer, prior to the use thereof, of any forms, schedules, questionnaires, survey plans or other documents, and any revisions thereto, intended to be used in such collection.

(End of clause)

CLAUSE NO. 29—PRINTING (JUNE 1977)

Unless otherwise specified in this contract, the Contractor shall not engage in, nor subcontract for, any printing (as that term is defined in Title 1 of the Government Printing and Binding Regulations in effect on the effective date of this contract) in connection with the performance of work under this contract: Provided, however, That performance of a requirement under this contract involving the reproduction of less than 5,000 production units of any one page, or less than 25,000 production units in the aggregate of multiple pages, will not be deemed to be printing. A production unit is defined as one sheet, size 8 by 10 and ½ inches, one side only, one color.

(End of clause)

CLAUSE NO. 30—PRICE REDUCTION FOR DEFECTIVE COST OR PRICING

The following clause applies to all contracts where cost and pricing data is required in accordance with P.L. 87-653.

Price Reduction for Defective Cost or Pricing Data (June 1977)

(a) If the Contracting Officer determines that any price negotiated in connection with this contract or any cost reimbursable under

this contract was increased by any significant sums because the Contractor, or any subcontractor pursuant to the clause of this contract entitled "Subcontractor Cost, or Pricing Data" or "Subcontractor Cost or Pricing Data—Price Adjustments," or any subcontract clause therein required, furnished incomplete or inaccurate cost or pricing data or data not current as certified in its Contractor's Certificate of Current Cost or Pricing Data, then such price or cost shall be reduced accordingly and the contract shall be modified in writing to reflect such reduction.

(b) Failure to agree on a reduction shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract.

(NOTE: Since the contract is subject to reduction under this clause by reason of defective cost or pricing data submitted in connection with certain subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately indemnify the Contractor. It is also expected that any subcontractor subject to such indemnification will generally require substantially similar indemnification for defective cost or pricing data required to be submitted by its lower tier subcontractors).

(End of clause)

CLAUSE NO. 31—SUBCONTRACTOR COST AND PRICING DATA

The following clause should be included in all contracts when the subcontracts of the type and size described therein are contemplated.

Subcontractor Cost and Pricing Data (June 1977)

(a) The Contractor shall require subcontractors hereunder to submit in writing cost or pricing data under the following circumstances:

(1) Prior to award of any cost-reimbursed type, time and material, labor-hour, incentive, or price redeterminable subcontract the price of which is expected to exceed \$100,000; and

(2) Prior to the award of any other subcontract, the price of which is expected to exceed \$100,000, or to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed \$100,000, where the price or price adjustment is not based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(b) The Contractor shall require subcontractors to certify, substantially the same form as that used in the certificate by the Prime Contractor to the Government,

that, to the best of their knowledge and belief, the cost and pricing data submitted under (a) above are accurate, complete, and current as of the date of the execution, which date shall be as close as possible to the date of agreement on the negotiated price of the subcontract or subcontract change or modification.

(c) The contractor shall insert the substance of this clause including this paragraph (c) in each of its cost-reimbursement type, time and material, labor-hour, price redeterminable, or incentive subcontracts hereunder, and in any other subcontract hereunder which exceeds \$100,000 unless the price thereof is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder which exceeds \$100,000, the Contractor shall insert the substance of the following clause:

Subcontractor Cost and Pricing Data—Price Adjustment

(a) Paragraphs (b) and (c) of this clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000. The requirements of this clause shall be limited to such price adjustments.

(b) The Contractor shall require subcontractors hereunder to submit cost or pricing data under the following circumstances:

(1) Prior to award of any cost-reimbursement type, time and material, labor-hour, incentive, or price redeterminable subcontract, the price of which is expected to exceed \$100,000; and

(2) Prior to award of any other subcontract, the price of which is expected to exceed \$100,000, or to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed \$100,000, where the price or price adjustment is not based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(c) The Contractor shall require subcontractors to certify, in substantially the same form as that used in the Certificate by the Prime Contractor to the Government, that, to the best of their knowledge and belief, the cost and pricing data submitted under (b) above are accurate, complete, and current as of the date of the execution, which date shall be as close as possible to the date of agreement on the negotiated price of the contract modification.

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(d) The Contractor shall insert the substance of this clause including this paragraph (d) in each subcontract hereunder which exceeds \$100,000.

(End of clause)

CLAUSE NO. 32—ADVANCE PAYMENT (JUNE 1977)

(a) *Amount of Advance.* At the request of the Contractor, and subject to the conditions hereinafter set forth, the Government shall make an advance payment, or advance payments from time to time, to the Contractor. No advance payment shall be made (1) without the approval of the office administering advance payments (hereinafter called the “Administering Office” and designated in paragraph (k)(4) hereof) as with all advance payments theretofore made, shall exceed the amount stated in paragraph (k)(1) hereof; and (3) without a properly certified invoice or invoices.

(b) *Special Bank Account.* Until all advance payments made hereunder are liquidated and the Administering Office approves in writing the release of any funds due and payable to the Contractor, all advance payments and all other payments under the contract shall be made by check payable to the Contractor, and be marked for deposit only in a Special Bank Account with the bank designated in paragraph (k)(2) hereof. No part of the funds in the Special Bank Account shall be mingled with other funds of the Contractor prior to withdrawal thereof from the Special Bank Account as hereinafter provided. Except as hereinafter provided, each withdrawal shall be made only by check of the Contractor countersigned on behalf of the Government by the Contracting Officer or such other person or persons as he/she may designate in writing (hereinafter called the “Countersigning Agent”). Until otherwise determined by the Administering Office, countersignature on behalf of the Government will not be required.

(c) *Use of Funds.* The funds in the Special Bank Account may be withdrawn by the Contractor solely for the purpose of making payments for items of allowable cost or to reimburse the Contractor for such items of allowable cost, and or such other purposes as the Administering Office may approve in writing. Any interpretation required as to the proper use of funds shall be made in writing by the Administering Office.

(d) *Return of Funds.* The Contractor may at any time repay all or any part of the funds advanced hereunder. Whenever so requested in writing by the Administering Office, the Contractor shall repay to the Government such part of the unliquidated balance of advance payments as shall in the opinion of the Administering Office be in excess of current requirements, or (when added to total advance previously made and liquidated) in ex-

cess of the amount specified in paragraph (k)(1) hereof. In the event the Contractor fails to repay such part of the unliquidated balance of advance payments when so requested by the Administering Office, all or any part thereof may be withdrawn from the Special Bank Account by checks payable to the Treasurer of the United States signed solely by the Countersigning Agent and applied in reduction of advance payments then outstanding hereunder.

(e) *Liquidation.* If not otherwise liquidated, the advance payments made hereunder shall be liquidated as herein provided. When the sum of all payments under this contract, other than advance payments, plus the unliquidated amount of advance payments are equal to the total estimated cost for the work under this contract or such lesser amount to which the total estimated cost under this contract may have been reduced, plus increases, if any, in this total estimated cost not exceeding, in the aggregate (including, without limitation, reimbursable costs incident to termination for cause and retrocession as estimated by the Contracting Officer), the Government shall thereafter withhold further payments to the Contractor and apply the amounts withheld against the Contractor's obligation to repay such advance payments until such advance payments shall have been fully liquidated. If upon completion, termination, or retrocession of the contract all advance payments have not been fully liquidated, the balances therefor shall be deducted from any sums otherwise due or which may become due to the Contractor from the Government, and any deficiency shall be paid by the Contractor to the government upon demand.

(f) *Bank Agreement.* Before an advance payment is made hereunder, the Contractor shall transmit to the Administering Office, in the form prescribed by such office, an Agreement in triplicate from the bank in which the Special Bank Account is established, clearly setting forth the special character of the account and the responsibilities of the bank thereunder. Wherever possible, such bank shall be a member bank of the Federal Reserve System, or an “insured” bank within the meaning of the Act creating the Federal Deposit Insurance Corporation Act of August 23, 1935, 49 Stat. 685, as amended (12 U.S.C. 264).

(g) *Lien on Special Bank Account.* The Government shall have a lien upon any balance in the Special Bank Account paramount to all other items, which lien shall secure the repayment or any advance payments made hereunder.

(h) *Lien on Property under Contract.* Any and all advance payments made under this contract shall be secured, when made, by a lien in favor of the Government, paramount to all other liens, upon the supplies or other things covered by this contract and on all

material and other property acquired for or allocated to the performance of this contract, except to the extent that the Government by virtue of any other provision of this contract, or otherwise, shall have valid title to such supplies, materials, or other property as against other creditors of the Contractor. The Contractor shall identify, by marking or segregation, all property which is subject to a lien in favor of the Government by virtue of any provision of this contract in such a way as to indicate that it is subject to such lien and that it has been acquired for or allocated to the performance of this contract. If for any reason such supplies, materials, or other property are not identified by marking or segregation, the Government shall be deemed to have a lien to the extent of the Government's interest under this contract on any mass of property with which such supplies, materials, or other property are commingled. The Contractor shall maintain adequate accounting control over such property on its books and records. If at any time during the progress of the work on the contract it becomes necessary to deliver any item or items and materials upon which the Government has a lien as aforesaid to a third person, the Contractor shall notify such third person of the lien herein provided and shall obtain from such third person a receipt, in duplicate, acknowledging, *inter alia* the existence of such lien. A copy of each receipt shall be delivered by the Contractor to the Contracting Officer. If this contract is terminated in whole or in part and the Contractor is authorized to sell or retain termination inventory acquired for or allocated to this contract, such sale or retention shall be made only if approved by the Contracting Officer, which approval shall constitute a release of the Government's lien hereunder to the extent that such termination inventory is sold or retained, and to the extent that the proceeds of the sale, or the credit allowed for such retention on the Contractor's termination claim, is applied in reduction of advance payments then outstanding hereunder.

(i) *Insurance.* The Contractor represents and warrants that it is now maintaining with responsible insurance carriers, (1) insurance upon its own plant and equipment against fire and other hazards to the extent that like properties are usually insured by other operating plants and properties of similar character in the same general locality; (2) adequate insurance against liability on account of damage to persons or property; and (3) adequate insurance under all applicable workmen's compensation laws. The Contractor agrees that, until work under this contract has been completed and all advance payments made hereunder have been liquidated, it will (i) maintain such insurance; (ii) maintain adequate insurance upon any materials, parts, assemblies, subassemblies,

supplies, equipment and other property acquired for or allocable to this contract and subject to the Government lien hereunder; and (iii) furnish such certificates with respect to its insurance as the Administering Office may from time to time require.

(j) *Prohibition against Assignment.* Notwithstanding any other provision of this contract, the Contractor shall not transfer, pledge, or otherwise assign this contract, or any interest therein, or any claim arising thereunder, to any party or parties, bank, trust company, or other financing institution.

(k) *Designations and Determinations.* (1) *Amount.* The amount of advance payments at any time outstanding hereunder shall not exceed \$_____.

(2) *Depository.* The bank designated for the deposit of payments made hereunder shall be:

(3) *Interest Charge.* No interest shall be charged for advance payments made hereunder. The Contractor shall charge interest at the rate of 6 percent per annum on subadvances or down payments to subcontractors, and such interest will be credited to the account of the Government. However, interest need not be charged on subadvances on nonprofit subcontracts with nonprofit educational or research institutions for experimental, research or development work.

(4) *Administering Office.* The office administering advance payments shall be the office designated as having responsibility for awarding the contract.

(l) *Other Security.* The terms of this contract shall be considered adequate security for advance payments hereunder, except that if at any time the administering office deems the security furnished by the Contractor to be inadequate, the Contractor shall furnish such additional security as may be satisfactory to the administering office, to the extent that such additional security is available.

(End of clause)

CLAUSE NO. 33—EFFECT ON EXISTING RIGHTS
(JUNE 1977)

(a) Nothing in this contract shall be construed as:

(1) Affecting, modifying, diminishing, or otherwise impairing the sovereign immunity for suit enjoyed by an Indian tribe; or

(2) Authorizing or requiring the termination of any existing trust responsibility of the United States with respect to the Indian people.

(End of clause)

CLAUSE NO. 34—FEDERAL, STATE, AND LOCAL
TAXES (JUNE 1977)

(a) Except as may be otherwise provided in this contract, the contract price includes all

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applicable Federal, State, and local taxes and duties.

(b) Nevertheless, with respect to any Federal excise tax or duty on the transactions or property covered by this contract, if a statute, court decision, written ruling, or regulation takes effect after the contract date, and (1) Results in the Contractor being required to pay or bear the burden of any such Federal excise tax or duty or increase in the rate thereof which would not otherwise have been payable on such transactions or property, the contract price shall be increased by the amount of such tax or duty or rate increase; Provided, That the Contractor if requested by the Contracting Officer, warrants in writing that no amount for such newly imposed Federal excise tax or duty or rate increase was included in the contract price as a contingency reserve or otherwise; or

(2) Results in the Contractor not being required to pay or bear the burden of, or in its obtaining a refund or drawback of, any such Federal excise tax or duty which would otherwise have been payable on such transactions or property or which was the basis of an increase in the contract price, the contract price shall be decreased by the amount of the relief, refund, or drawback, or the amount shall be paid to the Government, as directed by the Contracting Officer. The contract price shall be similarly decreased if the Contractor, through its fault or negligence or its failure to follow instructions of the Contracting Officer, is required to pay or bear the burden of, or does not obtain, a refund or drawback of, any such Federal excise tax or duty.

(c) No adjustment pursuant to paragraph (b) above will be made under this contract unless the aggregate amount thereof is or may reasonably be expected to be over \$100.

(d) As used in paragraph (b) above, the term "contract date" means the date set for the bid opening, or if this is a negotiated contract, the date of this contract. As to additional supplies or services procured by modification to this contract, the term "contract date" means the date of such modification.

(e) Unless there does not exist any reasonable basis to sustain an exemption, the Government, upon request of the Contractor, without further liability, agrees, except as otherwise provided in this contract, to furnish evidence appropriate to establish exemption from any tax which the Contractor warrants in writing was excluded from the contract price. In addition, the Contracting Officer may furnish evidence to establish exemption from any tax that may, pursuant to this clause, give rise to either an increase or decrease in the contract price. Except as otherwise provided in this contract, evidence appropriate to establish exemption from duties will be furnished only at the direction of the Contracting Officer.

(f) The Contractor shall promptly notify the Contracting Officer of matters which will result in either an increase or decrease in the contract price, and shall take action with respect thereto as directed by the Contracting Officer.

(End of clause)

[49 FR 36242, Sept. 14, 1984, as amended at 51 FR 20491, June 5, 1986]

PHS 352.280-6 Demurrage charge provisions for reusable cylinders and containers.

The clause set forth below shall be inserted in solicitations and resultant contracts when delivery of the items may be in contractor-furnished reusable gas cylinders or other containers.

DEMURRAGE CHARGE PROVISIONS FOR REUSABLE CYLINDERS AND CONTAINERS (APR 1984)

(a) Reusable gas cylinders or other containers identified below by offerors shall remain the property of the Contractor (except as provided in (c) below), and will be loaned without charge to the Government for the period stipulated below. In computing the period involved, such free loan period shall commence on the first day after date of delivery of each container to the herein specified f.o.b. point(s). Offerors who specify less than _____ days (to be determined by the Contracting Officer in accordance with trade custom), shall have their offers increased for evaluation purposes only by an amount arrived at by multiplying the number of days less than the established free loan period by the daily rental charge. In the event the offeror does not specify a free loan period, such period shall be _____ days (insert the same number of days as the established free loan period). Beginning with the first day after expiration of the free loan period to and including the date the containers are delivered to the Contractor's designated carrier, the Government shall pay the Contractor demurrage (rental) in the amount specified below. No demurrage shall accrue to the Contractor in excess of the herein specified container's replacement value. For each container lost or damaged beyond repair while in the Government's possession, the Government shall pay to the Contractor the herein specified replacement value less allocable demurrage paid therefor. Such lost or damaged containers paid for by the Government shall become the property of the Government.

(b) Empty containers will be delivered to the Contractor's designated carrier (offeror to identify applicable carrier below) f.o.b. points of original delivery specified in this solicitation/contract.

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OFFERORS SHALL FURNISH THE FOLLOWING INFORMATION, AS APPLICABLE, FOR CONTAINERS

Appli- cable item No.	Type and size of container	Quan- tity	Free loan period	Demurrage charges per day per cyl- inder
Replacement value for each container		Identification and location of offeror's car- rier for return of empty container		

(c) When the offeror indicates that containers have a replacement value of less than \$10, the Government shall have the option to purchase containers and add the cost to the offered price. When purchase option is exercised, offers shall be evaluated accordingly. In this event, the container shall become the property of the Government.

(End of clause)

Subpart PHS 352.3—Provision and Clause Matrices

PHS 352.380-4 Contract clauses for contracts awarded under the Indian Self-Determination Act.

(a) PHS Acquisition Regulations (PHSAR) Clauses for Cost-Reimbursement Contracts Awarded under the Indian Self-Determination Act.

Number, PHSAR Clause No., and Title and Date of Clause

1. 352.280-4(a)(1) Definitions. (June 1977)
2. 352.280-4(a)(2) Disputes. (June 1977)
3. 352.280-4(a)(3) Limitation of Cost. (June 1977)
4. 352.280-4(a)(4) Allowable Cost. (June 1977)
5. 352.280-4(a)(5) Negotiated Overhead Rates. (June 1977)
6. 352.280-4(a)(6) Payment (June 1977)
7. 352.280-4(a)(7) Advance Payment. (June 1977)
8. 352.280-4(a)(8) Examination of Records. (June 1977)
9. 352.280-4(a)(9) Inspection and Reports. (June 1977)
10. 352.280-4(a)(10) Subcontracting. (June 1977)
11. 352.280-4(a)(11) Accounts, Audit, and Records. (June 1977)
12. 352.280-4(a)(12) Government Property. (June 1977)
13. 352.280-4(a)(13) Changes. (June 1977)
14. 352.280-4(a)(14) Notice to the Government of Delays. (June 1977)
15. 352.280-4(a)(15) Retrocession. (June 1977)

16. 352.280-4(a)(16) Reassumption of Programs. (June 1977)
17. 352.280-4(a)(17) Key Personnel. (June 1977)
18. 352.280-4(a)(18) Litigation and Claims. (June 1977)
19. 352.280-4(a)(19) Indemnity and Insurance. (June 1977)
20. 352.280-4(a)(20) Overtime. (June 1977)
21. 352.280-4(a)(21) Foreign Travel. (June 1977)
22. 352.280-4(a)(22) Questionnaires and Surveys. (June 1977)
23. 352.280-4(a)(23) Printing. (June 1977)
24. 352.280-4(a)(24) Services of Consultants. (June 1977)
25. 352.280-4(a)(25) Assignment of Claims. (June 1977)
26. 352.280-4(a)(26) Contract Work Hours and Safety Standards Act-Overtime Compensation. (June 1977)
27. 352.280-4(a)(27) Walsh-Healey Public Contracts Act. (June 1977)
28. 352.280-4(a)(28) Equal Opportunity. (June 1977)
29. 352.280-4(a)(29) Indian Preference in Training and Employment. (June 1977)
30. 352.280-4(a)(30) Certificate of Nonsegregated Facilities. (June 1977)
31. 352.280-4(a)(31) Convict Labor. (June 1977)
32. 352.280-4(a)(32) Officials not to Benefit. (June 1977)
33. 352.280-4(a)(33) Buy American Act Supply and Service contracts. (June 1977)
34. 352.280-4(a)(34) Anti-Kickback Act. (June 1977)
35. 352.280-4(a)(35) Use of Indian Business Concerns. (June 1977)
36. 352.280-4(a)(36) Payment of Interest on Contractors' Claims. (June 1977)
37. 352.280-4(a)(37) Fair and Equal Treatment of Indian People. (June 1977)
38. 352.280-4(a)(38) Price Reduction for Defective Cost or Pricing Data. (June 1977)
39. 352.280-4(a)(39) Subcontractor Cost and Pricing Data. (June 1977)
40. 352.280-4(a)(40) Penalties. (June 1977)
41. 352.280-4(a)(41) Effect on Existing Rights. (June 1977)
42. 352.280-4(a)(42) General Services Administration Supply Sources. (June 1977)

(b) PHSAR Clauses for Fixed-Price Contracts Awarded under the Indian Self-Determination Act.

Number, PHSAR Clause No. and Title and Date of Clause

1. 352.280-4(b)(1) Definitions. (June 1977)
2. 352.280-4(b)(2) Disputes. (June 1977)
3. 352.280-4(b)(3) Contract Work Hours and Safety Standards Act-Overtime Compensation. (June 1977)
4. 352.280-4(b)(4) Walsh-Healey Public Contracts Act. (June 1977)
5. 352.280-4(b)(5) Convict Labor. (June 1977)

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6. 352.280–4(b)(6) Notice to the Government of Delays. (June 1977)
7. 352.280–4(b)(7) Assignment of Claims. (June 1977)
8. 352.280–4(b)(8) Officials not to Benefit. (June 1977)
9. 352.280–4(b)(9) Anti-Kickback Act. (June 1977)
10. 352.280–4(b)(10) Penalties. (June 1977)
11. 352.280–4(b)(11) Buy American Act. (June 1977)
12. 352.280–4(b)(12) Equal Opportunity. (June 1977)
13. 352.280–4(b)(13) Certificate of Nonsegregated Facilities. (June 1977)
14. 352.280–4(b)(14) Subcontracting. (June 1977)
15. 352.280–4(b)(15) Competition in Subcontracting. (June 1977)
16. 352.280–4(b)(16) Use of Indian Business Concerns. (June 1977)
17. 352.280–4(b)(17) Indian Preference in Training and Employment. (June 1977)
18. 352.280–4(b)(18) Inspection. (June 1977)
19. 352.280–4(b)(19) Changes. (June 1977)
20. 352.280–4(b)(20) Retrocession. (June 1977)
21. 352.280–4(b)(21) Assumption and Reassumption of Contract Programs. (June 1977)
22. 352.280–4(b)(22) Payment of Interest on Contractor's Claims. (June 1977)
23. 352.280–4(b)(23) Government-Furnished Property. (June 1977)
24. 352.280–4(b)(24) Examination of Records by the Comptroller General. (June 1977)
25. 352.280–4(b)(25) Indemnity and Insurance. (June 1977)
26. 352.280–4(b)(26) Fair and Equal Treatment of Indian People. (June 1977)
27. 352.280–4(b)(27) Reports to the Indian People and Annual Reports. (June 1977)
28. 352.280–4(b)(28) Questionnaires and Surveys. (June 1977)
29. 352.280–4(b)(29) Printing. (June 1977)
30. 352.280–4(b)(30) Price Reduction for Defective Cost or Pricing. (June 1977)
31. 352.280–4(b)(31) Subcontractor Cost and Pricing Data. (June 1977)
32. 352.280–4(b)(32) Advance Payment. (June 1977)
33. 352.280–4(b)(33) Effect on Existing Rights. (June 1977)
34. 352.280–4(b)(34) Federal, State, and Local Taxes. (June 1977)

SUBCHAPTER T—PHS SUPPLEMENTATIONS

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AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 49 FR 36263, Sept. 14, 1984, unless otherwise noted.

Subpart PHS 380.1—Acquisitions Involving Human Subjects

SOURCE: 51 FR 20491, June 5 1986, unless otherwise noted.

PHS 380.101 Applicability.

This subpart applies to all research and development contracts involving human subjects except those that are exempt by Secretarial waiver under 45 CFR 46.101(e) or exempt under 45 CFR 46.101(b).

PHS 380.102 Policy.

(a) Safeguarding the rights and welfare of human subjects in activities under Public Health Service (PHS) research and development contracts is the responsibility of each institution that receives or is accountable to PHS for funds awarded for the conduct of that activity. To assure that this institutional responsibility is met, PHS shall not permit a nonexempt research activity involving human subjects to be undertaken unless the institution has an assurance on file with the Office for Protection from Research Risks (OPRR), NIH/PHS, and has filed a certification that an institutional review board (IRB) has reviewed and approved the activity in accordance with 45 CFR Part 46.

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(b) Contracts involving human subjects will not be awarded to an individual unless he/she is affiliated with or sponsored by an institution which can and will assume responsibility for safeguarding the human subjects involved.

PHS 380.103 Assurances.

In accordance with 45 CFR 46.103, OPRR is responsible for negotiation of assurances covering all PHS-supported research activities involving human subjects. Consultation with OPRR (telephone: 301-496-7041) is recommended on issues regarding assurances, certification of IRB review and approval, and interpretation of the regulations for the protection of human subjects in 45 CFR Part 46.

PHS 380.104 Notice to offerors.

Solicitations shall contain the notice to offerors set forth in PHS 352-280-1(a) whenever contract performance is expected to involve human subjects.

PHS 380.105 Contract clause.

The clause set forth in PHS 352.280-1(b) shall be inserted in all contracts involving human subjects.

Subpart PHS 380.2—Acquisitions Involving the Use of Laboratory Animals

SOURCE: 51 FR 20492, June 5 1986, unless otherwise noted.

PHS 380.201 Scope of subpart.

This subpart describes Public Health Service (PHS) contracts for projects or activities involving animals, and the responsibilities of the PHS agencies and subordinate elements for implementing policies and procedures described herein.

PHS 380.202 Definitions.

(a) *Animal*. Any live, vertebrate animal used or intended for use in research, research training, experimentation or biological testing or for related purposes.

(b) *Animal facility*. Any building, room, area, enclosure, or vehicle, including satellite facility, used for animal confinement, transport, maintenance, breeding or experiments of sur-

gical manipulation. A satellite facility is any containment outside of a core facility or centrally designated or managed area in which animals are housed for more than 24 hours.

(c) *Animal Welfare Act*. Pub. L. 89-544, 1966, as amended (Pub. L. 91-579 and Pub. L. 94-279) 7 U.S.C. 2131 et seq. Implementing regulations are published in the Code of Federal Regulations (CFR), Title 9, Subchapter A, Parts 1, 2, 3, and 4, and are administered by the U.S. Department of Agriculture.

(d) *Animal Welfare Assurance or Assurance*. The documentation from an awardee or a prospective awardee institution assuring institutional compliance with this policy.

(e) *Guide*. *Guide for the Care and Use of Laboratory Animals*, NIH Pub. No. 85-23, 1985 edition or succeeding revised editions.

(f) *Institution*. Any public or private organization, business, or agency (including components of Federal, State and local governments).

(g) *Institutional official*. An individual who has the authority to sign the institution's Assurance, making a commitment on behalf of the institution that the requirement of this subpart will be met.

(h) *Public Health Service*. The Public Health Service includes the Office of the Assistant Secretary for Health; the Alcohol, Drug Abuse, and Mental Health Administration; the Centers for Disease Control; the Food and Drug Administration; the Health Resources and Services Administration; and the National Institutes of Health.

(i) *Quorum*. A majority of the members of the Institutional Animal Care and Use Committee.

PHS 380.203 Policy.

It is the policy of PHS to require institutions to establish and maintain proper measures to ensure the appropriate care and use of all animals involved in research, research training and biological testing (hereinafter referred to as activities) supported by PHS. PHS endorses the "U.S. Government Principles for the Utilization and Care of Vertebrate Animals Used in Testing, Research and Training" developed by the Interagency Research Animal Committee (IRAC). This policy is

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intended to implement and supplement those Principles.

PHS 380.204 Applicability.

(a) This policy is applicable to all PHS-supported activities involving animals, whether the activities are performed at an awardee institution, or any other institution, in the United States, the Commonwealth of Puerto Rico, or any territory or possession of the United States. Institutions in foreign countries receiving PHS support for activities involving animals shall comply with this policy, or provide evidence to PHS that acceptable standards for the humane care and use of the animals in PHS-supported activities will be met.

(b) No PHS support for an activity involving animals will be provided to an individual unless that individual is affiliated with or sponsored by an institution which can and does assume responsibility for compliance with this policy for PHS-supported activities, or unless the individual makes other arrangements with PHS.

(c) This policy does not supercede or preempt applicable State or local laws or regulations which impose more stringent standards for the care and use of laboratory animals. All institutions are required to comply, as applicable, with the Animal Welfare Act, and other Federal statutes and regulations relating to animals.

PHS 380.205 Contractor implementation.

(a) *Animal Welfare Assurance.* No activity involving animals will be supported by PHS until the institution conducting the activity has provided a written Assurance acceptable to PHS, setting forth compliance with the policy in this subpart for PHS-supported activities. Assurances shall be submitted to OPRR, Office of the Director, National Institutes of Health, 9000 Rockville Pike, Building 31, Room 4B09, Bethesda, Maryland 20892. The Assurance shall be typed on the institution's letterhead and signed by an institutional official. OPRR will provide the applicant institution with necessary instructions and an example of an acceptable Assurance. All Assurances submitted to PHS in accordance

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with the policy will be evaluated by OPRR to determine the adequacy of the institution's proposed program for the care and use of animals in PHS-supported activities. On the basis of this evaluation, OPRR may approve or disapprove the Assurance, or negotiate an acceptable Assurance with the institution. Approval of an Assurance will be for a specified period of time (no longer than five years) after which time the institution must submit a new Assurance to OPRR. OPRR may limit the period during which any particular approved Assurance shall remain effective or otherwise condition, restrict, or withdraw approval. Without an applicable PHS approved Assurance, no PHS-supported activity involving animals at the institution will be permitted to continue.

(1) *Institutional program for animal care and use.* The Assurance shall fully describe the institution's program for the care and use of animals in PHS-supported activities. PHS requires institutions to use the *Guide for the Care and Use of Laboratory Animals (Guide)* as a basis for developing and implementing an institutional program for activities involving animals. The program description must include the following:

(i) A list of every branch and major component of the institution, as well as a list of every branch and major component of any institution which is to be included under the Assurance;

(ii) The lines of authority and responsibility for administering the program and ensuring compliance with this policy;

(iii) The qualifications, authority and responsibility of the veterinarian(s) who will participate in the program;

(iv) The membership list of the Institutional Animal Care and Use Committee(s) (IACUC)¹ established in accordance with the requirements set forth in this subpart;

¹The name Institutional Animal Care and Use Committee (IACUC) as used in this policy is intended as a generic term for a committee whose function is to ensure that the

(v) The procedures which the IACUC will follow to fulfill the requirements set forth in this subpart;

(vi) The health program for personnel who work in laboratory animal facilities or have frequent contact with animals;

(vii) The gross square footage of each animal facility (including satellite facilities), the species housed therein and the average daily inventory, by species, of animals in each facility; and

(viii) Any other pertinent information requested by OPRR.

(2) *Institutional status.* Each institution must assure that its program and facilities are in one of the following categories:

(i) *Category 1—Accredited* by the American Association for the Accreditation of Laboratory Animal Care (AAALAC). All of the institution's programs and facilities (including satellite facilities) for activities involving animals have been evaluated and accredited by AAALAC, or another accrediting body recognized by PHS.²

(ii) *Category 2—Evaluated* by the Institution. All of the institution's programs and facilities (including satellite facilities) for activities involving animals have been evaluated by the IACUC and will be reevaluated by the IACUC at least once each year. The IACUC shall use the *Guide* as a basis for evaluating the institution's program and facilities.

A report of the IACUC evaluation shall be submitted to the institutional official and updated on an annual basis.³ The initial report shall be submitted to OPRR with the Assurance. Annual re-

ports of the IACUC evaluation shall be maintained by the institution and made available to OPRR upon request. The report must contain a description of the nature and extent of the institution's adherence to the *Guide* and this policy.⁴ The report must identify specifically any departures from provisions of the *Guide* and this policy, and state the reasons for each departure. If program or facility deficiencies are noted, the report must contain a reasonable and specific plan and schedule for correcting each deficiency. The report must distinguish significant deficiencies from minor deficiencies. A significant deficiency is one which, in the judgment of the IACUC and the institutional official, is or may be a threat to the health or safety of the animals. Failure of the IACUC to conduct an annual evaluation and submit the required report to the institutional official may result in PHS withdrawal of its approval of the Assurance.

(3) *Institutional Animal Care and Use Committee (IACUC).* (i) Each institution shall appoint an Institutional Animal Care and Use Committee (IACUC), qualified through experience and expertise of its members, to oversee the institution's animal program, facilities and procedures.

(ii) The Assurance must include the names, position titles and credentials of the IACUC chairperson and the members. The committee shall consist of not less than five members, and shall include at least:

(A) One Doctor of Veterinary Medicine, with training or experience in laboratory animal science and medicine, who has direct or delegated program responsibility for activities involving animals at the institution;

(B) One practicing scientist experienced in research involving animals;

(C) One member whose primary concerns are in a nonscientific area (for example, ethicist, lawyer, member of the clergy); and

(D) One individual who is not affiliated with the institution in any way

care and use of animals in PHS-supported activities is appropriate and humane in accordance with this policy. However, each institution may identify the committee by whatever name it chooses. Membership and responsibilities of the IACUC are set forth in PHS 380.205(d).

²As of the issuance date of this policy the only accrediting body recognized by PHS is the American Association for Accreditation of Laboratory Animal Care (AAALAC).

³The IACUC may, at its discretion, determine the best means of conducting an evaluation of the institution's programs and facilities. The IACUC may invite ad hoc consultants to conduct or assist in conducting the evaluation. However, the IACUC remains responsible for the evaluation and report.

⁴If some of the institution's facilities are accredited by AAALAC or other accrediting body recognized by PHS, the report should identify those facilities and need not contain any further information about evaluation of those facilities.

other than as a member of the IACUC, and is not a member of the immediate family of a person who is affiliated with the institution.

(iii) An individual who meets the requirements of more than one of the categories detailed in PHS 380.205(d)(2)(i)-(iv) above, may fulfill more than one requirement. However, no committee may consist of less than five members.

(b) *Functions of the Institutional Animal Care and Use Committee.* As an agent of the institution, the IACUC shall, with respect to PHS-supported activities:

(1) Review at least annually the institution's program for humane care and use of animals;

(2) Inspect at least annually all of the institution's animal facilities, including satellite facilities;

(3) Review concerns involving the care and use of animals at the institution;

(4) Make recommendations to the institutional official regarding any aspect of the institution's animal program, facilities or personnel training;

(5) Review and approve, require modifications in (to secure approval), or withhold approval of those sections of PHS applications or proposals related to the care and use of animals, as specified in PHS 380.205(f) of this subpart;

(6) Review and approve, require modifications in (to secure approval), or withhold approval of proposed significant changes regarding the use of animals in ongoing activities; and

(7) Be authorized to suspend an activity involving animals in accord with specifications set forth in this subpart.

(c) *Review of applications and proposals.* In order to approve applications and proposals or proposed changes in ongoing activities, the IACUC shall conduct a review of those sections related to the care and use of animals and determine that the proposed activities are in accordance with this policy. In making this determination, the IACUC shall confirm that the activity will be conducted in accordance with the Animal Welfare Act insofar as it applies to the activity, and that the activity is consistent with the *Guide*, unless the IACUC determines that acceptable justification for a departure is

presented. Furthermore, the IACUC shall determine that the activity conforms with the institution's Assurance and meets the following requirements:

(1) Procedures with animals will avoid or minimize discomfort, distress and pain to the animals, consistent with sound research design.

(2) Procedures that may cause more than momentary or slight pain or distress to the animals will be performed with appropriate sedation, analgesia, or anesthesia, unless the procedure is justified for scientific reasons in writing by the investigator.

(3) Animals that would otherwise experience severe or chronic pain or distress that cannot be relieved will be painlessly sacrificed at the end of the procedure or, if appropriate, during the procedure.

(4) The living conditions of animals will be appropriate for their species and contribute to their health and comfort. The housing, feeding and non-medical care of the animals will be directed by a veterinarian or a scientist trained and experienced in the proper care, handling and use of the species being maintained or studied.

(5) Medical care for animals will be available and provided as necessary by a qualified veterinarian.

(6) Personnel conducting procedures on the species being maintained or studies will be appropriately qualified and trained in those procedures.

(7) Methods of euthanasia used will be consistent with the recommendations of the American Veterinary Medical Association (AVMA) Panel of Euthanasia⁵, unless a deviation is justified for scientific reasons in writing by the investigator.

PHS 380.206 Public Health Service implementation.

(a) *Responsibility of the Office for Protection from Research Risks (OPRR).* OPRR is responsible for the general administration and coordination of this policy and will:

(1) Request and negotiate, approve or disapprove, and, as necessary, withdraw approval of Assurances;

⁵ Journal of the American Veterinary Association (JAVMA), 1978, Vol. 143, No. 1, pp. 59–72, or succeeding revised editions.

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(2) Distribute to executive secretaries of initial review and technical evaluation groups, and to PHS contracting offices, lists of institutions that have an approved Assurance;

(3) Advise contracting offices and awardee institutions concerning the implementation of this policy;

(4) Evaluate allegations of non-compliance with this subpart;

(5) Have the authority to review and approve or disapprove waivers of this subpart (see paragraph (d) of this section); and

(6) With other PHS officials, conduct site visits to selected institutions.

(b) *Responsibilities of PHS contracting offices.* PHS contracting offices shall not make an award for an activity involving animals unless the institution submitting the application or proposal is on the list of institutions that have an approved Assurance of file with OPRR, and the institutional official has provided verification of approval by the IACUC of those sections of the application or proposal related to the care and use of animals. If an institution is not listed, the contracting office shall ask OPRR to negotiate an Assurance with the institution before an award is made. No award shall be made until the Assurance has been submitted by the institution, approved by OPRR, and the institution has provided verification of approval by the IACUC of those sections of the application or proposal related to the care and use of animals in PHS-supported activities.

(c) *Conduct of special reviews/site visits.* Each awardee institution is subject to review at any time by PHS staff and advisors, which may include a site visit, to assess the adequacy of the institution's compliance with this policy.

(d) *Waiver.* Institutions may request a waiver of a provision of this policy by submitting a request to OPRR. No waiver will be granted unless sufficient justification is provided, and the waiver is approved in writing by OPRR.

Subpart PHS 380.3—Acquisition of Drugs and Medical Supplies

PHS 380.301 Scope of subpart.

This subpart provides policies and procedures pertaining to the acquisition

of drug products and medical supplies by PHS or PHS's contractors.

PHS 380.302 Acquisition of drugs.

PHS 380.302-1 Policy.

(a) Drugs shall be acquired at the lowest possible price consistent with acceptable standards of identity, strength, quality, purity, safety and effectiveness, and with due regard for the welfare of the patient and the professional judgment of the prescriber.

(b) Contracting activities shall ensure that drugs are acquired by generic name on a competitive basis whenever it is possible to obtain therapeutically effective drugs of established quality. However, the professional judgment of the prescriber to request drugs by brand name or house designation must be recognized when the best interest of the patient requires it. Similarly, scientific investigators have the prerogative to request drugs having end-product characteristics considered necessary for the conduct of research or investigations.

(c) Prior to taking any acquisition action, the contracting officer shall ensure that the requested drug products are not available from mandatory sources such as Federal Supply Schedules. Part 103-26 of the HHS Material Management Manual describes sources of supply for drugs.

PHS 380.302-2 Solicitation and contract requirements.

The contracting officer should consider including statements similar to the following in solicitations and resultant contracts pertaining to drug products:

(a) The offeror (contractor) guarantees that all requirements established by the Food and Drug Administration, HHS, have been met. These requirements include: plant sanitation, manufacturing, packaging, labeling, identification, strength, quality, purity, safety, and effectiveness.

NOTE: The contracting officer may want to cite the applicable reference(s) pertaining to the FDA requirements.

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(b) The offeror (contractor), by signing this document, guarantees/warrants that any applicable shelf-life requirements have been met and the furnished drugs are free from defects.

(c) The Government reserves the right to inspect the manufacturer's plant and premises during normal operating hours.

NOTE: FDA will normally conduct the inspection when requested, but may request to be reimbursed for the services.

(d) The offeror (contractor) agrees to submit either a comprehensive, certified analysis on each lot of drugs at the time of delivery of the drugs, or a comprehensive list of specifications met by the drugs along with a certificate of analysis, or other suitable documentation, verifying that the drugs meet the appropriate standards.

(e) The offeror (contractor) claims it is not currently listed as a disqualified bidder or offeror for drugs by any Federal agency or department.

(f) The offeror must set forth full, accurate, and complete information as required by this solicitation (including attachments). The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

(g) If the offeror (prime contractor) plans to use (or uses) a subcontractor or secondary manufacturer for the furnishing of any or all the drug products under the resultant contract, the name and address of the subcontractor or secondary manufacturer is to be furnished the contracting officer, along with the drug lots affected. The prime contractor shall ensure that the subcontractor or secondary manufacturer complies with the above stated requirements.

PHS 380.303 Acquisition of controlled drugs.

(a) Controlled drugs include narcotics and dangerous drugs identified by the Drug Enforcement Administration (DEA), Department of Justice, in the regulations implementing the Comprehensive Drug Abuse Prevention and Control Act of 1970 (Title 21 CFR Chapter II).

(b) The DEA issues a Controlled Substances Inventory List which provides general information pertaining to the ordering of controlled drug products

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and the use of specific order forms. The local DEA regional office should be contacted to receive the list and instructions regarding registering and ordering forms, as well as other matters concerning the handling and processing of controlled drugs. Sections 103-27.6204(a)(2) and 103-27.6302(b) of the HHS Material Management Manual provide information on issuing, shipping, and safeguarding controlled drugs.

(c) Contracting officers shall ensure that requests for contracts or purchase requests are supported by the required DEA form prior to initiation of any action.

PHS 380.304 Effectiveness of drug products.

PHS 380.304-1 General.

(a) The National Academy of Sciences National Research Council (NAS-NRC) has established effectiveness classifications for the indication of drug products, based upon the following criteria:

(1) Factual information that is freely available in scientific literature;

(2) Factual information that is available from the Food and Drug Administration, the manufacturer, or other sources; and

(3) Experience and informed judgment of the members of NAS-NRC panels.

(b) The indications mentioned in the following categories refer to "the effect the drug purports or is represented to have under the conditions of use prescribed, recommended, or suggested in the proposed labeling." That is, the indications are the claims noted in the labeling of a given drug product.

(1) *Category A—Effective.* For the presented indication, the drug is effective on the basis of the criteria cited in PHS 380.304-1(a) above.

(2) *Category B—Probably Effective.* For the indication presented, effectiveness of the drug is probable on the basis of the criteria cited in PHS 380.304-1(a) but additional evidence is required before it can be assigned to Category A.

(3) *Category C—Possibly Effective.* In relation to the indication in question, there is little evidence of effectiveness under any of the criteria cited in PHS

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380.304-1(a). The possibility that additional supporting evidence might be developed should not be ruled out, however.

(4) *Category D—Ineffective*. In relation to the indication in question, there is no acceptable evidence under any of the criteria cited in PHS 380.304-1(a) to support a claim of effectiveness.

PHS 380.304-2 Policy.

(a) It is PHS policy to not acquire drug products classified “ineffective” or “possibly effective” for use in its direct care programs. However, there are two exceptions to this policy:

(1) Drug products categorized as “ineffective” and “possibly effective” may be acquired for use in the pursuit of approved clinical research products.

(2) Drug products categorized as “possibly effective” may be acquired when no alternate means of therapy with drug products in the “probably effective” or “effective” categories are available.

(b) This policy applies to similar drug products marketed by the same or other firms.

PHS 380.304-3 Procedures.

(a) The contracting officer, prior to initiating action on a purchase request or request for contract for drug products, shall ensure that the items are screened against current lists of products identified by the Pharmacy Liaison Officer, Public Health Service, to determine whether acquisition of the items is prohibited, and that the individual actually performing the screening has annotated and initialed the request.

(b) When the request is received for a drug product which is allowable under the exceptions stated in PHS 380.304-2, the contracting officer shall ensure that the appropriate justification is provided, that it is signed by the responsible program official, and that it is included in the contract or purchase request file.

(c) When the request for a restricted drug product cannot be resolved by the substitution of another item, the contracting officer shall consider the request as a deviation and process it in accordance with Subpart 301.4.

PHS 380.304-4 Distribution of information.

(a) The Pharmacy Liaison Officer, Public Health Service, has responsibility for distributing information on the effectiveness of drug products to the principal official responsible for acquisition. The principal official responsible for acquisition will be advised by telephone of drug products classified as “ineffective” or “possibly effective” prior to publication in the FEDERAL REGISTER, and will be provided a monthly list of these drug products following publication in the FEDERAL REGISTER.

(b) The principal official responsible for acquisition shall establish procedures for the distribution of information on the effectiveness of drug products and implement other controls necessary to assure compliance with the policy set forth in PHS 380.304-2.

PHS 380.305 Maximum allowable cost for drugs.

PHS 380.305-1 General.

(a) The regulation entitled “Limitation on Payment or Reimbursement for Drugs,” also known as the Maximum Allowable Cost or MAC regulation, is set forth in Part 19 to Subtitle A of Title 45 of the Code of Federal Regulations.

(b) The MAC regulation established departmental policies and procedures for determining allowable drug costs and, where applicable, dispensing fees to be used to establish:

(1) Reimbursement to providers and health maintenance organizations under the Medicare program;

(2) Reimbursement to States under State administered health, welfare, and social service programs; and

(3) Allowable costs under projects for health services.

PHS 380.305-2 Applicability.

(a) This regulation implements the MAC regulation by establishing acquisition procedures consistent with the purpose and intent of the MAC regulation.

(b) This regulation applies to the direct acquisition of drugs by PHS and the acquisition or supply of drugs by PHS contractors.

PHS 380.305-3

(c) This regulation does not apply to the acquisition of drugs for research programs made by PHS and its contractors.

PHS 380.305-3 Responsibilities.

(a) The program office which initiates the requirement is responsible for advising the contracting office as to the applicability of the MAC regulation to the proposed acquisition.

(b) The Pharmacy Liaison Officer, PHS, is responsible for distributing to the principal official responsible for acquisition of the MAC determination or data concerning the acquisition cost of drugs. The MAC determination should be furnished within thirty days after publication as a final rule in the FEDERAL REGISTER. Acquisition cost data should be furnished within thirty days after the effective date.

(c) The principal official responsible for acquisition shall establish procedures for disseminating MAC determinations and acquisition cost data and may initiate other actions necessary to ensure compliance with the requirements of this regulation.

PHS 380.305-4 Solicitation notification.

(a) The contracting officer shall ensure that all requests for proposals and invitations for bids which are subject to the provisions of the MAC regulation contain a notice worded substantially as follows:

This acquisition is subject to the Maximum Allowable Cost (MAC) regulation set forth in Part 19 to Subtitle A of Title 45 of the Code of Federal Regulations.

(b) The contracting officer shall include the applicable MAC determination or acquisition cost data in the RFP or IFB.

(c) The referenced solicitation notice, or a notice worded similarly to it, is required to be included in all applicable solicitations issued by the contractor or its subcontractors.

PHS 380.305-5 Contract requirements.

(a) The contracting officer shall include a clause entitled "Maximum Allowable Cost for Drugs," reading substantially as the clause cited in PHS

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352.280-3, in all contracts subject to the provisions of the MAC regulation.

(b) The contracting officer shall incorporate in all contracts subject to the provisions of the MAC regulation the applicable MAC determination or acquisition cost data furnished in the solicitation.

(c) The clause cited in PHS 352.280-3, or a clause worded substantially as that clause, is required to be included in all applicable contracts awarded by the contractor or its subcontractors.

PHS 380.306 Acquisition of tax free and specially denatured alcohol.

(a) All orders for tax free and specially denatured alcohol shall be placed with the HRSA Supply Service Center, Perry Point, MD. Orders shall be placed in accordance with the ordering instructions contained in the HRSA Medical Supply Catalog.

Subpart PHS 380.4—Contracts Under the Indian Self-Determination Act**PHS 380.400 Scope of subpart.**

This subpart prescribes procedures for contracting by the Public Health Service (PHS) under the Indian Self-Determination Act (25 U.S.C. 450f).

PHS 380.401 Applicability of regulations.

Contracts with tribal organizations resulting from the submission of Indian Self-Determination Contract Proposals as authorized in Public Law 93-638 shall be in accordance with 41 CFR Chapters 1 and 3, except as otherwise provided herein. If this subpart conflicts with any of the other provisions of 41 CFR Chapters 1 or 3, the provisions of this subpart govern.

PHS 380.402 Waivers.

(a) The Secretary of Health and Human Services (HHS) waives Federal contract clauses that are normally contained in the General provisions of a contract to the extent that they are omitted from the General provisions prescribed for such contracts in this subpart.

(b) The Secretary may waive for the purpose of a specific contract other provisions of Federal contracting laws

or regulations as determined not appropriate in view of, or are inconsistent with, the provisions of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.). Requests for such waivers shall be in accordance with 42 CFR 36.216.

(c) Although it is PHS's policy to obtain competition whenever possible, any contract award to a tribal organization resulting from the submission of an Indian Self-Determination Contract Proposal will be effected without competition.

(d) Proposed contracts under section 103 of the Indian Self-Determination Act are exempted from the synopsis requirements of 41 CFR 1-1.1003. Although subcontracts are subject under section 7(b) of that act to a preference to Indian organizations and to Indian-owned economic enterprises, opportunities to so subcontract may be publicized by contracting officers as provided for in 41 CFR 1-1.1003-4.

PHS 380.403 Negotiating authority.

Contracts entered into pursuant to section 103 of the Indian Self-Determination Act (25 U.S.C. 450g) will cite as the negotiating authority 41 U.S.C. 252(c)(15) and 25 U.S.C. 450g.

PHS 380.404 Definitions.

The definitions prescribed in 42 CFR 36.204 are applicable to this subpart.

PHS 380.405 Types of contracts.

(a) Cost-reimbursement contracts will be used for all contracts made pursuant to this subpart between PHS and an Indian tribe or tribal organization. In addition to other provisions as the Secretary may from time to time require, the cost-reimbursement contracts shall contain the terms set out in PHS 352.280-4(a).

(b) Fixed-price contracts may be used in only these instances where costs can be precisely established. In addition to other provisions as the Secretary may from time to time require, the fixed-price contracts shall contain the terms set out in PHS 352.280-4(b).

(c) Cost sharing contracts may be used where the tribe contributes to the cost of a program and may specify a percentage of cost or fixed amount to be funded by the Government.

PHS 380.406 Term of contract.

(a) The term of contracts awarded under the Act shall not exceed one year except that contracts may be made for a longer term up to three years subject to the availability of appropriations under the following circumstances:

(1) The services provided under the contract can reasonably be expected to be continuing in nature and, as a result, a longer contract term would be advantageous.

(2) The Indian tribe or tribes to be served by the contract request that the term be more than one year. The tribal organizational will indicate the desired term of the contract in the Self-Determination Contract Proposal.

(b) Contract made for a term of more than one year may be renegotiated annually to reflect factors which include, but need not be limited to, cost increases beyond the control of the tribal contractor. Proposed changes in the services provided under the contract which reflect changes in program emphasis may be considered during the annual renegotiation if the changes fall within the general scope of the contract.

PHS 380.407 Exemption from bonds.

A tribal organization is not required to furnish performance and payment bonds before carrying out a contract under this subpart for the construction of public buildings or works as required by the Miller Act of August 24, 1935 (49 Stat. 793), as amended. However, the tribal organization shall require each of its subcontractors other than tribal organizations, to furnish both performance and payment bonds as follows:

(a) A performance bond with a surety or sureties satisfactory to the approving official, and in an amount he/she deems adequate, for the protection of the United States.

(b) A payment bond with a surety or sureties satisfactory to the approving official for the protection of all persons supplying labor and material in the prosecution of the work provided for in the contract. Whenever the total amount payable by the terms of the contract is not more than \$1,000,000, the payment bond shall be one-half the total amount payable by the terms of the contract. Whenever the total

PHS 380.408

amount payable by the terms of the contract is more than \$1,000,000 but not more than \$5,000,000, the payment bond shall be 40 percent of the total amount payable by the terms of the contract. Whenever the total amount payable by the terms of the contract is more than \$5,000,000, the payment bond shall be \$2,500,000.

PHS 380.408 Acquisition of construction and architect-engineering service contract.

(a) This section sets forth procedures and requirements peculiar to construction and architect-engineering service contracts. The terms and conditions of these contracts when negotiated with an Indian tribe or tribal organization pursuant to the Act shall, to the extent applicable, be in accordance with the requirements set forth in 41 CFR Part 1-18 and Subpart 1-4.10. However, if there is a conflict between 41 CFR Part 1-18 and Subpart 1-4.10, and any provision of the Act or 42 CFR Part 36, the Act or 42 CFR Part 36 shall govern. In addition these contracts shall include the special provisions identified in PHS 380.410.

(b) Exceptions.

(1) Subpart 1-18.10 of this title is not applicable.

(2) The contract clauses required by § 1-18.703-1 of this title shall be inserted in construction contracts with an Indian tribe or tribal organization which serves as a governmental instrumentality of an Indian tribe, but shall be prefaced by the provision contained in § 1-18.702-3 of this title.

(3) In all cases, the contracting officer shall obtain and insert the Wage Determination Decision issued by the Secretary of Labor in the contract prior to award of any contract for construction that falls within the purview of the Davis-Bacon Act. The Wage Determination Decision should be furnished sufficiently in advance of the contract award date to permit full consideration by the tribal organization and any prospective subcontractors.

PHS 380.409 Performance of personal services.

Any contract made under this subpart may include provisions for the performance of personal services which

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would otherwise be performed by Federal employees. Such services include, but are not limited to, performing the following functions in connection with the contract and applicable rules and regulations:

(a) Determining the eligibility of applicants for assistance, benefits, or services.

(b) Determining the extent or amount of assistance, benefits, or services to be provided.

(c) Providing such assistance, benefits, or services.

PHS 380.410 Special provisions of Indian Self-Determination contracts.

Contracts entered into pursuant to Section 103 of the Indian Self-Determination Act must incorporate special clauses which are consistent with those prescribed in Subpart I of Part 36 of 42 CFR on the following subjects:

(a) Fair and equal treatment of Indian people.

(b) Use of Indian business concerns.

(c) Indian preference in training and employment.

(d) Indemnity and insurance.

(e) Reports to the Indian people.

(f) Penalties.

(g) Retrocession.

(h) Assumption and reassumption of contract programs.

PHS 380.411 General provisions.

General provisions are published in these regulations (see PHS 352.280-4 for text of clauses) in order to respond to the expressed desire of the Indian people, to have published in one place, all of the terms and conditions applicable to contracts awarded under the Act. These general provisions incorporate the special clauses whose titles are listed in PHS 380.410, above, as well as applicable standard contract clauses.

Subpart PHS 380.5—Acquisitions Under the Buy Indian Act

PHS 380.500 Scope of subpart.

This subpart sets forth the policy on preferential acquisition from Indians under the negotiation authority of the Buy Indian Act. Applicability of this subpart is limited to acquisitions made by or on behalf of the Indian Health Service of the Public Health Service.

Appendix A—Public Health Service

PHS 380.502–5

PHS 380.501 Policy.

(a) The Indian Health Service will utilize the negotiation authority of the Buy Indian Act to give preference to Indians whenever the use of that authority is authorized and is practicable. The Buy Indian Act was enacted as a proviso to Section 23 of the Act of June 25, 1910, Chapter 431, Pub. L. 313, 61st Congress, 36 Stat. 861, and prescribes the application of the advertising requirements of section 3709 of the Revised Statutes to the acquisition of Indian supplies. As set out in 25 U.S.C. 47, the Buy Indian Act provides as follows:

So far as may be practicable Indian labor shall be employed, and purchases of the products of Indian industry may be made in open market in the discretion of the Secretary of the Interior.

(b) The functions, responsibilities, authorities, and duties of the Secretary of the Interior for maintenance and operation of hospital and health facilities for Indians and for the conservation of the health of Indians were transferred to the Secretary of Health, Education, and Welfare, on July 1, 1955 by Pub. L. 568, 83rd Congress, 42 U.S.C. 2001 et seq. Accordingly, the Secretary of Health and Human Services is authorized to use the Buy Indian Act in the acquisition of products of Indian industry in connection with the maintenance and operation of hospital and health facilities for Indians and for the conservation of the health of Indians. This authority has been delegated exclusively to the Indian Health Service and is not available for use by any other HHS component (unless that component is making an acquisition on behalf of the Indian Health Service).

(c) Use of the Buy Indian Act negotiation authority has been emphasized in subsequent legislation, particularly Pub. L. 94-437 and Pub. L. 96-537.

PHS 380.502 Definitions.

PHS 380.502–1 Indian.

Indian means a member of any tribe, pueblo, band, group, village or community that is recognized by the Secretary of the Interior as being Indian or any individual or group of individuals that is recognized by the Sec-

retary of the Interior or the Secretary of Health and Human Services. The Secretary of Health and Human Services in making such determinations may take into account the determination of the tribe with which affiliation is claimed.

PHS 380.502–2 Indian firm.

Indian firm means a sole enterprise, partnership, corporation, or other type of business organization owned, controlled, and operated by one or more Indians (including, for the purpose of sections 301 and 302 of Pub. L. 94-437, former or currently federally recognized Indian tribes in the State of New York) or by an Indian firm; or a non-profit firm organized for the benefit of Indians and controlled by Indians (see PHS 380.503(a)).

PHS 380.502–3 Product of Indian industry.

Product of Indian industry means anything produced by Indians through physical labor or by intellectual effort involving the use and application of skills by them.

PHS 380.502–4 Buy Indian contract.

Buy Indian contract means any contract involving activities covered by the Buy Indian Act that is negotiated under the provisions of 41 U.S.C. 252(c)(15) and 25 U.S.C. 47 between an Indian firm and a contracting officer representing the Indian Health Service.

PHS 380.502–5 Buy Indian restricted advertising.

Buy Indian restricted advertising is a special method of negotiated acquisition conducted in the same manner as a formally advertised acquisition, except that competition and award are restricted to Indian firms (see FAR 19.101). Thus, a Buy Indian acquisition may be considered an acquisition set-aside for Indian firms in the manner that some acquisitions are set-aside for small business concerns (see FAR 19.101). Set-aside acquisitions are, technically, negotiated acquisitions but should be conducted as if they were formally advertised acquisitions in instances where the formal advertising method would be used if the set-aside was not in effect.

PHS 380.503 Requirements.

(a) *Indian ownership.* The degree of ownership that is called for by PHS 380.502–2 shall be 100 percent during the period covered by a Buy Indian contract unless a deviation from that 100 percent requirement is approved on an individual basis by the cognizant Area or Program Office Director of the Indian Health Service. Such a deviation, which may be to not less than 51 percent, must be accompanied by an appropriate justification for the deviation.

(b) *Joint ventures.* An Indian firm may enter into a joint venture with other entities for specific projects as long as the Indian firm is the managing partner. However, the joint venture must be approved by the contracting officer prior to the award of a contract under the Buy Indian Act.

(c) *Bonds.* In the case of contracts for the construction, alteration, or repair of public buildings or public works, performance and payment bonds are required by the Miller Act (40 U.S.C. 270a) and Part 28 of the Federal Acquisition Regulation (48 CFR Ch. 1). In the case of contracts with Indian tribes or public nonprofit organizations serving as governmental instrumentalities of an Indian tribe, bonds are not required. However, bonds are required when dealing with private business entities which are owned by an Indian tribe or members of an Indian tribe. Bonds may be required of private business entities which are joint ventures with, or subcontractors of, an Indian tribe or a public nonprofit organization serving as a governmental instrumentality of an Indian tribe. A bid guarantee or bid bond is required only when a performance or payment bond is required.

(d) *Indian preference in employment, training and subcontracting.* Contracts awarded under the Buy Indian Act are subject to the requirements of section 7(b) of the Indian Self-Determination and Education Assistance Act (Pub. L. 93–638), which requires that preference be given to Indians in employment, training, and subcontracting. Subpart 370.2 and the contract clauses in 352.270–2 and 352.270–3 represent the Department's implementation of section 7(b). The Indian Preference clause set forth in 352.270–2 shall be included in

all Buy Indian solicitations and resultant contracts. The Indian Preference Program clause set forth in 352.270–3 shall be used as specified in 370.202(b). All requirements set forth in Subpart 370.2 which are applicable to the instant Buy Indian acquisition shall be followed by the contracting officer, e.g., sections 370.204 and 370.205.

(e) *Subcontracting.* Not more than 50 percent of the work to be performed under a prime contract awarded pursuant to the Buy Indian Act shall be subcontracted to other than Indian firms. For this purpose, work to be performed does not include the provision of materials, supplies, or equipment.

(f) *Wage rates.* A determination of the minimum wage rates by the Secretary of Labor as required by the Davis-Bacon Act (40 U.S.C. 276a–5) shall be included in all contracts awarded under the Buy Indian Act for over \$2,000 for construction, alteration, or repair, including painting and decorating, of public buildings and public works, except contracts with Indian tribes or public nonprofit organizations serving as governmental instrumentalities of an Indian tribe. The wage rate determination is to be included in contracts with private business entities even if they are owned by an Indian tribe or members of an Indian tribe and in connection with joint ventures with, or subcontractors of, an Indian tribe or a public nonprofit organization serving as a governmental instrumentality of an Indian tribe.

PHS 380.504 Competition.

(a) Contracts to be awarded under the Buy Indian Act shall be subject to competition among Indians or Indian concerns to the maximum extent that competition is determined by the contracting officer to be practicable, pursuant to FAR 14.101 and FAR 15.105. When competition is determined not to be practicable, a Justification for Noncompetitive Acquisition shall be prepared in accordance with 315.7105 and subsequently retained in the contract file.

(b) Notwithstanding the provisions of Subpart 315.71, a request for approval of noncompetitive acquisitions to be negotiated under the Buy Indian Act may, if \$25,000 or less, be approved by

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the chief of the contracting office, or, if over \$25,000, by the cognizant Area or Program Office Director. Approval shall be in the form of a Justification for Noncompetitive Acquisition.

(c) Solicitations must be synopsisized and publicized in the Commerce Business Daily (see FAR 5.2 and Subpart 305.2) and copies of the synopses sent to the tribal office of the Indian tribal government directly concerned with the proposed acquisition as well as to Indian concerns and others having a legitimate interest. The synopsis should state that the acquisition is restricted to Indian firms under the Buy Indian Act.

PHS 380.505 Responsibility determinations.

(a) A contract may be awarded under the Buy Indian Act only if it is first determined that the project or function to be contracted for is likely to be satisfactorily performed under such a contract and that the project or function is likely to be properly completed or maintained under that contract.

(b) The determination called for by paragraph (a), to be made prior to the award of a contract, will be made in writing by the contracting officer reflecting an analysis of the standards set forth in FAR 9.104–1, 309.104–1 of this Chapter and PHS 380.502–2.

CHAPTER 4—DEPARTMENT OF AGRICULTURE

(Parts 400 to 499)

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SUBCHAPTER A—GENERAL

PART 401—AGRICULTURE ACQUISITION REGULATION SYSTEM

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AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12111, Mar. 28, 1984, unless otherwise noted.

401.000 Scope of part.

This part presents introductory information about the Department of Agriculture's Acquisition Regulation, subsequently referred to as the AGAR. The AGAR is an integral part of the Federal Acquisition Regulations System and implements or supplements the Federal Acquisition Regulation (FAR).

Subpart 401.1—Purpose, Authority, Issuance

401.101 Purpose.

(a) This subpart establishes Chapter 4, the Department of Agriculture Acquisition Regulation (AGAR), within Title 48 of the Code of Federal Regulations. The AGAR provides for the codification and publication of uniform policies and procedures for acquisitions by contracting activities within the Department.

(b) The purpose of the AGAR is to implement the Federal Acquisition Regulation (FAR), where further implementation is needed, and to supplement the FAR when coverage is needed for subject matter not covered in the FAR. The AGAR is not by itself a complete document, as it must be used in conjunction with the FAR.

401.102 Authority.

The AGAR and amendments thereto are issued under 5 U.S.C. 301 and 40 U.S.C. 486(c). Pursuant to 7 CFR 2.76 the Director, Office of Operations, has the delegated authority to promulgate Departmental acquisition regulations.

401.103

401.103 Applicability.

The FAR and AGAR apply to all Department of Agriculture (USDA) acquisitions of supplies and services (including construction) which obligate appropriated funds, unless otherwise specified in this regulation or excepted by law. For acquisitions using nonappropriated funds, these regulations shall be used as guides to the maximum extent feasible and consistent with efficient program operations.

401.103-70 Exclusions.

Certain USDA policies and procedures which come within the scope of this chapter may be excluded from the AGAR under appropriately justified circumstances, such as:

- (a) Subject matter which bears a security classification (See FAR 4.402).
- (b) Subject matter which is effective for a period less than 6 months.
- (c) Subject matter which is instituted on an experimental basis for a reasonable period.

401.104 Issuance.

401.104-1 Publication and code arrangement.

(a) The AGAR is issued in the Code of Federal Regulations as Chapter 4 of Title 48, Federal Acquisition Regulations System, to implement and supplement Chapter 1 which constitutes the FAR. Parts 400 through 499 have been assigned to USDA by the Office of the Federal Register.

(b) The AGAR and its subsequent changes are published in: (1) Daily issues of the FEDERAL REGISTER, (2) cumulative form in the Code of the Federal Regulations, and (3) looseleaf form for distribution within the Department.

401.104-2 Arrangement of regulations.

(a) *General.* The AGAR is divided into the same subchapters, parts, subparts, sections, and subsections as the FAR. However, when the FAR coverage is adequate by itself, there will be no AGAR counterpart. AGAR coverage parallels the FAR in format, arrangement, and numbering system.

(b) *Numbering.* The AGAR numbering system conforms to the FAR. The first digit, "4", represents the chapter num-

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ber assigned to USDA, followed by a 2-digit part number, and then a decimal point. Numbers after the decimal point represent respectively the subpart, section (two digits) and subsection separated from the former by a dash. For example, the AGAR implementation of FAR 1.104 is shown as 401.104, and of FAR 15.804-3 as 415.804-3. Subdivisions at the section and subsection level are indicated by parenthetical alphanumerics in accordance with the FAR scheme. However, subdivisions below the section and subsection levels may not always correlate directly to FAR designated paragraphs and subparagraphs.

[49 FR 12111, Mar. 28, 1984, as amended at 50 FR 14197, Apr. 10, 1985]

401.104-3 Copies.

Copies of the AGAR published in the FEDERAL REGISTER or Code of Federal Regulations may be purchased from the Superintendent of Documents, Government Printing Office, Washington, DC 20402. Requests should reference Chapter 4 of Title 48 CFR.

401.105-70 OMB approval under the Paperwork Reduction Act.

The OMB control number 0505-0005 applies to USDA solicitations and specified information collections within the AGAR.

[50 FR 14197, Apr. 10, 1985]

Subpart 401.2—Administration

401.201 Maintenance of the FAR.

401.201-1 The two councils.

(a) The Department is represented on the Civilian Agency Acquisition Council by a Policy Team member of the Procurement Division, Office of Operations.

(b) The Procurement Division will coordinate proposed FAR revisions with interested contracting activities and serve as the point of contact for interpreting regulations or receiving FAR revisions advocated by contracting activities.

Department of Agriculture

401.304

Subpart 401.3—Agency Acquisition Regulations

401.301 Policy.

(a) The Director, Office of Operations, subject to the authorities in 401.102 and FAR 1.301(c)(3), shall issue and publish in the FEDERAL REGISTER, as may be required, Departmental regulations to implement and supplement the FAR, that together with the FAR, constitute Department-wide policies, procedures, solicitation provisions, and contract clauses governing the contracting process or otherwise controlling the relationship between the Department (including any of its contracting activities) and contractors or prospective contractors.

(b) Each designated Head of a Contracting Activity (HCA) is authorized to issue or authorize the issuance of, at any organizational level, internal guidance which does not have a significant effect on contractors or prospective contractors. “Significant effect” is defined generally as something which has an effect beyond the internal operating procedures of the activity, or has a cost or administrative impact on offerors or contractors. Internal guidance issued by contracting activities will not be published in the FEDERAL REGISTER. HCAs shall ensure that the guidance, procedures, or instructions issued:

(1) Are consistent with the policies and procedures contained in this regulation;

(2) Follow the format, arrangement, and numbering system of this regulation to the extent practicable;

(3) Contain no material which duplicates, paraphrases, or is inconsistent with this regulation; and

(4) Are numbered and identified by use of alphabetical suffixes to the chapter number as follows:

- 4A Agricultural Marketing Service.
- 4B Agricultural Research Service.
- 4C Agricultural Stabilization and Conservation Service.
- 4D Farmers Home Administration.
- 4E Food Safety and Inspection Service.
- 4F Foreign Agricultural Service.
- 4G Forest Service.
- 4H Rural Electrification Administration.
- 4I Soil Conservation Service.
- 4J Economics Management Staff.
- 4K Food and Nutrition Service.

4L Animal and Plant Health Inspection Service.

4M Federal Crop Insurance Corporation.

4N Office of Operations, Procurement Division (Procurement Operations).

4O [Reserved].

4P Office of International Cooperation and Development.

4R Office of the Inspector General.

4S Extension Service.

[49 FR 12111, Mar. 28, 1984, as amended at 50 FR 14197, Apr. 10, 1985]

401.303 Codification and public participation.

(a) The AGAR is codified as Chapter 4 Title 48 of the Code of Federal Regulations.

(b) Section 553(a)(2) of the Administrative Procedures Act, 5 U.S.C. 553, provides an exception from the standard public rulemaking procedures to the extent that the rule involves a matter related to agency management or personnel or to public property, loans, grants, benefits or contracts. OFPP Policy Letter 83-2 requires rulemaking for substantive acquisition rules but allows discretion in the matter for other than significant issues meeting the stated criteria. Accordingly, AGAR has been promulgated and may be revised from time to time in accordance with the rulemaking procedures of the Administrative Procedures Act and OFPP Policy Letter 83-2. This procedure for significant subject matter generally involves issuing a notice of proposed rulemaking inviting public comment, review and analysis of comments received, and publication of a final rule. The final rule includes a discussion of the public comments received and describes any changes made as a result of the comments.

401.304 Agency control and compliance procedures.

(a) The AGAR System is under the direct oversight and control of the Director, Office of Operations, who is responsible for review and issuance of all Department-wide acquisition regulations published in the FEDERAL REGISTER to assure compliance with FAR Part 1.

(b) The Director, Office of Operations, is also responsible for review

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and issuance of unpublished, Department-wide internal guidance under the AGAR System.

(c) HCA's are responsible for establishment and implementation of formal procedures for oversight and control of all unpublished internal guidance issued to implement FAR or AGAR requirements. These procedures shall be subject to the review and approval by the Director, Office of Operations, and shall include:

(1) Provisions for centralized issuance of all guidance and instructions using a directives system;

(2) Methods for periodic review and updating of all issuances;

(3) Distribution processes which assure timely receipt by all affected contracting offices; and

(4) Provisions for maintaining compliance with FAR 1.304.

(d) The Director, Office of Operations, is responsible for evaluating coverage under the AGAR System to determine applicability to other agencies and for recommending coverage to the FAR Secretariat for inclusion in the FAR.

(e) Recommendations for revision of existing FAR coverage or new FAR coverage shall be submitted by the HCA to the Director, Office of Operations, for further action.

401.370 Departmental directives.

Subject to the policies of FAR 1.3, the Department from time to time may issue internal directives of the following types to establish procedures, standards, guidance, or methods of performing duties, functions, or operations.

(a) *Departmental Regulations* (DR). Permanent directives signed by the Director, Office of Operations, to issue policies, authorities, and operating instructions.

(b) *Departmental Notices* (DN). Temporary directives signed by the Director, Office of Operations, to communicate policy or procedure which require immediate dissemination.

(c) *Secretary's Memoranda*. Temporary directives signed by the Secretary which establish major policy concerning missions and programs of the Department, direct initial or implementing action on these programs, or redi-

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rect or change policy or action in these areas.

Subpart 401.4—Deviations From the FAR and AGAR

401.402 Policy.

(a) Requests for authority to deviate from the provisions of the FAR or the AGAR shall be submitted in writing as far in advance as the exigencies of the situation will permit. Each request for deviation shall contain the following:

(1) A statement of the deviation desired, including identification of the specific paragraph number(s) of the FAR or AGAR;

(2) The reason why the deviation is considered necessary or would be in the best interest of the Government;

(3) If applicable, the name of the contractor and identification of the contract affected;

(4) A statement as to whether the deviation has been requested previously and, if so, circumstances of the previous request;

(5) A description of the intended effect of the deviation;

(6) A statement of the period of time for which the deviation is needed; and

(7) Any pertinent background information which will contribute to a full understanding of the desired deviation.

401.403 Individual deviations.

In individual cases, deviations from either the FAR or the AGAR will be authorized only when essential to effect a necessary acquisition or where special circumstances make such deviations clearly in the best interest of the Government. Except for cost principles, HCA's may approve individual deviations from the AGAR, after coordinating with the General Counsel and the Director, Office of Operations. No deviations from the FAR or AGAR may be authorized at the contracting office level. A copy of each deviation and its supporting documentation shall be provided to the Director, Office of Operations. Deviations involving cost principles contained in FAR Part 31 and Part 431, or any FAR deviation, shall not be made unless such action is authorized by the Director, Office of Operations, after consultation with the Office of General Counsel and any

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other appropriate office, on the basis of a written justification stating clearly the special circumstances involved.

401.404 Class deviations.

Where deviations from the FAR or AGAR are considered necessary for classes of contracts, requests for authority to deviate shall be submitted in writing to the Director, Office of Operations, who will, after obtaining appropriate concurrences from other officials (e.g., General Counsel, and such other parties of interest), consider the submission, and in the case of FAR deviations, consider the submission jointly with the Chairperson of the Civilian Agency Acquisition Council. Where circumstances preclude obtaining prior concurrence of the Chairperson of the Civilian Agency Acquisition Council, the Procurement Executive may authorize the deviation and subsequently inform the Chairperson of the Civilian Agency Acquisition Council of the deviation including the circumstances under which it was required.

Subpart 401.6—Contracting Authority and Responsibilities

401.601 General.

(a) The authority and responsibility vested in the Secretary to manage the Department's acquisition function is delegated through the Assistant Secretary for Administration to the Director, Office of Operations, who is the USDA Procurement Executive, pursuant to 7 CFR 2.76(a) (1) and (10). This broad authority includes, but is not limited to, the following responsibilities:

(1) Prescribing and publishing Departmental acquisition policies, regulations, and procedures.

(2) Taking any necessary actions consistent with policies, regulations, and procedures with respect to purchases, contracts, leases, and other transactions.

(3) Designating contracting officers.

(4) Establishing clear lines of contracting authority.

(5) Evaluating and monitoring the performance of the Department's acquisition system.

(6) Managing and enhancing career development of the contracting work force.

(7) Participating in the development of Government-wide acquisition policies, regulations, and standards and determining specific areas where Government-wide performance standards should be established and applied.

(8) Determining areas of Department-unique standards and developing unique Department-wide standards.

(9) Certifying to the Secretary that the acquisition system meets approved standards.

(b) The Director, Office of Operations, may delegate contracting authority to the Heads of Contracting Activities (HCA's) and the responsibility to manage their acquisition function. Delegations of authority for automatic data processing (ADP) equipment, services and related supplies are limited in accordance with Part 439.

[49 FR 12111, Mar. 28, 1984, as amended at 51 FR 34564, Sept. 29, 1986]

401.603 Selection, appointment, and termination of appointment.

401.603-1 General.

An HCA may delegate contracting authority to the extent authorized by the Procurement Executive in a general delegation of acquisition authority, by appointing qualified individuals as contracting officers, in accordance with the USDA Contracting Officer Warrant System, Departmental Regulation 5001-1. Contracts may be entered into and signed only by the Agency Head, HCA's, or other duly appointed contracting officers acting within the scope of their authority.

[51 FR 34564, Sept. 29, 1986]

401.670 Legal review and assistance.

Proposed acquisitions may be subject to legal review by the Office of the General Counsel in accordance with the procedures contained in Departmental Directives (5000 series).

[50 FR 14197, Apr. 10, 1985]

401.671 Ratification of unauthorized contract awards.

[51 FR 34565, Sept. 29, 1986]

401.671-1

401.671-1 Definitions.

Ratification, as used in this section, means the signed, documented action taken by an authorized official to approve and sanction a previously unauthorized commitment.

Unauthorized commitment, as used in this section, means an agreement made by a Government representative who lacked the authority to enter into a contract on behalf of the Government.

[51 FR 34565, Sept. 29, 1986]

401.671-2 Authority.

Only contracting officers acting within the scope of their authority may enter into contracts on behalf of the Government (see FAR 1.602). However, subject to the limitations in 401.671-3 below, an HCA or contracting officer having redelegable contracting authority may ratify, to the extent of their individual delegations of authority, unauthorized commitments.

[51 FR 34565, Sept. 29, 1986]

401.671-3 Limitations on exercise of authority.

(a) The authority in 401.671-2 above may be exercised only if—

(1) The work under the unauthorized commitment was needed by the Government and was for the Government's benefit;

(2) The ratifying official could have granted authority to enter into the commitment at the time it was made and still has the power to do so;

(3) The resulting contract would otherwise be proper. As used herein, the phrase "otherwise proper" means that a ratification of an unauthorized commitment can be made only if there occurred no violation of any substantive legal requirement, e.g., there can be no ratification unless the use of other than full and open competition can be justified and approved; a determination made that the contractor is not debarred or otherwise ineligible for award; the organizational conflict of interest reviews and determinations, if required, are completed; and all other substantive legal requirements have been met;

(4) Supplies or services being provided are acceptable to the Government;

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(5) The ratifying official determines the price to be fair and reasonable;

(6) The ratifying official recommends payment; and

(7) Funds are available and were available at the time the unauthorized commitment was made.

(b) Any unauthorized commitment that would involve claims subject to resolution under the Contract Disputes Act of 1978 shall be processed in accordance with FAR Subpart 33.2.

[51 FR 34565, Sept. 29, 1986]

401.671-4 Procedures.

Whenever a ratifying official of the cognizant contracting activity learns that a person or firm has assumed work as a result of an unauthorized commitment, that official shall take the following actions:

(a) Immediately inform any person who is performing work as a result of an unauthorized commitment that the work is being performed at that person's risk;

(b) Inform the person who made the unauthorized commitment of the seriousness of the act and the possible consequences;

(c) Ensure that the individual who made the unauthorized commitment furnishes all records and documents concerning the commitment and a complete, written statement of facts, including, but not limited to: a statement as to why a contracting officer was not used; why the vendor was selected and a list of sources considered; a description of work to be performed or products to be furnished; the estimated or agreed price; whether an appropriation is available for the work; and whether performance has begun. Under exceptional circumstances, such as when the person who made the unauthorized commitment is no longer available to attest to the circumstances of the unauthorized commitment, the ratifying official may waive these requirements; and

(d) Decide whether ratification is proper and proceed as follows:

(1) If ratification is not justifiable, provide the cognizant program office, contracting office, and the unauthorized contractor with an explanation of the decision not to ratify.

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(2) If ratification appears adequately justified, ratify the action and retain or assign the contract to a successor contracting officer if necessary.

(3) Maintain related approval, decisional, and background documents in the contract file for audit purposes.

(4) Notify the cognizant program supervisor or line officer about the final disposition of the case; the notification may include a recommendation that the unauthorized commitment should be further considered as a violation of the employee conduct regulations of the Department. (See 7 CFR 0.735–11).

[51 FR 34565, Sept. 29, 1986]

401.671–5 Nonratifiable commitments.

Cases that are not ratifiable under this section may be subject to resolution as recommended by the General Accounting Office under its claim procedure (4 CFR Part 31), or as authorized by FAR Part 50. Legal advice should be obtained in those instances.

[51 FR 34565, Sept. 29, 1986]

Subpart 401.70—Procurement Management Reviews

SOURCE: 51 FR 34565, Sept. 29, 1986, unless otherwise noted.

401.7001 General.

It is the policy of the Office of Operations to regularly conduct procurement management reviews (PMRs) of contract activities' procurement management and operations. This will fulfill a responsibility of the Senior Procurement Executive under Executive Order 12352 and the duties stated in 7 CFR 2.25 and 7 CFR 2.76, to oversee development of procurement systems and evaluate systems performance.

401.7002 Purpose.

Procurement management review will be conducted for the principal purpose of ensuring compliance with the FAR, AGAR, and other Federal procurement laws and regulations. Reviews will also analyze staffing, training, agency regulations, forms, organization, and overall management of the procurement function.

401.7003 Scheduling.

Reviews will normally be scheduled at least 60 days in advance. A scheduling letter, requesting some specific information from the office to be reviewed, will be sent to the HCA after preliminary discussions with the HCA's administrative services director to avoid scheduling conflicts, periods of personnel absences, etc. Review plans will be discussed, and, to the extent feasible, coordinated with the Offices of Finance and Management, Inspector General, and Advocacy and Enterprise.

401.7004 Frequency.

The Office of Operations will review at least one major procurement office within each contract activity on a 2 or 3-year cycle. Large contracting activities with decentralized procurement will receive more frequent reviews, as time and resources permit. Occasionally, more frequent or more in-depth reviews may be necessary to analyze special problem situations. HCA's are encouraged to make their internal review schedules known to the Office of Operations-PMR Team, and may request assistance in performing their internal reviews.

401.7005 Guidelines.

Guidelines for conducting PMR's are found in the Office of Operations, Procurement Management Review Handbook.

401.7006 Reports.

Draft reports of findings, recommendations and required corrective actions will be sent to administrative services directors for review and comment on factual inaccuracies or statements unfounded in fact. Final reports will be sent to HCA's. Reports will also contain suggestions for improvements in procedure and management of the acquisition function.

PART 402—DEFINITIONS OF WORDS AND TERMS

Sec.

402.000 Scope of part.

402.001 Definitions.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

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SOURCE: 49 FR 12113, Mar. 28, 1984, unless otherwise noted.

402.000 Scope of part.

As used throughout this regulation, the following words and terms are used as defined in this subpart unless the context in which they are used clearly requires a different meaning, or a different definition is prescribed for a particular part or portion of a part.

402.001 Definitions.

Agency Head or *Head of the Agency* means the Secretary of Agriculture, Deputy Secretary, and the Assistant Secretary for Administration.

Contracting Activity means the Office of Operations and other USDA organizations having delegated acquisition contracting authority. A contracting activity's authority and responsibility to manage its acquisition contracting function and those of other organizations for which it provides administrative support are established by a written delegation from the Director, Office of Operations.

Head of the Contracting Activity (HCA) means the official who has overall responsibility for managing the contracting activity, i.e., Chief, Forest Service; Administrator, Agricultural Marketing Services; etc. Each HCA may designate one individual from the contracting activity to act as the HCA and perform the delegated contract management functions for the contracting activity.

Procurement Executive means the agency official appointed as such by the Head of the Agency pursuant to Executive Order 12352. The Director, Office of Operations, has been designated as the USDA Procurement Executive.

PART 403—IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST

Subpart 403.2—Contractor Gratuities to Government Personnel

Sec.

403.203 Reporting suspected violation of the gratuities clause.

403.204 Treatment of violations.

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Subpart 403.3—Reports of Identical Bids and Suspected Antitrust Violations

403.302 Reporting Identical Bids.

403.303 Reporting suspected antitrust violations.

Subpart 403.4—Contingent fees

403.408 Evaluation of the SF.–119.

403.408–1 Responsibilities.

403.409 Misrepresentations or violations of the Covenant Against Contingent Fees.

Subpart 403.5—Other Improper Business Practices

403.502 Subcontractor kickbacks.

Subpart 403.6—Contracts with Government Employees or Organizations Owned or Controlled by Them

403.602 Exceptions.

403.603 Responsibilities of the contracting officer.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12113, Mar. 28, 1984, unless otherwise noted.

Subpart 403.2—Contractor Gratuities to Government Personnel

403.203 Reporting suspected violation of the gratuities clause.

A suspected violation of the contract clause, FAR 52.203–3, Gratuities, shall be reported immediately to the cognizant contracting officer in writing, stating the circumstances surrounding the incident(s), and date(s) and names of all parties involved. The contracting officer shall review the report for completeness, add any additional information deemed necessary and a recommendation for action, and submit the report to the HCA.

403.204 Treatment of violations.

The HCA shall review the report and consult with the Offices of General Counsel and Inspector General, as appropriate, to determine whether further action should be pursued. If it is found that the facts and circumstances warrant further action, the HCA shall give the contractor formal, written notice which summarizes the reported violation and affords the contractor the opportunity to make a written or

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oral response within a reasonable, specified period after receipt of the notice. The notice shall be sent by certified mail with return receipt requested. Oral presentations shall follow the procedures outlined in FAR 3.204(b). The HCA shall furnish copies of any adverse determination to the contracting officer and the Department Debarring Officer for their subsequent considerations under FAR 3.204(c) (1) and (2), respectively.

Subpart 403.3—Reports of Identical Bids and Suspected Antitrust Violations

403.302 Reporting identical bids.

Executive Order 12430 dated July 6, 1983, revoked the requirement of Executive Order 10936 dated April 24, 1961, to submit reports to the Attorney General regarding identical bids.

403.303 Reporting suspected antitrust violations.

Contracting officers shall report the circumstances of suspected violations of antitrust laws to the Office of Inspector General in accordance with procedures in Departmental Regulation 1710-2.

[50 FR 14197, Apr. 10, 1985]

Subpart 403.4—Contingent Fees

403.408 Evaluation of the SF-119.

403.408-1 Responsibilities.

The review required by FAR 3.408-1(b) shall be performed at a level higher than the contracting officer.

403.409 Misrepresentations or violations of the Covenant Against Contingent Fees.

(a) A suspected misrepresentation or violation of the Covenant Against Contingent Fees shall be documented in writing by the contracting officer and reported immediately to the HCA. The HCA shall determine if a violation has occurred and take action in accordance with FAR 3.409(b).

(b) If the HCA decides to refer the case to the Department of Justice, it should be referred directly with a copy

of the report and referral submitted to the Director, Office of Operations.

Subpart 403.5—Other Improper Business Practices

403.502 Subcontractor kickbacks.

Contracting officers shall report the circumstances of suspected violations of the Anti-Kickback Act (41 U.S.C. 51-54) to the Office of Inspector General in accordance with procedures in Departmental Regulation 1710-2.

[50 FR 14197, Apr. 10, 1985]

Subpart 403.6—Contracts With Government Employees or Organizations Owned or Controlled by Them

403.602 Exceptions.

The HCA is authorized to except a contract from the policy in FAR 3.601.

403.603 Responsibilities of the contracting officer.

The contracting officer, when requesting authorization under 403.602, shall prepare a written determination and findings for the signature of the HCA. The determination shall document compliance with FAR 3.603 specifying the compelling reason(s) for award, and be placed in the contract file.

PART 404—ADMINISTRATIVE MATTERS

Subpart 404.4—Safeguarding Classified Information Within Industry

Sec.

404.402 General.

404.403 Responsibilities of contracting officers.

Subpart 404.6—Contract Reporting

404.601 Federal Procurement Data System.

404.670 Solicitation provision.

Subpart 404.8—Contract Files

404.805 Disposal of contract files.

404.870 Document numbering system.

404.870-1 Purchase order/delivery order numbering system.

404.870-2 Contract numbering system.

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Subpart 404.70—Precontract Notices

404.7001 Solicitation provision.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12114, Mar. 28, 1984, unless otherwise noted.

Subpart 404.4—Safeguarding Classified Information Within Industry

404.402 General.

(a) Based on an agreement with the Department of Defense, USDA is covered by the Defense Industrial Security Program (DISP). Accordingly, all contracting activities will conduct classified acquisitions as required by the DISP.

(b) Detailed information on DISP requirements is maintained by the Chief, Security and Employee Relations Staff, Office of Personnel, Washington, DC 20250.

404.403 Responsibilities of contracting officers.

When a proposed solicitation is likely to require access to information classified by USDA, the contracting officer shall consult with the Chief, Security and Employee Relations Staff, Office of Personnel, regarding the procedures that must be followed.

Subpart 404.6—Contract Reporting

404.601 Federal Procurement Data System.

(a) The Procurement Division, Office of Operations, manages an automated procurement reporting system for USDA. This system provides the Federal Procurement Data System with all required contracting information.

(b) Contracting activities shall report all contract actions into the USDA Procurement Reporting System in accordance with the regulations and notices of the 5010 classification series in the Departmental Directives System. MI11(c) Questions about the USDA Procurement Reporting System should be directed to the Procurement Division, Office of Operations, Washington, DC 20250.

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404.670 Solicitation provision.

The contracting officer shall insert the provision at 452.204–70, Data Universal Numbering System (DUNS), in each solicitation that will result in an award which will be subject to reporting on Form AD–760.

[53 FR 6062, Feb. 29, 1988]

Subpart 404.8—Contract Files

404.805 Disposal of contract files.

Contracting activities shall comply with their organizational file plans and disposition guides with respect to procedures for handling, storing, and disposing of contract files and other acquisition related documents. Contracting activity file plans and disposition guides shall not include provisions that permit contract files to be destroyed before the times indicated in FAR 4.805.

404.870 Document numbering system.

The Department has prescribed a standardized numbering system for acquisition documents.

404.870–1 Purchase order/delivery order numbering system.

USDA purchasing activities shall number their purchase/delivery orders in accordance with NFC Procedures Manual, “Purchase Orders,” Title II, Section 5.1.

404.870–2 Contract numbering system.

Contracting offices shall assign an 8 to 12-digit number to all contracts. Contract numbers will be divided into four data elements and formatted as follows:

(1)	(2)	(3)	(4)
Transaction code	Ordering office	Fiscal year	Control No.
XX	XXXX	X	X to XXXXX

(a) *Transaction Code.* This two-position code identifies the contract as being one of the following types:

- (1) Code 50—construction contract;
- (2) Code 51—[Reserved]
- (3) Code 52—tree planting/thinning contract;
- (4) Code 53—service contract;
- (5) Code 54—supply contract;

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(6) Code 55—aircraft rental (for firefighting purposes only) contract;

(7) Code 56—personal equipment rental (rental of vehicular equipment for firefighting purposes only) contract;

(8) Code 57—leasehold interest in real property contract

(b) *Ordering Office*. This four-position alpha-numeric code corresponds to the last four characters of the contracting office's GSA assigned FEDSTRIP requisitioner number.

(c) *Fiscal Year*. This one-position code corresponds to the last digit of the fiscal year in which the contract becomes effective.

(d) *Control Number*. This up-to-five position code (from one to five characters may be used) will be assigned by the contracting office. While contracts will generally be numbered consecutively (1 through 99999), contracting of-

fices may assign codes in any manner of their choosing. Codes may not be repeated, however, unless one of the preceding data elements (transaction code, ordering office, or fiscal year) changes. Alpha, as well as numeric, characters may be used in any one or more of the five positions.

[49 FR 12114, Mar. 28, 1984, as amended at 50 FR 14197, Apr. 10, 1985]

Subpart 404.70—Precontract Notices

404.7001 Solicitation provision.

The contracting officer shall insert a provision substantially the same as the provision at 452.204-71, Inquiries, in all solicitations.

[53 FR 6062, Feb. 29, 1988]

SUBCHAPTER B—ACQUISITION PLANNING

PART 405—PUBLICIZING CONTRACT ACTIONS

Subpart 405.4 Release of Information

Sec.

405.404-1 Release procedures.

Subpart 405.5—Paid Advertisements

405.502 Authority.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12115, Mar. 28, 1984, unless otherwise noted.

Subpart 405.4—Release of Information

405.404-1 Release procedures.

(a) HCA's shall establish procedures to control the release of long-range acquisition estimates as authorized under FAR 5.404-1.

(b) Classified information shall not be released without the approval of the Chief, Security and Employee Relations Staff, Office of Personnel.

[49 FR 12115, Mar. 28, 1984, as amended at 50 FR 14197, Apr. 10, 1985]

Subpart 405.5—Paid Advertisements

405.502 Authority.

HCA's are authorized to order the publication of an advertisement in newspapers. HCA's may redelegate this authority by regulation, order, or memorandum to subordinates within the contracting activity.

PART 406—COMPETITION REQUIREMENTS

Subpart 406.3—Other Than Full Open Competition

406.302 Circumstances permitting other than full and open competition.

406.302-70 Otherwise authorized by law.

AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c); and Sec. 1470, Pub. L. 95-113, 91 Stat. 1019 (7 U.S.C. 3316).

SOURCE: 51 FR 34566, Sept. 29, 1986, unless otherwise noted.

Subpart 406.3—Other Than Full and Open Competition

406.302 Circumstances permitting other than full and open competition.

406.302-70 Otherwise authorized by law.

(a) *Authority.* Section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3318) authorizes the Secretary to award contracts, without competition, to further research, extension, or teaching programs in the food and agricultural sciences.

(b) *Limitations.* The use of this authority is limited to those instances where it can be determined that contracting without full and open competition is in the best interest of the Government and necessary to the accomplishment of a research, extension, or teaching program. Therefore:

(1) Contracts under the authority of the Act shall be awarded on the basis of full and open competition; and

(2) When full and open competition is not deemed appropriate, the contracting officer shall make a written justification on a case-by-case basis in accordance with the procedures in FAR 6.303.

PART 407—ACQUISITION PLANNING

Subpart 407.1—Acquisition Plans

Sec.

407.102 Policy.

407.170 Advance acquisition plans.

Subpart 407.3—Contractor Versus Government Performance

407.302 General.

407.305 Solicitation provision and contract clause.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12115, Mar. 28, 1984 (interim rule), and 50 FR 14197, Apr. 10, 1985 (final rule), unless otherwise noted.

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Subpart 407.1—Acquisition Plans

407.102 Policy.

Each HCA shall develop an acquisition planning system in compliance with the requirements of FAR Subpart 7.1 for complex/high dollar acquisitions. The HCA should establish the criteria for requiring formal written plans and determine the dollar thresholds for use in each contracting activity that will ensure application of the principles of this section in FAR Subpart 7.1.

407.170 Advance acquisition plans.

Each HCA shall implement an advance acquisition planning system in accordance with procedures in Departmental Directives (5000 series).

[49 FR 12115, Mar. 28, 1984, as amended at 50 FR 14197, Apr. 10, 1985]

Subpart 407.3—Contractor Versus Government Performance

407.302 General.

The requirements of FAR Subpart 7.3 and OMB Circular A-76 are implemented in Departmental Directives (2100 series).

[50 FR 14197, Apr. 10, 1985]

407.305 Solicitation provision and contract clause.

The contracting officer shall insert the clauses at 452.207-70, Definition of “Right of First Refusal”, and 452.207-71, Report of Employment Under Commercial Activities, when the clause at FAR 52.207-3, Right of First Refusal of Employment, is used.

[53 FR 6063, Feb. 29, 1988]

PART 408—REQUIRED SOURCES OF SUPPLIES AND SERVICES

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

Subpart 408.8—Acquisition of Printing and Related Supplies

408.802 Policy.

(a) The Office of Governmental and Public Affairs (OGPA) has been des-

ignated as the Department’s liaison with the Joint Committee on Printing (JCP) and the Public Printer, Government Printing Office, on all matters related to printing.

(b) Departmental organizations and offices with publication programs have designated a publication liaison officer who is authorized to coordinate appropriate printing and publication matters with OGPA.

(c) Prior to contracting for any of the items defined in FAR 8.801, the contracting officer shall verify that the requisite approval has been received by the publication liaison officer or requisitioner.

[49 FR 12115, Mar. 28, 1984, as amended at 50 FR 14197, Apr. 10, 1985]

PART 409—CONTRACTOR QUALIFICATIONS

Subpart 409.4—Debarment, Suspension and Ineligibility

Sec.

409.403 Definitions.

409.404 Consolidated list of debarred, suspended, and ineligible contractors.

409.405 Effect of listing.

409.405-1 Continuation of current contracts.

409.405-2 Restrictions on subcontracting.

409.406 Debarment.

409.406-3 Procedures.

409.407 Suspension.

409.407-3 Procedures.

409.470 Appeals.

Subpart 409.5—Organizational Conflict of Interest

409.503 Waiver.

409.504 Contracting officer responsibilities.

409.507 Procedures.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12115, Mar. 28, 1984, unless otherwise noted.

Subpart 409.4—Debarment, Suspension and Ineligibility

409.403 Definitions.

Debarment official. The Director, Office of Operations, is designated as the debarment official (Department Debarment Officer) pursuant to the Secretary’s delegations of authority in 7 CFR 2.25 and 2.76. However, for contracts awarded under the School Lunch

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and Surplus Removal Program (42 U.S.C. 1755 and 7 U.S.C. 612C), the Department Debarring Officer has delegated debarring authority to the Agricultural Marketing Service.

409.404 Consolidated list of debarred, suspended, and ineligible contractors.

(a) The Department Debarring Officer is the department's single point of contact with GSA for debarment and suspension actions taken under this subpart. The debarring officer in the Agricultural Marketing Service shall notify the Department Debarring Officer of each debarment and suspension action by promptly submitting a copy of the debarment or suspension notice and any later changes to the debarment or suspension status. The Department Debarring Officer will forward a copy of each notice to GSA for inclusion in the Government-wide consolidated list.

(b) The Chief, Procurement Division, Office of Operations, is responsible for arranging bulk distribution of the consolidated list to contracting activities under the USDA Automated Mailing List. Contracting activities must make their own internal distribution.

409.405 Effect of listing.

Compelling reasons are considered to be present where failure to contract with the debarred or suspended contractor would seriously harm the agency's programs and prevent accomplishment of mission requirements. The Director, Office of Operations, is authorized to make the determinations under FAR 9.405. Requests for such determinations shall be submitted through the HCA to the Director, Office of Operations.

409.405-1 Continuation of current contracts.

The HCA is authorized to make the determinations under FAR 9.405-1.

409.405-2 Restrictions on subcontracting.

The HCA is authorized to approve subcontracts with debarred or suspended subcontractors under FAR 9.405-2.

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409.406 Debarment.

409.406-3 Procedures.

(a) *Investigation and referral.* When a contracting officer becomes aware of possible irregularities or any information which may be sufficient cause for debarment, the case shall be immediately referred through the HCA to the debarring official. The case must be accompanied by a complete statement of the facts (including a copy of any criminal indictments, if applicable) along with a recommendation for action. Where the statement of facts indicates the irregularities to be possible criminal offenses, or for any other reason further investigation is considered necessary, the matter shall be referred to the HCA who should consult with the Office of Inspector General to determine if further investigation is required prior to referring to the debarring official.

(b) *Decision-making process.* If, after reviewing the recommendations and consulting with the Office of Inspector General and Office of the General Counsel, as appropriate, the debarring official determines debarment is justified, the debarring official shall initiate the proposed debarment in accordance with FAR 9.406-3(c) and notify the HCA of the action taken.

(c) *Fact-finding proceedings.* For actions listed under FAR 9.406-3(b)(2), the contractor shall be given the opportunity to appear at an informal hearing. The hearing should be held at a location and time that is convenient to the parties concerned, if at all possible. The contractor and any specifically named affiliates may be represented by counsel or any duly authorized representative. Witnesses may be called by either party. The proceedings shall be conducted expeditiously and in such a manner that each party will have an opportunity to present all information considered pertinent to the proposed debarment. The contractor shall be provided a copy of a transcript of the proceedings under the conditions established in FAR 9.406-3(b)(2)(ii).

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409.407 Suspension.

409.407-3 Procedures.

(a) *Investigation and referral.* When a contracting officer becomes aware of possible irregularities or any information which may be sufficient cause for suspension, the case shall be immediately referred through the HCA to the debarring official. The case must be accompanied by a complete statement of the facts along with a recommendation for action. Where the statement of facts indicates the irregularities to be possible criminal offenses, or for any other reason further investigation is considered necessary, the matter shall be referred to the HCA who should consult with the Office of Inspector General to determine if further investigation is required prior to referring to the debarring official.

(b) *Decision-making process.* If, after reviewing the recommendations and consulting with the Office of Inspector General and Office of the General Counsel, as appropriate, the debarring official determines suspension is justified, the debarring official shall initiate the proposed suspension in accordance with FAR 9.407-3(c) and notify the HCA of the action taken.

(c) *Fact-finding proceedings.* For actions listed under FAR 9.407-3(b)(2), the contractor shall be given the opportunity to appear at an informal hearing, similar in nature to the hearing for debarments as discussed in 409.406-3(c).

409.470 Appeals.

A debarred or suspended contractor may appeal the debarring officer's decision by mailing or otherwise furnishing a written notice within 90 days from the date of the decision to the U.S. Department of Agriculture Board of Contract Appeals, Washington, DC 20250. A copy of the notice of appeal shall be furnished to the debarring officer from whose decision the appeal is taken. Appeals under Subpart 409.4 shall be governed by the rules and procedures of the U.S. Department of Agriculture Board of Contract Appeals set forth in 7 CFR, Part 24.

Subpart 409.5—Organizational Conflicts of Interest

409.503 Waiver.

(a) The Director, Office of Operations, is authorized to waive any general rule or procedure in FAR 9.5 when in the Government's interest.

(b) Requests for waiver shall be made by the HCA. Each request shall include:

(1) The general rule or procedure proposed to be waived;

(2) An analysis of the potential conflict, including the benefits and detriments to the Government and prospective contractors;

(3) A discussion of why the conflict cannot be avoided, neutralized, or mitigated; and

(4) Advice of counsel obtained under FAR 9.504(b).

409.504 Contracting officer responsibilities.

The contracting officer shall insert a clause substantially the same as the clause at 452.209-70, Organizational Conflict of Interest, in solicitations and contracts, if there is a potential for an organizational conflict of interest as described in FAR Subpart 9.5.

[53 FR 6063, Feb. 29, 1988]

409.507 Procedures.

(a) The Director, Office of Operations, is authorized to make the final decision under FAR 9.507(c)(4) when a prospective contractor disagrees with the decision by the HCA.

(b) Referrals shall be made by the HCA and include:

(1) A copy of the prospective contractor's request; and

(2) The initial decision made under FAR 9.507(a), along with the supporting documentation.

PART 410—SPECIFICATIONS, STANDARDS, AND OTHER PURCHASE DESCRIPTIONS

410.004 Selecting specifications or descriptions for use.

410.007 Deviations.

410.011 Contract clauses.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

410.004

SOURCE: 49 FR 12117, Mar. 28, 1984, unless otherwise noted.

410.004 Selecting specifications or descriptions for use.

(a) In accordance with FAR 10.004(b)(2), purchase descriptions shall not specify a product, or specific feature of a product, peculiar to a manufacturer unless the office initiating the purchase request furnishes written documentation and the contracting officer concurs that the product, or specific product feature, is essential to the Government's requirements and other similar products will not meet their requirements.

(b) A "brand name or equal" purchase description shall be used only under the conditions listed in FAR 10.004(b)(3) and in accordance with the following policies and procedures.

(1) A "brand name product" is a commercial product described by its brand name, make, model number, catalog designation or other description by which it is regularly offered for sale in the commercial marketplace.

(2) A "Brand Name, or Equal" purchase description shall include the following type information to clearly identify the specific item named by brand(s):

(i) Identification of the item by generic description.

(ii) Make, model number, catalog designation, or other description, and identification of the commercial catalog where it is listed.

(iii) Name of manufacturer, producer, or distributor of the item and complete address.

(3) All salient characteristics of the "brand name product or products" which have been determined by the initiating office to be essential to the Government's minimum requirements shall be clearly identified and included in the purchase description under the heading, "Salient Characteristics."

(4) The following or similar language shall be included in every solicitation seeking offers on a "brand name, or equal" basis to allow offerors the opportunity to clearly identify the "equal" item being offered, and how that item meets the salient characteristics requirements of the Government:

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(i) Offerors proposing to furnish an "equal" product, in accordance with the "Brand Name, or Equal" provision of this solicitation, shall provide the following information for the offered product:

Item Number: _____
Manufacturer's Name: _____
Address: _____
Product Name (if any): _____
Product Make, Model or Catalog Description: _____

Offerors shall also be responsible for submitting all additional information on the above product necessary for the Government to determine whether the product offered meets the salient characteristics of the "brand name" as listed in the solicitation.

(5) In addition, the provision at 452.210-70, Brand Name or Equal, shall be inserted in solicitations where "brand name or equal" purchase descriptions are used. This provision may be modified for use in negotiated contracts.

(c) The policies and procedures in this section and the provision at 452.210-70 are not applicable to contracts for construction services, since the use of trade name descriptions are covered by the clause at FAR 52.236-5, Material and Workmanship.

[49 FR 12117, Mar. 28, 1984, as amended at 50 FR 14198, Apr. 10, 1985]

EFFECTIVE DATE NOTE: The information collection requirements contained in §410.004 will not be required until approved by the Office of Management and Budget.

410.007 Deviations.

HCA's are designated to authorize deviations as required by FAR 10.007 and are responsible for accomplishing the actions required by FAR 10.007. Copies of the applicable documents shall be provided to the Director, Office of Operations.

410.011 Contract clauses.

(a) The contracting officer shall insert the clause at 452.210-71, Statement of Work/Specifications, when the statement of work or specifications is included in Section J of the solicitation.

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(b) The contracting officer shall insert the clause at 452.210-72, Attachment to Statement of Work/Specifications, when there are attachments to the statement of work or specifications.

[53 FR 6063, Feb. 29, 1988]

PART 411—[RESERVED]

PART 412—CONTRACT DELIVERY OR PERFORMANCE

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

Subpart 412.1—Delivery or Performance Schedules

412.104 Contract clauses.

(a)(1) If the type of contract is a cost-plus-fixed fee, the contracting officer shall insert the clause at 452.212-70, Level of Effort—Cost Reimbursement Term Contract.

(2) If the type of contract is a cost or cost-sharing, the contracting officer

shall use the clause with its Alternate I.

(3) If the type of contract is a cost-plus-incentive-fee, the contracting officer shall use the clause with its Alternate II.

(4) If the type of contract is a cost-plus-award-fee, the contracting officer shall use the clause with its Alternate III.

(b) The contracting officer shall insert the clause at 452.212-71, Task Orders, when task orders will be used in a cost-reimbursement term contract.

(c)(1) The contracting officer shall insert the clause at 452.212-72, Period of Performance, when it is necessary to specify a period of performance, beginning on the date of award, date of receipt of notice of award, or a specified date.

(2) The contracting officer shall insert the clause at 452.212-73, Effective Period of the Contract, when it is necessary to specify the effective period of the contract.

[53 FR 6063, Feb. 29, 1988]

SUBCHAPTER C—CONTRACTING METHODS AND CONTRACT TYPES

PART 413—SMALL PURCHASE AND OTHER SIMPLIFIED PURCHASE PROCEDURES

Subpart 413.5—Purchase Orders

Sec.

413.505 Purchase order and related forms.

413.505-2 Agency order forms in lieu of Optional Forms 347 and 348.

413.505-70 AD-744, Purchase Order-Invoice-Voucher.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12117, Mar. 28, 1984, unless otherwise noted.

Subpart 413.5—Purchase Orders

413.505 Purchase order and related forms.

413.505-2 Agency order forms in lieu of Optional Forms 347 and 348.

Form AD-838, Purchase Order, is prescribed for use by USDA in lieu of Optional Forms 347 and 348.

413.505-70 AD-744, Purchase Order-Invoice-Voucher.

(a) *Prescribed form.* Form AD-744, Purchase Order-Invoice-Voucher, is prescribed for use by USDA in lieu of Standard Form 44.

(b) *Restrictions on use.* Form AD-744 shall not be used unless all four conditions under FAR 13.505-3(b) are satisfied. Additionally, use is precluded for any of the following purposes:

- (1) As a confirming purchase order;
- (2) As an order under a Blanket Purchase Agreement;
- (3) As a receipt for purchases paid in cash;
- (4) As an order for acquiring goods or services from Government agencies; or
- (5) As a substitute for cash purchases using imprest funds, unless funds are not available.

(c) *Accountability controls.* Form AD-744 shall be controlled and accounted for in accordance with the procedures

established by the USDA National Finance Center.

[49 FR 12117, Mar. 28, 1984, as amended at 51 FR 34566, Sept. 29, 1986]

PART 414—SEALED BIDDING

Subpart 414.2—Solicitation of Bids

Sec.

414.201 Preparation of invitations for bids.

414.201-6 Solicitation provision.

Subpart 414.4—Opening of Bids and Award of Contract

414.404-1 Cancellation of invitations after opening.

414.406 Mistakes in bids.

414.406-3 Other mistakes disclosed before award.

414.406-4 Mistakes after award.

414.407 Award.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

Subpart 414.2—Solicitation of Bids

414.201 Preparation of invitations for bids.

414.201-6 Solicitation provision.

The contracting officer shall insert the provision 452.214-70, Award by Lot, when multiple items are segregated into clearly identifiable lots and the contracting officer wants to reserve the right to award by item within a lot, if award in that manner would be advantageous to the Government.

[53 FR 6063, Feb. 29, 1988]

Subpart 414.4—Opening of Bids and Award of Contract

SOURCE: 49 FR 12117, Mar. 28, 1984, unless otherwise noted.

414.404-1 Cancellation of invitations after opening.

HCA's are authorized to make the determinations under FAR 14.404-1 (c) and (e)(1).

[51 FR 34566, Sept. 29, 1986]

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414.406 Mistakes in bids.

414.406-3 Other mistakes disclosed before award.

(a) Contracting offices shall send all cases of mistakes in bid described in FAR 14.406-3 (a), (b), and (d) through their HCA to the Director, Office of Operations, for an administrative determination. The Director, Office of Operations, shall submit all determinations to the Assistant General Counsel, Research and Operations Division, for approval.

(b) The HCA shall make the determination described in FAR 14.406-3(c). An HCA may redelegate this authority to a level no lower than the contracting officer. Each proposed determination is subject to the approval of the Assistant General Counsel, Research and Operations Division, or the appropriate Regional Attorney or Attorney-in-Charge, whoever routinely provides legal services for the contracting office.

(c) Doubtful cases that are to be submitted to the General Accounting Office for advance decision shall be submitted through the Director, Office of Operations.

414.406-4 Mistakes after award.

If a mistake in bid is disclosed after award, the contracting officer shall make a final determination in accordance with the provisions of FAR 14.406-4 (b) and (c) and shall coordinate each proposed determination with the Assistant General Counsel, Research and Operations Division, or the Regional Attorney-in-Charge, whoever routinely provides legal services to the contracting office. Such coordination shall, at a minimum, consist of the contracting officer providing the proposed determination and the case file to the appropriate legal officer for comment.

414.407 Award.

PART 415—CONTRACTING BY NEGOTIATION

Subpart 415.1—General Requirements for Negotiation

Sec.

415.103 Converting from sealed bidding to negotiation procedures.

Subpart 415.4—Solicitation and Receipt of Proposals and Quotations

415.407 Solicitation provisions.
415.408 Issuing solicitations.
415.411 Receipt of proposals and quotations.
415.413 Disclosure and use of information before award.

Subpart 415.5—Unsolicited Proposals

415.504 Advance guidance.
415.506 Agency procedures.

Subpart 415.6—Source Selection

415.607 Disclosure of mistakes before award.
415.608 Proposal evaluation.
415.612 Formal source selection.

Subpart 415.8—Price Negotiation

415.804 Cost or pricing data.
415.804-3 Exemptions from or waiver of submission of certified cost or pricing data.

Subpart 415.9—Profit

415.902 Policy.

Subpart 415.10—Preaward, Award and Postaward Notifications, Protests, and Mistakes

415.1070 Post-award conference.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12118, Mar. 28, 1984, unless otherwise noted.

Subpart 415.1—General Requirements for Negotiation

415.103 Converting from sealed bidding to negotiation procedures.

HCA's are authorized to make the determination to permit the use of negotiation to complete an acquisition following the cancellation of an invitation for bids. (See 414.404-1).

[51 FR 34566, Sept. 29, 1986]

Subpart 415.4—Solicitation and Receipt of Proposals and Quotations

415.407 Solicitation provisions.

(a)(1) The contracting officer shall insert a provision substantially the same as the provision at 452.215-71, Instructions for the Preparation of Technical and Business Proposals, when the

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request for proposals requires offerors to submit technical proposals and business proposals, including cost or pricing proposals.

(2) The contracting officer shall insert a provision substantially the same as Alternate I to the provision, when a contract for major facilities management or other major services is contemplated.

(b) The contracting officer shall insert the provision at 452.215-72, Amendments to Proposals, in solicitations which require the submittal of lengthy, complex technical proposals.

(c) The contracting officer shall insert a provision substantially the same as the provision at 452.215-73, Submission of Proposals, when a proposal must be submitted in various formats and quantities.

(d) The contracting officer shall insert the provision at 452.215-74, General Financial and Organizational Information, in solicitations for negotiated fixed-price or cost-reimbursement contracts.

(e) The contracting officer shall insert a provision substantially the same as the provision at 452.215-75, Definition of Labor Classifications, in cost-reimbursement solicitations which identify the disciplines and levels of expertise required to perform the effort. The requisitioning program office shall identify for the contracting officer the labor classifications that may appropriately apply. Paragraphs (c) and (d) of the clauses are examples only, which may be modified or deleted to accommodate the particular procurement.

[53 FR 6063, Feb. 29, 1988]

415.408 Issuing solicitations.

Solicitations involving classified information shall be issued as prescribed in Subpart 404.4.

415.411 Receipt of proposals and quotations.

Classified proposals and quotations shall be handled as prescribed in Subpart 404.4.

415.413 Disclosure and use of information before award.

(a) Contracting officers shall use the Alternate II procedures in FAR 15.413-

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2 and this 415.413 for the evaluation of proposals.

(b) The contracting officer may release proposals outside the Government for evaluation purposes, if the HCA approves the written justification therefor submitted by the contracting officer. The justification must show in sufficient detail the special needs or circumstances requiring the services of experts outside the Government.

(c) During the preaward or preacceptance period, only the contracting officer, the head of the cognizant contracting office, provided such person has contractual authority, or others specifically authorized by either of them may communicate technical or other information to, or conduct discussions with, offerors. Information shall not be furnished to an offeror if, alone or together with other information, it may afford the offeror an advantage over other offerors. (See FAR 15.610) However, general information that is not prejudicial to other offerors may be furnished.

(d) Agency personnel and non-Government evaluators having authorized access to information contained in proposals shall disclose neither the number of offerors nor their identity to the public or to anyone in Government not having a legitimate interest.

(e) The contracting officer shall obtain the following written certification and agreement from the non-Government evaluator prior to the release of any proposal to that evaluator.

CERTIFICATION AND AGREEMENT FOR THE USE AND DISCLOSURE OF PROPOSALS

RFP# _____
Offeror _____

1. I certify that to the best of my knowledge and belief, no conflict of interest exists that may diminish my capacity to perform an impartial, and objective review of the offeror's proposal, or may otherwise result in a biased opinion or an unfair advantage. In making this certification, I have considered all of my stocks, bonds, other outstanding financial interests or commitments, employment arrangements (past, present, or under consideration), and, to the extent known by me, all financial interests and employment arrangements of my spouse, minor children, and other members of my immediate household, that might place me in a position of conflict, real or apparent, with the evaluation proceedings.

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2. I agree to use proposal information only for evaluation purposes. I understand that any authorized restriction on disclosure placed upon the proposal by the prospective contractor or subcontractor or by the Government shall be applied to any reproduction or abstracted information of the proposal. I agree to use my best effort to safeguard such information physically, and not to disclose the contents of, nor release any information relating to, the proposal(s) to anyone outside of the Source Evaluation Board or other panel assembled for this acquisition, or other individuals designated by the Contracting Officer.

3. I agree to return to the Government all copies of proposals, as well as any abstracts, upon completion of the evaluation.

(Name and Organization)

(Date of Execution)

(End of Certificate)

(g) The release of a proposal outside the Government for evaluation does not constitute the release of information for purposes of the Freedom of Information Act (5 U.S.C. 552).

(h) The contracting officer shall attach a cover page bearing the GOVERNMENT NOTICE FOR HANDLING PROPOSALS, as stated in FAR 15.413-2(e), to each proposal upon receipt. The last sentence of the notice shall cite 48 CFR 415.413 as the implementing regulation.

[55 FR 7334, Mar. 1, 1990]

Subpart 415.5—Unsolicited Proposals

415.504 Advance guidelines.

HCA's are responsible for establishing advance guidelines as required by FAR 15.504 in accordance with contracting activities' missions and programs.

415.506 Agency procedures.

HCA's are responsible for establishing the procedures for control of unsolicited proposals required by FAR 15.506(a) and for designating the contact point required by FAR 15.506(b).

Subpart 415.6—Source Selection

415.607 Disclosure of mistakes before award.

The HCA with the concurrence of the Office of General Counsel is authorized to make the determination permitting proposal correction as required by FAR 15.607(c)(3).

415.608 Proposal evaluation.

HCA's or their designees are authorized to make the determinations to reject all proposals under the circumstances listed in FAR 15.608(b).

[53 FR 6063, Feb. 29, 1988]

415.612 Formal source selection.

(a) The HCA shall determine when a formal source selection process will be used and establish procedures for implementing the requirements of FAR 15.612.

(b) The HCA shall be the formal selection official for all negotiated contracts over \$500,000.

(c) A copy of the established procedures shall be forwarded to the Director, Office of Operations.

Subpart 415.8—Price Negotiation

415.804 Cost or pricing data.

415.804-3 Exemptions from or waiver of submission of certified cost or pricing data.

The HCA is authorized to waive the requirement for submission of certified cost or pricing data as allowed by FAR 15.804-3(i).

Subpart 415.9—Profit

415.902 Policy.

(a) USDA will use a structured approach to determine the profit or fee prenegotiation objective in acquisition actions that require cost analysis based on the profit analysis factors in FAR 15.905.

(b) The following types of acquisitions are exempt from the requirements of the structured approach, but the contracting officer shall comply

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with FAR 15.905-1 when analyzing profit for these contracts or actions:

- (1) All actions which do not require cost analysis;
- (2) Architect-engineer contracts;
- (3) Construction contracts;
- (4) Contracts primarily requiring delivery of material supplied by subcontractors;
- (5) Termination settlements;
- (6) Cost-plus-award-fee contracts; and
- (7) Other professional services.

(c) In developing a profit or fee objective, the contracting officer shall comply with the requirements in FAR 15.903.

(d) When profit analysis is required, any amount proposed by the prospective contractor for the cost of money for facilities capital allowable under FAR 31.205-10 shall be deducted from the prenegotiation cost base objective before calculating the profit objective.

(e) The HCA is responsible for establishing procedures to ensure compliance with this subpart.

Subpart 415.10—Preaward, Award and Postaward Notifications, Protests, and Mistakes

415.1070 Post-award conference.

If a postaward conference is necessary and in the Government's interest, the contracting officer shall insert a clause substantially the same as the clause at 452.215-76, Post-Award Conference, in cost-reimbursement and fixed-price service contracts.

[53 FR 6063, Feb. 29, 1988]

PART 416—TYPES OF CONTRACTS

Subpart 416.2—Fixed-Price Contracts

Sec.

416.203 Fixed-price contracts with economic price adjustment.

416.203-4 Contract clauses.

Subpart 416.3—Cost-Reimbursement Contracts

416.301 General.

416.301-3 Limitations.

416.306 Cost-plus-fixed-fee contracts.

Subpart 416.4—Incentive Contracts

416.403 Fixed-price incentive contracts.

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416.404 Cost-reimbursement-incentive contracts.

416.404-1 Cost-plus-incentive-fee contracts.

416.404-2 Cost-plus-award-fee contracts.

416.405 Contract clauses.

416.470 Solicitation provision.

Subpart 416.5—Indefinite Delivery Contracts

416.505 Contract clauses.

416.570 Solicitation provision.

Subpart 416.6—Time-and-Materials, Labor-Hour, and Letter Contracts

416.603 Letter contracts.

416.603-2 Application.

416.603-4 Contract clauses.

416.670 Contract clauses.

Subpart 416.7—Agreements

416.702 Basic agreements.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12119, Mar. 28, 1984, unless otherwise noted.

Subpart 416.2—Fixed-Price Contracts

416.203 Fixed-price contracts with economic price adjustment.

416.203-4 Contract clauses.

An economic price adjustment clause based on cost indexes of labor or material may be used under the conditions listed in FAR 16.203-4(d) after approval by the Director, Office of Operations, and consultation with the Office of the General Counsel.

Subpart 416.3—Cost-Reimbursement Contracts

416.301 General.

416.301-3 Limitations.

(a) Determinations and findings authorizing the use of a cost-reimbursement type contract as described in FAR 16.302 through 16.306 shall be signed by the contracting officer after compliance with the limitations in FAR 16.301-3 and 16.404, as appropriate.

(b) Prepare determination and findings substantially in accordance with the following format:

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DETERMINATION AND FINDINGS

Authority to Use Cost Reimbursement-Type Contract

I hereby find that:

(1) The (contracting activity name) proposes to contract with (name of proposed contractor) for (describe work, service, or product) (identify program or project). The estimated cost is (\$—) (if contract is CPFF type, insert, “plus a fixed fee of (\$—) which is — percent of the estimated cost of fee”).

(2) (Set forth facts and circumstances that show why it is impracticable to secure property or services of the kind or quantity required without the use of the proposed type of contract or why the proposed method of contracting is likely to be less costly than other methods.)

I hereby determine that:

On the basis of the above findings it is impracticable to secure the property or services of the kind or quality required without the use of (cost, cost-sharing, or cost-plus-a-fixed-fee) type of contract, or the (cost, cost-sharing, or cost-plus-a-fixed-fee) method of contracting is likely to be less costly than other methods.

Date:

(Signature)

416.306 Cost-plus-a-fixed-fee contracts.

The determinations and findings establishing the basis for application of the statutory fee limitation (see FAR 16.306(c)(2) and 15.903(d)) shall be signed by the contracting officer and may be combined with the determination and findings prescribed in FAR 16.301-3.

Subpart 416.4—Incentive Contracts

416.403 Fixed-price incentive contracts.

Determinations and findings authorizing the use of a fixed-price incentive contract as described in FAR 16.403-1 through 16.403-2 shall be signed by the contracting officer after compliance with the limitations in FAR 16.403(c), 16.403-1(c) and 16.403-2(c), as appropriate.

416.404 Cost-reimbursement-incentive contracts.

416.404-1 Cost-plus-incentive-fee contracts.

In accordance with 416.301-3, determinations and findings authorizing the

use of a cost-plus-incentive-fee contract under FAR 16.404-1 shall be signed by the contracting officer after compliance with the limitations in FAR 16.404-1(c).

416.404-2 Cost-plus-award-fee contracts.

This section establishes USDA policy and procedures for awarding and administering cost-plus-award-fee (CPAF) type contracts.

(a) *Applicability.* (1) Contracting officers should consider those contract actions which conform to the use criteria at FAR 16.404-2(b) and which have a potential value of \$5,000,000 or more as candidates for award as a CPAF contract. However, contracting officers may use CPAF contracts for requirements whose estimated value is less than \$5,000,000.

(2) The formal procedures established in paragraphs (e), (f), and (g) of this section apply to contracts estimated to exceed \$1,000,000. The simplified procedures prescribed in paragraph (h) of this section are authorized for CPAF contracts with a potential value of \$1,000,000 or less.

(b) *Objectives.* The award fee contract, when properly applied, will satisfy three critical contracting objectives:

(1) It provides for the reimbursement of allowable, allocable, and reasonable costs;

(2) It fixes a dollar amount beyond the initial estimate of costs that represents the compensation for risk (base fee); and

(3) It motivates performance throughout the life of a contract where evaluated success can yield additional income (award fee).

The CPAF contract is used when the work to be performed is such that specific quantitative objective measurement is not feasible and the required performance extends over a sufficient period of time for the award fee features to be used effectively.

(c) *Fee limitations.* Normally, the base fee should be not more than three percent of the estimated cost of the contract. (See FAR 15.903(d) for maximum fee limitations.) At the time of award, the contracting officer shall obligate the total amount of base and award fee. The contracting officer shall award the

total award fee earned for the period being evaluated. The contracting officer shall not carry forward into a subsequent evaluation period any award fee not awarded in a previous evaluation period.

(d) *Definitions and responsibilities.* “Award fee plan” means a plan, developed by the Performance Evaluation Board (PEB), which identifies various categories of performance and clearly describes the criteria used by the PEB to evaluate contractor performance. The plan also allocates the award fee pool among performance categories.

“Award fee pool” means that portion of the contract fee set forth in the contract as the amount of fee available to be awarded for Contractor performance in accordance with the criteria contained in the award fee plan.

“Evaluation coordinator” means a Government official appointed to receive, code, validate, and assess performance event reports; and to present such contractor performance information and data to the PEB.

“Fee determination official (FDO)” means the Chief of the contracting office who reviews the recommendation of the PEB and makes the final determination of the award fee.

“PEB executive secretary” means a Government official who prepares the official PEB report.

“Performance evaluation board (PEB)” means a board of Government officials, which performs the in-depth review of all aspects of contractor performance and recommends an appropriate fee to the FDO.

“Performance event (PE)” means a discrete happening or series of related happenings occurring during the course of performance which indicate or represent contractor performance. Performance events shall be reported by the performance monitors to the evaluation coordinator. The contractor may report performance events directly to the evaluation coordinator either as they occur or as a summary report for the evaluation period.

“Performance monitors” means those Government employees designated to observe, assess, and report the performance of the contractor on a close, continuous day-to-day basis. Performance monitors are to two cat-

egories: technical and business. The technical performance monitors report on the contractors performing the technical requirements of the contract. The business performance monitors report on the business aspects of the contractor’s performance; these individuals will be the contracting officer and cost analyst most familiar with the specific contractual and financial aspects of the contract.

“Period of evaluation” means a segment of the contract’s period of performance specified in the award fee plan which will be evaluated by the PEB for purposes of establishing the award fee for that period.

(e) *Appointment of personnel.* (1) The HCA will determine, in concert with the responsible program office, the participants in the award fee process. The contracting officer shall prepare the formal appointment memorandum and forward it to the HCA prior to issuance of the solicitation. Individuals shall be designated as follows:

(i) *Chairperson, Performance Evaluation Board and Board Members.* The Chairperson of the performance evaluation board shall be the director of the program initiating the procurement. A representative of the responsible contracts operation office shall be a voting member of all PEB’s. The chairperson of the PEB and the contracting officer shall recommend other board members.

(ii) *Evaluation Coordinator.* As recommended by the chairperson of the PEB.

(iii) *Executive Secretary.* As recommended by the chairperson of the PEB.

(iv) *Performance Monitors.* The PEB chairperson shall assure that adequate performance monitoring capability is available. These individuals need not be designated in the appointment memorandum.

(2) If any changes in the composition of the PEB are necessary, the following approvals shall be obtained:

(i) Chairperson, PEB—by the FDO.

(ii) PEB members—by the Chairperson, PEB.

(f) *Preparation of the award fee plan.* The purpose of the award fee plan is to describe in one document the plan for monitoring, assessing, and evaluation contractor performance to determine

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any award fee earned. The PEB shall develop and follow an award fee plan which clearly describes the criteria to be used to determine fee. The PEB shall forward the plan through the contracting officer to the HCA for approval prior to issuance of the solicitation. The contracting officer shall include the award fee plan in the solicitation. A complete award fee plan should include the following elements:

- (1) The base fee amount.
- (2) The total award fee pool.
- (3) Performance areas to be evaluated.
- (4) Criteria to be used in evaluations.
- (5) Relative weights to be assigned to performance areas and to the evaluation criteria.
- (6) Frequency and timing of award fee determination.
- (7) Proportion of the total award fee pool to be available for each evaluation period.
- (8) Procedure to be followed (the timing involved) in evaluating performance and determining the award fee.
- (g) *Operation of the evaluation system*—(1) *Performance event reporting.* Performance monitors shall file their individual performance event reports directly with the evaluation coordinator for each interval specified in the award fee plan and in the following or similar format.
 - (i) Contract number.
 - (ii) Contractor.
 - (iii) Task order number (if applicable).
 - (iv) Date or inclusive period of reported event.
 - (v) Performance evaluation category.
 - (vi) Description of performance event and statement whether the contractor has been notified of the reported event.
 - (vii) Performance rating:
 - (A) Superior: “+” The performance event exceeds the satisfactory level.
 - (B) Satisfactory: “0” The performance event is acceptable.
 - (C) Substandard: “-” The performance event is less than satisfactory.
 - (viii) Signature and date.
- (2) *Significant performance event coordination.* (i) The evaluation coordinator shall receive, validate, and assess the performance events (PE) reports submitted by the monitors and select all those PE’s he/she considers to be

significant, i.e., above (+) or below (–) satisfactory performance.

(ii) The evaluation coordinator shall also prepare separate PE summaries for each performance evaluation category. The summaries will incorporate the reported PE’s which the coordinator considers significant, whether reported by the performance monitor or the contractor. The evaluation coordinator shall be responsible for preparing and presenting all material the PEB requires for its performance assessment. This material will serve as the PEB’s agenda, and as the complete documentation package which will support the PEB’s fee recommendation. It will be organized into separate sections for each performance evaluation category. Each section will consist of the following material:

(A) Summary of significant performance events, and

(B) The individual PE reports.

(3) *Evaluation of performance.* The PEB shall perform a review of the performance events against each performance evaluation category to arrive at the recommended award fee for each category as well as the total award fee for the period. The PEB must meet within 30 calendar days after the end of each evaluation period. At the initial PEB meeting the board members shall determine what fee the contractor would normally receive if the work was being undertaken on a Cost-Plus-Fixed-Fee (CPFF) basis. After determining this amount, the PEB shall determine what percentage of the available award fee pool that, when added to the base fee, will equal the amount the contractor would receive under a CPFF contract. This percentage of award fee will set the baseline for satisfactory performance.

(4) *The period of evaluation.* The period of evaluation will be at least every six months. The desired period of evaluation will be every four months.

(5) *Performance evaluation report.* Following the PEB meeting at which the award fee recommendation is reached, the executive secretary will prepare a performance evaluation report and forward this to the contracting officer. The contracting officer will prepare a

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letter for signature of the FDO informing the contractor's general management of the amount of basis of the fee awarded. The contracting officer shall forward the performance evaluation report and the fee determination letter (the performance evaluation report shall be an attachment to the fee determination letter) to the FDO for signature. The FDO will review the performance evaluation and fee recommendation and make a final determination of fee.

(h) *Simplified procedures.* The following CPAF procedures are authorized for procurements of \$1,000,000 or less.

(1) No appointment of a formal PEB is necessary. A program office representative and the contracting officer shall perform the duties and functions of the PEB members. In lieu of performance monitors reporting to an evaluation coordinator, the program official will personally monitor and assess the technical performance of the contractor for each evaluation period. The contracting officer will monitor the business aspects of the contractor's performance.

(2) The chief of the contracting office shall approve the award fee plan in lieu of the HCA.

(3) The project officer and the contracting officer shall report performance events in the format described in 416.404-277(a)(1). Use of the summary of significant performance events is not required.

(4) The project officer, with input from the contracting officer, will prepare the performance evaluation report.

[53 FR 6063, Feb. 29, 1988]

416.405 Contract clauses.

The contracting officer shall insert a clause substantially the same as the clause at 452.216-70, Award Fee, in solicitations and contracts which contemplate the award of cost-plus-award-fee contracts.

[53 FR 6065, Feb. 29, 1988]

416.470 Solicitation provision.

The contracting officer shall insert the provision at 452.216-71, Base Fee and Award Fee Proposal in solicita-

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tions which contemplate the award of a cost-plus-award-fee contract.

[53 FR 6065, Feb. 29, 1988]

Subpart 416.5—Indefinite Delivery Contracts

416.505 Contract clauses.

The contracting officer shall insert the clause at 452.216-73, Minimum and Maximum Contract Amounts, in indefinite-delivery, indefinite-quantity contracts when the clause at FAR 52.216-18 is used.

[53 FR 6065, Feb. 29, 1988]

416.570 Solicitation provision.

The contracting officer shall insert a provision substantially the same as the provision at 452.216-72, Evaluation Quantities—Indefinite-Delivery Contract, in solicitations which contemplate the award of indefinite-quantity or requirements contracts to establish the basis on which offers will be evaluated.

[53 FR 6065, Feb. 29, 1988]

Subpart 416.6—Time-and-Materials, Labor-Hour, and Letter Contracts

416.603 Letter contracts.

416.603-2 Application.

The HCA or a designee is authorized to extend the period for definitization of a letter contract required by FAR 16.603-2(c) in extreme cases where it is determined in writing that such action is in the best interest of the Government.

[49 FR 12119, Mar. 28, 1984, as amended at 50 FR 14198, Apr. 10, 1985]

416.603-4 Contract clauses.

The contracting officer shall insert the clause at 452.216-75, Letter Contract, in a definitive contract superseding a letter contract.

[53 FR 6065, Feb. 29, 1988]

416.670 Contract clauses.

The contracting officer shall limit the Government's obligation under a

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time-and-materials or labor-hour contract by inserting the clause at 452.216-74, Ceiling Price.

[53 FR 6065, Feb. 29, 1988]

Subpart 416.7—Agreements

416.702 Basic agreements.

Promptly after execution by the Government, the HCA shall furnish to the Director, Office of Operations, a copy of each basic agreement negotiated with a contractor in accordance with FAR 16.702.

[50 FR 14198, Apr. 10, 1985]

PART 417—SPECIAL CONTRACTING METHODS

Subpart 417.2—Options

Sec.

417.208 Solicitation provisions and contract clauses.

Subpart 417.4—Leader Company Contracting

417.402 Limitations.

Subpart 417.5—Interagency Acquisitions Under the Economy Act

417.502 General.

Subpart 417.6—Management and Operating Contracts

417.602 Policy.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12120, Mar. 28, 1984, unless otherwise noted.

Subpart 417.2—Options

417.208 Solicitation provisions and contract clauses.

(a) If the Government needs additional periods of contractor performance, the contracting officer shall insert a clause substantially the same as the clause at 452.217-70, Option to Extend the Term of the Contract—Cost-Plus-Fixed-Fee Contract, in term (level-of-effort) contracts. Alternate I of the clause is for use in completion contracts.

(b) If the Government needs additional periods of contractor perform-

ance, the contracting officer shall insert a clause substantially the same as the clause at 452.217-71, Option to Extend the Term of the Contract—Cost-No-Fee Contract, in term (level-of-effort) contracts. Alternate I of the clause is for use in completion contracts.

(c) If the Government needs additional periods of contractor performance, the contracting officer shall insert a clause substantially the same as the clause at 452.217-72, Option to Extend the Term of the Contract—Cost-Plus-Award-Fee Contract, in level-of-effort contracts. Alternate I is to be used for completion contracts.

(d) If the Government needs additional quantities, the contracting officer shall insert a clause substantially the same as the clause at 452.217-73, Option for Increased Quantity—Cost-Plus-Fixed-Fee Contracts, in level-of-effort contracts.

(e) If the Government needs additional quantities, the contracting officer shall insert a clause substantially the same as the clause at 452.217-74, Option for Increased Quantity—Cost-Plus-Fixed-Fee Contract, in level-of-effort contracts.

(f) If the Government needs additional quantities, the contracting officer shall insert a clause substantially the same as the clause at 452.217-75, Option for Increased Quantity—Cost-Plus-Award-Fee Contract, in level-of-effort contracts.

(g) If the Government needs additional periods of contractor performance, the contracting officer shall insert a clause substantially the same as the clause at 452.217-76, Option to Extend the Effective Period of the Contract—Time-and-Materials or Labor-Hour Contract, in time-and-materials or labor-hour contracts.

(h) If the Government needs additional periods of contractor performance, the contracting officer shall insert a clause substantially the same as the clause at 452.217-77, Option to Extend the Effective Period of the Contract—Indefinite-Delivery/Indefinite-Quantity Contract, in indefinite-delivery and indefinite-quantity contracts.

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(i) If the Government needs additional periods of contractor performance, the contracting officer shall insert a clause substantially the same as the clause at 452.217-78, Option to Extend the Term of the Contract—Fixed-Price Contract, in fixed-price contracts.

(j) If the Government needs additional quantities, the contracting officer shall insert a clause substantially the same as the clause at 452.217-79, Option for Increased Quantity—Fixed-Price Contract, in fixed-price contracts.

[53 FR 6065, Feb. 29, 1988]

Subpart 417.4—Leader Company Contracting

417.402 Limitations.

The HCA shall authorize the use of leader company contracting procedures in FAR Subpart 17.4.

Subpart 417.5—Interagency Acquisitions Under the Economy Act

417.502 General.

The HCA shall establish procedures for making interagency acquisitions under the Economy Act. The determination required by FAR 17.502 shall

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be made at a level above the contracting officer.

[50 FR 14198, Apr. 10, 1985]

Subpart 417.6—Management and Operating Contracts

417.602 Policy.

(a) The Assistant Secretary for Administration shall make the determination to enter into or renew any management and operating contracts as prescribed in FAR 17.602(a).

(b) Written determinations shall be prepared for the Assistant Secretary's signature and submitted by the HCA to the Director, Office of Operations, for action. The determination shall be submitted prior to solicitation for the requirement and shall:

(1) Reference the statutory authority for awarding a management and operating contract;

(2) Discuss the relationship between the requirement and the limitations in FAR 17.603;

(3) Include a copy of the solicitation document including evaluation criteria;

(4) If non-competitive acquisition is proposed, include a copy of the justification.

(c) The HCA shall be responsible for conducting the reviews required by FAR 17.602(c).

PART 418—[RESERVED]

SUBCHAPTER D—SOCIOECONOMIC PROGRAMS

PART 419—SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS

Subpart 419.2—Policies

Sec.

419.201 General Policy.

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Subpart 419.6—Certificates of Competency and Determinations of Eligibility

419.602 Procedures.

419.602-1 Referral.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12120, Mar. 28, 1984, unless otherwise noted.

Subpart 419.2—Policies

419.201 General policy.

419.201-70 Office of Small and Disadvantaged Business Utilization (OSDBU).

The Office of Small and Disadvantaged Business Utilization shall develop policy, procedures and guidelines for the effective administration of the Department's small and disadvantaged business procurement preference program to include minority and women-owned businesses. OSDBU shall also evaluate contracting activity accom-

plishments, objectives and procedures with respect to these programs, and recommend corrective actions for program improvement. The HCA's and Departmental staff office directors whose programs generate requirements for contract actions shall administer the Department's procurement preference program within their organizations. This responsibility may be delegated to ensure program effectiveness.

419.201-71 OSDBU coordinators.

HCA's shall designate an OSDBU Coordinator in each contracting office. In addition, Departmental staff office directors whose programs generate contracts shall designate an OSDBU Coordinator. OSDBU Coordinators shall take positive actions which will maximize contracting opportunities for small businesses, including minority and women-owned businesses. The amount of time required for the performance of functions concerning this program shall be directly related to the number and dollar value of contract awards made in each office. In addition to their regular assigned duties, it is anticipated that about 20 percent of their time should be spent as OSDBU Coordinators. Supervisors of OSDBU Coordinators are encouraged to provide time for the coordinators to perform this important function. The duties and responsibilities of the OSDBU Coordinators shall include, but not be limited to, the following:

(a) Review each proposed acquisition expected to exceed \$10,000 prior to its solicitation. The Coordinator shall:

(1) Recommend section 8(a) action and identify potential contractors, or

(2) Identify available minority and women-owned businesses to be solicited by competitive procedures. Coordinators shall document the contract file with recommendations made and actions taken.

(b) Participate in goal-setting procedures and planning activities as described in 419.201-72.

(c) Ensure that the subcontracting clause entitled "Utilization of Small

Business Concerns and Small Disadvantaged Business Concerns,” as prescribed in FAR 19.708, is included in applicable solicitations. The coordinator shall participate in the review of those contracts which require the successful offeror to submit written plans for the utilization of small and small disadvantaged businesses as subcontractors.

(d) Ensure that small purchases (under \$10,000) are reserved exclusively for small businesses, including minority and women-owned businesses as prescribed by FAR 13.105 and 19.508. This policy shall be implemented unless the contracting officer is unable to obtain offers from two or more small business concerns that are competitive with market prices and in terms of quality and delivery of the goods or services being purchased.

(e) Maintain comprehensive source listings of small, minority and women-owned businesses and utilize SBA’s Procurement Automated Source System (PASS) and the National Minority Purchasing Council’s Vendor Information Service to build and maintain these listings. Ensure that all small, minority and women-owned businesses seeking to do business are informed of the bid and proposal submission requirements, and of financial, management and technical assistance programs offered by SBA and the Minority Business Development Agency. Ensure that these firms, upon request, are directed to appropriate program and project personnel.

(f) Upon written request, provide small, minority and women-owned businesses the bidders mailing lists of individuals receiving solicitations which will contain the subcontracting clause entitled “Utilization of Small Business Concerns and Small Disadvantaged Business Concerns.” These lists may be limited to those supplies or services of major interest to the requesting firms.

(g) Develop a program of contacts with local, small, minority, and women-owned trade, business, and professional associations and organizations and Indian tribal councils to apprise them of the Department’s program needs and recurring contract requirements.

(h) Actively participate in the programs and activities of the local Minority Business Opportunity Committees (MBOC) and assist the Minority Business Development Centers (MBDC), where applicable. Become aware of and participate in locally sponsored workshops, conferences, trade fairs, etc., which are held to apprise small, minority and women-owned firms about current and projected contracting opportunities.

(i) Periodically meet with program managers to discuss the section 8(a), small, minority and women-owned business programs and the impact which their requirements can have to achieve progress. Explore the feasibility of breaking large complex requirements into smaller lots suitable for participation by small, minority and women-owned firms. Encourage program managers to meet with these firms so that their capabilities can be demonstrated.

(j) Establish internal operating procedures which implement the requirements of the regulations as set forth in this Part 419. Compile data and prepare all reports pertaining to the small, minority and women-owned business activities. Ensure that these reports are accurate, complete and up-to-date.

[49 FR 12120, Mar. 28, 1984, as amended at 50 FR 14198, Apr. 10, 1985]

419.201-72 Goals.

(a) The Department is required by Pub. L. 95-507, Section 221, Executive Order 12138 (May 18, 1979) and Executive Order 12073 (August 16, 1978) to establish fiscal year goals for the procurement preference programs. Goals shall be reviewed and approved by the Director, Office of Small and Disadvantaged Business Utilization (OSDBU). HCA’s and staff office directors whose programs generate contract requirements shall submit to the Director, OSDBU, the following data no later than August 1 of each fiscal year:

(1) An estimate of the total dollar amount of all prime contracts regardless of dollar value to be awarded during the fiscal year, including awards to non-profit organizations, educational institutions, all transportation services and real property leases. Do not

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include foreign military sales, contracts to be awarded and performed entirely outside the United States and Federal Supply Schedule orders;

(2) An estimate of the total dollar value of all prime contracts having a value of \$10,000 or more to be awarded during the fiscal year, including contracts to non-profit organizations, educational institutions, all transportation services and real property leases. Do not include foreign military sales, contracts to be awarded and performed entirely outside the United States and Federal Supply Schedule orders;

(3) A goal for prime contract awards valued at \$10,000 or more to be made to small business concerns during the fiscal year, expressed in dollars and as a percentage of paragraph (a)(2) of this section;

(4) A goal for prime contract awards to be made to the Small Business Administration under the authority of Section 8(a) of the Small Business Act, as amended, expressed in dollars and as a percentage of paragraph (a)(1) of this section;

(5) A goal for prime contract awards valued at \$10,000 or more to be made to small business concerns owned and controlled by socially and economically disadvantaged individuals, expressed in dollars and as a percentage of paragraph (a)(2) of this section;

(6) A goal for prime contract awards to be made to small business concerns owned and controlled by women, expressed in dollars and as a percentage of paragraph (a)(1) of this section;

(7) A goal for prime contract awards to business concerns in Labor Surplus Areas (LSA) on the basis of set-asides, expressed in dollars and as a percentage of paragraph (a)(1) of this section. (This includes all categories of LSA set-asides authorized by Pub. L. 96-302);

(8) An estimate of the total dollar amount of subcontracts to be awarded by "reporting prime contractors" (as identified in Standard Form 295) during the fiscal year;

(9) A goal for subcontracts to be awarded by prime contractors to small business concerns, expressed in dollars and as a percentage of paragraph (a)(8) of this section; and

(10) A goal for subcontracts to be awarded by prime contractors to small business concerns owned and controlled by socially and economically disadvantaged individuals, expressed in dollars and as a percentage of paragraph (a)(8) of this section.

(b) The information developed in paragraph (a) shall include a detailed written presentation of the method used to establish the estimates and goals submitted pursuant to paragraphs (a) (1) through (10) of this section, along with copies of the historical, empirical data upon which the estimates and goals are based. Information about the types, kinds and amounts of goods and services brought and the numbers and types of contracts involved in the estimates submitted pursuant to paragraphs (a) (3) through (10) of this section is required. This information is needed to realistically evaluate the estimates and the goals related thereto. In establishing subcontracting goals, identification and justification should be provided for each class of contracts and the projected total value thereof determined to have little or no subcontract possibilities. Similarly, in establishing goals for prime contract awards to small or small disadvantaged firms, contracts which have no potential for award to such firms, including the projected value thereof, should be identified.

(c) All goals are expressed in terms of dollars and percentages. However, if there is any significant variance, up or down, from the estimates in paragraph (a) (1) or (2) of this section, upon which the goals are established, the percentage goal is the controlling factor and will be used to measure actual attainment.

(d) Section 221 of Pub. L. 95-507 reserves all small purchases with certain exceptions for small business and requires that goals be established for awards over \$10,000 to small and small disadvantaged business. Thus, the goals under paragraphs (a) (3) and (5) of this section do not include awards under \$10,000.

(e) Fiscal year goals are expected to reflect measurable improvement over

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an agency's performance in the previous fiscal year. Justification for establishing a goal lower than the achievement attained should be documented in accordance with paragraph (b) of this section.

[49 FR 12120, Mar. 28, 1984, as amended at 50 FR 14198, Apr. 10, 1985]

419.201-73 Reports.

(a) The Director, OSDDBU, shall be responsible for submitting reports concerning the Department's progress and achievements in the procurement preference program. Data for these reports shall be obtained from the USDA Procurement Reporting System (UPRS). Subcontracting data, however, cannot be retrieved from UPRS and shall be reported in accordance with paragraph (b) of this section.

(b) Contracting activities shall collect, summarize, and submit subcontracting data elements to the Director, OSDDBU. The data are to be reported quarterly for other than commercial products and annually for commercial products for contract awards in excess of \$500,000 (\$1 million for construction). Reports shall be submitted each quarter in the format of the Standard Form 295. An additional data form will be required in the fourth quarter for the annual report on commercial products. To ensure accurate and timely reporting, contracting activities shall perform the following:

(1) Submit the SF-295 on a contractor-by-contractor basis 30 calendar days following the end of the first, second, and third quarters and 45 days following the end of the fourth quarter.

(2) Edit all forms (data) prior to their submission. Forms must be completed in all fields of the "Cumulative Commitments" and "Subcontract Goal Achievement." OSDDBU will not assume that a blank field is a zero. Forms not fully completed will be returned. Contracting officers should communicate with the prime contractor's representative to ensure that consistent, accurate and timely data are submitted.

(3) In the "Cumulative Commitment" block, many contractors are reporting each quarter only those awards occurring in that quarter. OSDDBU will return quarterly reports on which the awards reported are less than those

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submitted on the previous quarter of the same fiscal year. Totals must add up to exactly 100 percent. The sum of line 9 must be the sum only of lines 9a and 9b. All dollar figures should be in whole numbers and not in thousands.

(4) In the "Subcontract Goal Achievement" block, the column headed "No. of Contracts" must reflect the number of contracts and subcontracts valued over \$500,000 (\$1 million for construction) which have subcontracting plans and goals. Delete the three zeros (000) in the "\$ Value of Subcontracts" column. The percentage of actual goal achievement reported on line 12b must always be 100 percent or higher and on line 12c must always be lower than 100 percent. The same applies for lines 13b and 13c.

(5) Items in lines 12 and 13 do not apply to company-wide annual subcontracting plans for commercial products. Accomplishments for these type plans are reported in line 14. The information reported must summarize all Federal contracts for commercial products performed during the year and the share of the total attributable to USDA from which contracts for such commercial products were received.

(c) Explanatory comments concerning shortfalls in meeting procurement preference program goals established in accordance with 419.201-72 shall be submitted to the Director, OSDDBU. Reports may be submitted in a narrative format and shall contain appropriate justifications for the goal shortfall(s). Achievements shall be based upon official AD-760 and SF-281 data as recorded in UPRS. Reports shall be submitted no later than November 20 of each fiscal year.

419.202 Specific policies.

419.202-70 Specific policies relating to small businesses.

OSDBU Coordinators shall take positive actions to ensure maximum participation of small business concerns in proposed acquisitions. These actions shall include:

(1) Developing a plan of operation to increase the share of contracts awarded to small business and LSA concerns;

(2) Reviewing the types and classes of items and services to be purchased to

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determine the applicability of small business and LSA set-aside priorities prescribed in 419.504(a);

(3) Developing adequate small business and/or LSA competition on all appropriate contract requirements;

(4) Making maximum utilization of SBA's Procurement Automated Source System (PASS) when considering contract requirements;

(5) Ensuring that specifications are not restrictive, thereby enabling small business participation;

(6) Assisting and counseling small business firms and especially those found to be nonresponsive or non-responsive to help qualify them for future awards;

(7) Reviewing proposed large contract requirements to determine the potential for breaking out components suitable for purchase from small business firms or LSA concerns; and

(8) Ensuring that the SBA Resident Procurement Center Representative (PCR) is provided an opportunity and reasonable time to review any solicitation that meets the dollar threshold for small business and small disadvantaged business subcontracting plans.

419.202-71 Specific policies relating to minority, disadvantaged, and women-owned businesses.

OSDBU Coordinator shall take positive action to ensure maximum participation of minority business enterprises, including women-owned, in proposed acquisitions. These actions shall include:

(a) Establishing aggressive minority and women-owned business goals based on the annual review of advance acquisition plans. These goals shall be submitted in accordance with 419.201-72.

(b) Attempting to direct those contracting requirements to the 8(a) program which match the abilities of the minority contractors located in the area where the contract will be performed.

(1) Recurring requirements should not be assigned to the 8(a) program, without consulting SBA, when small businesses are dependent in whole or in significant part on such Government requirements. However, this does not mean that a segment of a requirement

could not be assigned to the 8(a) program.

(2) The SBA publication "Firms in the 8(a) Business Development Program" should be used as an aid in locating eligible contractors.

(3) Field personnel should be encouraged to locate and contact minority contractors for possible 8(a) participation. These contractors should be directed to the nearest District or Regional Office of SBA to make application for certification.

(c) Fully utilizing available minority and women-owned vendor listings, directories and query systems to ensure that eligible and qualified minority and women-owned business enterprises are included on bidders mailing lists and source lists.

(d) Nominating OSDBU Coordinators for appointment by the HCA at each contracting office. Duties of these coordinators shall be in accordance with 419.201-71.

(e) Providing training opportunities for all personnel involved in carrying out the Department's minority and women-owned business enterprise program.

(f) Preparing plans for the utilization of minority and women-owned business enterprises. These plans may be in the form of standard operating procedures, and they are to be followed by all personnel involved in carrying out this program.

Subpart 419.4—Cooperation With the Small Business Administration

419.402 Small Business Administration procurement center representatives.

(a) SBA has assigned a full-time Procurement Center Representative (PCR) to USDA procuring agencies located in the metropolitan Washington, DC area. A part-time PCR also has been assigned to the ASCS Kansas City Field Office (KFO), Kansas City, MO. PCR responsibilities are described in FAR 19.402.

(b) Acquisition offices in the metropolitan Washington, DC area and the KFO shall notify and make available for review by the PCR all proposed acquisitions in excess of \$10,000 that have not been unilaterally set aside for

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small business (see FAR 19.501(c)). This action shall be taken prior to announcement of the acquisition in the Commerce Business Daily or before public solicitation of offers.

[50 FR 14198, Apr. 10, 1985]

Subpart 419.5—Set-Asides for Small Business

419.506 Withdrawing or modifying set-asides.

Disagreements between the contracting officer and OSDBU Coordinator concerning withdrawals or modifications of individual or class set-asides shall be forwarded to the HCA for resolution. The OSDBU Coordinator shall provide timely notification of such disagreements to the OSDBU in order to afford them an opportunity to provide assistance in resolving the dispute.

419.508 Solicitation provisions.

The contracting officer shall insert the provision at 452.219-70, Set-Aside/Size Standard Information, in solicitations that are set-aside for small businesses or labor surplus area concerns.

[53 FR 6066, Feb. 29, 1988]

Subpart 419.6—Certificates of Competency and Determinations of Eligibility

419.602 Procedures.

419.602-1 Referral.

Contracting officers shall refer determinations of non-responsibility regarding small businesses directly to the SBA Regional Office servicing the location where the contractor's office (home) is located. This referral shall consist of the documents described in FAR 19.602-1(c).

PART 420—LABOR SURPLUS AREA CONCERNS

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

48 CFR Ch. 4 (10-1-96 Edition)

Subpart 420.1—General

420.170 Labor surplus area performance and goals.

(a) Construction and other "site-specific" contract requirements are applicable to labor surplus area set-asides. Contracts which are restricted to labor surplus area concerns shall be recorded in fulfillment of labor surplus area goals.

(b) Contracts awarded under priorities (1), (3) and (5) of FAR 19.504(a) shall be recorded in fulfillment of labor surplus area goals. Contracting activities shall not record noncompetitive 8(a) contracts, purchases from blind and handicapped workshops, and purchases from Federal Prison Industries toward their LSA goals. However, contracts may be counted toward LSA goals whenever there is competition among firms in labor surplus areas which are also in the 8(a) Program.

(c) Small business-small purchase set-asides accomplished under the procedures in FAR 13.105 shall be counted toward fulfillment of LSA goals. The clause requiring firms to perform as LSA concerns shall be included in the purchase order or other purchase document. In addition, the following statement should be included in the SF-18, when applicable: "This request is restricted to small business (and labor surplus area firms)." The contracting officer shall document a firm's acceptance of the LSA provisions whenever solicitations are conducted orally.

(d) LSA goals shall be established in accordance with the provisions of 419.201-72.

[49 FR 12123, Mar. 28, 1984]

PART 421—[RESERVED]

PART 422—APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

Subpart 422.1—Basic Labor Policies

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422.103 Overtime.

422.103-4 Approvals.

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Subpart 422.6—Walsh-Healy Public Contracts Act

- 422.604 Exemptions.
- 422.604-2 Regulatory exemptions.
- 422.608 Procedures.
- 422.608-4 Award pending final determination.

Subpart 422.8—Equal Employment Opportunity

- 422.803 Responsibilities.
- 422.804 Affirmative action programs.
- 422.804-2 Construction.
- 422.805 Procedures.
- 422.807 Exemptions.

Subpart 422.13—Special Disabled and Vietnam Era Veterans

- 422.1303 Waivers.
- 422.1306 Complaint procedures.

Subpart 422.14—Employment of the Handicapped

- 422.1403 Waivers.
- 422.1406 Complaint procedures.

Subpart 422.70—Service Contract Act of 1965

- 422.7001 Applicability.
- 422.7002 Clause for contracts of \$2,500 or less.
- 422.7003 Clauses for contracts over \$2,500.
- 422.7004 Notice of intention to make a service contract.
- 422.7005 Hearings.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12123, Mar. 28, 1984, unless otherwise noted.

Subpart 422.1—Basic Labor Policies

422.103 Overtime.

422.103-4 Approvals.

Requests for the use of overtime shall be approved at a level above the contracting officer in accordance with the procedures in FAR 22.103-4.

Subpart 422.6—Walsh-Healy Public Contracts Act

422.604 Exemptions.

422.604-2 Regulatory exemptions.

The Assistant Secretary for Administration can request the Secretary of

Labor to exempt contracts from the Walsh-Healy Public Contracts Act pursuant to FAR 22.604-2(c). A written finding justifying the request for exemption shall be prepared for the Assistant Secretary's signature and submitted by the HCA to the Director, Office of Operations, for referral to the Assistant Secretary.

422.608 Procedures.

422.608-4 Award pending final determination.

The HCA is delegated authority to approve the contracting officer's certification for award required by FAR 22.608-4.

Subpart 422.8—Equal Employment Opportunity

422.803 Responsibilities.

The contracting officer shall submit questions involving the applicability of EO 11246 and FAR Subpart 22.8 through the HCA to the Director, Office of Operations, for resolution.

422.804 Affirmative action programs.

422.804-2 Construction.

The HCA shall ensure that each contracting office awarding nonexempt construction contracts maintains a current listing of covered geographical areas subject to affirmative action requirements specifying goals for minorities and women in covered construction trades.

422.805 Procedures.

(a) The contracting officer shall submit requests for preaward reviews directly to the appropriate OFCCP regional office in accordance with FAR 22.805(a) (4) and (5).

(b) The contracting officer shall obtain copies of the poster "Equal Opportunity is the Law" (OFCCP 1420), from the nearest regional GSA supply depot using stock NO. 769000-926-8988.

422.807 Exemptions.

(a) The Assistant Secretary for Administration is authorized to make the determination in FAR 22.807(a)(1) that a contract is essential to the national security.

422.1303

(b) The contracting officer shall submit request for exemptions under FAR 22.807(a)(1), (a)(2), and (b)(5) through the HCA to the Director, Office of Operations, for determination by the Assistant Secretary for Administration or referral to the Director, OFCCP, as appropriate.

Subpart 422.13—Special Disabled and Vietnam Era Veterans

422.1303 Waivers.

(a) The Assistant Secretary for Administration is authorized to make the waiver determination under FAR 22.1303(a), and under FAR 22.1303(b) with concurrence of the Director, OFCCP.

(b) The contracting office shall submit requests for waivers through the HCA to the Director, Office of Operations.

422.1306 Complaint procedures.

The contracting officer shall forward complaints received about the administration of the Vietnam Era Veterans Readjustment Assistance Act of 1972 directly to the DOL as prescribed in FAR 22.1306.

Subpart 422.14—Employment of the Handicapped

422.1403 Waivers.

(a) The Assistant Secretary for Administration is authorized to make the waiver determinations under FAR 22.1403(a), and under FAR 22.1403(b) with concurrence of the Director, OFCCP.

(b) The contracting officer shall submit requests for waivers through the HCA to the Director, Office of Operations.

422.1406 Complaint procedures.

The contracting officer shall forward complaints received about the administration of Section 503 of the Rehabilitation Act of 1973, as amended, directly to the OFCCP as prescribed in FAR 22.1406.

48 CFR Ch. 4 (10–1–96 Edition)

Subpart 422.70—Service Contract Act of 1965

SOURCE: 53 FR 6066, Feb. 29, 1988, unless otherwise noted.

422.7001 Applicability.

(a) *General.* Pending coverage in the FAR, the policies and procedures in the Federal Procurement Regulations (FPR) Subpart 1–12.9, Service Contract Act of 1965, as amended by the FPR Temporary Regulation 76, Revision of Labor Standards for Federal Service Contracts, February 23, 1984, must be followed in acquisitions of services. This Subpart 422.70 implements the essential elements of the FPR Temporary Regulation 76 and includes the major changes to the Department of Labor (DOL) regulations, dated October 19, 1983.

(b) *Request for determinations and exemptions.* The HCA shall direct requests for determinations regarding the applicability of the Service Contract Act and requests for exemptions from the Act to the Wage and Hour Administrator.

422.7002 Clause for contracts of \$2,500 or less.

The contracting officer shall insert the clause at 452.222-70, Service Contract Act of 1965—Contracts of \$2,500 or less, in solicitations and contracts if the contract amount is expected to be \$2,500 or less and the Service Contract Act of 1965 applies.

422.7003 Clauses for contracts over \$2,500.

(a) The contracting officer shall insert the clause at 452.222-71, Service Contract Act of 1965, as amended, in solicitations and contracts if the contract is subject to the Service Contract Act of 1965 and is—

(1) Expected to exceed \$2,500 or

(2) For an indefinite dollar amount and the contracting officer expects the contract amount to exceed \$2,500 during any 12-month period.

(b) The contracting officer shall insert the clauses at 452.222-72, Statement of Equivalent Rates for Federal Hires and 452.222-73, Fair Labor Standards Act and Service Contract Act—Price

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Adjustment, in solicitations and contracts if the contract is expected to be a fixed price service contract containing the clause at 452.222-71, Service Contract Act of 1965 (as amended), that exceeds the small purchase limitation. The clause at 452.222-73 is optional for small purchases.

422.7004 Notice of intention to make a service contract.

(a) The Department of Labor (DOL) has issued a Service Contract Act Directory of Occupations to use in determining job classifications when procuring services. The directory contains occupational titles and descriptions that contracting offices must use when listing on SF 98a the classes of service employees to be used. When contracting officers are unable to find an appropriate title or description in the directory, they must develop and submit an appropriate occupational title and description for the work to DOL with the SF 98 request.

(b) Requests to expedite wage determinations or to check the status of a request may be made by the contracting officer directly to the DOL Wage and Hour Administrator.

422.7005 Hearings.

Requests for hearings under 29 CFR 4.11 will be made by the contracting officer through the head of the contracting activity to the Administrator, Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC, 20210. All such requests shall be coordinated with the appropriate legal counsel.

PART 423—ENVIRONMENT, CONSERVATION, AND OCCUPATIONAL SAFETY

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

Subpart 423.1—Pollution Control and Clean Air and Water

423.104 Exemptions.

(a) Requests for exemption shall be submitted to the Director, Office of Operations. The Office of Operations will

coordinate review of the request with the appropriate staff and program officer and submit the request to the Assistant Secretary for Administration for decision.

(b) The Office of Operations shall notify the Environmental Protection Agency upon the granting of an individual exemption, and shall consult with the Environmental Protection Agency in advance of the granting of any class exemption.

[49 FR 12124, Mar. 28, 1984]

PART 424—PROTECTION OF PRIVACY AND FREEDOM OF INFORMATION

Subpart 424.1—Protection of Individual Privacy

Sec.

424.104 Contract clauses.

Subpart 424.2—Freedom of Information Act

424.202 Policy.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

Subpart 424.1—Protection of Individual Privacy

424.104 Contract clauses.

When applicable, the contracting officer shall insert the clause at 452.224-71, Confidentiality of Information, in contracts involving confidential information.

[53 FR 6066, Feb. 29, 1988]

Subpart 424.2—Freedom of Information Act

424.202 Policy.

USDA implementation of the Freedom of Information and Privacy Acts is found in 7 CFR, Subtitle A, Part 1, Subparts A and G, respectively. Contracting officers shall follow these regulations when responding to requests for information or awarding contracts that will involve the design, development, or operation of a system of records on individuals to accomplish agency function.

[49 FR 12124, Mar. 28, 1984]

PART 425—FOREIGN ACQUISITION**Subpart 425.1—Buy American Act—Supplies**

Sec.

425.102 Policy.

425.105 Evaluating offers.

425.108 Excepted articles, materials and supplies.

Subpart 425.2—Buy American Act—Construction Materials

425.202 Policy.

425.203 Evaluating offers.

425.204 Violations.

Subpart 425.3—Balance of Payments Program

425.302 Policy.

Subpart 425.4—Purchases Under the Trade Agreements Act of 1979

425.402 Policy.

425.407 Solicitation provision and contract clause.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12124, Mar. 28, 1984, unless otherwise noted.

Subpart 425.1—Buy American Act—Supplies**425.102 Policy.**

(a) The Assistant Secretary for Administration shall make the determination prescribed in FAR 25.102(a)(3).

(b) The HCA shall make the determination prescribed in FAR 25.102(a)(4) in accordance with 425.108.

425.105 Evaluating offers.

(a) FAR 25.105 provides that the price of a domestic end product is unreasonable if it exceeds specified percentages. The FAR, however, permits the agency head to determine that offers above these percentages are acceptable.

(1) Contracting officers who determine it is in the best interest of the Government to award a contract to a domestic firm whose offer exceeds the percentages specified in FAR 25.105(a)(1) and (2) may do so only with approval of the Assistant Secretary for Administration.

(2) Requests for approval must:

(i) Be directed to the Director, Office of Operations, by the HCA;

(ii) Be in writing; and

(iii) Provide a detailed justification for the reasonableness of the domestic offer.

(b) If an award of more than \$250,000 would be made to a domestic concern if the 12 percent factor were applied, but not if the 6 percent factor were applied, the Assistant Secretary for Administration shall decide whether award to the domestic concern would involve unreasonable cost. The HCA shall refer such proposed awards to the Director, Office of Operations, for coordination of the necessary approval.

425.108 Excepted articles, materials, and supplies.

(a) The HCA shall determine if articles, materials, and supplies should be added to or deleted from the list in FAR 25.108(d)(1). The HCA shall provide a copy of all such determinations to the Director, Office of Operations.

(b) The Director of the Office of Operations shall submit a copy of each determination to the FAR Council in accordance with FAR 25.108 (b) and (c).

Subpart 425.2—Buy American Act—Construction Materials**425.202 Policy.**

(a) The Assistant Secretary for Administration shall make the determination prescribed in FAR 25.202(a)(2).

(b) The HCA shall make the determination prescribed in FAR 25.202(a)(3) in accordance with the procedures in 425.108.

(c) The HCA shall make the determination prescribed in FAR 25.202(b).

425.203 Evaluating offers.

The Assistant Secretary for Administration may determine that the use of a particular domestic construction material would be impracticable or unreasonably increase the cost of the contract. If the Assistant Secretary makes such a determination, the restrictions of the Buy American Act shall be waived for that material for the contract in question.

(a) If a contracting officer determines that the use of a particular domestic construction material should be

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waived for a contract, the contracting officer shall submit the proposed award and the information prescribed in FAR 25.203(b) through the HCA to the Director, Office of Operations.

(b) The Director, Office of Operations, shall evaluate all waiver requests and make a recommendation for approval or disapproval to the Assistant Secretary for Administration.

425.204 Violations.

Contracting officers shall, in accordance with the debarment procedures prescribed in 409.4, refer all violations of the clause found in FAR 52.225-5 to the Department Debarring Officer for possible debarment action.

Subpart 425.3—Balance-of-Payments Program

425.302 Policy.

The HCA shall make the determinations prescribed in FAR 25.302(b) (2) and (3) and may authorize differentials greater than 50 percent as prescribed in FAR 25.302(c).

Subpart 425.4—Purchases Under the Trade Agreements Act of 1979

425.402 Policy.

Whenever the U.S. Trade Representative publishes a redetermination of the dollar threshold at which the Agreement on Government Procurement applies, the Department will set out the dollar threshold in a Departmental Notice, 5025 series. Contracting officers shall use the specified amount to complete paragraph (b) of the clause at FAR 52.225-9.

[53 FR 6067, Feb. 29, 1988]

425.407 Solicitation provision and contract clause.

The contracting officer shall insert the provision at 452.225-70, English Language and U.S. Currency Requirements, whenever the solicitation contains the provision at FAR 52.225-8.

[53 FR 6067, Feb. 29, 1988]

PART 426—[RESERVED]

SUBCHAPTER E—GENERAL CONTRACTING REQUIREMENTS

PART 427—[RESERVED]

PART 428—BONDS AND INSURANCE

Subpart 428.1—Bonds

Sec.

428.102-3 Solicitation requirements.

Subpart 428.2—Sureties

428.203 Options in lieu of sureties.

Subpart 428.3—Insurance

428.310 Contract clause for work on a Government installation.

428.370 Government-owned vehicles operated in foreign countries.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12125, Mar. 28, 1984, unless otherwise noted.

Subpart 428.1—Bonds

428.102-3 Solicitation requirements.

(a) The contracting officer shall insert the provision at 452.228-70, Notice of Required Bid Guarantee, in a solicitation if a performance bond or a performance and payment bond is required.

(b) The contracting officer shall insert the clause at 452.228-71, Notice of Required Performance Security, in solicitations and contracts for construction or other service contracts over \$25,000, which require the contractor to furnish a performance bond.

(c) The contracting officer shall insert the clause at 452.228-72, Notice of Required Payment Security, in solicitations and contracts for construction exceeding \$25,000.

[53 FR 6067, Feb. 29, 1988]

Subpart 428.2—Sureties

428.203 Options in lieu of sureties.

HCA's shall establish procedures to ensure protection and conveyance of deposited securities of the types listed in FAR 28.203-1 and 28.203-2.

Subpart 428.3—Insurance

428.310 Contract clause for work on a Government installation.

The contracting officer shall insert the clause at 452.228-73, Insurance Coverage, in solicitations and contracts when a fixed-price contract is contemplated, the contract amount exceeds the appropriate small purchase limitation in FAR Part 13, the contract requires work on a Government installation and contains the clause at FAR 52.228-5, unless—

(a) Only a small amount of work is required on the Government installation (e.g., a few brief visits per month); or

(b) All work on the Government installation is to be performed outside the United States, its possessions, and Puerto Rico.

The contracting officer may insert the following clause in solicitations and contracts described in paragraphs (a) and (b) above if it is in the Government's interest to do so. If property liability insurance is required, the contracting officer shall use the clause with its Alternate I.

[53 FR 6067, Feb. 29, 1988]

428.370 Government-owned vehicles operated in foreign countries.

The Department is authorized to obtain insurance to cover liability incurred by any of its employees while acting within the scope of their employment and operating a Government-owned vehicle in a foreign country (7 U.S.C. 2262).

PART 429—[RESERVED]

PART 430—COST ACCOUNTING STANDARDS

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

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Subpart 430.3—CAS Contract Requirements

430.304 Waiver.

(a) The Director, Office of Operations, is authorized to waive CASB requirements as prescribed in FAR 30.304(c).

(b) Requests for waivers under (a) above shall be prepared by the contracting officer as prescribed in FAR 30.304(a) and submitted by the HCA.

[49 FR 12125, Mar. 28, 1984]

PART 431—[RESERVED]

PART 432—CONTRACT FINANCING

Subpart 432.1—General

Sec.

432.102 Description of contract financing methods.

432.103 Progress payments construction contracts.

432.111 Contract clauses.

Subpart 432.4—Advance Payments

432.402 General.

Subpart 432.5—Progress Payments Based on Costs

432.502 Preaward matters.

432.502-2 Contract finance office clearance.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12125, Mar. 28, 1984, unless otherwise noted.

Subpart 432.1—General

432.102 Description of contract financing methods.

Progress payments based on a percentage or stage of completion are authorized for use as a payment method under USDA contracts or subcontracts for construction, alteration or repair, and shipbuilding and conversion. Such payments are authorized also for service contracts, if the contracting officer determines that progress payments based on costs are not practicable and adequate safeguards can be provided to administer progress payments based on a percentage or stage of completion. For all other contracts, progress pay-

ment provisions shall be based on costs, as provided in FAR 32.5, as supplemented by Subpart 432.5, except that progress payments based on a percentage or stage of completion may be authorized on a case-by-case basis by the HCA or designee when a determination is made that progress payments based on costs cannot be employed practically and that there are adequate safeguards provided for the administration of progress payments based on a percentage or stage of completion.

[50 FR 14198, Apr. 10, 1985]

432.103 Progress payments construction contracts.

The Government does not, in the course of making progress payments under a fixed-price construction contract, reimburse the contractor for any amount of paid bond premiums in addition to the stated contract price. When the contractor furnishes evidence to the contracting officer that the surety company has been paid in full for bond premiums and requests reimbursement therefore, the first subsequent progress payment shall include the total amount attributable to such bond premiums and the Government shall pay that amount in full without proration or affixing any retainage then or later.

[53 FR 6067, Feb. 29, 1988]

432.111 Contract clause.

The contracting officer shall insert the clause at 452.232-74, Reimbursement for Bond Premiums—Fixed-Price Construction, whenever the clause at FAR 52.232-5 is used in a contract.

[53 FR 6067, Feb. 29, 1988]

Subpart 432.4—Advance Payments

432.402 General.

The HCA is designated as the individual responsible for making the findings and determination and for approval of contract terms concerning advance payments as required by FAR 32.402(e).

Subpart 432.5—Progress Payments Based on Costs

432.502 Preaward matters.

432.502-2 Contract finance office clearance.

The contracting officer shall obtain the approval of the HCA and the cognizant finance office for the contract before taking action under FAR 32.502-2.

PART 433—PROTESTS, DISPUTES, AND APPEALS

Subpart 433.1—Protests

Sec.

433.102 General.

433.103 Protests to the agency.

433.104 Protests to GAO.

433.105 Protests to GSBICA.

Subpart 433.2—Disputes and Appeals

433.203 Applicability.

433.203-70 Agriculture Board of Contract Appeals.

433.209 Suspected fraudulent claims.

433.211 Contracting officer's decision.

433.212 Contracting officer's duties upon appeal.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

Subpart 433.1—Protests

SOURCE: 51 FR 34566, Sept. 29, 1986, unless otherwise noted.

433.102 General.

The Director, Office of Operations, is responsible for coordinating the handling of bid protests lodged with the General Accounting Office (GAO) and the General Services Board of Contract Appeals (GSBICA) against contracts awarded by contracting activities. However, in order that the Department be responsive to the mandatory time frames established in the FAR, the Director, Office of Operations, has authorized each contracting activity to coordinate protests directly with the GAO and the GSBICA.

433.103 Protests to the agency.

When a protest is filed with the contracting activity, the contracting officer shall take prompt action toward

resolution and notify the protester in writing of the action taken. The written final decision shall include a paragraph substantially as follows:

This decision shall be final and conclusive unless a further written notice of protest is filed with the General Accounting Office in accordance with 4 CFR Part 21 or, when applicable, with the General Services Board of Contract Appeals in accordance with 48 CFR Part 61.

The contracting officer need not notify the contractor if the protest can be promptly resolved. If the protest appears to have merit, or if the contracting officer denies the protest but has reason to believe that the protester will file a protest with the GAO or the GSBICA, the contracting officer should promptly notify the contractor in writing and consider suspending contract performance.

433.104 Protests to GAO.

(a) The Director, Office of Operations, has furnished to the GAO a list of the name, title, address and telephone number of an official in each of the contracting activities whom the GAO can contact regarding protests. Contracting activities shall promptly notify the Chief, 00, Procurement Division, of any changes to the list.

(b) Protests received after award shall be handled in accordance with the contracting activities' internal procedures.

(c) If the protest involves significant legal issues, the Office of Operations and the Office of the General Counsel will, upon request, assist contracting activities to reach a proper resolution of the protest.

(d) The HCA shall report to the GAO pursuant to FAR 33.104(f) when the contracting activity has decided not to comply with the GAO's recommendation.

433.105 Protests to GSBICA.

(a) Upon receiving notification of a protest filed with the GSBICA, the contracting officer shall promptly notify the Assistant General Counsel, Research and Operations Division, and coordinate with OGC the contracting activity's response to the protest. The OGC will provide necessary legal counsel.

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(b) The HCA shall make the determination under FAR 33.105(d)(2) whether to proceed with award of a contract that has been protested to the GSBICA and is pending a final decision.

Subpart 433.2—Disputes and Appeals

SOURCE: 49 FR 12125, Mar. 28, 1984, unless otherwise noted. Correctly redesignated at 51 FR 41790, Nov. 19, 1986.

433.203 Applicability.

(a) The Assistant Secretary for Administration is authorized to determine the applicability of the Contract Disputes Act to contracts with foreign governments pursuant to FAR 33.203.

(b) A written determination shall be prepared for the Assistant Secretary's signature and submitted by the HCA to the Director, Office of Operations, for review and referral to the Assistant Secretary.

433.203–70 Agriculture Board of Contract Appeals.

The Agriculture Board of Contract Appeals (AGBCA) is authorized by the Secretary of Agriculture to hear, consider and determine appeals by contractors from decisions of USDA contracting officers under a contract or relating to a contract made by the Department or by any other executive

agency when such agency or the Administrator for Federal Procurement Policy has designated the Board to decide the appeal. All appeals brought before the Board are subject to the AGBCA Rules of Procedure in 7 CFR, Part 24.

All correspondence and documents to be filed with the Board should be addressed to the Board of Contract Appeals, U.S. Department of Agriculture, Washington, DC 20250.

433.209 Suspected fraudulent claims.

The contracting officer shall refer all matters related to suspected fraudulent claims by a contractor under the conditions in FAR 33.209 to the Office of the Inspector General for further action or investigation.

433.211 Contracting officer's decision.

The contracting officer's decision under FAR 33.211(a)(4) shall include the Board or Contract Appeals' mailing address and rules of procedure citation as referenced in 433.203–70.

433.212 Contracting officer's duties upon appeal.

Once notified by the AGBCA of an appeal, the contracting officer shall provide data, documentation, information, and support in accordance with the AGBCA Rules of Procedure, 7 CFR 24.9.

SUBCHAPTER F—SPECIAL CATEGORIES OF CONTRACTING

PART 434—MAJOR SYSTEM ACQUISITION

Sec.

434.001 Implementation.

434.002 Policy.

434.003 Responsibilities.

434.004 Acquisition strategy.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12126, Mar. 28, 1984, unless otherwise noted.

434.001 Implementation.

(a) *Definition.* For the purpose of applying the policy and procedures of OMB Circular No. A-109 within the USDA, the definition of a major system contained in the Circular is to be followed subject to the following:

(1) All system acquisitions which are expected to result in at least 50 million dollars of acquisition costs with private industry are considered to be major system acquisitions and are subject to the requirements of OMB Circular No. A-109.

(2) Other system acquisitions not expected to result in acquisition costs in excess of this 50 million dollar limit may be specifically designated as major system acquisitions subject to A-109 by the USDA Acquisition Executive.

(3) Classification as a major system acquisition is independent of the number of component USDA contracting activities involved in the process. A major system acquisition may occur entirely within the jurisdiction of a single contracting activity or may involve more than one component USDA contracting activity.

(4) The Major Missions of USDA are documented in the USDA Program Structure Dictionary. All major system acquisitions will be in response to a “need” of one of these Major Missions.

(b) *Exemption.* Acquisition of major ADP systems which would otherwise be subject to the requirements of this section and OMB Circular A-109 are exempted from these requirements. USDA has other existing controls which provide the necessary reviews,

approval and monitoring procedures to manage major ADP systems acquisitions.

434.002 Policy.

USDA concurs with the objectives of OMB Circular A-109 to assure effectiveness and efficiency in acquiring major systems and also views the guidelines stated in A-109 as necessary steps in the acquisition of any system, be it major or otherwise. The steps outlined in the Circular should serve as a guide to all contracting activities in the planning and developing of all systems. These steps should include:

(a) Expressing needs in “mission terms” to encourage innovation;

(b) Emphasizing initial activities of the system acquisition process;

(c) Communicating with Congress at an early stage;

(d) Establishing clear lines of authority, responsibility, and accountability;

(e) Designating focal points for integration and unification of activities; and

(f) Relying on private industry in accordance with the policies established by OMB Circular No. A-76.

434.003 Responsibilities.

(a) The Secretary of Agriculture is charged by OMB Circular No. A-109 with the responsibility for making four key decisions in each major system acquisition process. These are summarized in paragraph nine of the Circular and elaborated in paragraphs ten through thirteen.

(b) The key executives of USDA, i.e., the Secretary, Deputy Secretary, Under Secretaries, and Assistant Secretaries, individually or as a group, will participate in the identification and definition of specific mission needs to be fulfilled in USDA and in the assignment of priorities to these needs. They will also be involved in assisting the Secretary in making the “key decisions” identified in A-109.

(c) The Assistant Secretary for Administration has been designated by the Secretary to be the Departmental Acquisition Executive. The Assistant

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Secretary will assure that OMB Circular No. A-109 is implemented in USDA and ensure that the management objectives of the Circular are realized. The Acquisition Executive is responsible for designating the program manager for each Major System Acquisition designating any acquisition in the Department as a Major System Acquisition and approving the written charter and project control system for each Major System Acquisition.

(d) The Office of Operations will serve as the cognizant staff office in assisting the Assistant Secretary for Administration in carrying out the above responsibilities. The Office of Operations will access the budget development and review process to identify potential major system acquisitions and bring them to the attention of the Assistant Secretary.

(e) HCA's must:

(1) Become familiar with the requirements of OMB Circular No. A-109 and ensure that contracting activity personnel are knowledgeable regarding the Circular.

(2) Take such steps as are necessary to ensure that all potential Major System Acquisitions are brought to the attention of the Acquisitions Executive.

(3) Recommend qualified candidates for designations as program managers for each major system acquisition within their jurisdictions.

(4) Ensure that program managers fulfill their responsibilities and discharge their duties.

(5) Cooperate with the Assistant Secretary for Administration and the Office of Finance and Management in implementing the requirements of the Circular.

(6) Adhere to the principles outlined in the Circular with regard to all major system acquisitions.

(7) Use the principles outlined in the Circular as a guideline for other acquisitions.

(f) Program Managers will:

(1) Plan and carry out the proposed objective of the Major System Acquisition.

(2) Schedule and monitor all aspects of the projects using an appropriate project control system.

(3) Provide analysis papers to recommend decisions to the key executives of USDA and the Secretary.

(4) Document USDA compliance with A-109.

434.004 Acquisition strategy.

(a) The Program Manager will assume operational responsibility for the planning and execution of the Major System Acquisition upon designation by the Acquisition Executive.

(b) The Program Manager will work closely with the Acquisition Executive to develop a written charter outlining the authority, responsibility, accountability, and budget for accomplishing the proposed objective.

(c) The Program Manager will develop a project control system to schedule, monitor, and regularly report on all aspects of the project. The control system will be presented to the Acquisition Executive for approval. In developing the control system, the Program Manager shall provide for appropriate reporting periods and for checkpoints consistent with the "key decisions" Section No. 9 of OMB Circular No. A-109.

(d) Upon initiation of the project, the Program Manager will report regularly (at least monthly) to the Acquisition Executive on the progress achieved to that point. The reports shall include information with regard to the requirements of OMB Circular No. A-109 and how the objectives of the Circular have been realized to present time. Also, the reports shall contain a statement as to what is planned for the next reporting period both in terms of the project itself and the requirements of A-109.

(e) As each "key decision" point is reached, the Program Manager will prepare detailed analysis, findings and recommendations to be submitted, through the Acquisition Executive, to the key executives in the Department. The program manager shall also prepare additional reports and documentation as requested by the key executives.

(f) The Program Manager will work closely with the Director, Office of Finance and Management, with regard to budgeting and financing for the system

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and will provide the necessary information to OMB and Congress as required by Circular A-109.

PART 435—RESEARCH AND DEVELOPMENT CONTRACTING

Sec.

435.010 Scientific and technical reports.

435.015 Contracts for research with educational institutions and nonprofit organizations.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12127, Mar. 28, 1984, unless otherwise noted.

435.010 Scientific and technical reports.

(a) Pursuant to FAR 35.010(b), research and development contracts shall contain a provision requiring that the contractor send copies of all scientific and technical reports to the National Technical Information Service (303Y), Department of Commerce, 5285 Port Royal Road, Springfield, VA 22161.

(b) The release of research and development contract results to other Government activities and to the private sector is subject to the provisions of FAR Subpart 4.4.

435.015 Contracts for research with educational institutions and nonprofit organizations.

(a) Promptly after execution of a basic agreement for research and development with an educational institution or nonprofit organization, the HCA shall furnish a copy of the agreement to the Director, Office of Operations.

(b) The Director, Office of Operations, shall furnish the list required under FAR 35.015(b)(3) to the FAR Secretariat.

PART 436—CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS

Subpart 436.2—Special Aspects of Contracting for Construction

Sec.

436.201 Evaluation of contractor performance.

436.209 Construction contracts with architect-engineer firms.

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Subpart 436.3—Sealed Bidding

436.370 Additive or deductive items.

Subpart 436.5—Contract Clauses

436.570 Scope.

436.571 Prohibition Against the Use of Lead-Based Paint.

436.572 Use of Premises.

436.573 Archeological or historic sites.

436.574 Control of erosion, sedimentation, and pollution.

436.575 Maximum workweek—construction schedule.

436.576 Samples and certificates.

436.577 Emergency control.

436.578 Forest Service Standard Specifications for Construction of Roads and Bridges.

436.579 Opted Timber Sale Road Requirements.

Subpart 436.6—Architect-Engineer Services

436.602 Selection of firms for architect-engineer contracts.

436.602-1 Selection criteria.

436.602-2 Evaluation boards.

436.602-3 Evaluation board functions.

436.602-4 Selection authority.

436.602-5 Short selection processes for contracts not to exceed \$10,000.

436.603 Collecting data on and appraising firms' qualifications.

436.604 Performance evaluation.

436.606 Negotiations.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12127, Mar. 28, 1984, unless otherwise noted.

Subpart 436.2—Special Aspects of Contracting for Construction

436.201 Evaluation of contractor performance.

(a) HCA's shall establish procedures to evaluate construction contractor performance including instructions for review of the evaluation report (SF-1420) as prescribed in FAR 36.201 and 36.701(e).

436.209 Construction contracts with architect-engineer firms.

(a) As required by FAR 36.209, no contract for construction of a project shall be awarded to the firm that designed the project or its subsidiaries or affiliates without the written approval of the Director, Office of Operations.

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(b) Requests for approval under (a) above shall be made by the HCA to the Director, Office of Operations. The request shall include the reason(s) why award to the design firm is required; an analysis of the facts involving potential or actual organizational conflicts of interest including benefits and detriments to the Government and the prospective contractor; and the measures which are to be taken to avoid, neutralize, or mitigate conflicts of interest.

Subpart 436.3—Sealed Bidding

436.370 Additive or deductive items.

(a) When it appears that funds available for a project may be insufficient for all the desired features of construction, the contracting officer may provide in the solicitation for a base bid item covering the work generally as specified and for one or more additive or deductive bid items which progressively add or omit specified features of the work in a stated order or priority. In such case, the contracting officer shall insert the provision at 452.236-70, Additive or Deductive Items, in solicitations for construction.

[49 FR 12127, Mar. 28, 1984, and 50 FR 14197, Apr. 10, 1985, as amended at 53 FR 6067, Feb. 29, 1988]

Subpart 436.5—Contract Clauses

SOURCE: 53 FR 6067, Feb. 29, 1988, unless otherwise noted.

436.570 Scope.

This subpart prescribes clauses for insertion in USDA solicitations and contracts for construction and for dismantling, demolition, or removal of improvements or structures. The contracting officer shall use the clauses as prescribed, in contracts that exceed the small purchase limitation. The contracting officer may use the clauses if the contract amount is expected to be within the small purchase limitation.

436.571 Prohibition Against the Use of Lead-Based Paint.

The contracting officer shall insert the clause at 452.236-71, Prohibition Against the Use of Lead-Based Paint,

in solicitations and contracts, if the work involves construction or rehabilitation (including dismantling, demolition, or removal) of residential structures. This clause may be used in contracts for other than residential structures.

436.572 Use of premises.

The contracting officer shall insert the clause at 452.236-72, Use of premises, if the contractor will be permitted to use land or premises administered by USDA.

436.573 Archeological or historic sites.

The contracting officer shall insert the clause at 452.236-73, Archeological or Historic Sites, if the contractor will be working in an area where such sites may be found. Use of the clause is optional in service contracts for on-the-ground work, e.g. reforestation, silvicultural, land stabilization, or other agricultural-related projects.

436.574 Control of erosion, sedimentation, and pollution.

The contracting officer shall insert the clause at 452.236-74, Control of Erosion, Sedimentation and Pollution, if there is a need for applying environmental controls on the performance of work. Use of the clause is optional in service contracts for on-the-ground work; e.g., reforestation, silvicultural, land stabilization, or other agricultural-related projects.

436.575 Maximum workweek—construction schedule.

The contracting officer shall insert the clause at 452.236-75, Maximum Workweek—Construction Schedule, if a specific workweek schedule that is limited to a maximum number of hours is needed.

436.576 Samples and certificates.

The contracting officer shall insert the clause at 452.236-76, Samples and Certificates, in all contracts.

436.577 Emergency control.

A Forest Service contracting officer shall insert the clause at 452.236-77, Emergency Control, in Forest Service construction contracts.

436.578 Forest Service Standard Specifications for Construction of Roads and Bridges.

Forest Service contracting officers shall insert the clause at 452.236-78, Forest Service Standard Specifications for Construction of Roads and Bridges, in Forest Service construction contracts that incorporate the standard specifications.

436.579 Opted Timber Sale Road Requirements.

Forest service contracting officers shall insert the clause at 452.236-79, Opted Timber Sale Road Requirements, in Forest Service road construction contracts resulting from a timber sale turnback.

Subpart 436.6—Architect-Engineer Services

436.602 Selection of firms for architect-engineer contracts.

436.602-1 Selection criteria.

(a) In addition to the selection criteria under FAR 36.602-1(a), the following criteria shall be used in the evaluation of each potential contractor when applicable to a particular acquisition:

(1) Computer-assisted design capability and capacity (where such design is required).

(2) Adequacy of facilities for performance of the work including those necessary to provide specialized services that may be required.

(3) Volume and nature of present workload as it relates to the ability to perform the work required.

(4) Experience and qualifications of proposed key personnel including specialized technical skills, project coordination and management skills, and experience in working together as a team.

(5) Availability of additional contractor personnel or consultants to support expansion or acceleration of the project.

(6) Other specific criteria as may be required.

(b) HCA's are authorized to approve the use of design competition under the conditions in FAR 36.602-1(b).

436.602-2 Evaluation boards.

HCA's shall establish procedures for providing permanent or ad hoc architect-engineer evaluation boards as prescribed in FAR 36.602-2. Procedures may provide for the appointment of private practitioners of architecture, engineering, or related professions when such action is determined by the HCA to be essential to meet the Government's minimum needs.

436.602-3 Evaluation board functions.

(a) Firms shall be evaluated in accordance with the criteria in 436.602-1, as applicable, as well as the criteria in FAR 36.602-1.

(b) The selection report required in FAR 36.602-3(d) shall be prepared for the approval of the HCA. The HCA may authorize an acquisition official above the level of the contracting officer to execute the required approval.

[49 FR 12127, Mar. 28, 1984, as amended at 50 FR 14200, Apr. 10, 1985]

436.602-4 Selection authority.

The HCA shall serve as the selection authority in accordance with FAR 36.602-4. The HCA may authorize an acquisition official above the level of the contracting officer to serve as the selection authority.

436.602-5 Short selection processes for contracts not to exceed \$10,000.

The selection process prescribed in FAR 36.602-5(a) shall be used for architect-engineer contracts not expected to exceed \$10,000.

436.603 Collecting data on and appraising firms' qualifications.

(a) HCA's which require architect-engineer services shall establish procedures to comply with the requirements of FAR 36.603.

(b) Copies of procedures established under (a) above shall be submitted to the Director, Office of Operations, for review and comment. The procedures shall include a list of names, addresses, and phone numbers of offices or boards assigned to maintain architect-engineer qualification data files. The list shall be updated annually.

[49 FR 12127, Mar. 28, 1984, as amended at 50 FR 14200, Apr. 10, 1985]

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436.604 Performance evaluation.

(a) HCA's shall establish procedures to evaluate architect-engineer contractor performance including instructions for review of the evaluation report (SF-1421) as prescribed in FAR 36.604 and 36.702(c).

(b) Performance reports shall be distributed to the HCA for filing, distribution points in FAR 36.604(c), and other points required by internal procedures.

436.606 Negotiations.

Whenever a proposal is solicited from an architect-engineer firm selected for negotiation, the contracting officer shall include in the request for proposal a reference to 436.209 as required by FAR 36.606(c).

PART 437—SERVICE CONTRACTING

Subpart 437.1—Service Contracts—General

Sec.

437.104 Personal services contracts.

437.110 Solicitation provisions and contract clauses.

Subpart 437.2—Consulting Services

437.205 Management controls.

437.270 Solicitation and Contract clauses.

AUTHORITY: 5 U.S.C. 301 and 5 U.S.C. 486(c).

SOURCE: 50 FR 14200, Apr. 19, 1985, unless otherwise noted.

Subpart 437.1—Services Contracts—General

437.104 Personal services contracts.

USDA has the following specific statutory authorities to contract for personal services:

(a) Section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) authorizes contracting with persons or organizations on a temporary basis (without regard to civil service compensation and classification standards in 5 U.S.C., Chapter 51 and Subchapter III of Chapter 53, *Provided*:

(1) That no expenditures shall be made unless specifically provided for in the applicable appropriation, and

(2) The expenditure does not exceed any limitations prescribed in the appropriation.

(b) 7 U.S.C. 1627 authorizes the Secretary of Agriculture to contract with technically qualified persons, firms or organizations to perform research, inspection, classification, technical, or other special services, without regard to the civil-service laws, *Provided*, it is for a temporary basis and for a term not to exceed six months in any fiscal year.

437.110 Solicitation provisions and contract clauses.

(a) The contracting officer shall insert a clause substantially the same as the clause at 452.237-70, Loss, Damage, Destruction of Repair, in contracts for equipment rental, whether the equipment is furnished with or without operator.

(b) The contracting officer shall insert a provision substantially the same as the clause at 452.237-71, Pre-Bid/Pre-Proposal Conference, in all solicitations if a conference with prospective offerors will be held prior to the submittal of bids or proposals.

(c) The contracting officer shall insert a provision substantially the same as the clause at 452.237-72, Pre-Bid/Pre-Proposal Conference and Site Visit, in solicitations when a pre-proposal conference and site visit will be used. Use of the provision, or one substantially the same, is optional for construction solicitations.

(d) The contracting officer shall insert the provision at 452.237-73, Equipment Inspection Visit, in solicitations if work is to be done on Government equipment and an offeror's inspection is encouraged for an understanding of the work to be performed prior to submittal of bids or proposals.

(e) The contracting officer shall insert a clause substantially the same as the clause at 452.237-74, Key Personnel, in contracts if contract performance requires identification of the contractor's key personnel.

(f) The contracting officer shall insert a clause substantially the same as the clause at 452.237-75, Restrictions Against Disclosure, in service contracts (including architect-engineer

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contracts) requiring restrictions on release of information developed or obtained in connection with performance of the contract.

[53 FR 6068, Feb. 29, 1988]

Subpart 437.2—Consulting Services

437.205 Management controls.

Contracts for consulting services are subject to the management controls and procedures in Departmental Regulations (5000 series).

437.270 Solicitation and Contract clauses.

(a) The contracting officer shall insert a clause substantially the same as the clause at 452.237–76, Progress Reporting, in all contracts for consulting service. It may also be used in other service contracts.

(b) The contracting officer shall insert the clause at 452.237–77, Identification of Contract Deliverables, in contracts for consulting services that require reports.

(c) The contracting officer shall insert a clause substantially the same as the clause at 452.237–78, Contracts with Consulting Firms for Services, in solicitations and for consulting services which prohibit follow-on contracts with the contracting firm.

[53 FR 6068, Feb. 29, 1988]

PART 438—[RESERVED]

PART 439—MANAGEMENT, ACQUISITION, AND USE OF INFORMATION RESOURCES

Subpart 439.70—Delegation of Acquisition Authority

Sec.

439.7001 Blanket delegations of authority.

439.7002 Special delegations of authority.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

48 CFR Ch. 4 (10–1–96 Edition)

Subpart 439.70—Delegation of Acquisition Authority

439.7001 Blanket delegations of authority.

(a) Each HCA, to whom the Director, OO, has granted a general delegation of contracting authority, may acquire automatic data processing (ADP) resources (as that term is defined in the Federal Information Resources Management Regulation, FIRM, 41 CFR Part 201–2) up to the following blanket limitations, unless the limits have been amended in either an HCA's general delegation or under a special delegation. These limits are applicable to contracts which are awarded in accordance with the policies and procedures contained in FAR Subpart 6.1, 6.2, and 6.3.

(1) *ADP equipment.* HCA's may acquire ADP equipment (ADPE) if the purchase price does not exceed \$250,000 or the basic monthly rental charges (including maintenance) do not exceed \$100,000 annually. An upgrade or augmentation to existing ADPE may be acquired under blanket authority if the cumulative purchase value of the initial ADPE plus any features or devices to be added does not exceed \$250,000.

(2) *ADP services.* HCA's may acquire ADP services if the contract amount does not exceed \$200,000 annually.

(3) *ADP maintenance services.* HCA's may acquire ADP maintenance services if the contract amount does not exceed \$100,000 annually.

(4) *ADP software.* HCA's may acquire commercial software if the contract amount does not exceed \$100,000 for purchase or annual rental.

(5) *ADP support services.* HCA's may acquire ADP support services if the contract amount does not exceed \$300,000 annually.

(6) *ADP supplies.* HCA's may acquire related ADP supplies in any amount under specific purchase programs established by GSA or, absent a GSA program, in the open market.

(7) *ADP systems.* HCA's may acquire ADP equipment, services, maintenance, software, and support services in any combination via one contract for a system configuration, if the individual limits specified in paragraphs

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(a)(1), (2), (3), (4), and (5) of this section are not exceeded.

(b) HCA's may acquire ADP resources from GSA requirements-type or schedule contracts up to the limits set forth in FIRMR 201-23.104 and in accordance with the procedures in FIRMR 201-32.206.

[53 FR 6068, Feb. 29, 1988; 53 FR 12748, Apr. 18, 1988]

439.7002 Special delegation of authority.

HCA's shall submit each prospective acquisition, which is greater than the

limits of the blanket delegations of authority set forth in 439.7001 or any other limits stipulated in the HCA's general delegation, to the Director, OO, for a delegation of ADP contracting authority. The Office of Operations will either conduct the acquisition or delegate special authority to the HCA to conduct the acquisition.

[53 FR 6068, Feb. 29, 1988]

PARTS 440-441—[RESERVED]

SUBCHAPTER G—CONTRACT MANAGEMENT

PART 442—CONTRACT ADMINISTRATION

Subpart 442.1—Interagency Contract Administration and Audit Services

Sec.

442.102 Procedures.

Subpart 442.7—Indirect Cost Rates

442.704 Billing rates.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

Subpart 442.1—Interagency Contract Administration and Audit Services

442.102 Procedures.

(a) The Office of the Inspector General (OIG), Audit Division, has established a cross-servicing arrangement with the Defense Contract Audit Agency (DCAA) to provide contract audit services required by the FAR.

(b) All contract audit services required by contracting officers shall be coordinated through the cognizant OIG Regional Inspector General—Auditing (RIG-A). Cognizance is determined on the basis of the contractor's location. The OIG will, at its discretion, perform the audit with OIG personnel or refer the request to the DCAA if such would be more practical due to workload considerations or the location of the contractor. There is no charge for audit services coordinated through OIG.

(c) In order to ensure compliance with this requirement and to evaluate the results of audits, contracting officers shall forward to the RIG-A copies of all price negotiation memoranda prepared for contracts and contract modifications in excess of \$500,000.

[49 FR 12129, Mar. 28, 1984, and 50 FR 14197, Apr. 10, 1985]

Subpart 442.7—Indirect Cost Rates

442.704 Billing rates.

The contracting officer shall insert a clause substantially the same as the clause at 452.242–70, Estimated and Al-

lowable Costs, in cost-plus-fixed-fee contracts. The clause with its Alternate I is for use in cost (no-fee) contracts. The clause with its Alternate II is for use in cost-plus-incentive-fee contracts. The clause with its Alternate III is for use in cost-plus-award-fee contracts.

[53 FR 6069, Feb. 29, 1988]

PARTS 443–444—[RESERVED]

PART 445—GOVERNMENT PROPERTY

Subpart 445.1—General

Sec.

445.106 Government property clauses.

Subpart 445.3—Providing Government Property to Contractors

445.302 Providing facilities.

445.302–1 Policy.

445.302–7 Optional property-related clauses for facilities contracts.

Subpart 445.4—Contractor Use and Rental of Government Property

445.403 Rental—Use and Charges Clause.

445.407 Non-Government use of plant equipment.

Subpart 445.6—Reporting, Redistribution and Disposal of Contractor Inventory

445.608 Screening of contractor inventory.

445.608–6 Waiver of screening requirements.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12129, Mar. 28, 1984, unless otherwise noted.

Subpart 445.1—General

445.106 Government property clauses.

The contracting officer shall insert the clause at 452.245–70, Government-Furnished Property, in contracts in which Government property is furnished to the contractor.

[53 FR 6069, Feb. 29, 1988]

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Subpart 445.3—Providing Government Property to Contractors

445.302 Providing facilities.

445.302-1 Policy.

HCA's are authorized to make determinations for providing facilities to a contractor as prescribed in FAR 45.302-1(a)(4).

445.302-7 Optional property-related clauses for facilities contracts.

The contracting officer shall insert a clause substantially the same as the clause at 452.245-71, Government Property-Facilities Use, in contracts to authorize the contractor to use specified Government-owned facilities.

[53 FR 6069, Feb. 29, 1988]

Subpart 445.4—Contractor Use and Rental of Government Property

445.403 Rental—Use and Charges clause.

HCA's are authorized to make determinations for charging rent on the basis of use under the Use and Charges clause in FAR 52.245-9 as prescribed in FAR 45.403(a).

445.407 Non-Government use of plant equipment.

Requests for non-Government use of plant equipment as prescribed in FAR 45.407 shall be submitted by the HCA to the Director, Office of Operations, for approval.

Subpart 445.6—Reporting, Redistribution and Disposal of Contractor Inventory

445.608 Screening of contractor inventory.

445.608-6 Waiver of screening requirements.

Requests to waive screening requirements as prescribed in FAR 45.608-6 shall be submitted by the HCA to the Director, Office of Operations, for approval.

PART 446—QUALITY ASSURANCE

Subpart 446.3—Contract Clauses

Sec.

446.370 Inspection and acceptance.

Subpart 446.6—Material Inspection and Receiving Reports

446.601 Inspection and receiving.

446.602 Acceptance.

446.603 Inspection, acceptance, and receiving certification.

446.604 Distribution of material inspection and receiving reports.

Subpart 446.7—Warranties

446.704 Authority for use of warranties.

446.708 Warranties of data.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12129, Mar. 28, 1984, unless otherwise noted.

Subpart 446.3—Contract Clauses

446.370 Inspection and acceptance.

The contracting officer shall insert a clause substantially the same as the clause at 452.246-70, Inspection and Acceptance, in contracts where inspection and acceptance will be performed at the same location. The clause with its Alternate I is for use when inspection and acceptance will be performed at different locations.

[53 FR 6069, Feb. 29, 1988]

Subpart 446.6—Material Inspection and Receiving Reports

446.601 Inspection and receiving.

(a) The certification stated in 446.603 shall be inserted on each commercial shipping document or packing list for supplies or services and shall be signed by the authorized Government representative as required by FAR 46.401(f), except for small purchases (see FAR 46.404).

(b) Form AD-838, Purchase Order, shall be used to comply with the requirements of FAR 46.406(f) and FAR 46.404.

(c) The certification required by 446.601(a) shall be made at the place or

446.602

places specified in the contract for performance of Government quality assurance as required by FAR 46.401(b) and as prescribed in FAR 46.402 or FAR 46.403, as appropriate.

446.602 Acceptance.

(a) The certification stated in 446.603 shall be inserted on each commercial shipping document or packing list for supplies or services and signed by the authorized Government representative as required by FAR 46.501.

(b) The certification required by 446.602(a) shall be made at the place or places specified in the contract for Government acceptance as required by FAR 46.503.

(c) If the contracting officer elects to use a contractor's certificate of conformance as allowed by FAR 46.315 under the conditions prescribed by FAR 46.504, the certificate may be used as the basis for Government acceptance.

(d) Form AD-838, Purchase Order, shall be used to comply with the requirements of FAR 46.501.

446.603 Inspection, acceptance and receiving certification.

As prescribed in this subpart, the following certification shall be inserted on commercial shipping documents or packing lists for supplies or services:

INSPECTION, ACCEPTANCE AND RECEIVING CERTIFICATION

The listed items or services have been: _____ inspected, _____ accepted, _____ received by me or under my supervision and they conform to contract except as noted below or on attached documents.

Date _____
(Signature) _____

(Typed name of authorized
Government representative)

446.604 Distribution of material inspection and receiving reports.

Distribution of material inspection and receiving reports shall be made in accordance with established procedures established by contracting activities.

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Subpart 446.7—Warranties

446.704 Authority for use of warranties.

(a) The requisitioning unit is responsible for preparing a written recommendation to identify those acquisitions deemed appropriate for application of warranty provisions. The recommendation shall address the criteria set forth at FAR 46.703 to document the basis on which a warranty is considered appropriate. The recommendation shall also identify the specific parts, subassemblies, assemblies, systems, or contract line items to which a warranty should apply.

(b) Before soliciting the requirement, the contracting officer shall make a written determination, subject to approval at a level above the contracting officer, whether to include a warranty contract clause.

[50 FR 14200, Apr. 10, 1985]

446.708 Warranties of data.

Warranties of data shall be developed and used only after review and approval by OGC.

PART 447—TRANSPORTATION

Subpart 447.3—Transportation in Supply Contracts

Sec.

447.302 Place of delivery—F.O.B. point.

447.305-10 Packing, marking, and consignment instructions.

AUTHORITY: 5 U.S.C. 30 and 40 U.S.C. 486(c).

Subpart 447.3—Transportation in Supply Contracts

447.302 Place of delivery—F.O.B. point.

The contracting officer shall insert a clause substantially the same as the clause at 452.247-70, Delivery Location, in supply contracts when it is necessary to specify delivery locations. If appropriate, the clause may reference an attachment which lists various delivery locations and any other delivery

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details (e.g., quantities to be delivered to each location, etc).

[53 FR 6069, Feb. 29, 1988]

447.305–10 Packing, marking, and consignment instructions.

(a) The contracting officer shall insert a clause substantially the same as the clause at 452.247–71, Marking Deliverables, in solicitations and contracts if special markings on deliverables (other than reports) are required.

(b) The contracting officer shall insert the clause at 452.247–72, Packing for Domestic Shipment, in contracts when item(s) will be delivered to a continental destination for immediate use, when the material specification or purchase description does not provide preservation, packaging, packing and/or marking requirements and/or when the requiring activity has not cited a specific specification for packaging.

(c) The contracting officer shall insert the clause at 452.247–73, Packing for Overseas Shipment, in contracts when item(s) will be delivered to an overseas destination for immediate use, the material specification does not specify packing levels and the required activity has not specified such requirements.

[53 FR 6069, Feb. 29, 1988]

PART 448—VALUE ENGINEERING

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

Subpart 448.1—Policies and Procedures

448.102 Policies.

(a) USDA is exempt from the requirements of FAR Part 48, Value Engineering.

(b) HCA's are encouraged to implement value engineering programs in their contracting activities in accordance with FAR Part 48 when it has been determined by the HCA that such implementation is in the best interest of the Government.

[49 FR 12130, Mar. 28, 1984, and 50 FR 14197, Apr. 10, 1985]

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PART 449—TERMINATION OF CONTRACTS

Subpart 449.1—General Principles

Sec.

449.106 Fraud or other criminal conduct.

449.107 Audit of prime contract settlement proposals and subcontract settlements.

449.111 Review of proposed settlements.

Subpart 449.4—Termination for Default

449.402 Termination of fixed-price contracts for default.

449.402–3 Procedure for default.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12130, Mar. 28, 1984, unless otherwise noted.

Subpart 449.1—General Principles

449.106 Fraud or other criminal conduct.

(a) Whenever fraud, such as falsified documents, false statements, or other criminal conduct related to the settlement of a terminated contract is suspected, the contracting officer shall discontinue negotiations and prepare a report of the facts. The report shall be submitted by the HCA to the Inspector General along with copies of documents or other information connected with the suspected violation(s). Concurrently, a copy of the report shall also be submitted to the Director, Office of Operations.

(b) Depending of the findings of the Inspector General, the HCA may initiate suspension of debarment action as prescribed in FAR Part 9.4 and Part 490.4 of this chapter.

449.107 Audit of prime contract settlement proposals and subcontract settlements.

Prime contractor settlement proposals and subcontract settlements requiring audit review in accordance with FAR 49.107 shall be referred to the Inspector General.

449.111 Review of proposed settlements.

All proposed settlement agreements shall be reviewed and approved at a level above the contracting officer in accordance with contracting activity

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procedures. Settlement agreements of \$50,000 or more shall be approved by the HCA.

Subpart 449.4—Termination for Default

449.402 Termination of fixed-price contracts for default.

449.402-3 Procedure for default.

(a) In addition to the requirements of FAR 49.402-3(g), the notice of termination shall contain instructions regarding the disposition of any Government property in the possession of the contractor (see FAR 45.508-1) and, in the case of construction contracts, such materials, appliances, and structures as may be on the site of the construction work. The notice shall also contain a statement concerning the liability of the contractor or its surety for any liquidated damages (see FAR 49.402-7).

(b) The notice of termination suggested under FAR 49.601-2 shall be modified in accordance with (a) above.

PART 450—EXTRAORDINARY CONTRACTUAL ACTIONS

Sec.

450.001 Definitions.

Subpart 450.1—General

450.103 Deviations.

450.104 Reports.

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Subpart 450.2—Delegation of and Limitations on Exercise of Authority

450.201 Delegation of authority.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12130, Mar. 28, 1984, unless otherwise noted.

450.001 Definitions.

Approving authority, as used in this part, means the Assistant Secretary for Administration.

Subpart 450.1—General

450.103 Deviations.

Requests for deviations to FAR Part 50 shall be submitted by the HCA to the Director, Office of Operations, for approval.

450.104 Reports.

The Director, Office of Operations, shall prepare the report required by FAR 50.104.

Subpart 450.2—Delegation of and Limitations on Exercise of Authority

450.201 Delegation of authority.

The Assistant Secretary for Administration is authorized to approve all actions under FAR Part 50 except indemnification actions listed in FAR 50.201(d).

PART 451—[RESERVED]

SUBCHAPTER H—CLAUSES AND FORMS

PART 452—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

Subpart 452.2—Texts of Provisions and Clauses

Sec.

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452.246-70 Inspection and Acceptance.
452.247-70 Delivery Location.
452.247-71 Marking Deliverables.
452.247-72 Packing for Domestic Shipment.
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452.252-70 List of Attachments.

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

Subpart 452.2—Texts of Provisions and Clauses

SOURCE: 53 FR 6069, Feb. 29, 1988, unless otherwise noted.

452.204-70 Data Universal Numbering System.

As prescribed in 404.670, insert the following provision:

DATA UNIVERSAL NUMBERING SYSTEM (DUNS) (FEB 1988)

(a) The offeror is requested to insert the DUNS number applicable to the contractor's address shown on the solicitation form.

DUNS NO. _____

(b) If the production point (point of final assembly) is other than the location entered on the solicitation form, or if additional production points are involved, enter the DUNS number applicable to each production point in the space provided below.

ITEM NO. _____

MANUFACTURER _____

PRODUCTION POINT _____

DUNS NO. _____

(c) If DUNS numbers have not been established for the contractor, or the production point(s) shown above, a number will be assigned upon request by Dun & Bradstreet, Allentown, Pennsylvania, phone (215) 776-4388, 89, 90 or 91.

(End of provision)

452.204-71 Inquiries.

As prescribed in 404.7001, insert a provision substantially as follows:

INQUIRIES (FEB 1988)

Inquiries and all correspondence concerning this solicitation should be submitted in writing to the Contracting Officer. Offerors should contact only the contracting officer issuing the solicitation about any aspect of this requirement prior to contract award.

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(End of provision)

452.207-70 Definition of "Right of First Refusal."

As prescribed in 407.305, insert the following clause:

DEFINITION OF "RIGHT OF FIRST REFUSAL" (FEB 1988)

(a) OMB Circular A-76 provides that Contractors will give Federal employees displaced as a result of a conversion to contract the right of first refusal for employment on the contract in positions for which they are qualified and for which the Contractor is hiring. The purpose of this clause is to define the phrase "displaced as a result of the conversion" so that eligibility for the right of first refusal can be determined.

(b) It is the policy of the U.S. Department of Agriculture to extend the right first refusal to any permanent full-time or permanent part-time employee who, as a result of a reduction-in-force notice, is reduced in grade or separated as a direct result of a "conversion" action under OMB Circular A-76. A conversion is defined as "the transfer of work from Government commercial or industrial activity to performance by a private commercial source under contract."

(c) Offers by Contractors made as a result of an employee's right of first refusal will be subject to the terms and conditions of employment set by the Contractor. For example, a permanent part-time employee does not have the right to a part-time tour of duty with the Contractor. Similarly, this policy does not afford an affected Government employee any right to a specific job or salary. Such employment considerations are deemed to be matters solely between the Contractor and the affected Government employee. Employees with the right of first refusal have only the right to an offer of a position for which they are qualified and for which the Contractor is hiring.

(d) Employees who hold any Federal civil service appointment other than permanent (e.g., a temporary appointment) do not have a right of first refusal if displaced as a result of a conversion.

(e) The determination by USDA of an employee's eligibility for the right of first refusal is appealable under the procedures provided in Departmental Regulation (DR) 2170-1. Determinations related to the implementation of OMB Circular A-76 are not subject to any negotiated or agency grievance procedure. Decisions rendered under the agency procedure are final.

(f) The Contracting Officer will provide a successful Contractor with a listing of those employees that USDA has determined are eligible for right of first refusal.

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(End of clause)

452.207-71 Report of Employment Under Commercial Activities.

As prescribed in 407.305, insert the following clause:

REPORT OF EMPLOYMENT UNDER COMMERCIAL ACTIVITIES (FEB 1988)

(a) The Contracting Officer, as soon as practicable, will provide the Contractor with a list of the Federal employees, including social security numbers, that will be involuntarily separated from Government employment as a result of this contract.

(b) The Contractor agrees—

(1) To provide the Contracting Officer within five working days after the date of transfer of the operation and maintenance responsibilities of a Federal project to the Contractor (contract start date) with the names and social security numbers of individuals on the list referenced in paragraph (a) that, as of the contract start date, had accepted or rejected offers of employment comparable to their previous employment with the Federal Government. For those who reject the Contractor's offer, the Contractor shall include total monetary value of the pay and benefits offered;

(2) To provide the Contracting Officer with the names and social security numbers of the individuals hired, within five working days of such hiring, during the first 90 days after the contract start date, if the Contractor hires any additional Federal employees on the list referenced in paragraph (a) for any job within the Contractor's organization; and

(3) To furnish the information required by this clause in a concise and clearly detailed format.

(c) The operation of the system of records identified by this clause is subject to the Privacy Act of 1974 (5 U.S.C. 552a) and clause 52.224-1 "Privacy Act Notification" and clause 52.224-2 "Privacy Act" included in this contract. This clause constitutes the notice required to invoke compliance by the Contractor with the provisions of the notice and clause.

(End of clause)

452.209-70 Organizational Conflicts of Interest.

As prescribed in 409.504, insert a clause substantially as follows:

ORGANIZATIONAL CONFLICTS OF INTEREST (FEB 1988)

(a) The Contractor warrants that, to the best of the Contractor's knowledge and belief, there are no relevant facts or circumstances which could give rise to an orga-

nizational conflict of interest, as defined in FAR Subpart 9.5, or that the Contractor has disclosed all such relevant information.

(b) The Contractor agrees that if an actual or potential organizational conflict of interest is discovered after award, the Contractor will make a full disclosure in writing to the Contracting Officer. This disclosure shall include a description of actions which the Contractor has taken or proposes to take, after consultation with the Contracting Officer, to avoid, mitigate, or neutralize the actual or potential conflict.

(c) The Government may terminate this contract for convenience, in whole or in part, if it deems such termination necessary to avoid an organizational conflict of interest. If the Contractor was aware of a potential organizational conflict of interest prior to award or discovered an actual or potential conflict after award and did not disclose or misrepresented relevant information to the Contracting Officer, the Government may terminate the contract for default, debar the Contractor from Government contracting, or pursue; such other remedies as may be permitted by law or this contract.

(d) The Contractor further agrees to insert provisions which shall conform substantially to the language of this clause, including this paragraph (d), in any subcontract or consultant agreement hereunder.

(End of clause)

452.210-70 Brand Name or Equal.

As prescribed in 410.004, insert the following provision:

BRAND NAME OR EQUAL (FEB 1988)

(As used in this clause, the term "brand name" includes identification of products by make and model.)

(a) If items called for by this solicitation have been identified in the schedule by a "brand name or equal" description, such identification is intended to be descriptive, but not restrictive, and is to indicate the quality and characteristics of products that will be satisfactory. Bids offering "equal" products (including products of the brand name manufacturer other than the one described by brand name) will be considered for award if such products are clearly identified in the bids or proposals and are determined by the Government to meet fully the salient characteristics requirements listed in the solicitation.

(b) Unless the bidder clearly indicates in its bid that it is offering an "equal" product, its bid shall be considered as offering a brand name product referenced in the solicitation.

(c)(1) If the bidder proposes to furnish an "equal" product, the brand name, if any, of the product to be furnished shall be inserted in the space provided in the solicitation, or

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such product shall be otherwise clearly identified in the bid. The evaluation of bids and the determination as to the equality of the product offered shall be the responsibility of the Government and will be based on information furnished by the bidder or identified in its bid as well as other information reasonably available to the contracting activity. Caution to bidders: The contracting activity is not responsible for locating or securing any information which is not identified in the bid and reasonably available to the contracting activity. Accordingly, to assure that sufficient information is available, the bidder must furnish as a part of its bid all descriptive material (such as cuts, illustrations, drawings, or other information) necessary for the contracting activity to—(i) Determine whether the product offered meets the salient characteristics requirement of the solicitation, and (ii) establish exactly what the bidder proposes to furnish and what the Government would be binding itself to purchase by making an award. The information furnished may include specific reference to information previously furnished or to information otherwise available to the contracting activity.

(2) If the bidder proposes to modify a product so as to make it conform to the requirements of the solicitation, the bid shall include: (i) A clear description of such proposed modifications and (ii) clearly marked descriptive material to show the proposed modifications.

(3) Modifications proposed after bid opening to make a product conform to a brand name product referenced in the solicitation will not be considered.

(End of clause)

452.210-71 Statement of Work/Specifications.

As prescribed in 410.011, insert a clause substantially as follows:

STATEMENT OF WORK/SPECIFICATIONS (FEB 1988)

The Contractor shall furnish the necessary personnel, material, equipment, services and facilities (except as otherwise specified), to perform the Statement of Work/Specifications referenced in Section J.

(End of clause)

452.210-72 Attachments to Statement of Work/Specifications.

As prescribed in 410.011, insert the following clause:

ATTACHMENTS TO STATEMENT OF WORK/SPECIFICATIONS (FEB 1988)

The attachments to the Statement of Work/Specifications listed in Section J are

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hereby made part of this solicitation and any resultant contract.

(End of clause)

452.212-70 Level of Effort—Cost-Reimbursement Term Contract.

As prescribed in 412.104(a)(1), insert a clause substantially as follows:

LEVEL OF EFFORT—COST-REIMBURSEMENT TERM CONTRACT (FEB 1988)

(a) The Contractor shall perform all work and provide all required reports within the level of effort specified below. The Government will order * direct labor hours for the base period which represents the Government's best estimate of the level of effort required to fulfill these requirements.

(b) For determining level of effort hours, direct labor includes personnel such as engineers, scientists, draftsmen, technicians, statisticians, and programmers. Support personnel such as company management, typists, and key punch operators will not be considered as part of the level of effort. However, support personnel should be charged directly to the contract if it is the Contractor's practice to do so.

(c) If the Contractor provides less than 90 percent of the level of effort specified for the base period or any optional period ordered, an equitable downward adjustment of the fixed fee for that period will be made. The Government may require the Contractor to provide additional effort up to 110 percent of the level of effort for any period until the estimated cost for that period has been reached. However, this additional effort shall not result in any increase in the fixed fee.

(d) If the level of effort specified to be ordered during a given base or option period is not ordered during that period, that level of effort may not be accumulated and ordered during a subsequent period.

(e) These terms and conditions do not supersede the requirements of either of the FAR clauses 52.232-20 "Limitation of Cost" or 52.232-22 "Limitation of Funds".

(End of clause)

**Contracting Officer shall insert number of estimated direct labor hours.*

Alternate 1 (Feb 1988). As prescribed in 412.104(a)(2), substitute a paragraph (c) substantially as follows, when a cost or cost-sharing term contract without fee is contemplated:

(c) The Government may require the Contractor to provide additional effort up to 110 percent of the level of effort for any period until the estimated cost for that period has been reached.

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Alternate II (Feb 1988). As prescribed in 412.104(a)(3), substitute a paragraph (c) substantially as follows, when a cost-plus-incentive-fee (CPIF) term contract is contemplated:

(c) If the Contractor provides less than 90 percent of the level of effort specified for the base period or any optional period ordered, an equitable downward adjustment of the base fee and incentive fee for that period will be made. The Government may require the Contractor to provide additional effort up to 110 percent of the level of effort for any period until the estimated cost for that period has been reached. However, this additional effort shall not result in any increase in the base fee and incentive fee.

Alternate III (Feb 1988). As prescribed in 412.104(a)(4), substitute a paragraph (c) substantially as follows, when a cost-plus-award-fee (CPAF) term contract is contemplated:

(c) If the Contractor provides less than 90 percent of the level of effort specified for the base period or any optional period ordered, an equitable downward adjustment of the base fee and award fee for that period will be made. The Government may require the Contractor to provide additional effort up to 110 percent of the level of effort for any period until the estimated cost for that period has been reached. However, this additional effort shall not result in any increase in the base fee and award fee.

452.212-71 Task Orders.

As prescribed in 412.104(b), insert a clause substantially as follows in cost-reimbursement term contracts when task orders are to be used.

TASK ORDERS (FEB 1988)

(a) The Contractor shall perform work under this contract as specified in written task orders issued by the Contracting Officer.

(b) Each task order will include: (1) A numerical designation, (2) the estimate of required labor hours, (3) the period of performance and schedule of deliverables, (4) the description of the work, and (5) identification of the period (base, option period No. 1, etc.) to which the task order is to be charged if the contract includes overlapping option periods.

(c)(1) The Contractor shall acknowledge receipt of each task order by returning to the Contracting Officer a signed copy of the task order within ____*____ calendar days after its receipt. The Contractor shall begin work immediately upon receipt of a task order.

(2) Within ____*____ calendar days after receipt of a task order, the Contractor shall submit ____**____ copies of a work plan to the Contracting Officers Representative and ____**____ copies to the Contracting Officer.

The work plan shall include a detailed technical and staffing plan and detailed cost estimate.

(3) Within ____*____ calendar days after receipt of the work plan, the Contracting Officer will provide written approval or disapproval of it to the Contractor.

(4) If the Contractor has not received approval on a work plan within ____*____ calendar days after its submission, the Contractor shall stop work on that task order. Also, if the Contracting Officer disapproves a work plan, the Contractor shall stop work until the problem causing the disapproval is resolved. In either case, the Contractor shall resume work only when the Contracting Officer finally approves the work plan.

(d) This clause does not change the requirements of clause 452.212-70 "Level of Effort—Cost Reimbursement Term Contract," nor the notification requirements of either of the FAR clauses 52.232-20 "Limitation of Cost" or 52.232-22 "Limitation of Funds".

(e) Task orders shall not change any terms or conditions of the contract. If any language in the work assignment may suggest a change to the terms or conditions, the Contractor shall immediately request clarification from the Contracting Officer.

(End of clause)

**Contracting Officer shall insert appropriate numbers of calendar days.*

***Contracting Officer shall insert appropriate number of copies.*

452.212-72 Period of Performance.

As prescribed in 412.104(c)(1), insert the following clause:

PERIOD OF PERFORMANCE (FEB 1988)

The period of performance of this contract is from ____*____ through ____*____.

(End of clause)

**Contracting Officer shall insert the appropriate dates.*

452.212-73 Effective Period of the Contract.

As prescribed in 412.104(c)(2), insert the following clause:

EFFECTIVE PERIOD OF THE CONTRACT (FEB 1988)

The effective period of this contract is from ____*____ through ____*____.

(End of clause)

**Contracting Officer shall insert appropriate dates.*

452.214-70 Award by Lot.

As prescribed in 414.201-6, insert a provision substantially as follows:

AWARD BY LOT (FEB 1988)

Subject to the Section L provision entitled "Contract Award—Sealed Bidding," award will generally be made to a single bidder on each entire lot. However, the Government reserves the right to award by items within any lot when the Contracting Officer determines that it is advantageous to the Government.

(End of provision)

452.215-71 Instructions for the Preparation of Technical and Business Proposals.

As prescribed in 415.407(a), insert a provision substantially as follows:

INSTRUCTIONS FOR THE PREPARATION OF TECHNICAL AND BUSINESS PROPOSALS (FEB 1988)

(a) *General Instructions.* The following instructions establish the acceptable minimum requirements for the format and content of proposals:

(1) The proposal must be prepared in two parts: a technical proposal and a business proposal. Each of the parts shall be separate and complete in itself so that evaluation of one may be accomplished independently from evaluation of the other. The technical proposal must not contain reference to cost; however, resource information (such as data concerning labor hours and categories, materials, subcontracts, etc.) must be contained in the technical proposal so that the contractor's understanding of the statement of work may be evaluated. It must disclose the contractor's technical approach in sufficient detail to provide a clear and concise presentation that includes, but is not limited to, the requirement of the technical proposal instructions.

(2) Offerors may, at their discretion, submit alternate proposals or proposals which deviate from the requirement; provided, that an offeror also submit a proposal for performance of the work as specified in the statement of work. Any "alternate" proposal may be considered if overall performance would be improved or not compromised, and if it is in the best interest of the Government. Alternate proposals, or deviations from any requirement of this RFP, must be clearly identified.

(3) The Government will evaluate proposals in accordance with the evaluation criteria set forth in Section M of this RFP.

(b) *Technical Proposal Instructions.* (1) Proposals which merely offer to conduct a program in accordance with the requirements of the Government's statement of work will not

be eligible for award. The contractor must submit an explanation of its proposed technical approach in conjunction with the tasks to be performed in achieving the project objectives.

(2) A detailed work plan must be submitted indicating how each aspect of the statement of work is to be accomplished. The technical approach should be in as much detail as the offeror considers necessary to fully explain the proposed technical approach or method. The technical proposal should reflect a clear understanding of the nature of the work being undertaken.

(3) The technical proposal must include information on how the project is to be organized, staffed, and managed. Information should be provided which will demonstrate the offeror's understanding and management of important events or tasks. The offeror must explain how the management and coordination of consultant and/or subcontractor efforts will be accomplished.

(4) The technical proposal must include a list of names and proposed duties of the professional personnel, consultants, and key subcontractor employees assigned to the project. Their résumés should be included and should contain information on education, background, recent work experience, and specific scientific or technical accomplishments. The approximate percentage of time each individual will be available for this project must be included. The proposed staff hours for each of the above individuals should be allocated against each task or subtask for the project.

(5) The technical proposal must provide the general background, experience and qualifications of the organization. Similar or related contracts, subcontracts, and/or grants should be included and/or each contain the name of the customer, contract number, dollar amount, time of performance, and the names and telephone numbers of the project officer and contracting/grants officer.

(6) The technical proposal must contain a discussion of present or proposed facilities and equipment which will be use in the performance of the contract.

(c) *Business Proposal Instructions.*

(1) *General Requirements.* To reduce subsequent requests to offerors for additional data in support of proposed costs, the following information is required:

(i) Cost proposals must be submitted in accordance with FAR 15.804-6 by using Standard Form 1411, Contract Pricing Proposal Cover Sheet, and Table 15-2, Instructions for Submission of a Contract Pricing Proposal.

(ii) The offeror shall submit separate cost or pricing data for the following:

(A) Options to extend the term of the contract.

(B) Options specified in the proposed statement of work.

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(C) Major tasks, if required by special instruction.

(2) Specific Requirements. The offeror must also submit the following detailed information to support the proposed budget:

(i) Breakdown of direct labor cost by named person or labor category including number of labor hours and current actual or average hourly rates. Indicate whether current rates or escalated rates are used. If escalation is included, state the degree (percent) and methodology. Direct labor or levels of effort are to be identified as labor hours and not as a percentage of an individual's time. Indicate fringe benefit rate, if separate from the indirect cost rate.

(ii) The amount proposed for travel, subsistence and local transportation supported with a breakdown which includes: number of trips anticipated, cost per trip per person, destination(s) proposed, number of person(s) scheduled for travel, mode of transportation, and mileage allowances if privately owned vehicles will be used.

(iii) Cost breakdown of materials, equipment and other direct costs including duplication/reproduction, meetings and conferences, postage, communication and any other applicable items. Costs must be supported by specific methodology utilized.

(iv) If an offeror proposes to employ the use of an Automatic Data Processing System (ADPS), detailed data concerning proposed costs should include the following:

(A) Make and model year of all equipment which will be used: keypunch, verifier, sorter, collator, tabulator, central processor unit (CPU), input-output components (I/O), etc.

(B) Estimated number of hours and usage rates for each distinct piece of equipment proposed.

(C) Listing of rates or quotes from prospective suppliers of the offeror.

(D) Copies of invoices submitted by past suppliers of the offeror.

(E) Listing of rates developed and/or approved by a Government agency where offeror has in-house capability.

(v) If consultants are proposed, detailed data concerning proposed consultant costs should include the following:

(A) Names of consultant(s) to be engaged.

(B) Daily fees to be paid to each consultant.

(C) Estimated number of days of consulting services.

(D) Consulting agreements entered into between consultant(s) and the offeror, or invoices submitted by consultant(s) for similar services previously provided to the offeror.

(E) Rationale for acceptance of cost.

(vi) If proposed, cost information for each subcontractor shall be furnished in the same format and level of detail as prescribed for the prime offeror. Additionally, the offeror shall submit the following information:

(A) A description of the items to be furnished by the subcontractor.

(B) Identification of the proposed subcontractor and an explanation of why and who the proposed subcontractor was selected including the extent of competition obtained.

(C) The proposed subcontract price, the offeror's cost or price analysis thereof, and performance/delivery schedule.

(D) Identification of the type of subcontract to be used.

(vii) Offeror shall briefly describe organization policies in the following areas (published policies may be furnished):

(A) Salary increases to include:

(aa) Merit.

(bb) Cost of living.

(cc) General.

(B) Travel/subsistence

(C) Consultant use and terms of agreements

(viii) Offerors lacking Government approved indirect cost rates must provide detailed background data indicating the cost elements included in the applicable pool and a statement that such treatment is in accordance with the established accounting practice. Offerors with established rate agreements with Federal cognizant agencies shall submit one copy of such agreement.

(ix) Offeror shall—

(A) Provide CPA certified balance sheet, profit/loss statement and statement of retained earnings covering each of the offeror's last three annual accounting periods.

(B) Specify the financial capacity, working capital and other resources available to perform the contract without assistance from any outside source.

(C) Provide the name, location, and inter-company pricing policy for other divisions, subsidiaries, parent company, or affiliated companies that will perform work or furnish materials under this contract.

(D) Provide an estimated cash flow. Each offeror is required to submit a schedule of proposed monthly costs for the planned duration of the project.

(End of provision)

Alternate 1 (FEB 1988). As prescribed in 415.407(a)(2), insert a provision substantially as follows:

INSTRUCTIONS FOR THE PREPARATION OF TECHNICAL AND BUSINESS PROPOSALS—ALTERNATE I (FEB 1988)

The proposals submitted in response to this solicitation shall be formatted as follows and furnished in the number of copies stated below. A cover letter may accompany the proposal to set forth any information the offeror wishes to bring to the attention of the Government. Any exceptions or deviations to the Statement of Work or other

provisions of this solicitation must be clearly set forth in this cover letter. The proposal shall consist of the following volumes and must include all requested information. The resulting contract shall consist of the following volumes and any amendments to the solicitation.

(a) *Standard Form of Contract* (Volume 1). This volume of the proposal shall consist of the offer (Sections A through K).

(b)(1) *Technical Proposal* (Volume 2). This volume of the proposal shall consist of the following parts which are limited to directly responding to the information sought by the Government's Statement of Work. Offerors are specifically cautioned that this volume must not contain any discussion or references to price and/or cost. The technical proposal shall include *UNPRICED* details of labor hours, materials, and other direct cost elements.

(2) The technical proposal will be used in the evaluation of a firm's capability to perform the required services. Therefore, the proposal must present sufficient information to reflect a thorough understanding of the work requirements and detailed practical program for achieving the objectives of the scope of work. Proposals which merely paraphrase the requirements of the Government's scope of work or parts thereof, or use such phrases as "will comply" or "standard techniques will be employed" will be considered non-responsive to this request for proposal and will not be considered further. The technical proposal must include a detailed description of the techniques and procedures to be employed in achieving the proposed end results in compliance with the requirements of the Government's statement of work.

NOTE: Offerors are hereby advised that the Government will have the right to use, duplicate, or disclose in any manner and for any purpose whatsoever, and have the right to permit others to do so, all subject data required to be delivered under any contract resulting from this solicitation. Any reservations regarding these Government rights to data should be stated in the proposal and will be resolved during any subsequent negotiations.

(3) The technical proposal shall be formatted and submitted as follows:

- (a)
- (1)
- (i)
- (A)

(i) Similar Experience. List up to five (5) contracts of a nature and complexity similar to this proposed contract that were awarded or performed within the past five years or are currently in force. For each contract listed, give the following information:

(A) Name, address, and telephone number of the contracting organization, the Govern-

ment's Project Officer, and Contracting Officer.

(B) Contract number, type, and dollar value.

(C) Date of contract and period of performance.

(D) Average number of technical personnel (by labor skill) involved.

(E) Percentage turnover of contract technical personnel/year.

(F) Brief description of contract work, scope, and responsibilities.

(G) Discussion of the similarities and differences between this proposed effort and that contract.

(H) If the contract(s) cited were "Award Fee" contract(s), list the ratings given during the life of the contract.

(I) If the contract(s) cited were of a cost-reimbursement nature, describe the experiences in performing the contract at, or below, the contract's monetary ceiling.

(ii) Key Personnel. This section shall describe the key personnel who will be assigned to manage performance and supervise the work under this contract. Information is required which will show each key person's general qualifications and recent experience with similar projects or contracts. For those key personnel who will not be assigned fulltime to this contract, show the approximate percentage of time each will be available for this contract.

(A) Résumés are required which will indicate education, background, recent experience, and specific pertinent accomplishments.

(B) Describe additional personnel, if any, who will be required for full-time employment on a subcontract basis. The technical areas, character, and extent of subcontract activity shall be stated and the anticipated sources will be specified and qualified.

(c) *Cost/Business Proposal* (Volume 3). This volume shall be divided into two major sections: Section (1), "Business/Management Proposal" and Section (2), Cost Proposal. These sections shall be formatted as follows:

(1) Business/Management Proposal. This section shall consist of the offeror's outline, addressing the business/management aspects of this procurement, the resources the offeror will use and how the offeror will use them. Since the Business/Management Proposal will be evaluated to determine such matters as a contractor's potential for completing the required work, it should be specific and complete. It must contain the information specified below in the following general format:

(i) Cover Page—At a minimum, the cover page must contain the Solicitation number, summary of service to be performed, name and address or organizational unit which would be responsible for this operation, and date.

(ii) Table of Contents.

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(iii) List of Exhibits.

(iv) Business/Management Discussion. This section shall include the following:

(A) Financial Condition, Capability, and Corporate Utility.

(aa) Furnish financial statements for the last three years, including an interim statement for the current year, unless previously provided to the office issuing the RFP, in which case a statement as to when and where this information was provided may be furnished instead.

(bb) State what percentage this proposed contract will represent of the offeror's estimated total business during the period of performance (e.g. offeror may state "less than 25 percent" if such is the case).

(cc) State the distribution of the last complete fiscal year's sales and volumes between commercial business, Government prime contracts, and subcontracts under Government prime contracts.

(B) Suitability of Business Management Organization and Controls. Furnish a brief narrative of the proposing entity (corporate or management unit with primary responsibility for the overall effort) including the following:

(aa) The offeror must demonstrate the ability to implement Government procurement and subcontracting administrative procedures dealing with programs having a similar scope and magnitude and the ability to exercise Government accounting, property, inventory, and cash management procedures dealing with programs having a similar scope and magnitude.

(bb) Describe the means by which the financial reporting required in the resultant contract will be accomplished. Discuss the adequacy and adaptability of the proposed reporting system and detail the flow of cost and manpower information through the accounting system into the final report format. The approving authority for each report should be designated and should be responsible for both accuracy and timeliness of reports. Cost and manpower reporting shall be furnished from the same data base and time span.

(cc) Describe any management procedures or systems developed expressly for this proposed contract and provide the rationale thereof.

(dd) Have all contractor systems, such as accounting, purchasing, estimating, etc., which require Government approval been approved without condition? If not, explain any existing conditional approvals and the status of any for which approval is currently withheld.

(C) Priority placed by the Corporate Level of the Offeror on the work being proposed. Demonstrate the amount of corporate commitment. Describe what level of home/corporate support can be expected during the performance of any resultant contract. Indi-

cate at what level of offeror's structure this support will be provided.

(D) Contract History. For those contracts listed in the technical proposal (volume 2), provide the following:

(aa) Contracting organization name, address and phone number of the Technical Officer and of the Contracting Officer.

(bb) Contract number, contract type, and total value.

(cc) Date of contract and period of performance.

(dd) Average number of technical personnel (by labor skill) involved.

(ee) Percentage turnover of contract technical personnel/year.

(ff) Brief description of contract work scope and responsibilities.

(gg) Method of acquiring the contract—noncompetitively or competitively. If competitively, comment as the basis of competitive award (price, delivery schedule, technical merit, etc.).

(hh) Nature of the award—initial award or a follow-on to an existing contract. If an initial award, indicate whether the award was preceded by a Government or customer financed study or by the offeror's financed study.

(ii) Average percentage of available award fee earned on each cost-plus-award-fee contract.

(jj) Description of firm's experience in performing the contract at, or below, the contracts, monetary ceilings. In addition, the offeror must list any contract(s) terminated (partial or complete) within the past five (5) years and include the contract number, name, address, and telephone of the terminating officer. The offeror must describe its ability to estimate programs and monitor costs and expenditures in an orderly manner in sufficient depth to accomplish management goals and ensure cost and budgetary controls.

(E) Compliance with Equal Employment Opportunity Requirements. The offeror's proposal should discuss company policy and practices in regard to compliance with the solicitation's provisions entitled "Equal Opportunity." Indicate what positive efforts your company will take to implement the concepts of equal employment under the proposed contract.

(F) Extent of Proposed Small Business and Minority Enterprise Participation in Subcontract Requirement. Any goals the contractor has set in the past five (5) years and his actual performance against these goals.

(G) Summary of Deviations/Exceptions in the Business Management Proposal. The offeror will explain any deviations, exceptions, or conditional assumptions taken with respect to the information requested in this

Business/Management Proposal. Any exceptions taken must carry sufficient amplification and justification to permit evaluation. Such exceptions will not, of themselves, automatically cause a proposal to be termed unacceptable. A large number of exceptions, or one or more significant exceptions not providing any obvious benefit to the Government, may however, result in rejection of the proposal.

(2) Cost Proposal.

(i) General. This section shall consist of the offeror's costs to perform the work outlined in the Statement of Work. Cost proposals must be fully supported by cost and pricing data adequate to establish reasonableness of the proposed amount using the Standard Form 1411, Contract Pricing Proposal. The offeror shall furnish a cost breakdown with supporting data, including a breakdown of direct labor cost estimates by major functional areas including numbers of person-hours and applicable actual average hourly rates.

(ii) Realism in Request for Proposals. An offeror's proposal is presumed to represent his best efforts to respond to the solicitation. Any inconsistency, whether real or apparent, between promised performance, and cost or price, should be explained in the proposal. For example, if the intended use of new and innovative production techniques is the basis for an abnormally low estimate, the nature of these techniques and their impact on cost or price should be explained; or, if a corporate policy decision has been made to absorb a portion of the estimated cost, that should be stated in the proposal. Any significant inconsistency, if unexplained, raises a fundamental issue of the offeror's understanding of the nature and scope of the work required and of his financial ability to perform the contract, and may be grounds for rejection of the proposal, subject to the requirements for discussions to be held with those offerors in the competitive range pursuant to the Federal Acquisition Regulation. The burden of proof as to cost credibility rests with the offeror.

(iii) Contents. In addition to providing information to support costs as explained below, full supporting schedules must be provided as exhibits to the SF1411 to explain all elements of proposed costs.

(A) Phase-in Period. A fully executed Standard Form 1411 covering the initial phase-in period shall be furnished. All costs associated with this period of performance shall be fully documented and justified. A narrative explanation of all anticipated costs, and the distribution and placement of personnel and other resources shall be included.

(B) Initial Period. A fully executed Standard Form 1411 covering the initial period of performance (as defined in the Schedule) shall be furnished. All projected costs associ-

ated with the period shall be fully documented and justified. Costs associated with the direct labor shall be justified with accompanying documentation showing the functional and organizational distribution of the contractor's resources.

(C) First Optional Period of Performance. A fully executed Standard Form 1411 covering the First Optional Period of Performance (as defined in the Schedule) shall be furnished in the same detail as required for the Initial Period of Performance.

(D) Second Optional Period of Performance. A fully executed Standard Form 1411 covering the Second Optional Period of Performance (as defined in the Schedule) shall be furnished in the same detail as required for the Initial Period of Performance. The offeror shall explain the basis and rationale for any escalation factors applied to this period.

(E) Third Optional Period of Performance. A fully executed Standard Form 1411 covering the Third Optional Period of Performance (as defined in the Schedule) shall be furnished in the same detail as required for the Initial Period of Performance. The offeror shall explain the basis and rationale for any escalation factors applied to this period.

(F) Fourth Optional Period of Performance. A fully executed Standard Form 1411 covering the Fourth Optional Period of Performance (as defined in the Schedule) shall be furnished in the same detail as required for the Initial Period of Performance. The offeror shall explain the basis and rationale for any escalation factors applied to this period.

(iv) Overhead and G&A. This section will explain the basis for any corporate labor overhead and general and administrative (G&A) charges anticipated. The data shall be prepared for each of the offeror's two previously completed fiscal years and the current fiscal year. Offerors must provide detailed background data indicating the cost elements included in the overhead, G&A, or indirect pool, and a statement that such treatment is in accordance with its established accounting practice and represents an equitable distribution.

(v) Proposed Ceilings on Overhead and G&A. The offeror shall list in this section of the cost proposal its proposed ceiling for overhead and G&A. A statement will be required for any deficiencies between the proposed ceiling rate(s) and those used for forward pricing purposes.

(End of provision)

452.215-72 Amendments to Proposals.

As prescribed in 415.407(b), insert the following provision:

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AMENDMENTS TO PROPOSALS (FEB 1988)

Any changes to a proposal made by the offeror after its initial submittal shall be accomplished by replacement pages. Changes from the original page shall be indicated on the outside margin by vertical lines adjacent to the change. The offeror shall include the date of the amendment on the lower right corner of the changed pages.

(End of provision)

452.215-73 Submission of Proposals.

As prescribed in 415.407(c), insert a provision substantially as follows:

SUBMISSION OF PROPOSALS (FEB 1988)

All proposals shall be submitted in the formats and quantities specified below:

- (a) Standard Form 33—one (1) original and _____*_____ copies
- (b) Technical Proposal—_____*_____ copies
- (c) Cost/Price Proposal—_____*_____ copies

(End of provision)

*Contracting Officer shall insert number for required copies.

452.215-74 General Financial and Organizational Information.

As prescribed in 415.407(d), insert a provision substantially as follows:

GENERAL FINANCIAL AND ORGANIZATIONAL INFORMATION (FEB 1988)

Offerors are requested to provide information regarding the following items in sufficient detail to allow a full and complete business evaluation. If the question indicated is not applicable or the answer is none, it should be annotated. If the offeror has previously submitted the information, it should certify the validity of that data currently on file at USDA or update all outdated information on file.

- (a) Offeror's Name: _____
- (b) Address (If financial records are maintained at some other location, show the address of the place where the records are kept): _____
- (c) Telephone Number: _____
- (d) Individual(s) to contact regarding this proposal: _____
- (e) Cognizant Government Audit Agency: _____

Address: _____
Auditor: _____

(f) Work Distribution for Last Completed Fiscal Accounting Period.

(1) Sales:
Government cost-reimbursement type prime contracts and subcontracts: \$ _____

Government fixed-price prime contracts and subcontracts: \$ _____
Commercial Sales: \$ _____
Total Sales: \$ _____

(2) Total Sales for offeror's first and second fiscal years immediately preceding last completed fiscal year.

Total Sales for First Preceding Fiscal Year: \$ _____

Total Sales for Second Preceding Fiscal Year: \$ _____

(g) Is company a separate entity, divisions, or subsidiary corporation?

Yes _____ No _____

If yes, name the parent company: _____

(h) Date Company Organized: _____

(i) Staffing:

(1) Total Employees: _____

(2) Direct: _____

(3) Indirect: _____

(4) Standard Work Week (Hours): _____

(j) Commercial Projects: _____

(k) Attach a current organizational chart of the company.

(l) Estimating System.

(1) Description of offeror's system of estimating and accumulating costs under Government contracts. (Check appropriate blocks.)

	Estimated/ actual cost	Stand- ard cost
Estimating System:		
Job Order		
Process		
Accumulating System:		
Job Order		
Process		

(2) Has the offeror's cost estimating system been approved by a Government Agency?

Yes _____ No _____

If yes, give name and address of the agency: _____

(3) Has the offeror's cost accumulation system been approved by any Government agency?

Yes _____ No _____

If yes, give name and address of the agency: _____

(m) What is the offeror's fiscal year period? (Give starting month and ending month): _____

What were the indirect cost rates for the last completed fiscal year?

Fiscal year	Indirect cost rate	Basis of allocation
Fringe Benefits		

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Fiscal year	Indirect cost rate	Basis of allocation
Overhead		
G&A Expense		
Other		

(n) Have the proposed indirect cost rate(s) been evaluated and accepted by any Government agency?

Yes _____ No _____

If yes, give name and address of the agency:

Date of last pre-award audit review by a Government agency: _____

(If the answer is no, data supporting the proposed rates must accompany the cost or price proposal. A breakdown of the items comprising overhead and G&A must be furnished.)

(o) Cost estimating is performed by:

Accounting Department _____

Contracting Department _____

Other (describe) _____

(p) Has system of control of Government property been approved by a Government agency?

Yes _____ No _____

If yes, give name and address of the agency:

(q) Purchasing Procedures:

Are purchasing procedures written?

Yes _____ No _____

Has the purchasing system been approved by a Government agency?

Yes _____ No _____

If yes, give name and address of the agency:

(r) Does the offeror have an established written incentive compensation or bonus plan?

Yes _____ No _____

(End of provision)

452.215-75 Definition of Labor Classifications.

As prescribed in 415.407(e), insert a provision substantially as follows:

DEFINITION OF LABOR CLASSIFICATIONS (FEB 1988)

Offerors shall use the following labor classifications in preparing their technical and cost proposals.

(a) Definition of labor classifications. The direct labor hours appearing below are for professionals and technicians only. These hours do not include management at a level higher than the project management and clerical support staff at a level lower than technician. If it is the contractor's normal

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practice to charge these types of personnel as a direct cost, the proposal must include them along with an estimate of the directly chargeable staff-hours for these personnel. If this type of effort is normally included in indirect cost allocations, no estimate is required. However, direct charging of indirect costs on any resulting contract will not be allowed. Additionally, the hours below are the workable hours required by the Government and do not include release time (i.e., holiday, vacation, etc.).

(b) Distribution of level of effort. Proposals must utilize the labor categories and distribution of the level of effort specified below:

	Basic quantity	Optional quantity
Professional Level IV:		
Base Period		
Option Period I		
Option Period II		
Option Period III		
Option Period IV		
Professional Level III:		
Base Period		
Option Period I		
Option Period II		
Option Period III		
Option Period IV		
Professional Level II:		
Base Period		
Option Period I		
Option Period II		
Option Period III		
Option Period IV		
Professional Level I:		
Base Period		
Option Period I		
Option Period II		
Option Period III		
Option Period IV		
Technical Level III:		
Base Period		
Option Period I		
Option Period II		
Option Period III		
Option Period IV		
Technical Level II:		
Base Period		
Option Period I		
Option Period II		
Option Period III		
Option Period IV		
Technical Level I:		
Base Period		
Option Period I		
Option Period II		
Option Period III		
Option Period IV		

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	Basic quan- tity	Optional quantity	Total quan- tity
Summary:			
Base Period ...			
Option Period			
I			
Option Period			
II			
Option Period			
III			
Option Period			
IV			

(c) When identifying individuals assigned to the project, the proposal must specify in which of the above categories the identified individual belongs. If the contractor proposes an average rate for a company classification, the proposal must identify the professional or technical level within which each company category falls.

(d) The proposal shall also include Standard Forms 1411 for each of the following:

(1) A summary proposal for the total contract period

(2) For each contract period:

(i) A summary proposal

(ii) A proposal for the basic quantity

(iii) A proposal of _____ hours for the option quantity

(End of provision)

452.215-76 Postaward Conference.

As prescribed in 415.1070, insert a clause substantially as follows:

POST AWARD CONFERENCE (FEB 1988)

A post award conference with the successful offeror is required. It will be scheduled and held within 15 days after the date of contract award. The conference will be held at: _____.

(End of clause)

**Contracting Officer shall insert appropriate address.*

452.216-70 Award Fee.

As prescribed in 416.405, insert a clause substantially as follows:

AWARD FEE (FEB 1988)

The amount of award fee the Contractor earns, if any, is based on a subjective evaluation by the Government of the quality of the Contractor's performance in accordance with the award fee plan. The Government will determine the amount of award fee every _____ months beginning with _____. The Fee Determination Official (FDO) will unilaterally determine the amount of award fee. The FDO's determination will be in writ-

ing to the Contractor and is not subject to the "Disputes" clause. The Government may unilaterally change the award fee plan at any time and will provide such changes in writing to the Contractor prior to the beginning of the applicable evaluation period. The Contractor may submit a voucher for the earned award fee. Available award fee not earned during one period does not carry over to subsequent periods.

(End of clause)

**Contracting Officer shall insert appropriate number of months.*

***Contracting Officer shall insert appropriate date.*

452.216-71 Base Fee and Award Fee Proposal.

As prescribed in 416.405, insert the following provision:

BASE FEE AND AWARD FEE PROPOSAL (FEB 1988)

For the purpose of this solicitation, offerors shall propose a base fee of _____ percent of the total estimated cost proposed. The award fee shall not exceed _____ percent of the total estimated cost.

(End of provision)

**Contracting Officer shall insert appropriate percentages.*

452.216-72 Evaluation Quantities—Indefinite Delivery Contract.

As prescribed in 416.505, (a), insert a provision substantially as follows:

EVALUATION QUANTITIES—INDEFINITE-DELIVERY CONTRACT (FEB 1988)

To evaluate offers for award purposes, the Government will apply the offeror's proposed fixed-prices/rates to the estimated quantities included in the solicitation, and will add other direct costs if applicable.

(End of provision)

452.216-73 Minimum and Maximum Contract Amounts.

As prescribed in 416.505(b), insert the following clause:

MINIMUM AND MAXIMUM CONTRACT AMOUNTS (FEB 1988)

During the period specified in FAR clause 52.216-18, ORDERING, the Government shall place orders totalling a minimum of _____, but not in excess of _____.

(End of clause)

**Contracting Officer shall insert appropriate quantity or dollar amounts.*

452.216-74**452.216-74 Ceiling Price.**

As prescribed in 416.670, insert the following clause:

CEILING PRICE (FEB 1988)

The ceiling price of this contract is \$ _____. The Contractor shall not make expenditures or incur obligations in the performance of this contract which exceed the ceiling price specified herein, except at the Contractor's own risk.

(End of clause)

**Contracting Officer shall insert appropriate dollar amount.*

452.216-75 Letter Contract.

As prescribed in 416.603-4, insert the following clause:

LETTER CONTRACT (FEB 1988)

This contract replaces letter contract No. _____ dated _____ and all amendments thereto.

(End of clause)

**Contracting Officer shall insert number and date.*

452.217-70 Option To Extend the Term of the Contract—Cost-Plus-Fixed-Fee Contract.

As prescribed in 417.208(a), insert a clause substantially as follows:

OPTION TO EXTEND THE TERM OF THE CONTRACT—COST-PLUS-FIXED-FEE CONTRACT (FEB 1988)

(a) The Government has the option to extend the term of this contract for the additional period(s) indicated in paragraph (b)(1) of this clause. If more than 60 days remain in the contract period of performance, the Government, without prior written notification, may exercise this option by issuing a contract modification. To exercise this option within the last 60 days of the period of performance, the Government must provide to the Contractor written notification prior to that last 60-day period. This preliminary notification does not commit the Government to exercising the option.

(b) Exercise of an option will result in the following contract modifications:

(1) The "Period of Performance" clause (452.212-73) is modified for each respective option period as follows:

Period	Start date	End date
Option Period I	_____*	_____*

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Period	Start date	End date
Option Period II	_____*	_____*
Option Period III ..	_____*	_____*
Option Period IV ...	_____*	_____*

(2) Paragraph (a) of the "Level of Effort" clause (452.212-70) is modified to reflect new and separate level(s) of effort for each respective option period as follows:

Period	Level of effort (direct labor hours)
Option Period I	_____*
Option Period II	_____*
Option Period III	_____*
Option Period IV	_____*

(3) The "Estimated and Allowable Cost" clause (452.242-70) is modified to reflect increased estimated costs and fixed-fees for each respective option period as follows:

Period	Estimated cost	Fixed fee	Total
Option Period I	_____*	_____*	_____*
Option Period II	_____*	_____*	_____*
Option Period III	_____*	_____*	_____*
Option Period IV	_____*	_____*	_____*

(4) If this contract contains "not to exceed amounts" for elements of other direct costs (ODC), those amounts are increased as follows:

Period	Other direct cost items
Option Period I	_____*
Option Period II	_____*
Option Period III	_____*
Option Period IV	_____*

**Contracting Officer shall insert number for additional period(s), as well as dates, quantities, and amounts in paragraphs (a) through (d).*

(End of clause)

Alternate 1 (Feb 1988). As prescribed in 417.208(a), substitute a paragraph (b)(2) substantially as follows:

(2) During the option period(s) the Contractor shall provide the services described below:

Period	Attachment
Option Period I	_____*
Option Period II	_____*
Option Period III	_____*

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Period	Attachment
Option Period IV	____*____

**Contracting Officer shall insert number for additional period(s), as well as dates, quantities, and amounts in paragraphs (a) through (d).*

452.217-71 Option to Extend the Term of the Contract—Cost-No-Fee Contract.

As prescribed in 417.208(b), insert a clause substantially as follows:

OPTION TO EXTEND THE TERM OF THE CONTRACT—COST-NO-FEE CONTRACT (FEB 1988)

(a) The Government has the option to extend the term of this contract for ____*____ additional period(s). If more than 60 days remain in the contract period of performance, the Government, without prior written notification, may exercise this option by issuing a contract modification. To exercise this option within the last 60 days of the period of performance, the Government must provide to the Contractor written notification prior to that last 60-day period. This preliminary notification does not commit the Government to exercising the option.

(b) Exercise of an option will result in the following contract modifications:

(1) The "Period of Performance" clause (452.212-73) is modified for each respective option period as follows:

Period	Start date	End date
Option Period I	____*____	____*____
Option Period II	____*____	____*____
Option Period III	____*____	____*____
Option Period IV	____*____	____*____

(2) Paragraph (a) of the "Level of Effort" clause (452.212-70) is modified to reflect new and separate level(s) of effort for the respective option periods as follows:

Period	Level of effort (direct labor hours)
Option Period I	____*____
Option Period II	____*____
Option Period III	____*____
Option Period IV	____*____

(3) The "Estimated and Allowable Cost" clause (452.242-70) is modified to reflect increased estimated costs for the respective option periods as follows:

Period	Estimated cost
Option Period I	\$ ____*____
Option Period II	\$ ____*____
Option Period III	\$ ____*____

Period	Estimated cost
Option Period IV	\$ ____*____

(4) If this contract contains "not to exceed amounts" for elements of other direct costs (ODC), those amounts are increased as follows:

Period	Other direct cost items
Option Period I	\$ ____*____
Option Period II	\$ ____*____
Option Period III	\$ ____*____
Option Period IV	\$ ____*____

**Contracting Officer shall insert number for additional period(s), as well as dates, quantities, and amounts in paragraphs (a) through (d).*

(End of clause)

Alternate 1 (Feb 1988). As prescribed in 417.208(b) insert a paragraph (b)(2) substantially as follows:

(2) During the option period(s) the Contractor shall provide the services described below:

Period	Attachment
Option Period I	____*____
Option Period II	____*____
Option Period III	____*____
Option Period IV	____*____

**Contracting Officer shall insert number for additional period(s), as well as dates, quantities, and amounts in paragraphs (a) through (d).*

452.217-72 Option To Extend the Term of the Contract—Cost-Plus-Award-Fee Contract.

As prescribed in 417.208(c), insert a clause substantially as follows:

OPTION TO EXTEND THE TERM OF THE CONTRACT—COST-PLUS-AWARD-FEE CONTRACT (FEB 1988)

(a) The Government has the option to extend the term of this contract for ____*____ additional periods. If more than 60 days remain in the contract period of performance, the Government, without prior written notification, may exercise this option by issuing a contract modification. To exercise this option within the last 60 days of the period of performance, the Government must provide to the Contractor written notification prior to that last 60-day period. This preliminary notification does not commit the Government to exercising the option.

(b) Exercise of an option will result in the following contract modifications:

(1) The "Period of Performance" clause (452.212-73) is modified for each respective option period as follows:

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Period	Start date	End date
Option Period I	—*—	—*—
Option Period II	—*—	—*—
Option Period III	—*—	—*—
Option Period IV	—*—	—*—

(2) Paragraph (a) of the “Level of Effort” clause (452.212-70) is modified to reflect new and separate level(s) of effort for each respective option period as follows:

Period	Level of effort (direct labor hours)
Option Period I	—*—
Option Period II	—*—
Option Period III	—*—
Option Period IV	—*—

(3) The “Estimated and Allowable Cost” clause (452.242-70) is modified to reflect increased estimated costs and base fee and award fee pool for each respective option period as follows:

Period	Estimated cost	Base fee	Award fee pool	Total
Option Period I	—*—	—*—	—*—	—*—
Option Period II	—*—	—*—	—*—	—*—
Option Period III	—*—	—*—	—*—	—*—
Option Period IV	—*—	—*—	—*—	—*—

(4) If this contract contains “not to exceed amounts” for elements of other direct costs (ODC), those amounts are increased as follows:

Period	Other direct cost items
Option Period I	—*—
Option Period II	—*—
Option Period III	—*—
Option Period IV	—*—

**Contracting Officer shall insert number for additional period(s), as well as dates, quantities, and amounts in paragraphs (a) through (d).*

(End of clause)

Alternate I (Feb 1988). As prescribed in 417.208(c), substitute a paragraph (b)(2) substantially as follows:

(2) During the option period(s) the Contractor shall provide the services described below:

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Period	Attachment
Option Period I	—*—
Option Period II	—*—
Option Period III	—*—
Option Period IV	—*—

**Contracting Officer shall insert number for additional period(s), as well as dates, quantities, and amounts in paragraphs (a) through (d).*

452.217-73 Option for Increased Quantity—Cost-Plus-Fixed-Fee Contract.

As prescribed in 417.208(d), insert a clause substantially as follows:

OPTION FOR INCREASED QUANTITY—COST-PLUS-FIXED-FEE CONTRACT (FEB 1988)

(a) By issuing a contract modification exercising the option, the Government may increase the estimated level of effort by:

Period	Level of effort (direct labor hours)
Base Period	—*—
Option Period I	—*—
Option Period II	—*—
Option Period III	—*—
Option Period IV	—*—

(b) The Government may issue a maximum of —*— orders to increase the level of effort in blocks of —*— hours during any given period.

(c) The estimated cost of each block of hours is as follows:

Period	Estimated cost	Fixed fee	Total cost
Base Period	*\$—	*\$—	*\$—
Option Period I	*\$—	*\$—	*\$—
Option Period II	*\$—	*\$—	*\$—
Option Period III	*\$—	*\$—	*\$—
Option Period IV	*\$—	*\$—	*\$—

(d) When these options are exercised, paragraph (a) of the “Level of Effort” clause (452.212-70) and the “Estimated and Allowable Cost” clause (452.242-70) will be modified accordingly.

(End of clause)

**Contracting Officer shall insert appropriate quantities as well as amounts of hours and dollars.*

452.217-74 Option for Increased Quantity—Cost-No-Fee Contract.

As prescribed in 417.208(e), insert a clause substantially as follows:

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OPTION FOR INCREASED QUANTITY—COST-NO-FEE CONTRACT (FEB 1988)

(a) By issuing a contract modification exercising the option, the Government may increase the estimated level of effort by:

Period	Level of effort (direct labor hours)
Base Period	_____*
Option Period I	_____*
Option Period II	_____*
Option Period III	_____*
Option Period IV	_____*

(b) The Government may issue a maximum of _____ orders to increase the level of effort in blocks of _____ hours during any given period.

(c) The estimated cost of each block of hours is as follows:

Period	Estimated cost
Base Period	\$_____*
Option Period I	\$_____*
Option Period II	\$_____*
Option Period III	\$_____*
Option Period IV	\$_____*

(d) When these options are exercised, paragraph (a) of the "Level of Effort" clause (452.212-70) and the "Estimated and Allowable Cost" clause (452.242-70) will be modified accordingly.

(End of clause)

**Contracting Officer shall insert appropriate quantities as well as amounts for hours and dollars.*

452.217-75 Option for Increased Quantity—Cost-Plus-Award-Fee Contract.

As prescribed in 417.208(f), insert a clause substantially as follows:

OPTION FOR INCREASED QUANTITY—COST-PLUS-AWARD-FEE CONTRACT (FEB 1988)

(a) By issuing a contract modification exercising the option, the Government may increase the estimated level of effort by:

Period	Level of effort (direct labor hours)
Base Period	_____*
Option Period I	_____*
Option Period II	_____*
Option Period III	_____*
Option Period IV	_____*

(b) The Government may issue a maximum of _____ orders to increase the level of effort in blocks of _____ hours during any

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given period. The estimated cost, base fee, and award fee pool of each block of hours is as follows:

(c) The estimated cost, base fee, and award fee pool of each block of hours is as follows:

Period	Estimated cost	Base fee	Award fee pool	Total
Base	\$_____*	\$_____*	\$_____*	\$_____*
Option I	\$_____*	\$_____*	\$_____*	\$_____*
Option II ...	\$_____*	\$_____*	\$_____*	\$_____*
Option III ..	\$_____*	\$_____*	\$_____*	\$_____*
Option IV ..	\$_____*	\$_____*	\$_____*	\$_____*

(d) When these options are exercised, paragraph (a) of the "Level of Effort" clause (452.212-70) and the "Estimated and Allowable Cost" clause (452.242-70) will be modified accordingly.

(End of clause)

**Contracting Officer shall insert appropriate quantities as well as amounts for hours and dollars.*

452.217-76 Option to Extend the Effective Period of the Contract—Time-and-Materials or Labor-Hour Contract.

As prescribed in 417.208(g), insert a clause substantially as follows:

OPTION TO EXTEND THE EFFECTIVE PERIOD OF THE CONTRACT—TIME-AND-MATERIALS OR LABOR-HOUR CONTRACT (FEB 1988)

(a) The Government has the option to extend the effective period of this contract for _____ additional period(s). If more than 60 days remain in the contract effective period, the Government, without prior written notification, may exercise this option by issuing a contract modification. To unilaterally exercise this option within the last 60 days of the effective period, the Government must issue written notification of its intent to exercise the option prior to that last 60-day period. This preliminary notification does not commit the Government to exercise the option.

(b) Exercise of an option will result in the following modifications:

(1) The "Ceiling Price" clause (452.216-75) is modified to reflect new and separate ceiling prices for each respective option period as follows:

Period	Ceiling price
Option Period I	\$_____*

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Period	Ceiling price
Option Period II	\$ ____*____
Option Period III	\$ ____*____
Option Period IV	\$ ____*____

(2) The “Effective Period of the Contract” clause (452.212-73) is modified for each respective option period as follows:

Period	Start date	End date
Option Period I	____*____	____*____
Option Period II	____*____	____*____
Option Period III	____*____	____*____
Option Period IV	____*____	____*____

**Contracting Officer shall insert appropriate number and dates.*

(End of clause)

452.217-77 Option to Extend the Effective Period of the Contract—Indefinite-Delivery/Indefinite-Quantity Contract.

As prescribed in 417.208(h), insert a clause substantially as follows:

OPTION TO EXTEND THE EFFECTIVE PERIOD OF THE CONTRACT—INDEFINITE-DELIVERY/INDEFINITE-QUANTITY CONTRACT (FEB 1988)

(a) The Government has the option to extend the effective period of this contract for ____*____ additional period(s). If more than 60 days remain in the contract effective period, the Government, without prior written notification, may exercise this option by issuing a contract modification. To unilaterally exercise this option within the last 60 days of the effective period, the Government must issue written notification of its intent to exercise the option prior to that last 60-day period. This preliminary notification does not commit the Government to exercising the option.

(b) Exercise of an option will result in the following modifications:

(1) The “Minimum and Maximum Contract Amount” Clause (452.216-75) is modified to reflect new and separate maximum amounts as follows:

Period	Minimum amount	Maximum amount
Option Period I	\$ ____*____	\$ ____*____
Option Period II	\$ ____*____	\$ ____*____
Option Period III	\$ ____*____	\$ ____*____
Option Period IV	\$ ____*____	\$ ____*____

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(2) The “Effective Period of the Contract” Clause (452.212-73) will be modified as follows:

Period	Start date	End date
Option Period I	____*____	____*____
Option Period II	____*____	____*____
Option Period III	____*____	____*____
Option Period IV	____*____	____*____

**Contracting Officer shall insert appropriate quantity as well as other amount of hours or dollars and dates.*

(End of clause)

452.217-78 Option to Extend the Term of the Contract—Fixed-Price Contract.

As prescribed in 417.208(i), insert a clause substantially as follows:

OPTION TO EXTEND THE TERM OF THE CONTRACT—FIXED-PRICE CONTRACT (FEB 1988)

(a) The Government has the option to extend the term of this contract for ____*____ additional period(s). If more than 60 days remain in the contract period of performance, the Government, without prior written notification, may exercise this option by issuing a contract modification. To exercise this option within the last 60 days of the period of performance, the Government must provide to the Contractor written notification prior to that last 60-day period. This preliminary notification does not commit the Government to exercising the option.

(b) Exercise of an option will result in the following contract modifications:

The “Period of Performance” clause will be modified as follows:

Period	Start date	End date
Option Period I	____*____	____*____
Option Period II	____*____	____*____
Option Period III	____*____	____*____
Option Period IV	____*____	____*____

**Contracting Officer shall insert appropriate number and dates.*

(End of clause)

452.217-79 Option for Increased Quantity—Fixed-Price Contract.

As prescribed in 417.208(j), insert a clause substantially as follows:

OPTION FOR INCREASED QUANTITY—FIXED-PRICE CONTRACT (FEB 1988)

(a) The Government may increase the quantity of work called for under this contract as follows:

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Optional Items ____*____
Quantity ____*____
Unit Price ____*____
Delivery Date ____*____

(b) The Contracting Officer may exercise an option by written notice to the Contractor within the following time periods:

Optional Items ____*____
Time Period for Exercising Option ____*____

**Contracting Officer shall insert appropriate data in paragraphs (a) and (b).*

452.219-70 Set-Aside/Size Standard Information.

As prescribed in 419.304, insert the following provision:

SET-ASIDE/SIZE STANDARD INFORMATION (FEB 1988)

This solicitation includes the following set-aside and/or size standard criteria:

- (a) Percent of the set-aside ____*____
- (b) Type of set-aside ____*____
- (c) Small business size standard or other criteria ____*____
- (d) Standard Industrial Classification (SIC) Code ____*____

(End of clause)

**Contracting Officer shall insert appropriate data.*

452.222-70 Service Contract Act of 1965—contracts of \$2,500 or less.

As prescribed in 422.7002, insert the following clause:

SERVICE CONTRACT ACT OF 1965—CONTRACTS OF \$2,500 OR LESS (FEB 1988)

Except to the extent that an exemption, variation, or tolerance would apply if this contract were in excess of \$2,500, the contractor and any subcontractor shall pay all employees working on the contract not less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201-206). Regulations and interpretations of the Service Contract Act of 1965 are contained in 29 CFR Part 4.

(End of clause)

452.222-71 Service Contract Act of 1965.

As prescribed in 422.200, insert the following clause:

SERVICE CONTRACT ACT OF 1965 (FEB 1988)

(a) *Definitions.* “Act,” as used in this clause, means the Service Contract Act of 1965, as amended (41 U.S.C. 351 et seq).

“Contractor,” as used in this clause in any subcontract, shall be deemed to refer to the

subcontractor, except in the term “Government Prime Contractor.”

“Service employee,” as used in this clause, means any person engaged in the performance of this contract other than any person employed in a bona fide executive, administrative, or professional capacity, as these terms are defined in Part 541 of Title 29, Code of Federal Regulations, as revised. It includes all such persons regardless of any contractual relationship that may be alleged to exist between a Contractor or subcontractor and such persons.

(b) *Applicability.* This contract is subject to the following provisions and to all other applicable provisions of the Act and regulations of the Secretary of Labor (29 CFR Part 4). This clause does not apply to contracts or subcontracts administratively exempted by the Secretary of Labor or exempted by 41 U.S.C. 356, as interpreted in Subpart C of 29 CFR Part 4.

(c) *Compensation.* (1) Each service employee employed in the performance of this contract by the Contractor or any subcontractor shall be paid not less than the minimum monetary wages and shall be furnished fringe benefits in accordance with the wages and fringe benefits determined by the Secretary of Labor, or authorized representative, as specified in any wage determination attached to this contract.

(2)(i) If a wage determination is attached to this contract, the Contractor shall classify any class of service employee which is not listed therein and which is to be employed under the contract (i.e., the work to be performed is not performed by any classification listed in the wage determination) so as to provide a reasonable relationship (i.e., appropriate level of skill comparison) between such unlisted classifications and the classifications listed in the wage determination. Such conformed class of employees shall be paid the monetary wages and furnished the fringe benefits as are determined pursuant to the procedures in this paragraph (c).

(ii) This conforming procedure shall be initiated by the Contractor prior to the performance of contract work by the unlisted class of employee. The contractor shall submit a report of the proposed conforming action including information whether the authorized representative of the employees or nonrepresented employees on their own behalf agree with the action proposed, to the Contracting Officer no later than 30 days after the unlisted class of employee performs any contract work. The Contracting Officer shall review the proposed classification and rate and promptly submit the Contractor's conforming action report and all other pertinent information to the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor. The Wage and Hour Division will approve, modify, or

disapprove the action or render a final determination in the event of disagreement within 30 days of receipt or will notify the Contracting Officer within 30 days of receipt that additional time is necessary.

(iii) The final determination of the conformance action by the Wage and Hour Division shall be transmitted to the Contracting Officer who shall promptly notify the Contractor of the action taken. Each affected employee shall be furnished by the Contractor with a written copy of such determination or it shall be posted as a part of the wage determination.

(iv)(A) The process of establishing wage and fringe benefit rates that bear a reasonable relationship to those listed in a wage determination cannot be reduced to any single formula. The approach used may vary from wage determination to wage determination depending on the circumstances. Standard wage and salary administration practices which rank various job classifications by pay grade pursuant to point schemes or other job factors may, for example, be relied upon. Guidance may also be obtained from the way different jobs are rated under Federal pay systems (Federal Wage Board Pay System and the General Schedule) or from other wage determinations issued in the same locality. Basic to the establishment of any conformable wage rate(s) is the concept that a pay relationship should be maintained between job classifications based on the skill required and the duties performed.

(B) In the case of a contract modification, an exercise of an option, or extension of an existing contract, or in any other case where a Contractor succeeds a contract under which the classification in question was previously conformed pursuant to paragraph (c) of this clause, a new conformed wage rate and fringe benefits may be assigned to the conformed classification by indexing (i.e., adjusting) the previous conformed rate and fringe benefits by an amount equal to the average (mean) percentage increase (or decrease, where appropriate) between the wages and fringe benefits specified for all classifications to be used on the contract which are listed in the current wage determination, and those specified for the corresponding classifications in the previously applicable wage determination. Where conforming actions are accomplished in accordance with this paragraph prior to the performance of contract work by the unlisted class of employees, the Contractor shall advise the Contracting Officer of the action taken but the other procedures in subparagraph (c)(2)(ii) of this clause need not be followed.

(C) No employee engaged in performing work on this contract shall in any event be paid less than the currently applicable minimum wage specified under section 6(a)(1) of

the Fair Labor Standards Act of 1938, as amended.

(v) The wage rate and fringe benefits finally determined under this subparagraph (c)(2) of this clause shall be paid to all employees performing in the classification from the first day on which contract work is performed by them in the classification. Failure to pay the unlisted employees the compensation agreed upon by the interested parties and/or finally determined by the Wage and Hour Division retroactive to the date such class of employees commenced contract work shall be a violation of the Act and this contract.

(vi) Upon discovery of failure to comply with subparagraph (c)(2), the Wage and Hour Division shall make a final determination of conformed classification, wage rate, and/or fringe benefits which shall be retroactive to the date such class or classes of employees commenced contract work.

(3) Adjustment of Compensation. If the term of this contract is more than 1 year, the minimum monetary wages and fringe benefits required to be paid or furnished thereunder to service employees under this contract shall be subject to adjustment after 1 year and not less often than once every 2 years, under wage determinations issued by the Wage and Hour Division.

(d) *Obligation to Furnish Fringe Benefits.* The Contractor or subcontractor may discharge the obligation to furnish fringe benefits specified in the attachment or determined under subparagraph (c)(2) above by furnishing equivalent combinations of bona fide fringe benefits, or by making equivalent or differential cash payments, only in accordance with Subpart D of 29 CFR Part 4.

(e) *Minimum Wage.* In the absence of a minimum wage attachment for this contract, neither the Contractor nor any subcontractor under this contract shall pay any person performing work under this contract (regardless of whether the person is a service employee) less than the minimum wage specified by section 6(a)(1) of the Fair Labor Standards Act of 1938. Nothing in this clause shall relieve the Contractor or any subcontractor of any other obligation under law or contract for payment of a higher wage to any employee.

(f) *Successor Contracts.* If this contract succeeds a contract subject to the Act under which substantially the same services were furnished in the same locality and service employees were paid wages and fringe benefits provided for in a collective-bargaining agreement, in the absence of the minimum wage attachment for this contract setting forth such collectively bargained wage rates and fringe benefits, neither the Contractor nor any subcontractor under this contract shall pay any service employee performing any of the contract work (regardless of whether or not such employee was employed

under the predecessor contract), less than the wages and fringe benefits provided for in such collective bargaining agreement, to which such employee would have been entitled if employed under the predecessor contract, including accrued wages and fringe benefits and any prospective increases in wages and fringe benefits provided for under such agreement. No Contractor or subcontractor under this contract may be relieved of the foregoing obligation unless the limitations of 29 CFR 4.10 apply or unless the Secretary of Labor or his authorized representative finds, after a hearing as provided in 29 CFR 4.10, that the wages and/or fringe benefits provided for in such agreement are substantially at variance with those which prevail for services of a character similar in the locality, or determines, as provided in 29 CFR 4.11, that the collective bargaining agreement applicable to service employees employed under the predecessor contract was not entered into as a result of arm's length negotiations. Where it is found in accordance with the review procedures provided in 29 CFR 4.10 and/or 4.11 and Parts 6 and 8 that some or all of the wages and/or fringe benefits contained in a predecessor Contractor's collective bargaining agreement are substantially at variance with those which prevail for services of a character similar in the locality, and/or that the collective bargaining agreement applicable to service employees employed under the predecessor contract was not entered into as a result of arm's length negotiations, the Department will issue a new or revised wage determination setting forth the applicable wage rates and fringe benefits. Such determination shall be made part of the contract or subcontract, in accordance with the decision of the Administrator, the Administrative Law Judge, or the Board of Service Contract Appeals, as the case may be, irrespective of whether such issuance occurs prior to or after the award of a contract or subcontract (53 Comp. Gen. 401 (1973)). In the case of a wage determination issued solely as a result of a finding or substantial variance, such determination shall be effective as of the date of the final administrative decision.

(g) *Notification to Employees.* The Contractor and any subcontractor under this contract shall notify each service employee commencing work on this contract of the minimum monetary wage and any fringe benefits required to be paid pursuant to this contract, or shall post the wage determination attached to this contract. The poster provided by the Department of Labor (Publication WH 1313) shall be posted in a prominent and accessible place at the worksite. Failure to comply with this requirement is a violation of section 2(a)(4) of the Act and of this contract.

(h) *Safe and Sanitary Working Conditions.* The Contractor or subcontractor shall not

permit any part of the services called for by this contract to be performed in buildings or surroundings or under working conditions provided by or under the control or supervision of the Contractor or subcontractor which are unsanitary, hazardous, or dangerous to the health or safety of the service employees. The Contractor or subcontractor shall comply with the safety and health standards applied under 29 CFR Part 1925.

(i) *Records.* (1) The Contractor and each subcontractor performing work subject to the Act shall make and maintain for 3 years from the completion of the work, and make available for inspection and transcription by authorized representatives of the Wage and Hour Division, Employment Standards Administration, a record of the following:

(i) For each employee subject to the Act—
(A) Name and address and social security number;

(B) Correct work classification or classifications, rate or rates of monetary wages paid and fringe benefits provided, rate or rates of payments in lieu of fringe benefits, and total daily and weekly compensation;

(C) Daily and weekly hours worked by each employee; and

(D) Any deductions, rebates, or refunds from the total daily or weekly compensation of each employee.

(ii) For those classes of service employees not included in any wage determination attached to this contract, wage rates or fringe benefits determined by the interested parties or by the Administrator or authorized representative under the terms of paragraph (c) of this clause. A copy of the report required by subparagraph (c)(2)(ii) of this clause will fulfill this requirement.

(iii) Any list of the predecessor Contractor's employees which had been furnished to the Contractor prescribed by paragraph (n) of this clause.

(2) The Contractor shall also make available a copy of this contract for inspection or transcription by authorized representatives of the Wage and Hour Division.

(3) Failure to make and maintain or to make available these records for inspection and transcription shall be a violation of the regulations and this contract, and in the case of failure to produce these records, the Contracting Officer, upon direction of the Department of Labor and notification to the Contractor, shall take action to cause suspension of any further payment or advance of funds until the violation ceases.

(4) The Contractor shall permit authorized representatives of the Wage and Hour Division to conduct interviews with employees at the worksite during normal working hours.

(j) *Pay Periods.* The Contractor shall unconditionally pay to each employee subject to the Act all wages due free and clear and without subsequent deduction (except as otherwise provided by law or Regulations, 29

CFR Part 4), rebate, or kickback on any account. These payments shall be made no later than one pay period following the end of the regular pay period in which the wages were earned or accrued. A pay period under this Act may not be of any duration longer than semi-monthly.

(k) *Withholding of Payments and Termination of Contract.* The Contracting Officer shall withhold or cause to be withheld from the Government Prime Contractor under this or any other Government contract with the Prime Contractor such sums as an appropriate official of the Department of Labor requests or such sums as the Contracting Officer decides may be necessary to pay unpaid employees employed by the contractor or subcontractor. In the event of failure to pay any employees subject to the Act all or part of the wages or fringe benefits due under the Act, the Contracting Officer may, after authorization or by direction of the Department of Labor and written notification to the contractor, take action to cause suspension of any further payment or advance of funds until such violations have ceased. Additionally, any failure to comply with the requirements of this clause may be grounds for termination of the right to proceed with the contract work. In such event, the Government may enter into other contracts or arrangements for completion of the work, charging the Contractor in default with any additional costs.

(l) *Subcontracts.* The Contractor agrees to insert this clause in all subcontracts subject to the Act.

(m) *Collective Bargaining Agreements Applicable to Service Employees.* If wages to be paid or fringe benefits to be furnished any service employees employed by the Government Prime contractor or any subcontractor under the contract are provided for in a collective bargaining agreement which is or will be effective during any period in which the contract is being performed, the Government Prime Contractor shall report such fact to the Contracting Officer, together with full information as to the application and accrual of such wages and fringe benefits, including any prospective increases, to service employees engaged in work on the contract, and a copy of the collective bargaining agreement. Such report shall be made upon commencing performance of the contract. In the case of such agreements or provisions or amendments thereof effective at a later time during the period of contract performance such agreements shall be reported promptly after negotiation thereof.

(n) *Seniority List.* Not less than 10 days prior to completion of any contract being performed at a Federal facility where service employees may be retained in the performance of the succeeding contract and subject to a wage determination which contains vacation or other benefit provisions based upon

length of service with a Contractor (predecessor) or successor (29 CFR 4.173), the incumbent Prime Contractor shall furnish the Contracting Officer a certified list of the names of all service employees on the contractor's or subcontractor's payroll during the last month of contract performance. Such list shall also contain anniversary dates of employment on the contract either with the current or predecessor Contractors of each such service employee. The Contracting Officer shall turn over such list to the successor Contractor at the commencement of the succeeding contract.

(o) *Rulings and Interpretations.* Rulings and interpretations of the Act are contained in Regulations, 29 CFR Part 4.

(p) *Contractor's Certification.* (1) By entering into this contract, the Contractor (and officials thereof) certifies that neither it (nor he or she) nor any person or firm who has a substantial interest in the Contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of the sanctions imposed under section 5 of the Act.

(2) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract under section 5 of the Act.

(3) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

(q) *Variations, Tolerances, and Exemptions Involving Employment.* Notwithstanding any of the provisions in paragraphs (b) through (o) of this clause, the following employees may be employed in accordance with the following variations, tolerances, and exemptions, which the Secretary of Labor, pursuant to section 4(b) of the Act prior to its amendment by Public Law 92-473, found to be necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business:

(1) Apprentices, student-learners, and workers whose earning capacity is impaired by age, physical, or mental deficiency or injury may be employed at wages lower than the minimum wages otherwise required by section 2(a)(1) or 2(b)(1) of the Act without diminishing any fringe benefits or cash payments in lieu thereof required under section 2(a)(2) of the Act, in accordance with the conditions and procedures prescribed for the employment of apprentices, student-learners, handicapped persons, and handicapped clients of sheltered workshops under section 14 of the Fair Labor Standards Act of 1938, in the regulations issued by the Administrator (29 CFR Parts 520, 521, 524, and 525).

(2) The Administrator will issue certificates under the Act for the employment of apprentices, student-learners, handicapped persons, or handicapped clients of sheltered workshops not subject to the Fair Labor Standards Act of 1938, or subject to different minimum rates of pay under the two acts,

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authorizing appropriate rates of minimum wages (but without changing requirements concerning fringe benefits or supplementary cash payments in lieu thereof), applying procedures prescribed by the applicable regulations issued under the fair labor Standards Act of 1938 (29 CFR Parts 520, 521, 524, and 525).

(3) The Administrator will also withdraw, annual, or cancel such certificates in accordance with the regulations in Parts 525 and 528 of Title 29 of the Code of Federal Regulations.

(r) *Apprentices.* Apprentices will be permitted to work at less than the predetermined rate for the work they perform when they are employed and individually registered in a bona fide apprenticeship program registered with a State Apprenticeship Agency which is recognized by the U.S. Department of Labor, or if no such recognized agency exists in a State, under a program registered with the Bureau of Apprenticeship and Training, Employment and Training Administration, U.S. Department of Labor. Any Employee who is not registered as an apprentice in an approval program shall be paid the wage rate and fringe benefits contained in the applicable wage determination for the journeyman classification of work actually performed. The wage rates paid apprentices shall not be less than the wage rate for their level of progress set forth in the registered program, expressed as the appropriate percentage of the journeyman's rate contained in the applicable wage determination. The allowable ratio of apprentices to journeymen employed on the contract work in any craft classification shall not be greater than the ratio permitted to the contractor as to his entire work force under the registered program.

(s) *Tips.* An employee engaged in an occupation in which the employee customarily and regularly receives more than \$30 a month in tips may have the amount of these tips credited by the employer against the minimum wage required by section 2(a)(1) or section 2(b)(1) of the Act, in accordance with section 3(m) of the Fair Labor Standards Act and Regulations 29 CFR Part 531. However, the amount of credit shall not exceed \$1.34 per hour beginning January 1, 1981. To use this provision—

(1) The employer must inform tipped employees about this tip credit allowance before the credit is utilized;

(2) The employees must be allowed to retain all tips (individually or through a pooling arrangement and regardless of whether the employer elects to take a credit for tips received);

(3) The employer must be able to show by records that the employee receives at least the applicable Service Contract Act minimum wage through the combination of direct wages and tip credit; and

(4) The use of such tip credit must have been permitted under any predecessor collective bargaining agreement applicable by virtue of section 4(c) of the Act.

(t) *Disputes Concerning Labor Standards* The United States Department of Labor has set forth in 29 CFR Parts, 4, 6, and 8 procedures for resolving disputes concerning labor standards requirements. Such disputes shall be resolved in accordance with those procedures and not the Disputes clause of this contract. Disputes within the meaning of this clause include disputes between the Contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

(End of clause)

452.222-72 Statement of Equivalent Rates for Federal Hires.

As prescribed in 422.7003(b), insert the following clause in solicitations and contracts.

STATEMENT OF EQUIVALENT RATES FOR FEDERAL HIRES (FEB 1988)

In compliance with the Service Contract Act of 1965, as amended, and the regulations of the Secretary of Labor (29 CFR Part 4), this clause identifies the classes of service employees expected to be employed under the contract and states the wages and fringe benefits payable to each if they were employed by the contracting agency subject to the provisions of 5 U.S.C. 5341 or 5332.

THIS STATEMENT IS FOR INFORMATION ONLY: IT IS NOT A WAGE DETERMINATION

Employee Class:

Monetary Wage—Fringe Benefits:

(End of clause)

452.222-73 Fair Labor Standards Act and Service Contract Act—Price Adjustment.

As prescribed in 422.7003(b), insert the following clause:

FAIR LABOR STANDARDS ACT AND SERVICE CONTRACT ACT—PRICE ADJUSTMENT (FEB 1988)

(a) The Contractor warrants that the prices in this contract do not include any allowance for any contingency to cover increased costs for which adjustment is provided under this clause.

(b) The contract price or contract unit price labor rates will be adjusted to reflect

increases or decreases by the Contractor in wages or fringe benefits of employees working on this contract to comply with:

(1) An increased or decreased wage determination applied to this contract by operation of law; or

(2) An amendment to the Fair Labor Standards Act of 1938 that is enacted subsequent to award of this contract, affects the minimum wage, and becomes applicable to this contract under law.

(c) Any such adjustment will be limited to increases or decreases in wages or fringe benefits as described in paragraph (b) above, and to the concomitant increases or decreases in social security and unemployment taxes and workers' compensation insurance; It shall not otherwise include any amount for general and administrative costs, overhead, or profits.

(d) The Contractor shall notify the Contracting Officer of any increase claimed under this clause within 30 days after the effective date of the wage change, unless this period is extended by the Contracting Officer in writing. The Contractor shall promptly notify the Contracting Officer of any decrease under this clause, but nothing in the clause shall preclude the Government from asserting a claim within the period permitted by law. The notice shall contain a statement of the amount claimed and any relevant supporting data that the Contracting Officer may reasonably require. Upon agreement of the parties, the contract price or contract unit price labor rates shall be modified in writing. The Contractor shall continue performance pending agreement on or determination of any such adjustment and its effective date.

(e) The Contracting Officer or an authorized representative shall, until the expiration of 3 years after final payment under the contract, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Contractor.

(End of clause)

452.224-70 Confidentiality of Information.

As prescribed in 424.104(b), insert a clause substantially as follows:

CONFIDENTIALITY OF INFORMATION (FEB 1988)

(a) Confidential information, as used in this clause, means: (1) Information or data of a personal nature, proprietary about an individual, or (2) information or data submitted by or pertaining to an institution or organization.

(b) In addition to the types of confidential information described in (a)(1) and (2) above, information which might require special consideration with regard to the timing of its disclosure may derive from studies or re-

search during which public disclosure of primarily invalidated findings could create an erroneous conclusion which might threaten public health or safety if acted upon.

(c) The Contracting Officer and the Contractor may, by mutual consent, identify elsewhere in this contract specific information and/or categories of information which the Government will furnish to the Contractor or that the Contractor is expected to generate which is confidential. Similarly, the Contracting Officer and the Contractor may, by mutual consent, identify such confidential information from time to time during the performance of the contract. Failure to agree will be settled pursuant to the "Disputes" clause.

(d) If it is established that information to be utilized under this contract is subject to the Privacy Act, the Contractor will follow the rules and procedures of disclosure set forth in the Privacy Act of 1974, 5 U.S.C. 552a, and implementing regulations and policies, with respect to systems of records determined to be subject to the Privacy Act.

(e) Confidential information, as defined in (a)(1) and (2) above, shall not be disclosed without the prior written consent of the individual, institution or organization.

(f) Written advance notice of at least 45 days will be provided to the Contracting Officer of the Contractor's intent to release findings of studies or research, which have the possibility of adverse effects on the public or the Federal agency, as described in (b) above. If the Contracting Officer does not pose any objections in writing within the 45 day period, the contractor may proceed with disclosure. Disagreements not resolved by the Contractor and Contracting Officer will be settled pursuant to the "Disputes" clause.

(g) Whenever the Contractor is uncertain with regard to the proper handling of material under the contract, or if the material in question is subject to the Privacy Act or is confidential information subject to the provisions of this clause, the Contractor shall obtain a written determination from the Contracting Officer prior to any release, disclosure, dissemination, or publication.

(h) The provisions of paragraph (e) of this clause shall not apply when the information is subject to conflicting or overlapping provisions in other Federal, State or local laws.

(End of clause)

452.225-70 English Language and U.S. Currency Requirements.

As prescribed in 425.407, insert the following provision:

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ENGLISH LANGUAGE AND U.S. CURRENCY REQUIREMENTS (FEB 1988)

An offer of a designated country end product or a Caribbean Basin country end product permitted under the provisions of the Trade Agreements Act of 1979, shall be submitted in the English language in U.S. dollars.

(End of clause)

452.228-70 Notice of Required Bid Guarantee.

As prescribed in 428.102-3(a), insert the following provision:

NOTICE OF REQUIRED BID GUARANTEE (FEB 1988)

If a bid exceeds \$25,000 the bidder must submit a bid guarantee in the amount of _____ percent of the total bid price, but in no event shall the penal sum exceed \$3 million. If a bid bond is submitted, it should be on Standard Form 24. Money orders, cashiers checks, or certified checks, if used, shall be drawn payable to: _____.

(End of provision)

**Contracting Officer shall insert appropriate percentage, but not less than 20 percent.*

***Contracting Officer shall insert the name of the USDA contracting activity.*

452.228-71 Notice of Required Performance Security.

As prescribed in 428.102-3(b), insert the following provision:

NOTICE OF REQUIRED PERFORMANCE SECURITY (FEB 1988)

If the contract exceeds \$25,000, the successful offeror shall furnish security to guarantee faithful performance of the contract in the amount of _____ percent of the total contract price. Security may be in the form of a performance bond on Standard Form 25 (furnished on request), or in the form of a certified or cashier's check, bank draft, U.S. Postal Service money order, or currency, or United States Government bonds or notes (at par value) deposited in accordance with Treasury Regulations. Money orders and checks shall be drawn payable to: _____.

(End of clause)

**Contracting Officer shall insert appropriate percentage.*

***Contracting Officer shall insert the name of the USDA contracting activity.*

452.228-72 Notice of Required Payment Security.

As prescribed in 428.102-3(c), insert the following clause:

NOTICE OF REQUIRED PAYMENT SECURITY (FEB 1988)

If the contract exceeds \$25,000, the successful offeror shall furnish security to guarantee payment to all persons supplying labor or materials in the performance of the contract. Such security may be in the form of a payment bond on Standard Form 25A (furnished on request) or in the form of a certified or cashier's check, bank draft, U.S. Postal Service money order, or currency, or United States Government bonds or notes (at par value) deposited in accordance with Treasury Regulations. Money orders and checks shall be drawn payable to: _____. The penal sum of the payment bond shall equal:

- (a) 50 percent of the contract price, if the contract price is not more than \$1 million;
- (b) 40 percent of the contract price, if the contract price is more than \$1 million but not more than \$5 million; or
- (c) \$2½ million, if the contract price is more than \$5 million.

(End of clause)

**Contracting Officer shall insert the name of the USDA contracting activity.*

452.228-73 Insurance Coverage.

As prescribed in 428.310, insert the following provision:

INSURANCE COVERAGE (FEB 1988)

Pursuant to FAR clause 52.228-5, Insurance—Work on a Government Installation, the Contractor will be required to present evidence to show, as a minimum, the amounts of insurance coverage indicated below:

(a) Workers Compensation and Employer's Liability. The Contractor is required to comply with applicable Federal and State workers' compensation and occupational disease statutes. If occupational diseases are not compensable under those statutes, they shall be covered under the employer's liability section of the insurance policy, except when contract operations are so commingled with a Contractor's commercial operations that it would not be practical to require this coverage. Employer's liability coverage of at least \$100,000 shall be required, except in States with exclusive or monopolistic funds that do not permit worker's compensation to be written by private carriers.

(b) General Liability. The Contractor shall have bodily injury liability insurance coverage written on the comprehensive form of policy of at least \$500,000 per occurrence.

(c) Automobile Liability. The Contractor shall have automobile liability insurance written on the comprehensive form of policy. The policy shall provide for bodily injury and property damage liability covering the

operation of all automobiles used in connection with performing the contract. Policies covering automobiles operated in the United States shall provide coverage of at least \$200,000 per person and \$500,000 per occurrence for bodily injury and \$20,000 per occurrence for property damage.

(d) Aircraft Public and Passenger Liability. When aircraft are used in connection with performing the contract, the Contractor shall have aircraft public and passenger liability insurance. Coverage shall be at least \$200,000 per person and \$500,000 per occurrence for bodily injury, other than passenger liability, and \$200,000 per occurrence for property damage. Coverage for passenger liability bodily injury shall be at least \$200,000 multiplied by the number of seats or passengers, whichever is greater.

(End of clause)

Alternate 1 (Feb 1988). As prescribed in 428.310, substitute the following paragraph (b), when additionally the contractor must have property damage liability coverage:

(b) General Liability. (1) The Contractor shall have bodily injury liability coverage written on the comprehensive form of policy of at least \$500,000 per occurrence.

(2) Property Damage liability insurance shall be required in the amount of —*—.

*Contracting Officer shall insert amount required.

452.232-70—452.232-73 [Reserved]

452.232-74 Reimbursement for Bond Premiums—Fixed-Price Construction Contracts.

As prescribed in 432.111(b), insert the following clause:

REIMBURSEMENT FOR BOND PREMIUMS—FIXED-PRICE CONSTRUCTION CONTRACTS (FEB 1988)

The Contract Price includes the total amount for premiums that the Contractor attributes to the furnishing of performance and payment bonds required by the contract. Reimbursement for bond premiums under paragraph (e) of the clause at FAR 52.232-11, Payments Under Fixed-Price Construction Contract, shall not cover any amount therefor not included in the contract price.

(End of clause)

452.236-70 Additive or Deductive Items.

As prescribed in 436.370, insert the following provision:

ADDITIVE OR DEDUCTIVE ITEMS (FEB 1988)

The low bidder for purposes of award shall be the conforming responsible bidder offering the low aggregate amount for the first or

base bid item, plus or minus (in the order of priority listed in the schedule) those additive or deductive bid items providing the most features of the work within the funds determined by the Government to be available before bids are opened. If addition of another bid item in the listed order of priority would make the award exceed such funds for all bidders, it shall be skipped and the next subsequent additive bid item in a lower amount shall be added if award therein can be made within such funds. For example, when the amount available is \$100,000 and a bidder's base bid and four successive additives are \$85,000, \$10,000, \$8,000, \$6,000, and \$4,000, the aggregate amount of the bid for purposes of award would be \$99,000 for the base bid plus the first and fourth additives, the second and third additives being skipped because each of them would cause the aggregate bid to exceed \$100,000. In any case all bids shall be evaluated on the basis of the same additive or deductive bid items, determined as above provided. The listed order of priority need be followed only for determining the low bidder. After determination of the low bidder as stated, award in the best interests of the Government may be made on the selected first or base bid item and any combination of additive or deductive items for which funds are determined to be available at the time of the award, provided that award on such combination of bid items does not exceed the amount offered by any other conforming responsible bidder for the same combination of bid items.

(End of clause)

452.236-71 Prohibition Against the Use of Lead-Based Paint.

As prescribed in 436.571, insert the following clause:

PROHIBITION AGAINST THE USE OF LEAD-BASED PAINT (FEB 1988)

(a) For paints manufactured prior to or on June 23, 1977, the following restriction applies:

Neither the Contractor nor any subcontractor performing under this contract shall use paints containing more than 0.5 of 1 percent lead by weight (calculated as lead metal) in the total nonvolatile content of the paint, or the equivalent measure of lead in the dried film of paint already applied, or both.

(b) For paints manufactured after June 23, 1977, the following restriction applies:

Neither the Contractor nor any subcontractor performing under this contract shall use paints containing more than 0.06 of 1 percent lead by weight (calculated as lead metal) in the total nonvolatile content of the paint, or the equivalent measure of lead

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in the dried film of paint already applied, or both.

(End of clause)

452.236-72 Use of Premises.

As prescribed in 436.572, insert the following clause:

USE OF PREMISES (FEB 1988)

(a) Before any camp, quarry, borrow pit, storage, detour, or bypass site, other than shown on the drawings, is opened or operated on USDA lands or lands administered by the USDA, the Contractor shall obtain written permission through the Contracting Officer. A camp is interpreted to include a campsite or trailer parking area of any employee working on the project for the Contractor.

(b) Unless excepted elsewhere in the contract, the Contractor shall: (i) provide and maintain sanitation facilities for the workforce at the site and (ii) dispose of solid waste in accordance with applicable Federal, State and local regulations.

(End of clause)

452.236-73 Archaeological or Historic Sites.

As prescribed in 436.573, insert the following clause:

ARCHAEOLOGICAL OR HISTORIC SITES (FEB 1988)

If a previously unidentified archaeological or historic site(s) is encountered, the Contractor shall discontinue work in the general area of the site(s) and notify the Contracting Officer immediately.

(End of clause)

452.236-74 Control of Erosion, Sedimentation and Pollution.

As prescribed in 436.574, insert the following clause:

CONTROL OF EROSION, SEDIMENTATION AND POLLUTION (FEB 1988)

(a) Operations shall be scheduled and conducted to minimize erosion of soils and to prevent silting and muddying of streams, rivers, irrigation systems, and impoundments (lakes, reservoirs, etc.).

(b) Pollutants such as fuels, lubricants, bitumens, raw sewage, and other harmful materials shall not be discharged on the ground; into or near rivers, streams, and impoundments; or into natural or man-made channels. Wash water or waste from concrete or aggregate operations shall not be allowed to enter live streams prior to treatment by filtration, settling, or other means sufficient

to reduce the sediment content to not more than that of the stream into which it is discharged.

(c) Mechanized equipment shall not be operated in live streams without written approval by the Contracting Officer.

(End of clause)

452.236-75 Maximum Workweek—Construction Schedule.

As prescribed in 436.575, insert a clause substantially as follows:

MAXIMUM WORKWEEK—CONSTRUCTION SCHEDULE (FEB 1988)

Within 10 days after receipt of a written request from the Contracting Officer, the Contractor must submit the following information in writing for approval:

(a) A construction schedule as required by FAR clause 52.236-15, Schedules for Construction Contracts, and

(b) The hours and days of the week the Contractor proposes to carry out the work.

The maximum workweek that will be approved is ____*. The Contractor's proposed hours of work are to include daily starting and stopping times.

(End of clause)

**Contracting Officer shall insert appropriate number of hours and/or days.*

452.236-76 Samples and Certificates.

As prescribed in 436.576, insert the following contract clause:

SAMPLES AND CERTIFICATES (FEB 1988)

When required by the specifications or the Contracting Officer, samples, certificates, and test data shall be submitted after award of the contract, prepaid, in time for proper action by the Contracting Officer or his/her designated representative. Certificates and test data shall be submitted in triplicate to show compliance with materials and construction specified in the contract performance requirements. Samples shall be submitted in duplicate by the Contractor, except as otherwise specified, to show compliance with the contract requirements. Materials or equipment for which samples, certifications or test data are required shall not be used in the work until approved in writing by the Contracting Officer.

(End of clause)

452.236-77 Emergency Control.

As prescribed in 436.577, insert the following clause:

452.236-78**EMERGENCY CONTROL (FEB 1988)**

(a) *Contractor's Responsibility for Fighting Fire.* The Contractor, under the direction of the Forest Supervisor or, in the absence of said officer, acting independently, shall immediately extinguish all fires on or in the vicinity of the project. If it is determined subsequently by the Contracting Officer that a fire was caused by the Contractor or the Contractor's agents or employees, whether caused directly or indirectly as a result of contractor operations, the Contractor's costs relating to extinguishing the fire shall not be reimbursed by the Government and shall be the sole responsibility of the Contractor. In addition the Contractor may be held liable for all damages and for all costs incurred by the Government for labor, subsistence, equipment, supplies, and transportation deemed necessary to control or suppress a fire set or caused by the Contractor or the Contractor's agents or employees.

(b) *Contractor's Responsibility for Controlling Other Emergencies.* When requested by the Contracting Officer, the Contractor shall allow the Forest Service to temporarily use employees and equipment for emergency work. Payment will be made at not less than the current area rates established by the Forest Service. Employees and equipment will be released from emergency operations when other labor and equipment adequate for the protection of the area are obtained.

NOTE: See Fire Plan Requirements referenced in Section J.

(End of clause)

[53 FR 6069, Feb. 29, 1988; 53 FR 12748, Apr. 18, 1988]

452.236-78 Forest Service Standard Specifications for Construction of Roads and Bridges.

As prescribed in 436.578, insert the following clause:

FOREST SERVICE STANDARD SPECIFICATIONS FOR CONSTRUCTION OF ROADS AND BRIDGES (FEB 1988)

These specifications are included by reference only. The requirements contained in these Standard Specifications are hereby made a part of this solicitation and any resultant contract.

(End of clause)

452.236-79 Opted Timber Sale Road Requirements.

As prescribed in 436.579, insert the following clause:

48 CFR Ch. 4 (10-1-96 Edition)**OPTED TIMBER SALE ROAD REQUIREMENTS (FEB 1988)**

This contract is for the construction of timber sale road(s) which a timber purchaser has opted to have the Forest Service construct. The Forest Service is obligated to make these roads available to the timber sale purchaser by ____*. Failure to make these roads available by this date could result in Government liability for delay to the timber purchaser for which the Contractor might become liable should he fail to complete this contract within the specified and allowed contract time.

(End of clause)

*Contracting Officer shall insert appropriate date.

452.237-70 Loss, Damage, Destruction or Repair.

(a) As prescribed in 437.110(a), insert a clause substantially as follows:

LOSS, DAMAGE, DESTRUCTION AND REPAIR (FEB 1988)

(a) For equipment furnished under this contract without operator, the Government will assume liability for any loss, damage or destruction of such equipment, not to exceed a total of \$____*, except that no reimbursement will be made for loss, damage or destruction due to (1) Ordinary wear or tear, (2) mechanical failure, or (3) the fault or negligence of the Contractor or the Contractor's agents or employees.

(b) For equipment furnished under this contract with operator, the Government shall not be liable for any loss, damage or destruction of such equipment, except for loss, damage or destruction resulting from the negligent or wrongful act(s) of Government employee(s) while acting within the scope of their employment.

(c) All repairs to equipment furnished under this contract shall be made by the Contractor and reimbursement, if any, shall be determined in accordance with (a) or (b) above. Repairs shall be made promptly and equipment returned to use within ____** hours. In lieu of repairing equipment, the Contractor may furnish similar replacement equipment within the time specified. The Contractor may authorize the Government to make repairs upon the request of the Contracting Officer. In such case, the Contractor will be billed for labor and parts costs.

(End of clause)

*Contracting Officer shall insert amount available in current funds to cover potential liability.

**Contracting Officer shall insert appropriate number of hours.

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452.237-71 Pre-Bid/Pre-Proposal Conference.

As prescribed in 437.110(b), insert a provision substantially as follows:

PRE-BID/PRE-PROPOSAL CONFERENCE (FEB 1988)

(a) The Government is planning a pre-bid/pre-proposal conference, during which potential offerors may obtain a better understanding of the work required.

(b) Offerors are encouraged to submit all questions in writing at least five (5) days prior to the conference. Questions will be considered at any time prior to or during the conference; however, offerors will be asked to confirm verbal questions in writing. Subsequent to the conference, an amendment to the solicitation containing an abstract of the questions and answers, and a list of attendees, will be disseminated.

(c) In order to facilitate conference preparations, it is requested that the person named on the Standard Form 33 of this solicitation be contacted and advised of the number of persons who will attend.

(d) The Government assumes no responsibility for any expense incurred by an offeror prior to contract award.

(e) Offerors are cautioned that, notwithstanding any remarks or clarifications given at the conference, all terms and conditions of the solicitation remain unchanged unless they are changed by amendment to the solicitation. If the answers to conference questions, or any solicitation amendment, create ambiguities, it is the responsibility of the offeror to seek clarification prior to submitting an offer.

(f) The conference will be held:

Date: ____*____

Time: ____*____

Location: ____*____

(End of clause)

**Contracting Officer shall insert appropriate information.*

452.237-72 Pre-Bid/Pre-Proposal Conference and Site Visit.

As prescribed in 437.110(c), insert a provision substantially as follows:

PRE-BID/PRE-PROPOSAL CONFERENCE AND SITE VISIT (FEB 1988)

(a) The Government is planning a pre-bid/pre-proposal conference and site visit during which potential offerors may obtain a better understanding of the work required.

(b) Offerors are strongly urged to visit this site during the conference to fully inform themselves about the location and conditions under which the work is to be performed.

(c) Offerors are encouraged to submit all questions in writing at least five (5) days prior to the conference. Questions will be considered at any time prior to, or during, the conference; however, offerors will be asked to confirm verbal questions in writing. Subsequent to the conference an amendment to the solicitation containing an abstract of the questions and answers, and a list of attendees, will be disseminated.

(d) In order to facilitate conference preparations, it is requested that the person named on the Standard Form 33 of this solicitation be contacted and advised of the number of persons who will attend.

(e) The Government assumes no responsibility for any expense incurred by an offeror prior to contract award.

(f) Offerors are cautioned that, notwithstanding any remarks or clarifications given at the conference, all terms and conditions of the solicitation remain unchanged unless they are changed by amendment to the solicitation. If the answers to conference questions, or any solicitation amendment, create ambiguities it is the responsibility of the offeror to seek clarification prior to submitting an offer.

(g) The conference will be held:

Date: ____*____

Time: ____*____

Location: ____*____

(End of clause)

**Contracting Officer shall insert appropriate information.*

452.237-73 Equipment Inspection Visit.

As prescribed in 437.110(d), insert the following provision in solicitations:

EQUIPMENT INSPECTION VISIT (FEB 1988)

Offerors are urged and expected to inspect the equipment on which maintenance or repairs are to be performed and to satisfy themselves regarding all conditions that may affect the cost of contract performance, to the extent that the information is reasonably obtainable. In no event shall failure to inspect the equipment constitute grounds for a claim after contract award.

Offerors are invited to inspect the ____*____ at ____*____ by telephoning ____*____ on ____*____ for an appointment.

(End of clause)

**Contracting Officer shall insert appropriate information.*

452.237-74 Key Personnel.

As prescribed in 437.110(e), insert a clause substantially as follows:

452.237-75**KEY PERSONNEL (FEB 1988)**

(a) The Contractor shall assign to this contract the following key personnel:

(b) During the first ninety (90) days of performance, the Contractor shall make no substitutions of key personnel unless the substitution is necessitated by illness, death, or termination of employment. The Contractor shall notify the Contracting Officer within 15 calendar days after the occurrence of any of these events and provide the information required by paragraph (c) below. After the initial 90-day period, the Contractor shall submit the information required by paragraph (c) to the Contracting Officer at least 15 days prior to making any permanent substitutions.

(c) The Contractor shall provide a detailed explanation of the circumstances necessitating the proposed substitutions, complete resumes for the proposed substitutes, and any additional information requested by the Contracting Officer. Proposed substitutes should have comparable qualifications to those of the persons being replaced. The Contracting Officer will notify the Contractor within 15 calendar days after receipt of all required information of the decision on substitutions. The contract will be modified to reflect any approved changes of key personnel.

(End of clause)

**Contracting Officer shall insert appropriate information.*

452.237-75 Restrictions Against Disclosure.

As prescribed in 437.110(f), insert a clause substantially as follows:

RESTRICTIONS AGAINST DISCLOSURE (FEB 1988)

(a) The Contractor agrees, in the performance of this contract, to keep all information contained in source documents or other media furnished by the Government in the strictest confidence. The Contractor also agrees not to publish or otherwise divulge such information in whole or in part, in any manner or form, nor to authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to such information while in the Contractor's possession, to those employees needing such information to perform the work provided herein, i.e., on a "need to know" basis. The Contractor agrees to immediately notify in writing, the Contracting Officer, named herein, in the event that the Contractor determines or has reason to suspect a breach of this requirement.

(b) The Contractor agrees not to disclose any information concerning the work under this contract to any persons or individual unless prior written approval is obtained from the Contracting Officer. The Contractor

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agrees to insert the substance of this clause in any consultant agreement or subcontract hereunder.

(End of clause)

452.237-76 Progress Reporting.

As prescribed in 437.270(a), insert a clause substantially as follows:

PROGRESS REPORTING (FEB 1988)

The Contractor shall submit a progress report —*—, covering work accomplished during that period of the contract performance. The progress report shall be brief and factual and shall be prepared in accordance with the following format:

(a) A cover page containing:

- (1) Contract number and title;
- (2) Type of report, sequence number of report, and period of performance being reported;
- (3) Contractor's name and address;
- (4) Author(s); and
- (5) Date of report.

(b) Section I—An introduction covering the purpose and scope of the contract effort. This shall be limited to one paragraph in all but the first and final month's narrative.

(c) Section II—A description of overall progress plus a separate description of each task or other logical segment of work on which effort was expended during the report period. The description shall include pertinent data and/or graphs in sufficient detail to explain any significant results achieved.

(d) Section III—A description of current technical or substantive performance, and any problem(s) which may impede performance along with proposed corrective action.

(e) Section IV—A planning schedule shall be included with the first progress report for all assigned tasks required under the contract, along with the estimated starting and completion dates for each task. The planning schedule shall be updated and submitted with each subsequent technical progress report, including an explanation of any difference between actual progress and planned progress, why the differences have occurred, and—if behind planned progress—what corrective steps are planned.

(f) Section V—If applicable, financial information shall be submitted for each major task or line item cost. Data shall include:

- (1) The total estimated cost budgeted (fee excluded)
- (2) The estimated cost expended during the current reporting period
- (3) Identification of direct labor hours of prime contractor and subcontractor(s) and/or consultant(s), if applicable
- (4) Total project to-date expenditures
- (5) Total remaining funds.

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(End of clause)

**Contracting Officer shall insert frequency of reporting requirement.*

452.237-77 Identification of Contract Deliverables.

As prescribed in 437.270(b), insert the following clause:

IDENTIFICATION OF CONTRACT DELIVERABLE (FEB 1988)

Unless otherwise specified by the Contracting Officer in writing, all documents prepared and submitted by the Contractor to the Government under this contract shall include the following information on the cover page of each document:

- (a) Name and business address of the contractor
- (b) Contract number
- (c) Total dollar amount of contract including any modifications thereto
- (d) Whether the contract was subject to full and open competition
- (e) Name, position, and office location of the USDA Contracting Officer's Representative
- (f) Date of report.

(End of clause)

452.237-78 Contracts with Consulting Firms for Services.

As prescribed in 437.270(c), insert a clause substantially as follows:

CONTRACTS WITH CONSULTING FIRMS FOR SERVICES (FEB 1988)

Offerors are specifically cautioned that any firm(s) receiving a contract award to provide the services described herein will be prohibited from competing for or receiving a contract to perform ____*____.

(End of clause)

**Contracting Officer shall insert the appropriate information.*

452.242-70 Estimated and Allowable Costs.

As prescribed in 442.704, insert a clause substantially as follows:

ESTIMATED AND ALLOWABLE COSTS (FEB 1988)

(a) Estimated Costs. The estimated cost of this contract is \$____*____, which consists of \$____*____ for reimbursable costs and \$____*____ for fixed fee. These costs shall be subject to the provisions of FAR clauses: 52.232-20, Limitation of Cost; 52.216-7, Allowable Cost and Payments; and clause 52.216-8, Fixed Fee.

(b) Allowable Costs. (1) Final annual indirect cost rate(s) and the appropriate base(s)

shall be established in accordance with FAR Subpart 42.7 in effect for the period covered by the indirect cost rate proposal.

(2) Until final annual indirect cost rates are established for any period, the Government shall reimburse the Contractor at billing rates established by the appropriate Government Representative in accordance with FAR 42.704, subject to adjustment when the final rates are established. The established billing rates are currently as follows:
____**____

(End of clause)

**Contracting Officer shall insert appropriate dollar amounts.*

***Contracting Officer shall insert billing rate data.*

Alternate I (Feb 1988). As prescribed in 442.704, substitute a paragraph (a) substantially as follows in cost-no-fee contracts:

(a) Estimated Costs. The estimated cost of this contract is \$____*____. This cost shall be subject to the provisions of FAR clauses 52.232-20, Limitation of Cost and 52.216-7, Allowable Cost and Payments.

**Contracting Officer shall insert appropriate dollar amount.*

Alternate II (Feb 1988). As prescribed in 442.704, substitute a paragraph (a) substantially as follows in cost-plus-incentive-fee contracts:

(a) Estimated Costs. The estimated cost of this contract is \$____*____, which consists of \$____*____ for reimbursable costs, \$____*____ for base fee, and \$____*____ for incentive fee. These costs shall be subject to the provisions of FAR clauses 52.232-20, Limitation of Cost; 52.216-7, Allowable Cost and Payments; and 52.216-10, Incentive Fee.

**Contracting Officer shall insert appropriate contract amounts.*

Alternate III (Feb 1988). As prescribed in 442.704, substitute a paragraph (a) substantially as follows in cost-plus-award-fee contracts:

(a) Estimated Costs. The estimated cost of this contract is \$____*____, which consists of \$____*____ for reimbursable costs, \$____*____ for base fee, and \$____*____ for award fee. These costs shall be subject to the provisions of FAR clauses 52.232-20, Limitation of Cost; 52.216-7, Allowable Cost and Payments; and 52.216-10, Incentive Fee.

**Contracting Officer shall insert appropriate contract amounts.*

452.245-70 Government-Furnished Property.

As prescribed in 445.106, insert the following clause:

GOVERNMENT-FURNISHED PROPERTY (FEB 1988)

The Government will provide the following item(s) of Government property to the contractor for use in the performance of this

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contract. This property shall be used and maintained by the Contractor in accordance with the provisions of the "Government Property" FAR clause contained elsewhere in the contract.

Item No. —*—

Description —*—

Quantity —*—

Delivery Date —*—

(End of clause)

**Contracting Officer shall insert appropriate data.*

452.245-71 Government Property—Facilities Use.

As prescribed in 445.302-7, insert a clause substantially as follows:

GOVERNMENT PROPERTY—FACILITIES USE (FEB 1988)

In the performance of this contract, the Contractor is authorized to use on a no-charge, noninterference basis, the following Government-owned facilities. The facilities shall be used and maintained in accordance with the provisions of the "Government Property (Facilities Use)" FAR clause contained elsewhere in the contract.

(End of clause)

452.246-70 Inspection and Acceptance.

As prescribed in 446.370, insert a clause substantially as follows:

INSPECTION AND ACCEPTANCE (FEB 1988)

(a) The Contracting Officer or the Contracting Officer's duly authorized representative will inspect and accept the supplies and/or services to be provided under this contract.

(b) Inspection and acceptance will be performed at: —*—

(End of clause)

**Contracting Officer shall insert appropriate identifying data.*

Alternate 1 (Feb 1988). As prescribed in 446.370, substitute a paragraph (b) and add a paragraph (c):

(b) Inspection will be performed at: —*—

—*—

(c) Acceptance will be performed at: —*—

—*—

(End of clause)

**Contracting Officer shall insert appropriate identifying data.*

452.247-70 Delivery Location.

As prescribed in 447.302, insert a clause substantially as follows:

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DELIVERY LOCATION (FEB 1988)

Shipment of deliverable items, other than reports, shall be to: —*—

(End of clause)

**Contracting Officer shall insert appropriate identifying data.*

452.247-71 Marking Deliverables.

As prescribed in 447.305-10, insert a clause substantially as follows:

MARKING DELIVERABLES (FEB 1988)

(a) The contract number shall be placed on or adjacent to all exterior mailing or shipping labels of deliverable items called for by the contract.

(b) Mark deliverables, except reports, for: —*—

(End of clause)

**Contracting Officer shall insert the appropriate information.*

452.247-72 Packing for Domestic Shipment.

As prescribed in 447.305-10(b), insert the following clause:

PACKING FOR DOMESTIC SHIPMENT (FEB 1988)

Material shall be packed for shipment in such a manner that will insure acceptance by common carriers and safe delivery at destination. Containers and closures shall comply with the Interstate Commerce Commission regulations, Uniform Freight Classification Rules, or regulations of other carriers as applicable to the mode of transportation.

(End of clause)

452.247-73 Packing for Overseas Shipment.

As prescribed in 447.305-10(c), insert the following clause:

PACKING FOR OVERSEAS SHIPMENT (FEB 1988)

Supplies shall be packed for overseas shipment in accordance with the best commercial export practice suitable for water movement to arrive undamaged at ultimate destination.

(End of clause)

452.252-70 List of Attachments.

To meet the requirement of FAR 14.201-4, insert a listing in all solicitations and contracts where there will be attachments listed in Section J.

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LIST OF ATTACHMENTS (FEB 1988)

The Contracting Officer shall insert appropriately identified list of documents, exhibits and other attachments by title, date, and number of pages.

PART 453—FORMS

Sec.

453.000 Scope of part.

Subpart 453.1—General

453.103 Exceptions.

453.108 Recommendations concerning forms.

Subpart 453.2—Prescription of Forms

453.200 Scope of subpart.

453.204 Administrative matters.

453.204-2 Contract reporting (AD-760).

453.213 Small purchase and other simplified purchase procedures (AD-744 and AD-838).

453.270 Request for contract action (AD-700).

Subpart 453.3—Illustrations of Forms

453.300 Scope of subpart.

453.303 Agency forms.

453.303-700 Procurement Request (AD-700).

453.303-744 Purchase Order-Invoice-Voucher (AD-744).

453.303-760 Report of Individual Procurement (AD-760).

453.303-838 Purchase Order (AD-838).

AUTHORITY: 5 U.S.C. 301 and 40 U.S.C. 486(c).

SOURCE: 49 FR 12132, Mar. 28, 1984, unless otherwise noted.

453.000 Scope of part.

This part: (a) Prescribes Department of Agriculture (AD) forms for use in acquisition, (b) contains requirements and information generally applicable to AD forms and forms prescribed by FAR Part 53, and (c) illustrates AD forms.

Subpart 453.1—General

453.103 Exceptions.

(a) The contracting officer shall submit requests for exceptions to forms prescribed in FAR Part 53 through the HCA to the Director, Office of Operations, for referral to the GSA.

(b) Requests for exceptions to AD forms prescribed in Part 453 shall be handled as individual or class devi-

ations, as appropriate (see Subpart 401.4).

453.108 Recommendations concerning forms.

Contract officers shall submit recommendations for new forms or to revise, eliminate, or consolidate forms prescribed by FAR 53 and Part 453 through the HCA to the Director, Office of Operations, for consideration or referral to the Civilian Agency Acquisition Council (CAAC), as appropriate.

Subpart 453.2—Prescription of Forms

453.200 Scope of subpart.

This subpart prescribes Department of Agriculture (AD) forms for use in acquisition. Consistent with the approach used in FAR Subpart 53.2, this subpart is arranged by subject matter, in the same order as, and keyed to, the parts of the AGAR in which the form usage requirements are addressed.

453.204 Administrative matters.

453.204-2 Contract reporting (AD-760).

Form AD-760, *Report of Individual Procurement*, is prescribed by the USDA Procurement Reporting System, for reporting contract actions over \$10,000 (see 404.601(b)).

453.213 Small purchase and other simplified purchase procedures (AD-744 and AD-838).

(a) Form AD-744, *Purchase Order-Invoice-Voucher*, is prescribed for use as an over-the-counter purchase document (see 413.505-3(a)).

(b) Form AD-838, *Purchase Order*, is prescribed for use as a small purchase/delivery order document (see 413.505-2).

453.270 Request for contract action (AD-700).

Form AD-700, *Procurement Request*, is prescribed as the contract requisition document for contracting activities in USDA.

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**Subpart 453.3—Illustrations of
Forms**

453.303 Agency forms.

453.300 Scope of subpart.

**453.303–700 Procurement Request
(AD–700).**

This subpart contains illustrations of Department of Agriculture (AD) forms for use in acquisitions. Forms are not illustrated in the FEDERAL REGISTER, or Code of Federal Regulations. Individual copies may be obtained from any USDA contracting activity, or the Director, Office of Operations, Washington, DC 20250.

**453.303–744 Purchase Order-Invoice-
Voucher (AD–744).**

**453.303–760 Report of Individual Pro-
curement (AD–760).**

453.303–838 Purchase Order (AD–838).

CHAPTER 5—GENERAL SERVICES ADMINISTRATION

(Parts 500 to 599)

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SUBCHAPTER A—GENERAL

PART 501—GENERAL SERVICES ADMINISTRATION ACQUISITION REGULATION SYSTEM

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501.602-3 Ratification of unauthorized commitments.

501.603-1 General.

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501.707 Signatory authority.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26486, June 23, 1989, unless otherwise noted.

Subpart 501.1—Purpose, Authority, Issuance

501.102 Authority.

The General Services Administration Acquisition Regulation (GSAR) is issued and maintained by the Associate Administrator for Acquisition Policy under the authority of the Federal Property and Administrative Services Act of 1949, as amended.

501.103 Applicability.

(a) This regulation applies to contracts for supplies or services (including construction).

(b) Parts 501, 502, 503, 505, 506, 517, 530, 533, 552, 553, 570, and subparts 504.2, 504.9, 509.4, 515.1, 519.3, 519.6, 519.7, 522.8, 522.13, 522.14, 532.1, 532.4, 532.6, 532.8, and 532.9 apply to leases of real property. Other provisions of the (GSAR) 48 CFR chapter 5 do not apply to leases of real property unless a specific cross-reference is made in part 570.

(c) This regulation applies to the disposal of real and personal property only to the extent explicitly stated. The portions of Subpart 501.6 regarding the Contracting Officer Warrant Program and legal review and assistance, and Subpart 504.70 on the uniform procurement instrument identification system apply to the disposal of real or personal property. Subpart 509.4 regarding suspension and debarment of contractors is applicable to contracts for the disposal of personal property (see FPMR Subpart 101-45.6).

(d) This regulation may deviate from the Federal Acquisition Regulation (FAR) when authorized. (See FAR Subpart 1.4 and Subpart 501.4.) When the GSAR does not implement the FAR, the FAR alone governs.

[54 FR 26486, June 23, 1989, as amended at 60 FR 42794, Aug. 17, 1995]

501.104 Issuance.

501.104-1 Publication and code arrangement.

The GSAR is published in the daily issue of the FEDERAL REGISTER, a cumulated form in the Code of Federal Regulations (CFR), and a separate loose-leaf edition.

501.104-2 Arrangement of regulations.

(a) The numbering system used in GSAR conforms to the FAR System. A particular policy or procedure is identified by the same number in both the FAR and GSAR.

(b) When the GSAR implements the FAR, the GSAR is numbered (and captioned) to correspond to the FAR part,

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subpart, section, or subsection being implemented.

(c) When the GSAR supplements the FAR by dealing with subject matter not in the FAR, numbers beginning with 70 are assigned to the supplementing part, subpart, section, or subsection.

(d) When the FAR requires no implementation, the GSAR will not contain corresponding citations. This will result in some gaps in the GSAR. In such cases, see the FAR for policies and procedures.

501.104-3 Copies.

Copies of the GSAR in CFR form may be purchased from the Superintendent of Documents, Government Printing Office (GPO), Washington, DC 20402.

501.105 OMB approval under the Paperwork Reduction Act.

The following OMB control numbers apply:

GSAR reference	OMB control No.
509.105-1(a)	3090-0007
511.170(b)(3)	3090-0203
511.204(g)	3090-0246
511.404(a)(2)	3090-0204
511.404(a)(5)	3090-0204
514.201(7)(a)	3090-0200
516.203-4(b)	3090-0243
516.505	3090-0248
519.708(b)	3090-0252
522.406-6	1215-0140
523.370	3090-0205
525.105-70(d)	3090-0198
525.205	3090-0240
532.502-3	3090-0229
532.905-70	9000-0102
532.905-71	3090-0080
537.110(a)	3090-0197
537.110(b)	3090-0006
538.203-71(a)	3090-0121
538.203-71(b)	3090-0250
538.203-71(d)	3090-0262
542.1107	3090-0027
546.302-70	3090-0027
546.302-71	3090-0027
546.570	3090-0227
552.210-74	3090-0203
552.210-79	3090-0246
552.212-1	3090-0204
552.212-71	3090-0204
552.214-75	3090-0200
552.216-71	3090-0243
552.216-73	3090-0248
552.216-74	3090-0248
552.219-73	3090-0252
552.223-71	3090-0205
552.225-70	3090-0198
552.225-75	3090-0240
552.228-74	3090-0189
552.232-74	3090-0229
552.232-79	3090-0080

GSAR reference	OMB control No.
552.237-70	3090-0197
552.237-71	3090-0006
552.238-70	3090-0250
552.238-72	3090-0121
552.238-75	3090-0262
552.242-70	3090-0027
552.246-70	3090-0027
552.246-72	3090-0027
552.249-71	3090-0227
GSA-72	3090-0121
GSA-72-A	3090-0121
GSA-527	3090-0007
GSA-618-D	1215-0149
GSA-1142	3090-0080
GSA-1364	3090-0086
GSA-1678	3090-0027
GSA-2419	9000-0102
570.802(c)	3090-0086

[60 FR 63260, Dec. 8, 1994, as amended at 61 FR 6164, Feb. 16, 1996; 61 FR 14033, Mar. 29, 1996]

501.170 Other GSA publications.

501.170-1 GSA orders and handbooks.

Internal agency guidance, as described in FAR 1.301(a)(2), must be issued by heads of contracting activities in the form of a GSA order or handbook. GSA orders and handbooks must not unnecessarily repeat, paraphrase, or otherwise restate the FAR and GSAR. Policies and procedures for issuing GSA orders and handbooks are in the HB, Writing GSA Internal Directives (OAD P 1832.3A).

[57 FR 14649, Apr. 22, 1992]

501.170-2 Acquisition letters.

(a) Acquisition letters may be issued to provide coverage on an interim basis, pending incorporation of material in GSA orders or handbooks. Acquisition letters will be considered canceled after one year and therefore must be incorporated into the applicable order or handbook within that time period.

(b) The heads of contracting activities (HCA's) or their designees may issue acquisition letters. Normally no more than two officials within a contracting activity, as appropriate, may be designated to issue acquisition letters.

(c) Acquisition letters must be coordinated with appropriate offices including Acquisition Policy, Counsel, and the Inspector General. Proposed procedures affecting the operation of

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the small business program must be coordinated with the Office of Small and Disadvantaged Business Utilization (AU).

(d) Acquisition letters must be identified by a number assigned by the issuing activity. The number should begin with the correspondence symbol of the issuing office, followed by the last two digits of the calendar year in which it is issued and be numbered consecutively beginning with 1. For example, the number of the first letter issued by the Commissioner, Public Buildings Service, in calendar year 1989 will be P-89-1.

(e) The body of the acquisition letter should contain the following paragraphs, as appropriate:

- (1) Purpose.
- (2) Background.
- (3) Effective date.
- (4) Termination date.
- (5) Cancellation.
- (6) Applicability (offices to which acquisition letter is applicable).
- (7) Reference to regulations (FAR or GSAR), handbooks, or orders.
- (8) Instructions/procedures.

(f) The issuing office is responsible for distributing its acquisition letters to affected contracting activities, regional Acquisition Management Staffs (RAMS), the Office of Acquisition Policy, appropriate Central Office contracting activities, Associate General Counsels, Regional Counsels, Directives and Correspondence Management Branch in Central Office, and Information Management Branches in the regions. In Region 3, it is the Administrative Operations Branch.

(g) Each issuing office must report on acquisition letters issued and canceled on a quarterly basis so that the Office of Acquisition Policy can issue a consolidated index of all acquisition letters issued or canceled. The index will be distributed to GSA contracting activities.

Subpart 501.4—Deviations From the FAR and GSAR

501.402 Policy.

(a) In order to maintain maximum uniformity, deviations from the FAR and the GSAR must be kept to a minimum.

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(b) A contracting activity may deviate from a regulatory provision which implements a statutory requirement provided the nature of the deviation does not violate the underlying statute.

(c) Deviations must not be used to defeat the FAR and GSAR approval requirements.

501.403 Individual deviations.

Individual deviations from the GSAR or the FAR must be approved by the head of the contracting activity. A copy of the deviation justification and approval must be furnished to the Office of Acquisition Policy (VP).

501.404 Class deviations.

(a) Class deviations from the FAR and GSAR must be approved by the Associate Administrator for Acquisition Policy (V).

(b) Class deviations from the GSAR will expire in 12 months if not extended. They may be rescinded earlier without prejudice to any action previously taken.

(c) A request for a class deviation must be supported by statements that fully disclose the need for and the nature of the deviation.

[54 FR 26486, June 23, 1989, as amended at 56 FR 15288, Apr. 16, 1991]

Subpart 501.6—Contracting Authority and Responsibilities

501.601 General.

Heads of contracting activities (see 502.1) are contracting officers by virtue of their position. Other contracting officers are appointed under FAR 1.603 and GSA's contracting officer warrant program.

[60 FR 40108, Aug. 7, 1995]

501.602 Contracting officers.

501.602-2 Responsibilities.

(a) *GSA revolving funds.* Unless otherwise notified, contracting officers may assume that sufficient funds are available for purchases payable from GSA revolving funds upon the receipt of a requisition signed by an authorized individual citing such funds. Requisitions for indefinite delivery contracts which

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provide for a guaranteed minimum must cite funds adequate to cover the guaranteed minimum quantities.

(b) *GSA funds, other than revolving funds.* (1) A requisition signed by an authorized individual may be considered as evidence that funds cited are available for purchases payable from GSA funds other than revolving funds. A certification that additional funds are available must be obtained from the requisitioning activity before awarding a contract or purchase order when the purchase exceeds (by 10 percent or \$50, whichever is greater) the dollar amount of funds cited on the purchase requisition.

(2) When a requisition is not used, e.g., lease of real property, the contracting officer must ensure funds are available before awarding the contract.

(c) *Other Federal agencies' funds.* For purchases for direct delivery to Federal agencies other than GSA, the receipt of a properly signed/approved purchase request is sufficient evidence that funds are available. Where, however, the agency's purchase request indicates that a specific dollar amount has been set aside for the acquisition, as in the case of a Project Implementation Order/Commodities (PIO/C) from the Agency for International Development, the buying activity must not exceed the fund limitation except to the extent authorized in supply support agreements. When the funds stated on the purchase request appear to be or are insufficient to cover costs for the acquisition, transportation, export surcharge, and any other expense involved in the delivery of material to designated consignees, additional funds must be obtained from the requiring agency before the acquisition is completed as indicated below:

(1) When requirements are submitted by agencies directly to a contracting division in the Central Office (regardless of where the procurement is actually made), the request for additional funds should be made by the Central Office contracting division.

(2) When requirements are submitted to a regional contracting division (regardless of where the acquisition is made), the request for additional funds will be made by the order processing

and control activity in the region initially receiving the requirement.

[54 FR 26486, June 23, 1989, as amended at 56 FR 15288, Apr. 16, 1991]

501.602-3 Ratification of unauthorized commitments.

(a) *Authority.* Under FAR 1.602-3, contracting officers may ratify unauthorized contractual commitments if the HCA approves the ratification action. The HCA may not redelegate this authority.

(b) *Procedures.* (1) Generally, the Government is not bound by commitments made by persons who do not have contracting authority. Such unauthorized acts may violate laws or regulations. Therefore, unauthorized commitments should be considered as serious employee misconduct and consideration given to initiating disciplinary action. If suspected irregularities may involve fraud against the Government, or any type of misconduct that might be punishable as a criminal offense, either the employee's supervisor or the contracting officer must immediately report the matter to the Office of the Inspector General with a request for a complete investigation.

(2) The individual who made the unauthorized commitment shall furnish the appropriate contracting director all records and documents concerning the commitment and a complete written statement of facts, including, but not limited to, a statement as to why normal acquisition procedures were not followed, why the contractor was selected and a list of other sources considered, description of work or products, estimated or agreed-upon contract price, citation of appropriation available, and a statement regarding the status of the performance. Under exceptional circumstances, such as when the person who made the unauthorized commitment is no longer available to attest to the circumstances of the unauthorized commitment, the contracting director may waive the requirement that the responsible employee initiate and document the request for ratification, provided that a written determination is made stating that a commitment was in fact made by an employee, who must be identified in the determination.

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(3) The contracting director will assign the request to a contracting officer for processing. The contracting officer shall prepare a summary statement of facts addressing the limitations in FAR 1.602-3(c) recommending whether or not the transaction should be ratified. Advice against express ratification should include a recommendation for other appropriate disposition. When ratification is not permissible due to legal improprieties in the procurement, the contracting officer may recommend that payment be made for services rendered on a quantum meruit basis (the reasonable value of work or labor) or for goods furnished on a quantum valebant basis (the reasonable value of goods sold and delivered) provided there is a showing that the Government has received a benefit. (See FAR 1.602-3(d).)

(4) The request for ratification, the information required by paragraph (b)(3) of this section and a recommendation for corrective action to preclude recurrence, must be forwarded, through appropriate channels to the HCA for consideration.

(5) The HCA shall approve the ratification in writing, or direct other disposition as appropriate. Acquisitions approved for ratification are returned to the contracting officer for issuance of the necessary contractual documents. If the request for ratification is not justified, the HCA will return the request without approval and provide a written explanation for the decision not to approve ratification.

(6) HCAs shall maintain a separate file containing a copy of each request for approval to ratify an unauthorized contractual commitment and a copy of the response. This file must be made available for review by the Office of Acquisition Policy and the Inspector General.

501.603-1 General.

The contracting officer warrant program (COWP) is the system established for the selection, appointment, and termination of appointment of contracting officers.

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Subpart 501.7—Determinations and Findings

501.707 Signatory authority.

The FAR frequently refers to determinations being made by the agency head. Section 309 of the Federal Property and Administrative Services Act defines agency head and provides that at the option of the Administrator, the term may include the chief official of any principal organizational unit of the GSA. The Administrator has authorized the heads of contracting activities to act as agency head to facilitate the procurement of property and services under Title III of the Federal Property and Administrative Services Act. (See GSA Delegation of Authority Manual, ADM P 5450.39C.) When the applicable statute precludes redelegation of the authority, the Administrator must sign the D&F (see for example, FAR 6.302-7). Class D&Fs, if authorized, must be signed by the HCA.

[60 FR 54955, Oct. 27, 1995]

PART 502—DEFINITIONS OF WORDS AND TERMS

Subpart 502.1—Definitions

502.101 Definitions.

Agency competition advocate means the GSA Competition Advocate located in the Office of Acquisition Policy.

Chief of the contracting office means branch chiefs of Central Office or regional office branches within divisions that are responsible for performing contracting and/or contract administration functions except for FSS. In FSS Commodity Centers, “chief of contracting office” means division directors within the Commodity Centers. In Federal Supply Service Bureaus, “Chief of Contracting Office” means branch chiefs or supervisory equivalents. In PBS, the Director of a Facility Support Center is considered to be the “chief of the contracting office.”

Contracting activity competition advocate means the individual designated in writing by the head of the contracting activity. This authority may not be re-delegated. The HCA must ensure that

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the designated competition advocate is not assigned any duty or responsibility that is inconsistent with the advocacy function. The identity of the designated official shall be communicated to procuring staff and the Senior procurement executive.

Contracting director means directors of Central Office or regional office divisions that are responsible for performing contracting and/or contract administration functions except for FSS. “Contracting director” means directors of Commodity Centers and Federal Supply Service Bureaus in the FSS.

Head of the contracting activity means the Associate Administrator for Acquisition Policy, Associate Administrator for Federal Telecommunications Service (FTS), Commissioners of the Federal Supply Services (FSS), Information Technology Services (ITS), Public Buildings Service (PBS), or Regional Administrators. The Associate Administrator for Acquisition Policy serves as the HCA for Central Office contracting activities outside of FTS, FSS, ITS and PBS.

Senior procurement executive means the Associate Administrator for Acquisition Policy.

[57 FR 9213, Mar. 17, 1992, as amended at 57 FR 61583, Dec. 28, 1992; 60 FR 21467, May 2, 1995; 60 FR 54957, Oct. 27, 1995]

PART 503—IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST

Subpart 503.1—Safeguards

Sec.

- 503.101 Standards of conduct.
- 503.101-3 Agency regulations.
- 503.104 Procurement integrity.
- 503.104-4 Definitions.
- 503.104-5 Disclosure, protection, and marking of proprietary and source selection information.
- 503.104-7 Postemployment restriction applicable to Government officers and employees serving as procurement officers and certifications required from procurement officials leaving Government service.
- 503.104-8 Knowing violations, duty to inquire, and ethics advisory opinions.
- 503.104-9 Certification requirement.
- 503.104-10 Solicitation provisions and contract clauses.

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- 503.104-11 Processing violations or possible violations.
- 503.104-12 Ethics program training requirements.

Subpart 503.2—Contractor Gratuities to Government Personnel

- 503.203 Reporting suspected violations of the Gratuities clause.
- 503.204 Treatment of violations.

Subpart 503.3—Reports of Suspected Antitrust Violations

- 503.303 Reporting suspected antitrust violations.

Subpart 503.4—Contingent Fees

- 503.404 Solicitation provision and contract clause.
- 503.408 Evaluation of the SF 119.
- 503.408-1 Responsibilities.
- 503.409 Misrepresentations or violations of the Covenant Against Contingent Fees.

Subpart 503.5—Other Improper Business Practices

- 503.570 Advertising.
- 503.570-1 Policy.
- 503.570-2 Contract clause.

Subpart 503.6—Contracts with Government Employees or Organizations Owned or Controlled by Them

- 503.602 Exceptions.
- 503.603 Responsibilities of the contracting officer.

Subpart 503.7—Voiding and Rescinding Contracts

- 503.702 Definitions.
- 503.705 Procedures.

Subpart 503.8—Limitation on Payment of Funds To Influence Federal Transactions

- 503.804 Policy.
- 503.806 Processing suspected violations.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26496, June 23, 1989, unless otherwise noted.

Subpart 503.1—Safeguards

503.101 Standards of conduct.

503.101-3 Agency regulations.

(a) GSA Standards of Conduct are in Part 105-735 of the General Services Administration Property Management

503.104-4

Regulations (GSPMR) (ADM 7900.9). Authorized exceptions to FAR 3.101-2 are in GSPMR 105-735.202(e). Enforcement procedures are in GSPMR 105-735.101.

(b) The requirement for employee financial disclosure and restrictions on private employment for former Government employees are in GSPMR 105-735.4 and 105-735.6.

503.104 Procurement integrity.

503.104-4 Definitions.

Property, as used in FAR 3.104 and in this section, also means acquisitions of leasehold interests in real property.

[55 FR 39972, Oct. 1, 1990]

503.104-5 Disclosure, protection, and marking of proprietary and source selection information.

(a) The contracting officer or any other individual who prepares, makes or controls proprietary and source selection information shall—

(1) Ensure documents are marked as prescribed in FAR 3.104-5(c).

(2) Provide physical security for documents in the office environment during and after duty hours.

(3) Ensure security of interoffice mailing of documents by using opaque envelopes, “double wrapping” with more than one envelope and sealing of envelopes.

(4) Maintain strict control over oral communications regarding the acquisition.

(b) The GSA Form 3611, Cover Page Source Selection Information, may be used as the cover page for documents that contain source selection information. The use of the GSA Form 3611 does not eliminate the requirement to mark each page of the document that contains source selection information.

(c)(1) The following classes of persons are authorized access to proprietary and source selection information to the extent necessary to accomplish their requisite duties and responsibilities with respect to a particular procurement:

(i) Requirements generators, including client agency representatives, program and technical experts involved in the development of statements of

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work, specifications or similar documents.

(ii) Contracting personnel acting in support of the contracting officer.

(iii) Secretarial, clerical and administrative personnel of the contracting activity directly involved in the procurement.

(iv) Supervisors in the contracting officer’s chain of command.

(v) Attorneys in the Office of General Counsel and Regional Counsel’s Offices.

(vi) Contract auditors in the Office of Inspector General and Regional Inspector General’s offices.

(vii) Engineers and other technical support personnel who provide support to the contracting officer.

(viii) Small Business Technical Advisors.

(ix) Small Business Administration (SBA) personnel responsible for reviewing determining not to set-aside acquisitions, determining the small business status of offerors under FAR 19.302, processing applications for Certificates of Competency under FAR subpart 19.6, reviewing subcontracting plans, or awarding contracts under the 8(a) program.

(x) Department of Labor (DOL) personnel responsible for making eligibility determinations under the Walsh-Healey Public Contracts Act or for processing preaward EEO clearances under FAR 22.805.

(xi) Personnel in the Credit and Finance Branch, Region 6, and other personnel who provide support to the contracting officer in making contractor responsibility determinations.

(xii) Personnel serving on technical evaluation boards or source selection evaluation boards.

(xiii) Contract clearance personnel.

(2) The Associate Administrator for Acquisition Policy may authorize additional classes of persons access to proprietary or source selection information.

(3) The contracting officer may authorize persons access to proprietary or source selection information when such access is necessary to the conduct of the procurement and to the extent that the person has a “bona fide need to know.” Access must be limited to only that information needed by the person to perform his/her responsibilities.

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(4) The GSA Form 3617, Record of Authorization of Access to Proprietary or Source Selection Information, may be used to comply with the requirement at FAR 3.104-5(d)(2) to maintain the list of individuals authorized access to proprietary or source selection information at the contracting activity.

(5) Release of proprietary or source selection information under FAR 3.104-5(d)(3) must be made by letter citing obligation to maintain a list of persons authorized access to proprietary or source selection information and to provide the list to the contracting officer for inclusion in the contract file.

(6) In accordance with FAR 3.104-5(i), the following caution notice must be prominently displayed on any document that releases proprietary or source selection information:

This document, or portions thereof, contains proprietary or source selection information related to the conduct of a Federal agency procurement, the disclosure of which is restricted by section 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423). The unauthorized disclosure of such information may subject both the discloser and recipient of the information to contractual, civil, and/or criminal penalties as provided by law.

(7) For requests from an individual Member of Congress see 505.403.

[55 FR 39972, Oct. 1, 1990, as amended at 55 FR 50700, Dec. 12, 1990]

§503.104-7 Postemployment restriction applicable to Government officers and employees serving as procurement officials and certifications required from procurement officials leaving Government service.

(a) The supervisor of each departing GSA employee shall remind the departing employee that:

(1) He/she is presumed to know if he/she is a procurement official (see FAR 3.104-8(b)(2));

(2) If he/she is a procurement official at the time of departure, he/she is subject to certain postemployment restrictions (see FAR 3.104-7), and

(3) If he/she leaves the Government during the conduct of a procurement expected to result in a contract or modification in excess of \$100,000, he/she must certify to the contracting officer that he/she understands the con-

tinuing obligation, during the conduct of the procurement, not to disclose proprietary or source selection information related to the procurement.

A procurement is not considered complete until all actions associated with the award or modification of the procurement have been taken. A departing employee must submit the certification to the contracting officer if he/she participated, in a contract or modification expected to exceed \$100,000 that has not been completed, even though his/her duties may be complete at the time of departure. The GSA Form 3608, Procurement Integrity Certification of Departing GSA Procurement Officials, must be used by departing employees to make the required certification to contracting officers. The departing employee may list all contracts or modifications for which he/she is a procurement official on the GSA Form 3608. The original or a copy of the form must be submitted to the contracting officer for each contract or modification listed. Each copy must be annotated to identify the contracting officer who received the original certification and the contract number of the contract that the contracting officer is responsible for so that the contract file with the original certification can be retrieved, if necessary.

(b) The contracting officer shall obtain the GSA Form 3608 from any contractor employee serving as a procurement official who ceases performance of those duties during the conduct of a procurement expected to result in a contract or modification in excess of \$100,000. (See FAR 3.104-10(d) and 52.203-13).

[55 FR 39972, Oct. 1, 1990, as amended at 55 FR 50700, Dec. 12, 1990]

503.104-8 Knowing violations, duty to inquire, and ethics advisory opinions.

If a contracting officer has not been appointed, the contracting director shall serve as the Administrator's designee and respond to inquiries under FAR 3.104-8(d) and (e) regarding proprietary and source selection information.

[58 FR 52443, Oct. 8, 1993]

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503.104-9 Certification requirement.

Contracting Officer shall submit requests for waiver of certification requirements under FAR 3.104-9(f)(2) to the HCA for transmittal to the Senior Procurement Executive (see 502.101). The Senior Procurement Executive will recommend that the Administrator approve or disapprove the request.

[55 FR 39972, Oct. 1, 1990]

503.104-10 Solicitation provisions and contract clauses.

(a) The contracting officer may insert the provision at 552.203-71, Prohibited Conduct, in solicitations for the acquisition of leasehold interests in real property if there is a need to inform prospective offerors of certain conduct which is prohibited by law.

(b) The contracting officer shall insert the provision at 552.203-72, Requirement for Certificate of Procurement Integrity, in solicitations for the acquisition of leasehold interests in real property expected to exceed \$100,000, unless:

(1) Pursuant to FAR 3.104-9(f) a certification is not required.

(2) A waiver has been granted, or

(3) Simplified procedures are being used (see 570.2).

(c) The contracting officer shall insert a clause substantially the same as the clause at 552.203-73, Price Adjustments for Illegal or Improper Activity, in solicitations and contracts for the acquisition of leasehold interests in real property expected to exceed \$100,000 and all modifications to leases exceeding \$100,000 which do not already contain the clause.

[55 FR 39973, Oct. 1, 1990, as amended at 57 FR 37889, Aug. 21, 1992; 60 FR 42794, Aug. 17, 1995]

503.104-11 Processing violations or possible violations.

(a)(1) The contracting officer's determination that a reported violation or possible violation of the statutory prohibitions has no impact on the pending award or selection of a source shall be submitted, along with supporting documentation, to the HCA or SES designee for review and concurrence before award of a contract. In addition, the nature and circumstances of the viola-

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tion or possible violation, together with any supporting documentation, must be referred to the Inspector General in accordance with agency regulations.

(2) The contracting officer's determination that a reported violation or possible violation of the statutory prohibitions has an impact on the pending award or selection of a source must be referred along with all related information available to the HCA, who will:

(i) Refer the matter immediately to the Inspector General.

(ii) Determine the action to be taken on the procurement in accordance with FAR 3.104-11 (b) and (d).

(b) If the HCA or SES designee determines under FAR 3.104-11(f) that there are urgent and compelling circumstances, or that it is otherwise in the Governments interest to award or modify a contract, the HCA or SES designee shall notify the Administrator.

[55 FR 39974, Oct. 1, 1990]

503.104-12 Ethics program training requirements.

(a) Except as provided in paragraph (b) of this section, the contracting officer is not responsible for ensuring that another agency's employee(s), who may function as a procurement official on behalf of that agency in interacting with GSA personnel, has executed the Procurement Official's Procurement Integrity Certification pursuant to FAR 3.104-12. Such interaction may occur in the requirements determination process and the development of specifications or statements of work.

(b) Where a non-Government person or another agency's employee(s) act on behalf of GSA (e.g., serves on a Source Selection Board) the contracting officer is responsible for obtaining the Procurement Officials's Procurement Integrity Certification from non-GSA or non-Government persons involved in the selection of a source in a GSA procurement.

[55 FR 39974, Oct. 1, 1990]

Subpart 503.2—Contractor Gratuities to Government Personnel**503.203 Reporting suspected violations of the Gratuities clause.**

Employees shall immediately report any suspected violation of the Gratuities clause to the contracting officer, the Assistant Inspector General for Investigations or the Regional Inspector General for Investigations and to the Deputy Standards of Conduct Counselor in accordance with GSPMR 105-735.202(e)(4). The report must outline circumstances which indicate the Gratuities clause has been violated and include all pertinent documents. The Office of Inspector General will investigate and, if appropriate, forward a report and recommendation to the Department of Justice and/or the Office of Acquisition Policy, and/or the Office of Ethics and Civil Rights.

503.204 Treatment of violations.

(a) The Associate Administrator for Acquisition Policy or a designee shall make determinations under FAR 3.204.

(b) The Associate Administrator or designee, after coordinating the matter with legal counsel, may initiate proceedings under FAR 3.204(a) by notifying the contractor that action against the contractor for a violation of the Gratuities clause is being considered. Notice must be provided by means of a letter sent by certified mail to the last known address of a party, its counsel, or agent for service of process. In the case of a business, notice may be sent to any partner, principal officer, director, owner or co-owner, or joint venture. If no return receipt is received within 10 calendar days of mailing, receipt will be presumed.

(c) The contractor shall have 30 calendar days to exercise its rights under FAR 3.204(b), unless an extension is granted.

(d) The Associate Administrator or designee may refer a matter to an agency fact-finding official designated by the Chairman of the GSA Board of Contract Appeals, if a determination is made that there are disputes of fact material to making a determination under FAR 3.204(a). Referrals for fact-finding will not be made in cases arising from a conviction or indictment as

defined in FAR 9.403. If a referral is made, the fact-finding official shall:

(1) Afford the contractor the opportunity to dispute material facts relating to the determinations under FAR 3.204(a) (1) and (2).

(2) Conduct the proceedings under rules that are consistent with FAR 3.204(b).

(3) Schedule a hearing within 20 calendar days of receipt of the referral. Extensions may be granted for good cause upon the request of the contractor or the agency.

(4) Deliver written findings of fact to the Associate Administrator or designee (together with a transcription of the proceedings, if made), within 20 calendar days after the hearing record closes. The findings must resolve any material disputes of fact by a preponderance of the evidence.

(e) The Associate Administrator or designee may reject the findings of the fact-finding official only if they are determined to be clearly erroneous or arbitrary and capricious.

(f) In cases arising from conviction or indictment, or in which there are no disputes of material fact, the Associate Administrator or designee shall conduct the hearing required by FAR 3.204(b).

(g) If it is determined that the Gratuities clause has been violated, the contractor may present evidence of mitigating factors to the Associate Administrator or designee, either orally or in writing, in accordance with a schedule established by the Associate Administrator or designee. The Associate Administrator or designee shall exercise the Government's rights under FAR 3.204(c) only after considering mitigating factors.

Subpart 503.3—Reports of Suspected Antitrust Violations**503.303 Reporting suspected antitrust violations.**

Contracting officers shall report evidence of suspected antitrust violations in acquisitions to the Assistant Inspector General for Investigations or the

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Regional Inspector General for Investigations. The Office of Inspector General will investigate and prepare a report and recommendation to the Attorney General and to the Office of Acquisition Policy for suspension or debarment consideration.

Subpart 503.4—Contingent Fees

503.404 Solicitation provision and contract clause.

(a) The contracting officer shall insert the provision at 552.203-4, Contingent Fee Representation and Agreement, in solicitations for the acquisition of leasehold interests in real property which exceed the simplified lease acquisition threshold.

(b) The contracting officer shall insert the provision at 552.203-5, Covenant Against Contingent Fees, in solicitations and contracts for the acquisition of leasehold interests in real property.

[54 FR 26496, June 23, 1989, as amended at 57 FR 37889, Aug. 21, 1992; 60 FR 42794, Aug. 17, 1995]

503.408 Evaluation of the SF 119.

503.408-1 Responsibilities.

The contracting officer's documentation of the evaluation, conclusion and any proposed action must be reviewed by assigned legal counsel and the contracting director.

503.409 Misrepresentations or violations of the Covenant Against Contingent Fees.

Employees who suspect or have evidence of violations of the Covenant Against Contingent Fees clause shall report the matter to the contracting officer as well as the Office of Inspector General. If appropriate, the Office of Inspector General will forward a report and recommendation to the Department of Justice.

Subpart 503.5—Other Improper Business Practices

503.570 Advertising.

503.570-1 Policy.

Contractors shall not refer to contracts awarded by GSA in commercial

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advertising in a manner which states or implies that the product or service provided is approved or endorsed by the Government or is considered by the Government to be superior to other products or services. This policy is intended to avoid the appearance of preference by the Government toward any product or service.

503.570-2 Contract clause.

The contracting officer shall insert the clause at 552.203-70, Restriction on Advertising, in solicitations and contracts for supplies or services when the contract amount is expected to exceed the simplified acquisition threshold.

[54 FR 26496, June 23, 1989, as amended at 60 FR 42802, Aug. 17, 1995]

Subpart 503.6—Contracts With Government Employees or Organizations Owned or Controlled by Them

503.602 Exceptions.

(a) The heads of contracting activities may authorize exceptions to the policy in FAR 3.601.

(b) Offers submitted by Government employees on solicitations issued under the Office of Management and Budget (OMB) Circular A-76 may be considered if the contracting officer complies with 503.603. When Government employees submit offers, they do so with the knowledge that if the contract is awarded, their Government employment will be terminated. The implementation of OMB Circular A-76 presents a unique situation which may be considered to be an exception to the policy in FAR 3.601. Contracts between the Government and its employees are not expressly prohibited except, where the employee acts for both the Government and the contractor in a particular transaction or where the service to be rendered is such as could be required of the contractor in his/her capacity as a Government employee.

503.603 Responsibilities of the contracting officer.

Before awarding a contract to a GSA employee who responded to an A-76 solicitation, the contracting officer shall:

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(a) Obtain a written certification from the employee's supervisor that: the individual was not involved in the development of the solicitation or specifications, or in the preparation of the independent Government cost estimate or in-house cost comparison; had no advance knowledge of the details of the contents of the solicitation package; and was not otherwise involved in the contracting process.

(b) Refer the proposed award to assigned legal counsel for review and approval.

(c) Ascertain whether a reduction-in-force notice has been issued to the employee.

Subpart 503.7—Voiding and Rescinding Contracts

503.702 Definitions.

Notice means a letter sent by certified mail with a return receipt requested to the last known address of a party, its counsel, or agent for service of process. In the case of a business, such notice may be sent to any partner, principal officer, director, owner or co-owner, or joint venturer. If no return receipt is received within 10 calendar days of mailing, receipt will be presumed.

Voiding and rescinding official means the Associate Administrator for Acquisition Policy or a designee.

503.705 Procedures.

(a) Where a contract has been tainted by fraud, bribery, conflict of interest, or similar misconduct, the contracting officer should consult with counsel to determine if the Government has a common law remedy such as avoidance, rescission, or cancellation. Alternatively, the matter may be referred to the voiding and rescinding official under FAR 3.705, if there has been a final conviction for any violation of 18 U.S.C. 201–224.

(b) The contracting officer may postpone a decision to exercise the Government's common law right to void, rescind, or cancel a contract pending completion of legal proceedings against a contractor.

(c) A referral to the voiding and rescinding official should identify the final conviction and include the infor-

mation required by FAR 3.705(d) (2) through (5). The contracting officer should coordinate the referral with the Office of Inspector General to ascertain if a debarment referral is contemplated.

(d) The voiding and rescinding official shall review the referral and coordinate the matter with assigned legal counsel and the contracting activity. If a determination is made to declare void and rescind a contract and to recover the amounts expended and the property transferred, the voiding and rescinding official shall issue the notice required by FAR 3.705, and conduct the hearing contemplated by FAR 3.705(c)(3). If the voiding and rescinding official determines that there is a genuine dispute of material fact regarding the agency decision, the voiding and rescinding official shall refer the matter to the fact-finding official designated by the Chairman of the GSA Board of Contract Appeals. Such a referral will be made if there is a dispute of fact that relates to:

(1) The contracts affected by the final conviction giving rise to the proposed action.

(2) The amounts expended and property transferred by the Government under the contracts covered by the proposed action.

(3) The identity and value of any tangible benefits received by the Government under the affected contracts.

(e) If a referral for fact-finding is made, the fact-finding official shall:

(1) Afford the contractor the opportunity to dispute material facts relating to 503.704(d) (1) through (3).

(2) Conduct the proceedings under rules that are consistent with FAR 3.705(c)(3).

(3) Schedule a hearing within 20 calendar days of receipt of the referral. Extensions may be granted for good cause upon the request of the contractor or the agency.

(4) Deliver written findings of fact to the voiding and rescinding official (together with a transcription of the proceeding, if made) within 20 calendar days after the hearing record closes. The findings must resolve any material disputes of fact by a preponderance of the evidence.

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(f) The voiding and rescinding official shall not issue the agency's final decision under FAR 3.705(e) until receipt of the fact-finding official's report, if any. The voiding and rescinding official may reject the findings of the fact-finding official only if they are determined to be clearly erroneous or arbitrary and capricious.

(g) In actions in which it is determined there are no material disputes of fact relating to the determinations required by FAR 3.705(d) (2), (4) and (5), the voiding and rescinding official will conduct the hearing contemplated by FAR 3.705(c)(3).

(h) The final decision must be coordinated with the contracting activity and a copy of the decision provided to the activity.

Subpart 503.8—Limitation on Payment of Funds To Influence Federal Transactions

SOURCE: 55 FR 29580, July 20, 1990, unless otherwise noted.

503.804 Policy.

Contracting officers shall submit a copy of each disclosure form received in accordance with FAR 3.803 or 3.804 to the Office of GSA Acquisition Policy (VP) immediately upon receipt. The Office of GSA for Acquisition Policy will prepare the agency report to Congress in accordance with FAR 3.804(b).

503.806 Processing suspected violations.

Contracting officers shall submit evidence of suspected violations of 31 U.S.C. 1352, Limitation on the Use of Appropriated Funds to Influence Certain Federal Contracting and Financial Transactions, to the Assistant Inspector General for Investigation or the Regional Inspector General for Investigation. The Office of Inspector General will investigate and, if appropriate, prepare a report and recommendation to the Department of Justice.

PART 504—ADMINISTRATIVE MATTERS

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504.7002 Procurement contract register.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26498, June 23, 1989, unless otherwise noted.

Subpart 504.1—Contract Execution

504.101 Contracting officer's signature.

Contracts and contract modifications must be signed personally and manually by the contracting officer. The

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contracting officer's name and title must be typed or stamped below the signature. In the absence of the designated contracting officer, another contracting officer may sign documents. However, in all cases the name and title of the individual actually signing the document must be typed or stamped on the document below the signature.

504.103 Contract clause.

Agency procedures do not require the use of the clause at FAR 52.204-1, Approval of Contract, in solicitations and contracts.

Subpart 504.2—Contract Distribution

504.201 Procedures.

(a) Contracting Officers are required to send documentation to the paying office on all contracts where a delivery order will be generated by GSA. The documentation shall consist of a "Duplicate Original" of the entire contract or modification, except as provided in paragraph (c), below.

(b) The Contracting Officer shall certify that the "Duplicate Original" is a true copy of the contract or modification by means of a handwritten signature, in ink, on the award or modification form (i.e., SF 26, 33, 1442, etc.). The certification requirement does not apply to:

- (1) Leases of real property;
- (2) Schedule contracts; or
- (3) Standard or GSA multipage purchase/delivery order carbon forms.

(c) For Federal Supply Service contracts entered into the FSS-19 system and subject to the requirement in paragraph (a), above, distribution to the paying office shall be accomplished through the use of a system-generated contract listing.

[57 FR 61583, Dec. 28, 1992]

504.203 Taxpayer identification number information.

The procedure outlined in FAR 4.203 for attaching the completed FAR provision at 52.204-3 as the last page of the contract sent to the paying office does

not apply to leases of real property (see 504.903) or schedule contracts.

[55 FR 8954, Mar. 9, 1990]

Subpart 504.4—Safeguarding Classified Information Within Industry

504.402 General.

(a) This subpart prescribes procedures for safeguarding classified information required to be disclosed to contractors in connection with the solicitation of offers, and the award, performance, and termination of contracts. As used in this subpart, the term "contractor(s)" includes prospective contractors, subcontractors, vendors, and suppliers of any tier.

(b) This subpart implements the requirements of the Department of Defense's Industrial Security Regulation (ISR) and Industrial Security Manual for Safeguarding Classified Information (ISM). By agreement, the Department of Defense will act for and on behalf of GSA in rendering security services required for safeguarding classified information released by GSA to United States (U.S.) industry.

(c) As used in this subpart, the term "U.S. industry" pertains to those industries (including educational and research institutions) located within the United States, its possessions, and the Commonwealth of Puerto Rico.

504.470 Requests for release of classified information.

Prior to soliciting offers or entering into discussions or negotiations with any contractor involving the disclosure of classified information, the contracting officer shall prepare, in triplicate, section I of GSA Form 1720, Request for Release of Classified Information to U.S. Industry (illustrated in subpart 553.3). After signing as requesting officer and obtaining approval from the immediate supervisor, the contracting officer shall forward all copies of the completed form to the Personnel and Information Security Division (CES), Office of Management Controls and Evaluation.

[56 FR 47004, Sept. 17, 1991]

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504.470-1 Authorization for release.

CES, after determining that the contractor has been issued a Department of Defense facility security clearance, will complete the appropriate parts of section II, of GSA Form 1720, and return the original and one copy to the contracting officer. Under no circumstances will classified information be disclosed or made accessible to any contractor until the completed form has been received from CES. Where only Item 14b, section II, of the form has been checked, the contracting officer's actions will be governed by the instructions on the reverse side of the form. When a contractor is found to be ineligible for a security clearance, CES will advise the contracting officer.

[56 FR 47004, Sept. 17, 1991]

504.470-2 Termination of authorization for release.

When circumstances support withdrawal or revocation of security clearance, CES will advise the contracting officer of the termination of authorization to release classified information and include instructions concerning actions required to safeguard, withhold, or obtain the return of classified information. Reasons for such termination may include:

(a) Failure of the contractor to maintain the physical standards required by the ISM.

(b) Information indicating the contractor no longer: (1) Is eligible for clearance or (2) requires access to classified information.

[56 FR 47004, Sept. 17, 1991]

504.471 Processing security requirements checklist (DD Form 254).

(a) Contracts involving access to classified information by the contractor require preparation of DD Form 254, Contract Security Classification Specification (illustrated in FAR 53.303-DD-254), to identify and indicate to Department of Defense (DOD) and contractors the areas of classified information involved. In the case of contracts for research, advisory and assistance services, graphic arts services, or other procurements of services, written notice of classification may be used in lieu thereof.

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(b) Instructions or guidance on completing DD Form 254 may be obtained from CES.

[54 FR 26498, June 23, 1989, as amended at 56 FR 47005, Sept. 17, 1991]

504.472 Periodic review.

Contracting officers shall review DD Form 254 whenever a change in the phase of performance occurs or at their own discretion, but in any event at least once a year, to determine whether the classified information can be downgraded or declassified. The contractor must be informed of the results of the review by issuance of a revised specification, or by written instructions instead of DD Form 254 (where authorized), or if the review results in no change in the classification specifications, by written notification to that effect. Upon termination or completion of the contract, a final checklist must be prepared.

504.473 Recurring procurement.

When procurement is of a recurring nature, a new DD Form 254 is not required if the end item is not changed and there is no change from the previous security classification.

504.474 Control of classified information.

(a) Classified information must be recorded, marked, handled, and transmitted in accordance with instructions contained in the handbook, Information Security (ADM P 1025.2C).

(b) When classified information is originated by another agency, the consent of the originating agency must be obtained prior to releasing the classified information to the contractor.

504.475 Return of classified information.

(a) Unless the classified information has been destroyed as provided in paragraph 19 of the ISM, the contracting officer must recover the information. When classified information is furnished to a GSA contractor by another Government agency, the return of such information is the responsibility of that agency.

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(b) The contracting officer is responsible for insuring that classified information furnished to prospective offerors, offerors, or contractors is returned immediately:

(1) After bid opening or closing date for receipt of proposals from non-responding offerors;

(2) After contract award from unsuccessful offerors;

(3) Upon termination or completion of the contract;

(4) Upon notification that authorization to release classified information has been withdrawn;

(5) After notification that a facility (i) does not have adequate means for safeguarding classified information, or (ii) has had its security clearance revoked or inactivated; or

(6) Whenever otherwise instructed by the authority responsible for the security classification.

504.476 Breaches of security.

When an unauthorized disclosure of classified information is discovered, the contracting officer or other GSA employee responsible for the information shall promptly refer the facts of such breach or compromise to CES.

[56 FR 47005, Sept. 17, 1991]

Subpart 504.8—Contract Files

504.800 Scope of subpart.

This subpart prescribes requirements for using standard contract file format for all contracts, except leases of real property, that exceed the simplified purchase acquisition. The application of this subpart to purchases made using simplified acquisition procedures is optional.

[54 FR 26498, June 23, 1989, as amended at 60 FR 42802, Aug. 17, 1995]

504.802 Contract files.

(a) *Standardization of files.* Contract files must contain all necessary information and documentation required by FAR 4.802 and 4.803 and be organized in the standardized contract file format in 504.803.

(b) *Responsibility for contract files.* The contracting officer is responsible for the official file. All documents pertaining to the contract must be forwarded

by those initiating them to the contracting officer for inclusion in this file. The contracting officer is also responsible for the accountability of contract files transferred to the records center and for knowing the location of the files as provided by the National Archives and Records Administration.

(c) *Transfer of responsibility for contract files.* (1) When responsibility for a contract is transferred from one contracting officer to another, e.g., transfer of assignments or redelegation of contract administration (intraoffice or interoffice), the contracting officer transferring the files shall prepare a detailed listing by file number and/or name to identify the file(s) to be transferred (see also FAR 42.206).

(2) If available, duplicates of the files to be transferred must be retained by the contracting officer until acknowledgement of receipt of the transferred files by the contracting officer is received.

(3) The original contracting officer transferring the files shall retain one copy of the listing and send a copy of the listing to the successor contracting officer under a separate mailing as advance notice of the files to be transferred.

(4) The files to be transferred to the successor contracting officer must be sent by certified mail, return receipt requested, when appropriate, or by another method so as to obtain a signature of the successor contracting officer for receipt of the contract files that are transferred. The transferred files must be accompanied by two copies of the listing to the successor contracting officer.

(5) The successor contracting officer, who becomes responsible for the files, shall sign one copy of the listing, certifying receipt of the files listed, and return the signed copy to the contracting officer transmitting the files.

504.803 Contents of contract files.

(a) The contract file must be numerically tabbed, filed in reverse order starting with item (1) on the bottom of the file and item (27) on the top. Documents within the tab should be filed chronologically with the most recent document on top. If any of the documents are too voluminous to be placed

under the applicable tab, they should be included in a separate file and the tab annotated with the location of the file. All of the items described will not always be needed for each contract action. If a tab is not required for a particular action, it should be omitted from that contract file. The file must be tabbed as specified below:

(1) Requisition or request for contractual action. Where technical or requirements personnel recommend the use of other than full and open competition, the certification of the accuracy and completeness of the data to support the recommendation should be filed under this tab. (See FAR 6.303–1(b).)

(2) Specifications, drawings, and other technical documents.

(3) Acquisition plan including, where applicable, the determination required by OMB Circular A–76 and/or concurrence of the cognizant competition advocate.

(4) Determination and findings required by FAR Subpart 1.7 and Subpart 501.7, or justification required by FAR 6.303, including the certification of accuracy and completeness of the justification.

(5) Department of Labor Wage Determination.

(6) Small business and labor surplus area determinations.

(7) Source list.

(8) Statement as to synopsis of proposed procurement under FAR Subpart 5.2 or other required advertisements.

(9) Presolicitation notice.

(10) IFB/RFP and amendments.

(11) Abstract of bids/proposals including identification of the low bidder/offeror, discounted price, etc.

(12) Cost or pricing data and information other than cost or pricing data. Where the requirement for submission of cost or pricing data is waived, as provided in FAR 15.804–1(b)(5), the waiver and documentation supporting the waiver should be filed under this tab.

(13) Field pricing report (see FAR 15.805–5 and 515.805–5). Where the requirement for a field pricing report of a price proposal is waived, as provided in FAR 15.805–5, the waiver and documentation supporting the waiver should be filed under this tab.

(14) Price or cost analysis report prepared under FAR 15.608. Supporting technical analyses, other than those supporting an audit report, should be filed under this tab. The profit or fee analysis required by FAR Subpart 15.9 should be made a part of the price or cost analysis report. In those cases where an independent Government estimate is prepared, it should also be made a part of the price or cost analysis report.

(15) A price negotiation memorandum, as required by FAR 15.808, must be written so as to permit reconstruction of all the major events of the acquisition and placed under this tab.

(16) Certificate of current cost or pricing data.

(17) Pre-award survey.

(18) EEO compliance review.

(19) “No bid” or “no proposal” correspondence.

(20) Unsuccessful bids or proposals. A copy of each rejected bid or unacceptable proposal also must be included in the file under this tab.

(21) Mistakes in bids and protests. This includes all correspondence and determinations relating to mistakes in bids disclosed before award and/or protests.

(22) Actions taken on late bids or proposals.

(23) Contractual action. Successful bid or proposal and all pertinent correspondence applicable to the contractual action including evidence of submission of contract award data to paying office, if applicable (see 504.201). Subcontracting plans that are incorporated in and made a material part of a contract, as required by FAR 19.705–5(a)(5), and the successful competing contractor’s certificate of procurement integrity required by FAR 3.104–9(b), should be filed under this tab.

(24) Evidence of concurrence for legal sufficiency of the appropriate counsel (if applicable).

(25) Any required approvals—GSA 1535, Recommendation for Award, or documentation of approval of Subcontracting Plan (as applicable). The contracting officer’s and any other departing procurement official’s certificate of procurement integrity, required by FAR 3.104–7(a) and 48 CFR 503.104–7

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and the record of individuals authorized access to proprietary or source selection information, required by FAR 3.104-5(d)(2) and 3.104-9(e)(iii) should be filed under this tab.

(26) Any notices of award including Standard Form 99, Notice of Award of Contract (if applicable).

(27) SF 279, FPDS Individual Contract Action Report.

(b) An index of the file tabs should be placed in the file. Items which do not apply should be so marked, and if necessary, a brief explanation included. The GSA Form 3420, Contract/Modification File Checklist, illustrated in 553.370-3420, must be used by the contracting officers in the Public Buildings Service. The form may be used by other offices or a standard contract file checklist, based on the requirements of 504.803(a), appropriate to that particular office may be prepared. The requirements of a particular office may provide for the inclusion of subheadings under a tab or additional items as appropriate.

[54 FR 26498, June 23, 1989, as amended at 54 FR 40060, Sept. 29, 1989; 55 FR 39974, Oct. 1, 1990; 57 FR 61584, Dec. 28, 1992; 61 FR 6165, Feb. 16, 1996; 61 FR 14033, Mar. 29, 1996]

504.804-5 Detailed procedures for closing out contract files.

When the statement required by FAR 4.804-5(b) is completed, the administrative contracting officer (ACO) shall forward the statement and the contract files to the cognizant procuring contracting officer (PCO). The ACO shall follow the procedures outlined in 504.802(c) when transferring the files to the PCO.

504.805 Disposal of contract files.

The contracting officer's accountability for contract files terminates at the end of their retention period when the notice of disposal is received from the National Archives and Records Administration, and disposal is approved by the appropriate records liaison officer whose organization has functional responsibility for the files.

Subpart 504.9—Information Reporting to the Internal Revenue Service

504.903 Procedures.

(a) The Office of Finance makes reports required by 26 U.S.C. 6041 and 6041A as implemented in 26 CFR to the IRS on payments made to certain contractors for services performed and to lessors for providing space in buildings. In order for Finance to make the required reports, contracting officers must indicate on obligating documents (e.g. purchase/delivery orders, contracts, or the GSA Form R-620 for leases) forwarded to Finance, the contractor's organization structure (e.g. corporation, partnerships, etc.) and for contractors that are not incorporated (except as provided in FAR 4.902(a)(1)(i)), the contractor's taxpayer identification number (TIN). When certified invoice procedures (see 513.70) are used, contracting officers must identify the organization structure for Finance.

(b) Reports required by 26 U.S.C. 6050M are made through the Federal Procurement Data System.

Subpart 504.70—Uniform Procurement Instrument Identification

504.7001 Uniform procurement instrument identification.

Except for real property leasing activities and procurement activities of the Federal Supply Service, the procedures in this subpart prescribed for the identification of contracts, orders, and other procurement instruments regardless of dollar threshold are applicable for all other contracting activities, including the Federal Supply Service, Property Management Division.

504.7001-1 Policy.

(a) The uniform procurement instrument identification system must be used for procurement instruments listed in paragraph (f) of 504.7001-2. The system does not apply to purchases made through certified invoice procedures (see 513.70) or to imprest fund purchases.

(b) Identification should be placed in the contract number block provided on the applicable forms. If a space is not reserved for the prescribed number, it should be placed in the upper right-hand corner of the form.

(c) Each contracting office shall maintain records to ensure continuity and control of procurement instrument identification numbers. (See 504.7002.)

504.7001-2 Basic procurement instrument identification number.

The basic procurement instrument identification number will normally be assigned at the time of award. However, the number may be assigned at the time a procurement request is received if assignment at that time will facilitate tracking of the procurement. The basic procurement instrument identification number does not change during the life of the particular instrument and consists of 14 alphanumeric characters as follows:

(a) Characters 1 and 2 of the basic procurement instrument identification number is the symbol "GS."

(b) The third and fourth characters reflect the region preparing the instrument as follows:

- 00 Central Office
- 01 Region 1
- 02 Region 2
- 03 Region 3
- 04 Region 4
- 05 Region 5
- 06 Region 6
- 07 Region 7
- 08 Region 8
- 09 Region 9
- 10 Region 10
- 11 National Capital Region

(c) The fifth character is a capital letter assigned to the service/office preparing the instrument as follows:

- B Office of the Chief Financial Officer
- F Federal Supply Service
- G GSA Board of Contract Appeals
- C Office of Management and Human Resources
- J Office of Inspector General
- K Information Technology Service
- L Office of General Counsel
- P Public Buildings Service
- T Federal Telecommunications Service

(d) The sixth and seventh characters identify the fiscal year in which the number is assigned.

(e) The eighth and ninth characters identify the contracting office preparing the instrument. (These codes will be assigned to each GSA organization where a contracting officer is assigned.) See appendix A for code assignment.

(f) The tenth character is a capital letter assigned to indicate the type of procurement instrument code as follows:

- A Agreements, including basic agreements, basic ordering agreements, and blanket purchase agreements.
- B Reserved
- C Contracts, including letter contracts, contracts referencing basic agreements, or basic ordering agreements, excluding indefinite delivery type contracts.
- D Indefinite delivery contracts, including definite quantity, requirements contracts and indefinite quantity contracts.
- E Sales contracts.
- F-L Reserved
- M Purchase orders (open market simplified acquisition)—manual
- N Reserved
- P Purchase orders—(open market simplified acquisition)—automated.
- Q Reserved
- R Reserved
- S Schedule contract
- T-Z Reserved

(g) The eleventh through fourteenth characters reflect the serial number of the instrument. A separate series of numbers, maintained at the contracting office level, may be used for each type of instrument listed in paragraph (f) of 504.7001-2, depending upon procurement document volume. At the beginning of each fiscal year, these serial numbers will begin with the number 0001. Alphanumeric characters will be serially assigned, after all the numeric series are exhausted, i.e., 0001 through 9999, with an alpha as the first character, followed by three character numeric serial number. Each issuing office is responsible for controlling the serial number assignments. The following numeric and alphanumeric sequences, excluding alpha I and O, will be used:

0001 through 9999;
A001 through A999, B001 through B999; and so on to Z001 through Z999.

(h) An example of this procurement instrument identification number is:

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Positions		GS	02	P	84	PF	L	0002
1-2	The agency designation code							
3-4	A two-digit code identifying the region or Central Office							
5	A capital letter identifying the service/office.							
6-7	The last two digits of the fiscal year.							
8-9	A two-digit alpha code assigned to the contracting office.							
10	A capital letter assigned to the type of instrument							
11-14	The four digit serial number.							

[54 FR 26498, June 23, 1989, as amended at 60 FR 54955, Oct. 27, 1995]

504.7001-3 Order and call instrument identification number.

Delivery orders under indefinite delivery contracts (orders), and orders under schedule contracts must be identified by an "11" character alphanumeric identification number placed in the order number block of the order form. The basic indefinite delivery or schedule contract number must be placed in the contract number block of the order form.

(a) The first character is a capital letter assigned to the office issuing the order. This code will be identical to those assigned in paragraph (c) of 504.7001-2.

(b) The second and third characters reflect the Region issuing the order. These identification codes will be identical to the codes assigned in paragraph (b) of 504.7001-2.

(c) The fourth and fifth characters identify the fiscal year in which the number is assigned.

(d) The sixth and seventh characters identify the contracting office preparing the order. These identification codes will be the same as the codes assigned in paragraph (e) of 504.7001-2.

(e) The eighth through the eleventh characters reflect the serial number of the order. Each contracting office maintains its own serial number. Alphanumeric numbers are used when more than 9999 numbers are required. Alphanumeric numbers are serially assigned with an alpha in the first position followed by the numeric serial number. The following sequences, excluding alpha I and O will be used:

0001 through 9999;
A001 through A999; and so on to Z001 through Z999.

(f) An example of a delivery order number is:

Positions

P 01 84 PB 0001

1 Service/office issuing the order. _____ | | | | |

2-3 Region issuing the order. _____ | | | | |

4-5 Fiscal year. _____ | | | | |

6-7 A two-digit code assigned to contracting office. _____ | | | | |

8-11 Four digit serial number. _____ | | | | |

504.7001-4 Supplemental procurement instrument identification number.

Modifications to the basic contract instrument and to call/order against contracts are numbered by use of a four character alphanumeric number. The supplemental identification numbering system applies to all modifications to contracts and to call/orders against contracts.

(a) The first character is a capital letter identifying the office issuing the modification, as indicated below:

A Contract administration office modification (Administrative Components); or
P Purchasing office modification.

(b) The second character is a capital letter identifying the type of action, as follows:

A Administrative change.
C Change order.
O Other (includes exercise of options, price adjustments under escalation clauses and

other changes made under specific contract clauses.)

S Supplemental agreement (bilateral signatures).

(c) The third and fourth characters reflect the serial number. Alphanumeric numbers are used when more than 99 numbers are required. Alphanumeric numbers are serially assigned with an alpha in the first position followed by a numeric number. If additional numbers are needed, alphas may be used in both positions. The following sequences, excluding alpha I and O, will be used:

01 through 99.

A1 through A9, and so on to Z1 through Z9.

AA through AZ, and so on to ZA through ZZ.

(d) An example of the supplemental procurement instrument identification number is:

Positions

EXAMPLE: AS01

1 Identifying office A or P. _____ | | | | |

2 Type action. _____ | | | | |

3-4 The two-digit serial number. _____ | | | | |

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504.7002 Procurement contract register.

ister must be used to ensure continuity and control of procurement instrument identification numbers.

GSA Form 2728, Procurement Contract Register, or an automated reg-

SUBCHAPTER B—COMPETITION AND ACQUISITION PLANNING

PART 505—PUBLICIZING CONTRACT ACTIONS

Subpart 505.1—Dissemination of Information

Sec.
505.101 Methods of disseminating information.

Subpart 505.2—Synopsis of Proposed Contract Actions

505.202 Exceptions.
505.203 Publicizing and response time.
505.204 Presolicitation notices.
505.204-70 Presolicitation notices used in connection with market searches for competitive sources.
505.207 Preparation and transmittal of synopses.
505.270 Synopsis of amendments to solicitations.

Subpart 505.3—Synopsis of Contract Awards

505.303 Announcement of contract awards.
505.303-70 Notification of proposed substantial awards and awards involving Congressional interest.

Subpart 505.4—Release of Information

505.403 Requests from Members of Congress.

Subpart 505.5—Paid Advertisements

505.502 Authority.
505.503 Procedures.
505.504 Use of advertising agencies.

AUTHORITY: 40 U.S.C. 486(c)

SOURCE: 54 FR 26502, June 23, 1989, unless otherwise noted.

Subpart 505.1—Dissemination of Information

505.101 Methods of disseminating information.

(a) Contracting offices located in the same geographic area as the Business Service Center (BSC) may post the notice required by FAR 5.101(a)(2) at the BSC.

(b) The appropriate BSC must be furnished a copy of solicitations (except solicitations for space in buildings)

when the estimated contract amount is expected to exceed the simplified acquisition threshold. The BSC will display the solicitation for public examination.

(c) Unless exempt under FAR 5.202 or 505.202, proposed acquisitions must be publicized in local newspapers and may also be posted on on-line information systems, when the acquisition is for:

(1) Real property appraisal services, estimated to cost \$10,000 or more; or

(2) Leasehold interests in real property involving blocks of space of both more than 10,000 square feet and terms which exceed 6 months. Proposed leases of 10,000 square feet or less or for terms of 6 months or less may be publicized when the contracting officer determines such advertising will serve to promote competition.

[54 FR 26502, June 23, 1989, as amended at 57 FR 37889, Aug. 21, 1992; 60 FR 42794, 42802, Aug. 17, 1995]

Subpart 505.2—Synopsis of Proposed Contract Actions

505.202 Exceptions.

The Administrator has determined under section 18(c)(3) of the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 416(c)(3) and section 8(g)(3)) of the Small Business Act, as amended (15 U.S.C. 644(g)(3)) that:

(a) Advertising in local newspapers, and optional posting on on-line information systems, are more appropriate than synopsisizing in the *Commerce Business Daily* (CBD) for proposed acquisitions of—

(1) Leasehold interests in real property (except lease construction on a designated site);

(2) Real property appraisal services (see 505.101); and

(b) It is not appropriate or reasonable to publish an advance notice of:

(1) Acquisitions of works of art, including the design, execution and installation of the artwork, under the Art-in-Architecture Program; and

(2) Supplemental agreements to leases of real property involving:

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- (i) Building alterations (see 570.6);
- (ii) Lease extensions (see 570.505); or
- (iii) Expansion requests (see 570.503).

[54 FR 26502, June 23, 1989, as amended at 60 FR 42794, Aug. 17, 1995]

505.203 Publicizing and response time.

(a) When publicizing acquisitions of real property appraisal services and leasehold interests in real property is required (see 505.101 and 505.202), the notice must appear in local newspapers at least 3 calendar days before issuance of the solicitation. The solicitation must be issued at least:

(1) 10 calendar days before the date established for receipt of initial offers for real property appraisal services; or

(2) 20 calendar days before the date established for receipt of initial offers for leasehold interests in real property, unless the contracting officer makes a written determination that the urgency of the need necessitates a shorter time period.

(b) The publicizing and response times in paragraph (a) do not apply to proposed acquisitions of leasehold interests in real property being conducted using simplified lease acquisition procedures (see 570.2). In such cases, the contracting officer may establish response times appropriate for the individual acquisition involved.

[54 FR 26502, June 23, 1989, as amended at 60 FR 42794, Aug. 17, 1995]

505.204 Presolicitation notices.

505.204–70 Presolicitation notices used in connection with market searches for competitive sources.

(a) The term “sources-sought synopsis” means the type of *Commerce Business Daily* (CBD) notice designed to identify potential sources for procurements. The sources-sought synopsis provides an opportunity for the marketplace to indicate its interest in submitting offers for future acquisitions. It is normally used to discover if more than one firm is interested and qualified to provide a particular product or service, although a solicitation is not yet available. This type of synopsis has particular application when one contractor is thought to be uniquely capable of meeting the Government’s mini-

mum requirements and verification of this opinion is needed.

(b) Sources-sought notices publicizing the Government’s interest in anticipated supply or service procurements may be published in the CBD, using the general format outlined in 505.207, except where security considerations prohibit such publication. A sources-sought synopsis may be published in connection with market searches for sources of supply or services, other than those discussed in FAR 5.205, when a sources-sought synopsis is required to test the marketplace for competitive sources. In conjunction with that solicitation, the specific procurement of the supply or service must be publicized in the CBD as required by FAR 5.201, unless the contract action will be made through interim or full FACNET.

[54 FR 26502, June 23, 1989, as amended at 60 FR 42802, Aug. 17, 1995]

505.207 Preparation and transmittal of synopses.

Notices described in 505.204–70 must include a statement similar to the following (modifications may be made to suit needs):

Concerns having the ability to furnish the following supplies (services) are requested to give written notification (including the telephone number for a point of contact) to the acquiring office listed in this notice within _____ calendar days (no less than 30 days should be entered) from the date of this synopsis:

(The contracting officer should describe the requirement so as to furnish a complete supply (service) description, and a condensation of other essential information, to provide concerns with an intelligible basis for judging whether they have an interest in the procurement. Such information may include a statement regarding the Government’s belief that the supply or service may be available only from a sole source and the reasons for such belief.)

This is not a formal solicitation. However, concerns that respond should furnish detailed data concerning their capabilities and may request a copy of the solicitation when it becomes available.

505.270 Synopsis of amendments to solicitations.

All amendments to solicitations for offers increasing the anticipated value of the proposed acquisition above the

dollar threshold requiring synopsis or altering the scope of the proposed acquisition so that increased interest of contractors can be reasonably anticipated must be published in the *Commerce Business Daily*.

Subpart 505.3—Synopsis of Contract Awards

505.303 Announcement of contract awards.

By complying with 505.303-70 contracting officers automatically fulfill the reporting requirements of FAR 5.303(a).

505.303-70 Notification of proposed substantial awards and awards involving Congressional interest.

(a) *Applicability.* The notification procedures in (b), below, apply only to proposed award involving:

(1) A contract with the Small Business Administration (the 8(a) program) exceeding or estimated to exceed \$100,000.

(2) A supply contract exceeding or estimated to exceed \$500,000 (except for (i) motor vehicles, (ii) products whose points of origin are not readily identifiable, or (iii) products involving foreign production points).

(3) A design (Architect/Engineer) contract or construction contract exceeding or estimated to exceed \$500,000.

(4) Any other contract, or class of contract, in excess of \$100,000 for which a Member of Congress has specifically requested notification of award.

(b) *Notification procedures.* (1) The Office of Congressional and Intergovernmental Affairs (S) will notify the heads of contracting activities in writing with the names of Members of Congress who wish to be notified of any or all contract awards in excess of \$100,000 to contractors located within their district or State, as applicable. Upon such notification, the contracting activities will provide, via electronic mail, facsimile or hand delivery applicable notices of award to S. A copy of the submittal should be provided to the regional congressional liaison office.

(2) Except for submittals hand delivered to S, the submittal must be made by electronic mail or facsimile transmission. Except for contracts awarded

under urgent and compelling circumstances, notification to S of an award must be made on the same day that the award is made and 24 hours before telephonic notice (if applicable) is provided to the contractor. If the time-frame for notification to S cannot be met, the Contracting Director must notify S by telephone.

(3) The notification to S must:

(i) Describe the supplies or services acquired and the duration of the contract period.

(ii) Identify the type of contract and contractor using the following codes:

(A) *DO* for definite quantity contract.

(B) *SC* for schedule contract.

(C) *TC* for indefinite delivery contract other than schedule.

(D) *S* for small business concern.

(E) *SD* for small disadvantaged business concern.

(F) *WO* for women-owned small business concern.

(G) *O* for other than a small business concern.

(iii) Include the contractor's name and address (including county and Congressional district, if known) and indicate the dollar value of the contract for each production point. When there are multiple production points and specific items, and their points of production are not shown, or when the number of production points exceed 10, write "multiple" and indicate immediately after, in parentheses, the total number of production points.

(iv) Indicate the quantity and unit, in parentheses, for definite quantity awards by production point. Indicate the name of the receiving agency next to the applicable quantity and identify the requirement or portion thereof for overseas use.

(v) Provide the name (where available) and telephone number for a point-of-contact for each award recipient and each production point.

(vi) Include the following statement when Congressional interest is involved.

"Congressional Interest: (*Name of Congressman/Senator*)
(*Indicate State/District*)
(*Describe interest*)"

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(vii) Provide the contracting officer's name and telephone number for each award.

(4) The notification to S will contain sensitive preaward information and should be labeled accordingly. S and regional Congressional liaison offices will be responsible for the security of such information and will establish procedures governing the release of such information before official notification of award. Unless otherwise authorized by the contracting officer, the release of such information prior to award shall be limited to Members of Congress and their staff.

(c) *Release of awards.* (1) Release of notifications which require priority processing as determined by the Associate Administrator for Congressional Affairs will be accomplished at the time and date specified.

(2) Unless notified to the contrary, contracting activities may release awards of the type described in (a) and (b) of this section, or information pertinent thereto, upon the expiration of two full workdays (48 hours) after the time and date of notification to S established either by the facsimile transmission or hand delivery.

[54 FR 26503, June 23, 1989, as amended at 54 FR 29722, July 14, 1989; 54 FR 40060, Sept. 29, 1989; 55 FR 39974, Oct. 1, 1990; 60 FR 42802, Aug. 17, 1995; 61 FR 1150, Jan. 17, 1996]

Subpart 505.4—Release of Information

505.403 Requests from Members of Congress.

When responding to a Congressional inquiry would result in disclosure of classified material, confidential business information, proprietary or source selection information as defined in FAR 3.104-4 or information prejudicial to a competitive acquisition, the contracting officials shall consult with assigned legal counsel, refer the proposed reply to the head of the contracting activity (HCA), include the caution notice prescribed in 503.104-5(d)(6) in the response, and inform the Office of Congressional Affairs of the action taken.

[55 FR 39974, Oct. 1, 1990]

Subpart 505.5—Paid Advertisements

505.502 Authority.

(a) *Newspapers.* Written approval from the HCA or a designee is required for paid newspaper advertisements, except when such publication is required by the FAR or the GSAR (see 505.101(c)). The contracting officer shall document the contract file with the regulatory citation or written approval to support the use of paid newspaper advertisements.

(b) *Other media.* Advance approval is not required to place paid advertisements in media other than newspapers.

505.503 Procedures.

The GSA Form 300, Order for Supplies or Services, must be used instead of the Optional Form 347, Order for Supplies and Services, when the dollar amount of the acquisition does not exceed the simplified acquisition threshold or when issuing a delivery order under a basic ordering agreement with an advertising agency for an advertisement.

[54 FR 26502, June 23, 1989, as amended at 60 FR 42802, Aug. 17, 1995]

505.504 Use of advertising agencies.

The services of commercial advertising agencies may be used whenever it is determined that the services rendered by those agencies can increase competition for contracts and improve the effectiveness of GSA advertising and marketing programs.

PART 506—COMPETITION REQUIREMENTS

Subpart 506.2—Full and Open Competition after Exclusion of Sources

Sec.

506.202 Establishing or maintaining alternative sources.

Subpart 506.3—Other Than Full and Open Competition

506.302 Circumstances permitting other than full and open competition.

506.302-1 Only one responsible source and no other supplies or services will satisfy agency requirements.

506.202

506.303 Justifications.
506.303-1 Requirements.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26504, June 23, 1989, unless otherwise noted.

Subpart 506.2—Full and Open Competition After Exclusion of Sources

506.202 Establishing or maintaining alternative sources.

The heads of contracting activities (HCA's) sign determinations and findings under FAR 6.202.

Subpart 506.3—Other than Full and Open Competition

506.302 Circumstances permitting other than full and open competition.

506.302-1 Only one responsible source and no other supplies or services will satisfy agency requirements.

A class justification has been established for the acquisition of utility services (except electric utility services) that are available from only one source. A copy of the class justification may be obtained from the GSA Acquisition Policy Division (MVP). The contract file for each action taken under the justification must contain a signed statement by the contracting officer that the action taken is within the scope of the class justification and approval.

[55 FR 48847, Nov. 23, 1990, as amended at 61 FR 39088, July 26, 1996]

506.303 Justifications.

506.303-1 Requirements.

The contracting officer should determine whether the facts supporting other than full and open competition would be present in other GSA contracting activities. If the facts would be present, the contracting officer should recommend through appropriate channels that the Deputy Associate Administrator for Acquisition Policy approve a class justification for use by all GSA contracting activities.

[54 FR 26504, June 23, 1989, as amended at 61 FR 39088, July 26, 1996]

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PART 507—ACQUISITION PLANNING

Subpart 507.1—Acquisition Plans

Sec.

507.101 Definitions.
507.102 Policy.
507.103 Agency head responsibilities.
507.104 General procedures.
507.105 Contents of written acquisition plans.

Subpart 507.3—Contractor Versus Government Performance

507.307 Appeals.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26504, June 23, 1989, unless otherwise noted.

Subpart 507.1—Acquisition Plans

507.101 Definitions.

Comprehensive acquisition plan means a plan which covers the acquisition process from identification of agency need through contract performance and administration.

Limited acquisition plan means a detailed plan which covers the acquisition process from receipt of a purchase request or advanced notice of the need by the contracting office through contract award.

507.102 Policy.

(a) All acquisitions exceeding the simplified acquisition threshold must have a limited acquisition plan unless a comprehensive acquisition plan is required under GSA Order, Comprehensive Acquisition Planning (APD 2800.13A). Priced options must be included when determining the dollar threshold. An acquisition plan must be prepared before exercise of unpriced and/or unevaluated options exceeding the simplified acquisition threshold.

(b) No solicitation may be issued until either a comprehensive acquisition plan or a limited acquisition plan has been prepared or the requirement waived under GSA Order APD 2800.13A or 507.104(d). A contract may not be entered into without full and open competition on the basis of a lack of acquisition planning or concerns related to

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the amount of funds available to the acquisition.

[55 FR 28631, July 12, 1990, as amended at 60 FR 42802, Aug. 17, 1995]

507.103 Agency head responsibilities.

The head of the contracting activity (HCA) shall ensure that, during the acquisition planning phase, requirements personnel consider the use of the metric system of measurement consistent with 15 U.S.C. 205 *et seq.* (See 48 CFR 511.002), GSA Order, GSA Metric Program (ADM 8000.1A) and GSA Metric Transition Plan. Use of the metric system must be coordinated with the contracting officer and be consistent with security, operational, economic, technical, logistical, training, and safety requirements.

[56 FR 2864, Jan. 25, 1991, as amended at 61 FR 6165, Feb. 16, 1996]

507.104 General procedures.

(a) Policies and procedures for comprehensive acquisition plans are in GSA Order, Comprehensive Acquisition Planning (APD 2800.13A).

(b) The contracting officer shall be responsible for preparing a limited acquisition plan. Limited plans must be reviewed and approved at least one level above the individual writing the plan unless the requirement is received in the last month of the fiscal year and award is anticipated during the same month. In those cases, the plan must be reviewed and approved at a level no lower than the contracting director. The head of the contracting activity (HCA) may require review and approval at a higher level.

(c) Limited plans must be in writing, unless waived under paragraph (d) of this section.

(d) The contracting director may waive the requirement for a written limited acquisition plan (1) for recurring annual acquisitions or (2) in cases of unusual or compelling urgency. The individual responsible for preparing the plan shall present (as a minimum) an oral plan to at least the next higher level for approval. The file must summarize the content of the oral plan and the name of the individual that approved it. In cases of unusual or compelling urgency, the summary must

also indicate the nature of the urgency and may be prepared after award when preparation before award would unreasonably delay the acquisition. The summary may be included in the justification required by FAR 6.302-2(c).

(e) Acquisition plans for contracts which propose using other than full and open competition must be coordinated with and concurred in by the cognizant competition advocate unless the proposed contract will be awarded under the authority at FAR 6.302-5 or will be awarded under a class justification approved by the Associate Administrator for Acquisition Policy.

[54 FR 26504, June 23, 1989, as amended at 55 FR 28631, July 12, 1990; 60 FR 42802, Aug. 17, 1995; 61 FR 54955, Oct. 27, 1995]

507.105 Contents of written acquisition plans.

(a) The specific content of a plan will vary depending on the nature of the acquisition and the dollar value involved. HCA's may authorize:

(1) Development of standard plan outlines meeting the needs of individual programs;

(2) Substitution of automated plans which adequately address individual elements;

(3) Modification of the suggested information for limited acquisition plans by deleting inapplicable elements or adding new ones as needed.

(b) The outline in FAR 7.105 must be used as the basis for comprehensive acquisition plans required under GSA Order APD 2800.13A. If an element does not apply, it must be so annotated. Elements may be added to the outline as appropriate. It is suggested that a limited acquisition plan include the information cited below.

[54 FR 26504, June 23, 1989, as amended at 55 FR 28631, July 12, 1990]

Subpart 507.3—Contractor Versus Government Performance

507.307 Appeals.

Appeal procedures are in GSA Order, Implementation of the OMB Circular A-76 Productivity Improvement Program (ADM P. 5400.40).

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**PART 508—REQUIRED SOURCES OF
SUPPLIES AND SERVICES**

Subpart 508.3 [Reserved]

**Subpart 508.6—Acquisition From Federal
Prison Industries, Inc.**

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508.604 Ordering procedures.

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**Subpart 508.8—Acquisition of Printing and
Related Supplies**

508.802 Policy.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26505, June 23, 1989, unless
otherwise noted.

Subpart 508.3 [Reserved]

**Subpart 508.6—Acquisition From
Federal Prison Industries, Inc.**

508.604 Ordering procedures.

508.604–70 Delinquent delivery orders.

(a) Contracting officers shall establish delivery schedules based on the lead time required by Federal Prison Industries (FPI). Modifications of orders to extend the delivery schedules for excusable or inexcusable delays will not provide for a price adjustment.

(b) Delinquent orders may indicate the need to request clearance to procure from other sources until FPI can make deliveries on time.

508.605 Clearances.

FPI clearance numbers must be cited in solicitations and subsequent award documents.

**Subpart 508.7—Acquisition From
Nonprofit Agencies Employing
People Who Are Blind or Se-
verely Disabled**

**508.705–70 Adding items to the pro-
curement list.**

(a) When a central non-profit agency (CNA) expresses an interest in a particular commodity or service being added to the Procurement List, the contracting officer shall provide the CNA with the most recent solicitations issued for the supply or service involved and the price(s) at which the item was awarded.

(b) The Committee for Purchase from People Who Are Blind or Severely Disabled (the Committee), if requested by the CNA, may assign the supply or service to the CNA for development by a workshop and will list the item in the Preliminary Evaluation Record. A copy of the record, updated monthly, is maintained by the Office of Enterprise Development (E).

(c) Before issuing a solicitation, contracting officers shall request from the CNA, the status of any item previously identified as one in which the Committee has expressed interest.

(d) The Committee may request that a procurement be delayed pending Committee action. The contracting activity shall consult with E before rejecting such a request.

[54 FR 26505, June 23, 1989, as amended at 60 FR 54956, Oct. 27, 1995]

**508.705–71 Workshop performance ca-
pability.**

In addition to the annual requirement, the purchase document must include an estimated monthly requirement. The contracting officer may verify the workshop's ability to satisfy the Government's anticipated requirement by requesting a preaward survey. If it is determined that the Government's estimated monthly requirement exceeds the workshop's ability to perform, a purchase exception may be requested only for those quantities which cannot be provided in a timely manner by the workshop.

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508.705-74 Compliance with orders.

(a) Contracting officers shall take appropriate action on delinquent delivery orders until all deliveries are made. In cases of excusable delays, contract delivery schedules should be extended without obtaining consideration. However, when the delay is inexcusable, normal procedures should be followed in reviewing and adjusting contract prices if appropriate.

(b) If the CNA delays acting on a request for or refuses to grant a purchase exception, the matter should be referred to the contracting director for expeditious resolution of the problem with the Committee.

508.706 Purchase exceptions.

CNA purchase exception numbers must be cited in solicitations and subsequent award documents.

Subpart 508.8—Acquisition of Printing and Related Supplies

508.802 Policy.

The Director of the Reproduction Services Division (CAR) is the central printing authority for GSA and serves as the liaison with the Joint Committee on Printing and the Public Printer on all matters related to printing.

PART 509—CONTRACTOR QUALIFICATIONS

Subpart 509.1—Responsible Prospective Contractors

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509.105 Procedures.

509.105-1 Obtaining information.

509.105-3 Disclosure of preaward information.

509.106 Preaward surveys.

509.106-2 Requests for preaward survey.

Subpart 509.2—Qualification Requirements

509.202 Policy.

509.204 Responsibility for establishment of a qualification requirement.

509.206 Acquisitions subject to qualification requirements.

509.206-1 General.

509.206-2 Solicitation provisions and contract clauses.

Subpart 509.3—First Article Testing and Approval

509.302 General.

509.303 Use.

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509.308-1 Testing performed by the contractor.

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Subpart 509.4—Debarment, Suspension, and Ineligibility

509.401 Applicability.

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509.405-1 Continuation of current contracts.

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509.407-1 General.

509.407-3 Procedures.

Subpart 509.5—Organizational Conflicts of Interest

509.503 Waiver.

509.507 Procedures.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26507, June 23, 1989, unless otherwise noted.

Subpart 509.1—Responsible Prospective Contractors

509.105 Procedures.

509.105-1 Obtaining information.

(a) In making a determination of responsibility, the contracting officer may use the GSA Form 527, Contractor's Qualifications and Financial Information, to obtain information regarding financial capability from a prospective contractor.

(b) Advice should be obtained from all appropriate activities, including legal counsel, quality control, credit and finance, in arriving at a determination that an offeror qualifies as responsible under the standards set forth in FAR 9.104.

(c) The "auditor" in FAR 9.105-1(b)(2)(ii) is the Assistant Inspector General for Audits in the Central Office or the Regional Inspector General for Audits in the regions except for the evaluation of a prospective contractor's financial competence and credit

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needs, then it is the Chief, Credit and Finance Section, Region 6.

509.105-3 Disclosure of preaward information.

When an offer is rejected because of a determination by the contracting officer that the prospective contractor is not responsible, the contracting officer shall notify the prospective contractor by letter of the basis for the rejection. This will provide the offeror with the opportunity to cure the factors that lead to the nonresponsibility determination prior to the submission of offers in response to future solicitations.

509.106 Preaward surveys.

509.106-2 Requests for preaward survey.

The contracting officer or a designee requests a preaward survey by forwarding the Standard Form 1403, Preaward Survey of Prospective Contractor (General), accompanied by the appropriate subparts of the preaward survey (Standard Forms 1404 through 1408) to the surveying activities. The Federal Supply Service is authorized to use GSA Form 353, Performance Evaluation & Facilities Report, for preaward surveys instead of Standard Forms 1403 through 1406. The contracting officer shall complete Section I of the GSA Form 353 in accordance with instructions in 553.370-353-I.

[58 FR 64694, Dec. 9, 1993]

Subpart 509.2—Qualification Requirements

509.202 Policy.

(a) The Federal Supply Service Commodity Center Engineering Division Director shall prepare the written justification required by FAR 9.202(a)(1).

(b) The heads of contracting activities shall approve determinations under FAR 9.202(e) that a proposed procurement need not be delayed to comply with FAR 9.202(a).

509.204 Responsibility for establishment of a qualification requirement.

The Commodity Center Director shall make determinations under FAR 9.204(a)(2) that the Government should

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bear the cost of conducting specified testing and evaluation for a small business concern or a product manufactured by a small business concern.

509.206 Acquisitions subject to qualification requirements.

509.206-1 General.

The contracting director shall submit requests that a qualification requirement not be enforced in a particular acquisition to the Commodity Center Engineering Division Director under FAR 9.206-1(e)(3).

509.206-2 Solicitation provisions and contract clauses.

The contracting officer shall insert the clause at 552.209-73, Product Removal from Qualified Products List, in solicitations and contracts, when qualified products are to be acquired. The clause supplements the clauses at FAR 52.209-1 and 52.209-2.

Subpart 509.3—First Article Testing and Approval

509.302 General.

When first article testing and approval is appropriate for a procurement pursuant to FAR Subpart 9.3, the general policy of the Federal Supply Service (FSS) is to require:

(a) The contractor to perform required testing, unless after coordinating with the technical specialist and Quality Assurance Division (FQA) in the Office of Quality and Contract Administration the contracting officer determines that Government testing is in the best interest of the Government;

(b) That the first article be produced at the same facility where production quantities will be produced; and

(c) That the first article serve as the manufacturing standard.

509.303 Use.

The contracting officer shall coordinate all determinations to require first article testing and approval with the technical specialist and FQA. At the time of coordination, the contracting officer should obtain the following information from the technical specialist and FQA:

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(a) The test requirements for inclusion in the solicitation as outlined in FAR 9.306 (a) and (b).

(b) Advice on whether the contractor or the Government should perform required testing.

(c) The information necessary to complete the fill-in requirements of FAR clauses 52.209-3 First Article Approval—Contractor Testing [and alternates], and 52.209-4 First Article Approval—Government Testing [and alternates].

509.306 Solicitation requirements.

The contracting officer shall insert the provision at 552.209-74, Waiver of First Article Testing and Approval Requirement, in solicitations that require first article testing and approval. Any determinations to waive first article testing under FAR 9.306(c) must be approved before award by the technical specialist and the Quality Assurance Division (FQA). The first article tests to be performed by the contractor or the Government must be set forth in the solicitation.

509.308 Contract clauses.

509.308-1 Testing performed by the contractor.

In accordance with FAR 9.308-1, the FSS contracting officers shall use the clause at FAR 52.209-3 with its Alternate I and the supplemental clause at 552.209-75, Supplemental Requirements for First Article Approval—Contractor Testing.

509.308-2 Testing performed by the Government.

In accordance with FAR 9.308-2, FSS contracting officers shall use the clause at FAR 52.209-4 with its Alternate I and the supplemental clause at 552.209-76, Supplemental Requirements for First Article Approval—Government Testing.

Subpart 509.4—Debarment, Suspension, and Ineligibility

509.401 Applicability.

This subpart applies to acquisitions of personal property, nonpersonal services (including construction), space in buildings, transportation services

(FPMR Subpart 101-40.4), contracts for disposal of personal property (FPMR Subpart 101-45.6), and to covered transactions as defined at GSPMR 105-68.110(a).

509.403 Definitions.

Debarring official and *suspending official* mean the Associate Administrator for Acquisition Policy or a designee.

Fact-finding official means the Chairman of the Debarment and Suspension Board within the GSA Board of Contract Appeals or a designee.

Notice means a letter sent by certified mail, return receipt requested, to the last known address of a party, its counsel, or agent for service of process. In the case of a business, such notice may be sent to any partner, principal officer, director, owner or co-owner, or joint venturer. If no return receipt is received within 10 calendar days of mailing, receipt will then be presumed.

509.405-1 Continuation of current contracts.

(a) Termination of current contracts should be considered under the circumstances set forth in (a) (1) and (2) of this section.

(1) When the circumstances giving rise to the debarment or suspension also constitute a default in the contractor's performance of the contract, termination for default under the contract's "Default" clause is appropriate.

(2) If the contractor presents a significant risk to the Government in completing a current contract, the contracting officer shall determine whether termination for convenience or cancellation under appropriate contract provisions is in the Government's best interest. In making this determination, the contracting officer shall consult with counsel and should consider the following factors:

(i) Seriousness of the cause for debarment or suspension;

(ii) Extent of contract performance;

(iii) Potential costs of termination and reprocurement;

(iv) Urgency of the requirement and the impact of the delay of reprocurement;

(v) Availability of other safeguards to protect the Government's interest until completion of the contract.

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(b) The debarring or suspending official shall make determinations under FAR 9.405-1(b).

(c) The contracting officer should consult with legal counsel regarding the availability of remedies under FAR Subparts 3.2 and 3.7.

509.405-2 Restrictions on subcontracting.

The debarring or suspending official shall make determinations under FAR 9.405-2.

509.406 Debarment.

509.406-1 General.

The debarring official shall make determinations under FAR 9.406-1(c).

509.406-3 Procedures.

(a) *Investigation and referral.* (1) Any element of GSA, acting as a contracting activity, that becomes aware of circumstances which may serve as the basis for a debarment shall refer the matter to the debarring official for consideration. Circumstances that involve possible criminal or fraudulent activities must first be reported to the Office of the Inspector General (OIG) in accordance with GSPMR 105.735-216, Reporting Suspected Irregularities. If appropriate, the Inspector General will refer the matter to the debarring official.

(2) At a minimum, referrals for consideration of debarment action should include:

(i) The recommendation and rationale for the referral;

(ii) A statement of facts;

(iii) Copies of documentary evidence and a list of all witnesses, including addresses and telephone numbers, together with a statement concerning their availability to appear at a fact-finding proceeding and the subject matter of their testimony;

(iv) A list of parties including the contractor, principals, and affiliates (including last known home and business addresses, zip codes, and DUNS Number);

(v) GSA's acquisition history with the contractor, including recent experience under contracts and copies of the pertinent contracts;

(vi) A list of any known active or potential criminal investigations, criminal or civil proceedings, or administrative claims before the Board of Contract Appeals; and

(vii) A statement regarding the impact of the debarment action on GSA programs. This statement is not required for referrals by the Inspector General.

(3) Referrals may be returned to the originator for further information or development.

(b) *Decisionmaking process.* (1) Upon receipt of a referral, the debarring official will decide whether to initiate debarment action, after coordinating the matter with assigned legal counsel.

(2) Contracting activities will be notified of proposed debarments.

(3) Where a determination is made not to initiate action, notice will be given to the agency official who made the referral.

(4) If a response to the notice of proposed debarment is not received by the debarring official within 30 calendar days of a party's receipt of the notice, the debarment becomes final.

(5) If the party desires to present information and arguments in person to the debarring official, an oral presentation will be held within 20 calendar days of receipt of the request, unless a longer period of time is requested by the party. The oral presentation will be informally conducted and a transcript need not be made. The party may supplement the oral presentation with written information and arguments.

(6) Upon request, the affected party will be furnished a copy of the administrative record which formed the basis for the decision to propose debarment. If there is a reason to withhold from the party any portion of the record, the party will be notified that a portion of the record is being withheld and will be informed of the reasons for the withholding.

(7) In actions not based on a conviction or judgment, the party may request a fact-finding hearing to resolve a genuine dispute of material fact. The party shall identify the material facts in dispute and the basis for disputing

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the facts. If the debarring official determines that there is a genuine dispute of material fact, the debarring official shall refer the matter to the fact-finding official. The fact-finding official will schedule a hearing within 20 calendar days of receipt of the debarring official's request. Extensions may be granted for good cause upon the request of the party or the agency.

(8) The purpose of a fact-finding hearing is to:

(i) Afford the affected party the opportunity to dispute material facts relating to the proposed debarment through the submission of oral and written evidence;

(ii) Resolve facts in dispute and provide the debarring official with written findings of fact based on a preponderance of evidence; and

(iii) Provide the debarring official with a determination as to whether a cause for debarment exists, based on facts as found.

(9) Hearings will be conducted by the fact-finding official in accordance with rules consistent with FAR 9.406-3(b)(2) promulgated by that official.

(10) The fact-finding official will notify the affected parties of the schedule for the hearing. The fact-finding official shall deliver written findings of fact to the debarring official (together with a transcription of the proceeding, if made) within 20 calendar days after the hearing record closes.

[54 FR 26507, June 23, 1989, as amended at 56 FR 47005, Sept. 17, 1991; 58 FR 26920, May 6, 1993]

509.407 Suspension.

509.407-1 General.

The suspending official shall make determinations under FAR 9.407-1(d).

509.407-3 Procedures.

(a) *Investigation and referral.* The procedures in 509.406-3(a) apply to referrals for suspension.

(b) *Decisionmaking process.* (1) Upon receipt of a referral, the suspending official will decide whether to suspend, after coordinating the matter with assigned legal counsel.

(2) In cases not based on an indictment, the suspending official must, through OIG, coordinate with the De-

partment of Justice, or state prosecutorial authority. On the basis of advice received, the suspending official shall determine whether substantial interests of the Federal or a state government would be impaired in fact-finding.

(3) A response to a suspension notice must be received by the suspending official within 30 calendar days of receipt by the parties to be considered.

(4) When requested, an oral presentation before the suspending official will be conducted as outlined in 509.406-3(b)(5).

(5) Upon request, a copy of the administrative record will be furnished to the affected party under the guidelines set forth at 509.406-3(b)(6).

(6) Fact-finding hearings will not be conducted in actions based on indictments, or in cases in which the suspending official determines pursuant to FAR 9.407-3(b)(2) not to refer a matter to the fact-finding official. A party may request a fact-finding hearing to resolve genuine disputes of material fact in other cases. The party shall identify the material facts in dispute and the basis for disputing the facts. If the suspending official determines that there is a genuine dispute of material fact, the suspending official shall refer the matter to the fact-finding official. The fact-finding official will schedule a hearing within 20 calendar days of receipt of the suspending official's request. Extensions may be requested by the party or the agency.

(7) The purpose of a fact-finding hearing is to:

(i) Afford the affected party the opportunity to dispute facts relating to the suspension action through the submission of oral and written evidence;

(ii) Determine whether, in light of the evidence presented, there is adequate evidence to suspect that the material allegations in the notice are true; and

(iii) Provide the suspending official with a determination as to whether the evidence is adequate to support a cause for suspension. Hearings will be conducted as outlined in 509.406-3(b)(9).

[54 FR 26507, June 23, 1989, as amended at 54 FR 40060, Sept. 29, 1989; 58 FR 26920, May 6, 1993; 58 FR 29254, May 19, 1993]

Subpart 509.5—Organizational Conflicts of Interest

509.503 Waiver.

The Associate Administrator for Acquisition Policy approves requests to waive the general rules or procedures of FAR Subpart 9.5.

509.507 Procedures.

If a potential contractor disagrees with the contracting officer's resolution of a potential organizational conflict of interest (see FAR 9.507(b)(4)), the matter must be referred to the Associate Administrator for Acquisition Policy for a determination.

PART 510—MARKET RESEARCH [RESERVED]

PART 511—DESCRIBING AGENCY NEEDS

Sec.

511.001 Definitions.

511.002 Policy.

Subpart 511.1—Selecting and Developing Requirements Documents

511.103 Market acceptance.

511.170 Use of brand name or equal product descriptions.

Subpart 511.2—Using and Maintaining Requirements Documents

511.204 Solicitation provisions and contract clauses.

Subpart 511.4—Delivery or Performance Schedules

511.401 General.

511.404 Contract clauses.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26511, June 23, 1989, unless otherwise noted.

511.001 Definitions.

Dual systems mean the use of both inch-pound and metric systems. For example, an item is designed, produced, and described in inch-pound values with soft metric values also shown for information or comparison purposes.

Hybrid systems mean the use of both inch-pound and hard metric values in specifications, standards, supplies, and

services; e.g., an engine with internal parts in metric dimensions and external fittings or attachments in inch-pound dimensions.

Metric system means the International System of Units established by the General Conference of Weights and Measures in 1960. The units are listed in Federal Standard 376A, "Preferred Metric Units for General Use by the Federal Government."

Soft metric means the result of mathematical conversion of inch-pound measurements to metric equivalents in specifications, standards, supplies, and services. The physical dimensions are not changed.

Specification Manager means an official of the Federal Supply Service office responsible for Federal or Interim Federal Specifications (or the program office for other than Federal specifications) and for reviewing requests for a deviation from a specification.

[56 FR 2864, Jan. 25, 1991. Redesignated at 61 FR 6165, Feb. 16, 1996]

511.002 Policy.

Consistent with the policy expressed in FAR 11.002(b) and GSA Order ADM 8000.1A, solicitations must include specifications and purchase descriptions stated in metric units of measurement whenever metric is the accepted industry system. If metric is not the accepted industry system, the head of Central Office Services responsible for nationwide programs shall ensure that policies promoting and encouraging the use of soft metric, hybrid, or dual systems are developed, except when to do so would be detrimental to the program mission. Whenever possible, commercially developed metric specifications and internationally or domestically developed voluntary standards using metric measurements must be adopted. While an industry is in transition to metric, solicitations must include specifications and purchase descriptions stated in soft metric, hybrid, or dual systems, except when impractical or inefficient.

[56 FR 33721, July 23, 1991. Redesignated and amended at 61 FR 6165, Feb. 16, 1996]

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Subpart 511.1—Selecting and Developing Requirements Documents

SOURCE: 61 FR 6165, Feb. 16, 1996, unless otherwise noted.

511.103 Market acceptance.

The contracting officer may require offerors to meet market acceptance criteria in accordance with FAR 11.103 when such criteria determined necessary to satisfy the agency's needs.

511.170 Use of brand name or equal product descriptions.

(a) *Policy.* When a “brand name or equal” purchase description is used the purchase description should—

(1) Cite all brand name products known to be acceptable and of current manufacture;

(2) Specify each physical or functional characteristic essential to the intended use of the product including permissible tolerances;

(3) Avoid specifying characteristics that cannot be shown to materially affect the intended end use and which unnecessarily restrict competition; and

(4) Give prospective offerors the opportunity to offer products other than those specifically referenced by brand name, as long as they meet the needs of the Government in essentially the same manner as the brand name product.

(b) *Solicitation provisions.* The solicitation—

(1) May require bid samples for “or equal” offers, but not for “brand name” offers.

(2) Must provide for full consideration and evaluation of “or equal” offers against the salient characteristics specified in the purchase description. Do not reject offers for minor differences in design, construction, or features which do not affect the suitability of the product for its intended use.

(3) Must include the following immediately after the item description—

Offering on:

Manufacturer's Name _____

Brand _____

Model or Part No. _____

(4) Should include the following notice, unless bid samples are required for “or equal” offers, in the item listing after each brand name or equal item (or component part) or at the bottom of each page listing several items:

OFFERORS OFFERING OTHER THAN BRAND NAME ITEMS IDENTIFIED HEREIN MUST PROVIDE ADEQUATE INFORMATION TO ENSURE THAT A DETERMINATION CAN BE MADE AS TO EQUALITY OF THE PRODUCT(S) OFFERED.

(c) *Contract clause.* The contracting officer shall include a clause substantially the same as the clause at 48 CFR 552.211–70, Brand Name or Equal, when a brand name or equal purchase description is used. When component parts or an end item are described by brand name or equal descriptions and application of the clause to some or all of the components is impracticable, either do not use the clause or limit its application to specified components.

Subpart 511.2—Using and Maintaining Requirements Documents

511.204 Solicitation provisions and contract clauses.

(a) The contracting officer shall insert the clause at 48 CFR 552.211–71, Standard References, in solicitations and contracts for construction services when the contract amount is expected to exceed the simplified acquisition threshold and when:

(b) The contracting officer shall insert the clause at 48 CFR 552.211–72, Reference to Specifications in Drawings, in solicitations and contracts citing Federal specifications which contain drawings.

(c) The contracting officer shall include the clause at 48 CFR 552.211–73, Marking, in requirements solicitations and contracts for supplies when deliveries may be made to civilian and military activities and the contract amount is expected to exceed the simplified acquisition threshold. The clause may be used in definite quantity contracts when it is appropriate.

(d) The contracting officers shall insert the clause at 48 CFR 552.211–74, Charges for Marking, in solicitations

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and contracts that include the clause at 48 CFR 552.211-73 or a similar clause.

(e) The contracting officer shall include the clause at 48 CFR 552.211-75, Preservation, Packaging and Packing, in solicitations and contracts for supplies when the contract amount is expected to exceed the simplified acquisition limitation. The contracting officer may include the clause in contracts awarded through simplified acquisition procedures when appropriate.

(f) The contracting officer shall insert a clause substantially the same as the clause at 48 CFR 552.211-76, Charges for Packaging and Packing, in solicitations and contracts for supplies that are to be delivered to GSA distribution centers.

(g) The contracting officer shall include the clause at 48 CFR 552.211-77, Packing List, in solicitations and contracts for supplies, including purchases made using simplified acquisition procedures.

[54 FR 26510, June 23, 1989, as amended at 60 FR 42802, Aug. 17, 1995. Redesignated and amended at 61 FR 6165, Feb. 16, 1996; 61 FR 10846, Mar. 15, 1996]

Subpart 511.4—Delivery or Performance Schedules

SOURCE: 54 FR 26512, June 23, 1989, unless otherwise noted. Redesignated at 61 FR 6166, Feb. 16, 1996.

511.401 General.

(a) Normally, time of delivery in solicitations and contracts, except multiple award schedules, will be stated as “required” time of delivery (or shipment), expressed in specific periods from receipt by the contractor of a notice of award (or receipt of a delivery order). In multiple award schedule solicitations delivery times will usually be stated as “desired” and offerors will indicate a definite number of days for delivery.

(b) The contracting officer must be satisfied that the requisitioning office has justified, in writing, an unusually short time of delivery. This is particularly important where the time specified is so short that it may limit competition and possibly result in higher prices. Examples of justifications are:

(1) Furniture is required to outfit quarters scheduled for occupancy on a specific date;

(2) Construction material is required to meet job progress schedules; and

(3) Supplies are required at a port to meet scheduled ship departures.

(c) When a portion of the total delivery is needed early, the contracting officer should:

(1) Consider requiring that portion by the early date and the balance later; and

(2) Determine whether the portion required early and the balance should be included as separate items in the same solicitation or whether the two portions should be procured separately.

(d) When a solicitation contains a mixture of items that require different times for delivery, the delivery periods should be set forth separately and items with similar delivery time requirements should be grouped according to delivery times in the solicitation.

(e) In negotiations for multiple award schedules, the contracting officer should secure the best possible delivery time regardless of the “desired” delivery time(s) in the solicitation. For example, some offers comply with the Government’s desired delivery time but others cite delivery times which are substantially shorter. The former should be negotiated to bring them in line with the latter. Variable delivery time offers (e.g., 30-90 days) should be negotiated to keep the timespan to a minimum. If the span applies to several items or several quantity breaks for one item, the items or item quantity breaks should be segregated into smaller groups which can be assigned more specific delivery times.

[54 FR 26512, June 23, 1989. Redesignated at 61 FR 6166, Feb. 16, 1996]

511.404 Contract clauses.

(a) *Supply contracts.* The contracting officer shall insert the clause at:

(1) 48 CFR 552.211-1, Time of Delivery, in solicitations and single award schedule contracts for supplies. If it is necessary to show different delivery times for different items or groups of items, use Alternate I.

(2) 48 CFR 552.211-78, Commercial Delivery Schedule (Multiple Award

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Schedule), in solicitations issued and contracts awarded under the multiple award schedule program.

(3) 48 CFR 552.211-79, Acceptable Age of Supplies, or 48 CFR 552.211-80, Age on Delivery, in solicitations and contracts if the contractor will be required to furnish shelf-life items within a specified number of months from the date of manufacture or production of the supplies. (See 101-27.206-2 of the Federal Property Management Regulation.) The Acceptable Age of Supplies clause at 48 CFR 552.211-79 should be used when the required shelf-life period is 12 months or less, and lengthy acceptance testing may be involved. For items having a limited shelf-life, Alternate I to 48 CFR 552.211-79 must be substituted for the basic clause when required by the director of the FSS commodity center concerned. The Age on Delivery clause at 48 CFR 552.211-80 should be used when the required shelf life period is more than 12 months, or when source inspection can be performed within a short time period.

(4) 48 CFR 552.211-81, Time of Shipment, in solicitations and stock replenishment contracts that do not include the Availability for Inspection, Testing and Shipment/Delivery clause at 48 CFR 552.211-83 and require shipment within 45 calendar days after receipt of the order. If shipment is required in more than 45 days, use Alternate I.

(5) 48 CFR 552.211-82, Notice of Shipment, in solicitation and contracts for supplies when it is in the Government's interest to have the contractor furnish a notice of shipment.

(6) 48 CFR 552.211-83, Availability for Inspection, Testing and Shipment/Delivery, in solicitations and contracts that provide for source inspection by Government personnel and that require lengthy testing for which timeframes cannot be determined in advance. If the contract is for stock items, use Alternate I.

(b) *Construction contracts.* The contracting officer shall insert the clause at 48 CFR 552.211-84, Non-compliance with Contract Requirements, in solicitations and contracts for construction when the contract amount is expected

to exceed the simplified acquisition threshold.

[54 FR 26512, June 23, 1989, as amended at 60 FR 42803, Aug. 17, 1995. Redesignated and amended at 61 FR 6166, Feb. 16, 1996; 61 FR 14033, Mar. 29, 1996]

PART 512—ACQUISITION OF COMMERCIAL ITEMS

Subpart 512.2—Special Requirements for the Acquisition of Commercial Items

Sec.

512.203 Procedures for solicitation, evaluation, and award.

512.209 Pricing of commercial items when contracting by negotiation.

Subpart 512.3—Solicitation Provisions and Contract Clauses for the Acquisition of Commercial Items

512.301 Solicitation provisions and contract clauses for the acquisition of commercial items.

512.302 Tailoring of provisions and clauses for the acquisition of commercial items.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26512, June 23, 1989, unless otherwise noted.

Subpart 512.2—Special Requirements for the Acquisition of Commercial Items

SOURCE: 61 FR 6166, Feb. 16, 1996, unless otherwise noted.

512.203 Procedures for solicitation, evaluation, and award.

Contracting officers shall use the policies in FAR Part 12 and 48 CFR Part 512 in conjunction with the policies and procedures for Federal Supply Schedules in FAR Part 38 and 48 CFR Part 538.

512.209 Pricing of commercial items when contracting by negotiation.

When awarding multiple award schedule contracts for commercial items, the policies and procedures in FAR Part 15 and 48 CFR Part 515 shall be used to establish the reasonableness of prices.

Subpart 512.3—Solicitation Provisions and Contract Clauses for the Acquisition of Commercial Items

SOURCE: 61 FR 6166, Feb. 16, 1996, unless otherwise noted.

512.301 Solicitation provisions and contract clauses for the acquisition of commercial items.

(a) *Solicitation provisions/clauses.* The contracting officer shall insert the following provisions or clauses in solicitations for the acquisition of commercial items in accordance with the prescriptions provided:

(1) The provision at 48 CFR 552.212–70, Preparation of Offer (Multiple Award Schedule), in solicitations issued under the multiple award schedule program.

(2) The clause at 48 CFR 552.212–71, Contract Terms and Conditions Applicable to GSA Acquisition of Commercial Items when listed clauses apply and are incorporated by reference. The clause provides for the incorporation by reference of terms and conditions which are, to the maximum extent practicable, consistent with customary commercial practice. The contracting officer may tailor this clause.

(3) The clause at 48 CFR 552.212–72, Contract Terms and Conditions Required to Implement Statutes or Executive Orders Applicable to GSA Acquisitions of Commercial Items when listed clauses apply and are incorporated by reference. The clause provides for the incorporation by reference of terms and conditions which are required to implement provisions of law or executive orders applicable to acquisitions of commercial items.

(4) The provision at 48 CFR 552.212–73, Evaluation—Commercial Items (Mul-

multiple Award Schedule), shall be used instead of FAR 52.212–2 in solicitations issued under the multiple award schedule program.

(b) *Use of required GSAR provisions and clauses.* Notwithstanding prescriptions contained elsewhere in the GSAR (48 CFR Chapter 5), when acquiring commercial items, contracting officers shall be required to use only those provisions and clauses prescribed in this part. The provisions and clauses prescribed in this part shall be revised, as necessary, to reflect the applicability of statutes and executive orders to the acquisition of commercial items.

(c) *Discretionary use of GSAR provisions and clauses.* The contracting officer may include in solicitations and contracts by addendum other GSAR provisions and clauses when their use is consistent with the limitations contained in FAR 12.302(c).

(d) *Use of additional provisions and clauses.* Provisions or clauses that are not prescribed in the FAR or GSAR for use in contracts for commercial items may not be used unless approved by the Senior Procurement Executive (see 48 CFR 502.101) or determined to be consistent with customary commercial practice through market research.

512.302 Tailoring of provisions and clauses for the acquisition of commercial items.

Requests for waivers shall be prepared in accordance with FAR 12.302(c) and submitted for approval by the chief of the contracting office (see 48 CFR 502.101) if an individual contract is involved or by the contracting director (see 48 CFR 502.101) if a class of contracts is involved.

SUBCHAPTER C—CONTRACTING METHODS AND CONTRACT TYPES

PART 513—SIMPLIFIED ACQUISITION PROCEDURES

Subpart 513.1—General

Sec.

513.106 Solicitation competition, evaluation of quotes, and award.

513.106-70 Unusual and compelling urgency procurements.

Subpart 513.2—Blanket Purchase Agreements

513.203 Establishment of Blanket Purchase Agreements.

513.203-1 General.

Subpart 513.3—Fast Payment Procedure

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513.403 Agency responsibilities.

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Subpart 513.5—Purchase Orders

513.505 Purchase order and related forms.

513.505-2 Agency order forms in lieu of Optional Forms 347 and 348.

513.505-3 Standard Form 44, Purchase Order-Invoice-Voucher.

513.505-70 Two-party contract forms.

Subpart 513.70—Certified Invoice Procedure

513.7001 Certified invoice procedure for procurements not requiring a written purchase order.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26512, June 23, 1989, unless otherwise noted.

Subpart 513.1—General

513.106 Solicitation competition, evaluation of quotes, and award.

(a) *Oral solicitation.* When quotations are being solicited orally and the Service Contract Act applies information on the Act and the applicable wage determination must be communicated to potential contractors.

(b) *Data to support simplified acquisitions.* (1) The GSA Form 2010, Small

Purchase Tabulation Source List/Abstract, is available for use to document written and oral quotations for purchases in excess of \$2,500.

(2) When quotes or offers are being evaluated based on price alone and other than the lowest quotation is selected for award, the basis for rejecting any lower quotation should be documented.

[60 FR 42803, Aug. 17, 1995]

513.106-70 Unusual and compelling urgency procurements.

When a procurement is of unusual and compelling urgency, competition may be solicited by having prospective sources visit the site together, orally informing them of the exact requirements, and requesting them to prepare quotations while written specifications are being prepared for inclusion in the contract. Unusual and compelling urgency, as used in this subsection, includes situations which, if not corrected immediately, will result in unnecessary expenditure of funds, property damage, personal injury, or interruption of agency functions.

Subpart 513.2—Blanket Purchase Agreements

513.203 Establishment of Blanket Purchase Agreements.

513.203-1 General.

(a) *Document preparation.* Blanket purchase agreements (BPA's) must be prepared on a purchase order form or on a GSA Form 3521, Blanket Purchase Agreement.

(b) *Terms and conditions.* Each blanket purchase agreement should, when appropriate, specify the geographic area to be served under the BPA.

(c) *Placing orders under the BPA.* Only the contracting officer (CO) or officials authorized by a CO and designated in the BPA are authorized to place orders under the BPA. The GSA Form 2877, Non-Depot Item Requisition / Order / Receiving / Payment Record, is authorized for use by the Federal Supply

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Service in placing orders against BPA's for customer supply center items that are not available from Government supply depots. Before placing orders against the BPA, each requirement must be screened for availability from mandatory sources of supply. Necessary controls must be maintained by the person placing orders under the BPA to ensure that any limitation stated therein is not exceeded. The BPA number and purchase number should be specified each time an order is placed.

(d) *Delivery or service tickets.* Each delivery ticket, in addition to the requirements of FAR 13.203-1(j)(6), must contain the name of the person placing the order. The delivery ticket must be signed and dated by the individual receiving the items or services. The supplier and the receiving office must retain a copy of the delivery ticket.

(e) *Invoicing.* If a supplier will not accept one of the invoicing statements outlined in FAR 13.203-1(j)(7), the contracting officer is authorized to deviate from FAR 13.203(j)(7) in order to permit the submission and payment of invoices for each delivery under the BPA. Before authorizing submission and payment of invoices for individual deliveries, the contracting officer must make every effort to get the supplier to accept one of the FAR invoicing statements. The BPA file must document the contracting officer's efforts and the supplier's refusal to accept the FAR invoicing statements.

(f) *Processing invoices.* Invoices must be time-stamped by the designated billing office to indicate the date of receipt. Invoices received by ordering offices must be forwarded to the appropriate Finance Division for payment within 5 workdays of receipt of the invoice or acceptance of the supplies or services, whichever is later, unless the BPA provides for the accumulation of invoices as outlined in FAR 13.203-1(j)(7)(iii). If the BPA provides for accumulation of invoices by the ordering office for a specified period, the ordering office must forward the accumulated invoices to the appropriate Finance Division for payment within 5 workdays after the specified period for accumulation. All invoices should be

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marked to indicate that purchases were made under a BPA.

Subpart 513.3—Fast Payment Procedure

513.301 General.

The fast payment procedure is not authorized for use by GSA contracting activities.

Subpart 513.4—Imprest Fund

513.403 Agency responsibilities.

Imprest fund cashiers must be designated and will function in accordance with HB, Accounting Users Guide—Imprest Fund and Travelers Checks (COM P 4268.1) and FAR Subpart 13.4.

513.404 Conditions for use.

The per transaction limitation for cash payments made through imprest funds is \$500 (\$600 for emergency disbursements by imprest fund cashiers in Alaska).

513.405 Procedures.

The SF 1164, Claim for Reimbursement for Expenditures on Official Business, or SF 1165, Receipt for Cash—Subvoucher, will serve as the authorized purchase requisition for purchases made by offices maintaining their own imprest funds, e.g., Public Buildings Service Field Offices. Purchase requisitions such as the GSA Form 49, Requisition/Procurement Request for Equipment, Supplies or Services, may be used if required by contracting activity directives. If the GSA Form 49 is used, it must be endorsed "Payment to be made from imprest fund."

Subpart 513.5—Purchase Orders

513.505 Purchase order and related forms.

513.505-2 Agency order forms in lieu of Optional Forms 347 and 348.

(a) Unless another form is prescribed, the GSA Form 300 or 300-1 (pin-feed format), Order for Supplies and Services, must be used instead of the OF 347, Order for Supplies or Services, when making purchases payable through the National Electronic Accounting and

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Reporting (NEAR) System. The forms may also be used to make other purchases when a specific form is not prescribed or as a delivery order to place orders under established contracts. The GSA Form 300 must be prepared and processed in accordance with the instructions at 553.370-300-I. GSA Form 300A or 300-A(1) (pin-feed format), order for Supplies or Services (continuation), is available for use with GSA Form 300 or 300-1.

(b) The GSA Form 1458, Motor Vehicle Shop Work Order, Repair and Purchase Order, must be used instead of the OF 347 when making purchases in connection with the maintenance, servicing or repair of GSA fleet management vehicles.

(c) The GSA Form 3186, Order for Supplies or Services, GSA Form 3186A, Order for Supplies or Services, or GSA Form 3186B, Order for Supplies or Services (EDI), must be used instead of the OF 347, Order for Supplies or Services, when making simplified acquisitions or placing delivery orders against established contracts through the FSS-19 system. The GSA Form 3186 must be used when generating orders against established contracts that will be mailed to contractors. The GSA Form 3186A must be used when orders, utilizing simplified acquisition procedures, will be mailed to the contractors. The GSA Form 3186B must be generated and placed in the file to document delivery orders and purchase orders transmitted to contractors electronically using Electronic Data Interchange (EDI) procedures. The GSA Form 3186C, Purchase Order Notice, or electronic equivalent, simultaneously will be generated by FSS-19 to provide summary data from the order to the consignee and the freight forwarder (if designated).

(d) GSA Form 8002, Motor Vehicle Delivery Order, is used to order fleet management vehicles. This form is not intended for use as a purchase order for simplified acquisitions and does not include provisions and clauses on the reverse.

[54 FR 26512, June 23, 1989, as amended at 57 FR 7555, Mar. 3, 1992; 60 FR 42803, Aug. 17, 1995]

513.505-3 Standard Form 44, Purchase Order-Invoice-Voucher.

(a) *General.* Use of the Standard Form 44 will not serve the best interest of either the Government or business when the accounting system of the seller requires production of an invoice as a matter of routine. In these cases, other authorized methods of making simplified acquisitions should be used. Whenever possible, preference should be given to the use of Governmentwide commercial purchase card.

(b) *Issuance of books from stock.* SF 44 books will be issued to contracting directors or their designees. Contracting directors are responsible for the custody and issuance of books to the users.

[54 FR 26502, June 23, 1989, as amended at 60 FR 42803, Aug. 17, 1995]

513.505-70 Two-party contract forms.

When a determination is made that it is in the Government's interest to negotiate a two-party contract (see FAR 13.104(f)) for services, Standard Form 1447, Solicitation Contract, may be used.

[60 FR 42803, Aug. 17, 1995]

Subpart 513.70—Certified Invoice Procedure

513.7001 Certified invoice procedure for procurements not requiring a written purchase order.

(a) When advantageous to the Government, supplies or services may be acquired on the open market from local suppliers using vendors' invoices instead of purchase orders. Certified invoice procedures may not be used to place orders under established contracts unless authorized in the contract.

(b) Such purchases must comply with FAR Part 13 and Part 513, subject to the following:

(1) The amount of any one purchase is \$2,000 or less for construction services and \$2,500 or less for supplies or service other than construction.

(2) A purchase order is not required by either the supplier or the Government.

(3) The supplier does not accept the Government commercial purchase card

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or the individual making the purchase does not have a purchase card.

(4) Appropriate invoices can be obtained from the supplier.

(c) For special rules governing purchases of hand and measuring tools and stainless steel flatware see 525.105-70 and 525.105-71.

(d) Use of the certified invoice procedure does not eliminate the requirements to:

(1) Verifying price reasonableness in accordance with the conditions contained in FAR 13.603.

(2) Certify that the quality and quantity of items/services furnished are in accordance with the verbal agreement made with the vendor;

(e) Quotations may be solicited by authorized personnel without contracting officer warrants. Placement of any orders must be approved in advance by a contracting officer. The approval shall be in writing unless geographic distances make it impracticable to obtain a written approval on the GSA Form 2010 or other documentation. In those cases telephonic approval may be obtained and a notation of the approval recorded.

(f) Contracting officers using this purchasing technique shall require the suppliers to immediately submit properly prepared invoices which itemize property or services furnished.

(g) Upon receiving the invoice, the receiving office shall time-stamp the invoice to indicate the date the invoice is received, verify the accuracy of the invoiced amount, and verify that the supplies and/or services have been received and accepted. The contracting officer or a designated representative shall obtain a certification of receipt and acceptance from the individual that actually inspected and accepted the supplies and/or services before certifying the invoice and forwarding to the appropriate Finance Division for payment. Supplies and/or services should be inspected and accepted or rejected within 7 calendar days of delivery/completion. The invoice must be forwarded to the appropriate Finance Division for payment within 5 workdays after receipt of the invoice or acceptance of the supplies and/or services, whichever is later. Before forwarding the invoice to Finance, the

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contracting officer shall stamp it with the Certified Invoice Stamp, complete the accounting information, type of business (corporation, sole proprietorship/partnership, or other), and certification, and affix the ACT number label. If a Certified Invoice Stamp is not available, place the following statement on the invoice along with the ACT number label, accounting information and the type of business. (Note: In some organizations, the ACT number label is affixed by a budget or executive office within the service or staff office.)

“I certify that these goods and/or services were received on [Date] and accepted on [Date]. An oral purchase was authorized and no confirming order has been issued.”

Signature of Contracting/Ordering Officer

Print name and telephone No.

Date Invoice received _____

[54 FR 26512, June 23, 1989, as amended at 56 FR 47005, Sept. 17, 1991; 57 FR 26609, June 15, 1992; 60 FR 42803, Aug. 17, 1995]

PART 514—SEALED BIDDING

Subpart 514.2—Solicitation of Bids

Sec.

514.201 Preparation of invitations for bids.

514.201-1 Uniform contract format.

514.201-2 Part I—The Schedule.

514.201-6 Solicitation provisions.

514.201-7 Contract clauses.

514.201-70 GSA forms.

514.201-71 Request for brand name information limitation.

514.202 General rules for solicitation of bids.

514.202-4 Bid samples.

514.202-7 Facsimile bids.

514.203 Methods of soliciting bids.

514.203-1 Transmittal to prospective bidders.

514.204 Records of invitations for bids and records of bids.

514.205 Solicitation mailing lists.

514.205-1 Establishment of lists.

514.211 Release of acquisition information.

514.213 Annual submission of representations and certifications.

514.270 Bid acceptance period.

514.271 Aggregate awards.

514.271-1 General.

514.271-2 Weighting of items for aggregate award.

514.271-3 Grouping of line items for aggregate award.

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- 514.272 Price list method.
- 514.272-1 Supply contracts.
- 514.272-2 Repair and alteration contracts.

Subpart 514.3—Submission of Bids

- 514.301 Responsiveness of bids.
- 514.303 Modification or withdrawal of bids.
- 514.304 Late bids, late modifications of bids, or late withdrawal of bids.
- 514.304-1 General.
- 514.370 Copies of bids required in submission.

Subpart 514.4—Opening of bids and Award of Contract

- 514.401 Receipt and safeguarding of bids.
- 514.402 Opening of bids.
- 514.402-1 Unclassified bids.
- 514.403 Recording of bids.
- 514.404 Rejection of bids.
- 514.404-1 Cancellation of invitations after opening.
- 514.404-2 Rejection of individual bids.
- 514.405 Minor informalities or irregularities in bids.
- 514.407 Mistakes in bids.
- 514.407-3 Other mistakes disclosed before award.
- 514.407-4 Mistakes after award.
- 514.407-7 Documentation of award.
- 514.408 Award.
- 514.408-1 General.
- 514.408-6 Equal low bids.
- 514.408-70 Preaward inquiries.
- 514.408-71 Awards involving related cases referred to higher authority.
- 514.408-72 Forms for recommending award(s) (Supplies and services).
- 514.409 Information to bidders.
- 514.409-1 Award of unclassified contracts.
- 514.409-70 Restriction on disclosure of inspection or test data.
- 514.471 Multiple bidding.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26514, June 23, 1989, unless otherwise noted.

Subpart 514.2—Solicitation of Bids

514.201 Preparation of invitations for bids.

See 514.270 for information on specifying a minimum bid acceptance period.

514.201-1 Uniform contract format.

All solicitations must include the following notice:

The information collection requirements contained in this solicitation/contract, that are not required by regulation, have been approved by the Office of Management and

Budget pursuant to the Paperwork Reduction Act and assigned OMB Control No. 3090-0163.

514.201-2 Part I—The Schedule.

Solicitations that include the Standard Form 33, Solicitation, Offer and Award, should include the following cautionary notice:

Offerors are reminded that block 13 of the Standard Form 33, Solicitation, Offer and Award, is to be used to offer prompt payment discounts. Payment terms are set forth in the Prompt Payment clause of this solicitation. Offerors are cautioned against inserting any statement in block 13 which indicates that payment is due sooner than the time stipulated in the Prompt Payment clause.

EXAMPLE: Inserting “NET 20” in block 13 will cause the offer to be rejected as non-responsive because the entry would be contrary to the 30 day payment terms specified in the Prompt Payment clause.

514.201-6 Solicitation provisions.

(a) The contracting officer shall insert the provision at 552.214-73, “All or None” Offers, in solicitations when all or none offers are considered. Alternate I should be used in requirements or indefinite quantity contracts. This provision must not be included in solicitations when the Government requires the bidder to submit bids on all items and will make only one award.

(b) The contracting officer may include the notice at 552.214-74, Solicitation Copies, in solicitations when it is necessary to reduce costs of printing solicitations.

514.201-7 Contract clauses.

(a) The contracting officer shall insert a clause substantially the same as the clause at 552.214-75, Progressive Awards and Monthly Quantity Allocations, in solicitations for stock replenishment contracts when it is determined that individual contractors may be unable to furnish the Government’s monthly requirements and that it will be expedient to make progressive awards.

(b) The contracting officer shall insert the clause at 552.215-70, Examination of Records by GSA, in solicitations and contracts that (1) involve the use or disposition of Government-furnished property, (2) provide for advance payments, progress payments based on

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cost, or guaranteed loans, (3) contain a price warranty or price reduction clause, (4) contain an economic price adjustment clause, (5) are requirements, indefinite quantity or letter type contracts as defined in FAR Part 16, or (6) contain the provision at FAR 52.223-4, Recovered Materials Certification. The contracting officer may modify the clause to define the specific area of audit (e.g., the use or disposition of Government furnished property). Legal Counsel and the Assistant Inspector General-Auditing or Regional Inspector General-Auditing, as appropriate, must concur in any modifications to the clause.

514.201-70 GSA forms.

The GSA Form 1602, Notice Concerning Solicitation, may be used to:

- (a) Describe the type of contract, the duration of the contract, and the type of supplies or services being procured;
- (b) Direct the attention of prospective offerors to special requirements which if overlooked, may result in rejection of the offer;
- (c) Highlight significant changes from previous solicitations covering the same supplies and services; and
- (d) Include other special notices as appropriate.

[61 FR 6167, Feb. 16, 1996]

514.201-71 Request for brand name information limitation.

When an item is described in a solicitation by a formal specification or a detailed purchase description (other than a brand name or equal purchase description), the solicitation may not require or request that bidders specify the brand names of the products offered. However, brand name information may be requested when—

- (a) Descriptive literature for items is requested in accordance with FAR 14.202-5.
- (b) First article testing is required.
- (c) The procurement is for qualified products.

514.202 General rules for solicitation of bids.

514.202-4 Bid samples.

- (a) *Solicitation requirements.* (1) When a determination is made to require bid-

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ders to submit bid samples, the solicitation must include a provision incorporating the provision at FAR 52.214-20 and containing the information in FAR 14.202-4(e) and must require:

- (i) Samples be from the production of the manufacturer whose products will be furnished under the resultant contract; and

- (ii) Bidders use GSA Form 434, Sample Record Sheet, copies of which will be furnished with each solicitation.

- (2) If a determination is made that bidders will be permitted to reapply samples furnished under a previous solicitation, FAR 52.214-20, Alternate II, shall be used.

- (3) In addition to subjective characteristics of bid samples, objective characteristics may be used when it has been determined, on the basis of past experience or other valid considerations, that examination of such characteristics is necessary to determine the responsiveness of the bid. When both types of characteristics are listed in the solicitation, they must be listed separately under the headings "Subjective Characteristics" and "Objective Characteristics."

- (4) Because of variations in circumstances and differences in commodities, no standard provision can be prescribed for use in all solicitations. The provision at 552.214-76, Bid Sample Requirements, is provided as an example and may be used in solicitations as shown or modified to fit the circumstances of the procurement.

- (b) *Handling and disposition of samples.*

- (1)(i) Samples held during the period of contract performance may be disposed of after deliveries are completed and Government acceptance has occurred, in accordance with the instructions indicated on GSA Form 434.

- (ii) If the contracting officer anticipates that there may be a future claim regarding a contract, the bid samples must be retained until the claim is resolved.

- (2) All other bid samples should be held until awards are made and then disposed of in accordance with instructions indicated on GSA Form 434.

514.202-7 Facsimile bids.

Contracting officers may authorize facsimile bids (see FAR 14.201-6(w))

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after considering factors outlined in FAR 14.202-7, provided that facsimile equipment is available in the office designated to receive bids, and procedures and controls have been established for receiving and safeguarding incoming bids.

[55 FR 20458, May 17, 1990]

514.203 Methods of soliciting bids.

514.203-1 Transmittal to prospective bidders.

(a) Prospective bidders, as used in FAR 14.203-1, include the incumbent contractor (except when its written response to the contracting activity's notice of contract action under FAR subpart 5.2 states a negative interest) and should include bidders that responded to recent solicitations for the same or similar items. Names should be checked against the bidders' mailing list and added if not already listed.

(b) Contracting officers shall ensure that all amendments to solicitations and related notices are furnished promptly to every addressee previously furnished a solicitation.

[54 FR 26514, June 23, 1989, as amended at 56 FR 47005, Sept. 17, 1991; 60 FR 42803, Aug. 17, 1995]

514.204 Records of invitations for bids and records of bids.

The contracting officer shall obtain from the Business Service Center (BSC) and include in the file the names and addresses of firms to whom the BSC furnished solicitations. Contracting officers shall furnish these firms with applicable amendments or supply the BSC with amendments for distribution.

514.205 Solicitation mailing lists.

514.205-1 Establishment of lists.

(a) Contracting officers within the Federal Supply Service (FSS) should use the computerized central solicitation mailing list maintained by Region 7 for supplies and services for all procurements expected to exceed the simplified acquisition threshold. Other GSA contracting activities may maintain local lists. Contracting activities that maintain local mailing lists must inform the BSC of the list and provide related information regarding the list.

(b) Inquiries from or for business firms requesting inclusion on solicitation mailing lists should be referred to the BSC serving the geographic areas in which the firms are located. The BSC will assist firms to be included on the proper GSA mailing lists and will provide application forms and related information.

[54 FR 26514, June 23, 1989, as amended at 60 FR 42803, Aug. 17, 1995]

514.211 Release of acquisition information.

Before award, access to information concerning the Government cost estimate is limited to Government personnel whose official duties require knowledge of the estimate. After award, the total amount of the Government estimate may be revealed, upon request. The basis for calculating the estimate may not be released at any time.

514.213 Annual submission of representations and certifications.

The Commissioners of the Federal Supply Service, Information Resources Management Service, and the Public Buildings Service may establish procedures for contracting activities in their respective organizations and assign responsibility within contracting activities for centrally requesting, receiving, storing, verifying and updating offerors' annual submissions.

[55 FR 20458, May 17, 1990]

514.270 Bid acceptance period.

(a) The 60-day period stipulated in the parenthetical statement in Item 12 of the Standard Form 33, Solicitation, Offer and Award, is neither a "standard" nor a request to bidders to allow such period.

(b) The contracting officer may specify a different minimum bid acceptance period and/or permit a bidder to insert a number of calendar days after bid opening, during which its bid is valid.

(c) When specifying a minimum bid acceptance period, the contracting officer shall:

(1) Insert in solicitations the provision at 552.214-16, Minimum Bid Acceptance Period, instead of the provision at FAR 52.214-16, and

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(2) Mark Item 12 of SF 33 as follows to preclude a bidder from inadvertently rendering its bid nonresponsive by inserting a figure less than that stipulated by the Government in 552.214-16(c).

NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214.16, Minimum Bid Acceptance Period.

12. In compliance with the above, the undersigned agrees, if this offer is accepted within N/A* calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule. *See Provision 552.214-16.

514.271 Aggregate awards.

514.271-1 General.

(a) *Definition.* “Aggregate award” means an arrangement, stipulated by the Government in the solicitation, whereby two or more separately-priced line items are combined for award to that bidder whose offer will result in the lowest overall cost to the Government for all of the line items within the group, without regard to whether the prices offered by the bidder are low on each item within the group. (See also the definition of a “line item” in FAR 3.302.)

(b) *Justification for use.* (1) While ordinarily prices are solicited on an individual line item basis, it sometimes may be in the Government’s best interest to combine two or more line items for an aggregate award such as when—

(i) Uniformity of design, style, and finish is desired, as in the acquisition of suites of household furniture;

(ii) The articles being acquired will be assembled and used as a unit, and may not be interchangeable if acquired from different manufacturers;

(iii) The demand for certain articles is large, but the demand for other similar articles is not sufficient to attract competitive bids unless awarded in conjunction with the high-demand articles (e.g., various sizes of socket wrenches);

(iv) One location (delivery point) has a large requirement, and another location has a requirement that is too

small to individually attract competitive bids; or

(v) It is impractical to award and administer numerous small contracts for similar articles or services.

(2) Before deciding to combine items for aggregate award, the contracting officer shall include in the contract file the rationale for establishing an aggregate award formula, which must:

(i) Address the capability of bidders to furnish the types and quantities of supplies or services in the aggregate as well as the impact on bidders if different delivery points are grouped; and

(ii) Be capable of accurately projecting the lowest overall cost to the Government.

(3) Line items may not be grouped for award on an aggregate basis when it would:

(i) Preclude a significant number of firms from bidding due to an inability to provide all the types or quantities of supplies or services or to make deliveries to the various delivery points included in the prospective aggregate group; or

(ii) Increase overall prices to the Government by restricting significantly the number of eligible bidders for any other reason (see also 514.271-3).

(4) To determine the lowest cost on an aggregate group of items, it is necessary to extend unit prices by accurate weight factors calculated to reflect the true or proportionate quantities that will be purchased under a resultant contract (see 514.271-2). If weight factors must be based upon unreliable or conjectural information, or where reliable estimates on anticipated quantities are not available, the price list method described in 514.272 should be considered.

(5) If accurate weight factors and pre-established list prices are not available, an aggregate award formula should not be used because it could result in unbalanced bids and/or award could not be assured to result in the lowest overall cost to the Government.

(c) *Evaluation factors for award.* When items will be awarded on an aggregate basis, the solicitation must clearly state the basis on which bids will be evaluated.

(1) If weight factors are used, bidders shall be required to submit a price on

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each item within the group with award to be made to the responsive and responsible bidder whose computed overall price for the aggregate group of items is actually the lowest or can accurately be projected to result in the lowest overall cost to the Government. Failure to submit a price on each item within a group will make the bid ineligible for award with regard to that group of items.

(2) If the price method is used, bidders shall be required to express prices as a percentage to be added to or subtracted from the list price for each group of items with award to be made to the responsive and responsible bidder whose percentage factor produces the most favorable price to the Government.

514.271-2 Weighting of items for aggregate award.

(a) Unless the same weight factor is applicable to all line items in the aggregate group, accurate weight factors are essential for determining which bid would result in the lowest overall cost to the Government for the aggregate group.

(b) While the phrase “lowest overall cost to the Government” is used in this regulation, it is not always necessary that an aggregate award formula be capable of projecting actual cost. It is sufficient if the relative proportionate cost between line items within the aggregate group can be projected accurately, i.e., actual quantities may not be available, but ratios of the requirements within the line items in the aggregate group are available.

(c) Estimated quantities that apply to indefinite quantity or requirements contracts may be reduced to smaller numbers by a common denominator to facilitate the computations involved in evaluating bids, if doing so does not sacrifice precision.

(d) Actual purchase quantities will be used as weight factors for definite quantity acquisitions because a bidder might include two or more aggregate groups, or an aggregate group and various individual line items, under an “all or none” qualification. Proportionate weight factors must not be used in the evaluation process where

“all or none” qualifications are permitted.

(e) Weight factors may not be based on the estimated dollar value of purchases. If the dollar value of previous purchases is the only information available, and there is no recourse but to make award on an aggregate basis, the value of previous purchases must be converted to quantities for the purpose of establishing weight factors (i.e., divide total purchases of each item by the unit price to determine number of units purchased).

514.271-3 Grouping of line items for aggregate award.

(a) *General.* While paragraphs (b) and (c) pertain to supply contracts (articles and delivery points), the same principles apply to service contracts (types of services and service areas).

(b) *Grouping of different articles.* Only related articles, normally manufactured or produced by a majority of prospective bidders, should be included in an aggregate group. The grouping of unrelated articles usually is contrary to 514.271-1(b)(3).

(c) *Grouping of geographic locations or delivery point.* The contracting officer should consider the following guidelines before deciding to group different geographic locations or delivery points for aggregate award:

(1) If different delivery points have sufficient requirements so that individual shipments to each point will involve not only economic production runs, but carload or truckload quantities, these points should be listed as separate line items.

(2) The types of bidders (i.e., small or large firms, manufacturers or distributors, etc.) responding to previous solicitations are an important consideration. For example, if previous bidders are distributors having franchises within certain territories, the grouping of different territories would tend to restrict competition.

(3) The impact of transportation costs on competition and pricing, since transportation costs may constitute a significant portion of the total delivered cost. Depending upon the supplies being acquired:

(i) Grouping widespread geographic locations or delivery points may reduce

competition and/or result in higher prices due to the loss of "area pricing" advantages when a potential supplier has a single production point.

(ii) Conversely, for many smaller commercial items (hand tools, locks, etc.) manufacturers may quote the same price for delivery anywhere in the U.S.

(iii) Contracting officers should obtain the advice and assistance of transportation specialists before grouping geographic locations or delivery points, to include information regarding the location of tariff boundaries.

514.272 Price list method.

(a) *General.* The price list method may be used to avoid unbalanced bidding in requirements and indefinite quantity/indefinite delivery contracts when aggregate awards will be made and accurate estimates of anticipated quantities are unavailable. This method utilizes pre-established list prices for acquiring groups of similar items, services, or repairs and alterations. The following elements of the price list method must be included in the solicitation:

(1) A pre-established price list.

(2) An estimate of requirements, if available.

(3) A requirement that a bidder express its price as "net" or as a percentage added to or subtracted from the list prices for each group.

(4) The percentage factor in (a)(3) of this section is a price related factor, which must be identified in Section M of the Uniform Contract Format.

(b) *Development of pre-established list prices.* (1) Pre-established list prices may be developed by one or more of the following methods:

(i) Industry published prices.

(ii) Industry surveys.

(iii) Government cost estimates based upon knowledge of the supplies

or services to be grouped and previous contract prices.

(2) When proposed list prices will be used for the first time, prospective bidders should be given an opportunity to review the proposed list and furnished information on how the list prices will be used. Copies of the draft solicitation may be provided.

(3) The contracting officer must ensure that items are properly grouped and that the list prices for the grouped items bear a reasonable and balanced relationship to one another. Before using prices resulting from awards made under the weighted item method to develop price lists, those prices must be reviewed to ensure that they did not result from unbalanced bidding.

514.272-1 Supply contracts.

(a) Estimated requirements for each item in a group or for the entire group must be shown in the solicitation. For contracts for store stock items, estimated quantities should be shown only if estimates of demand for each item within a group can be derived from Government records (or verified contractor sales reports). All the estimates must be current. If the Government's needs cannot be estimated, the solicitation may include past orders. (See CG Decision, B-209037, 82-2 CPD para 323 (1982).)

(b) The bidding schedule must clearly state that bidders must quote only one percentage factor for each group, which must be expressed as either "net" or as a deduction from or an addition to the listed prices.

(c) The following illustrates a bidding schedule arrangement for a group of items for aggregate award under the price list method:

Drills, Twist, High Speed, under Federal Specification (dated _____) and Amendment _____ (dated _____), Wire gauge sizes, straight shank, shortlength, Type C:

Item No.	National stock No.	Drill size	Est. quantity	Unit	List price
Group 1 (Items 1 through 5)					
1	5133-00-189-9246	1	2,800	Package	\$11.16
2	5133-00-189-9247	2	2,400	Package	11.16
3	5133-00-189-9248	3	2,800	Package	10.44
4	5133-00-189-9249	4	1,600	Package	10.80
5	5133-00-189-9250	5	2,000	Package	10.80

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The bid on each item above is the list price shown minus/plus _____ percent. (Bidder, insert “net” or a single percentage amount in the blank space and cross out minus or plus, as appropriate.)

514.272-2 Repair and alteration contracts.

(a) The solicitation shall:

(1) Contain a statement indicating the percentage of work anticipated to be performed during normal working hours;

(2) Define “normal” in terms of hours and days of the week; and

(3) List the quantities, if available, and unit prices for work performed during both normal working hours and outside of normal working hours.

(b) *Instructions, conditions, and notices to bidders.* (1)(i) Bidders should be advised of the previous year’s total expenditures or portions of that total attributable to the listed items.

(ii) When estimates are provided, the solicitation must state that the quantity estimates are furnished for information only and are not to be construed as guarantees or commitments to order items under the contract.

(2) Bidders shall be instructed to quote two or more percentage factors to be applied as specified in (b)(2) (i) and (ii), of this section. The percentage factor(s) must be expressed as “net,” or as an addition to or subtraction from the applicable unit prices.

(i) For the line item unit prices listed in the solicitation, two percentage factors must be solicited: one to be applied to the unit prices for the percentage of work performed during normal working hours and the second to be applied to the unit prices for the percentage of work performed outside of normal working hours.

(ii) When unit prices are further grouped by trade or business category, multiple percentages may be required.

(c) *Evaluation factors for award.* (1) When two percentage factors are solicited under (b)(2)(ii) of this section, the evaluated bid price is the sum of the percentage of work performed—

(i) During normal work hours multiplied by the Government’s total estimate adjusted by the bidder’s percentage factor for that portion of the work, and

(ii) During other than normal working hours multiplied by the Government’s total estimate adjusted by the bidder’s percentage factor for that portion of the work.

(2) Award must be made to the responsible and responsive bidder submitting the lowest evaluated bid price.

(3) When additional evaluation factors such as options are used, they must be identified in the solicitation.

Subpart 514.3—Submission of Bids

514.301 Responsiveness of bids.

514.303 Modification or withdrawal of bids.

(a) When a telegraphic modification or withdrawal of a bid is received by telephone under the circumstances in FAR 14.303, the identity of the telegraph office employee telephoning the message should be obtained and recorded in the solicitation file.

(b) The receipt required by FAR 14.303(b) for withdrawal of a bid in person should be worded as follows:

I certify as a bona fide, agent for or representative of (Bidder’s name and address), I am authorized to withdraw the bid on IFB No. _____ scheduled for opening on _____ and hereby acknowledge receipt of the unopened bid.

(Name and telephone no.)

(Date)

514.304 Late bids, late modifications of bids, or late withdrawal of bids.

514.304-1 General.

Upon receipt of a late bid, the bid custodian should record it on the duplicate copy of the list of bidders and immediately notify the responsible contracting officer that the bid has been received. The contracting officer will arrange for the bid to be picked up or delivered.

514.370 Copies of bids required in submission.

Bids must be submitted in an original and at least one copy. The original will be used by the contracting activity for the tabulation of bids. The copy will be retained by the BSC for public information until the bid abstract is

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available to replace it. Supplemental financial forms or other information submitted with a bid, must be retained by the contracting activity and must not be retained by the BSC for public information. These requirements do not apply to bids transmitted and received through an electronic commerce method authorized by the solicitation.

[54 FR 26514, June 23, 1989, as amended at 60 FR 42803, Aug. 17, 1995]

Subpart 514.4—Opening of Bids and Award of Contract

514.401 Receipt and safeguarding of bids.

(a) Except as otherwise provided in paragraph (c), bids and modifications must be received and safeguarded by the appropriate BSC until the time specified for opening. Bids received should be handled as follows:

(1) At the initial point of receipt, each envelope (or other covering) received by mail and identified as containing a bid should be immediately time-stamped or indicated thereon the place, date, and time of receipt by authorized personnel. Then the bid(s) should be delivered by special handling to the bid custodian in the Business Service Center.

(2) Mailed bids and modifications delivered to the bid custodian before bid opening time should be recorded on the bidder's list on the same day they are delivered and then placed in a suitable locked cabinet.

(3) Hand-carried bids delivered before bid opening time should be deposited in the locked bid box. In the event a hand-carried bid is not placed in the bid box by the bidder, but is handed to the bid custodian or other GSA employee, it should be time stamped immediately and then handled in the same manner as provided for mailed bids. At least once daily (and immediately preceding the time for each scheduled bid opening), the bid custodian should remove and time stamp the bids, record them and place them with any other bids previously received.

(4) Telegraphic or facsimile bid, if authorized, and modifications must be sealed in envelopes immediately upon receipt, appropriately identified, and

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handled in the same manner as bids submitted by mail.

(5) For each invitation, the bid custodian will prepare a list indicating the invitation number and listing on the GSA Form 1378, Record of, and Receipt for, Bids and Responses, or the appropriate bid abstract form, the name and address of all responses, including any bid modification, received before bid opening time. When a bid previously recorded on this list is withdrawn, the list will so indicate.

(b) At the scheduled bid opening time, the bid custodian will deliver all bids received in response to the invitation, together with the original and one copy of the GSA Form 1378, Record of, and Receipt for, Bids and Responses, or other appropriate bid list to the authorized bid opening official or designee, who will acknowledge receipt of the bids by signing the duplicate copy of the form and returning it to the bid custodian. The original list becomes part of the contract file.

(c) Business Service Center Directors may designate an individual(s) working at a PBS Facility Support Center or Enhanced Field Office as a bid custodian, provided: (1) Adequate space and facilities are available within the Facility Support Center or Enhanced Field Office, (2) the individual(s) has been trained and (3) the Facility Support Center or Enhanced Field Office has a Small Business Technical Advisor. If such designations are made, the designated bid custodian must submit monthly reports to the BSC Director for forwarding to the Office of Small and Disadvantaged Business Utilization (AU).

514.402 Opening of bids.

514.402–1 Unclassified bids.

(a) Public bid openings will be held in the BSC when the BSC is the bid custodian. When the bid opening will be held elsewhere, the contracting officer shall inform the BSC serving the geographic area in which the contracting office is located of the invitation number and the location where the public bid opening will be held.

(b) The assistant bid opening officer shall be a qualified employee of the contracting office. Upon authorization

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by the HCA and the Associate Administrator for Enterprise Development in Central Office or the Director of the Business Service Center in the region, bids may be opened by selected BSC personnel. Normally, this authorization will be requested only when the geographic distance separating the BSC where bids are to be delivered and the contracting office makes it impracticable for the bid opening officer or designee to be present to open bids. (See FAR 14.402-1(b).)

(c) Bid openings are open to business representatives, members of the press, and the general public.

(d) To ensure that bids will be opened at the exact time specified, the bid opening official will verify the accuracy of the timepiece to be used.

(e) For the information of those bidders present, approximately one-minute prior notice of bid opening will be announced audibly by the bid opening official.

(f)(1) The bid opening official shall take precaution to ensure that the exact time of opening has arrived and shall announce this fact audibly, citing the invitation or invitations scheduled for opening. The opening of bids will then proceed in full view of the parties present.

(2) For construction contracts that provide for bid alternates, the amount of funds available for the award will be announced before opening bids.

(g) In reading bids, the following information from each bid should be announced when considered practicable and feasible: The bidder's name, item and unit price bid, and other pertinent information, such as delivery and discount terms. A copy of each bid submitted in multiple copies should remain in the bid opening room until the bid abstract is substituted. For bids submitted in an original only see FAR 14.402-1(c).

(h) No alterations or notations to any bid after it has been formally opened will be permitted.

(i) Negotiable instruments submitted as bid guarantees to meet solicitation requirements must be forwarded by the bid opening official to the Finance Division in accordance with procedures established by the Chief Financial Officer. When award is made, the solicita-

tion is cancelled, or all bids are rejected, the contracting officer shall direct the Finance Division to refund the amount of the bid guarantee to the unsuccessful bidder(s). Bid guarantees may be returned before award when a bidder requests the guarantee be returned and the bidder is not in contention for the award. Other forms of bid guarantees (e.g., bid bonds, letters of credit, corporate and individual sureties, etc.), must be retained by the contracting officer and included in the contract file.

(j) A record, including at least the names of persons attending the bid opening and the firms or organizations they represent, should be made a part of the solicitation file.

(k) When multiple copies of bids are received, the bid opening official shall verify the entries on all copies. If there is a discrepancy between the copies of a bid, the contracting officer shall direct the bidder's attention to the suspected mistake and shall follow the procedures set forth in FAR 14.406 concerning mistakes in bids.

(l) Envelopes in which bids and bid modifications are received should be retained in a temporary file until after all awards have been made. At that time, those which bear notations concerning abnormal receipt or opening for identification should be made a part of the solicitation file and the remainder may be destroyed.

[54 FR 26514, June 23, 1989, as amended at 58 FR 52443, Oct. 8, 1993; 60 FR 42803, Aug. 17, 1995]

514.403 Recording of bids.

(a) A copy of the abstract of bids and any amendments must be furnished to the appropriate BSC as soon as practicable and be available for public examination for at least 30 calendar days. Late bids determined eligible for consideration must be included on the bid abstract form. If eligibility is established after delivery of the original tabulation, the bids are recorded separately and identified as an amendment to the original tabulation.

(b) Abstracts involving aggregate awards must record unit prices, weight factors and aggregate totals for each aggregate group in addition to any

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other information required for bid evaluation.

(c) For building services, the GSA Form 3471, Abstract of Offers, is authorized for use by contracting activities in the Public Buildings Service (PBS) instead of the Standard Form 1409, Abstract of Offers.

514.404 Rejection of bids.

514.404-1 Cancellation of invitations after opening.

(a) *Cancellation of invitations.* The HCA or a designee makes any determinations required by FAR 14.404-1.

(b) *Extension of time for bid acceptance.* Requests for time extensions may be made using GSA Form 2981 and must specify a period reasonable under the circumstances.

[54 FR 26514, June 23, 1989, as amended at 58 FR 52443, Oct. 8, 1993]

514.404-2 Rejection of individual bids.

(a) Individual bids rejected on the basis of responsiveness, responsibility, or eligibility and bids rejected because the bid after evaluation is no longer low shall be documented as provided in FAR 14.404-2(k) and noted in the "Remarks" block on GSA Form 1535, Recommendation for Award(s). Examples of bids which may no longer be low after evaluation include aggregate bids (see 514.271), "all or none" bids (see 552.214-73), and bids evaluated using Buy American differentials (see FAR 25.105 and 525.105-70).

(b) Explanations which involve cases of a sensitive or controversial nature must be accompanied by all supporting documentation to justify awards, such as copies of the offer to be rejected and the proposed awardee, statements from (or record of conversation with) the requisitioning activity, plant facilities and/or financial responsibility reports, and other relevant correspondence or reports (Certificates of Competency, copies of Congressional correspondence or other high level interest, etc.).

[54 FR 26514, June 23, 1989, as amended at 56 FR 47005, Sept. 17, 1991]

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514.405 Minor informalities or irregularities in bids.

Failure to submit all of the pages of the solicitation is a minor informality or irregularity under FAR 14.405 when the bid as submitted indicates that the bidder takes no exception to the requirements of the solicitation and intends to be bound by all its terms in any resultant contract.

514.407 Mistakes in bids.

514.407-3 Other mistakes disclosed before award.

(a) *Delegations of authority by head of the agency.* In accordance with FAR 14.407-3(e), the contracting directors (see 502.101) are authorized, without power of redelegation, to make the determinations regarding corrections and/or withdrawals treated in FAR 14.407-3(a), (b), and (c), and to make the corollary determinations not to permit withdrawal or correction for reasons indicated in FAR 14.407-3(d).

(b) *Legal review and approval.* Assigned counsel must approve determinations by the contracting director and contracting officer regarding mistakes in bid.

[60 FR 42804, Aug. 17, 1995]

514.407-4 Mistakes after award.

Determinations by the contracting officer must be prepared in the format at 514.406-3(b) and reviewed and approved by the Contracting Director and assigned counsel.

[54 FR 26514, June 23, 1989. Redesignated at 60 FR 42804, Aug. 17, 1995]

514.407-7 Documentation of award.

Documentation included in the contract file must include the number of firms solicited and the GSA Form 1535, Recommendation for Award(s), or similar document (see also 514.404-2).

514.408 Award.

514.408-1 General.

(a) Oral notices of award shall not be used.

(b) In addition to the requirements in FAR 14.408-1(c)(5), notice of award must identify the solicitation, the

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item(s) awarded, the contract number, and the effective date of the award.

(c) If partial award is made to a bidder and additional items are being withheld for possible subsequent award to the same bidder, any subsequent award during the bid acceptance period must be made using SF-30, Amendment of Solicitation/Modification of Contract (except see 519.503-4(b) regarding partial set-asides). The authority cited in paragraph 13D of SF-30 for the subsequent award will be FAR 14.408-1(c)(4).

[54 FR 26514, June 23, 1989. Redesignated and amended at 60 FR 42803, Aug. 17, 1995; 60 FR 44387, Aug. 25, 1995; 60 FR 54957, Oct. 27, 1995]

514.408-6 Equal low bids.

In resolving a tie-bid situation, the status of the bidders (small/large/labor surplus area) on the date the bid was signed is controlling.

[54 FR 26514, June 23, 1989. Redesignated at 60 FR 42803, Aug. 17, 1995]

514.408-70 Preaward inquiries.

(a) Responses to preaward inquiries should be limited to a statement that the award decision is pending and agency policy prohibits release of additional information.

(b) Actions or discussions that may create false impressions in the eyes of prospective contractors about pending awards must be avoided.

[54 FR 26514, June 23, 1989. Redesignated at 60 FR 42803, Aug. 17, 1995]

514.408-71 Awards involving related cases referred to higher authority.

When a case is to be or has been referred to higher authority for review, any action which might prejudice the freedom of the higher authority to act on that case must be avoided. This includes partial awards to the same bidder under the same solicitation.

[54 FR 26514, June 23, 1989. Redesignated at 60 FR 42803, Aug. 17, 1995]

514.408-72 Forms for recommending award(s) (Supplies and services).

GSA Form 1535, Recommendation for Award(s), and GSA Form 1535-A, Recommendation for Award(s), Continuation Sheet, must be used to document

all proposed awards (except construction contracts) exceeding the simplified acquisition threshold. The use of the form for awards at or below the simplified acquisition threshold is at the discretion of the contracting activity. One or more awards may be set forth on each form. All information pertinent to the recommendation must be furnished on the form. The checklist on the back of the form must be completed.

[60 FR 42803, Aug. 17, 1995]

514.409 Information to bidders.

514.409-1 Award of unclassified contracts.

The GSA Form 3577, Notification of Contract Award, may be used to notify all unsuccessful bidders other than (a) any apparent low bidder(s) or (b) unsuccessful bidders from designated countries for acquisitions subject to the Trade Agreements Act.

[54 FR 26514, June 23, 1989. Redesignated at 60 FR 42803, Aug. 17, 1995]

514.409-70 Restriction on disclosure of inspection or test data.

Before award, no inspection or test data, whether prepared by the Government or an outside inspection or testing agency, shall be disclosed to anyone other than Government officials requiring access to such information in connection with bid evaluation. For requests received after award, see FAR 14.408-1(e).

[54 FR 26514, June 23, 1989. Redesignated at 60 FR 42803, Aug. 17, 1995]

514.471 Multiple bidding.

(a) All bids received from a person, firm, or its affiliates must be considered for award if responsive and otherwise acceptable.

(b) Any bid offering two or more products for the same item received from the same bidder may be accepted if it is the lowest received and meets all requirements of the solicitation.

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**PART 515—CONTRACTING BY
NEGOTIATION**

**Subpart 515.1—General Requirements for
Negotiation**

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**Subpart 515.4—Solicitation and Receipt of
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Subpart 515.5—Unsolicited Proposals

515.501 Definitions.

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Subpart 515.8—Price Negotiation

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515.804 Cost or pricing data and information other than cost or pricing data.

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**Subpart 515.10—Preaward, Award, and
Postaward Notifications, Protest, and
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515.1070 Release of information concerning unsuccessful offerors.

Subpart 515.70—Use of Bid Samples

515.7000 Scope of subpart.

515.7001 General.

515.7002 Policy.

515.7003 Procedural requirements.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26521, June 23, 1989, unless otherwise noted.

**Subpart 515.1—General
Requirements for Negotiation**

515.106 Contract clauses.

**515.106–70 Examination of records by
GSA clause.**

The contracting officer shall insert the clause at 48 CFR 552.215–70, Examination of Records by GSA or at 48 CFR 552.215–71 Examination of Records by GSA (Multiple Award Schedule), in solicitations and contracts that

(a) Involve the use or disposition of Government-furnished property,

(b) Provide for advance payments, progress payments based on cost, or guaranteed loan,

(c) Contain a price warranty or price reduction clause,

(d) Involve income to the Government where income is based on operations that are under the control of the contractor,

(e) Include an economic price adjustment clause,

(f) Are requirements, indefinite-quantity or letter type contracts as defined in FAR Part 16,

(g) Are subject to adjustment based on a negotiated cost escalation base or

(h) Contain the provision at FAR 52.223–4, Recovered Material Certification. The clause at 48 CFR 552.215–71 shall be used for solicitations issued and contracts awarded under the multiple award schedule program. The contracting officer may modify the clause to define the specific area of audit (e.g., the use or disposition of Government-furnished property, compliance

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with the price reduction clause). Counsel and the Assistant Inspector General-Auditing or Regional Inspector General-Auditing, as appropriate, must concur in any modifications to the clause.

[61 FR 6167, Feb. 16, 1996]

Subpart 515.4—Solicitation and Receipt of Proposals and Quotations

515.402 General.

Contracting officers may authorize facsimile proposals (see FAR 15.407(j)) after considering the factors outlined in FAR 15.402(i), provided that facsimile equipment is available in the office designated to receive proposals, procedures and controls have been established for receiving and safeguarding incoming proposals.

[58 FR 52443, Oct. 8, 1993]

515.405 Solicitations for information or planning purposes.

515.405-1 General.

Solicitations for information or planning purposes must be approved by the Chief of the Contracting Office (See 502.101).

[58 FR 52443, Oct. 8, 1993]

515.406 Preparing requests for proposals (RFP's) and requests for quotations (RFQ's).

515.406-1 Uniform contract format.

(a) Leases of real property are exempted from the requirement for use of the uniform contract format.

(b) All contracts, including leases of real property, must include the following notice:

The information collection requirements contained in this solicitation/contract that are not required by regulation have been approved by the Office of Management and Budget pursuant to the Paperwork Reduction Act and assigned OMB Control No. 3090-0163.

[54 FR 26521, June 23, 1989, as amended at 57 FR 61584, Dec. 28, 1992]

515.408 Issuing solicitations.

Potential sources, as used in FAR 15.403 and 15.408, include the incumbent contractor (except when its written response to the contracting activity's notice of contract action under FAR subpart 5.2 states a negative interest) and should include offerors that responded to recent solicitations for the same or similar items.

[56 FR 47005, Sept. 17, 1991]

515.411 Receipt of proposals and quotations.

(a) Solicitations should provide for proposals and modifications to proposals to be submitted to the appropriate contracting office unless arrangements have been made with the local Business Service Center (BSC) for receipt and safeguarding of proposals by the BSC.

(b) Classified proposals and quotations must be handled under FAR 15.411, GSAR subpart 504.4, and the requirements of GSA Order, Freedom of Information Act procedures (ADM 1035.11B).

[54 FR 26521, June 23, 1989, as amended at 56 FR 47005, Sept. 17, 1991]

515.411-70 Recording of offers.

The GSA and/or Standard Forms prescribed for abstracting bids in sealed bidding may be used to abstract proposals or quotations submitted in connection with competitively negotiated procurements where more than one offer is received in response to the solicitation. (See FAR 4.803(a)(10).) The forms may be appropriately modified to include all of the information necessary for evaluation. Abstracts must not be provided to the Business Service Center or disclosed except as provided in 515.1070. See FAR 15.411, 15.413 and 15.1001 regarding disclosure of information.

515.414 Forms.

If partial award is made to an offeror and additional items are being withheld for possible subsequent award to the same offeror, any subsequent award must be made using SF-30, Amendment of Solicitation/Modification of Contract (except see FAR 15.1002 regarding notification to the successful offeror and GSAR 519.502-3(b) regarding partial

515.414-70

set-asides). The authority cited in paragraph 13D of SF-30 for subsequent awards will be GSAR 515.414.

[55 FR 48847, Nov. 23, 1990]

515.414-70 GSA forms.

The GSA Form 1602, Notice Concerning Solicitation, may be used as prescribed in 48 CFR 514.201-70.

[61 FR 6167, Feb. 16, 1996]

Subpart 515.5—Unsolicited Proposals

515.501 Definitions.

Coordinating office, as used in this subpart, means the (a) Office of GSA Acquisition Policy, (b) Office of Acquisition, FSS, (c) Office of Information Technology Acquisition, ITS, (d) Office of the Acquisition Executive, PBS, or the office designated in writing by the regional administrator in the regions. The Office of GSA Acquisition Policy serves as the coordinating office for Central Office activities outside of FSS, ITS, and PBS.

[60 FR 54956, Oct. 27, 1995]

515.504 Advance guidance.

Potential offerors should be encouraged to make preliminary contacts with coordinating offices before submitting a detailed unsolicited proposal or proprietary data.

515.506 Agency procedures.

Coordinating offices shall serve as contact points and establish procedures for controlling the receipt, evaluation, and timely disposition of proposals consistent with FAR 15.5.

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515.506-2 Evaluation.

The evaluation must be completed as soon as practicable (normally within 45 calendar days). The results of the evaluation should be communicated to the submitter with a copy to the coordinating office.

Subpart 515.6—Source Selection

515.608 Proposal evaluation.

515.608-70 Rejection of all proposals.

HCA may reject all proposals received in response to a solicitation under FAR 15.608(b). This authority may be redelegated. Written documentation citing the reasons for rejecting proposals must be included in the contract file.

515.608-71 Discounts for prompt payment.

The policy of not considering discounts in the evaluation of offers applies where there is direct competition between two or more offerors for a single award. It does not apply to procurements where the evaluation process involves a comparison of the offeror's price to the Government with the offeror's price to its other customers. Accordingly, the policy in FAR 14.407-3 does not apply to multiple award schedule solicitations except in those instances where offers are received on identical products. The clause at 552.232-8, Discounts for Prompt Payment, specifies the extent to which discounts for prompt payment will be considered in the evaluation for multiple award schedules. The formula for computing the annualized rate of return addressed in the clause at 552.232-8 is as follows:

$$\text{Discount (\%)} \times \frac{\text{Number of days in a year}}{\text{Total days to due date for payment*} - \text{Days to discount due date}} = \text{Rate of return}$$

*To determine the total number of days to the due date for payment, start with the date of the invoice and allow 3 days from the date of the invoice to receipt by the Government and assume that the invoice will be received after the supplies have been delivered and

accepted by the Government. Normally, the contract will provide for payment in 30 days and the total number of days to the due date for payment will be 33 days.

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515.612 Formal source selection.

After the source selection, the releasing authority under FAR 15.612(e)(1) shall be the Contracting Officer. The contracting officer shall obtain the advice and concurrence of assigned legal counsel before releasing proprietary or source selection information outside the agency.

[55 FR 39974, Oct. 1, 1990]

Subpart 515.8—Price Negotiation

515.803 General.

(a) Access to Government cost estimates is limited to Government personnel whose official duties require knowledge of the estimate. An exception to this rule may be made during contract negotiations to allow the contracting officer to identify a specialized task and disclose the associated cost breakdown figures in the Government estimate, but only to the extent necessary to arrive at a fair and reasonable price. After award, the total amount of the independent Government estimate may be revealed, upon written request, to those firms or individuals who submitted proposals.

(b) Whenever a contractor insists on a price or demands a profit or fee that the contracting officer considers unreasonable as outlined in FAR 15.803(d) the contracting officer shall refer the matter to the contracting director for resolution.

[55 FR 48848, Nov. 23, 1990]

515.804 Cost or pricing data and information other than cost or pricing data.

515.804-2 Requiring certified cost or pricing data.

When determining the contract amount for purposes of applying the threshold at FAR 15.804-2 for requesting certified cost and pricing data, the value of the contract plus any priced options must be considered. Exercise of a priced option is not considered a price adjustment and does not require submission of cost and pricing data.

515.804-3 [Reserved]

515.804-6 Instructions for submission of cost or pricing data or information other than cost or pricing data.

(a) Contracting officers should use Alternate IV of the FAR provision at 52.215-41, Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data, to provide the format for submission of information other than cost or pricing data for multiple award schedule (MAS) contracts. To provide for uniformity in requests under the MAS program, contracting officers should insert the following in paragraph (b) of the provision:

(1) An offer prepared and submitted in accordance with the provision at 52.212-70, Preparation of Offer (Multiple Award Schedule);

(2) Commercial sales practices submitted in the format provided in this solicitation in accordance with the instructions at Table 515-1 of the GSA Acquisition Regulation (48 CFR 515-1); and

(3) Any additional supporting information requested by the Contracting Officer to determine whether the price(s) offered is fair and reasonable.

(4) By submission of an offer in response to this solicitation or a request for modification, the Offeror grants the Contracting officer or an authorized representative the right to examine, at any time before award, books, records, documents, papers, and other directly pertinent records to verify any request for and exception to the requirement for cost or pricing data, and the reasonableness of prices(s) and for two years after award or modification of this contract to verify that the information submitted was complete, current and accurate. Access does not extend to cost or profit information or other data relevant solely to the Offeror's determination of the prices to be offered in the catalog or marketplace.

(b) Contracting officers shall insert the following format for commercial sales practices in the exhibits or attachments section of the solicitation (see FAR 12.303). Paragraph (5) may be included when the contracting officer, based on market research, anticipates receipt of offers from dealers without significant commercial sales.

COMMERCIAL SALES PRACTICES

Name of Offeror _____
SIN _____

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NOTE: Please refer to provision 552.212-70, PREPARATION OF OFFER (MULTIPLE AWARD SCHEDULE), for additional information concerning your offer.

(1) Request for exception to the requirement for cost and pricing data.

(a) Do you request an exception to the requirement for submission of cost or pricing data [Check applicable item]

(i) _____ based on the fact that you have sold substantial quantities of the commercial items offered to the general public at or based on an established catalog or market price (see FAR 15.804-1(b)(2)(iv)); or

(ii) _____ under the authority of FAR 15.804-1(a)(2) for commercial items.

(b) Provide the dollar value of sales to the general public at or based on an established catalog or market price during the previous 12 month period or the offerors last fiscal year. \$_____. in the event that a dollar value is not an appropriate measure of the sales, provide and describe your own measure of the sales of the item (FAR 15.804-1(b)(2)(iv). You may qualify for an exception under the authority of FAR 15.804-1(a)(2), even though substantial sales have not been made, although that exception requires that special post award access to records be included in the contract (see 52.215-43, Audit-Commercial Items).

(2) Show total estimated sales to the Government for the contract term, excluding options, for the SIN offered. \$_____

(3) Are the discounts which you offer the Government equal to or better than your best discount to any customer acquiring the same items offered for this SIN regardless of quantity or terms and conditions? YES _____ NO _____ See definition of "discount" in 552.212-70.

(4)(a) Provide information as requested for each SIN (or group of SINs for which the information is the same) in accordance with the instructions at 48 CFR Table 515-1 which is provided in this solicitation for your convenience. The information should be provided in the chart below. Rows should be added to accommodate as many customers as required.

Column 1—customer	Column 2—discount	Column 3—quantity/volume	Column 4—FOB term	Column 5—additional discounts or concessions

(b) Do any deviations from the discounting practices disclosed ever result in better discounts (lower prices) than indicated? YES _____ NO _____. If YES, explain deviations in accordance with the instructions at 48 CFR Table 515-1 which is provided in this solicitation for your convenience.

(5) If the Offeror is a dealer/reseller, the sales information relative to the manufacturer's pricing to the dealer required by paragraphs (1) through (4) above together with written access to the manufacturer's records in accordance with 52.215-41 (Alt IV), should be provided separately by the offeror for each item/SIN from a single manufacturer whose total sales under any resulting contract are expected to exceed \$500,000. The information is required in order to enable the Government to make a determination that the offered price is fair and reasonable. To expedite the review and processing of offers the dealer/reseller submitting the offer should advise the manufacturer(s) of this requirement. The contracting officer may require the information be submitted on electronic media with commercially available spreadsheet(s). The information may be provided by the manufacturer directly to the Government. If the manufacturer's items(s) is being offered by multiple dealers/resellers, only one copy of the requested information should be submitted to the Government. In addition, the dealer/reseller submitting the offer shall submit the following information along with a listing of contact information regarding each of the manufacturers whose products and/or services are included in the offer (include the manufacturer's name, address, the manufacturer's contact point, telephone number, and FAX number) for each model offered by SIN:

- (a) Manufacturer's Name
- (b) Manufacturer's Part Number
- (c) Dealer's/Reseller's Part Number
- (d) Product Description
- (e) Manufacturer's List Price
- (f) Dealer's/Reseller's percentage discount from List Price or net prices

(End of Format)

(c) The contracting officer should include the instructions for completing the commercial sales practices format in Table 551-1 in solicitations issued under the multiple award schedule program.

TABLE 515-1.—INSTRUCTIONS FOR COMMERCIAL SALES PRACTICES FORMAT

If you responded "YES" to question (3), on the COMMERCIAL SALES PRACTICES FORMAT, complete the chart for the customer(s) who receive your best discount. If you responded "NO" to question (3), complete the chart for all customers or customer categories to whom you sell at a discount which equals or exceeds the discount(s) offered to the Government under this solicitation or with which the Offeror has a current agreement to sell at a discount which equals or exceeds the discount(s) offered under this solicitation. Such agreement shall be in effect on the date the offer is submitted or contain an effective date during the proposed multiple award schedule contract period. The Offeror shall also disclose any changes to discount(s) and discount policies which occur after the offer is submitted, but before the close of negotiations. If the Offeror's discount practices vary by model or product line, the discount information should be by model or product line as appropriate. The offeror may limit the number of models or product lines reported to those which in total anticipated sales exceed 75% of the estimated value of the special item number (SIN).

Column 1—Identify the applicable customer or category of customer. A "customer is any entity, except the Federal Government, which acquires supplies or services from the Offeror. The term customer includes, but is not limited to original equipment manufacturers, value added resellers, state and local governments, distributors, educational institutions (an elementary, junior high, or degree granting school which maintains regular faculty and established curriculum and an organized body of students), dealers, national accounts, and end users. In any instance where the Offeror is asked to disclose information for a customer, the Offeror may disclose information by category or customer if the offeror's discount policies are the same for all customers in the category. (Use a separate line for each customer or category of customer.)

Column 2—Identify the discount. The term "discount" is as defined in solicitation provision 552.212-70 Preparation of Offer (Multiple Award Schedule). Indicate the best discount at which the Offeror customarily or repetitively sells to the customer or category of customer identified in column 1, without regard to quantity; terms and conditions of the agreements under which the discounts are given, and whether they are written or oral. Net prices or discounts off of other price lists should be expressed as percentage discounts from the price list which is the basis for your offer. If the price lists which are the basis of the discounts given to the customers identified in the chart are different than the price list submitted upon which your offer is based, identify the type of title and date of each price list. The contracting officer may require submission of these price lists. To expedite evaluation, offerors may provide these price lists at the time of submission.

Pricing information need be provided only on customary or repetitive sales. Information need not include erratic, ad hoc discounting; however, the existence of such discounting shall be disclosed. This disclosure should include a discussion of ad hoc discounting practices, including the types of circumstances when ad hoc discounts are given and the frequency of occurrence: i.e., a statement "the ad hoc sales do not exceed \$_____ per year" or "the ad hoc sales do not exceed _____% of total sales." To be considered "ad hoc discounting" the practice shall not: (a) represent a significant pricing practice: that is, accounting for more than a marginal portion of the total commercial sales; (b) establish a preferred customer: e.g., discounts to state and local governments, or repetitive discounts received by a single customer; (c) include other than low value, extraordinary price reductions due to unique situations.

Column 3—Identify the quantity or volume of sales. Insert the minimum quantity or sales volume which the identified customer or category of customer must either purchase/order, per order or within a specified period, to earn the discount. Specify the period of relevant sales accumulation.

Column 4—Indicate the FOB delivery term for each identified customer. (See FAR 47.3 for an explanation of FOB delivery terms.)

Column 5—Indicate additional discounts or concessions regardless of quantity granted to the identified customer or category of customer. The additional discounts may include per order quantity discount; aggregate discount, prompt payment discount. Concessions are defined in solicitation provision 552.212-70 Preparation of Offers (Multiple Award Schedule). If the space provided is inadequate, the disclosure should be made on a separate sheet by reference.

(d) The contracting officer shall insert the clause at 48 CFR 552.215-72, Price Adjustment for Incomplete, Not Current or Inaccurate Information Other Than Cost or Pricing Data, in solicitations and contracts to be awarded under the multiple award schedule program.

[61 FR 6167, Feb. 16, 1996; 61 FR 10846, Mar. 15, 1996; 61 FR 14033, Mar. 29, 1996]

515.805 Proposal analysis.

515.805-5 Field pricing support.

(a) "Field pricing support" is provided by the Assistant Inspector General-Auditing, or the Regional Inspector General-Auditing, as appropriate.

(b) When applying the threshold at FAR 15.805-5 for requesting field pricing support, the value of the proposal

(including any priced options) must be used.

Subpart 515.9—Profit

515.902 Policy.

(a) *Structured approach for determining profit fee objectives.* The contracting officer's analysis of these profit factors is based on information available to the Government before negotiations. Such information is furnished in proposals, audit data, performance reports, preaward surveys and the like. The structured approach also provides a basis for documentation of a profit objective, including an explanation of any significant departure from this objective in reaching a final agreement. The extent of documentation should be directly related to the dollar value and complexity of the proposed procurement.

(b) *Exemptions from requirement to use the structured approach.* (1) Under exempted procurements, other methods for establishing profit objectives may be used. Generally, such methods will be supported in a manner similar to that used in the structured approach (profit factor breakdown and documentation of profit objective). However, factors within the structured approach considered inapplicable to the procurement may be excluded from the profit objectives. The following types of procurements are exempt from the structured approach:

- (i) Management contracts for operation and/or maintenance of Government facilities;
- (ii) Contracts primarily requiring delivery of material supplied by subcontractors;
- (iii) Termination settlements;
- (iv) Cost-plus-award-fee contracts;
- (v) Contracts and contract modifications of \$100,000 or less in value; and
- (vi) Architect-engineer and construction contracts.

(2) Other exemptions may be made in the negotiation of contracts having unusual pricing situations where the structured approach is determined to be unsuitable. Such exemptions must be justified in writing and approved by the HCA.

515.905 Profit-analysis factors.

(a) The following factors must be considered whenever profit is to be negotiated. The weight ranges listed after each factor should be used when the structured approach is used.

Profit factors	Weight ranges in percent
Contractor Effort	
Material acquisition	1 to 4.
Conversion direct labor	4 to 12.
Conversion related indirect cost.	3 to 8.
	Other costs 1 to 3.
	General management 4 to 8.
Other Factors:	
Contract cost risk	0 to 7.
Capital investment	–2 to +2.
Cost-control and other past accomplishments.	–2 to +2.
Federal socio economic programs.	–.5 to +.5.
Special situations and independent development.	–2 to +2.

(b) GSA Form 1766, Structured Approach Profit/Fee Objective, may be used to facilitate the profit objective computation. The contracting officer shall measure the Contractor Effort by the assignment of a profit percentage within the designated weight ranges to each element of cost recognized.

(c) If the facilities capital cost of money is allowed as an item of cost, either as a part of the contracting officer's price/cost objective in a firm fixed price type contract or as an allowable cost in a flexibly priced type contract, e.g., cost reimbursement or fixed price incentive type contract, the contracting officer shall reduce the profit/fee objective as follows. After the contracting officer has developed a dollar profit/fee amount for the requirement (e.g., the sum of the "contract effort" and "other factors" dollar profit/fee amounts on the GSA Form 1766, Structured Approach Profit/Fee Objective), the contracting officer shall subtract from that aggregate dollar profit/fee amount any dollar amount allowed for facilities capital cost of money. The remainder, after subtraction of the facilities capital cost of money amount, is the profit/fee objective.

[54 FR 26521, June 23, 1989, as amended at 55 FR 48848, Nov. 23, 1990]

515.905–1 Common factors.

(a) *Contractor Effort* encompasses broad and basic categories but shall

not include facilities capital cost of money. Individual proposals may be in a different format.

(b) After computing a total dollar profit for Contractor Effort, the contracting officer shall calculate the specific profit dollars for the categories under other factors. This is done by multiplying the total Government cost objective, exclusive of any cost of money for facilities capital, by the specific weights assigned to the elements within the Other Factors category.

(c) In determining the value of each factor, the contracting officer should be governed by the definition, description, and purpose of the factors together with considerations for evaluating them as prescribed in FAR 15.905-1 and the following:

(1) *General management.* Management problems surface in various degrees and the management expertise exercised to solve them should be considered as an element of profit. For example, a new program for an item that involves advanced state of the art techniques may cause more problems and require more managerial time and abilities of a higher order than one that is a follow-on contract. If new contracts create more problems and require a higher profit weight, follow-ons should be adjusted downward, as many of the problems should have been solved. An evaluation should be made of the underlying managerial effort involved on a case-by-case basis.

(2) *Other-costs.* Include all other direct costs of contractor performance under this item (e.g., travel and relocation, direct support, and consultants). Analysis of these costs in assigning profit weights must include (i) their significance, (ii) their nature, and (iii) how much they contribute to contract performance.

(3) *Contract-cost-risk.* Where the proper contract type has been selected, the reward for risk by contract type would usually fall into the following ranges:

Cost-reimbursement type contracts.....0-3%
Fixed-price type contracts.....3-7%

(i) A cost-plus-a-fixed-fee contract normally would not justify a reward for risk in excess of 0 percent, unless the contract contains cost risk features such as ceilings on overheads. In

such cases, up to 1 percent may be justified. Cost-plus-incentive-fee contracts fill the remaining portion of the 0 to 3 percent range with weightings directly related to such factors as confidence in target cost, share ratio of fee(s), etc. The weight range for fixed-price contracts is wide enough to accommodate the many types of fixed-price arrangements. Weighting should indicate the cost risk assumed, with only firm fixed-price contracts reaching the top end of the range.

(ii) The contractor's subcontracting program may significantly impact the contractor's risk under a contract. It could affect risk in terms of both cost and performance. This should be a part of the contracting officer's overall evaluation in selecting a weight for cost risk. The prime contractor may effectively transfer cost risk to a subcontractor and the risk evaluation may, as a result, be below the range that would otherwise apply for the contract type being proposed. The risk evaluation should not be lowered, however, merely because a substantial portion of the contract cost represents subcontracts without any substantial transfer of contractor's risk.

(iii) In evaluating risk in the definitization of letter contracts, unpriced change orders, and unpriced orders under basic ordering agreements, the effect on risk as a result of partial performance before definitization should be considered. Under some circumstances the total risk may have been effectively reduced. Under other circumstances, the contractor's risk may have remained substantially unchanged. To be equitable, the determination of a profit weight for all recognized costs, both those incurred and those yet to be expended, must be made with consideration to all attendant circumstances, not just to the portion of costs incurred or percentage of work completed before definitization.

(iv) Service contracts should have a weight range for cost risk of 0 to 4 percent. A firm fixed-price contract, which is not priced on a labor-hour method, may warrant additional consideration for contractor cost risk. In those circumstances, a weight of up to 4 percent is authorized. Conversely, a cost-plus-a-fixed-fee service contract

normally warrants a zero cost risk factor.

(4) *Capital investment.* The evaluation of this factor for profit weights should include the following:

(i) *Facilities.* To evaluate how this factor contributes to the profit objective requires knowledge of the level of facilities use needed for contract performance, the source of financing of the facilities, and the overall cost effectiveness of the facilities offered. Contractors who furnish their own facilities that significantly contribute to lower total contract costs, should receive additional profit. Contractors who rely on the Government to provide or finance facilities should receive less profit. Situations between the above examples should be evaluated on their merits with either a positive or negative profit weight adjustment, as appropriate, being made. However, when a contractor who owns a large quantity of facilities is to perform a contract that does not benefit from these facilities, or where a contractor's use of its facilities has a minimum cost impact on the contract, profit need not be adjusted.

(ii) *Payments.* The frequency of payments by the Government to the contractor should be considered. The key to this weighting is the impact the contract will have on the contractor's cash flow. Generally, for payments more frequent than monthly, negative consideration should be given, with maximum reduction as the contractor's working capital approaches zero. Positive consideration should be given for payments less frequent than monthly with additional consideration given for payments less frequent than the contractor's or the industry's normal practice.

(5) *Cost control and other past accomplishments.* See FAR 15.905-1(e).

(6) *Federal socio economic programs.* See FAR 15.905-1(c).

(7) *Special situations and independent development.* See FAR 15.905-1(f).

[54 FR 26521, June 23, 1989, as amended at 55 FR 48848, Nov. 23, 1990]

515.905-70 Nonprofit organizations.

(a) The structured approach was designed for arriving at profit or fee objectives for other than nonprofit orga-

nizations. However, the structured approach as modified below, should also be used to establish fee objectives for nonprofit organizations. (See FAR 31.701.) The modifications should not be applied as deductions to historical fee levels, but rather, as a reduction in the fee objective calculated under the structured approach.

(b) For contracts with nonprofit organizations, an adjustment of up to 3 percent will be subtracted from the total profit-fee objective. In developing this adjustment, it will be necessary to consider the following factors:

- (1) tax position benefits;
- (2) granting of financing through letters of credit;
- (3) facility requirements of the nonprofit organization; and
- (4) other factors that may work to the advantage or disadvantage of the contractor as a nonprofit organization.

Subpart 515.10—Preaward, Award, and Postaward Notifications, Protests, and Mistakes

515.1070 Release of information concerning unsuccessful offerors.

(a) GSA Order, GSA Freedom of Information Act (FOIA) procedures (ADM 1035.11B), should be consulted to determine what information may be disclosed.

(b) When simplified acquisition procedures are used, the names and dollar amounts of unsuccessful offerors may be released upon request without processing through the formal FOI procedures.

(c) When the contracting officer determines, in connection with negotiated procurements (other than purchases made using simplified acquisition procedures), that the administrative time and workload of processing regular FOIA requests (see FAR 14.408-1(c)) is greater than the workload involved in preparing an abstract of offers to be displayed at an appropriate Business Service Center, the following rules apply:

- (1) An abstract of offers may be prepared for display after award in the appropriate Business Service Center in addition to the notification required by FAR Subpart 15.10.

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(2) The abstract must include only the names, addresses, and “best and final” prices offered for unclassified acquisitions where the award is based on price and price-related factors. The successful offeror(s) must be identified.

(3) Abstracts must not contain information regarding failure to meet minimum standards of responsibility or other notations properly exempt from disclosure under FOI regulations.

(d) The information outlined in paragraph (c) of this section must not be disclosed when the contracting officer determines, on a case-by-case basis, that it is not in the best interest of the Government or when it may be competitively harmful to offerors such as when negotiations are in process for an item that was recently awarded under another solicitation.

[54 FR 26514, June 23, 1989, as amended at 56 FR 47005, Sept. 17, 1991; 60 FR 42804, Aug. 17, 1995]

Subpart 515.70—Use of Bid Samples

515.7000 Scope of subpart.

This subpart supplements the policies and procedures in FAR 14.202–4 and 514.202–4 regarding bid samples required in negotiated acquisitions.

515.7001 General.

Except as provided in 515.7002 and 515.7003, the basic policy and procedures in FAR 14.202–4 and 514.202–4 apply to negotiated acquisitions. When referring to FAR 14.202–4 and 514.202–4, the term “bid” means “offer” or “proposal” and the terms “bidder” and “invitation” or “invitation for bids” are used synonymously with “offeror” and “solicitation” or “RFP” when contracting by negotiation.

515.7002 Policy.

(a) Since the terms “responsiveness” and “nonresponsive” do not apply to negotiated acquisitions, FAR 14.202–4(b) (2) and (4) do not apply when the use of bid samples is determined necessary under this subpart.

(b) Instead of FAR 14.202–4(b) (2) and (4), apply the following:

(1) Bid samples will be used in the technical evaluation of proposals to de-

termine the acceptability of the samples to meet the Government’s specification and to ensure compliance with the subjective and any objective characteristics listed in the solicitation.

(2) A proposal may be excluded from further consideration for award if after discussion with the offeror of any deficiencies found in the samples and after the offeror has been given an opportunity to correct those deficiencies, the sample still fails to conform to each of the characteristics listed in the solicitation. (See FAR 15.609.)

515.7003 Procedural requirements.

(a) *Unsolicited samples.* The reference to FAR 14.404–2(d) in FAR 14.202–4(g) is not applicable and the following is to be applied when contracting by negotiation:

Qualifications in the proposal that are at variance with the Government’s requirements are deficiencies and must be resolved as provided for in FAR 15.610.

(b) *Solicitation requirements.* (1) When the clause at FAR 52.214–20 is used in a negotiated acquisition, the second sentence in paragraph (c) of the clause does not apply. A sentence substantially as follows must be substituted in the clause when contracting by negotiation.

Failure of the bid samples to conform to all of the required characteristics listed in the solicitation shall constitute a deficiency in the proposal and shall be resolved as provided for in FAR 15.610.

(2) In addition to listing subjective characteristics that cannot be adequately described in the specification, objective characteristics may be listed in the solicitation and evaluated when it has been determined, on the basis of past experience or other valid considerations, that examination of such characteristics is essential to the acquisition of an acceptable product.

(c) Samples received after the time set for receipt of offers may be considered only if they meet the requirements of FAR 52.215–10.

PART 516—TYPES OF CONTRACTS

Subpart 516.2—Fixed-Price Contracts

Sec.

516.203-4

516.203 Fixed-price contracts with economic price adjustment.

516.203-4 Contract clauses.

516.203-70 EPA in FSS multiple award schedules.

Subpart 516.4—Incentive Contracts

516.405 Contract clauses.

Subpart 516.5—Indefinite-Delivery Contracts

516.505 Contract clauses.

Subpart 516.6—Time-and-Materials, Labor-Hour, and Letter Contracts

516.603 Letter contracts.

516.603-3 Limitations.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26526, June 23, 1989, unless otherwise noted.

Subpart 516.2—Fixed-Price Contracts

516.203 Fixed-price contracts with economic price adjustment.

516.203-4 Contract clauses.

(a) *General.* When the contracting officer decides to use a clause providing for adjustments based on cost indexes of labor or material under FAR 16.203-4, a clause must be prepared with the assistance of counsel and approved by the contracting director.

(b) *FSS Multiple Award Schedules.* In Federal Supply Service (FSS) multiple award schedule (MAS) procurements, the contracting director will determine whether to use an Economic Price Adjustment (EPA) clause under FAR 16.203-2.

(c) *Stock or Special Order Program Contracts.* (1) The contracting officer shall insert the clause at 552.216-72, Economic Price Adjustment—Stock and Special Order Program Contracts, or a clause prepared as authorized in subparagraph (c)(2) of this section, in solicitations and contracts when the contracting officer has made the determination required by FAR 16.203-2 and the contract is a multiyear contract. If the contract includes one or more options to extend the term of the contract, the contracting officer shall use the clause with its Alternate I. If a multiyear contract with additional op-

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tion periods is contemplated, the contracting officer may use a clause substantially the same as the clause at 552.216-72 with its Alternate I suitably modified. If the contract requires a minimum adjustment before the price adjustment mechanism is effectuated, the contracting officer shall use the basic clause or the Alternate I clause along with Alternate II.

(2) If the contracting officer decides that an economic price adjustment clause is needed but finds the Producer Price Index is not an appropriate indicator for price adjustment, the contracting officer may modify the clause to use an alternate indicator for adjusting prices. Similarly, if the contracting officer finds other aspects of the clause at 552.216-72 are not appropriate, the contracting officer may develop a clause in accordance with 516.203-4(a) for use instead of the clause at 552.216-72.

[55 FR 39278, Sept. 26, 1990]

516.203-70 EPA in FSS multiple award schedules.

(a) If the FSS multiple award schedule solicitation contains an EPA clause, the contracting officer should establish negotiation objectives reflecting the terms of the clause and seek appropriate discounts. If the clause is not included in the initial solicitation but is negotiated in, it must be added to the contracts at the time of award. Its inclusion is contingent on the approval of the contracting director, the need for an EPA clause, and the concessions granted by the offeror for its inclusion in the contract.

(b) The contract price ceiling may be raised during the contract period only under the following conditions:

(1) Analysis of the current market conditions, conducted in conjunction with the Office of Commodity Management (FC), reveals that the original contract price ceiling is inadequate.

(2) The causes which require an increase in the price ceiling are not unique to an individual contractor, but affect all suppliers for similar products.

(3) The HCA approves the determination to raise the ceiling.

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Subpart 516.4—Incentive Contracts

516.405 Contract clauses.

Award fee clauses developed by contracting officers, under FAR 16.405(e), shall be prepared with the advice and assistance of counsel and be approved by the contracting director.

Subpart 516.5—Indefinite-Delivery Contracts

516.505 Contract clauses.

(a) The contracting officer shall insert the clause at 552.216-73, Placement of Order, in solicitations and contracts for stock or special order program items when the contract authorizes FSS and other agencies to issue delivery orders. If only FSS will issue delivery orders under any of its supply programs, use Alternate I. If a Federal Supply Schedule contract (single or multiple award) permits other agencies to issue delivery orders, use Alternate II.

(b) The contracting officer shall insert the provision at 552.216-74, Ordering Information, in solicitations for stock items and in other Federal Supply Service solicitations when the clause at 552.216-73 is prescribed. Insert 552.216-74 Alternate I when 552.216-73 Alternate I is prescribed. Insert 552.216-74 Alternate II when 552.216-73 Alternate II is prescribed.

[59 FR 32384, June 23, 1994]

Subpart 516.6—Time-and-Material, Labor-Hour, and Letter Contracts

516.603 Letter contracts.

516.603-3 Limitations.

(a) When acquiring architect-engineer (A-E) services the proposed A-E must provide a price proposal for the non-design effort to be performed under the contract before the letter contract is awarded. The letter contract must:

(1) Not authorize the A-E to begin the design effort. The scope of the letter contract may include the design effort but the letter contract may only authorize the A-E to perform those services that are independent of the de-

sign effort (e.g., feasibility studies, existing facility surveys or site investigation, etc.) before the letter contract is definitized.

(2) Include a definitization schedule that outlines dates for submission of the design fee proposal, start of negotiations, and definitization. The schedule must provide for definitization of the contract within 90 days after the date of the letter contract instead of 180 days as outlined in FAR 16.603-2(c).

(3) Limit the Government's liability to the amount necessary for the non-design effort to be performed under the contract by inserting that amount in the clause at FAR 52.216-24, Limitation of Government Liability.

(b) If the contracting officer must issue a unilateral price decision for an A-E contract under FAR 16.603-2(c), the maximum contract amount must not exceed a reasonable price for the excludable items plus the 6 percent statutory fee limitation for the project.

PART 517—SPECIAL CONTRACTING METHODS

Subpart 517.1—Multiyear Contracting

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517.105 Solicitation provisions and clauses.

Subpart 517.2—Options

517.200 Scope of subpart.

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517.203 Solicitations.

517.204 Contracts.

517.207 Exercise of options.

517.208 Solicitation provisions and contract clauses.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26527, June 23, 1989, unless otherwise noted.

Subpart 517.1—Multiyear Contracting

517.105 Solicitation provisions and contract clauses.

Inclusion of FAR clauses 52.217-1, Limitations of Price and Contractor Obligations, and 52.217-2, Cancellation of Items, is not required for multiyear contracts authorized by the Federal Property and Administrative Services Act for maintenance and repair of fixed

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equipment in Federally-owned buildings and utility services.

Subpart 517.2—Options

517.200 Scope of subpart.

This subpart prescribes policies and procedures for the use and exercise of options. When a requirement in this subpart is inconsistent with FAR 17.2, this subpart takes precedence. When a requirement of this subpart is inconsistent with GSAR 536.6, the latter subpart takes precedence. A class deviation from the FAR has been approved to implement GSA's Quality Contractor Program. This subpart applies to contracts including those for (a) services involving the construction, alteration, or repair (including dredging, excavating, and painting) of buildings, bridges, roads, or other kinds of real property; (b) architect-engineer services; (c) automatic data processing (ADP) equipment and systems; and (d) telecommunications equipment and services.

[57 FR 59939, Dec. 17, 1992]

517.202 Use of options.

(a) The inclusion of options in contracts under appropriate circumstances is encouraged. The use of options may reduce procurement lead time and associated costs, ensure continuity of contract support, improve overall contractor performance, and facilitate longer term contractual relationships with those contractors that continuously meet or exceed quality performance expectations outlined in the contract.

(b) Inclusion of an option is normally in the Government's interest where—

(1) Additional supplies or services may be required during the contract term;

(2) Additional supplies or services may be required beyond the initial contract term and either multiyear contracting authority is not available or its use is inappropriate;

(3) There is a need for continuity of supply or services support;

(4) Funds are not available for the entirety of the Government's needs, but are likely to become available during the contract term; or

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(5) The contract is with an emerging small business with minimal performance history in the contract supply or service and the basic quantity is intended to be a learning or testing quantity.

(c) Inclusion of an option may not be appropriate where the circumstances described in FAR 17.202(b)(2) and 17.202(c) (1) and (3) exist or where the market prices for the supplies or services are likely to change substantially and an economic price adjustment clause will not adequately protect the Government's interests.

[57 FR 59939, Dec. 17, 1992]

517.203 Solicitations.

Solicitations containing options to extend (see FAR 17.208 (f) and (g)) should normally inform offerors of the potential for entering into a long term contractual relationship with the GSA subject to a continuing need and the successful offeror's ability to perform at levels which meet or exceed the agency's quality performance expectations.

[57 FR 59939, Dec. 17, 1992]

517.204 Contracts.

The head of the contracting activity must approve exceeding the 5-year limitations specified in FAR 17.204(e) for individual contracts. The Associate Administrator for Acquisition Policy must approve requests to exceed the limitations for classes of contracts. The contract file for individual approvals and the requests for approval of classes of contracts must support the need to exceed the 5-year limitation. This section does not apply to contracts for automatic data processing (ADP) equipment and systems or to contracts for telecommunications equipment and services.

[57 FR 59939, Dec. 17, 1992]

517.207 Exercise of options.

(a) If the option was not evaluated as part of the original competition, a synopsis of the option before it is exercised is required unless exempt under FAR 5.202.

(b) In addition to the items listed in FAR 17.207(d), the contracting officer may consider whether the contractor's

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performance under the contract has met or exceeded the Government's expectation for quality performance, or whether another circumstance exists that would warrant an extended contractual relationship when deciding whether to exercise an option. The contracting officer must always determine the option price(s) is fair and reasonable before exercising an option.

[57 FR 59939, Dec. 17, 1992]

517.208 Solicitation provisions and contract clauses.

(a) In addition to other applicable provisions or clauses related to options, the contracting officer shall insert a provision substantially the same as the provision at 552.217-71, Notice Regarding Option(s), in solicitations for supplies or services when necessary

to inform offerors of the importance GSA will place on past performance when considering whether to exercise options.

(b) The contracting officer shall insert a provision substantially the same as the provision at 552.217-70, Evaluation of Options, in solicitations for procurements under the Federal Supply Service (FSS) stock or special order program when (1) the solicitation contains an option to extend the term of the contract and (2) a firm-fixed price contract with economic price adjustment based on the Producer Price Index or alternative indicator of market price changes is contemplated.

[57 FR 59939, Dec. 17, 1992]

PART 518—[RESERVED]

SUBCHAPTER D—SOCIOECONOMIC PROGRAMS

PART 519—SMALL BUSINESS PROGRAMS

SOURCE: 54 FR 26527, June 23, 1989, unless otherwise noted.

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519.202–2 Locating small business sources.

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519.705 Responsibilities of the contracting officer under the subcontracting assistance program.

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519.708 Solicitation provisions and contract clauses.

Subpart 519.8—Contracting With the Small Business Administration (The 8(a) Program)

519.803 Selecting acquisitions for the 8(a) program.

519.803–70 Contracting officer evaluation of recommendations for 8(a) set-aside(s).

AUTHORITY: 40 U.S.C. 486(c).

519.001 Definitions.

Agency small business technical advisors (SBTAs) as used in this part, means the individuals designated in writing by the Office of Enterprise Development (E). In addition to the duties outlined at FAR 19.201(c), the agency small business technical advisors perform the functions of the small business specialist described in FAR 19.506 (a) and (b) and 19.705–4(d)(5).

[61 FR 1150, Jan. 17, 1996]

Subpart 519.2—Policies

519.201 General policy.

The Associate Administrator for Enterprise Development (E) may make recommendations to the contracting officer as to whether a particular acquisition should be awarded under FAR 19.5 as a set-aside or under FAR 19.8 as a section 8(a) award directly or through the SBTA.

[61 FR 1150, Jan. 17, 1996]

519.202 Specific policies.

519.202–2 Locating small business sources.

Contracting officers should request assistance from SBTAs in locating small business sources.

[61 FR 1151, Jan. 17, 1996]

Subpart 519.3—Determination of Status as a Small Business Concern

519.302 Protesting a small business representation.

If SBA determines that an offeror is not a small business and there is evidence that the offeror knowingly misrepresented itself as a small business, the contracting officer shall refer the matter to the Inspector General (J) for investigation.

[56 FR 3044, Jan. 28, 1991]

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Subpart 519.5—Set-Asides for Small Business

519.500 Scope of subpart.

The requirements in this subpart for setting aside acquisitions and for reviewing non-set-aside determinations do not apply to construction, architectural and engineering, or trash/garbage collection services estimated to exceed \$25,000 that are acquired under the Small Business Competitiveness Demonstration Program during periods when goals are being met and contracting officers are required to contract for such services using unrestricted procedures. (See FAR 19.10.) However, contracts for these services may be awarded under the 8(a) program.

[56 FR 3044, Jan. 28, 1991]

519.502 Setting aside acquisitions.

519.502-3 Partial set-asides.

(a) *Initiating partial set-asides for stock items.* Partial set-asides for procurement of stock items may be made when the following Economic Order Quantity (EOQ) factors are present:

(1) For annual contracts, an EOQ factor not exceeding 3 months; and

(2) For 6-month contracts, an EOQ factor not exceeding 1 month.

(b) *Contract award.* When the set-aside portion of an item is awarded to the same concern as the corresponding non-set-aside portion, the award must be documented by issuing a separate contract or contract number for each group of items.

(c) *Partial coverage.* When only the non-set-aside portion of the procurement is awarded before the expiration of the current contract, contractual documents covering the transaction must be distributed to the ordering activities to provide at least partial coverage of the requirements.

(d) *Contract coding.* Information regarding partial or total set-asides must be included on GSA Form 1535, Recommendation for Award(s), as appropriate. Further, if a class set-aside is involved, the face of the GSA Form 1535 must be annotated as follows: "Class set-asides apply to items _____."

(e) *Ordering procedures.* The Inventory Manager shall ensure that the specified division of orders is made in accordance with the clause at 552.219-71 in those cases where two contractors are to supply the same item(s).

519.502-70 Review of non-set-aside determinations.

(a) If the contracting officer decides that a procurement that is expected to exceed \$100,000 cannot be set aside for small business, the reasons for the decision must be recorded on the GSA Form 2689, Procurement Not Set Aside. The GSA Form 2689 must be submitted to the SBTA for review and coordination with the SBA.

(b) The SBTA will provide a copy of the GSA Form 2689 to the SBA representative as soon as possible so that the review can be made by GSA and SBA within the timeframe provided in (c) of this section.

(c) Review of the contracting officer's determination should normally be completed within 5 workdays. GSA and SBA reviewing officials should notify the contracting officer if additional time is needed and request an extension of time to complete the review.

(d) Before the GSA or SBA reviewing officials provide additional small business sources to the contracting officer when requesting reconsideration of the non-set-aside determination, the reviewing officials shall contact the sources to ensure the sources are interested in submitting offers and to obtain information regarding the capability of the sources to fulfill the Government's requirements. The information obtained should be provided to the contracting officer for consideration.

(e) If the SBTA recommends that the contracting officer set the procurement aside and the contracting officer still believes the procurement should be unrestricted, the matter must be referred to the contracting director's first level supervisor for a decision.

(f) If the SBA representative recommends that the contracting officer set the procurement aside and the contracting officer rejects the recommendation, the contracting officer shall comply with FAR 19.505.

[54 FR 26527, June 23, 1989, as amended at 61 FR 1151, Jan. 17, 1996]

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519.503 Setting aside a class of acquisitions.

(a) A class set-aside may consist of an item (or service), a group of related items under a Federal Supply Class (FSC), or a whole FSC when restricted to small business on more than a one-time basis, as distinct from a one-time basis. A single item or a group of items restricted to small business on more than a one time basis, even though constituting only a small portion of an FSC, is defined as a class set-aside.

(b) Class set-aside determinations must be documented in the following format:

SMALL BUSINESS CLASS SET-ASIDE DETERMINATION

In accordance with FAR 19.502-2, it is hereby determined that procurements by the (*name of contracting activity*) of the following items or services will be set aside for small business concerns on a class basis. This determination does not apply to any individual procurement of \$100,000 or less and applies only to the contracting activity named above.

(List items or services)

The above format must be appropriately modified with respect to any class of procurements proposed to be partially set-aside. It must be signed by the contracting officer having procurement responsibility for the class of items or services involved, approved by the appropriate contracting director or a designee, and placed in the contract file.

[54 FR 26527, June 23, 1989, as amended at 61 FR 1151, Jan. 17, 1996]

519.508 Solicitation provisions and contract clauses.

The contracting officer shall insert the clause at 552.219-71, Allocation of Orders—Partially Set-Aside Items, in solicitations and requirements type supply contracts that are partially set aside for small business.

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Subpart 519.6—Certificates of Competency and Determinations of Eligibility

519.602 Procedures.

519.602-3 Resolving differences between the agency and the Small Business Administration.

(a) Within 5 working days or such longer period as may be agreed to after the contracting officer makes a request to the SBA Regional Office to appeal a notice of intention to issue a Certificate of Competency, the contracting officer shall prepare and forward the following information to E:

(1) Copies of all correspondence between GSA and SBA concerning the case, including initial notice to SBA that a small business had been found nonresponsive;

(2) Copies of all technical documents sent to SBA along with the notice (i.e., solicitation, preaward surveys, abstract of offers, if any, etc.);

(3) A fact sheet detailing all pertinent information to support an appeal action to SBA, including any new information and a justification of the contracting officer's decision to continue the appeal.

(b) If the SBA Central Office informs the contracting officer that it concurs with its Regional Office's intention to issue a COC, the documentation available clearly supports an appeal, and the contracting officer believes an appeal to be in the Government's interest, the contracting officer shall contact E and request that office formally appeal the SBA decision on the agency's behalf. After considering all the facts and conferring with the applicable contracting activity, E will decide whether or not to file a formal appeal. Before a decision is made not to appeal, E shall notify the applicable Central Office Service. Once a decision is made regarding the appeal the contracting officer will be notified.

[54 FR 26527, June 23, 1989, as amended at 61 FR 1151, Jan. 17, 1996]

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Subpart 519.7—Subcontracting With Small Business, Small Disadvantaged Business and Women-Owned Small Business Concerns

519.705 Responsibilities of the contracting officer under the subcontracting assistance program.

519.705-2 Determining the need for a subcontracting plan.

The requirement at FAR 19.702(a)(1) for submission of a subcontracting plan by only the apparently successful offeror does not apply to GSA negotiated solicitations when the contract is expected to exceed \$500,000 (\$1,000,000 for construction) and the contract will be awarded on the basis of an evaluation of technical and/or management proposals and cost or price proposals using source selection procedures. Except for acquisitions of commercial products, or offering minimal subcontracting opportunities, such acquisitions shall require submission of a subcontracting plan with the initial offer by all offerors that are not small business concerns.

[60 FR 42794, Aug. 17, 1995]

519.708 Solicitation provisions and contract clauses.

(a) The contracting officer shall insert the provision at 552.219-72, Notice to Offerors of Subcontracting Plan Requirements, on the cover page of the solicitation if the solicitation includes the clause at FAR 52.219-9, Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan.

(b) The contracting officer shall insert the provision at 552.219-73, Preparation, Submission, and Negotiation of Subcontracting Plans, in negotiated solicitations if the solicitation includes the clause at FAR 52.219-9, Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan, and the contract will be awarded on the basis of an evaluation of technical and/or management

proposals and cost or price proposals using source selection procedures. The provision does not apply to (1) solicitations for commercial products, or (2) solicitations where, in the judgment of the contracting officer, subcontracting opportunities are minimal.

(c) The contracting officer shall insert the provision at 552.219-74, Goals for Subcontracting Plan, in sealed bid solicitations if the solicitation includes the clause at FAR 52.219-9, Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan. The basic provision should be used when the contracting officer is able to realistically establish target goals. Alternate 1 should be used in sealed bid solicitations when the contracting officer cannot establish realistic target goals and in negotiated solicitations that include the clause at FAR 52.219-9 but do not include the provision at 552.219-73.

[61 FR 1151, Jan. 17, 1996]

Subpart 519.8—Contracting With the Small Business Administration (The 8(a) Program)

519.803 Selecting acquisitions for the 8(a) program.

519.803-70 Contracting officer evaluation of recommendations for 8(a) set-aside(s).

If the Associate Administrator for Enterprise Development (E) or the SBTA recommends that a procurement be set aside for award under the 8(a) program and the contracting officer disagrees, the contracting officer shall discuss the matter with the official that made the recommendation before making a decision. If the contracting officer decides not to award the contract under the 8(a) program as recommended, the reasons for the decision must be documented for the record as required by FAR 19.202 and a copy of the documentation must be forwarded to E within 10 working days of the contracting officer's decision.

[61 FR 1151, Jan. 17, 1996]

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PART 520 [RESERVED]

PART 521—[RESERVED]

**PART 522—APPLICATION OF
LABOR LAWS TO GOVERNMENT
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Handicapped**

- 522.1403 Waivers.
- 522.1406 Complaint procedures.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26532, June 23, 1989, unless otherwise noted.

522.000 Scope of part.

This part provides agency policies regarding contractor labor relations as they relate to the acquisition process; procedures for implementing requirements for FAR part 22; and it also prescribes contract clauses for use in certain contracts.

[57 FR 7555, Mar. 3, 1992]

522.001 Definition.

Agency labor advisor as used in this part means the Director of the Office of GSA Acquisition Policy.

[57 FR 7555, Mar. 3, 1992]

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Subpart 522.1—Basic Labor Policies

522.101 Labor relations.

522.101-1 General.

(a) In conjunction with the Office of General Counsel (OIG), the agency labor advisor:

(1) Serves as the focal point on matters that relate to contractor labor relations;

(2) Is responsible for initiating contact on labor relations matters with national offices of labor organizations, Government departments, agencies or other governmental organizations;

(3) Serves as a clearinghouse for information on labor laws applicable to Government acquisitions; and

(4) Responds to questions involving FAR part 22, GSAR part 522 or other contractor labor relations matters that arise in connection with GSA acquisition programs. OGC is responsible for determining the agency's legal position with respect to these matters.

(b) GSA personnel in discharge of their duties and consistent with FAR 22.101-1(b), shall refrain from involvement in or expressing a position on, labor negotiations between contractors and unions or on the merits of any dispute between labor and a contractor's management.

[57 FR 7556, Mar. 3, 1992]

522.101-3 Reporting labor disputes.

Reports required by FAR 22.101-3 must be submitted to the agency labor advisor.

[57 FR 7556, Mar. 3, 1992]

522.103 Overtime.

522.103-4 Approvals.

The head of the program office is the agency official responsible for approving overtime under FAR 22.103-4(a).

522.103-5 Contract clause.

The contracting officer shall include the clause at FAR 52.222-1, Notice to the Government of Labor Disputes, in solicitations and contracts for items on the DoD Master Urgency List.

[57 FR 7556, Mar. 3, 1992]

Subpart 522.3—Contract Work Hours and Safety Standards Act

522.302 Liquidated damages and over-time pay.

(a) The Administrator has designated the Heads of Central Office Services to make determinations under FAR 22.302(c).

(b) Upon a final administrative determination regarding the assessment of liquidated damages, the contracting officer notifies the appropriate Finance Office of the decision and provides necessary instructions regarding the disposition of funds withheld or the collection of funds. If funds were withheld from contract payments to satisfy the claim for liquidated damages pending a final administrative determination, the appropriate Finance Office shall be instructed to immediately release any funds in excess of the amount specified in the final administrative determination to the contractor. If funds were not withheld or if the amount of liquidated damages assessed exceeds that amount withheld for liquidated damages, the contracting officer initiates collection action by withholding funds from payments due on the instant contract or by issuing a demand for payment. When the contractor has other Government contracts the demand letter should indicate the Government's intent to offset if payment is not made. The contracting officer will provide the appropriate Finance Office with a copy of the demand for payment and request that the Finance Office initiate collection action under 41 CFR Part 105-55, Collection of Claims Owed the United States, if payment is not made in accordance with the demand letter.

Subpart 522.4—Labor Standards for Contracts Involving Construction

522.404 Davis-Bacon Act wage determinations.

522.404-6 Modifications of wage determinations.

Contracting directors may request extensions of the 90-day period for application of a general wage determination. See FAR 22.404-6(b)(6).

522.406-1**48 CFR Ch. 5 (10-1-96 Edition)****522.406 Administration and enforcement.****522.406-1 Policy.**

The GSA Form 618-A, Transmittal of Contract Award, may be used to inform contractors of their obligations under the labor standards clauses of the contract.

522.406-6 Payrolls and statements.

Prime contractors and subcontractors who personally perform work are required to submit, instead of weekly payrolls and statements of compliance with respect to payment of wages, a statement clearly showing their contractual relationship, the scope and dates of work performed, that they received no wages, and that no mechanics or laborers were employed in the prosecution of the work. GSA Form 618-D, Statement to be Submitted When Work is Performed Personally, should be used to furnish this information.

522.406-7 Compliance checking.

Compliance checks must be made as frequently as necessary and before final payment is made. Compliance checking is essential to the success of the labor standards enforcement program.

522.406-8 Investigations.

(a) When compliance checks indicate such action is warranted, the contracting officer shall request the Regional Inspector General for Investigations to conduct an investigation of a contractor's compliance with the labor standards requirements.

(b) The contracting director shall review and process the contracting officer's report under FAR 22.406-8(d).

522.406-9 Withholding from or suspension of contract payments.

Upon final administrative determination regarding the assessment of liquidated damages, the contracting officer shall follow the procedures in 522.302(b).

522.406-11 Contract terminations.

Contracting officers shall submit reports required under FAR 22.406-11.

522.406-13 Semiannual enforcement reports.

Contracting activities shall submit semiannual enforcement reports to the agency labor advisor (See 522.001) for consolidation and submission to the Department of Labor. The reports should be submitted within 15 calendar days after the end of the reporting period.

[57 FR 7556, Mar. 3, 1992]

522.470 Forms.

GSA Form 3505, Labor Standards (Construction Contract), is for use in contracts subject to the Davis-Bacon and related Acts. The clauses on this form must be included in solicitations/contracts in full text, and may not be incorporated by reference.

Subpart 522.6—Walsh-Healey Public Contracts Act**522.608 Procedures.****522.608-2 Determination of eligibility.**

The contracting officer shall forward ineligibility determinations under FAR 22.608-2(f)(1)(ii) through the contracting director.

522.608-3 Protests against eligibility.

The contracting officer shall forward determinations under FAR 22.608-3(b) through the contracting director.

522.608-4 Award pending final determination.

The certification required by FAR 22.608-4(b)(1) must be approved by the HCA.

522.608-6 Postaward.

The contracting officer shall notify and furnish information to the Department of Labor under FAR 22.608-6(c) after coordinating with legal counsel and the contracting director.

Subpart 522.8—Equal Employment Opportunity**522.803 Responsibilities.**

The contracting officer shall submit questions under FAR 22.803(d) to legal counsel.

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522.804 Affirmative action programs.

522.804-1 Nonconstruction.

In addition to the requirements of FAR 22.804, each contractor and subcontractor who serves as a depository of Government funds in any amount, or is a financial institution which is an issuing and paying agent for U.S. savings bonds and savings notes in any amount, must develop a written affirmative action compliance program for each of its establishments within 120 days from the start of its first such Government contract or subcontract.

522.804-70 Reports and other required information.

For contract administration purposes, nonexempt contractors shall be instructed to submit a copy of Standard Form 100, Equal Employment Opportunity Employer Information Report EEO-1, submitted under the Equal Opportunity clause to the contracting officer (see FAR 52.222-26(b)(7)).

522.804-71 Furnishing information to contractors.

Contracting officers shall provide contractors with (a) a SF-100, and (b) a copy of the notice that is to be provided the labor union or workers' representative and posted in conspicuous places (see FAR 22.805(b) and 52.222.26(b) (3) and (5)).

522.805 Procedures.

(a) The contract amount for purposes of applying the threshold at FAR 22.805(a) includes the value of the basic contract plus priced options. A contract modification exercising an option that has been priced and evaluated does not constitute a contract award under FAR 22.805(a)(1)(ii) and does not require a preaward clearance.

(b) Requests for reviews under FAR 22.805(a)(5) are made directly by the contracting officer.

522.807 Exemptions.

Requests for exemption under FAR 22.807(c) must be submitted to OFCCP through the agency labor advisor.

[57 FR 7556, Mar. 3, 1992]

Subpart 522.10—Service Contract Act

522.1003 Applicability.

522.1003-3 Statutory exemptions.

The statutory exemption in FAR 22.1003-3(c) does not apply to local office relocation moves when the transportation is incidental to the services being acquired. The Service Contract Act applies in such situations and formal contracting procedures must be used.

[55 FR 37880, Sept. 14, 1990]

522.1003-4 Administrative limitations, variations, tolerances, and exemptions.

Requests for limitations, variations, tolerances, and exemptions from the Service Contract Act under FAR 22.1003-4(a) must be submitted to the Administrator, Wage and Hour Division, through the agency labor advisor. The contracting officer shall coordinate requests with assigned legal counsel and the contracting director before forwarding to the agency labor advisor.

[57 FR 7556, Mar. 3, 1992]

522.1003-7 Questions concerning applicability of the Act.

Questions under FAR 22.1003-7 regarding the applicability of the Act may also be directed to assigned legal counsel. Unresolved questions shall be submitted to the Administrator, Wage and Hour Division through the agency labor advisor.

[57 FR 7556, Mar. 3, 1992]

522.1005 Clause for contracts of \$2,500 or less.

The total dollar amount of orders reasonably expected to be placed against blanket purchase or basic ordering agreements in a 1-year period should be used for comparison with the dollar threshold.

522.1006 Clauses for contracts over \$2,500.

The clauses prescribed in FAR 22.1006 (a) and (b) may be repeated verbatim in solicitations and contracts or the GSA Form 2166, Service Contract Act of 1965

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(As Amended) and Statement of Equivalent Rates for Federal Hires, may be used.

[58 FR 47398, Sept. 9, 1993]

522.1011 Response to notice by Department of Labor.

522.1011-2 Requests for status or expediting of response.

Requests to expedite wage determinations or to check the status of a request may be made by the contracting officer directly to the Administrator, Wage and Hour Division.

[55 FR 37880, Sept. 14, 1990]

522.1013 Review of wage determination.

In addition to contacting the agency labor advisor under FAR 22.1013, the contracting officer shall consult with assigned legal counsel when considering instituting a request for a substantial variance hearing under FAR 22.1021.

[57 FR 7556, Mar. 3, 1992]

522.1014 Delay of acquisition dates over 60 days.

Requests under FAR 22.1014 to determine whether the wage determinations issued under the initial submission are still current may be made by the contracting officer.

[57 FR 7556, Mar. 3, 1992]

522.1021 Substantial variance hearings.

The contracting officer shall submit, after coordinating with assigned legal counsel, any request for a hearing under FAR 22.1013(a) through the agency labor advisor to the Administrator, Wage and Hour Division.

[57 FR 7556, Mar. 3, 1992]

Subpart 522.13—Special Disabled and Vietnam Era Veterans

522.1303 Waivers.

Requests for waivers under FAR 22.1303(c) must be submitted to the Administrator through the agency labor advisor.

[57 FR 7556, Mar. 3, 1992]

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522.1306 Complaint procedures.

The contracting officer may forward complaints about the administration of the Act to the Veteran's Employment Service in accordance with FAR 22.1306.

Subpart 522.14—Employment of the Handicapped

522.1403 Waivers.

Request for waivers under FAR 22.1403(c) must be submitted to the Administrator through the agency labor advisor.

[57 FR 7556, Mar. 3, 1992]

522.1406 Complaint procedures.

The contracting officer may forward complaints about the administration of the Act to the OFCCP in accordance with FAR 22.1406.

PART 523—ENVIRONMENT, CONSERVATION, AND OCCUPATIONAL SAFETY

Subpart 523.3—Hazardous Materials Identification and Material Safety Data

Sec.

523.303 Contract clause.

523.370 Solicitation provision.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26534, June 23, 1989, unless otherwise noted.

Subpart 523.3—Hazardous Materials Identification and Material Safety Data

523.303 Contract clause.

(a) The contracting officer shall insert the clause at 522.223-70, Hazardous Substances, in solicitations and contracts for packaged items subject to the Federal Hazardous Substances Act and the Hazardous Materials Transportation Act.

(b) The contracting officer shall insert the clause at 522.223-72, Non-conforming Hazardous Materials, in solicitations and contracts requiring contractors to submit hazardous material data.

[56 FR 1740, Jan. 17, 1991]

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523.370 Solicitation provision.

The contracting officer shall insert the provision at 552.223–71, Hazardous Material Information, in solicitations including purchases made using simplified acquisition procedures, which involve the shipment of hazardous materials on an f.o.b. origin basis.

[60 FR 42804, Aug. 17, 1995]

PART 524—PROTECTION OF PRIVACY AND FREEDOM OF INFORMATION

Subpart 524.1—Protection of Individual Privacy

Sec.

524.103 Procedures.

Subpart 524.2—Freedom of Information Act

524.202 Policy.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26535, June 23, 1989, unless otherwise noted.

Subpart 524.1—Protection of Individual Privacy

524.103 Procedures.

See 41 CFR Part 105–64 and GSA Order, Privacy Act Program (OAD P 1878.8) when contracting for the design, development, or operation of a system of records on individuals.

Subpart 524.2—Freedom of Information Act

524.202 Policy.

See 41 CFR part 105–60 and GSA Order, Freedom of Information Act procedures (ADM 1035.11B) for requirements on making records available under the Freedom of Information Act.

[56 FR 47006, Sept. 17, 1991]

PART 525—FOREIGN ACQUISITION

Subpart 525.1—Buy American Act—Supplies

Sec.

525.105 Evaluating offers.

525.105–70 Evaluating offers—hand or measuring tools or stainless steel flatware for other than the Department of Defense (DOD).

525.105–71 Procurement of hand or measuring tools or stainless steel flatware for DOD.

525.108 Excepted articles, materials, and supplies.

525.108–70 Determination of nonavailability.

Subpart 525.2—Buy American Act—Construction Materials

525.202 Policy.

525.203 Evaluation of offers.

525.204 Violations.

525.205 Solicitation provision and contract clause.

Subpart 525.3—Balance of Payments Program

525.302 Policy.

525.302–70 Procurements for agencies under the Foreign Assistance Act.

525.304 Excess and near-excess foreign currencies.

525.371 Restricted solicitation.

Subpart 525.4—Purchases Under the Trade Agreements Act of 1979

525.402 Policy.

525.402–70 Delegation of limited waiver authority.

525.406 Agencies covered by the Agreement on Government Procurement.

525.407 Solicitation provision and contract clause.

Subpart 525.9—Additional Foreign Acquisition Clauses

525.901 Omission of audit clause.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26535, June 23, 1989, unless otherwise noted.

Subpart 525.1—Buy American Act—Supplies

525.105 Evaluating offers.

(a) Proposed awards, under FAR 25.105(c), must be submitted to the HCA or a designee for approval. A statement of facts containing the following information should be submitted for approval.

(1) Description of the item(s), including unit and quantity.

(2) Estimated cost.

(3) Statement as to whether duty is included in the estimated cost and, if not, the reasons for exclusion.

(4) Transportation costs for delivery to destination if the item is to be procured f.o.b. origin.

(5) Country of origin.

(6) Name and address of proposed contractor(s).

(7) Brief statement as to necessity for procurement.

(8) Reasons supporting request for approval explaining.

(i) Why the cost would not be unreasonable or inconsistent with the public interest when award to a domestic concern for more than \$250,000 would be made to a small business or labor surplus area concern after the 12 percent factor is applied, but not to a firm after the 6 percent is applied.

(ii) Any proposed rejection of an acceptable low foreign offer to protect essential national security interests or rejection of any offer for other reasons of national interest when the Trade Agreements Act of 1979 is not applicable.

(b) A determination to reject a foreign offer using differentials greater than those provided at FAR 25.105 may be made.

(1) If necessary to protect national security interests; and

(2) After the HCA or a designee obtains advice from the Director, Federal Emergency Management Agency. The Executive Office of the President, Office of Management and Budget, must be apprised of the facts of each case where such a determination is made.

525.105-70 Evaluating offers—hand or measuring tools or stainless steel flatware for other than the Department of Defense (DOD).

(a) *Definitions.* “Hand or measuring tool,” as used in this section, means Groups 51 and 52 in Cataloging Handbook H2-1, Federal Supply Classification Part I, Groups and Classes, published by the Defense Logistics Agency, Defense Logistics Services Center, Battle Creek, Michigan.

(b) *GSA Appropriation Act restrictions.*

(1) The current GSA Appropriation Act restricts the acquisition of any hand or measuring tool and stainless steel flatware to domestic end products, except to the extent the Administrator of

General Services or a designee determines that a satisfactory quality and sufficient quantity are unavailable from sources in the United States or its possessions or except as prescribed by section 6-104.4(b) of the Armed Services Procurement Regulations (ASPR) in effect on June 15, 1970.

(2) For hand or measuring tools, the GSA Appropriation Act further provides that a factor of 75 percent is to be used in evaluating foreign end products in lieu of the 50 percent in ASPR 6-104.4(b).

(c) *Evaluation procedures.* Offers for hand or measuring tools or stainless steel flatware must be evaluated using the following procedures adapted from ASPR 6-104.4(b).

(1) An offer of an end product manufactured in Canada will be evaluated on the same basis as a domestic end product after applicable duty, determined under 19 U.S.C. 1202, is included, irrespective of whether or not a duty-free entry certificate will be issued.

(2) Any other offer of a foreign end product must be evaluated at the greatest evaluated price determined by increasing either (i) the net value of the offer (exclusive of duty) by 50 percent (75 percent for hand or measuring tools) or (ii) the gross value of the offer (inclusive of duty) by 6 percent.

(3) A 12 percent factor must be used in (c)(2) (ii) above, when (i) a small business or any labor surplus area concern submits the low acceptable domestic offer or (ii) an otherwise low acceptable domestic offer would result in a contract not to exceed \$100,000 based on its application, but not on the application of the factors in (c)(2) (i) and (ii).

(4) If a contract exceeding \$100,000 to a small business or labor surplus area concern would result under the circumstances in (c)(3)(ii), the matter must be submitted to the HCA for a decision whether such award would involve unreasonable cost or be inconsistent with the public interest. A statement of facts as outlined in 525.105 may be used.

(5) The above evaluation must be applied on an item-by-item basis or to any group of items on which award may be made as specifically provided

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by the solicitation. Award on the domestic offer will be made when any tie results from the foregoing procedures.

(d) *Solicitation provision.* The contracting officer shall insert the provision at 552.225-70, Buy American Act—Hand or Measuring Tools or Stainless Steel Flatware, in solicitations for the acquisition of hand or measuring tools or stainless steel flatware for other than Department of Defense requirements.

525.105-71 Procurement of hand or measuring tools or stainless steel flatware for DOD.

(a) *Definitions.* “Domestic end product,” as used in this section, means a hand or measuring tool, other than an electric or air-motor driven hand tool, or stainless steel flatware, that is wholly produced or manufactured, including all components, in the United States or its possessions.

“Electric or air-motor driven hand tool,” as used in this section, means a domestic end product if the cost of components produced or manufactured in the United States exceeds 75 percent of the cost of all components in the end product.

“Stainless steel flatware,” as used in this section, means special order and stock items of stainless steel flatware purchased for DOD, including, but not limited to, the following National Stock Numbers (NSN):

7340-00-060-6057
7340-00-205-3340
7340-00-205-3341
7340-00-241-8169
7340-00-241-8170
7340-00-241-8171
7340-00-559-8357
7340-00-688-1055
7340-00-721-6316
7340-00-721-6971

(b) *DOD Appropriation Act restrictions.*

(1) Except for purchases of \$25,000 or less, DOD is prohibited from acquiring hand or measuring tools or stainless steel flatware (see 525.105-71(a)), that are not domestic end products, except in the case of stainless steel flatware, when the Secretary of the department concerned determines that a satisfactory quality and quantity produced or manufactured in the United States or

its possessions are not available when needed at domestic market prices.

(2) In GSA procurements of such tools or flatware, a determination must be made by the appropriate Commodity Center Director whenever GSA applies the current DOD Appropriation Act restrictions. This determination must be made on a case-by-case basis for tools and flatware for NSNs other than those listed in 525.105-71(a), whenever (i) DOD requirements are included in the solicitation and (ii) the hand or measuring tools or stainless steel flatware are available from domestic sources.

(3) The basis for applying the DOD Appropriation Act restrictions to GSA acquisitions is the—

(i) Statutory prohibition on DOD, which applies when DOD requisitions such items, regardless of whether or not it is from the GSA stock program;

(ii) Impracticability of establishing a dual supply system to satisfy the requirements of civilian and military agencies; and

(iii) Language in the GSA Appropriation Act, which provides for the rejection of any offer when it is considered necessary for reasons of national interest under ASPR 6-104.4(d)(3)(ii).

(4) When no offers for a domestic end product are received or the total quantity offered by responsive and responsible offerors for a particular NSN of stainless steel flatware is insufficient to meet the requirement, the contracting officer should consider making an unavailability determination (see 525.108-70), amend the solicitation, and complete the acquisition under 525.105-70.

(c) *Contract clause.* The contracting officer shall insert the clause at 552.225-71, Notice of Procurement Restriction—Hand or Measuring Tools or Stainless Steel Flatware, in solicitations and contracts for the acquisition of hand or measuring tools or stainless steel flatware when the Commodity Center Director makes a determination under 525.105-71(b).

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525.108 Excepted articles, materials, and supplies.

525.108-70 Determination of nonavailability.

(a) Determinations under FAR 25.102(a)(4), 25.202(a)(3), and 25.108 must be supported by a statement of fact (findings), including the following information, and a determination signed by the HCA or a designee:

(1) Description of the item(s), including unit and quantity;

(2) Estimated cost, including duty, if any (show the amount of duty separately);

(3) Transportation costs for delivery to destination, if item is to be procured f.o.b. origin;

(4) Country of origin;

(5) Name and address of prospective contractor(s);

(6) Brief statement as to the necessity for the procurement; and

(7) Statement of effort made to procure a similar item of domestic origin or statement that there is no domestic item that can be used as a reasonable substitute.

(b) Findings and determination of nonavailability will normally be prepared in the format shown below:

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Reference No. _____

FINDINGS AND DETERMINATION OF NONAVAILABILITY UNDER THE BUY AMERICAN ACT REGARDING PURCHASE OF (INSERT DESCRIPTION)

Pursuant to the provisions of the Buy American Act (41 U.S.C. 10a-d) and Executive Order 10582, December 17, 1954 (3 CFR Supp.), and by virtue of delegated authority, the following findings of fact and determination are hereby made:

1. Findings (set forth a statement of facts).

2. Determination. In view of the foregoing, it is hereby determined that for the purposes of the Buy American Act (insert item description), is not mined, produced, or manufactured at the present time in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

Date _____

Signed _____

(End of Findings and Determination)

(c) When it has been determined that the Buy American Act is not applicable to the purchase of the end product or to the components from which it is

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manufactured, the original of the determination must be made a part of the contract file and a copy furnished to the Associate Administrator for Acquisition Policy for transmittal to the appropriate FAR Council and a statement must be inserted in the solicitation and contract that a determination has been made pursuant to FAR 25.108(b).

Subpart 525.2—Buy American Act—Construction Materials

525.202 Policy.

The HCA is authorized to make determinations required by FAR 25.202(a). The HCA may not redelegate authority to make determinations under FAR 25.202(a)(3) when the cost of the materials is estimated to exceed \$100,000. Authority to make other determinations may be redelegated.

525.203 Evaluation of offers.

(a) The HCA or a designee may authorize the use of a particular foreign construction material when the use of a comparable domestic construction material would unreasonably increase the cost of the contract. The cost of a particular domestic construction material shall be determined to be unreasonable when the cost of such material exceeds the cost of foreign material by more than 6 percent. The cost of construction material includes all delivery costs to the construction site and any applicable duty (whether or not a duty-free entry certificate is issued).

(b) The evaluation process described in paragraph (a) of this section does not apply to:

(1) Excepted materials listed in the solicitation; or

(2) European Community (EC) and North American Free Trade Agreement (NAFTA) country construction materials offered in response to solicitations for construction contracts with an estimated value of \$6,500,000 or more.

(c) Offerors proposing to use foreign construction materials (other than EC or NAFTA country construction materials on contracts with an estimated value of \$6,500,000 or more) are required to provide adequate information for Government evaluation under paragraph (a) of this section. Offerors may

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submit alternate offers for comparable domestic construction materials at stated prices. When foreign construction material (other than EC or NAFTA country construction materials on contracts with an estimated value of \$6,500,000 or more) is not authorized under paragraph (a), evaluation of the offer must be based on the stated price, if any, for comparable domestic material. If an offeror proposing to use foreign construction materials (other than EC or NAFTA country construction materials on contracts with an estimated value of \$6,500,000 or more) does not furnish data on the cost of comparable domestic construction material, and the use of foreign construction material is not authorized, such offer must be rejected, unless the contracting officer is able to obtain prices on comparable domestic material which verifies that domestic prices are unreasonable.

(d) The contracting officer shall add 6 percent to the cost of foreign construction materials (other than EC or NAFTA country construction materials on contracts with an estimated value of \$6,500,000 or more) authorized for use in accordance with paragraph (a) of this section, to the prices offered, if applicable, for evaluation purposes only.

[59 FR 64856, Dec. 16, 1994]

525.204 Violations.

If a contractor fails to comply with the clause at FAR 52.225-5, Buy American Act—Construction Materials, the contracting officer shall document the failure in a report and forward the report to the debarring official for consideration for debarment action in accordance with Subpart 509.4.

525.205 Solicitation provision and contract clause.

The contracting officer shall insert the provision at 552.225-75, Buy American Act Notice—Construction Materials in solicitations for construction that include the Buy American Act—Construction Materials clause at (FAR) 48 CFR 52.225-5 and have an estimated value less than \$6,500,000. Alternate I shall be used for construction contracts with an estimated value of \$6,500,000 or more that include the Buy

American Act—Construction Materials Under European Community Agreement and NAFTA clause at (FAR) 48 CFR 52.225-15.

[59 FR 64857, Dec. 16, 1994]

Subpart 525.3—Balance of Payments Program

525.302 Policy.

(a) Decisions under FAR 25.302(b)(3) must be supported as provided in 525.108-70(a).

(b) Use of a greater differential than provided in FAR 25.302(c) may be authorized by the HCA or a designee.

525.302-70 Procurements for agencies under the Foreign Assistance Act.

When a contracting activity enters into contracts as the agent for an agency governed by the Foreign Assistance Act (22 U.S.C. 2151 *et seq.*) such as the Agency for International Development (AID), such contracts are governed by the policies and procedures of the agency and not by FAR 25.3 and 525.3.

525.304 Excess and near-excess foreign currencies.

When a contracting activity procures articles or services for use outside the United States for another agency, it will be assumed (unless a specific notation is made on the purchase request) that use of excess or near excess foreign currencies has been considered by the requisitioning agency and that such currencies are not available.

525.371 Restricted solicitation.

(a) Specific written estimates of comparative delivered prices of end products or service of domestic origin versus foreign origin made by the requisitioning office before submitting a purchase request is not required by the contracting activity. Procurements made directly for other agencies of items to be used outside the United States will be made under the Balance of Payments Program, except for agencies supported by GSA that come under the Foreign Assistance Act; e.g., AID and the Bureau of International Narcotics Matters.

(b) Before procuring any item for GSA use outside the United States,

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cost estimates must be made before restricting competition to U.S. end products or services.

Subpart 525.4—Purchases Under the Trade Agreements Act of 1979

525.402 Policy.

(a) Under (FAR) 48 CFR 25.402(a), when the estimated value of all items or products (exclusive of any item or product within any of the exceptions described in (FAR) 48 CFR 25.403) listed in the solicitation exceeds the Trade Agreements Act threshold, contracting officers shall evaluate offers without regard to the restrictions of the Buy American Act or the Balance of Payments Program.

(b) As a result of the General Services Administration Board of Contract Appeals (GSCBA) decision in the protest of International Business Machines Corporation, GSCBA no. 10532-P, May 18, 1990, contracting officers are hereby authorized to deviate from the FAR provision at 52.225-8, Buy American Act-Trade Agreements Act-Balance of Payment Program Certificate and FAR clause at 52.225-9, Buy American Act-Trade Agreements Act-Balance of Payment Program, in solicitations and contracts that are subject to the Trade Agreements Act by incorporating the provision and clause prescribed in 525.407(a).

(c) When acquiring eligible products without full and open competition using the authorities in FAR 6.302-3(a)(2)(i) or 6.302-7, a copy of the approved justification must be furnished to the Associate Administrator for Acquisition Policy for subsequent transmittal to the U.S. Trade Representative.

[54 FR 26535, June 23, 1989, as amended at 54 FR 33554, Aug. 15, 1989; 55 FR 32635, Aug. 10, 1990; 57 FR 42708, Sept. 16, 1992; 59 FR 64857, Dec. 16, 1994]

525.402-70 Delegation of limited waiver authority.

(a) The U.S. Trade Representative, under section 302(b) of the Trade Agreements Act (Act), has authorized the Administrator of General Services to waive, under limited specified circumstances and on a case-by-case

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basis, the purchasing prohibition in section 302(a)(1) of the Act.

(b) The Administrator has delegated to the HCA authority to waive the purchasing prohibition in paragraph (a) of this section, in cases where in response to a solicitation:

(1) There are no responsive bids or technically acceptable offers received from responsible offerors of U.S. or designated country end products, or

(2) Responsible offerors do not offer a sufficient quantity to meet the Government's requirements.

(c) A copy of any waiver under paragraph (b) of this section must be furnished to the Associate Administrator for Acquisition Policy for transmittal to the U.S. Trade Representative.

525.406 Agencies covered by the Agreement on Government Procurement.

The exclusion provided for in FAR 25.406 for the Tools Commodity Center applies only to purchases of items in Groups 51 and 52 by the Tools Commodity Center Procurement Division of the International, Tools, and Appliances Commodity Center and to the Tools Material Management Division in Region 6.

[55 FR 38552, Sept. 19, 1990]

525.407 Solicitation provision and contract clause.

(a) The contracting officer shall insert the provision at 552.225-8, Trade Agreements Act Certificate, and the clause at 552.225-9, Trade Agreements Act, in solicitations and contracts subject to the Trade Agreements Act in lieu of the FAR provision at 52.225-8 and the clause at 52.225-9.

(b) The contracting officer shall insert the clause at 552.225-72, Eligible Products From Nondesignated Countries—Waiver, in solicitations and contracts subject to the Trade Agreements Act.

[57 FR 42708, Sept. 16, 1992]

Subpart 525.9—Additional Foreign Acquisition Clauses

525.901 Omission of audit clause.

The heads of contracting activities shall make the determination under

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FAR 25.901(c)(1) to waive the right to examination of records by the Comptroller General.

[60 FR 54957, Oct. 27, 1995]

PART 526—[RESERVED]

SUBCHAPTER E—GENERAL CONTRACTING REQUIREMENTS

PART 527—PATENTS, DATA, AND COPYRIGHTS

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26538, June 23, 1989, unless otherwise noted.

Subpart 527.4—Rights In Data and Copyrights

527.409 Solicitation provisions and contract clauses.

(a) The contracting officer shall insert the clause at 552.227-70, Government Rights (Unlimited), in lieu of the clause at FAR 52.227-17, Rights in Data-Special Works, in contracts for architect-engineer services and construction involving architect-engineer services, except when the clause at 552.227-71 is required.

(b) The contracting officer shall substitute the clause at 552.227-71, Drawings and Other Data to Become Property of Government, for the clauses at 552.227-70 and FAR 52.227-17 in contracts for architect-engineer services and construction involving architect-engineer services, when the sole property rights and exclusive control over the design and data are required by the Government.

PART 528—BONDS AND INSURANCE

Subpart 528.1—Bonds

Sec.

528.101 Bid guarantee.

528.101-1 Policy on use.

528.101-3 Contract clause.

528.102 Performance and payment bonds for construction contracts.

528.102-1 General.

528.103 Performance and payment bonds for other than construction contracts.

528.103-2 Performance bonds.

528.103-3 Payment bonds.

528.106 Administration.

528.106-6 Furnishing information.

Subpart 528.2—Sureties

528.202 Acceptability of corporate sureties.

528.202-70 Acceptability of bonds and sureties.

528.203 Acceptability of individual sureties.

528.203-7 Exclusion of individual sureties.

528.204 Options in lieu of sureties.

Subpart 528.3—Insurance

528.301 General.

528.310 Contract clause for work on a Government installation.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26538, June 23, 1989, unless otherwise noted.

Subpart 528.1—Bonds

528.101 Bid guarantee.

528.101-1 Policy on use.

(a) *Construction contracts.* (1) Bid guarantees must not be required for contracts awarded under section 8(a) of the Small Business Act as amended (15 U.S.C. 637(a)).

(2) Unless waived under FAR 28.101-1(c), bid guarantees must be required for construction contracts (except section 8(a) contracts) that do not exceed \$25,000 when it is determined under 528.102-1(b) that a performance bond is essential to protect the Government's interest.

(b) *Building service contracts.* Unless waived by the HCA, bid guarantees must be required for building service contracts in excess of \$25,000 when it is determined under 528.103-2 that a performance bond is essential to protect the Government's interest.

(c) *All other contracts.* Refer to FAR 28.101 for guidance on the use of bid guarantees.

528.101-3 Contract clause.

(a) The contracting officer shall insert a clause substantially the same as the clause at 552.228-70, Bid Guarantee and Bonds, in solicitations and contracts when a construction contract or a contract for dismantling, demolition, or removal of improvements is contemplated and a bid guarantee and bond requirement is to be included.

(b) The contracting officer shall insert a clause substantially the same as the clause at 552.228-71, Bid Guarantee, in solicitations and contracts when a

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building service or other service contract is contemplated and a bid guarantee requirement is to be included.

528.102 Performance and payment bonds for construction contracts.

528.102-1 General.

(a) The performance and payment bond requirements in FAR 28.102-1 apply to contracts awarded under section 8(a) of the Small Business Act unless the requirement has been waived by SBA under section 8(a)(2) of the Small Business Act, as amended.

(b) Performance and/or payment bonds may be required on a case-by-case basis for construction contracts that do not exceed \$25,000 if a written determination is made by the contracting officer and approved by the contracting director indicating that they are essential to protect the Government's interest.

528.103 Performance and payment bonds for other than construction contracts.

528.103-2 Performance bonds.

(a) Performance bonds shall not be required for building service contracts unless a written determination is made by the contracting officer explaining why the bond is essential to protect the Government's interest and justifying the additional cost of the bonding requirement.

(b) Performance bonds must not be required for building service contracts awarded under section 8(a) of the Small Business Act as amended (15 U.S.C. 637(a)), or contracts awarded to workshops for the blind or other severely handicapped under the Javits-Wagner-O'Day Act, as amended (41 U.S.C. 46-48c).

(c) The contracting officer shall consider the circumstances and determine the penal amount of the performance bond on a case-by-case basis.

(d) The contracting officer shall insert a clause substantially the same as the clause at 552.228-72, Performance Bond, in solicitations and contracts when a building service or other service contract is contemplated and a performance bond requirement is to be included. The clause should be appropriately

modified to delete references to the base term and options to extend the term of the contract when the solicitation does not include an option provision.

[54 FR 26538, June 23, 1989, as amended at 55 FR 5223, Feb. 14, 1990; 60 FR 54956, Oct. 27, 1995]

528.103-3 Payment bonds.

(a) Payment bonds may be required for other than construction contracts when the contracting director determines, under FAR 28.103-3, that such a requirement is in the Government's interest.

(b) The contracting officer shall consider the circumstances and determine the penal amount of the payment bond on a case-by-case basis.

(c) The contracting officer shall insert a clause substantially the same as the clause at 552.228-73, Performance and Payment Bonds, in solicitations and contracts when a building service or other service contract is contemplated and a performance and payment bond requirement is to be included. The clause should be appropriately modified to delete references to the base term and options to extend the term of the contract when the contract does not include an option provision.

[54 FR 26538, June 23, 1989, as amended at 55 FR 5223, Feb. 14, 1990]

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528.106-6 Furnishing information.

The HCA or a designee shall perform the functions outlined in FAR 28.106-6(c).

Subpart 528.2—Sureties

528.202 Acceptability of corporate sureties.

(a) Corporate surety bonds must be manually signed by the Attorney-in-Fact or officer of the surety company and the corporate seal affixed. Failure of the surety to affix the corporate seal may be waived as a minor informality. (See B-184120, July 2, 1975, 75-2 CPD 9.)

(b) A contractor submitting a performance or payment bond executed by an unacceptable corporate surety in

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satisfaction of a performance or payment bond requirement may be permitted to substitute an acceptable surety for a surety previously determined to be unacceptable.

[58 FR 52444, Oct. 8, 1993]

528.202-70 Acceptability of bonds and sureties.

The contracting officer shall verify the acceptability of the surety on a bond by placing the words "Acceptability of Bond Verified," and sign immediately thereunder, on the bond or on a properly identified attachment. The bond must be retained with the original of the contract. The contracting officer shall notify the contractor that the bond(s) has been accepted.

[55 FR 5223, Feb. 14, 1990]

528.203 Acceptability of individual sureties.

Evidence of possible criminal or fraudulent activities by an individual surety must first be referred to the Assistant Inspector General for Investigations or to the appropriate regional Inspector General for Investigations. The Office of Inspector General may conduct an investigation and, when appropriate, refer the matter to the Associate Administrator for Acquisition Policy. Referrals must include the information required by 528.203-7.

[55 FR 5223, Feb. 14, 1990]

528.203-7 Exclusion of individual sureties.

(a) The Associate Administrator for Acquisition Policy or designee excludes individuals from acting as a surety on bonds under FAR 28.203-7.

(b) Referrals for consideration of exclusion must include as a minimum:

(1) The basis for exclusion (see FAR 28.203-7(b));

(2) A statement of facts;

(3) Copies of supporting documentary evidence;

(4) The individuals name and current or last known home and or business addresses including zip codes;

(5) A statement of GSA's history with such individuals, if any; and

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(6) A statement concerning any known active or potential criminal investigations or court proceedings.

[55 FR 5223, Feb. 14, 1990]

528.204 Options in lieu of sureties.

(a) An irrevocable letter of credit may be accepted as a bid guarantee under FAR clause 52.228-1, Bid Guarantee.

(b) Security deposited instead of corporate or individual sureties on bonds must be safeguarded as provided in procedures issued by the Office of the Comptroller immediately after they are received. United States bonds or notes received in the District of Columbia must be deposited with the Treasurer of the United States as provided in FAR 28.204-1.

[55 FR 5224, Feb. 14, 1990]

Subpart 528.3—Insurance

528.301 General.

(a) Insurance requirements must be adequate, just, and reasonable, and should be predicated on potential loss or damage (not necessarily on the value of the contract). When it is determined that insurance coverage should be required, the solicitation and resultant contract must contain the appropriate provisions prescribed in FAR 28.309, 28.310, or 28.311. The determination as to the type of insurance, amount, and any related insurance requirements must be made by the contracting officer with the advice of assigned legal counsel. All premiums or costs incurred to comply with an insurance requirement must be paid by the contractor.

(b) Submission of a current certificate of insurance indicating the amount and coverage, to the contracting officer, will serve as certification that the required insurance has been obtained.

528.310 Contract clause for work on a Government installation.

The contracting officer shall insert the clause at 552.228-75, Workmen's Compensation Laws, in solicitations and contracts when the contract amount is expected to exceed the simplified acquisition threshold and the

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contract will require work to be performed on Government property.

[54 FR 26538, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

PART 529—TAXES

Subpart 529.4—Contract Clauses

Sec.

529.401 Domestic contracts.

529.401-70 Purchases made using simplified acquisition procedures.

529.401-72 Contracts usable by the DC Government.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26540, June 23, 1989, unless otherwise noted.

Subpart 529.4—Contract Clauses

529.401 Domestic contracts.

529.401-70 Purchases made using simplified acquisition procedures.

The contracting officer shall insert the clause at 552.229-70, Federal, State, and Local Taxes, in purchases made using simplified acquisition procedures, except acquisitions of utility services and micro purchases.

[60 FR 42804, Aug. 17, 1995]

529.401-72 Contracts usable by the DC Government.

The contracting officer shall insert the clause at 552.229-72, Federal Excise Tax—DC Government, in contracts which involve the purchase of supplies by the District of Columbia Government.

PART 530—COST ACCOUNTING STANDARDS

Subpart 530.2—CAS Program Requirements.

530.201-5 Waiver.

Subpart 530.4—Cost Accounting Standards

530.470 Waiver of Cost Accounting Standard 9904.412-40(c).

Subpart 530.2—CAS Program Requirements.

530.201-5 Waiver.

Requests to waive CAS requirements under FAR 30.201-5 shall be submitted to the CAS Board through the Associate Administrator for Acquisition Policy.

[57 FR 61584, Dec. 28, 1992]

Subpart 530.4—Cost Accounting Standards

530.470 Waiver of Cost Accounting Standard 9904.412-40(c).

The Associate Administrator for Acquisition Policy (V) on a non-delegable basis may waive the cost assignment provisions of 48 CFR 9904.412-40(c). Requests for waivers shall be forwarded to the Associate Administrator with supporting documentation and rationale. A copy of each approved waiver will be furnished by the Associate Administrator to the CAS Board's Executive Secretary.

[57 FR 61584, Dec. 28, 1992]

PART 531—CONTRACT COST PRINCIPLES AND PROCEDURES

Subpart 531.1—Applicability

531.101 Objectives.

The Associate Administrator for Acquisition Policy approves individual deviations concerning cost principles under FAR 31.101.

(40 U.S.C. 486(c))

[54 FR 26541, June 23, 1989]

PART 532—CONTRACT FINANCING

Subpart 532.1—General

Sec.

532.111 Contract clauses.

532.112 Payment of subcontractors under contracts for non-commercial items.

532.112-1 Subcontractor assertions of non-payment.

Subpart 532.4—Advance Payments

532.402 General.

532.407 Interest.

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Subpart 532.5—Progress Payments Based on Costs

- 532.501 General.
- 532.501-2 Unusual progress payments.
- 532.501-70 Use of benchmarks with progress payments based on costs.
- 532.502 Preaward matters.
- 532.502-2 Contract finance office clearance.
- 532.502-4 Contract clauses.
- 532.503-5 Administration of progress payments.
- 532.503-6 Suspension or reduction of payments.
- 532.503-9 Liquidation rates—alternate method.

Subpart 532.6—Contract Debts

- 532.601 Definitions.
- 532.606 Debt determination and collection.
- 532.606-70 Referral of delinquent debts.

Subpart 532.7—Contract Funding

- 532.700 Scope.
- 532.705 Contract clauses.
- 532.705-1 Clauses for contracting in advance of funds.

Subpart 532.8—Assignment of Claims

- 532.805 Procedures.
- 532.806 Contract clauses.

Subpart 532.9—Prompt Payment

- 532.905 Invoice payments.
- 532.905-70 Certification of payment to subcontractors and suppliers.
- 532.905-71 Final payment.
- 532.908 Contract clause.

Subpart 532.70—Authorizing Payment by Credit Card Under Schedule Contracts

- 532.7001 Definitions.
- 532.7002 Solicitation requirements.
- 532.7003 Contract clause.

Subpart 532.71—Payments Under Contracts Subject to Audit

- 532.7101 General.
- 532.7102 Submission and processing of invoices or vouchers.
- 532.7103 Action upon receipt of an audit report.
- 532.7104 Suspension and disapproval of amounts claimed.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26541, June 23, 1989, unless otherwise noted.

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Subpart 532.1—General

532.111 Contract clauses.

(a) *Discounts for prompt payment.* The clause at 552.232-8 must be included in multiple award schedule solicitations and resultant contracts, instead of the clause at FAR 52.232-8. (See 515.608-71 for an explanation concerning this deviation.)

(b) *Invoice requirements.* The contracting officer shall insert a clause substantially the same as the clause at 552.232-72, Invoice Requirements, in all solicitations and contracts for supplies, services, construction or the acquisition of leasehold interests in real property that require the submission of invoices for payment. The contracting officer should delete subparagraph (b) of the clause when an Accounting Control Transaction (ACT) number is not required for payment.

(c) *Adjusting payments.* The contracting officer shall insert the clause at 552.232-78, Adjusting Payments, in all solicitations and contracts for recurring building services expected to exceed the simplified acquisition threshold.

(d) *Final payment.* The contracting officer shall insert the clause at 552.232-79, Final Payment, in all solicitations and contracts for recurring building services expected to exceed the simplified acquisition threshold.

[54 FR 26541, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

532.112 Payment of subcontractors under contracts for non-commercial items.

532.112-1 Subcontractor assertions of nonpayment.

Contracting officers who determine that a certification of payment of a subcontractor or supplier under FAR 32.112-1 is inaccurate in any material respect shall report the matter to the Office of Inspector General. If appropriate, the Office of Inspector General will forward a report and recommendation to the Department of Justice.

[61 FR 1151, Jan. 17, 1996]

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Subpart 532.4—Advance Payments

532.402 General.

The findings and determinations required by FAR 32.402(e) must be prepared by the contracting officer in coordination with legal counsel and the contract finance office. The findings, determinations and authorization for advance payments must be approved by the head of the contracting activity (HCA).

532.407 Interest.

The contract finance office will provide the contracting officer the interest rate to be charged on the unliquidated balance of advance payments.

Subpart 532.5—Progress Payments Based on Costs

532.501 General.

532.501-2 Unusual progress payments.

The HCA must approve or disapprove requests for “unusual” progress payments.

532.501-70 Use of benchmarks with progress payments based on costs.

(a) In unusual circumstances, it may be desirable to provide for the achievement of specified benchmarks such as submission and acceptance of a preproduction or pilot model before making progress payments based on costs. When progress payments are conditioned upon achievement of specified benchmarks during performance of the contract, the HCA must make a written determination that use of benchmarks is in the best interest of the Government. When such a determination is made, the solicitation and each resulting contract must include a provision specifying the benchmarks that must be achieved before progress payments are made.

(b) Benchmarks should not be used in a manner that will convert progress payments based on costs into progress payments based on a percentage or stage of completion.

532.502 Preaward matters.

532.502-2 Contract finance office clearance.

(a) The contract finance office director must provide the approval required by FAR 32.502-2.

(b) Contracting officers must request the contract finance office to provide advice and assistance regarding a contractor’s financial condition and the adequacy of the contractor’s accounting system and controls before providing for progress payments based on costs.

532.502-4 Contract clauses.

The appropriate legal counsel must concur in the progress payment clause included in each solicitation and contract when the progress payments will be based on cost.

532.503-5 Administration of progress payments.

The contracting officer must ensure that the contract finance office (1) has adequate administrative and fiscal procedures to accomplish the fiscal aspects of FAR 32.503-5, (2) provides the contracting officer with the date and amount of each progress payment to a contractor, and (3) provides the contracting officer with written recommendations whenever findings are made which warrant action by the Government.

532.503-6 Suspension or reduction of payments.

Action recommended by the contracting officer under FAR 32.503-6 must be approved by the HCA after coordination with the assigned legal counsel. Upon approval, the contracting officer will request the contract finance office to suspend or reduce payments.

532.503-9 Liquidation rates—alternate method.

Reduction of the liquidation rates specified in paragraph (b) of the clause at FAR 52.232-16, may be made only with the approval of the contracting director after coordination with the contract finance office. Upon approval, the contracting officer will request the finance office to reduce the rate.

Subpart 532.6—Contract Debts**532.601 Definitions.**

Debt means an amount of money or property which has been determined by a responsible official to be owed to the United States from any person, or entity except that the terms do not apply to amounts owed by another Federal agency.

Delinquent debt means an amount that has not been paid or otherwise collected by the date specified (usually 30 days) in the contracting officer's initial written demand for payment (i.e., final decision letter).

Responsible official as used in this subpart means the contracting officer. However, the contract finance office is responsible for the administration of debt collection under the Accounting Operations—Accounts Receivable and Credit and Finance Operations, and Related Activities Handbook (PFM P 4253.1).

532.606 Debt determination and collection.**532.606-70 Referral of delinquent debts.**

(a) When the contracting officer determines that a debt in excess of \$100 is delinquent, the contracting officer shall forward notification of the delinquent debt to the applicable finance office for collection in accordance with the Debt Collection Act of 1982, and possible forwarding to a credit reporting agency.

(b) If the contractor appeals the contracting officer's demand for payment pursuant to the Disputes clause of its contract, the contracting officer shall advise the Finance Office whether to suspend collection efforts pending resolution of the dispute.

Subpart 532.7—Contract Funding**532.700 Scope.**

GSA fiscal regulations are contained in the Budget Administration Handbook (COM P 4251.3A), Accounting Classification Handbook (COM P 4240.1), and Accounting Operations—Voucher Examination, Payment Handbook (PFM P 4252.1).

532.705 Contract clauses.**532.705-1 Clauses for contracting in advance of funds.**

The contracting officer shall insert the clause at 552.232-77, Availability of Funds, in solicitations and contracts for services which are "severable" when the contract, or a portion of the contract, will be chargeable to funds of the new fiscal year and the circumstances described in the prescriptions for the FAR clauses at 52.232-18 or 52.232-19 do not apply.

[61 FR 1151, Jan. 17, 1996]

Subpart 532.8—Assignment of Claims**532.805 Procedures.**

(a) Upon receipt of a notice of assignment, the contracting officer must obtain legal counsel concurrence that both the notice and the instrument of assignment are in proper form, properly executed, and are actions that the contractor is entitled to make under the terms of the contract.

(b) When acknowledging receipt of the notice of assignment, the contracting officer must notify the contractor that all future invoices or other requests for payment under the contract must specify the name and address of the assignee and include a notation that payments due thereunder have been duly assigned. A copy of the acknowledgement, evidencing legal counsel concurrence, must be sent to the contract finance office.

(c) When payments under requirements or indefinite quantity contracts that are for the sole use of GSA have been assigned, the contracting officer must provide all GSA offices that will place orders against the contract the name and address of the assignee that will receive amounts due under the contract. The notification should also state that the contractor has been requested to specify the name and address of the assignee on future invoices.

532.806 Contract clauses.

The contracting officer shall insert the clause at 552.232-23, Assignment of

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Claims, in solicitations and requirements or indefinite quantity contracts under which more than one agency may place orders.

Subpart 532.9—Prompt Payment

532.905 Invoice payments.

(a) Before exercising the authority to modify the date for constructive acceptance in subdivision (a)(6)(i) of the clause at FAR 52.232-25, Prompt Payment, or subdivision (a)(5)(i)(A) of the clause at FAR 52.232-26, Prompt Payment for Fixed-Price Architect-Engineer Contracts, the contracting officer shall prepare a written justification explaining why a longer period is necessary. The time specified must be determined on a case-by-case basis and the justification must be approved by an official one level above the contracting officer. A contracting officer must not specify a constructive acceptance period that exceeds 30 days. The time specified in subdivision (a)(5)(i)(B) of the clause at FAR 52.232-26 for constructive approval of progress payments must not exceed 7 days.

(b) The time specified for payment of progress payments in subdivision (a)(1)(i)(A) of the clause at FAR 52.232-27, Prompt Payment for Construction Contracts, must be determined by the contracting officer on a case-by-case basis. Periods longer than 14 days must be justified in writing and approved by an official one level above the contracting officer. Under no circumstances may more than 30 days be specified. The time specified in subdivision (a)(4)(i) of FAR clause 52.232-27, for constructive acceptance or approval will be determined by the contracting officer on a case-by-case basis but may not exceed 7 days unless a longer period is justified, in writing, and approved by an official one level above the contracting officer. Under no circumstances may more than 30 days be specified.

532.905-70 Certification of payment to subcontractors and suppliers.

When a contract includes the clause at FAR 52.232-5, Payments Under Fixed-Price Construction Contracts, no progress payments will be processed until the contractor submits a certifi-

cation of payment to subcontractors and suppliers. The GSA Form 2419, Certification of Progress Payments Under Fixed-Price Construction Contracts, may be used for certification.

532.905-71 Final payment.

(a) The final payment on construction or building service contracts must not be processed until the contractor submits a properly executed GSA Form 1142, Release of Claims. If, after repeated attempts, the contracting officer is unable to obtain a release of claims from the contractor, final payment may be processed with the approval of appropriate legal counsel.

(b) The amount of final payment must include, as appropriate, any deductions to cover liquidated damages for late completion, liquidated damages for labor violations, amounts withheld for improper payment of labor wages, and the amount of unilateral change orders covering defects and omissions.

532.908 Contract clause.

(a) The contracting officer shall insert the clause at 552.232-70, Payments by Electronic Funds Transfer, in solicitations and contracts that include the FAR clause 52.232-28, when payments may be made by GSA and other agencies (e.g., multiple award schedule contracts).

(b) The contracting officer shall insert the clause at 552.232-71, Prompt Payment, in solicitations and contracts for the acquisition of leasehold interests in real property. The contracting officer may modify the date for constructive acceptance in subparagraph (b)(2) of the basic clause to specify a period longer than 7 calendar days (but not to exceed 30 days) if necessary due to the nature of the services to be received, inspected or accepted by the Government. A written justification for specifying the longer period must be prepared and approved by the contracting director. The contracting officer shall use Alternate I instead of the basic clause if the lease contract does not contain provisions for ordering alterations or overtime utility services.

(c) The contracting officer shall insert the clause at 552.232-73, Electronic

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Funds Transfer Payment, in solicitations and contracts for acquisitions of leasehold interests in real property which involve both more than 10,000 square feet of space and terms which exceed 6 months, if payment may be made by electronic funds transfer.

[54 FR 26541, June 23, 1989, as amended at 57 FR 37890, Aug. 21, 1992]

Subpart 532.70—Authorizing Payment by Credit Card Under Schedule Contracts

SOURCE: 54 FR 43180, Oct. 23, 1989, unless otherwise noted.

532.7001 Definition.

Government commercial credit card, used in this subpart, means the uniquely numbered credit card issued by the contractor under single award schedule, Federal Supply Schedule IG 615, Governmentwide Commercial Credit Card Service, to named individual Government employees to pay for official Government purchases.

532.7002 Solicitation requirements.

When solicitations for schedule contracts for supplies (other than telecommunication and telephone equipment) and services (other than teleprocessing services) request offerors to indicate whether payment by Government commercial credit card for orders of \$25,000 or less will be accepted, the contracting officer shall identify the clearinghouse that is being used by the contractor issuing credit cards under single award schedule, Federal Supply Schedule IG 615, for Governmentwide Commercial Credit Card Service on the cover page or in section L of the solicitation. The name of the clearinghouse is provided for offerors' information and use in responding to the schedule solicitation.

532.7003 Contract clause.

The contracting officer shall insert the clause at 552.232-80, Payment By Credit Card, in schedule solicitations and resultant contracts for supplies (other than telecommunication and telephone equipment) and services (other than teleprocessing services) to provide for payment by Government

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commercial credit card as an alternative method of payment for orders of \$25,000 or less.

Subpart 532.71—Payments Under Contracts Subject to Audit

532.7101 General.

(a) The contracting officer shall not approve the initial invoice or voucher before consulting with the Assistant Inspector General—Auditing or the Field Audit Office regarding cost or other supporting data as required under:

(1) Cost-reimbursement type contracts;

(2) The cost-reimbursement portion of fixed-price type contracts;

(3) Time and materials or labor-hour contracts; or

(4) Fixed-price contracts providing for (i) progress payments based on costs, (ii) advance payments, (iii) guaranteed loans, or (iv) incentives or retermination.

(b) The contracting officer shall not approve the final payment invoice or voucher for such contracts, nor for the final payment or settlement of other contracts subject to audit prior to (1) receipt and review of the contract audit report or (2) consultation with the Assistant Inspector General for Auditing or the Field Audit Office if no audit is to be conducted; provided, that this paragraph (b) shall not apply to fixed-price contracts with escalation where no price revision (upward or downward) is to be made.

532.7102 Submission and processing of invoices or vouchers.

(a) Contractors should be required to submit invoices or vouchers to the contracting officer. Contracting officers must annotate the invoices with the date of receipt as required by FAR 32.905. That date will be used to determine interest penalties for late payments. The processing of invoices or vouchers before payment must include a review by the contracting officer, or a designee, to determine that the items and amounts claimed are in consonance with the contract terms and represent prudent business transactions. The contracting officer must

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ensure that these payments are commensurate with physical and technical progress under the contract. If the contractor has not deducted from the invoice amounts which are questionable or which are required to be withheld, the contracting officer shall make the required deduction, except as provided in 532.7103.

(b) Subject to 532.7101, approval by the contracting officer of any payment, must be noted on (or attached to) the invoice or voucher submitted by the contractor. The invoice or voucher will be forwarded to the appropriate contract finance office and retained therein after certification and scheduling for payment by a disbursing office.

532.7103 Action upon receipt of an audit report.

Audit reports will be furnished to the contracting officer, with a copy to the appropriate contract finance office. Upon receipt of an audit report, the contracting officer shall, pursuant to contract terms, determine the allowability of all costs covered by audit, giving full consideration to the auditor's recommendations. When the contracting officer is in doubt or questions the recommendations of the auditor, deductions need not be made from invoices or vouchers for provisional payments. In these cases, the contracting officer shall confer with the auditor and other appropriate Government personnel (such as a price specialist or legal counsel) to determine what further action should be taken regarding the costs in question. If the contracting officer disagrees with the auditor's recommendations, the contracting officer shall document the contract file and furnish the auditor with a copy of the statement.

532.7104 Suspension and disapproval of amounts claimed.

The contracting officer shall notify the appropriate contract finance office in writing when amounts claimed for payment are (a) suspended, (b) disapproved as not being allowable according to contract terms, or (c) not allocable to the contract. This notice by the contracting officer will be the basis for the issuance by the contract finance office of GSA Form 533, Adminis-

trative Difference Statement. A copy of GSA Form 533 will be attached to each copy of the invoice or voucher from which the deduction has been made, including an explanation of the deduction.

PART 533—PROTESTS, DISPUTES, AND APPEALS

Subpart 533.1—Protests

Sec.

- 533.101 Definitions.
- 533.102 General.
- 533.103 Protest to the agency.
- 533.104 Protests to GAO.
- 533.105 Protests to GSBCA.

Subpart 533.2—Disputes and Appeals

- 533.214 Contract clause.

Subpart 533.71—Processing Contract Appeals

- 533.7100 Definitions.
- 533.7101 Notice of appeal.
- 533.7102 Contents of notices of appeal.
- 533.7103 Appeal files.
- 533.7103-1 Preparation of the appeal file.
- 533.7103-2 Transmittal of the appeal file.
- 533.7104 The contracting officer's memorandum of position.
- 533.7105 Procedure following decision of the GSA Board of Contract Appeals.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26543, June 23, 1989, unless otherwise noted.

Subpart 533.1—Protests

533.101 Definitions.

Associate General Counsel means the Associate General Counsel of the General Law Division, Personal Property Division, or Real Property Division.

533.102 General.

Except as indicated in this subpart, the Office of General Counsel (OGC) is responsible for all contacts with the GAO or GSBCA, potential contractors, attorneys, and any other persons, concerning protests of GSA contract actions filed with the Comptroller General or GSBCA.

533.103 Protests to the agency.

When a protest is filed only with the agency, the contracting officer is required to issue a written response to the protest. An agency protest is deemed to be filed with the agency when the complete protest is received at the location designated in the solicitation for service of protests. If the complete protest is actually received by the contracting officer at an earlier time, the protest shall be deemed to be filed when received by the contracting officer.

When a protest is filed only with the agency, an award may not be made until a decision on the protest is issued, unless the contracting director first makes the determination required by FAR 33.103(a)(2). The protestor must be notified in writing of the contracting officer's decision in a timely manner.

[56 FR 47006, Sept. 17, 1991]

533.104 Protests to GAO.

(a) *General procedures.* (1) In addition to the requirements of FAR 33.104(a)(3), the agency report must contain the GAO protest number (GAO case file number), the solicitation or contract number, the full corporate name of the protesting organization and other firms involved, and a statement indicating whether the protest was filed before or after award. If the protest is filed after award, the report must contain the identity of the awardee, the date of award, the contract number, the date and time of bid opening (including a statement when the date of bid opening was extended by subsequent amendments), the total number of offerors, a complete chronological statement of all relevant events and administrative actions taken (including reasons and authority for the actions taken), and any other relevant documents believed helpful in determining the validity of the protest. (This evidence should be referenced and identified within the text of the position statement, alphabetically or numerically, e.g., Tab A, Exhibit 1, etc.)

(2) GAO protests must be handled on a priority basis. The appropriate Associate General Counsel (AGC) shall prepare a report for signature of the Gen-

eral Counsel responding to GAO protests. These reports are to be based upon a statement of fact and position prepared by the responsible contracting officer and approved by the contracting director. When requested by the appropriate AGC, the Regional Counsel will prepare a statement of legal position analyzing the merits of a protest concerning a regional procurement.

(3) The following procedures must be followed in handling protests:

(i) When a protest is received by the agency, the AGC shall telephonically notify the contracting officer through the appropriate Central Office contracting activity or Regional Counsel. If the contracting activity or Regional Counsel receives a copy of a protest before being notified thereof by the AGC, they must immediately notify the appropriate AGC.

(ii) After receiving the formal protest, which has been filed with GAO, the AGC will formally request a statement of fact and position from the contracting officer through the appropriate Central Office contracting activity or Regional Counsel. The contracting officer shall immediately notify the affected bidders or offerors that a protest has been received.

(iii) The contracting officer shall notify assigned counsel and begin preparing a documented statement of fact and position immediately upon receiving a protest or notice thereof.

(iv) When completed, the statement of fact and position must be concurred in by the contracting director, and on regional procurements, by the Office of Regional Counsel. In appropriate cases, the AGC may request the Regional Counsel to prepare a legal position analyzing the merits of a protest against a regional procurement. In such cases, the contracting officer's statement of fact and position should be included as a referenced attachment thereto.

(v) The Regional Counsel's legal position, when requested, and the contracting officer's statement of fact and position, must be transmitted to the appropriate AGC, in triplicate. If other interested parties are involved, additional copies may be requested. The

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statement is due in the office of the appropriate AGC no later than 10 workdays after the date on which the contracting officer originally received the protest. This time may be reduced if GAO invokes the express option. If a contracting officer is unable to prepare a statement of fact and position within 10 workdays, the appropriate AGC must be notified promptly, by telephone, of the reasons for the delay and of the additional time needed. Additional time may be granted if the specific circumstances of the protest require a longer time. A request for an extension is proper only if the facts or legal issues affecting the resolution of a protest are so complicated that an adequate report cannot be prepared on time; the need to coordinate the report with other agencies, or with offices in distant locations, makes it impossible to prepare the report on time; or other compelling circumstances prevent preparing the report on time. Upon request of the AGC, the contracting officer shall confirm any oral requests for extensions in writing. The contracting director shall concur in the request and send a copy to the HCA. A request for an extension, which will delay submission of the agency's report to GAO beyond 35 days from the date GSA originally received the protest, may be granted only by the GAO. The AGC will notify the Central Office contracting activity or Regional Counsel of the GAO's decision.

(vi) After submitting the statement to the AGC, the contracting officer or Regional Counsel must advise the AGC of all later developments that may affect the case.

(vii) All documents transmitted under these procedures must be sent by the fastest means possible.

(viii) In addition to the requirements of FAR 33.104(a)(5)(ii), a copy of any comments is sent to the AGC.

(4) The Office of General Counsel (OGC) must furnish the GAO with the name, title, and telephone number of one or more officials whom the GAO may contact regarding protests. The OGC is responsible for promptly advising the GAO of any change in the designated officials.

(5) The format for notification required by FAR 33.104(a)(2) is as follows:

Name

Address

A protest concerning Solicitation No. _____ has been filed with the General Accounting Office (GAO).

The protest was filed by *(Insert the name and address of the protester, and the name of the person signing the protest.)* on *(Date)*.

Copies of the protest may be obtained from this office.

You may submit your views and relevant information regarding the protest directly to the General Accounting Office. A copy of any submission to the GAO should be provided to this office.

Contracting Officer's signature

(b) *Protests before award.* Under FAR 33.104(b), the HCA may determine in writing that urgent and compelling circumstances significantly affecting the interests of the United States do not permit waiting for the decision of GAO and award is likely to occur within 30 days. The written determinations and findings (D&F), in the format shown at 501.704-70(e)(1), should be prepared by the contracting officer for the signature of the HCA. The D&F must be concurred in by the Regional Counsel (on regional procurements), and the appropriate AGC. After the D&F is approved, it must be returned to the appropriate AGC who notifies GAO of the agency's findings and intended action before the award is made.

(c) *Protests after award.* If the protest is received from GAO (not from protester or any other party) within the time periods specified in FAR 33.104(c) contract performance must be suspended unless the HCA determines in writing that contract performance is in the best interests of the United States or that urgent and compelling circumstances that significantly affect the interests of the United States do not permit waiting for the GAO's decision. The written determination and findings (D&F), in the format shown at 501.704-70(e)(2), should be prepared by the contracting officer for signature of the HCA. The D&F must be concurred in by the Regional Counsel (on regional procurements), and the appropriate AGC. After the D&F is approved, it

must be returned to the AGC who notifies GAO of the agency's findings and intended action before contract performance is authorized.

(d) *Notice to GAO.* The HCA responsible for the solicitation, proposed award, or award of the contract must report to the Comptroller General through the OGC within 65 days of receipt of the GAO's recommendation if the agency has decided not to comply with the recommendation. The report must explain the reasons why the GAO's recommendation will not be followed.

[54 FR 26543, June 23, 1989, as amended at 57 FR 61584, Dec. 28, 1992; 61 FR 1151, Jan. 17, 1996]

533.105 Protests to GSBCA.

(a) *Notification procedure.* After receiving a protest, the contracting officer shall notify the following:

(1) All firms solicited, or those who have submitted sealed bids or offers if the protest is filed after the closing date of the solicitation, and the appropriate delegating official in the Information Technology Service. When giving such notification, the contracting officer should follow these procedures:

(i) Avoid interpreting or characterizing the nature of the protest.

(ii) Use appropriate means to ensure delivery to all the firms by the workday after the date of filing with the GSBCA.

(iii) Use the following format:

Name (Officer, Managing Agent, or person who signed offer)

Address

A protest concerning Solicitation No. _____ has been filed with the General Services Administration Board of Contract Appeals (GSBCA). The protest was filed by *(Insert the name and address of the protester and the name of the person signing the protest.)* on *(Date)*. The protest has been purportedly filed pursuant to Section 2713 of the Competition in Contracting Act, Pub. L. 98-369. Copies of the protest may be obtained from the Office of the Clerk of the GSBCE, 18th and F Streets NW, Washington, DC 20405, or from the contracting officer.

Contracting Officer's signature

(2) The agency on whose behalf GSA is making the procurement, if any. A copy of the protest complaint, including all attachments, must be forwarded

to the agency by appropriate means to ensure next day delivery to both the requiring office and the agency's legal office.

(3) *Assigned counsel.* A copy of the protest complaint, including all attachments, must be forwarded to the appropriate AGC by appropriate means to ensure next day delivery.

(4) The Board, through assigned counsel, within 3 workdays after the date of filing with the GSBCE, that the notices described in paragraphs (a)(1) and (2) have been given. Written confirmation of notice and a listing of all persons and agencies receiving notice must be provided.

(b) *Protest file.* To ensure timely submission, the contracting officer should begin assembly of the protest file by the second workday after receiving the protest. The protest file must be forwarded to assigned counsel by overnight delivery not later than the 8th workday after the protest is filed with the GSBCE. Assigned counsel will distribute the copies to the GSBCE, the protester, and retain one copy for itself. If additional copies are needed, assigned counsel will advise the contracting officer. The following rules govern the assembly of protest files:

(1) *Format.* Protest file exhibits are true, legible, and complete copies. They must be arranged in chronological order within each submission, earliest documents first, bound on the left margin except where size or shape makes such binding impracticable, numbered, tabbed, and indexed. The numbering must be consecutive, in whole arabic numerals (no letters, decimals, or fractions), and continuous from one submission to the next, so that the complete file, after all submissions, will consist of one set of consecutively numbered exhibits. The index should include the date and a brief description of each exhibit and indicate which exhibits, if any, have been filed with the Board in camera (see (b)(3) of this section) or otherwise not served on every other party.

(2) *Contents.* In addition to the items required by FAR 33.105(b), the contents should include those items required by GSBCE Rule 4(a), when appropriate. (See 48 CFR 6101.4(a).)

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(3) *Confidential, privileged, or proprietary information.* The protest file may require the inclusion of documents and information from other vendors which are confidential, proprietary, or privileged. When such information is required to be included in the protest file, it is to be placed only in the copies going to the Board and to assigned counsel. Copies going to other interested parties will only identify the information in the index. However, the index must not reveal the number and identity of the offerors whose proposals are included in the copies of the protest file going to assigned counsel and the GSBGA, and should include an identifying statement, e.g., "proposals being considered for award."

(c) *Protest conference.* Within 6 working days of filing a protest, a conference may be convened by the Board to establish further proceedings for the protest. Although the protest file and answer will most likely not have been filed, the Government must be prepared to discuss the issues in the protest, whether a record submission or hearing is desired, and other matters raised by the Board or any other interested party. The Government must also be prepared, if required, to object to the scope of discovery in any protest action.

(d) *Procedure following decision of the GSA Board of Contract Appeals.* (1) Upon a Board decision (oral or written) to suspend procurement authority pending a decision on the merits of a protest, the contracting officer, in conjunction with the appropriate AGC, shall comply with the suspension decision.

(2) If the Board suspends performance of a contract for automatic data processing goods and services, the contracting officer shall take immediate action to comply with the suspension decision (40 U.S.C. 759(h)(3)(B)). Such suspension will be effective as directed by the Board.

(3) If the Board revokes, suspends, or revises procurement authority after the award of a contract for ADP resources, the contracting officer shall consider the contract valid as to all goods or services delivered and accept-

ed before the Board's decision (40 U.S.C. 759(h)(6)(B)).

[54 FR 26543, Jun. 23, 1989, as amended at 59 FR 22520, May 2, 1994; 59 FR 29480, June 7, 1994; 61 FR 1152, Jan. 17, 1996]

Subpart 533.2—Disputes and Appeals

533.214 Contract clause.

The contracting officer shall insert the clause at 552.233–70, Disputes (Utility Contract), in solicitations and contracts for utility services. This clause supplements the Disputes clause at FAR 52.233–1.

Subpart 533.71—Processing Contract Appeals

533.7100 Definitions.

Assigned Counsel means the attorney employed by the Office of General Counsel (including offices of Regional Counsel) assigned to provide legal review or assistance.

Associate General Counsel means the Associate General Counsel of the General Law Division, Personal Property Division, or Real Property Division.

533.7101 Notice of appeal.

(a) Notices of appeal are to be addressed to the GSA Board of Contract Appeals along with a copy to the contracting officer. Final decisions must be appealed within 90 calendar days from the date the decision of the contracting officer is received. Any request for an extension of the 90-day appeal period will be denied.

(b) If the notice of appeal was mailed or otherwise submitted to the contracting officer in an untimely manner, a separate letter, signed by the contracting director, shall be sent to the AGC, requesting that a motion for dismissal of the appeal be submitted to the GSA Board of Contract Appeals (the Board). The letter shall state the name of the appellant, contract number, and date of the contracting officer's final decision, and must be accompanied by (1) the certified mail receipt showing the date on which the

appellant received the contracting officer's final decision, and (2) the envelope which contained the notice of appeal or other evidence of late submission of the notice of appeal.

533.7102 Contents of notices of appeal.

A notice of appeal must be in writing and should indicate that an appeal is thereby intended, should identify the decision and the date thereof from which the appeal is taken, the GSA office cognizant of the dispute, and the number of the contract in question. The appeal should describe the nature of the dispute and the relief sought, the contract provisions involved, and any other additional information or comments relating to the dispute which are considered to be important. The notice of appeal must be signed personally by the appellant (the prime contractor making the appeal) or by an officer of the appellant corporation, or member of the appellant firm, or by the contractor's duly authorized representative or attorney.

533.7103 Appeal files.

(a) Appeal files must be prepared in accordance with this section and forwarded, after concurrence by assigned counsel, to the appropriate AGC within 20 calendar days after receipt of the notice of appeal or advice that an appeal has been filed unless the AGC advises that the Board requires a shorter period under its small claims procedures. In the event the time for submission of the appeal file cannot be met, the contracting officer shall submit in writing a full explanation and a request for additional time to the AGC, before expiration of the designated time.

(b) Upon receipt of the notice of appeal, the contracting activity must establish a record to ensure the timely preparation and submission of appeal cases. The record must show, as a minimum, the name of the appellant, the date of the contracting officer's final decision, the date the appeal was filed, contract number, docket number, and name of the contracting officer.

533.7103-1 Preparation of the appeal file.

(a) *General.* Appeal files must be prepared in quadruplicate. Each file is

identified by the name of the appellant, contract number, and docket number. All copies of the appeal file must be identical both as to content and position of items. If more than one appeal is filed under the same contract, upon request to, and waiver by, the Board, the appeal file for the second and subsequent appeals need not duplicate the documents included in the first appeal file, but must make reference to the appeal file which contained such documents, including the docket and item numbers. However, if changes to such documents occur subsequent to preparation of the original file, these changes must be appropriately identified and included in the later appeal file. Such files must also include any documents pertinent to the later appeal but not previously furnished.

(b) *Content of appeal file.* (1) Each appeal file must be assembled in a loose-leaf binder. A gummed label (NSN 7510-00-264-5460) must be used on top of the looseleaf binder to identify the case by contractor, contract number and docket number.

(2) Individual appeal files must not be more than 1 inch thick. If the file will be more than 1 inch thick, two or more consecutive binders must be used and identified with the appropriate exhibit numbers contained in each.

(3) Each document to be included in the appeal file (i.e., letter, telegram, memo, report, invoice, etc.) must be legible, complete, included as a separate exhibit in the file, and listed in the "Index of Exhibits" by exhibit number and brief description. If a document cannot be legibly reproduced, the unaltered document must be submitted with an attached accurate typewritten transcription thereof. Assigned counsel will assist the contracting officer in determining which documents are relevant to the issue in the appeal or not privileged for inclusion in the appeal file.

(4) Each appeal file must contain division sheets separating the different documents listed in the "Index of Exhibits." Division sheets must be tabbed and numbered consecutively commencing with number one, in whole Arabic numbers (no letters, decimals, or fractions), and continuously from each file

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to the next so that the complete appeal file will consist of one set of consecutively numbered appeal file exhibits. In addition, the pages within the exhibit shall be numbered consecutively unless the exhibit already is paginated in a logical manner. Consecutive pagination of the entire file is not required.

(c) *Arrangement of documents.* (1) The first (top) document in the appeal file must be the "Index of Exhibits." The index must list, opposite each exhibit number, the date and a brief description of the document and must indicate which exhibits, if any, have been filed with the Board but not served on the other party because of their length or bulk. The exhibits must be arranged in chronological order, earliest document first (as exhibit 1), and be separated by tabs for identification. For example:

	Exhibit	Date
Copy of basic contract, including referenced terms and conditions and any amendments	1	5/20/88
Notice of award.	2	5/20/88
Notice to proceed and facsimile of Post Office receipt	3	6/5/88
Contractor's request for final decision or other documents of claim in response to which the decision was issued	4	8/5/88
Contracting officer's final decision letter applicable to the dispute and facsimile of Post Office receipt	5	8/25/88
Notice of Appeal with attachment, if any.	6	9/10/88
Board of Contract Appeals acknowledgement of contractor's Notice of Appeal	7	9/15/88

(2) In addition to the exhibits listed in (c)(1) of this section, other pertinent exhibits, such as the following, should be included and exhibited as applicable, in chronological order:

- (i) Copy of the repurchase contract, including referenced terms and conditions.
- (ii) Copies of specifications/drawings applicable to the dispute.
- (iii) Copy of the abstract of offers and list of all offerors solicited for the repurchase contract.
- (iv) Copy of letter of assessment, including worksheet showing calculation of excess costs and/or other damages including administrative costs.
- (v) Copies of defaulted purchase/delivery orders.

(vi) Copies of purchase/delivery orders issued under the repurchase contract.

(vii) Proof of payment and a detailed disbursement listing, annotated and certified, if applicable.

NOTE: The information and documents needed must be obtained from the appropriate GSA finance office. The finance information will include a detailed disbursement listing, annotated with the check number and date, and the amount applicable to the repurchase order if different from the check amount. The disbursement listing will be certified by an appropriate finance division official whose title and date of signature will also be shown.

(viii) Evidence of certification of the claim or claims, as applicable.

(ix) All other correspondence between the Government and the contractor relevant to the appeal.

(x) All documents and other physical evidence on which the contracting officer relied in making a decision.

[54 FR 26543, June 23, 1989, as amended at 59 FR 22520, May 2, 1994]

533.7103-2 Transmittal of the appeal file.

(a) The original and two copies of the appeal file must be forwarded to the AGC by a transmittal letter from the contracting director. The appeal file must be accompanied by the contracting officer's detailed statement of facts in a memorandum of position as a separate document which must be concurred in by assigned counsel who will also prepare and attach a statement of legal position. In addition, a list of recommended witnesses and the Government's estimate (when appropriate) of the amount of any claim in the event of an adverse decision must be prepared. A point of contact must be given to the AGC; name of individual, position, title, and telephone number.

(b) The contracting officer shall retain one copy of the appeal file.

(c) After reviewing the appeal file for adequacy, the trial attorney in the Office of General Counsel will transmit the appeal file to the Board and serve a copy of the appeal file upon appellant.

533.7104 The contracting officer's memorandum of position.

The memorandum of position is a chronological summary of the actions leading to the dispute and a rationale of the contracting officer's actions for the information of the trial attorney. The memorandum of position is submitted to the AGC simultaneously with the appeal file, but as a separate document; i.e., it will not be included as part of the appeal file or included in the index. Although no particular form is prescribed, the statement must identify the contract, state the nature of the contractor's claim, cite pertinent portions of the contract, state the contracting officer's decision with citations to pertinent contract provisions and a supporting explanation, and set out any new facts which may have developed since the decision was made. The contracting officer shall sign the memorandum of position.

533.7105 Procedure following decision of the GSA Board of Contract Appeals.

(a) Decisions of the Board will be promptly implemented. However, it must be recognized that the contractor may decide to appeal a Board decision in the United States Court of Appeals for the Federal Circuit. It is also possible for either party to file a motion for reconsideration by the Board within 30 calendar days from the date of the receipt of a copy of the Board decision. If further appeal of a decision or a motion for reconsideration of a decision is contemplated, the implementation of the decision may be postponed; if the issue is over quantum, however, consideration should be made to making payment of the undisputed amount to minimize interest to be paid the contractor.

(b) The contracting officer need not take any further action (other than administrative) if the Board affirms the contracting officer's original decision, provided a recovery of costs is not due

from the contractor. Where a recovery is due, collection must be initiated by the contracting officer either by (1) a contract amendment adjusting the contract price or (2) a written demand for immediate payment, as appropriate. (In excess cost cases, Office of Finance will normally pursue the necessary collection.) Any written demand must instruct the contractor to make payment to the General Services Administration and address it to the appropriate GSA finance office. A copy of any written demand must be provided to the appropriate GSA finance office for information and followup.

(c) In appeals brought under the disputes clause of the contract, when the Board does not uphold the contracting officer's original decision and the Board's decision provides for payment in favor of the contractor, the contracting officer shall prepare a supplemental agreement with concurrence of assigned counsel. The supplemental agreement will ensure against further litigation of the same dispute. The contracting officer shall forward the recommendation for payment to the appropriate finance office with the original of the supplemental agreement and a copy of the Board's decision.

(d) In appeals brought under the Contract Disputes Act of 1978, when the Board does not uphold the contracting officer's original decision and the Board's decision awards the contractor an amount of money, and the AGC informs the contracting officer that the Government will not move for reconsideration of the Board's decision or appeal it to the United States Court of Appeals for the Federal Circuit, the contracting officer must complete the Certificate of Finality attached to the copy of the Board's decision and return it to the Board. The Board will forward the Certificate of Finality, completed by both parties, and a certified copy of its decision to the United States General Accounting Office to be certified for payment to the contractor.

SUBCHAPTER F—SPECIAL CATEGORIES OF CONTRACTING**PART 534—MAJOR SYSTEM ACQUISITION**

Sec.

534.002 Policy.

534.002–70 Directives.

534.002–71 Definitions.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26547, June 23, 1989, unless otherwise noted.

534.002 Policy.**534.002–70 Directives.**

Additional policies and procedures on major systems acquisitions are contained in the following:

(a) GSA Order, Major System Acquisitions in the General Services Administration (ADM 5400.33).

(b) FIRMR 201–32.103, The Acquisition of Major ADP Resource Systems.

(c) GSA Order, Major System Acquisitions in the Automated Data and Telecommunications Service (DTS 5400.1).

534.002–71 Definitions.

Major system acquisitions are those that are:

(a) Directed at and critical to fulfilling an agency mission;

(b) Estimated to entail the allocation of \$25 million or more life cycle cost in current year dollars; or

(c) Determined by the Administrator to warrant special management attention or to be of critical importance to the agency or technologically advanced.

PART 535—RESEARCH AND DEVELOPMENT CONTRACTING—[RESERVED]**PART 536—CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS****Subpart 536.1—General**

Sec.

536.101 Applicability.

536.102 Definitions.

Subpart 536.2—Special Aspects of Contracting for Construction

536.201 Evaluation of contractor performance.

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536.203 Government estimate of construction cost.

536.204 Disclosure of the magnitude of construction projects.

Subpart 536.3—Special Aspects of Sealed Bidding in Construction Contracting

536.303–70 Bids that include alternates.

536.303–71 Bids that include options.

536.303–72 Bids that include alternates and options.

536.370 Exercise of options.

Subpart 536.5—Contract Clauses

536.570 Supplemental provisions and clauses.

536.570–1 Definitions.

536.570–2 Authorities and limitations.

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536.570–4 Basis of award—construction contract.

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536.570–6 Use of premises.

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536.570–8 Specifications and drawings.

536.570–9 Shop drawings, coordination drawings, and schedules.

536.570–10 Samples.

536.570–11 Heat.

536.570–12 Use of equipment by the Government.

536.570–13 Subcontracts.

536.570–14 Furnishing information and records.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26548, June 23, 1989, unless otherwise noted.

Subpart 536.1—General**536.101 Applicability.**

Other requirements of this regulation are generally applicable to construction and architect-engineer contracts. However, if a requirement in this part is inconsistent with a requirement in another part of this regulation, this part takes precedence.

536.102 Definitions.

Construction activity means the organizational level of the agency that has

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authority and responsibility for the architectural, engineering, and other technical or administrative aspects of design and construction.

Statutory cost limitations, as used in this part, means the cost limits that may be included in the agency's statutory authorization or annual appropriations act (by law).

Subpart 536.2—Special Aspects of Contracting for Construction

536.201 Evaluation of contractor performance.

(a) The construction activity shall prepare a performance report for each construction contract of \$25,000 or more, and each construction contract where any element of performance was unsatisfactory or outstanding.

(b) Each regional construction activity shall establish an evaluation report file with procedures for maintaining alphabetically the evaluation reports, for cross referencing all names under which a contractor does business with GSA, and for ensuring that fully qualified personnel possessing the knowledge of the contractor's performance prepare and review the evaluation reports.

[58 FR 52445, Oct. 8, 1993]

536.202 Specifications.

Under the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6962, the Environmental Protection Agency has promulgated rules in 40 CFR Parts 248 and 249, regarding the use of certain waste by-products as generally acceptable substitutes for energy-intensive raw materials. The rules provide that when certain construction material containing energy intensive raw material is required that the technical specification allows as an alternate, construction material containing certain waste byproducts. However, specifications should not be revised to allow the use of the alternate material if it is found that performance requirements for the construction material would not be met or that the use of the alternate material would be unsatisfactory for technical reasons.

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536.203 Government estimate of construction cost.

(a) A copy of the independent Government estimate must be sealed in an envelope and submitted to the contracting officer before the date and time for bid opening or the date for receipt of proposals. (See paragraphs (b) and (c) of this section.)

(b) If the procurement is by sealed bidding, the sealed copy of the Government estimate must be stored with the bids received until bid opening. Before releasing an amendment to a solicitation that may affect the price, a revised sealed Government estimate must be stored with the bids until bid opening. After the bids are read and recorded, the sealed Government estimate will be opened and retained with abstract of offers (See Optional Forms 1419 and 1419A). However, the Government's estimate must not be disclosed until after award. Immediately after award the Government estimate must be recorded on the abstract of offers as the Independent Government Estimate.

(c) If the procurement is by negotiation, the sealed copy of the Government estimate must be stored with the proposals until the closing time for receipt of proposals. Cost figures in the Government estimate may be disclosed during negotiation, but only to the extent considered necessary for arriving at a fair and reasonable price, provided that the overall amount of the Government estimate is not disclosed before award. Before the release of a modification to the solicitation which may affect price, a revised Government estimate must be prepared, sealed, and stored, with the proposals until closing time for proposals. After award, the independent Government estimated price may be revealed, upon request, to those firms or individuals who submitted proposals.

(d) The Government estimate must be used to evaluate offers, as a guide in conducting contract negotiations or negotiations of contract modifications, and as a tool for determining the reasonableness of prices.

[58 FR 52445, Oct. 8, 1993]

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536.204 Disclosure of the magnitude of construction projects.

The magnitude of construction projects in excess of \$10,000,000 should be shown in increments of \$10,000,000 (e.g. \$20,000,000 to \$30,000,000).

Subpart 536.3—Special Aspects of Sealed Bidding in Construction Contracting

536.303-70 Bids that include alternates.

(a) The base bid must include all features that are essential to a sound and adequate building design. However, if it appears that funds available for a project may be insufficient to include all desired features in the base bid, the contracting officer may issue a solicitation for a base bid and include one or more alternates in the order of priority. Alternates may be used only when they are clearly justified and should involve substantial amounts of work in relation to the base bid. Their use must be limited and should involve only “add” alternates.

(b) The language used in soliciting alternates must be approved in writing by counsel.

(c) Before opening bids that include alternates, the contracting officer shall determine and record in the contract file the amount of funds available for the project. The amount recorded must be announced at the beginning of the bid opening and must be the controlling factor in determining the low bidder. This amount may be increased later when determining the alternate items to be awarded to the low bidder, provided that the award amount of the base bid plus the combination of alternate items do not exceed the amount offered by any other responsible bidder whose bid conforms to the solicitation for the base bid and the same combination of alternate items.

[58 FR 52445, Oct. 8, 1993]

536.303-71 Bids that include options.

(a) Subject to the limitations in paragraph (c) of this section, the contracting officer may include options in contracts when it is in the Government's interest.

(b) The appropriate use of options may include, but is not limited to, the following:

(1) When additional work is anticipated but funds are not expected to be available at the time of award, and it would not be practicable to award a separate contract or to permit an additional contractor to work on the same site.

(2) When fixed building equipment, e.g. elevators, escalators, etc., will be installed under the construction contract and it is advantageous to have the installer of the equipment maintain and service the equipment during the warranty period.

(c) The contracting officer shall not employ options if:

(1) The prospective option represents known firm requirements for which funds are available unless competition for the option quantity is impracticable once the initial contract is awarded; or

(2) The contractor will incur undue risks; e.g., the price or availability of necessary materials or labor is not reasonably foreseeable.

(d) Solicitations containing option provisions must state the period within which the options may be exercised.

(e) The solicitations must state whether the basis of award is inclusive or exclusive of the options. Before a solicitation that includes evaluated options is issued, the contracting officer shall make a determination that there is reasonable certainty that funds will be made available to permit exercise of the option.

(f) The language of all solicitation provisions for options must be approved, in writing, by counsel.

[54 FR 26548, June 23, 1989, as amended at 58 FR 52445, Oct. 8, 1993]

536.303-72 Bids that include alternates and options.

(a) Solicitations may include alternates and options when the conditions in 536.303-70, Bids that include alternates, and 536.303-71, Bids that include options, are satisfied. In such solicitations, the low bidder for purposes of award is the responsible bidder offering the lowest aggregate price for the base bid plus those alternates in the order of priority listed in the solicitation that

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provide the most features of work within the funds available at bid opening, plus all options designated to be evaluated.

(b) In the case of options associated with alternates, the basis of award may require the evaluation of such options if the related alternate is selected.

(c) Before opening bids that include alternates and options, the contracting officer shall determine and record in the contract file the amount of funds available for the project (i.e., for the base bid and alternate work). The amount recorded must be announced at the beginning of the bid opening. This amount may be increased later when determining the alternate items to be awarded to the low bidder, provided that the award amount of the base bid and evaluated options plus such a combination of alternate items does not exceed the amount offered by any other responsible bidder whose bid conforms to the solicitation for the base bid, the evaluated options, and the same combination of alternate items.

[54 FR 26548, June 23, 1989, as amended at 58 FR 52445, Oct. 8, 1993]

536.370 Exercise of options.

(a) When exercising an option, the contracting officer shall notify the contractor, in writing, within the time period specified in the contract.

(b) The contracting officer may exercise options only after determining that:

- (1) Funds are available;
- (2) The requirement covered by the option fulfills an existing Government need; and
- (3) The exercise of the option is the most advantageous method of fulfilling the Government's need, price and other factors considered.

(c) Before exercising an option, the contracting officer shall determine that such action is in accordance with the terms of the option and the requirements of this section. The written determination must be included in the contract file.

(d) The contract modification or other written document which notifies the contractor of the exercise of the option must cite the option clause as authority. In addition, when exercising an unpriced and/or unevaluated option

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cite the statutory authority permitting the use of other than full and open competition (see FAR 6.302 and 517.207).

Subpart 536.5—Contract Clauses

536.570 Supplemental provisions and clauses.

536.570-1 Definitions.

The contracting officer shall insert the clause at 552.236-70, Definitions, in solicitations and contracts when construction, dismantling, demolition, or removal of improvements is contemplated.

536.570-2 Authorities and limitations.

The contracting officer shall insert the clause at 552.236-71, Authorities and Limitations, in solicitations and contracts when construction, dismantling, demolition, or removal of improvements is contemplated and the contract amount is expected to exceed the simplified acquisition threshold.

[54 FR 26548, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

536.570-3 Specialist.

The contracting officer shall insert the clause at 552.236-72, Specialist, in construction contracts when the technical sections of the contract require unusual experience or specialized facilities for adequate contract performance.

536.570-4 Basis of award—construction contract.

The contracting officer shall insert a provision substantially the same as the provisions at 552.236-73, Basis of Award—Construction Contract, in solicitations for fixed price construction contracts except when:

- (a) The solicitation requires the submission of a lump sum bid only;
- (b) The solicitation is for an indefinite quantity contract; or
- (c) The contract amount is not expected to exceed the simplified acquisition threshold.

If the solicitation requests the submission of a base bid and unit prices, the contracting officer shall use the basic provision. If the solicitation requests

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the submission of a base bid and options the contracting officer shall use the provision with its Alternate I. If the solicitation requests the submission of a base bid and alternates, the contracting officer shall use the provision with its Alternate II. If the solicitation requests the submission of a base bid, alternates, and options, the contracting officer shall use the provision with its Alternate III.

[54 FR 26548, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

536.570-5 Working hours.

The contracting officer shall insert the clause at 552.236-74, Working Hours, in solicitations and contracts when construction, dismantling, demolition, or removal of improvements is contemplated and the contract amount is expected to exceed the simplified acquisition threshold.

[54 FR 26548, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

536.570-6 Use of premises.

The contracting officer shall insert the clause at 552.236-75, Use of Premises, in solicitations and contracts when construction, dismantling, demolition, or removal of improvements is contemplated.

536.570-7 Measurements.

The contracting officer shall insert the clause at 552.236-76, Measurements, in solicitations and contracts when construction, dismantling, demolition, or removal of improvements is contemplated.

536.570-8 Specifications and drawings.

The contracting officer shall insert the clause at 552.236-77, Specifications and Drawings, in contracts when construction, dismantling, demolition, or removal of improvements is contemplated and the contract is expected to exceed the simplified acquisition threshold.

[54 FR 26548, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

536.570-9 Shop drawings, coordination drawings, and schedules.

The contracting officer shall insert the clause at 552.236-78, Shop Drawings,

Coordination Drawings, and Schedules, in contracts when construction is contemplated and the contract is expected to exceed the simplified acquisition threshold.

[54 FR 26548, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

536.570-10 Samples.

The contracting officer shall insert the clause at 552.236-79, Samples, in construction contracts when the technical sections of the contract require the submission and approval of samples.

536.570-11 Heat.

The contracting officer shall insert the clause at 552.236-80, Heat, in contracts, as appropriate, when construction, dismantling, demolition, or removal of improvements is contemplated.

536.570-12 Use of equipment by the Government.

The contracting officer shall insert the clause at 552.236-81, Use of Equipment by the Government, in contracts requiring heating and air-conditioning of existing buildings when it may be necessary for the Government to operate all or part of the equipment before final acceptance of the contract.

536.570-13 Subcontracts.

The contracting officer shall insert the clause at 552.236-82, Subcontracts, in solicitations and contracts for construction when the contract is expected to exceed the simplified acquisition threshold.

[54 FR 26548, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

536.570-14 Furnishing information and records.

The contracting officer shall insert the clause at 552.236-83, Furnishing Information and Records, in solicitations and contracts when construction, dismantling, demolition or removal of improvements is contemplated and the contract amount is expected to exceed the simplified acquisition threshold.

[54 FR 26548, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

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PART 537—SERVICE CONTRACTING

Subpart 537.1—Service Contracts—General

Sec.

537.101 Definitions.

537.106 Funding and term of service contracts.

537.110 Solicitation provisions and contract clauses.

Subpart 537.2—Advisory and Assistance Service

537.205 Management controls.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26551, June 23, 1989, unless otherwise noted.

Subpart 537.1—Service Contracts—General

537.101 Definitions.

Building service contract means a contract for services relating to the operation and maintenance of a building, e.g., janitorial; window washing; snow removal; trash removal; lawn and grounds care; inspection, maintenance and repair of fixed equipment (elevators, air-conditioning, and heater systems, etc.) and protection or guard service.

537.106 Funding and term of service contracts.

The Federal Property and Administrative Services Act of 1949, as amended (41 U.S.C. 260), authorizes GSA to enter into contracts for periods not to exceed three years for the operation, maintenance, and repair of fixed building equipment in Federally owned buildings (40 U.S.C. 490(a)(14)) and contracts for periods not exceeding ten years for utility services (40 U.S.C. 481(a)(3)). Contracts for these services may be awarded for the performance periods indicated without an “Availability of Funds” clause.

537.110 Solicitation provisions and contract clauses.

(a) The contracting officer shall insert the provision at 552.237–70, Qualifications of Offerors, in solicitations and contracts for building services when the contract amount is expected

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to exceed the small purchase limitation.

(b) The contracting officer shall insert the clause at 552.237–71, Qualifications of Employees, in solicitations and contracts for building services when the amount is expected to exceed the small purchase limitation. Supplemental clauses may be used with the clause at 552.237–71 to outline specific requirements regarding employees who will perform work on contracts.

(c) The contracting officer shall insert the certification at 552.237–72, Certification Regarding “Quasi-Military Armed Forces,” in solicitations and contracts for guard service.

Subpart 537.2—Advisory and Assistance Service

537.205 Management controls.

All requests for advisory and assistance services must be processed in accordance with the requirements of GSA Order, Procurement of Consulting Services (ADM 2800.12D).

PART 538—FSS SCHEDULE CONTRACTING

Subpart 538.2—Establishing and Administering Schedules

Sec.

538.203 Solicitation preparation.

538.203–71 Solicitation provisions and contract clauses.

538.270 Evaluation of multiple award schedule offers.

538.271 MAS contract awards.

538.272 MAS price reductions.

AUTHORITY: 40 U.S.C. 486(c).

Subpart 538.2—Establishing and Administering Schedules

538.203 Solicitation preparation.

538.203–71 Solicitation provisions and contract clauses.

(a) The contracting officer shall insert the clause at 552.238–72, Contractor’s Report of Sales, in solicitations issued and contracts awarded under GSA’s schedule program. Paragraph (b) may be modified as necessary to meet

program requirements. If it is necessary to identify the official responsible for preparing the report, the contracting officer may use the clause with its Alternate I. When the clause is used by IRMS the contracting officer shall use the clause with its Alternate II.

(b) The contracting officer shall insert the clause at 552.238-70, Identification of Electronic Office Equipment Providing Accessibility for the Handicapped, in solicitations and contracts awarded under the multiple award schedule program when the solicitation includes electronic office equipment.

(c) The contracting officer shall insert the clause at 552.238-74, Submission and Distribution of Authorized GSA Schedule Pricelists, in solicitations and contracts awarded under the multiple award schedule program. When GSA is not prepared to accept electronic submissions for a particular schedule, the contracting officer is authorized to modify the clause by deleting subparagraph (c)(1)(ii) and (c)(3) and modifying subparagraph (c)(1) to eliminate "(i)" and the word "and" at the end of subparagraph (i).

(d) The contracting officer shall insert the clause at 552.238-75, Identification of Energy-Efficient Office Equipment and Supplies Containing Recovered Materials or Other Environmental Attributes, in solicitations and contracts awarded for supplies under the multiple award schedule program.

(e) Contracting officers shall insert the clause at 552.238-76, Price Reductions, in all MAS solicitations and contracts.

(f) Contracting officers in the Federal Supply Service (FSS) shall insert the clause at 552.238-77, Industrial Funding Fee, in solicitations and contracts awarded under the single award schedule and multiple award schedule programs.

[56 FR 29443, June 27, 1991, as amended at 58 FR 54524, Oct. 22, 1993; 59 FR 3657, Jan. 26, 1994; 59 FR 52451, Oct. 18, 1994; 59 FR 63260, Dec. 8, 1994; 60 FR 19361, Apr. 18, 1995]

538.270 Evaluation of multiple award schedule offers.

(a) The Government will seek to obtain the offeror's best discount (most favored customer). However, the Gov-

ernment recognizes that the terms and conditions of commercial sales vary and that there may be legitimate reasons why the best discount is not achieved.

(b) The contracting officer will establish negotiation objectives and determine price reasonableness subject to the requirements of paragraphs (c) through (e) of this section.

(c) The contracting officer will establish negotiation objectives based on a review of relevant data. If an exception may apply pursuant to FAR 15.804-1(a)(2), then information to be acquired pursuant to FAR 15.804-5(b) (1) and (2) shall be limited to that which is reasonably available and quantifiable.

(d) When establishing negotiation objectives and determining price reasonableness, contracting officers will compare the terms and conditions of the MAS solicitation with the terms and conditions of agreements with customers. The contracting officer will consider the following factors to determine the Government's price negotiation objectives:

(1) Aggregate volume of anticipated purchases;

(2) The purchase of a minimum quantity or a pattern of historic purchases;

(3) Discounts/prices offered;

(4) Length of the contract period;

(5) Warranties, training, maintenance included in the purchase price or provided at additional cost to the product prices;

(6) Ordering and delivery practices; and

(7) Any other relevant information including differences between the MAS solicitation and commercial terms and conditions that may warrant differentials between the offer and the discounts offered to the best customers. In cases where the best discount is not offered to the Government, the offeror is responsible for identifying, substantiating and valuating any asserted differences.

(e) The contracting officer may not award a contract containing pricing which is less favorable than the best discount the offeror extends to any commercial customer purchasing under circumstances comparable to the Government, unless the contracting officer makes a written determination that

538.271

(1) The prices offered to the Government are fair and reasonable, even though comparable discounts were not negotiated, and

(2) Award of a contract is otherwise in the best interest of the Government.

[61 FR 6169, Feb. 16, 1996; 61 FR 10846, Mar. 15, 1996]

538.271 MAS contract awards.

(a) MAS awards will, to the maximum extent practicable, be commercial items negotiated as a discount from established catalog prices for items sold in substantial quantities to the general public.

(b) Before awarding any MAS contract, the contracting officer will determine whether offered prices are fair and reasonable in accordance with FAR subparts 15.8 and 15.9 and 48 CFR 538.270.

[61 FR 6169, Feb. 16, 1996]

538.272 MAS price reductions.

(a) Prior to the award of a MAS contract, the contracting officer and the offeror shall reach an agreement as to the customer (or category of customers), price lists, and discounts which will serve as the basis of contract award. The award document shall expressly state the price/discount relationship between the Government and the identified commercial customer which is the basis of contract award. The Price Reductions clause is intended to maintain this price/discount relationship (and/or term and condition

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relationship) between the Government and the offeror's customer or category of customers upon which the MAS contract was predicated for the contract period.

(b) During the term of the contract, any changes in discount/pricing practices by the contractor which result or will result in a less advantageous relationship between the Government and the customer or category of customers upon which the MAS contract discount/price was predicated, shall result in a price reduction to the Government to the extent necessary to reflect the original relationship.

[59 FR 52451, Oct. 18, 1994]

PART 539—MANAGEMENT, ACQUISITION, AND USE OF INFORMATION RESOURCES [RESERVED]

PART 540—[RESERVED]

PART 541—ACQUISITION OF UTILITY SERVICES

AUTHORITY: 40 U.S.C. 486(c).

Subpart 541.4—Administration

541.401 Monthly and annual review.

Unless other procedures are established, the contracting officer shall perform or cause to be performed the reviews required by FAR 41.401.

[60 FR 54956, Oct. 27, 1995]

SUBCHAPTER G—CONTRACT MANAGEMENT

PART 542—CONTRACT ADMINISTRATION

Subpart 542.2—Assignment of Contract Administration

Sec.

542.200–70 Policy.

542.201 Definitions.

542.202 Assignment of contract administration.

Subpart 542.3—Contract Administration Office Functions

542.302 Contract administration functions.

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542.7103 Types of contracts subject to audit.

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542.7105 Releasing or withholding of audit reports.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26551, June 23, 1989, unless otherwise noted.

Subpart 542.2—Assignment of Contract Administration

542.200–70 Policy.

(a) Contracting directors shall establish procedures that will ensure that contract administration activities are

performed by qualified personnel and in an effective manner.

(b) Contract administration may be performed by the contracting officer who awarded the contract or by an administrative contracting officer (ACO) within the contracting office. As an alternative, management may establish a separate contract administration office (CAO) consistent with the nature and complexities of the contracts, the need to perform contract administration at or near the contractor's facility or the place of performance, and the availability of resources.

(c) The contracting officer may designate one or more representatives to perform specified functions such as quality assurance, production, price analysis, finance and various engineering and technical specialties. These representatives may not enter into or modify a contract or otherwise perform functions reserved for a contracting officer except to the limited extent permitted for construction contracts. (See 542.201.2(d).) Designations of ACOs and contracting officers representatives must be in writing and communicated to the contractor.

542.201 Definitions.

Assignment of contract administration means that process whereby identified functions, duties, or responsibilities related to the administration of contracts are assigned to a CAO or an ACO within a contracting office.

Contract administration means the performance of actions after contract award that the Government takes to obtain compliance with contract requirements, including timely delivery of supplies or services, acceptance, payment, and closing of the contract. These actions include technical, financial, audit, legal, administrative, and managerial services in support of the contracting officer. It may include additional tasks requested or needed by the contracting activity including support in the pre-award phase of contracting.

Contracting Officer's Representative (COR), Contracting Officer's Technical

Representative (COTR), or Contract Administrator means an individual designated and authorized in writing by the contracting officer to perform specific limited contract administration activities.

Procuring Contracting Officer (PCO) means, a contracting officer (see FAR Subpart 2.1). This regulation uses the term to differentiate between procuring and administrative responsibilities when contract administration authority has been delegated to an ACO within a contracting office or a CAO.

542.202 Assignment of contract administration.

(a) The contracting officer may delegate to an ACO functions not listed in FAR 42.302 and 542.302(b) provided that:

(1) The requirements of FAR 42.202(c) are met and,

(2) The Associate Administrator for Acquisition Policy approves the additional delegation. Requests for additional delegations must be submitted through the appropriate Central Office Service Commissioner or Assistant Administrator of the appropriate service or staff office to the Office of Acquisition Policy. If a service/office is providing contracting support for another service/office the request shall be sent to the Commissioner/Assistant Administrator of the contracting service/office. That official shall coordinate as necessary with the affected service/office.

(b) In addition to the requirements of FAR 42.202(d), the contracting officer shall provide or make available a complete copy of the contract file to the ACO.

Subpart 542.3—Contract Administration Office Functions

542.302 Contract Administration functions.

(a) Normal contract administration functions identified at FAR 42.302(a) are to be performed, to the extent they apply, either by the contracting office or an office specifically established to perform contract administration functions.

(b) The ACO or CAO shall perform the additional functions listed below only when and to the extent specifi-

cally authorized by the contracting officer.

(1) Negotiate and issue priced or unpriced orders under indefinite delivery type contracts and basic ordering agreements.

(2) Issue change orders to modify the method of shipment, the packing requirements, the place where supplies are to be delivered, or the specifications after coordinating with the PCO (only applies to ACO's in FSS).

(3) Accept/reject requests for acceptance of nonconforming supplies after coordinating with the PCO if other than a minor nonconformance is involved (only applies to ACO's in the Federal Supply Service (FSS)).

(4) Negotiate price adjustments and execute supplemental agreements resulting from acceptances in (b)(3) of this section.

(5) Issue cure or show cause notices under FAR 49.402-3(b) after coordinating with the PCO (only applies to ACO's in FSS).

(6) Terminate individual purchase/delivery orders after coordinating with the PCO.

(7) Terminate the contract for default after coordinating with the PCO (only applies to ACO's in FSS).

(8) Assess liquidated damages.

(c) Functions peculiar to specific programs may be delegated when approved by the Associate Administrator for Acquisition Policy. Requests to delegate contract administration functions not found in FAR 42.302 and 542.302(b) must be submitted to the Office of Acquisition Policy by the head of the affected Central Office service for approval.

[54 FR 26551, June 23, 1989, as amended at 58 FR 52445, Oct. 8, 1993]

Subpart 542.4—Correspondence and Visits

542.470 Implementation.

HCA's issuing implementing guidelines or procedures must obtain the concurrence of the Associate Administrator for Acquisition Policy.

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Subpart 542.7—Indirect Cost Rates

542.703 Policy.

The contracting directors may waive the certification requirement under FAR 42.703–2.

[60 FR 54957, Oct. 27, 1995]

Subpart 542.11—Production Surveillance and Reporting

542.1107 Contract clause.

The contracting officer shall insert the clause at 552.242–70, Status Report of Orders and Shipments, in solicitations and indefinite quantity and requirements contracts for stock or special order program items. The clause may also be used in indefinite delivery definite quantity contracts for stock or special order program items when close monitoring is necessary because numerous shipments are involved.

Subpart 542.12—Novation and Change-of-Name Agreements

542.1203 Processing agreements.

In determining whether it is in the Government's interest to recognize a successor in interest under FAR Subpart 42.12, the contracting officer shall consider, in addition to information provided by affected contracting and contract administration offices, information provided by the agency small business technical advisor where the contract was awarded to a small business under a small business set-aside and the third-party successor is a large business. Under the following conditions the contracting officer should refuse to recognize the successor and nonconcur in the transfer of the contract(s):

(a) There is adequate reason to believe that the transaction is intended to circumvent the requirements and objectives of the small business program; or

(b) The contract involved is a multiple award schedule (MAS) contract and other MAS small business contracts exist for the same special item number(s). If the MAS contract involves both set-aside and non-set-aside special item numbers, the contracting officer shall cancel that part of the

contract related to the set-aside items, and process the novation request for the non-set-aside items under FAR Subpart 42.12.

Subpart 542.70—Bankruptcy, Insolvency or Dissolution of a Business

542.7001 General.

Prompt action is vital when a contractor becomes insolvent or files under any of the laws relating to bankruptcy, insolvency, and dissolution of businesses (11 U.S.C. 101 et. seq.) to assure that the Government's rights are protected. Terminated and current contracts with the contractor must be considered in any action contemplated. Contracting officers may be advised of such difficulties by the quality assurance specialist (QAS), contracting officer's representatives (COR), the Office of Finance, the Office of Inspector General, or other means, e.g., newspaper items, Dun and Bradstreet, an industry association, other contractors, other Federal agencies, or financial institutions. The contracting officer shall verify the accuracy of the information received and follow the procedures in 542.7002.

542.7002 Procedures.

(a) When a contractor is experiencing financial difficulties the contracting officer shall:

(1) Determine whether the contractor is delivering supplies and/or performing the services within the timeframes specified in the contract and whether the contractor is making satisfactory progress toward future deliveries or performance. Obtain, if needed, the recommendations of the QAS or COR.

(2) If the contractor has failed without excuse to deliver or perform under the contract or has failed to make progress so as to endanger performance, consider terminating the contract for default.

(3) If contract termination is not considered necessary, continue to monitor contract(s) by requesting that the QAS or COR visit the contractor's plant or the work site more often than usual to ascertain that progress is being made.

(4) If a small business contractor is involved, notify the regional Small

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Business Administration (SBA) office and the agency Small Business Technical Advisor.

(5) If the contract has a performance bond and/or payment bond, the bonding company should be notified if the circumstances of the particular case dictate such notification.

(b) When a contractor has filed for bankruptcy, the contracting officer shall:

(1) Notify the contracting director, assigned counsel, the Office of Finance and other interested parties.

(2) Determine whether the contractor is performing in accordance with the terms of the contract and/or is making satisfactory progress towards completion of the contract. If the contractor has failed without excuse to deliver or perform under the contract or failed to make progress so as to endanger performance, consider terminating the contract for default. Termination must not be effected without concurrence of assigned counsel, who will coordinate with the assigned Assistant United States Attorney.

(3) Determine the status of and provide for the protection and disposition of Government-owned property, if applicable.

(4) If special safeguards for Government property are needed, determine the names, addresses, and phone numbers of the local Government officials concerned in the bankruptcy proceedings, e.g., sheriff, marshal, or the Receiver or Trustee in bankruptcy, if assigned.

(5) Transmit immediately all relevant communications to assigned counsel; e.g., notice of bankruptcy, notice of meeting of creditors, plan of arrangement, status of such plan, claims bar date and address of the Bankruptcy Court where proceedings were filed. Assigned counsel shall immediately transmit a copy of the notice of bankruptcy to the appropriate office in the Office of General Counsel (i.e., LG, LP, or LR) or to the assigned Assistant United States Attorney.

(6) Prepare, in consultation with assigned counsel, the preliminary, contingent and, after reprourement (if any), final proof of claim. Such proofs of claim will be forwarded by the assigned counsel to the appropriate office

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in the Office of General Counsel (i.e., LG, LP, or LR) or to the assigned Assistant United States Attorney.

(7) Consult with assigned counsel regarding possible setoffs of Government claims from retained and unpaid contractor earnings.

(8) Advise the Inspector General whenever there is reason to believe that the contractor may have fraudulently transferred assets before filing for bankruptcy. Also advise the Inspector General in any case where the contracting officer is aware of an ongoing audit or investigation of the contractor.

(c) Upon receipt of information that a contractor intends to dissolve a business or to cease operations for whatever reason, e.g., because of retirement, fire sale of business (without public notice), etc., the contracting officer shall verify the accuracy of the information. If the information is accurate, the contracting officer shall request the QAS or COR to verify status of contract(s) and notify other directly interested parties. However, the QAS or COR should not be requested to make special contract administration visits unless all other efforts to obtain the necessary information have failed. If a claim against the contractor is either pending or outstanding, the contracting officer should notify assigned counsel and simultaneously obtain information that would aid in finalizing the amount of claim(s).

Subpart 542.71—Audit of Contractor's Record**542.7101 General.**

The Assistant Inspector General—Auditing and the Field Audit Offices audit contractors' records when required by law, regulation, or sound business judgment. These audits include periodic or special request audits of contractors determined to be necessary because of such matters as the financial condition, integrity, and reliability of the contractor and prior audit experience, adequacy of the accounting system, and the amount of unaudited claims. So that the Government can benefit to the maximum extent from these audits, a coordinated and cooperative effort must be made by

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contracting officers, technical specialists, and finance and audit personnel.

542.7102 Purpose of audit.

Audits are conducted to advise and make recommendations to the contracting officer concerning:

(a) Propriety of amounts paid, or to be paid, by GSA to contractors when such amounts are based on a cost or time determination or on variable features related to the results of contractors' operations;

(b) Adequacy of measures taken by contractors regarding the use and safeguarding of Government assets under their custody or control;

(c) Compliance by contractors with contractual provisions such as progress payments, advance payments, guaranteed loans, cash return provisions, and price adjustments; and

(d) Reasonableness of contractor's termination settlement proposals.

542.7103 Types of contracts subject to audit.

(a) The following types of contracts, (excluding small purchases) include either the Audit-Negotiation clause prescribed in FAR 15.106-2 or the Examination of Records by GSA clause at 552.215-70 and are subject to audit.

(1) Cost-reimbursement type contracts;

(2) Contracts involving the use or disposition of Government-furnished property;

(3) Contracts that provide for advance payments, progress payments based on costs, or guaranteed loans;

(4) Contracts containing a price warranty or price reduction clause;

(5) Contracts or leases involving income to the Government when the income is based on operations that are under the control of the contractor or lessee;

(6) Fixed-price contracts or leases with economic price adjustment, with incentives and with price redetermination;

(7) Requirements and indefinite quantity (call-type) contracts;

(8) Time-and-material, labor-hour, and letter contracts; and

(9) Leases when the rental is subject to adjustment based on negotiated operating cost escalation.

(b) A copy of each contract or modification of the types described in paragraph (a) of this section must be furnished to the Assistant Inspector General for Auditing (JA), General Services Administration, Washington, DC 20405, or to the Field Audit Office, as appropriate, simultaneously with distribution of other copies of the contract.

542.7104 Additional internal controls.

As a supplement to the contractual right to audit contractor records in cost-reimbursement type, time and materials, labor-hour, requirements and indefinite quantity (call-type) contracts, the contracting officer (with the assistance of the Assistant Inspector General—Auditing or the Field Audit Office) shall establish internal controls or procedures prior to the performance of those contracts with respect to any flexible or variable features. For example, if a time and materials or labor-hour contract is performed (on a Government facility or elsewhere) subject to observation or overall supervision by Government personnel approval of time records may be provided for as incidental to the Government supervision. Any reasonable and reliable method or procedure may be established to account for such matters as the time spent on the job and materials or supplies received which will assist the contract auditor and the contracting officer to determine the correctness of the charges to the contract.

542.7105 Releasing or withholding of audit reports.

The Freedom of Information Act generally requires the disclosure of Government records subject to certain exceptions. It may be to the benefit or detriment of the Government to release contract audit reports or portions of them depending upon the circumstances. However, because of the complexity of the matter, contracting officers shall consult with both the Assistant Inspector General-Auditing and the Office of General Counsel, before releasing or withholding such information.

PART 543—CONTRACT MODIFICATION

Subpart 543.1—General

Sec.

543.102 Policy.

543.170 Changes in designated subcontractors, inspection and/or production points.

Subpart 543.2—Change Orders

543.202 Authority to issue change orders.

543.205 Contract clauses.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26554, June 23, 1989, unless otherwise noted.

Subpart 543.1—General

543.102 Policy.

A modification for work outside the scope of a contract must be treated as a new procurement. Such modifications must be justified and approved under FAR Subpart 6.3, synopsisized under FAR Subpart 5.2 and Subpart 505.2, and effected through a supplemental agreement.

543.170 Changes in designated subcontractors, inspection and/or production points.

(a) The contracting officer shall not execute a contract modification that authorizes a change in a designated subcontractor or any designated inspection or production point, without considering the impact of the change on the contractor's ability to fulfill the terms and conditions of the contract. When considering the impact, the contracting officer should consider the same factors that would be considered in evaluating whether a contractor is responsible. (See FAR Subpart 9.1 and Subpart 509.1.)

(b) If the contracting officer approves a change of subcontractor, inspection point, or production point, the contracting officer shall issue a contract modification specifying the nature of the change and the effective date. Where feasible, the modification should provide that delivery orders placed before the effective date will remain in effect as written. In determining the effective date, contracting officers should take into consideration the

time necessary for offices concerned to take required actions.

Subpart 543.2—Change Orders

543.202 Authority to issue change orders.

(a) A contracting officer's representative (COR) for a construction contract that has been issued a warrant under 501.603-70, may be authorized to issue change orders. (See 542.302.) Such change order authority may be exercised on a contract-by-contract basis by the contracting officer's written authorization. The contracting officer may further limit the authorization, e.g., to lower dollar amounts, to emergency situations, etc. In addition, the contracting officer's written authorization must instruct the COR to avoid personally performing all of the following tasks for a single change order: (1) Determining the need for change, (2) Preparing the Government's cost estimate, (3) Conducting negotiations, (4) Issuing the change order and (5) Inspecting the work. The contracting officer shall further instruct the COR to submit change orders to a designated official for review before issuance (for price-to-be-determined-later change orders before definitization) whenever all of these activities are personally performed. The contracting officer may personally review change orders or may designate the COR's immediate supervisor or a higher-level official within the organization to review change orders. To the maximum extent possible, the same individual should review change orders issued under a particular contract.

(b) Change orders should be issued after coordination as appropriate, with counsel, quality control, finance, audit or other technical personnel.

[58 FR 52445, Oct. 8, 1993]

543.205 Contract clauses.

(a) The contracting officer shall insert the clause at 552.243-70, Pricing of Adjustments, in solicitations and contracts when the contract amount is expected to exceed the simplified acquisition threshold and a contract other than a cost type contract is contemplated.

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(b) The contracting officer shall insert the clause at 552.243-71, Equitable Adjustments, in solicitations and contracts for (1) dismantling, demolishing, or removing improvements; or (2) construction, when the contract amount is expected to exceed the simplified acquisition threshold and a fixed-price contract is contemplated.

(c) The contracting officer shall insert the clause at 48 CFR 552.243-72, Modifications (Multiple Award Schedule), in solicitations and multiple award schedule contracts. Alternate I should be used when stable technology is involved and few changes are expected.

[54 FR 26554, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995; 61 FR 6169, Feb. 16, 1996]

PART 544—SUBCONTRACTING POLICIES AND PROCEDURES— [RESERVED]

PART 545—GOVERNMENT PROPERTY

Subpart 545.3—Providing Govern- ment Property to Contractors

545.302-1 Policy.

The head of the contracting activity (HCA) may issue determinations and findings under FAR 45.302-1(a)(4).

(40 U.S.C. 486(c))

[55 FR 8954, Mar. 9, 1990]

PART 546—QUALITY ASSURANCE

Subpart 546.3—Contract Clauses

Sec.

546.302 Fixed-price supply contracts.

546.302-70 Source inspection by Quality Approved Manufacturer.

546.302-71 Source inspection.

546.312 Construction contracts.

Subpart 546.4—Government Contract Quality Assurance

546.400 Scope of subpart.

546.402 Government contract quality assurance at source.

546.403 Government contract quality assurance at destination.

546.470 Testing.

546.470-1 Acceptance testing.

546.470-2 Certification testing.

Subpart 546.7—Warranties

546.704 Authority for use of warranties.

546.705 Limitations.

546.708 Warranties of data.

546.709 Warranties of commercial items.

546.710 Contract clauses.

AUTHORITY: 40 U.S.C. 486(c)

SOURCE: 54 FR 26555, June 23, 1989, unless otherwise noted.

Subpart 546.3—Contract Clauses

546.302 Fixed-price supply contracts.

546.302-70 Source inspection by Qual- ity Approved Manufacturer.

Contracting officers in the Federal Supply Service shall insert the clause at 552.246-70, Source Inspection by Quality Approved Manufacturer, in solicitations and contracts that provide for source inspection, except multiple award schedules contracts, motor vehicle contracts, and contracts awarded by the Special Programs Division of the Office of Scientific Equipment Commodity Center, unless the contracting officer, in conjunction with the Central Office Quality Assurance Division (FQA), decides inspection by Government personnel is necessary. Contracting officers may authorize the use of manufacturing plants or other facilities located outside the United States (including Puerto Rico and the Virgin Islands) to perform inspection and testing under paragraph (a)(1) of the clause when:

(a) Inspection services are available from another Federal agency on the basis of its primary inspection responsibility in a geographic area;

(b) An inspection interchange agreement exists with another agency concerning inspection at a contractor's plant;

(c) Procurement is being made for AID and specifies the area of source; or

(d) Other considerations will ensure more economical and effective inspection consistent with the Government's interest.

Such authorization must be fully coordinated with FQA and documented in the file.

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546.302-71 Source inspection.

The contracting officer shall insert the clause at 552.246-72, Source Inspection, in solicitations and contracts when it is determined that inspection is to be performed at the source by Government personnel.

546.312 Construction contracts.

The contracting officer shall insert the clause at 552.246-71, Final Inspection and Tests, in solicitations and contracts for construction that include the Inspection of Construction clause at FAR 52.246-12.

Subpart 546.4—Government Contract Quality Assurance

546.400 Scope of subpart.

This subpart prescribes policies and procedures for use by the Federal Supply Service. Use by other GSA activities is optional.

Subpart 546.4—Government Contract Quality Assurance

546.402 Government contract quality assurance at source.

(a) Source inspection of supplies shall be performed either by Government personnel or by a Quality Approved Manufacturer when the contract is:

(1) A Federal Supply Schedule contract selected for source inspection;

(2) A requirements contract which is national in scope (including shipments to GSA distribution centers);

(3) A requirements contract which is regional in scope;

(4) A definite quantity contract for stock items;

(5) For Class 8010 items; or

(6) For Special-purpose vehicles, trucks over 10,000 pounds gross vehicle weight (GVW), trucks weighing 10,000 pounds GVW or less that are not covered by a Federal standard, and vehicles to be shipped outside the coterminous United States.

(b) Contracts may also provide for source inspection when the contracting director, after coordination with FQA, determines that it is in the Government's interest due to the critical nature of the supplies.

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546.403 Government contract quality assurance at destination.

Inspection of supplies at destination should be performed when the supplies are purchased using simplified acquisition procedures, a schedule contract is involved (except for schedules selected for source inspection), or the contract is for:

(a) Commercial or off-the-shelf products;

(b) Standard vehicles purchased for domestic consignees; or

(c) Trucks weighing 10,000 pounds GVW or less purchased for domestic consignees using a Federal Standard.

[54 FR 26555, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

546.470 Testing.

Testing to determine conformance with specifications and standards may be conducted at facilities of Federal agencies, manufacturers, independent testing laboratories, and others, as appropriate.

546.470-1 Acceptance testing.

(a) Acceptance testing is conducted to determine conformance with purchase descriptions or specifications before a shipment is accepted. Such testing must not be solely for the purpose of furnishing information to a producer or vendor as to conformance with specification requirements.

(b) The cost of services for acceptance testing of samples of a shipment normally will be borne by GSA, except for retesting necessitated by prior rejection.

546.470-2 Certification testing.

(a) Certification testing is conducted to determine conformance of an item with a specification for the purpose of executing a certificate of compliance required by the specification.

(b) When a certificate from a recognized laboratory is required by the contract and there is a lack of suitable commercial testing facilities, GSA, upon request and agreement by the contractor to pay all costs, will arrange, for the required certification testing by a Government laboratory, where feasible.

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Subpart 546.7—Warranties

546.704 Authority for use of warranties.

The contracting officer must consider the criteria in FAR 46.703 and decide whether to use a warranty in a specific acquisition.

546.705 Limitations.

The use of warranties in cost reimbursement contracts, other than those in FAR clause 52.246-3 or 52.246-8, must be approved by the contracting director.

546.708 Warranties of data.

Warranties of data should be developed by the technical or specification manager when the contracting officer decides that the use of a warranty is in the Government's interest and the contracting director concurs.

546.709 Warranties of commercial items.

The specification manager shall advise the contracting officer: (a) Whether the specification contains a warranty or a commercial warranty applies and (b) when an extended warranty is necessary and recommends the duration of the extended warranty.

546.710 Contract Clauses.

(a)(1) The contracting officer shall insert the clause at 552.246-17, Warranty of Supplies of a Noncomplex Nature, or applicable alternate in solicitations and contracts instead of the FAR clause at 52.246-17 or applicable alternate.

(2) If commercial products or items are being acquired under a program other than Multiple Award Schedules, the contracting officer shall use the clause at 48 CFR 552.247.17 with its Alternate I.

(3) If the acquisition is for other than commercial items in Class 8010, the contracting officer shall use the clause at 552.246-17 with its Alternate II.

(4) If the acquisition is for other than commercial items in Class 8030 or 8040, the contracting officer shall use the clause at 552.246-17 with its Alternate III. In addition, the contracting officer shall specify in the solicitation whether items being acquired are “non-

critical end use items” or “critical end use items”.

(b) The contracting officer shall insert the clause at 552.246-73, Warranty—Multiple Award Schedule, in solicitations and multiple award schedule (except international schedule) contracts.

(c) The contracting officer shall insert the clause at 552.246-74, Warranty—International Multiple Award Schedule, in solicitations and international multiple award schedule contracts.

(d) The contracting officer shall insert the clause at 552.246-76, Warranty of Pesticides, in solicitations and contracts involving the procurement of pesticides.

(e) The contracting officer shall insert the clause at 552.246-75, Guarantees, in solicitations and contracts for construction when the contract amount is expected to exceed the simplified acquisition threshold.

[54 FR 26555, June 23, 1989, as amended at 56 FR 1741, Jan. 17, 1991; 60 FR 42804, Aug. 17, 1995; 61 FR 6169, Feb. 16, 1996]

PART 547—TRANSPORTATION

Subpart 547.3—Transportation in Supply Contracts

Sec.

547.300 Scope of subpart.

547.303 Standard delivery terms and contract clauses.

547.303-1 F.o.b. origin.

547.304-5 Exceptions.

547.305 Solicitation provisions, contract clauses, and transportation factors.

547.370 Restrictions on transportation to military installations.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26556, June 23, 1989, unless otherwise noted.

Subpart 547.3—Transportation in Supply Contracts

547.300 Scope of subpart.

This subpart prescribes policies and procedures for Federal Supply Service (FSS) acquisitions.

547.303-1

547.303 Standard delivery terms and contract clauses.

547.303-1 F.o.b origin.

(a) The contractor shall request a carrier routing from the applicable transportation zone office on all shipments weighing 10,000 pounds or more.

(b) The contractor shall ship on a Government bill of lading (GBL) unless:

(1) Shipment is via postal or parcel service;

(2) Shipment on a commercial bill of lading (CBL) is authorized in writing by the contracting officer because (i) shipment is urgently required and (ii) a GBL cannot be issued in a timely manner; or

(3) The transportation cost estimate is under \$100 (see FAR 42.1403).

(c) The signature of the carrier's agent and the annotation at FAR 52.247-1 must be shown on the original and all copies of the CBL. The original of the CBL must be mailed to the office, which authorized the CBL.

[54 FR 26556, June 23, 1989, as amended at 61 FR 39089, July 26, 1996]

547.304-5 Exceptions.

(a) Unless the contracting officer can justify more restrictive delivery terms and documents the contract file accordingly, solicitations including delivery to Alaska, Hawaii, or Puerto Rico must specify that offers:

(1) May be f.o.b origin; f.o.b. vessel, part of shipment; f.o.b. destination; or any combination of these delivery terms (other delivery terms may be provided for, if appropriate); and

(2) Will be evaluated on the basis of the lowest overall cost to the Government delivered to the ultimate destination.

(b) Federal Supply Schedules should attempt to obtain a f.o.b. destination delivery term for Alaska, Hawaii, and Puerto Rico, if such delivery term is offered for shipments within CONUS.

547.305 Solicitation provisions, contract clauses, and transportation factors.

The contracting officer shall insert in solicitations and contracts the clause at 552.247-70, Placarding Railcar Shipments, when it is essential that

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the railcar doors be specially positioned next to the unloading dock, platform, or warehouse door.

547.370 Restrictions on transportation to military installations.

Solicitations and contracts specifying direct delivery to military installations must specify applicable delivery restrictions.

PART 548—VALUE ENGINEERING— [RESERVED]

PART 549—TERMINATION OF CONTRACTS

Subpart 549.1—General Principles

Sec.

549.111 Review of proposed settlements.

Subpart 549.4—Termination for Default

549.402-6 Repurchase against contractor's account.

549.402-7 Other damages.

Subpart 549.5—Contract Termination Clauses

549.502 Termination for convenience of the Government.

549.570 Submission of termination liability schedule.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26557, June 23, 1989, unless otherwise noted.

Subpart 549.1—General Principles

549.111 Review of proposed settlements.

The HCA may establish procedures for the review and approval of settlement agreements at a level above the contracting officer.

[60 FR 54956, Oct. 27, 1995]

Subpart 549.4—Termination for Default

549.402-6 Repurchase against contractor's account.

(a) After termination but before repurchase, the contracting officer shall revalidate the need for the supplies or services and document the file.

(b) Repurchase against a contractor's account must be based on the original

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contract terms, conditions, and specification. If acceptable offers cannot be obtained on this basis, similar supplies or services may be bought to substantially satisfy the original requirement. Advice of counsel must be obtained before issuing a solicitation for similar supplies or services.

(c) To protect the Government's rights to recover reprourement costs, the contracting officer must document the file to explain the circumstances of any delay in the reprourement.

[54 FR 26557, June 23, 1989, as amended at 56 FR 33722, July 23, 1991]

549.402-7 Other damages.

(a) Under the default clause, in addition to assessing reprourement costs, the contracting officer may assess other damages, including administrative costs (e.g., salaries and fringe benefits paid to Government employees who perform work as a result of the default, preaward survey expense incurred in qualifying reprourement contractors, and costs incurred in printing and distributing the reprourement solicitation), if in the best interest of the Government.

(b) Documents supporting an assessment of administrative costs must be detailed and must demonstrate that the added costs incurred by the Government were a direct result of the default.

(1) To support administrative labor costs, the contracting officer must record:

(i) Name, position, and organization of each employee performing work activities as a consequence of the default.

(ii) Date(s) of work and time(s) spent by each employee on the repurchase.

(iii) Description of specific tasks performed (i.e., solicitation, preparation, clerical).

(iv) Hourly rate of pay (straight time or overtime).

(v) Applicable fringe benefits.

(vi) Explanation of how the time spent by the employees during the reprourement would have been used on other projects but for the default.

(2) To support other incurred administrative costs (i.e., travel, per diem, printing and distribution of the repurchase contract), documents may include travel vouchers, invoices, print-

ing requisitions, and other appropriate evidence of expenditures.

(c) After deciding that the assessment of administrative costs is appropriate, the contracting officer shall make a written demand on the contractor. The basis of calculating the costs being assessed must be furnished to the contractor. A single demand letter may be used to recover excess costs and administrative costs.

[54 FR 26557, June 23, 1989, as amended at 56 FR 33722, July 23, 1991]

Subpart 549.5—Contract Termination Clauses

549.502 Termination for convenience of the Government.

The contracting officer shall insert the clause at 552.249-70, Termination for Convenience of the Government (Fixed-Price), in all solicitations and contracts for the acquisition and maintenance of telephone systems to be funded through the Information Technology Fund (IT). This clause should be used with the FAR clauses at 52.249-1 or 52.249-2 and 52.249-4.

549.570 Submission of termination liability schedule.

The contracting officer shall insert the clause at 552.249-71, Submission of Termination Liability Schedule, in all solicitations for the acquisition and maintenance of telephone systems to be funded through the Information Technology Fund (IT). This provision is to be used when the clause at 552.249-70 is used.

PART 550—EXTRAORDINARY CONTRACTUAL ACTIONS

550.001 Definitions.

Approving authority, as used in FAR Part 50, means the Administrator of General Services Administration.

(40 U.S.C. 486(c))

[54 FR 26557, June 23, 1989]

PART 551—USE OF GOVERNMENT SOURCES BY CONTRACTORS—[RESERVED]

SUBCHAPTER H—CLAUSES AND FORMS

PART 552—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

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552.214–73 “All or none” offers.

552.214–74 Solicitation copies.

552.214–75 Progressive awards and monthly quantity allocations.

552.214–76 Bid sample requirements.

552.215–70 Examination of records by GSA.

552.215–71 Examination of records by GSA (Multiple Award Schedule).

552.215–72 Price adjustment for incomplete, not current or inaccurate information other than cost or pricing data.

552.216–71 Economic price adjustment—FSS multiple award schedule contracts.

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552.216–73 Placement of orders.

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552.219–72 Notice to offerors of subcontracting plan requirements.

552.219–73 Preparation, submission, and negotiation of subcontracting plans.

552.219–74 Goals for Subcontracting Plan.

552.223–70 Hazardous substances.

552.223–71 Hazardous material information.

552.223–72 Nonconforming hazardous materials.

552.225–8 Trade Agreements Act Certificate.

552.225–9 Trade Agreements Act.

552.225–70 Buy American Act—hand or measuring tools or stainless steel flatware.

552.225–71 Notice of procurement restriction—hand or measuring tools or stainless steel flatware.

552.225–72 Eligible products from nondesignated countries—waiver.

552.225–75 Buy American Act Notice—construction materials.

552.227–70 Government rights (unlimited).

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- 552.246-74 Warranty—international multiple award schedule.
- 552.246-75 Guarantees.
- 552.246-76 Warranty of pesticides.
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- 552.270-5 Lease award.
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- 552.270-14 [Reserved]
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- 552.270-41 Acceptance of space.
- 552.300 Scope of subpart.

Subpart 552.3—Provision and Clause Matrixes

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26558, June 23, 1989, unless otherwise noted.

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552.000 Scope of part.

This part provides the text of provisions and clauses which are unique to GSA or supplement the FAR. Matrixes are also provided for acquisitions of various supplies, services and leasehold interests in real property.

Subpart 552.1—Instructions for Using Provisions and Clauses

552.101 Using Part 552.

(a) *Definition.* “Clause,” as used in this subpart, means provision or clause as defined in FAR 52.101(a).

(b) *Numbering.* When a clause in this part has the same title as a clause in the FAR, that clause is preceded by the number 5 and is included under the same subsection number and caption as in the FAR. Clauses numbered in this manner represent (1) clauses which are “substantially” the same as FAR clauses, and (2) clauses which are to be used instead of FAR clauses. All supplemental clauses are numbered in the same manner as the FAR, except that the number is preceded by the chapter number and the subsection numbers begin with 70 and are sequentially numbered, e.g., 552.232–70, 552.232–71, etc.

(c) *Matrixes.* Matrixes are included as a guide to locating clauses for supply, service, construction, and architect-engineer solicitations/contracts. There is a separate matrix for small purchases. Matrixes listing FAR and GSAR clauses for utility contracts (sole-supplier-regulated rates) and leases of real property are also included. Individuals drafting solicitations must research pertinent regulations or make other determinations to ensure that (1) the clauses selected fit the procurement, (2) there are no restrictions on their use, and (3) when one clause is dependent upon the use of another clause, all necessary clauses are included in the solicitation.

552.102 Incorporating provisions and clauses.

552.102–1 Incorporation by reference.

Clauses prescribed in the GSAR may be incorporated in solicitations/contracts by reference. As an alternative,

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forms containing GSAR clauses in full text may be incorporated by reference.

552.103 Identification of provisions and clauses.

(a) When a class deviation from a FAR clause is prescribed in the GSAR, the contracting officer shall identify the clause by the GSAR citation (552.232–8—Prompt Payment Discount (Nov 1987) (Deviation FAR 52.232–8)).

(b) When a “substantially the same as” clause is used that varies from a FAR or GSAR clause, the word “(Variation),” must be included as a part of the title of the clause, along with the FAR or GSAR citation (552.215–70 Examination of Records by GSA (Apr 1984) (Variation I)). If there is more than one variation of a provision or clause, the variations are titled (Variation I), (Variation II), (Variation III), etc. Variations of clauses which result from negotiations do not need to be identified unless an amendment to the solicitation is issued.

(c) Variations of FAR or GSAR clauses should generally be used for individual cases. A copy of clause variations developed for repeated use must be furnished to the Office of GSA Acquisition Policy (VP) for potential inclusion in the GSAR.

552.105 Procedures for using alternates.

The procedures in FAR 52.105 apply to GSAR Part 552.

552.107 Provisions and clauses prescribed in Subpart 552.1.

(a) The contracting officer shall insert the provision at 552.252–5, Authorized Deviations or Variations in Provisions, in solicitations that include any FAR or GSAR clause with an authorized deviation or variation. This provision must be used in lieu of the FAR provision at 52.252–5.

(b) The contracting officer shall insert the clause at 552.252–6, Authorized Deviations or Variations in Clauses, in solicitations and contracts that include any FAR or GSAR clause with an authorized deviation or variation. This clause must be used in lieu of the FAR clause at 52.252–6.

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Subpart 552.2—Text of Provisions and Clauses

552.200 Scope of subpart.

This subpart sets forth the text of all GSAR provisions and clauses, and for each provision and clause, provides a cross-reference to the location in the GSAR that prescribes its use.

552.203–4 Contingent Fee Representation and Agreement.

As prescribed in 503.404(a), insert the following provision:

CONTINGENT FEE REPRESENTATION AND AGREEMENT (MAY 1989)

(a) *Representation.* The Offeror represents that, except for full-time bona fide employees working solely for the offeror or bona fide established real estate agents or brokers maintained by the Offeror for the purpose of securing business, the Offeror—

NOTE: The Offeror must check the appropriate boxes. For interpretation of the term “bona fide employee or agency,” see paragraph (b) of the Covenant Against Contingent Fees clause.

(1) _____ has, _____ has not employed or retained any person or company to solicit or obtain this contract; and

(2) _____ has, _____ has not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(b) *Agreement.* The Offeror agrees to provide information relating to the above Representation as requested by the Contracting Officer and, when subparagraph (a)(1) or (a)(2) is answered affirmatively, to promptly submit to the Contracting Officer—

(1) A completed Standard Form 119, Statement of Contingent or Other Fees, (SF 119); or

(2) A signed statement indicating that the SF 119 was previously submitted to the same contracting office, including the date and applicable solicitation or contract number, and representing that the prior SF 119 applies to this offer or quotation.

(End of provision)

552.203–5 Covenant Against Contingent Fees.

As prescribed in 503.404(b), insert the following clause:

COVENANT AGAINST CONTINGENT FEES (MAY 1989)

(a) The Contractor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover the full amount of the contingent fee.

(b) “Bona fide agency,” as used in this clause, means an established commercial or selling agency (including licensed real estate agents or brokers), maintained by a Contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

“Bona fide employee,” as used in this clause, means a person, employed by a Contractor and subject to the Contractor’s supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

“Contingent fee,” as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

“Improper influence,” as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

(End of clause)

[54 FR 26558, June 23, 1989, as amended at 55 FR 6256, Feb. 22, 1990]

§ 552.203–70 Restriction on advertising.

As prescribed in 503.570–2, insert the following clause:

RESTRICTION ON ADVERTISING (DEC 1990)

The Contractor shall not refer to this contract in commercial advertising or similar promotions in such a manner as to state or imply that the product or service provided is endorsed or preferred by the White House, the Executive Office of the President, or any other element of the Federal Government, or is considered by these entities to be superior to other products or services. Any advertisement by the Contractor, including price-off

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coupons, that refers to a military resale activity shall contain the following statement: "This advertisement is neither paid for nor sponsored, in whole or in part, by any element of the United States Government."

(End of clause)

[56 FR 965, Jan. 10, 1991]

552.203-71 Prohibited conduct.

As prescribed in 503.104-10(a), insert the following provision:

PROHIBITED CONDUCT (SEP 1990)

(a) *Prohibited conduct.* The Office of Federal Procurement Policy Act, as amended (41 U.S.C. 423), provides that during the conduct of any Federal agency procurement of property or services, no competing contractor or officer, employee, representative, agent, or consultant of any competing contractor shall knowingly—

(1) Make, directly or indirectly, any offer or promise of future employment or business opportunity to, or engage, directly or indirectly, in any discussion of future employment or business opportunity with, any procurement official of the agency, except as provided in FAR 3.104-6(b);

(2) Offer, give, or promise to offer or give, directly or indirectly, any money, gratuity, or other thing of value to any procurement official of the agency; or

(3) Solicit or obtain, directly or indirectly, from any officer or employee of the agency, prior to the award of a contract any proprietary or source selection information regarding the procurement.

(b) *Penalties.* Civil penalties for violation of these prohibitions are up to \$100,000 for an individual or \$1,000,000 for an offeror or prospective offeror other than an individual. Criminal penalties are up to 5 years imprisonment and/or a fine in accordance with Title 18, United States Code.

(End of Provision)

[55 FR 39974, Oct. 1, 1990]

552.203-72 Requirement for Certificate of Procurement Integrity.

As prescribed in 503.104-10(b), insert the following provision:

REQUIREMENT FOR CERTIFICATE OF PROCUREMENT INTEGRITY (AUG 1995)

(a) *Definitions.* The definitions at FAR 3.104-4 are hereby incorporated in this provision, except that "property" also means acquisitions of leasehold interests in real property.

(b) The officer or employee responsible for the offer submitted in response to this solicitation

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shall submit the following certification upon the request of the Contracting Officer.

Certificate of Procurement Integrity

(1) I, [Name of certifier], am the officer or employee responsible for the preparation of this offer and hereby certify that to the best of my knowledge and belief, with the exception of any information described in this certificate, I have no information concerning a violation or possible violation of subsection 27 (a), (b), (d) or (f) of the Office of Federal Procurement Policy Act, as amended* (41 U.S.C. 423) (hereinafter referred to as "the Act"), as implemented in the FAR, occurring during the conduct of this procurement (solicitation number).

(2) As required by subsection 27(e)(1)(B) of the Act, I further certify that, to the best of my knowledge and belief, each officer, employee, agent, representative, and consultant of [Name of offeror] who has participated personally and substantially in the preparation or submission of this offer has certified that he or she is familiar with, and will comply with, the requirements of subsection 27(a) of the Act, as implemented in the FAR, and will report immediately to me any information concerning a violation or possible violation of subsections 27 (a), (b), and (d), or (f) of the Act, as implemented in the FAR, pertaining to this procurement.

(3) Violations or possible violations: (Continue on plain bond paper if necessary and label Certificate of Procurement Integrity (Continuation Sheet)).

ENTER "NONE" IF NONE EXISTS _____

(4) I agree that, if awarded a contract under this solicitation, the certifications required by subsection 27(e)(1)(B) of the Act shall be maintained in accordance with paragraph (f) of this provision.

[Signature of officer or employee responsible for offer] Date _____

[Typed name of officer or employee responsible for offer] _____

This certification concerns a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under title 18, United States Code, section 1001.

(c) Pursuant to FAR 3.104-9(d), the offeror may be requested to execute additional certifications at the request of the Government.

* Subsection 27 (a), (b), and (d) are effective on December 1, 1990. Subsection 27(f) is effective on June 1, 1991.

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Failure of an offeror to submit the additional certification may cause its offer to be rejected.

(d) A certification containing a disclosure of a violation or possible violation will not necessarily result in the withholding of award under this solicitation. However, the Government, after the evaluation of the disclosure, may cancel this procurement or take any other appropriate actions in the interest of the Government, such as disqualification of the offeror.

(e) In making the certification in paragraph (2) of the certificate, the officer or employee of the competing contractor responsible for the offer may rely upon a onetime certification from each individual required to submit a certification to the competing Contractor, supplemented by periodic training. These certifications shall be obtained at the earliest possible date after an individual required to certify begins employment or association with the contractor. If the contractor decides to rely on a certification executed prior to the suspension of section 27 (i.e., before December 1, 1989), the contractor shall ensure that an individual who has so certified is notified that section 27 has been reinstated. These certifications shall be maintained by the Contractor for 6 years from the date of a certifying employee's employment with the company ends or, for an agent, representative, or consultant, 6 years from the date such individual ceases to act on behalf of the Contractor.

(f) Certifications under paragraphs (b) and (c) of this provision are material representations of fact upon which reliance will be placed in awarding a contract.

(End of Provision)

[55 FR 39975, Oct. 1, 1990, as amended at 55 FR 50701, Dec. 12, 1990; 60 FR 42795, Aug. 17, 1995]

552.203-73 Price adjustment for illegal or improper activity.

As prescribed in 503.104-10(c), insert the following clause:

PRICE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (SEP 1990)

(a) If the head of the contracting activity (HCA) or his or her designee determines that there was a violation of subsection 27(a) of the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 423), as implemented in the Federal Acquisition Regulation, the Government, at its election, may—

(1) Reduce the monthly rental under this lease by 5 percent of the amount of the rental for each month of the remaining term of the lease, including any option periods, and recover 5 percent of the rental already paid;

(2) Reduce payments for alterations not included in monthly rental payments by 5 per-

cent of the amount of the alterations agreement; or

(3) Reduce the payments for violations by a Lessor's subcontractor by an amount not to exceed the amount of profit or fee reflected in the subcontract at the time the subcontract was placed.

(b) Prior to making a determination as set forth above, the HCA or designee shall provide to the Lessor a written notice of the action being considered and the basis therefor. The Lessor shall have a period determined by the agency head or designee, but not less than 30 calendar days after receipt of such notice, to submit in person, in writing, or through a representative, information and argument in opposition to the proposed reduction. The agency head or designee, upon good cause shown, determine to deduct less than the above amounts from payments.

(c) The rights and remedies of the Government specified herein are not exclusive, and are in addition to any other rights and remedies provided by law or under this lease.

(End of Clause)

[55 FR 39975, Oct. 1, 1990]

552.209-73 Product removal from qualified products list.

As prescribed in 509.206-2, insert the following clause:

PRODUCT REMOVAL FROM QUALIFIED PRODUCTS LIST (FEB 1996)

If, during the performance of this contract, the product being furnished is for any reason (except those outlined in paragraph 3.1.1 of the applicable Federal or Interim Federal Specification for security cabinets, security vault doors and changeable combination padlocks) removed from the Qualified Products List, the Government may terminate this contract for default.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 61 FR 6169, Feb. 16, 1996]

552.209-74 Waiver of first article testing and approval requirements.

As prescribed in 509.306, insert the following provision:

WAIVER OF FIRST ARTICLE TESTING AND APPROVAL REQUIREMENT (FEB 1990)

(a) Offerors must submit an offer including testing and approval, however, an offeror may submit an alternate offer excluding testing and approval, provided the offeror satisfies the requirements for the waiving of first article testing.

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(b) Before a waiver of the first article testing requirement of this solicitation will be considered, the offeror is requested to identify the procurement under which the product offered was previously approved and accepted:

(Offeror to insert both contract number and applicable national stock number)

(End of provision)

[55 FR 8954, Mar. 9, 1990]

552.209-75 Supplemental requirements for first article approval—contractor testing.

As prescribed in 509.308-1, insert the following clause:

SUPPLEMENTAL REQUIREMENTS FOR FIRST ARTICLE APPROVAL—CONTRACTOR TESTING (MAY 1989)

(a) The term “Contracting Officer” as used in FAR 52.209-3, First Article Approval—Contractor Testing, means the Administrative Contracting Officer (ACO).

(b) The Contractor shall have either (1) the necessary inspection and test equipment at the Contractor's plant to perform first article testing, or (2) if the inspection and test equipment is not available, a letter of commitment from a laboratory acceptable to the Government to perform the inspection and testing.

(c) When the Government elects to witness the first article testing, the Contractor shall conduct the testing between the hours of 7:00 AM and 5:00 PM, Monday thru Friday, unless a different time is agreed to by the ACO.

(d) The first article test report shall contain:

(1) The complete test data, the test method(s) used and date of test;

(2) Signature and printed name of the individual who performed the inspection;

(3) Applicable specification/CID and/or drawing numbers;

(4) Name and type of test equipment used; and

(5) All numerical values as a result of testing with each noted as to whether it passes or fails the contract test requirements.

(e) The first article shall be retained by the Contractor as the manufacturing standard and will be kept in a secure area, under control of the Quality Assurance Specialist (QAS), to protect against possible changes or alterations for the life of the contract. If the first article sample is destroyed during testing or damaged to a point making it unusable as a standard, the Contractor, upon Government request, shall provide a second sample.

(f) If the Contractor delivers the approved first article as part of the contract quantity,

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it shall be in the last scheduled delivery under the contract.

(End of Clause)

552.209-76 Supplemental requirements for first article approval—government testing.

As prescribed in 509.308-2, insert the following clause:

SUPPLEMENTAL REQUIREMENTS FOR FIRST ARTICLE APPROVAL—GOVERNMENT TESTING (MAY 1989)

(a) The term “Contracting Officer” as used in FAR 52.209-4, First Article Approval—Government Testing, means the Administrative Contracting Officer (ACO).

(b) The first article shall be retained by the Contractor as the manufacturing standard and will be kept in a secure area, under the control of the Quality Assurance Specialist (QAS) to protect against possible changes or alterations for the life of the contract. If the first article sample is destroyed during testing or damaged to a point making it unusable as a standard, the Contractor, upon Government request, shall provide a second sample.

(c) If the Contractor delivers the approved first article as part of the contract quantity, it shall be in the last scheduled delivery under the contract.

(End of Clause)

552.211-1 Time of delivery.

As prescribed in 48 CFR 511.404(a)(1) insert the following clause:

TIME OF DELIVERY (FEB 1996)

(a) The time of delivery for each item means the time required after receipt of an order (1) to make delivery to a destination in the case of delivered prices, or (2) to place shipment in transit in the case of f.o.b. origin prices.

(b) Delivery is required to be made at the point(s) specified within _____ days after receipt of order.

(End of Clause)

Alternate I (FEB 1996)

If it is necessary to show different delivery times for different items or groups of items, the Contracting Officer may substitute the following paragraph (b) for paragraph (b) of the basic clause.

(b) Delivery is required to be made at the point(s) specified within the number of calendar days after receipt of order as indicated below:

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Items or groups of items (special item numbers or nomenclature)	Required delivery time (days ARO)

[54 FR 26558, June 23, 1989, as amended at 54 FR 51886, Dec. 19, 1989. Redesignated and amended at 61 FR 6170, Feb. 16, 1996]

552.211-70 Brand name or equal.

As prescribed in 48 CFR 511.170(c) insert the following clause:

BRAND NAME OR EQUAL (FEB 1996)

(As used in this clause, the term “brand name” includes identification of products by make and model.)

(a) Identification of items in this solicitation by a “brand name or equal” description is intended to indicate the quality and characteristics of products that will be satisfactory and is not intended to be restrictive. Offers of “equal” products (including products of the brand name manufacturer other than the one described by brand name) will be considered for award if such products are clearly identified in the offers and are determined by the Government to meet fully the salient characteristics requirements listed in the solicitation.

(b) Unless clearly indicated in the offer that an “equal” product is offered, the offer shall be considered as offering a referenced brand name product.

(c)(1) An offeror proposing to furnish an “equal” product shall insert the name of the product in the space provided in the solicitation or otherwise clearly identify the product. The Government’s determination as to the acceptability of the “equal” product shall be based on information furnished or otherwise identified in the offer as well as other information reasonably available to the purchasing activity. Caution to Offerors. The purchasing activity is not responsible for locating or securing any information not identified in the offer and reasonably available to the purchasing activity. Accordingly, to ensure that sufficient information is available, the offeror must furnish with its offer all descriptive material (such as cuts, illustrations, drawings, or other information) necessary for the purchasing activity to (i) determine whether the product offered meets the specified salient characteristics, and (ii) establish exactly what the offeror proposes to furnish. The information furnished may include specific references to information previously furnished or otherwise reasonably available to the purchasing activity.

(2) An offeror proposing to modify a product to make it conform to the requirements of the solicitation shall (i) include in its offer a clear description of the proposed modifications and (ii) clearly mark any descriptive material to show the proposed modifications.

(3) In sealed bidding, modifications proposed after bid opening to make a product conform to a brand name product referenced in the solicitation will not be considered.

(End of Clause)

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6169, Feb. 16, 1996]

552.211-71 Standard references.

As prescribed in 48 CFR 511.204(a), insert the following clause:

STANDARD REFERENCES (FEB 1996)

(a) All documents and publications (such as, but not limited to, manuals, handbooks, codes, standards and specifications) cited in this contract for the purpose of establishing requirements applicable to equipment, materials, or workmanship under this contract, shall be deemed to be incorporated herein as fully as if printed and bound with the specifications of this contract, in accordance with the following:

(1) Wherever reference is made to Standard Specifications of the Public Buildings Service, Interim Federal Specifications, Interim Amendments to Federal Specifications, Interim Federal Standards, or Interim Amendments to Federal Standards, the Contractor shall comply with the requirements set out in the issue or edition identified in this contract.

(2) Wherever reference is made to any such document other than those specified in subparagraph (a)(1) of this clause, the Contractor shall comply with the requirements set out in the edition specified in this contract, or if not specified, the latest edition or revision thereof, as well as the latest amendment or supplement thereto, in effect on the date of the solicitation on this project, except as modified by, as otherwise provided in, or as limited to type, class or grade, by the specifications of this contract.

(b) Federal Specifications, Federal Standards, Standard Specifications of the Public Buildings Service and Public Buildings Service Standard Methods of Test may be obtained from the Business Service Center at any GSA Regional Office. Inquiries regarding “Commercial Standards,” “Product Standards,” and “Simplified Practice Recommendations” should be addressed to the Standard Development Service Section, National Bureau of Standards, Washington, DC 20234. Publications of Associations referred

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to in the specifications may be obtained directly from the Associations.

(c) Upon request the Contractor shall make available at the job site within a reasonable time, a copy of each trade manual and standard which is incorporated by reference in this contract and which governs quality and workmanship.

(End of Clause)

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6169, Feb. 16, 1996]

552.211-72 Reference to specifications in drawings.

As prescribed in 48 CFR 511.204(b), insert the following clause:

REFERENCES TO SPECIFICATIONS IN DRAWINGS (FEB 1996)

If military or other drawings are made a part of this contract, any reference in the drawings to Federal specifications or standards will be considered to be a reference to the date of such Federal specification or standard identified in the contract. If the date of the Federal specification or standard is not identified in the contract, the edition, including revisions thereto, in effect on the date the solicitation is issued will apply.

(End of Clause)

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6169, Feb. 16, 1996]

552.211-73 Marking.

As prescribed in 48 CFR 511.204(c) insert the following clause:

MARKING (FEB 1996)

(a) *General requirements.* Interior packages, if any, and exterior shipping containers shall be marked as specified elsewhere in the contract. Additional marking requirements may be specified on delivery orders issued under the contract. If not otherwise specified, interior packages and exterior shipping containers shall be marked in accordance with the following standards:

(1) *Deliveries to civilian activities.* Supplies shall be marked in accordance with Federal Standard 123, edition in effect on the date of issuance of the solicitation.

(2) *Deliveries to military activities.* Supplies shall be marked in accordance with Military Standard 129, edition in effect on the date of issuance of the solicitation.

(b) *Improperly marked material.* When Government inspection and acceptance are at destination, and delivered supplies are not marked in accordance with contract requirements, the Government has the right, without prior notice to the Contractor, to perform the required marking, by contract or

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otherwise, and charge the Contractor therefor at the rate specified elsewhere in this contract. This right is not exclusive, and is in addition to other rights or remedies provided for in this contract.

(End of Clause)

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6169, Feb. 16, 1996]

552.211-74 Charges for marking.

As prescribed in 48 CFR 511.204(d), insert a clause substantially as follows:

CHARGES FOR MARKING (FEB 1996)

The rate provided for in paragraph (b) of 48 CFR 552.211-73, Marking, is \$_____ * _____ per man-hour or fraction thereof.

(End of Clause)

*The rate to be inserted in the above clause shall be determined and published by the Commissioner, Federal Supply Service, or a designee.

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6170, Feb. 16, 1996]

552.211-75 Preservation, packaging and packing.

As prescribed in 48 CFR 511.204(e), insert the following clause:

PRESERVATION, PACKAGING, AND PACKING (FEB 1996)

Unless otherwise specified, all items shall be preserved, packaged, and packed in accordance with normal commercial practices, as defined in the applicable commodity specification. Packaging and packing shall comply with the requirements of the Uniform Freight Classification and the National Motor Freight Classification (issue in effect at time of shipment) and each shipping container of each item in a shipment shall be of uniform size and content, except for residual quantities. Where special or unusual packing is specified in an order, but not specifically provided for by the contract, such packing details must be the subject of an agreement independently arrived at between the ordering agency and the Contractor.

(End of Clause)

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6170, Feb. 16, 1996]

552.211-76 Charges for packaging and packing.

As prescribed in 48 CFR 511.204(f), insert a clause substantially as follows:

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CHARGES FOR PACKAGING AND PACKING (FEB 1996)

If supplies shipped to a GSA wholesale distribution center are not packaged and packed in accordance with contract requirements, the Government has the right, without prior notice to the Contractor, to perform the required repackaging/repacking, by contract or otherwise, and charge the Contractor therefor at the rate of \$_____ per man-hour or fraction thereof. The Contractor will also be charged for material costs, if incurred. This right is not exclusive, and is in addition to other rights or remedies provided for in this contract.

(End of Clause)

*The rate to be inserted in the above clause shall be determined by the Commissioner, Federal Supply Service, or a designee.

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6170, Feb. 16, 1996]

552.211-77 Packing list.

As prescribed in 48 CFR 511.204(g), insert the following clause:

PACKING LIST (FEB 1996)

(a) A packing list or other suitable shipping document shall accompany each shipment and shall indicate: (1) Name and address of the consignor; (2) Name and complete address of the consignee; (3) Government order or requisition number; (4) Government bill of lading number covering the shipment (if any); and (5) Description of the material shipped, including item number, quantity, number of containers, and package number (if any).

Items or group of items (special item No. or nomenclature)	Government's stated delivery time (days ARO)	Contractor's normal commercial delivery time

(b) *Expedited Delivery Times.* For those items that can be delivered quicker than the delivery times in paragraph (a), above, the Offeror is requested to insert below, a time (hours/days ARO) that delivery can be made when expedited delivery is requested.

Item or group of items (special item No. of nomenclature)	Expedited delivery time (hours/days ARO)

(b) When payment will be made by Government commercial credit card, in addition to the information in (a) above, the packing list or shipping document shall include: (1) Cardholder name and telephone number and (2) the term "Credit Card."

(End of Clause)

[54 FR 26548, June 23, 1989, as amended at 54 FR 43180, Oct. 23, 1989. Redesignated and amended at 61 FR 6170, Feb. 16, 1996]

552.211-78 Commercial Delivery Schedule (Multiple Award Schedule).

As prescribed in 48 CFR 511.404(a)(2), insert the following clause:

COMMERCIAL DELIVERY SCHEDULE (MULTIPLE AWARD SCHEDULE) (FEB 1996)

(a) *Time of Delivery.* The Contractor shall deliver to destination within the number of calendar days after receipt of order (ARO) in the case of F.O.B. Destination prices; or to place of shipment in transit in the case of F.O.B. Origin prices, as set forth below. Offerors shall insert in the "Time of Delivery (days ARO)" column in the schedule of Items a definite number of calendar days within which delivery will be made. In no case shall the offered delivery time exceed the Contractor's normal commercial practice. The Government requires the Contractor's normal commercial delivery time, as long as it is less than the "stated" delivery time(s) shown below. If the Offeror does not insert a delivery time in the schedule of items, the Offeror will be deemed to offer delivery in accordance with the Government's stated delivery time, as stated below:

Item or group of items (special item No. of nomenclature)	Expedited delivery time (hours/days ARO)

(c) *Overnight and 2-Day Delivery Times.* Ordering activities may require overnight or 2-day delivery. The Offeror is requested to annotate its price list or by separate attachment identify the items that can be delivered overnight or within 2 days. Contractors

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offering such delivery services will be required to state in the cover sheet to its FSS price list details concerning this service.
(End of Clause)

[61 FR 6170, Feb. 16, 1996]

552.211-79 Acceptable age of supplies.

As prescribed in 48 CFR 511.404(a), insert the following clause:

ACCEPTABLE AGE OF SUPPLIES (FEB 1996)

The supplies furnished under this contract shall not be more than _____ months old, beginning with the first full month after the date of manufacture marked on the container. For the purpose of this clause, supplies shall be considered to be furnished (1) when they are offered to the Government for inspection and testing, or (2) on the date of shipment if shipment is authorized to be made without prior inspection by the Government. If the age of the supplies furnished under this contract is greater than the specified period, the Government may exercise its right to reject the supplies.

(End of Clause)

Alternate I (FEB 1996)

For items having a limited shelf-life, the sentence below should be substituted for the first sentence of the basic clause when authorized:

The supplies furnished under this contract shall not be more than _____ days old, beginning with the date of manufacture (month, day, year) marked on the container.

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6169, Feb. 16, 1996]

552.211-80 Age on delivery.

As prescribed in 48 CFR 511.404(a), insert the following clause:

AGE ON DELIVERY (FEB 1996)

Included in the description of each shelf-life item is a statement regarding the "age on delivery." The age of the item(s) shall not exceed the number of months shown in the item description, counted from the first day of the month after the month of manufacture to the date of delivery to the specified delivery point(s). If the age of the supplies delivered under this contract is greater than the number of months shown, the Government may exercise its right to reject the supplies.

(End of Clause)

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6169, Feb. 16, 1996]

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552.211-81 Time of shipment.

As prescribed in 48 CFR 511.404(a)(4), insert the following clause:

TIME OF SHIPMENT (FEB 1996)

Shipment is required within _____ calendar days after receipt of order.

(End of Clause)

Alternate I (FEB 1996)

If the contract will require shipment more than 45 calendar days after receipt of the order, the following paragraph should be added to the basic clause.

Each delivery order will specify that shipment is required no later than the number of days shown above. If such order also states that "Early Shipment is Precluded," the Contractor agrees to make shipment no sooner than _____ calendar days after receipt of order. Earlier shipments may result in nonacceptance of the supplies at the delivery point at the time of arrival.

(The second number to be inserted should be 15 calendar days less than the first number.)

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6170, Feb. 16, 1996]

552.211-82 Notice of shipment.

As prescribed in 48 CFR 511.404(a)(5), insert the following clause:

NOTICE OF SHIPMENT (FEB 1996)

If specified in an order placed under this contract, the Contractor shall, at the time each shipment is made on such order, furnish a notice of shipment to either the consignee or the ordering office or both, as specified. This requirement may be satisfied by completion and return of appropriate forms furnished by the ordering office or by the furnishing of copies of bills of lading, freight bills, or similar documents in accordance with normal commercial practice if such document clearly identifies the order number, items and quantities shipped, date of shipment, point of origin, method of shipment and routing, and the name of initial carrier.

(End of Clause)

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6170, Feb. 16, 1996; 61 FR 14033, Mar. 29, 1996]

552.211-83 Availability for inspection, testing, and shipment/delivery.

As prescribed in 48 CFR 511.404(a)(6), insert the following clause:

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AVAILABILITY FOR INSPECTION, TESTING, AND SHIPMENT/DELIVERY (FEB 1996)

(a) The Government requires that the supplies be made available for inspection and testing within ____*____ calendar days after receipt of [Insert "Notice of Award" or "order"], and be [Insert "shipped" or "delivered"] within ____*____ calendar days after receipt of (1) notice of approval and release by the Government inspector or (2) authorization to ship without Government inspection.

(b) Failure to make supplies available for inspection and testing or to [Insert "ship" or "deliver"] as required by this clause may result in termination of this contract for default.

(End of Clause)

Alternate I (FEB 1996)

If the contract is for stock items, the Contracting Officer shall insert "shipped" or "ship" in the basic clause, add the following paragraph (b) and redesignate paragraph (b) of the basic clause as paragraph (c).

(b) If notice of approval and release by the Government inspector or authorization to ship without Government inspection is received before ____*____ calendar days after receipt of the [Insert "Notice of Award" or "order"], receipt of such notice shall be deemed to be received on the ____*____ calendar day after receipt of [Insert "Notice of Award" or "order"]. Shipments shall not be made before the ____*____ calendar day after receipt of the [Insert "Notice of Award" or "order"] unless authorized in writing by the Contracting Officer.

*Entries are normally the same number of days specified for availability.

[54 FR 26558, June 23, 1989, as amended at 54 FR 40060, Sept. 29, 1989. Redesignated and amended at 61 FR 6170, Feb. 16, 1996]

552.211-84 Non-compliance with contract requirements.

As prescribed in 48 CFR 511.404(b), insert the following clause:

NON-COMPLIANCE WITH CONTRACT REQUIREMENTS (FEB 1996)

In the event the Contractor, after receiving written notice from the Contracting Officer of non-compliance with any requirement of this contract, fails to initiate promptly such action as may be appropriate to comply with the specified requirement within a reasonable period of time, the Contracting Officer shall have the right to order the Contractor to stop any or all work under the contract until the Contractor has complied or has initiated such action as may be appropriate to comply within a reasonable period of time. The Contractor will not be entitled

to any extension of contract time or payment for any costs incurred as a result of being ordered to stop work for such cause.

(End of Clause)

[54 FR 26558, June 23, 1989. Redesignated and amended at 61 FR 6170, Feb. 16, 1996]

552.212-70 Preparation of Offer (Multiple Award Schedule).

As prescribed in 48 CFR 512.301(a)(1), insert the following clause:

PREPARATION OF OFFER (MULTIPLE AWARD SCHEDULE) (FEB 1996)

(a) Definitions. *Concession*, as used in this solicitation, means a benefit, enhancement or privilege (other than a discount), which either reduces the overall costs of a customer's acquisition or encourages a customer to consummate a purchase. Concessions include, but are not limited to freight allowance, extended warranty, extended price guarantees, free installation and bonus goods.

Discount, as used in this solicitation, means a reduction to catalog prices (published or unpublished). Discounts include, but are not limited to, rebates, quantity discounts, purchase option credits, and any other terms or conditions which reduce the amount of money a customer ultimately pays for goods or services ordered or received. Any net price lower than the list price is considered a "discount" by the percentage difference from the list price to the net price.

(b) For each Special Item Number (SIN) included in an offer, the Offeror shall provide the information outlined in paragraph (c). Offerors may provide a single response covering more than one SIN, if the information disclosed is the same for all products under each SIN. If discounts and concessions vary by model or product line, offerors shall ensure that information is clearly annotated as to item or items referenced.

(c) Provide information described below for each SIN:

(1) Two copies of the offeror's current published (dated or otherwise identified) commercial descriptive catalogs and/or price list(s) from which discounts are offered. Special catalogs or price lists printed for the purpose of this offer, showing only net prices to the Government or references to previous submissions, are not acceptable.

(2) Next to each offered item in the commercial catalog and/or price list, the Offeror shall write the special item number under which the item is being offered. All other items shall be marked "excluded," lined out, and initialed by the offeror.

(3) The discount(s) offered under this solicitation.

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(4) A description of any additional discounts offered, such as prompt payment discounts, quantity/dollar volume discounts (indicate whether models/products can be combined within the SIN or whether SINs can be combined to earn discounts, blanket purchase agreement discounts, or purchase option credits. If the terms of sale appearing in the commercial catalogs or price list on which an offer is based are in conflict with the terms of this solicitation the latter shall govern.

(5) A description of concessions offered under this solicitation which are not granted to other customers. Such concessions may include, but are not limited to, an extended warranty, a return/exchange goods policy, or enhanced or additional services.

(6) If the Offeror is a dealer/reseller or the Offeror will use dealers to perform any aspect of contract awarded under this solicitation, describe the functions, if any, that the dealer/reseller will perform.

(End of Provision)

[61 FR 6170, Feb. 16, 1996]

§ 552.212-71 Contract terms and conditions applicable to GSA acquisition of commercial items.

As prescribed in 48 CFR 512.301(a)(2), insert the following provision:

CONTRACT TERMS AND CONDITIONS APPLICABLE TO GSA ACQUISITION OF COMMERCIAL ITEMS (FEB 1996)

The Contractor agrees to comply with any provision or clause that is incorporated herein by reference to implement agency policy applicable to acquisition of commercial times or components. The provision or clause in effect based on the applicable regulation cited on the date the solicitation is issued applies unless otherwise stated herein. The following provisions and clauses are incorporated by reference:

[The contracting officer should either check the clauses that apply or delete the clauses that do not apply from the list. The contracting officer may add the date of the clause if desired for clarity.]

- 552.203-70 Restriction on Advertising
- 552.211-73 Marking
- 552.215-70 Examination of Records by GSA
- 552.215-71 Examination of Records by GSA (Multiple Award Schedule)
- 552.215-72 Price Adjustment for Incomplete, Not Current or Inaccurate Information Other Than Cost or Pricing Data
- 552.219-71 Allocation of Orders—Partially Set-Aside Items
- 552.228-75 Workmen's Compensation
- 552.229-70 Federal, State, and Local Taxes
- 552.232-8 Discounts for Prompt Payment
- 552.232-23 Assignment of Claims

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- 552.232-70 Payments by Electronic Funds Transfer
- 552.232-77 Availability of Funds
- 552.232-78 Adjusting Payments
- 552.232-79 Final Payment
- 552.237-70 Qualifications of Offerors
- 552.237-71 Qualifications of Employees
- 552.238-72 Contractor's Report of Sales
- 552.238-74 Submission and Distribution of Authorized FSS Schedule Price List
- 552.238-76 Price Reductions
- 552.242-70 Status Report of Orders and Shipments
- 552.243-72 Modifications (Multiple Award Schedule)
- 552.246-73 Warranty—Multiple Award Schedule
- 552.246-76 Warranty of Pesticides

(End of Provision)

[61 FR 6171, Feb. 16, 1996; 61 FR 10846, Mar. 15, 1996]

552.212-72 Contract terms and conditions required to implement statutes or Executive Orders applicable to GSA acquisition of commercial items.

As prescribed in 48 CFR 512.301(a)(3), insert the following provision:

CONTRACT TERMS AND CONDITIONS REQUIRED TO IMPLEMENT STATUTES OR EXECUTIVE ORDERS APPLICABLE TO GSA ACQUISITION OF COMMERCIAL ITEMS (FEB 1996)

The Contractor agrees to comply with any provision or clause that is incorporated herein by reference to implement provisions of law or Executive Orders applicable to acquisition of commercial items or components. The provision or clause in effect based on the applicable regulation cited on the date the solicitation is issued applies unless otherwise stated herein. The following provisions and clauses are incorporated by reference:

[The contracting officer should either check the clauses that apply or delete the clauses that do not apply from the list. The contracting officer may add the date of the clause if desired for clarity.]

- 552.223-70 Hazardous Substances
- 552.223-71 Hazardous Material Information
- 552.223-72 Nonconforming Hazardous Material
- 552.225-70 Buy American Act—Hand or Measuring Tools or Stainless Steel Flatware
- 552.225-71 Notice of Procurement Restriction—Hand or Measuring Tools or Stainless Steel Flatware
- 552.238-70 Identification of Electronic Office Equipment Providing Accessibility for the Handicapped

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—552.238-75 Identification of Energy-Efficient Office Equipment and Supplies Containing Recovered Materials or Other Environmental Attributes

—552.238-77 Industrial Funding Fee

(End of Clause)

[61 FR 6171, Feb. 16, 1996]

552.212-73 Evaluation—Commercial Items (Multiple Award Schedule).

As prescribed in 48 CFR 512.301(a)(4), insert the following provision:

EVALUATION—COMMERCIAL ITEMS (MULTIPLE AWARD SCHEDULE) (FEB 1996)

(a) The Government may make multiple awards for the supplies or services offered in response to this solicitation that meet the definition of a “commercial item” in FAR 52.202-1. Award is to be based upon a catalog or market price exception (FAR 15.804-1(a) (i) and (ii)) to the requirement for cost or pricing data or if other exceptions are not available, an exception for commercial items (FAR 15.804-1(a)(2)), without submission of cost or pricing data. Awards may be made to those responsible offerors that offer reasonable pricing, conforming to the solicitation, and will be most advantageous to the Government, taking into consideration the multiplicity and complexity of items of various manufacturers and the differences in performance required to accomplish or produce required end results, production and distribution facilities, price, compliance with delivery requirements, and other pertinent factors. By providing a selection of comparable supplies or services, ordering activities are afforded the opportunity to fulfill their requirements with the item(s) that constitute the best value and that meet their needs at the lowest overall cost. In exceptional circumstances, if an item does not qualify for an exception from cost or pricing data requirements, the contracting officer may consider cost or pricing data if pricing cannot be reasonably evaluated without it, and procurement of the item is the best interest of the Government.

(b) A written notice of award or acceptance of an offer, mailed or otherwise furnished to the offeror within the time for acceptance specified in the offer, shall result in a binding contract without further action by either party. Before the offer's specified expiration time, the Government may accept an offer (or part of an offer), whether or not there are negotiations after its receipt, unless a written notice of withdrawal is received before award.

(End of Provision)

Alternate I (FEB 1996)

When anticipating competition of identical items, add the following paragraph after paragraph (b) of the basic provision.

(c) The Government reserves the right to award only one contract for all or part of a manufacturer's product line. When two or more offerors (e.g., dealer/resellers) offer the identical product, award may be made competitively to only one offeror on the basis of the lowest price. (Discounts for early payment will not be considered as an evaluation factor in determining the low offeror). During initial open season for an option period, any offers that are equal to or lower than the current contract price received for identical items will be considered. Current contractors will also be allowed to submit offers for identical items during this initial open season. The current contractor which has the identical item on contract will be included in the evaluation process. The Government will evaluate all offers and may award only one contract for each specified product or aggregate group.

[61 FR 6171, Feb. 16, 1996]

552.214-16 Minimum bid acceptance period.

As prescribed in 514.270, insert the following provision:

MINIMUM BID ACCEPTANCE PERIOD (OCT 1985) (DEVIATION FAR 52.214-16)

(a) “Acceptance period,” as used in this provision, means the number of calendar days available to the Government for awarding a contract from the date specified in this solicitation for receipt of bids.

(b) This provision supersedes any language pertaining to the acceptance period that may appear elsewhere in this solicitation.

(c) The Government requires a minimum acceptance period of ____*____ calendar days.

(d) In the space provided immediately below, bidders may specify a longer acceptance period than the Government's minimum requirement. (*Insert any number equal to or greater than the minimum requirement stated in paragraph (c) of this provision. Failure to insert any number means the offeror accepts the minimum in paragraph (c).*)

The bidder allows the following total acceptance period: ____calendar days.

(e) A bid allowing less than the Government's minimum acceptance period will be rejected.

(f) The bidder agrees to execute all that it has undertaken to do, in compliance with its bid, if that bid is accepted in writing within (1) the acceptance period stated in paragraph (c) above, or (2) any longer acceptance period stated in paragraph (d) above, or (3) any extension of the offered acceptance period as may be subsequently agreed to by the bidder.

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(End of Provision)

*The contracting officer shall insert an appropriate number of days.

552.214-73 "All or none" offers.

As prescribed in 514.201-6(a), insert the following provision:

"ALL OR NONE" OFFERS (APR 1984)

(a) Unless awards in the aggregate are specifically precluded in this solicitation, the Government reserves the right to evaluate offers and make awards on an "all or none" basis as provided below.

(b) An offer submitted on an "all or none" or similar basis will be evaluated as follows: The lowest acceptable offer exclusive of the "all or none" offer will be selected with respect to each item (or group of items when the solicitation provides for aggregate awards) and the total cost of all items thus determined shall be compared with the total of the lowest acceptable "all or none" offer. Award will be made to result in the lowest total cost to the Government.

(End of Provision)

Alternate—I (Apr 1984)

For a requirements or indefinite quantity contract, the following paragraph (b) shall be substituted in the basic provision:

(b) An offer submitted on an "all or none" or similar basis will not be considered unless the offer is low on each item to which the "all or none" offer is made applicable. The term "each item" as used in this provision refers either to an item that under the terms of the solicitation may be independently awarded, or to a group of items on which an award is to be made in the aggregate.

552.214-74 Solicitation copies.

As prescribed in 514.201-6(b), insert the following notice:

SOLICITATION COPIES (MAY 1989)

To reduce costs, only one copy of this solicitation is mailed to active bidders and to addressees on our bidders' mailing list. If additional copies are required by the solicitation, you may reproduce them yourself, provided they are complete in every respect, or you may obtain them from the address specified below:

Tel. _____

(End of Notice)

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552.214-75 Progressive awards and monthly quantity allocations.

As prescribed in 514.201-7(a), insert the following clause:

PROGRESSIVE AWARDS AND MONTHLY QUANTITY ALLOCATIONS (MAY 1989)

(a) *Monthly quantity allocation.* (1) Set forth below are the Government's estimated annual and monthly requirements for each stock item covered by this solicitation. Offerors shall indicate, in the spaces provided, the monthly quantity which they are willing to furnish of any item or group of items involving the use of the same production facilities. In making monthly allocations, offerors are urged to group as many items as possible. Such groupings will make it possible for the Government to make fullest use of the production capabilities of each offeror.

(2) Offerors need not limit their monthly allocations to the Government's estimated monthly requirements, since additional unanticipated needs may occur during the period of the contract. If an offeror does not insert monthly allocation quantities, it will be deemed to offer to furnish all of the Government's requirements, even though they may exceed the stated estimated requirements.

National stock number	Estimated annual requirements	Estimated monthly requirements

BIDDERS MONTHLY QUANTITY ALLOCATIONS

Items or groups of items	Monthly allocation quantity

(b) *Progressive awards.* If the low responsive offeror's monthly quantity allocation is less than the Government's estimated requirements, the Government may make progressive awards beginning with the low responsive offeror and including each next low responsive offeror to the extent necessary to meet the estimated requirements.

(c) *Ordering procedures.* If progressive awards are made, orders will be placed first with the Contractor offering the lowest price on each item normally up to that Contractor's maximum quantity allocation and then, in the same manner, successively to other Contractors. When cumulative orders during any month, placed with a lower priced Contractor, equal or exceed 95 percent of its monthly quantity allocation, to avoid the placement of unduly small orders or the

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splitting of a subsequent order, the Government reserves the right to award the full quantity of the subsequent order to the next lower priced Contractor. In no case will orders be placed with any Contractor in excess of its monthly quantity allocation.

(End of Clause)

552.214-76 Bid sample requirements.

As prescribed in 514.202-4(a)(4), insert the following provision:

BID SAMPLE REQUIREMENTS (MAY 1989)

This provision supplements FAR 52.214-20, which is incorporated by reference. Samples shall be from the production of the manufacturer whose products will be supplied under resultant contracts.

(a) Two bid samples are required for each of the following items in this solicitation:

(b) Two representative samples shall be submitted for each of the following items upon which a bid is submitted:

Items	Acceptable representative samples

NOTE: (1) Bidders ____ Are or ____ Are Not authorized to re-apply samples being retained by GSA in connection with previous solicitations and/or resultant contracts. When the block "Are" is marked by the Government, FAR 52.214-20, Alternate II, shall apply.

(2) Bidders who propose to furnish an item or group of items from more than one manufacturer or production point must submit two samples from the production of each manufacturer or production point.

(c) Samples will be evaluated to determine compliance with all characteristics listed below:

Subjective characteristics	Objective characteristics

(d) Forward samples addressed to the Sample Room indicated below. Except for samples delivered by U.S. Mail, deliveries will be accepted between the hours of _____ Mondays through Fridays, official holidays excluded. Samples must be submitted with the original copy of the attached GSA Form 434 enclosed and properly executed.

CAUTION: Use proper address for method of shipment selected.

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Mail and parcel post	Freight or express
(Insert Address of Bid Sample Room).	(Insert Address of Bid Sample Room).

(e) Samples shall be disposed of, after they have served the Government's purpose, pursuant to a bidder's instructions indicated on GSA Form 434.

(End of Provision)

552.215-70 Examination of records by GSA.

As prescribed in 515.106-70 and 514.201-7(b), insert the following clause:

EXAMINATION OF RECORDS BY GSA (FEB 1996)

The Contractor agrees that the Administrator of General Services or any duly authorized representatives shall, until the expiration of 3 years after final payment under this contract, or of the time periods for the particular records specified in Subpart 4.7 of the Federal Acquisition Regulation (48 CFR 4.7), whichever expires earlier, have access to and the right to examine any books, documents, papers, and records of the Contractor involving transactions related to this contract or compliance with any clauses thereunder. The Contractor further agrees to include in all its subcontracts hereunder a provision to the effect that the subcontractor agrees that the Administrator of General Services or any authorized representatives shall, until the expiration of 3 years after final payment under the subcontract, or of the time periods for the particular records specified in Subpart 4.7 of the Federal Acquisition Regulation (48 CFR 4.7), whichever expires earlier, have access to and the right to examine any books, documents, papers, and records of such subcontractor involving transactions related to the subcontract or compliance with any clauses thereunder. The term "subcontract" as used in this clause excludes (a) purchase orders not exceeding \$100,000 and (b) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 61 FR 6172, Feb. 16, 1996]

552.215-71 Examination of records by GSA (Multiple Award Schedule).

As prescribed in 48 CFR 515.106-70, insert the following clause:

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EXAMINATION OF RECORDS BY GSA (MULTIPLE AWARD SCHEDULE) (FEB 1996)

The Contractor agrees that the Administrator of General Services or any duly authorized representative shall, until the expiration of 2 years after the end of the basic contract period or after the end of the option period for any option periods, have access to and the right to examine any books, documents, papers and records of the Contractor involving transactions related to this contract for overbillings, billing errors, compliance with the Price Reduction clause and compliance with the Industrial Funding Fee clause of this contract. This right is in addition to the right to examine information provided by FAR 52.215-41 (Alt IV) and FAR 52.215-43, if applicable)

(End of Clause)

[61 FR 6172, Feb. 16, 1996]

552.215-72 Price adjustment for incomplete, not current or inaccurate information other than cost or pricing data.

As prescribed in 48 CFR 515.804-6(d), insert the following clause:

PRICE ADJUSTMENT FOR INCOMPLETE, NOT CURRENT OR INACCURATE INFORMATION OTHER THAN COST OR PRICING DATA (FEB 1996)

(a) If, subsequent to the award of any contract resulting from this solicitation or modification of this contract, it is found that any price negotiated in this contract was increased by a significant amount because of the occurrence of (1), (2) or (3) below, the contract price shall be reduced by such amount of the increase.

(1) The information requested by the Government and submitted by the offeror (contractor) was not complete; or

(2) The information submitted was not current and accurate; or

(3) Changes in the Contractor's commercial prices, discounts or discount policies which occurred after the original submission were not disclosed prior to the completion of negotiations.

(b) The Government will consider information submitted to be current, accurate and complete if the data is current, accurate and complete as of 14 calendar days prior to the solicitation closing date or the date it is submitted whichever is later. Failure to agree on the amount of the decrease shall be resolved as a dispute.

(End of Clause)

[61 FR 6172, Feb. 16, 1996]

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552.216-71 Economic price adjustment—FSS multiple award schedule contracts.

As prescribed in 516.203-4(b), insert the following clause:

ECONOMIC PRICE ADJUSTMENT (FEB 1996)

Price adjustments include price increases and price decreases. Adjustments will be considered as follows:

(a) Contractors shall submit price decreases anytime during the contract period in which they occur. Price decreases will be handled in accordance with the provisions of the Price Reduction Clause.

(b) Contractors may request price increases under the following conditions:

(1) Increases resulting from a reissue or other modification of the Contractor's commercial catalog/pricelist that was used as the basis for the contract award.

(2) Only three increases will be considered during the contract period.

(3) Increases are requested after the first 30 days of the contract period and prior to the last 60 days of the contract period.

(4) At least 30 days elapse between requested increases.

(c) The aggregate of the increases in any contract unit price under this clause shall not exceed _____* percent of the original contract unit price. The Government reserves the right to raise this ceiling where changes in market conditions during the contract period support an increase.

(d) The following material shall be submitted with the request for a price increase:

(1) A copy of the commercial catalog/pricelist showing the price increase and the effective date for commercial customers.

(2) Commercial Sales Practice format regarding the Contractor's commercial pricing practice relating to the reissued or modified catalog/price list, or a certification that no change has occurred in the data since completion of the initial negotiation or a subsequent submission.

(3) Documentation supporting the reasonableness of the price increase.

(e) The Government reserves the right to exercise one of the following options:

(1) Accept the Contractor's price increases as requested when all conditions of (b), (c), and (d) of this clause are satisfied;

(2) Negotiate more favorable discounts from the new commercial prices when the total increase requested is not supported; or,

(3) Remove the product(s) from contract involved pursuant to the Cancellation Clause of this contract, when the increase requested is not supported.

(f) The contract modification reflecting the price adjustment shall be signed by the Government and made effective upon receipt of notification from the Contractor that the new catalog/pricelist has been mailed to the

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addressees previously furnished by the Contracting Officer, provided that in no event shall such price adjustment be effective prior to the effective date of the commercial price increases. The increased contract prices shall apply to delivery orders issued to the Contractor on or after the effective date of the contract modification.

(End of Clause)

* Insert the percent appropriate at the time the solicitation is issued. This percentage should normally be 10 percent, unless based on a trend established by an appropriate index such as the Producer Prices and Price Index during the most recent 6-month period indicating that a different percentage is more appropriate. Any ceiling other than 10 percent must be approved by the contracting director.

Alternate I (Jan 1989)

The following is substituted for paragraphs (b) and (c) of the clause:

(b) Contractors may request price increases to be effective on or after the first 12 months of the contract period providing all of the following conditions are met:

(1) Increases resulting from a reissue or other modification of the Contractor's commercial catalog/pricelist that was used as the basis for the contract award.

(2) No more than three increases will be considered during each succeeding 12-month period of the contract. (For succeeding contract periods of less than 12 months, up to three increases will be considered subject to the other conditions of this subparagraph (b)).

(3) Increases are requested before the last 60 days of the contract period.

(4) At least 30 days elapse between requested increases.

(c) In any contract period during which price increases will be considered, the aggregate of the increases during any 12-month period shall not exceed _____* percent of the contract unit price in effect at the end of the preceding 12-month period. The Government reserves the right to raise the ceiling when market conditions during the contract period support such a change.

(End of Clause)

*Insert the percentage appropriate at the time the solicitation is issued. This percentage should be determined based on the trend established by an appropriate index such as the Producer Prices and Price Index. A ceiling of more than 10 percent must be approved by the contracting director.

[54 FR 26558, June 23, 1989, as amended at 61 FR 6172, Feb. 16, 1996; 61 FR 10846, Mar. 15, 1996]

552.216-72 Economic Price Adjustment—Stock and Special Order Program Contracts.

As prescribed in 516.203-4(c)(2), insert the following clause:

ECONOMIC PRICE ADJUSTMENT—STOCK AND SPECIAL ORDER PROGRAM CONTRACTS (AUG 1990)

(a) "Producer Price Index" (PPI), as used in this clause, means the originally released index, not seasonally adjusted, published by the Bureau of Labor Statistics, U.S. Department of Labor (Labor) for product code _____ found under Table _____.

(b) During the term of the contract, the award price may be adjusted once upward or downward a maximum of * percent. Any price adjustment for the product code shall be based upon the percentage change in the PPI released in the month prior to the initial month of the contract period specified in the solicitation for sealed bidding or the month prior to award in negotiation (the base index) and the PPI released 12 months later (the updated index). The formula for determining the Adjusted Contract Price (ACP) applicable to shipments for the balance of the contract period is—

$$ACP = \frac{\text{Updated index}}{\text{Base index}} \times \text{Awarded price}$$

(c) If the PPI is not available for the month of the base index or the updated index, the month with the most recently published PPI prior to the month determining the base index or updated index shall be used.

(d) If a product code is discontinued, the Government and the Contractor will mutually agree to substitute a similar product code. If Labor designates an index with a new title and/or code number as continuous with the product code specified above, the new index shall be used.

(e) Unless the Contractor's written request for a price adjustment resulting from the application of the formula in (b) above is received by the Contracting Officer within 30 calendar days of the release of the updated index, the Contractor shall have waived its right to an upward price adjustment for the balance of the contract. Alternatively, the Contracting Officer will unilaterally adjust the award price downward when appropriate using the updated index defined in (b) above.

(f) Price adjustments shall be effective upon execution of a contract modification by the Government or on the 31st day following the release of the updated index, whichever is later, shall indicate the updated index and percent of change as well as the ACP, and

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shall not apply to delivery orders issued before the effective date.

(End of Clause)

Alternate I (Aug 1990)

As prescribed in 516.203-4(c)(2), substitute the following paragraphs (b), (e) and (f) for paragraphs (b), (e) and (f) of the basic clause:

(b) In any option period, the contract price may be adjusted upward or downward a maximum of * percent.

(1) For the first option period, any price adjustment for the product code shall be based upon the percentage change in the PPI released in the month prior to the initial month of the contract period specified in the solicitation for sealed bidding or the month prior to award in negotiation (the base index) and the PPI released in the third month before completion of the initial contract period stated in the solicitation (the updated index). This initial contract period may be less than 12 months. The formula for determining the Adjusted Contract Price (ACP) applicable to shipments during the first option period is—

$$\text{ACP} = \frac{\text{Updated index}}{\text{Base index}} \times \text{Award price}$$

(2) For any subsequent option period, the price adjustment shall be the percentage change between the previously updated index (the new base index) and the PPI released 12 months later (the most recent updated index). This percentage shall be applied to the Current Contract Price (CCP). The formula for determining the ACP applicable to shipments for the subsequent option period(s) is—

$$\text{ACP} = \frac{\text{Most recent updated index}}{\text{New base index}} \times \text{CCP}$$

(e) Unless the Contractor's written request for a price adjustment resulting from the application of the formulas in (b) (1) or (2) above is received by the Contracting Officer within 30 calendar days of the date of the Government's preliminary written notice of its intent to exercise the option, the Contractor shall have waived its right to an upward price adjustment for that option period. Alternatively, the Contracting Officer in its written notice shall exercise the option at the CCP or at a reduced price when appropriate using the formulas in (b) (1) or (2) above.

(f) Price adjustments shall be effected by execution of a contract modification by the

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Government indicating the most recent updated index and percent of change and shall apply to delivery orders placed on or after the first day of the option period.

Alternate II (Aug 1990)

As prescribed in 516.203-4(c)(2), add the following paragraph (g) to the basic clause.

(g) No price adjustment will be made unless the percentage change in the PPI is at least ** percent.

*The appropriate percentage should be determined based upon the historical trend in the PPI for the product code. A ceiling of more than 10 percent must be approved by the Contracting Director.

**The Contracting Officer should insert a lower percent than the maximum percentage stated in paragraph (b) of the clause.

[55 FR 39279, Sept. 26, 1990]

552.216-73 Placement of orders.

As prescribed in 516.505(a), insert the following clause:

PLACEMENT OF ORDERS (JUNE 1994)

(a) Delivery orders (orders) will be placed by: [Contracting Officer insert names of Federal agencies].

(b) Orders may be placed through Electronic Data Interchange (EDI) or mailed in paper form. EDI orders shall be placed using the American National Standards Institute (ANSI) X12 Standard for Electronic Data Interchange (EDI) format.

(c) If the contractor agrees, GSA's Federal Supply Service (FSS) will place all orders by EDI using computer-to-computer EDI. If computer-to-computer EDI is not possible, FSS will use an alternative EDI method allowing the Contractor to receive orders by facsimile transmission. Subject to the Contractor's agreement, other agencies may place orders by EDI.

(d) When computer-to-computer EDI procedures will be used to place orders, the Contractor shall enter into one or more Trading Partner Agreements (TPA) with each Federal agency placing orders electronically in order to ensure mutual understanding by the parties of certain electronic transaction conventions and to recognize the rights and responsibilities of the parties as they apply to this method of placing orders. The TPA must identify, among other things, the third party provider(s) through which electronic orders are placed, the transaction sets used, security procedures, and guidelines for implementation. Federal agencies may obtain a sample format to customize as needed from the office specified in (g) below.

(e) The Contractor shall be responsible for providing its own hardware and software

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necessary to transmit and receive data electronically. Additionally, each party to the TPA shall be responsible for the costs associated with its use of third party provider services.

(f) Nothing in the TPA will invalidate any part of this contract between the Contractor and the General Services Administration. All items and conditions of this contract that otherwise would be applicable to a mailed order shall apply to the electronic order.

(g) The basic content and format of the TPA will be provided by: General Services Administration, Systems Inventory and Operations Management Center (FCS), Washington, DC 20406, Telephone: [Contracting Officer insert appropriate telephone numbers] FAX:

Alternate I (June 1994). As prescribed in 516.505(a), substitute the following paragraphs (a), (b), (c), and (d) for paragraphs (a), (b), (c), and (d) of the basic clause:

(a) All delivery orders (orders) under this contract will be placed by the General Services Administration's Federal Supply Service (FSS). The Contractor is not authorized to accept orders from any other agency. Violation of this restriction may result in termination of the contract pursuant to the default clause of this contract.

(b) All orders shall be placed by Electronic Data Interchange (EDI) using the American National Standards Institute (ANSI) X12 Standard for Electronic Data Interchange (EDI) format.

(c) If the Contractor agrees, transmission will be computer-to-computer EDI. If computer-to-computer EDI is not possible, FSS will use an alternative method allowing the Contractor to receive orders by facsimile transmission.

(d) When computer-to-computer EDI procedures will be used to place orders, the Contractor shall enter into a Trading Partner Agreement (TPA) with FSS in order to ensure mutual understanding by the parties of certain electronic transaction conventions and to recognize the rights and responsibilities of the parties as they apply to this method of placing orders. The TPA must identify, among other things, the third party provider(s) through which electronic orders are placed, the transaction sets used, security procedures, and guidelines for implementation.

Alternate II (June 1994). As prescribed in 516.505(a), substitute the following paragraph (a) for paragraph (a) of the basic clause:

(a) Delivery orders under this contract may be placed by either the using Federal agencies or the General Services Administration's Federal Supply Service (FSS).

[59 FR 32384, June 23, 1994]

552.216-74 Ordering information.

As prescribed in 516.505(b), insert the following provision:

ORDERING INFORMATION (JUNE 1994)

(a) In accordance with the Placement of Orders clause of this solicitation, the offeror elects to receive orders placed by GSA's Federal Supply Service (FSS) by either () facsimile transmission or () computer-to-computer Electronic Data Interchange (EDI).

(b) An offeror electing to receive computer-to-computer EDI is requested to indicate below the name, address, and telephone number of the representative to be contacted regarding establishment of an EDI interface.

(c) An offeror electing to receive orders by facsimile transmission is requested to indicate below the telephone number(s) for facsimile transmission equipment where orders should be forwarded.

(d) For mailed orders, the offeror is requested to include the postal mailing address(es) where paper form orders should be mailed.

(End of Provision)

Alternate I (June 1994). As prescribed in 516.505(b), delete paragraph (d) of the basic provision:

Alternate II (June 1994). As prescribed in 516.505(b), add the following paragraph (e) to the basic provision:

(e) Offerors marketing through dealers are requested to indicate below whether those dealers will be participating in the proposed contract.

YES () NO ()

If "yes" is checked, ordering information to be inserted above shall reflect that in addition to offeror's name, address, and facsimile transmission telephone number, orders can be addressed to the offeror's name, c/o nearest local dealer. In this event, two copies of a list of participating dealers shall accompany this offer, and shall also be included in Contractor's Federal Supply Schedule pricelist.

[59 FR 32385, June 23, 1994]

552.217-70 Evaluation of Options.

As prescribed in 517.208, insert the following provision:

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EVALUATION OF OPTIONS (AUG 1990)

(a) The Government will evaluate offers for award purposes by determining the lowest base period price. When option year pricing is based on a formula (e.g., changes in the Producer Price Index or other common standard); option year pricing is automatically considered when evaluating the base year price, as any change in price will be uniformly related to changes in market conditions. All options are therefore considered to be evaluated. Evaluation of options will not obligate the Government to exercise the option(s).

(b) The Government will reject the offer if exceptions are taken to the price provisions of the Economic Price Adjustment clause, unless the exception results in a lower maximum option year price. Such offers will be evaluated without regard to the lower option year(s) maximum. However, if the offeror offering a lower maximum is awarded a contract, the award will reflect the lower maximum.

(End of Provision)

[55 FR 39280, Sept. 26, 1990]

552.217-71 Notice Regarding Option(s).

As prescribed in 517.208(a), insert the following provision:

NOTICE REGARDING OPTION(S) (NOV 1992)

The General Services Administration (GSA) has included an option to [Insert "purchase additional quantities of supplies or services" or "extend the term of this contract" or "purchase additional quantities of supplies or services and to extend the term of this contract"] in order to demonstrate the value it places on quality performance by providing a mechanism for continuing a contractual relationship with a successful Offeror that performs at a level which meets or exceeds GSA's quality performance expectations as communicated to the Contractor, in writing, by the Contracting Officer or designated representative. When deciding whether to exercise the option, the Contracting Officer will consider the quality of the contractor's past performance under this contract in accordance with 48 CFR 517.207.

(End of Provision)

[57 FR 59939, Dec. 17, 1992]

552.219-71 Allocation of orders—partially set-aside items.

As prescribed in 519.508, insert the following clause:

48 CFR Ch. 5 (10-1-96 Edition)

ALLOCATION OF ORDERS—PARTIALLY SET-ASIDE ITEMS (JUNE 1986)

Where the set-aside portion of an item or group of items is awarded to a Contractor other than the one receiving the award on the corresponding non-set-aside portion, the Government will divide the requirements to be ordered between the two contractors with the objective of achieving, as nearly as possible, a 50/50 division of the total value of orders placed after the award of the set-aside portion. In no case will this division vary by more than a 60/40 division (with either the non-set-aside or set-aside Contractor receiving the larger portion) from the time of the award of the set-aside portion.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 54 FR 40060, Sept. 29, 1989]

552.219-72 Notice to offerors of subcontracting plan requirements.

As prescribed in 519.708(a), insert the following provision:

NOTICE OF OFFERORS OF SUBCONTRACTING PLAN REQUIREMENTS (DEC 1995)

The General Services Administration (GSA) is committed to assuring that maximum practicable opportunity is provided to small, small disadvantaged, and women-owned small business concerns to participate in the performance of this contract consistent with its efficient performance. GSA expects any subcontracting plan submitted pursuant to FAR 52.219-9, Small, Small Disadvantaged and Women Owned Small Business Subcontracting Plan, to reflect this commitment. Consequently, an offeror, other than a small business concern, before being awarded a contract exceeding \$500,000 (\$1,000,000 for construction) will be required to demonstrate that its subcontracting plan represents a creative and innovative program for involving small, small disadvantaged, and women-owned small business concerns as subcontractors in the performance of this contract.

(End of Provision)

[61 FR 1152, Jan. 17, 1996]

552.219-73 Preparation, submission, and negotiation of subcontracting plans.

As prescribed in 519.708(b), insert the following provision:

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PREPARATION, SUBMISSION, AND NEGOTIATION OF SUBCONTRACTING PLANS (DEC 1995)

(a) An offeror, other than a small business concern, submitting an offer that exceeds \$500,000 (\$1,000,000 for construction) shall submit a subcontracting plan with its initial offer. The subcontracting plan will be negotiated concurrently with price and any required technical and management proposals, unless the offeror submits a previously-approved commercial products plan. Maximum practicable utilization of small, small disadvantaged, and women-owned small business concerns as subcontractors is a matter of national interest with both social and economic benefits. It is the General Services Administration's (GSA's) expectation that an offeror's subcontracting plan will reflect a commitment to assuring that small, small disadvantaged, and women-owned small business concerns are provided the maximum practicable opportunity, consistent with efficient contract performance, to participate as subcontractors in the performance of the resulting contract. An offeror submitting a commercial products plan can reflect this commitment through subcontracting opportunities it provides that relate to the offeror's production generally; i.e., for both its commercial and Government business.

(b) GSA believes that this potential contract provides significant opportunities for the use of small, small disadvantaged, and women-owned small business concerns as subcontractors. Consequently, in addressing the eleven elements described in FAR 52.219-9(d) of the clause in this contract entitled Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan, the offeror shall demonstrate that its subcontracting plan represents a creative and innovative program for involving small, small disadvantaged, and women-owned small business concerns in performing the contract. The subcontracting plan shall include a description of the offeror's subcontracting strategies used in any previous contracts, significant achievements, and how this plan will build upon those earlier achievements. Additionally, the offeror shall demonstrate through its plan that it understands the small business subcontracting program's objectives, GSA's expectations, and is committed to taking those actions necessary to meet these goals or objectives.

(c) In determining the acceptability of any subcontracting plan, the Contracting Officer will—

(1) Review the plan to verify that the offeror has demonstrated an understanding of the small business subcontracting program's objectives and GSA's expectations with respect to the program and has included all the information, goals, and assurances required by FAR 52.219-9;

(2) Consider previous goals and achievements of contractors in the same industry;

(3) Consider information and potential sources obtained from agencies administering national and local preference programs and other advocacy groups in evaluating whether the goals stated in the plan adequately reflect the anticipated potential for subcontracting to small, small disadvantaged, and women-owned small business concerns; and

(4) Review the offeror's description of its strategies, historical performance and significant achievements in placing subcontracts for the same or similar products or services with small, small disadvantaged, and women-owned small business concerns. The offeror's description can apply to commercial as well as previous Government contracts.

(d) Failure to submit an acceptable subcontracting plan and/or correct deficiencies in a plan within the time specified by the Contracting Officer shall make the offeror ineligible for award.

(End of Provision)

[59 FR 38936, Aug. 1, 1994, as amended at 61 FR 1152, Jan. 17, 1996]

552.219-74 Goals for Subcontracting Plan.

As prescribed in 519.708(c), insert the following provision:

GOALS FOR SUBCONTRACTING PLAN (DEC 1995)

(a) Maximum practicable utilization of small, small disadvantaged, and women-owned small business concerns as subcontractors is a matter of national interest with both social and economic benefits.

(1) The General Services Administration's (GSA's) commitment to ensuring that maximum practicable opportunity is provided to small, small disadvantaged, and women-owned small business concerns to participate as subcontractors in the performance of this contract, consistent with its efficient performance, must be reflected in the offeror's subcontracting plan submitted pursuant to the clause of this contract at FAR 52.219-9, Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan;

(2) In addressing the eleven elements described at FAR 52.219-9(d), the offeror shall demonstrate that its subcontracting plan represents a creative and innovative program for involving small, small disadvantaged, and women-owned small business concerns in performing this contract. An offeror submitting a commercial products plan can demonstrate its commitment in providing maximum practicable opportunities through subcontracting opportunities it provides to small, small disadvantaged, and women-owned

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small business concerns that relate to the offeror's production generally; i.e., for both its commercial and Government business.

(3) The subcontracting plan shall include a description of the offeror's subcontracting strategies used in previous contracts and significant achievements, with an explanation of how this plan will build upon those earlier achievements. Additionally, the offeror shall demonstrate through its plan that it understands the small business subcontracting program's objectives, GSA's expectations, and is committed to taking those actions necessary to meet these goals or objectives.

(b) GSA believes that this contract provides significant opportunities for the use of small, small disadvantaged, and women-owned small business concerns as subcontractors. Accordingly, it is anticipated that an acceptable subcontracting plan will contain at least the following goals:

Small Business	_____percent	
Small Disadvantaged	_____percent	Business
Women-Owned	_____percent	Small Business

NOTE: Target goals are expressed as a percentage of planned subcontracting dollars.

(c) In determining the acceptability of any subcontracting plan, the Contracting Officer will—

(1) Review the plan to verify that the offeror has demonstrated an understanding of the small business subcontracting program's objectives and GSA's expectations with respect to the programs and has included all the information, goals, and assurances required by FAR 52.219-9;

(2) Consider previous goals and achievements of contractors in the same industry;

(3) Consider information and potential sources obtained from agencies administering national and local preference programs and other advocacy groups in evaluating whether the goals stated in the plan adequately reflect the anticipated potential for subcontracting to small, small disadvantaged, and women-owned small business concerns; and

(4) Review the offeror's description of its strategies, historical performance and significant achievements in placing subcontracts for the same or similar products or services with small, small disadvantaged, and women-owned small business concerns. The offeror's description can apply to commercial as well as previous Government contracts.

(d) Failure to submit an acceptable subcontracting plan and/or correct deficiencies in a plan within the time specified by the Contracting Officer shall make the offeror ineligible for award.

(End of Provision)

48 CFR Ch. 5 (10-1-96 Edition)

Alternate I (DEC 1995)

The Contracting Officer, as prescribed in 519.708(c), shall delete paragraph (b) of the basic provision and redesignate paragraphs (c) and (d) as paragraphs (b) and (c).

[59 FR 38936, Aug. 1, 1994; 59 FR 45063, Aug. 31, 1994, as amended at 61 FR 1152, Jan. 17, 1996; 61 FR 39089, July 26, 1996; 61 FR 42462, Aug. 15, 1996]

552.223-70 Hazardous substances.

As prescribed in 523.303(a), insert the following clause:

HAZARDOUS SUBSTANCES (MAY 1989)

(a) If the packaged items to be delivered under this contract are of a hazardous substance and ordinarily are intended or considered to be for use as a household item, this contract is subject to the Federal Hazardous Substances Act, as amended (15 U.S.C. 1261-1276), implementing regulations thereof (16 CFR Chapter II), and Federal Standard No. 123, Marking for Shipment (Civil Agencies), issue in effect on the date of this solicitation.

(b) The packaged items to be delivered under this contract are subject to the preparation of shipping documents, the preparation of items for transportation, shipping container construction, package making, package labeling, when required, shipper's certification of compliance, and transport vehicle placarding in accordance with Parts 171 through 178 of 49 CFR and the Hazardous Materials Transportation Act.

(c) The minimum packaging acceptable for packaging Department of Transportation regulated hazardous materials shall be those in 49 CFR 173.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 56 FR 1741, Jan. 17, 1991]

552.223-71 Hazardous material information.

As prescribed in 523.370, insert the following provision:

HAZARDOUS MATERIAL INFORMATION (APR 1984)

Offeror shall indicate for each national stock number (NSN) the following information:

NSN	DOT shipping name	DOT hazard class	DOT label required
			Yes[] No[]
			Yes[] No[]

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NSN	DOT shipping name	DOT hazard class	DOT label required
			Yes[] No[]

(End of Provision)

552.223-72 Nonconforming hazardous materials.

As prescribed in 523.303(b), insert the following clause:

NONCONFORMING HAZARDOUS MATERIALS (MAR 1992)

(a) Nonconforming supplies that contain hazardous material or that may expose persons who handle or transport the supplies to hazardous material and which require replacement under the inspection and/or warranty clauses of this contract shall be re-shipped to the Contractor at the Contractor's expense. The Contractor agrees to accept return of these nonconforming supplies and to pay all costs occasioned by their return.

(b) *Hazardous materials*, as used in this clause, includes any material defined as hazardous under the latest version of Federal Standard No. 313 (including revisions adopted during the term of the contract).

(c) If the Contractor fails to provide acceptable disposition instructions for the nonconforming supplies within 10 days from the date of the Government's request (or such longer period as may be agreed to between the Contracting Officer and the Contractor), or fails to accept return of the reshipped nonconforming supplies, such failure: (1) May be interpreted as a willful failure to perform, (2) may result in termination of the contract for default and (3) shall be considered by the Contracting Officer in determining the responsibility of the Contractor for any future award (see FAR 9.104-3(c) and 9.406-2).

(d) Pending final resolution of any dispute, the Contractor shall promptly comply with the decision of the Contracting Officer.

(End of Clause)

[56 FR 1741, Jan. 17, 1991, as amended at 57 FR 14649, Apr. 22, 1992]

552.225-8 Trade Agreements Act Certificate.

As prescribed in 525.407(a), insert the following provision:

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TRADE AGREEMENTS ACT CERTIFICATE (DEC 1994)

(DEVIATION FAR 52.225-8)

(a) The Offeror, by signing this offer, certifies that each end product to be delivered under this contract is a U.S. made end product, a designated country end product, a Caribbean Basin country end product, a Canadian end product or a Mexican end product as defined in the clause entitled "Trade Agreements Act" at 48 CFR 552.225-9.

(b) Offers will be evaluated in accordance with subpart 25.4 of the Federal Acquisition Regulation except that offers of U.S. made end products, designated country end products, Caribbean Basin end products, Canadian end products, or Mexican end products shall be evaluated without the restrictions of the Buy American Act or the Balance of Payments Program.

(End of Provision)

[59 FR 64857, Dec. 16, 1994]

552.225-9 Trade Agreements Act.

As prescribed in 525.407(a), insert the following clause.

TRADE AGREEMENTS ACT (DEC 1994)

(DEVIATION FAR 52.225-9)

(a) This clause implements the Trade Agreements Act of 1979 (19 U.S.C. 2501-2582) by providing a preference for U.S. made end products, designated country end products, Caribbean Basin country end products, Canadian end products or Mexican end products over other products.

"Caribbean Basin country end products," as used in this clause, means an article that: (1) is wholly the growth, product, or manufacture of a Caribbean Basin country (as defined in section 25.401 of the Federal Acquisition Regulation (FAR)), or (2) in the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed. The term includes services (except transportation services) incidental to its supply; provided that the value of those incidental services does not exceed that of the product itself. It does not include service contracts as such. The term excludes products that are excluded from duty free treatment from Caribbean countries under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(b)).

These exclusions presently consist of (i) textiles and apparel articles that are subject to textile agreements; (ii) footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel not designated as eligible articles for the purpose of the Generalized System of Preference under title V of the Trade Act of 1974; (iii) tuna, prepared or preserved in any manner in airtight containers, (iv) petroleum, or any product derived from petroleum; and (v) watches and watch parts (including cases, bracelets and straps) of whatever type including, but not limited to, mechanical, quartz digital or quartz analog, if such watches or watch parts contain any material that is the product of any country to which the Tariff Schedule of the United States (TSUS) column 2 rates of duty apply.

“Designated country end product,” as used in this clause, means an article that (1) is wholly the growth, product, or manufacture of the designated country (as defined in section 25.401 of the Federal Acquisition Regulation (FAR)), or (2) in the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed. The term includes services (except transportation services) incidental to its supply, provided that the value of those incidental services does not exceed that of the product itself. It does not include service contracts as such.

“Canadian end product,” as used in this clause, means an article that (1) is wholly the growth, product, or manufacture of Canada, or (2) in the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed in Canada into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed. The term includes services (except transportation services) incidental to its supply; provided, that the value of those incidental services does not exceed that of the product itself. It does not include service contracts as such.

“Mexican end product,” as used in this clause, means an article that (1) is wholly the growth, product, or manufacture of Mexico, or (2) in the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed in Mexico into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed. The term includes services (except transportation services) incidental to its supply, provided that the value of those incidental services does not exceed

that of the product itself. It does not include service contracts as such.

“End products,” as used in this clause, means those articles, materials, and supplies to be acquired under this contract for public use.

“U.S. made end product,” as used in this clause, means an article which (1) is wholly the growth, product, or manufacture of the United States, or (2) in the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed in the United States into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed.

“Nondesignated country end products,” as used in this clause, means any end product which is not a U.S. made end product, designated country end product, Caribbean Basin Country end product, Canadian end product or Mexican end product.

“United States,” as used in this clause, means the United States, its possessions, Puerto Rico, and any other place which is subject to its jurisdiction, but does not include leased bases or trust territories.

(b) The Contractor agrees to deliver under this contract only U.S. made end products, designated country end products, Caribbean Basin country end products, Canadian end products or Mexican end products or, if a national interest waiver is granted under section 302 of the Trade Agreements Act of 1979, nondesignated country end products. Only if such waiver is granted may a nondesignated country end product be delivered under this contract(s).

(c) Offers will be evaluated in accordance with the policies and procedures of Part 25 of the FAR except that offers of U.S. made end products, designated country end products, Caribbean Basin end products, Canadian end products or Mexican end products shall be evaluated without the restrictions of the Buy American Act or the Balance of Payments Program.

(End of Clause)

[59 FR 64857, Dec. 16, 1994]

552.225-70 Buy American Act—hand or measuring tools or stainless steel flatware.

As prescribed in 525.105-70(d), insert the following provision:

BUY AMERICAN ACT—HAND OR MEASURING TOOLS OR STAINLESS STEEL FLATWARE (MAY 1989)

Offers of foreign end products will be evaluated in accordance with GSAR 525.105-70(c) (48 CFR 525.105-70(c)). Offerors that intend to supply foreign end products must specify

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below or on an attachment to this offer the amount of duty (a) applicable if a duty-free entry certificate was *not* issued (for Canadian end products only) or (b) included in each offered price (for all other offers of foreign end products). If no duty is specified, the differential in GSAR 525.105-70(c)(2)(i) will be applied to the offered price.

Item No.	Unit	Amount of duty (in dollars and cents)

(End of Provision)

[54 FR 26558, June 23, 1989, as amended at 54 FR 40060, Sept. 29, 1989]

552.225-71 Notice of procurement restriction—hand or measuring tools or stainless steel flatware.

As prescribed in 525.105-71(c), insert the following clause:

NOTICE OF PROCUREMENT RESTRICTION—HAND OR MEASURING TOOLS OR STAINLESS STEEL FLATWARE (MAY 1989)

(a) Awards under this solicitation will only be made to offerors that will furnish hand or measuring tools or stainless steel flatware that are domestic end products. Pursuant to the requirements of the current Department of Defense Appropriations Act, GSA has determined, in accordance with section 6-104.4 of the Armed Services Procurement Regulation (6/15/70) (32 CFR 6-104.4), that it is in the national interest to reject foreign products.

As used in this clause, a “domestic end product” is—

(1) Any hand or measuring tool, except for an electric or air-motor driven hand tool, or stainless steel flatware, wholly produced or manufactured, including all components, in the United States or its possessions; or

(2) Any electric or air-motor driven hand tool if the cost of its components produced or manufactured in the United States exceeds 75 percent of the cost of all its components.

(b) Tool kits or sets, being procured under this solicitation, will not be considered domestic end products if any individual tool classified in FSC Group 51 or 52 and included in a tool kit or set is not a domestic end product as defined in paragraph (a) of this clause. The restrictions of this clause do not apply to individual hand or measuring tools that are contained in the tool kit or set but are not classified in FSC Group 51 or 52.

(End of Clause)

§552.225-72 Eligible Products from Nondesignated Countries—Waiver.

As prescribed in 525.407(b), insert the following clause:

ELIGIBLE PRODUCTS FROM NONDESIGNATED COUNTRIES—WAIVER (AUG 1992)

(a) In accordance with the Trade Agreements Act of 1979 and 48 CFR 25.402(b), no eligible product that originates in a nondesignated country may be purchased by a Federal agency. However, this restriction may be waived before award when it is determined to be in the national interest. Accordingly, offers to furnish products originating in a nondesignated country identified in paragraph (c) below, may be submitted in response to this solicitation and will be considered for award if a waiver is obtained from the U.S. Trade Representative or a designee (19 U.S.C. 2512) on the basis that:

(1) No responsive bid or technically acceptable offer from a responsible offeror is received offering U.S. or designated country end products, Caribbean Basin country end products, Canadian or Mexican end products as defined in the clause entitled “Trade Agreement Act” in this solicitation; or

(2) Responsible offerors do not offer a sufficient quantity to meet the Government’s requirements.

(b) The determination to seek a waiver is at the sole discretion of the acquiring activity, and the granting of such waiver will be at the sole discretion of the U.S. Trade Representative or designee (48 CFR 525.402).

(c) The Offeror certifies that the following product(s) is an end product other than an end product of the United States, a designated country or a Caribbean Basin country Canadian or Mexican end products, as such end products are defined in the clause entitled “Trade Agreements Act” in this solicitation:

Line item number	Country of origin
.....	
.....	
(End of Clause)	

[57 FR 42709, Sept. 16, 1992, as amended at 59 FR 64858, Dec. 16, 1994; 60 FR 21467, May 2, 1995]

552.225-75 Buy American Act Notice—Construction Materials.

As prescribed in 525.205, insert the following provision:

BUY AMERICAN ACT NOTICE—
CONSTRUCTION MATERIALS (JAN 1994)

(a) The Buy American Act (41 U.S.C. 10) generally requires that only domestic construction material be used in performing this contract (See the clause entitled "Buy American Act—Construction Materials"). This requirement does not apply to the excepted construction material or components listed below:

(List applicable excepted materials or indicate "none.")

(b) Offers based on the use of other foreign construction material may be acceptable for award if the Government determines that—

(1) Comparable domestic construction material in sufficient and reasonably available quantities, of a satisfactory quality, is unavailable; or

(2) Use of comparable domestic construction material is impracticable or would unreasonably increase the cost of this contract.

(c) Any offer based on the use of one or more other foreign construction materials shall include current data, based on a reasonable canvass of suppliers, in the format listed in paragraph (g) below, clearly demonstrating that the cost of each other foreign construction material, plus 6 percent, is less than the cost of each comparable domestic construction material. The cost of construction material shall include all delivery costs to the construction site and any applicable duty (whether or not a duty-free entry certificate may be issued).

(d) For evaluation purposes, the Government will add to the offer 6 percent of the cost of other foreign construction material that qualifies for acceptance under paragraph (c) above.

(e) When offering other foreign construction material, offerors may also offer, at stated prices, any available comparable domestic construction material to avoid the possibility that the entire offer will be rejected if the other foreign construction material is not accepted under (c) above. If any other foreign construction material does not qualify for acceptance under paragraph (c) above, the Government will evaluate the offer on the basis of the stated price for comparable domestic construction material, and the Offeror shall be required to furnish such domestic construction material at that price. If the Offeror does not state a price for a comparable domestic construction material, and the other foreign construction material does not qualify for acceptance under paragraph (c) above, the offer will be rejected in sealed bid procurements and may be rejected in negotiated procurements.

(f) If the foregoing procedure results in a tie between a foreign offer as evaluated and a domestic offer, award shall be made on the domestic offer. In such case, offers proposing to use any foreign construction material will be considered to be foreign offers.

(g) For evaluation purposes under paragraph (c) above, the following information and any applicable supporting data based on the canvass of suppliers shall be included in the offer for the use of one or more other foreign construction materials:

FOREIGN AND DOMESTIC CONSTRUCTION MATERIALS COST COMPARISON

Construction material description	Unit of measure	Quantity	Cost (dollars) ¹
Item 1:			
Foreign construction material			\$
Comparable domestic construction material			\$
Item 2:			
Foreign construction material			\$
Comparable domestic construction material			\$

¹ Include all delivery costs to the construction site and any applicable duty.

(End of Provision)

Alternate I (JAN 1994). If Alternate I is used, paragraphs (a) and (f) of the basic clause should be deleted and the following paragraphs (a) and (f) substituted. In addition, two asterisks should be inserted after the phrase "Foreign construction material" each time it appears in the chart in paragraph (g) and the following explanation added at the bottom of the chart " * * Do not include EC or NAFTA country construction materials."

(a) The Buy American Act (41 U.S.C. 10) generally requires that only domestic construction material be used in performing this

contract. However, the Memorandum of Understanding between the United States of America and the European Community (EC) on Government procurement and the North American Free Trade Agreement (NAFTA) exempt EC and NAFTA country construction material from application of the Buy American Act. (See FAR 52.225-15 "Construction Materials under European Community and NAFTA Agreements"). Therefore, the Contractor shall use only domestic construction material, EC construction materials, or NAFTA country construction materials in the performance of this contract except for

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other foreign construction materials, if any, listed below. "Other foreign construction material," as used in this provision, means construction material that is not EC or NAFTA country construction material as defined in FAR 52.225-15.

(List applicable excepted materials or indicate "none.")

(f) If the foregoing procedure results in a tie between an offer that includes other foreign construction material as evaluated and an offer that includes domestic, EC or NAFTA construction material, award shall be made on the offer providing domestic, EC or NAFTA construction material.

[59 FR 64858, Dec. 16, 1994]

552.227-70 Government rights (unlimited).

As prescribed in 527.409(a), insert the following clause:

GOVERNMENT RIGHTS (UNLIMITED) (MAY 1989)

The Government shall have unlimited rights in all drawings, designs, specifications, notes and other works developed in the performance of this contract, including the right to use same on any other Government design or construction without additional compensation to the Contractor. The Contractor hereby grants to the Government a paid-up license throughout the world to all such works to which he may assert or establish any claim under design patent or copyright laws. The Contractor for a period of three years after completion of the project agrees to furnish the original or copies of all such works on the request of the Contracting Officer.

(End of Clause)

552.227-71 Drawings and other data to become property of Government.

As prescribed in 527.409(b), substitute the following clause:

DRAWINGS AND OTHER DATA TO BECOME PROPERTY OF GOVERNMENT (MAY 1989)

All designs, drawings, specifications, notes and other works developed in the performance of this contract shall become the sole property of the Government and may be used on any other design or construction without additional compensation to the Contractor. The Government shall be considered the "person for whom the work was prepared" for the purpose of authorship in any copyrightable work under section 201(b) of Title 17, United States Code. With respect thereto, the Contractor agrees not to assert or authorize others to assert any rights nor establish any claim under the design patent or copyright laws. The Contractor for a period

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of three years after completion of the project agrees to furnish all retained works on the request of the Contracting Officer. Unless otherwise provided in this contract, the Contractor shall have the right to retain copies of works beyond such period.

(End of Clause)

552.228-70 Bid guarantee and bonds.

As prescribed in 528.101-3(a) insert a clause substantially the same as follows:

BID GUARANTEE AND BONDS (MAY 1989)

A bid guarantee is required as provided in Standard Form 1442, Solicitation, Offer and Award (Construction, Alteration, or Repair).

(a) If the contract price is more than \$25,000, the Contractor shall furnish a performance bond in a penal amount of 100 percent of the contract price, and payment bond in a penal amount as follows:

(1) Fifty percent of the contract price if the contract price is more than \$25,000 but not more than \$1,000,000; or

(2) Forty percent of the contract price if the contract price is more than \$1,000,000 but not more than \$5,000,000; if the contract price is over \$5,000,000, then forty percent of the contract price or \$2,500,000, whichever is less.

(b) If offers on one or more alternate and/or unit price offers were accepted in awarding the contract, contract price as used above shall mean the aggregate of the lump sum amount plus the product of each unit price accepted multiplied by the applicable number of units specified in the bid form, plus or minus such alternate offers as were accepted.

(c) Performance and payment bonds shall be submitted within the time specified on the Standard Form 1442, Solicitation, Offer, and Award, for this contract.

(d) The Contractor shall not lose the right to receive any payment due or to become due under the contract unless and until the surety has made payment in settlement of claims by suppliers of labor or material in accordance with the requirements of the surety's undertaking under the payment or performance bond and has notified the Contracting Officer of the claims and amount so paid.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 58 FR 52446, Oct. 8, 1993]

552.228-71 Bid guarantee.

As prescribed in 528.101-3(b), insert a clause substantially as follows:

552.228-72**BID GUARANTEE (MAY 1989)**

If the contract price is more than \$25,000, offerors shall furnish a bid guarantee in a penal amount of _____ percent of the offer price for the term of the contract (excluding options to extend the term of the contract, if any) or \$3,000,000, whichever is less.

For bid guarantee purposes the amount of the offer shall be deemed to be the aggregate of each unit price bid multiplied by the applicable number of units shown on the offer form or in the method of award formula.

(End of Clause)

552.228-72 Performance bond.

As prescribed in 528.103-2(d), insert a clause substantially as follows:

PERFORMANCE BOND (FEB 1990)

(a) The Offeror to whom the award is made shall furnish a performance bond for the protection of the Government in an amount equal to _____ percent of the contract price for the base term of the contract. In determining the bond amount, "base term of the contract" refers to the initial period of performance EXCLUDING ANY OPTION(S). The guaranty shall cover the base term of the contract and any extensions thereof excluding any option(s) to extend the term of the contract.

(b) When the government exercises an option that extends the term of the contract, the Contractor shall be required to furnish an additional performance bond in an amount equal to _____ percent of the contract price for each option term exercised by the Government. In determining the bond amount, "option term" refers to the period of performance for the option being exercised. The guaranty for each option exercised shall cover the option term and any extensions thereof.

(c) The bond shall be provided within 15 calendar days after receiving written notice of award (or acceptance of offer) for the base term of the contract or written notification of the exercised option. The period of time for furnishing the performance bond may be extended for 10 calendar days, if fully justified in the opinion of the Contracting Officer, and if the request for the extension is received or confirmed in writing within the original 15 calendar day period. Failure of the Contractor to provide the required bond may be cause to terminate the Contractor's right to proceed under the base of option term of the contract.

(d) The failure of a surety to renew a bond for any option term shall not result in a default of the bond previously furnished covering any base or option term.

(e) The performance bond shall be a firm commitment, supported by corporate sureties whose names appear on the list con-

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tained in Treasury Department Circular 570, individual sureties, or by other acceptable security such as postal money order, certified check, cashier's check, or in accordance with Treasury Department regulations, certain bonds or notes of the United States.

(End of Clause)

[55 FR 5224, Feb. 14, 1990, as amended at 55 FR 9886, Mar. 16, 1990]

552.228-73 Performance and Payment Bonds.

As prescribed in 528.103-3(c), insert a clause substantially as follows:

PERFORMANCE AND PAYMENT BONDS (FEB 1990)

(a) The Offeror to whom the award is made shall furnish a performance bond for the protection of the Government in an amount equal to _____ percent of the contract price and a payment bond in an amount equal to _____ percent of the contract price for the base term of the contract. In determining the bond amount, "base term of the contract" refers to the initial period of performance EXCLUDING ANY OPTION(S). The guaranty shall cover the base term of the contract and any extensions thereof excluding any option(s) to extend the term of the contract.

(b) Prior to exercise of any option that extends the term of the contract, the Contractor shall be required to furnish an additional performance bond in an amount equal to _____ percent of the contract price and a payment bond in an amount equal to _____ percent of the contract price for each option term exercised by the Government. In determining the bond amount, "option term" refers to the period of performance for the option being exercised. The guaranty for each option exercised shall cover the option term and any extensions thereof.

(c) The bonds shall be provided within 15 calendar days after receiving written notice of award (or acceptance of offer) for the base term of the contract or written notification of the exercised option. The period of time for furnishing the bonds may be extended for 10 calendar days, if fully justified in the opinion of the Contracting Officer, and if the request for the extension is received or confirmed in writing within the original 15 calendar day period. Failure to provide the required bonds may be cause to terminate the Contractor's right to proceed under the base or option term of the contract.

(d) The failure of a surety to renew a bond for any option term shall not result in a default of the bond previously furnished covering any base or option term.

(e) The performance and payment bonds shall be a firm commitment, supported by corporate sureties whose names appear on

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the list contained in Treasury Department Circular 570, individual sureties, or by other acceptable security such as postal money order, certified check, cashier's check, or in accordance with Treasury Department regulations, certain bonds or notes of the United States.

(End of Clause)

[55 FR 5224, Feb. 14, 1990]

552.228-75 Workmen's compensation laws.

As prescribed in 528.310, insert the following clause:

WORKMEN'S COMPENSATION LAWS (APR 1984)

The Act of June 25, 1936, 49 Stat. 1938 (40 U.S.C. 290) authorizes the constituted authority of the several States to apply their workmen's compensation laws to all lands and premises owned or held by the United States.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 54 FR 40060, Sept. 29, 1989]

552.229-70 Federal, state, and local taxes.

As prescribed in 529.401-70, insert the following clause:

FEDERAL, STATE, AND LOCAL TAXES (APR 1984)

The contract price includes all applicable Federal, State, and local taxes. No adjustment will be made to cover taxes which may subsequently be imposed on this transaction or changes in the rates of currently applicable taxes. However, the Government will, upon the request of the Contractor, furnish evidence appropriate to establish exemption from any tax from which the Government is exempt and which was not included in the contract price.

(End of Clause)

552.229-72 Federal Excise Tax—DC Government.

As prescribed in 529.401-72, insert the following clause:

FEDERAL EXCISE TAX—DC GOVERNMENT (FEB 1990)

If the District of Columbia cites an Internal Revenue Tax Exempt Certificate Number on orders placed under this contract, the Contractor shall bill shipments to the District of Columbia at prices exclusive of Federal excise tax and show the amount of such tax on the invoice.

(End of Clause)

[55 FR 6256, Feb. 22, 1990]

552.232-8 Discounts for prompt payments.

As prescribed in 532.111(a), insert the following clause:

DISCOUNTS FOR PROMPT PAYMENT (APR 1989) (DEVIATION FAR 52.232-8)

(a) Discounts for early payment (hereinafter referred to as "discounts" or "the discount") will be considered in evaluating the relationship of the offeror's concessions to the Government vis-a-vis the offeror's concessions to its commercial customers, but only to the extent indicated in this clause.

(b) Discounts will not be considered to determine the low offeror in the situation described in the "Offers on Identical Products" provision of this solicitation.

(c) Uneconomical discounts will not be considered as meeting the criteria for award established by the Government. In this connection, a discount will be considered uneconomical if the annualized rate of return for earning the discount is lower than the "value of funds" rate established by the Department of the Treasury and published quarterly in the FEDERAL REGISTER. The "value of funds" rate applied will be the rate in effect on the date specified for the receipt of offers.

(d) Agencies required to use the resultant schedule will not apply the discount in determining the lowest delivered price pursuant to the FPMR, 41 CFR 101-26.408, if the agency determines that payment will probably not be made within the discount period offered. The same is true if the discount is considered uneconomical at the time of placement of the order.

(e) Discounts for early payment may be offered either in the original offer or on individual invoices submitted under the resulting contract. Discounts offered will be taken by the Government if payment is made within the discount period specified.

(f) Discounts that are included in offers become a part of the resulting contracts and are binding on the contractor for all orders placed under the contract. Discounts offered only on individual invoices will be binding on the Contractor only for the particular invoice on which the discount is offered.

(g) In connection with any discount offered for prompt payment, time shall be computed from the date of the invoice. For the purpose of computing the discount earned, payment shall be considered to have been made on the date which appears on the payment check or the date on which an electronic funds transfer was made.

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(End of Clause)

552.232-23 Assignment of claims.

As prescribed in 532.806, insert the following clause:

ASSIGNMENT OF CLAIMS (MAY 1989)

Because this is a requirements or indefinite quantity contract under which more than one agency may place orders, paragraph (a) of the Assignment of Claims clause (FAR 52.232-23) is inapplicable and the following is substituted therefor:

In order to prevent confusion and delay in making payment, no claim(s) for amounts due or to become due under this contract, shall be assigned by the Contractor; but it shall be permissible for the Contractor to assign separately to a bank, trust company, or other financial institution, including any Federal lending agency, under the provisions of the Assignment of Claims Act, as amended, 31 U.S.C. 3727, 41 U.S.C. 15 (hereinafter referred to as "the Act"), all amounts due or to become due under any delivery order amounting to \$1,000 or more issued by any Government agency under this contract. Any such assignment shall be effective only if and when the assignee files written notice of the assignment together with a true copy of the instrument of assignment with the Contracting Officer issuing the delivery order and the finance office designated in the delivery order to make payment. Unless otherwise stated in the delivery order, payments to an assignee of any amounts due or to become due under any delivery order assigned may, to the extent specified in the Act, be subject to reduction or set-off.

(End of Clause)

552.232-70 Payments by electronic funds transfer.

As prescribed in 532.908(a), insert the following clause:

PAYMENTS BY ELECTRONIC FUNDS TRANSFER (APR 1989)

The submission of a designation of financial institution for receipt of electronic funds transfer payments in the "Electronic Funds Transfer Payment Methods" clause (FAR 52.232-28) shall be as follows. The Contractor shall submit its designation of a financial institution for receipt of electronic funds transfer payments with each invoice requesting payment of \$25,000 or more (exclusive of any discount for prompt payment). The information for electronic funds transfer is not required by the Department of Defense, the United States Postal Service, or the Tennessee Valley Authority. Information required for electronic funds transfer payments shall be furnished to the Veterans Ad-

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ministration in accordance with instructions provided by that agency. Other agencies and departments thereof may waive the requirement for designation of a financial institution for receipt of electronic funds transfer payments and for submission of information required to make such payments by including a notice on delivery orders or otherwise notifying the Contractor.

(End of Clause)

552.232-71 Prompt payment.

As prescribed in 532.908(b), insert the following clause:

PROMPT PAYMENT (APR 1989)

The Government will make payments under the terms and conditions specified in this clause. Payment shall be considered as being made on the day a check is dated or an electronic funds transfer is made. All days referred to in this clause are calendar days, unless otherwise specified.

(a) *Payment due date*—(1) *Rental payments.* Rent shall be paid monthly in arrears and will be due on the first workday of each month, and only as provided for by the lease.

(i) When the date for commencement of rent falls on the 15th day of the month or earlier, the initial monthly rental payment under this contract shall become due on the first workday of the month following the month in which the commencement of the rent is effective.

(ii) When the date for commencement of rent falls after the 15th day of the month, the initial monthly rental payment under this contract shall become due on the first workday of the second month following the month in which the commencement of the rent is effective.

(2) *Other payments.* The due date for making payments other than rent shall be the later of the following two events:

(i) The 30th day after the designated billing office has received a proper invoice from the Contractor.

(ii) The 30th day after Government acceptance of the work or service. However, if the designated billing office fails to annotate the invoice with the actual date of receipt, the invoice payment due date shall be deemed to be the 30th day after the Contractor's invoice is dated, provided a proper invoice is received and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(b) *Invoice and inspection requirements for payments other than rent.* (1) The Contractor shall prepare and submit an invoice to the designated billing office after completion of the work. A proper invoice shall include the following items:

(i) Name and address of the Contractor.

(ii) Invoice date.

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(iii) Lease number.

(iv) Government's order number or other authorization.

(v) Description, price, and quantity of work or services delivered.

(vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the remittance address in the lease or the order).

(vii) Name (where practicable), title, phone number, and mailing address of person to be notified in the event of a defective invoice.

(2) The Government will inspect and determine the acceptability of the work performed or services delivered within 7 days after the receipt of a proper invoice or notification of completion of the work or services unless a different period is specified at the time the order is placed. If actual acceptance occurs later, for the purpose of determining the payment due date and calculation of interest, acceptance will be deemed to occur on the last day of the 7-day inspection period. If the work or service is rejected for failure to conform to the technical requirements of the contract, the 7 days will be counted beginning with receipt of a new invoice or notification. In either case, the Contractor is not entitled to any payment or interest unless actual acceptance by the Government occurs.

(c) *Interest penalty.* (1) An interest penalty shall be paid automatically by the Government, without request from the Contractor, if payment is not made by the due date.

(2) The interest penalty shall be at the rate established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date. This rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the FEDERAL REGISTER semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the payment amount approved by the Government and be compounded in 30-day increments inclusive from the first day after the due date through the payment date.

(3) Interest penalties will not continue to accrue after the filing of a claim for such penalties under the clause at 52.233-1, Disputes, or for more than 1 year. Interest penalties of less than \$1.00 need not be paid.

(4) Interest penalties are not required on payment delays due to disagreement between the Government and Contractor over the payment amount or other issues involving contract compliance or on amounts temporarily withheld or retained in accordance with the terms of the contract. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with the clause at 52.233-1, Disputes.

(End of Clause)

Alternate I (Apr 1989)

If Alternate I is used, subparagraph (a)(1) of the basic clause should be designated as paragraph (a) and subparagraph (a)(2) and paragraph (b) should be deleted. Paragraph (c) of the basic clause should be redesignated (b).

552.232-72 Invoice requirements.

As prescribed in 532.111(b), insert the following clause:

INVOICE REQUIREMENTS (APR 1989)

(a) Invoices shall be submitted in an original only, unless otherwise specified, to the designated billing office specified in this contract or purchase/delivery order.

(b) Invoices must include the Accounting Control Transaction (ACT) number provided below or on the purchase/delivery order.

ACT Number (*Contracting Officer Insert Number*)

(c) In addition to the requirements for a proper invoice specified in the Prompt Payment clause of this contract or purchase/delivery order, the following information or documentation must be submitted with each invoice:

(*Contracting Officer List Additional Requirements*)

(End of Clause)

552.232-73 Electronic funds transfer payment.

As prescribed in 532.908(c), insert the following clause:

ELECTRONIC FUNDS TRANSFER PAYMENT (AUG 1992)

(a) Payments under this lease will be made by the Government either by check or electronic funds transfer (EFT). If the Lessor elects to receive payment by EFT, after award, but no later than 30 days before the first payment, the Lessor shall designate a financial institution for receipt of EFT payments, and shall submit this designation to the Contracting Officer or other Government official, as directed.

(b) For payment by EFT, the Lessor shall provide the following information:

(1) The American Bankers Association 9-digit identifying number for wire transfers of the financing institution receiving payment if the institution has access to the Federal Reserve Communications System.

(2) Number of account to which funds are to be deposited.

(3) Type of depositor account ("C" for checking, "S" for savings).

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(4) If the Lessor is a new enrollee to the EFT system, a "Payment Information Form," SF 3881, must be completed before payment can be processed.

(c) In the event the Lessor, during the performance of this contract, elects to designate a different financial institution for the receipt of any payment made using EFT procedures, notification of such change and the required information specified above must be received by the appropriate Government official no later than 30 days prior to the date such change is to become effective.

(d) The documents furnishing the information required in this clause must be dated and contain the signature, title, and telephone number of the Lessor or an authorized representative designated by the Lessor, as well as the Lessor's name and lease number.

(e) Lessor failure to properly designate a financial institution or to provide appropriate payee bank account information may delay payments of amounts otherwise properly due.

(End of Clause)

[57 FR 37890, Aug. 21, 1992]

552.232-77 Availability of funds.

As prescribed in 532.705-1, insert the following clause:

AVAILABILITY OF FUNDS (JULY 1984)

The authorization of performance of work under this contract during the initial contract period and any option or extension period(s) is contingent upon the appropriation of funds to procure this service. If the contract is awarded, extended, or option(s) exercised, the Government's obligation beyond the end of the fiscal year (September 30), in which the award or extension is made or option(s) exercised, is contingent upon the availability of funds from which payment for the contract services can be made. No legal liability on the part of the Government for payment of any money beyond the end of each fiscal year (September 30) shall arise unless or until funds are made available to the Contracting Officer for this procurement and written notice of such availability is given to the Contractor.

(End of Clause)

552.232-78 Adjusting payments.

As prescribed in 532.111(c), insert the following clause:

ADJUSTING PAYMENTS (MAY 1989)

(a) Under the Inspection of Services clause of this contract, payments may be adjusted if any services do not conform with contract requirements. The Contracting Officer or a designated representative will inform the

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Contractor, in writing, of the type and dollar amount of proposed deductions by the 10th workday of the month following the performance period for which the deductions are to be made.

(b) The Contractor may, within 10 working days of receipt of the notification of the proposed deductions, present to the Contracting Officer specific reasons why any or all of the proposed deductions are not justified. Reasons must be solidly based and must provide specific facts that justify reconsideration and/or adjustment of the amount to be deducted. Failure to respond within the 10-day period will be interpreted to mean that the Contractor accepts the deductions proposed.

(c) All or a portion of the final payment may be delayed or withheld until the Contracting Officer makes a final decision on the proposed deduction. If the Contracting Officer determines that any or all of the proposed deductions are warranted, the Contracting Officer shall so notify the Contractor, and adjust payments under the contract accordingly.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 54 FR 40060, Sept. 29, 1989]

552.232-79 Final payment.

As prescribed in 532.111(d), insert the following clause:

FINAL PAYMENT (APR 1986)

Before final payment is made, the Contractor shall furnish the Contracting Officer with a release of all claims against the Government relating to this contract, other than claims in stated amounts that are specifically excepted by the Contractor from the release. If the Contractor's claim to amounts payable under the contract has been assigned under the Assignment of Claims Act of 1940, as amended (31 U.S.C. 3727, 41 U.S.C. 15), a release may also be required of the assignee.

(End of Clause)

552.232-80 Payment by credit card.

As prescribed in 532.7003, insert the following clause:

PAYMENT BY CREDIT CARD (DEC 1989)

(a) Definitions. "Government commercial credit card" means the uniquely numbered credit card issued by the Contractor under single award schedule, Federal Supply Schedule IG 615, Governmentwide Commercial Credit Card Service, to named individual Government employees to pay for official Government purchases.

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“Oral delivery order” means an order placed orally either in person or by telephone, which is paid for by Government commercial credit card.

(b) At the option of the Government and if agreeable to the Contractor, payments of \$25,000 or less for oral or written delivery orders may be made using the Government commercial credit card.

(c) The Contractor shall not process a transaction for payment through the credit card clearinghouse until the purchased supplies have been shipped or services performed. Unless the cardholder requests correction or replacement of a defective or faulty item in accordance with other contract requirements, the Contractor shall immediately credit a cardholder's account for items returned as defective or faulty.

(End of clause)

[54 FR 26548, June 23, 1989, as amended at 54 FR 43181, Oct. 23, 1989]

552.233-70 Disputes (utility contract).

As prescribed in 533.214, insert the following clause:

DISPUTES (UTILITY CONTRACT) (APR 1984)

The requirements of the Disputes clause at FAR 52.233-1 are supplemented to provide that matters involving the interpretation of retail rates, rate schedules, tariffs, riders, and tariff related terms provided under this contract and conditions of service are subject to the jurisdiction and regulation of the utility rate commission having jurisdiction.

(End of Clause)

552.236-70 Definitions.

As prescribed in 536.570-1, insert the following clause:

DEFINITIONS (APR 1984)

The terms “Administration” and “Service” as used in this contract shall mean the General Services Administration (GSA) and the Public Buildings Service (PBS), respectively.

(End of Clause)

552.236-71 Authorities and limitations.

As prescribed in 536.570-2, insert the following clause:

AUTHORITIES AND LIMITATIONS (APR 1984)

(a) All work shall be performed under the general direction of the Contracting Officer, who alone shall have the power to bind the Government and to exercise the rights, responsibilities, authorities and functions vested in him by the contract documents, ex-

cept that he shall have the right to designate authorized representatives to act for him. Wherever any provision in this contract specifies an individual (such as, but not limited to, Construction Engineer, Resident Engineer, Inspector or Custodian) or organization, whether Governmental or private, to perform any act on behalf of or in the interests of the Government, that individual or organization shall be deemed to be the Contracting Officer's authorized representative under this contract but only to the extent so specified. The Contracting Officer may, at any time during the performance of this contract, vest in any such authorized representatives additional power and authority to act for him or designate additional representatives, specifying the extent of their authority to act for him; a copy of each document vesting additional authority in an authorized representative or designating an additional authorized representative shall be furnished to the Contractor.

(b) The Contractor shall perform the contract in accordance with any order (including but not limited to instruction, direction, interpretation, or determination) issued by an authorized representative in accordance with his authority to act for the Contracting Officer; but the Contractor assumes all the risk and consequences of performing the contract in accordance with any order (including but not limited to instruction, direction, interpretation, or determination) of anyone not authorized to issue such order.

(End of Clause)

552.236-72 Specialist.

As prescribed in 536.570-3, insert the following clause:

SPECIALIST (APR 1984)

The term “Specialist,” as used in the contract specification, shall mean an individual or firm of established reputation (or, if newly organized, whose personnel have previously established a reputation in the same field), which is regularly engaged in, and which maintains a regular force of workmen skilled in either (as applicable) manufacturing or fabricating items required by the contract, installing items required by the contract, or otherwise performing work required by the contract. Where the contract specification requires installation by a specialist, that term shall also be deemed to mean either the manufacturer of the item, an individual or firm licensed by the manufacturer, or an individual or firm who will perform the work under the manufacturer's direct supervision.

(End of Clause)

552.236-73 Basis of award—construction contract.

As prescribed in 536.570-4, insert the following provision or the appropriate Alternate:

BASIS OF AWARD—CONSTRUCTION CONTRACT
(APR 1985)

(a) The low bidder for purposes of award is the responsible bidder offering the lowest price for the base bid (consisting of the lump sum bid and any associated unit price bids extended by the applicable number of units shown on the bid form). See Standard Form 1442, Solicitation, Offer, and Award and the provision entitled “Contract Award—Sealed Bidding.”

(b) A bid may be rejected as nonresponsive if the bid is materially unbalanced as to bid prices. A bid is unbalanced when the bid is based on prices significantly less than cost for some work and significantly overstated for other work.

(End of Provision)

Alternate I

If the solicitation includes a base bid and options, the Contracting Officer shall delete paragraph (a) of the basic provision and insert paragraph (a) substantially as follows:

(a) The low bidder for purposes of award is the responsible bidder offering the lowest aggregate price for (1) the base bid (consisting of the lump sum bid and any associated unit price bids extended by the applicable number of units shown on the bid form) plus (2) all options designated to be evaluated. The evaluation of options will not obligate the Government to exercise the options. See Standard form 1442, Solicitation, Offer, and Award and the provision entitled “Contract Award—Sealed Bidding.”

Alternate II

If the solicitation includes a base bid and alternates, the Contracting Officer shall delete paragraph (a) of the basic provision and insert paragraphs (a), (c), and (d) substantially as follows:

(a) The low bidder for purposes of award is the responsible bidder offering the lowest aggregate price for (1) the base bid (consisting of the lump sum bid and any associated unit price bids extended by the applicable number of units shown on the bid form) plus (2) those alternates in the order of priority listed in the solicitation that provide the most features of work within the funds available at bid opening. See the provision entitled “Contract Award—Sealed Bidding.”

(c) Alternates will be added to the base bid in the order listed in the solicitation (see Standard Form 1442, Solicitation, Offer, and

Award). If the addition of an alternate would make all bids exceed the funds available at bid opening, that alternate shall be skipped and the next subsequent alternate in a lower amount shall be added, provided that the aggregate of base bid and the selected alternates do not exceed the funds available at bid opening. For example, when the amount available is \$100,000 and a bidder's base bid is \$85,000, with its separate bids on four successive alternates being \$10,000, \$8,000, \$6,000, and \$4,000, the aggregate amount of the bid for purposes of selecting the alternates would be \$99,000 (base bid plus the first and fourth alternates). The second and third alternates are skipped because each of them would cause the aggregate of the base bid and alternates to exceed the \$100,000 amount available when considered with the first alternate. All bids shall be evaluated on the basis of the same alternates.

(d) After the low bidder has been determined in accordance with paragraph (a), an award may be made to that low bidder on the base bid, plus any combination of alternates for which funds are available at the time of award, but only if the award amount does not exceed the amount offered by any other responsible bidder. If the base bid plus the proposed combination of alternates exceed the amount offered by any other responsible bidder for the same combination of alternates, the award cannot be made on that combination of alternates.

Alternate III

If the solicitation includes a base bid, alternates, and options, the Contracting Officer shall delete paragraph (a) of the basic provision and insert paragraphs (a), (c), and (d) substantially as follows:

(a) The low bidder for purposes of award is the responsible bidder offering the lowest aggregate price for (1) the base bid (consisting of the lump sum bid and any associated unit price bids extended by the applicable number of units shown on the bid form) plus (2) those alternates in the order of priority listed in the solicitation that provide the most features of work within the funds available at bid opening plus (3) all options designated to be evaluated except those options associated with alternates which are skipped during the selection process outlined in paragraph (c) below. The evaluation of options will not obligate the Government to exercise the options. See the provision entitled “Contract Award—Sealed Bidding.”

(c) Alternates will be added to the base bid in the order listed in the solicitation (see Standard Form 1442, Solicitation, Offer, or Award). If the addition of an alternate would make all bids exceed the funds available at bid opening, that alternate shall be skipped and the next subsequent alternate in a lower

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amount shall be added, provided that the aggregate of base bid and the selected alternates do not exceed the funds available at bid opening. For example, when the amount available is \$100,000 and a bidder's base bid is \$85,000, with its separate bids on four successive alternates being \$10,000, \$8,000, \$6,000, and \$4,000, the aggregate amount of the bid for purposes of selecting the alternates would be \$99,000 (base bid plus the first and fourth alternates). The second and third alternates are skipped because each of them would cause the aggregate of the base bid and alternates to exceed the \$100,000 amount available when considered with the first alternate. All bids shall be evaluated on the basis of the same alternates.

(d) After the low bidder has been determined in accordance with paragraph (a), award may be made to that low bidder on the base bid and evaluated options plus any combination of alternates for which funds are available at the time of award, but only if that low bidder is still low on the sum thereof plus any previously unevaluated options designated to be evaluated which are associated with proposed alternates that were skipped during the selection under paragraph (c). If that low bidder is not still low, award cannot be made on the proposed combination of alternates.

[54 FR 26558, June 23, 1989, as amended at 54 FR 40061, Sept. 29, 1989]

552.236-74 Working hours.

As prescribed in 536.570-5, insert the following clause:

WORKING HOURS (APR 1984)

(a) It is contemplated that all work will be performed during the customary working hours of the trades involved unless otherwise specified in this contract. Work performed by the Contractor at his own volition outside such customary working hours shall be at no additional expense to the Government.

(b) Any requests received by the Contractor from occupants of existing buildings to change the hours of work shall be referred to the Contracting Officer for determination.

(End of Clause)

552.236-75 Use of premises.

As prescribed in 536.570-6, insert the following clause:

USE OF PREMISES (APR 1984)

(a) If the premises are occupied, the Contractor, his subcontractors, and their employees shall comply with the regulations governing access to, operation of, and conduct while in or on the premises and shall perform the work required under this contract in such a manner as not to unreason-

ably interrupt or interfere with the conduct of Government business.

(b) Any request received by the Contractor from occupants of existing buildings to change the sequence of work shall be referred to the Contracting Officer for determination.

(c) If the premises are occupied, the Contractor, his subcontractors and their employees shall not have access to or be admitted into any building outside the scope of this contract except with official permission.

(End of Clause)

552.236-76 Measurements.

As prescribed in 536.570-7, insert the following clause:

MEASUREMENTS (APR 1984)

All dimensions shown of existing work and all dimensions required for work that is to connect with work now in place, shall be verified by the Contractor by actual measurement of the existing work. Any discrepancies between the contract requirements and the existing conditions shall be referred to the Contracting Officer before any work affected thereby has been performed.

(End of Clause)

552.236-77 Specifications and Drawings.

As prescribed in 536.570-8, insert the following clause:

SPECIFICATIONS AND DRAWINGS (APR 1984)

The requirements of the clause entitled "Specifications and Drawings" at FAR 52.236-21, are supplemented as follows:

(a) In case of difference between small and large-scale drawings, the large-scale drawings shall govern. Schedules on any contract drawing shall take precedence over conflicting information on that or any other contract drawing. On any of the drawings where a portion of the work is detailed or drawn out and the remainder is shown in outline, the parts detailed or drawn out shall apply also to all other like portions of the work.

(b) Where the word "similar" occurs on the drawings, it shall have a general meaning and not be interpreted as being identical, and all details shall be worked out in relation to their location and their connection with other parts of the work.

(c) Standard Details or Specification Drawings are applicable when listed, bound with the specifications, noted on the drawings or referenced elsewhere in the specifications. Where the notes on the drawings indicate modifications, such modifications shall govern.

(d) In case of difference between Standard Details or Specification Drawings and the

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specifications, the specifications will govern. In case of difference between the Standard Details or Specification Drawings and the drawings prepared specifically for this contract, the later shall govern.

(End of Clause)

552.236-78 Shop drawings, coordination drawings, and schedules.

As prescribed in 536.570-9, insert the following clause:

SHOP DRAWINGS, COORDINATION DRAWINGS, AND SCHEDULES (APR 1984)

The requirements, of the clause entitled "Specifications and Drawings" at FAR 52.236-21, are supplemented as follows:

(a) The Contractor shall submit shop drawings, coordination drawings, and schedules for approval as required by the specifications or requested by the Contracting Officer as follows:

(b) Shop drawings shall include fabrication, erection and setting drawings, schedule drawings, manufacturers' scale drawings, wiring and control diagrams, cuts or entire catalogs, pamphlets, descriptive literature, and performance and test data.

(c) Drawings and schedules, other than catalogs, pamphlets and similar printed material, shall be submitted in reproducible form with two prints made by a process approved by the Contracting Officer. Upon approval, the reproducible form will be returned to the Contractor who shall then furnish the number of additional prints, not to exceed 10, required by the specifications. The Contractor shall submit shop drawings in catalog, pamphlet and similar printed form in a minimum of four copies plus as many additional copies as the Contractor may desire or need for his use or use by subcontractors.

(d) Before submitting shop drawings on the mechanical and electrical work, the Contractor shall submit and obtain the Contracting Officer's approval of such lists of mechanical and electrical equipment and materials as may be required by the specifications.

(e) Each shop drawing or coordination drawing shall have a blank area 5 by 5 inches, located adjacent to the title block. The title block shall display the following:

Number and title of drawing
Date of drawing or revision
Name of project building or facility
Name of contractor and (if appropriate) name of subcontractor submitting drawing
Clear identity of contents and location on the work
Project title and contract number

(f) Unless otherwise provided in this contract, or otherwise directed by the Contracting Officer, shop drawings, coordination drawings and schedules shall be submitted to

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the Contracting Officer, with a letter in triplicate, sufficiently in advance of construction requirements to permit no less than 10 working days for checking and appropriate action.

(g) Approval of drawings and schedules will be general and shall not be construed as permitting any departure from the contract requirements, or as approving departures from full-size details furnished by the Contracting Officer.

(End of Clause)

552.236-79 Samples.

As prescribed in 536.570-10, insert the following clause:

SAMPLES (APR 1984)

(a) After the award of the contract, the Contractor shall furnish for the approval of the Contracting Officer samples required by the specifications or by the Contracting Officer. Samples shall be delivered to the Contracting Officer or to the Architect as specified or as directed. The Contractor shall prepay all shipping charges on samples. Materials or equipment for which samples are required shall not be used in the work until approved in writing by the Contracting Officer.

(b) Each sample shall have a label indicating:

(1) Name of project building or facility, project title and contract number

(2) Name of Contractor and, if appropriate, name of subcontractor

(3) Identification of material or equipment with specification requirement

(4) Place of origin

(5) Name of producer and brand (if any)

Samples of finished materials shall have additional markings that will identify them under the finish schedules.

(c) The Contractor shall mail under separate cover a letter in triplicate submitting each shipment of samples and containing the information required in paragraph (b) of this clause. He shall enclose a copy of this letter with the shipment and send a copy to the Government representative on the project. Approval of a sample shall be only for the characteristics or use named in such approval and shall not be construed to change or modify any contract requirement. Substitutions will not be permitted unless they are approved in writing by the Contracting Officer.

(d) Approved samples not destroyed in testing will be sent to the Government representative at the project. Approved samples of hardware in good condition will be marked for identification and may be used in the work. Materials and equipment, incorporated in the work shall match the approved samples. Other samples not destroyed in testing or not approved will be returned to

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the Contractor at his expense if so requested at time of submission.

(e) Failure of any material to pass the specified tests will be sufficient cause for refusal to consider, under this contract, any further samples of the same brand or make of that material or equipment which previously has proved unsatisfactory in service.

(f) Samples of various materials or equipment delivered on the site or in place may be taken by the Government representative for testing. Samples failing to meet contract requirements will automatically void previous approvals of the items tested. The Contractor shall replace such materials or equipment found not to have met contract requirements, or there shall be a proper adjustment of the contract price as determined by the Contracting Officer.

(g) Unless otherwise specified, when tests are required only one test of each sample proposed for use will be made at the expense of the Government. Samples which do not meet specification requirements will be rejected. Testing of additional samples will be made by the Government at the expense of the Contractor.

(End of Clause)

552.236-80 Heat.

As prescribed in 536.570-11, insert the following clause:

HEAT (APR 1984)

Unless otherwise specified or unless already provided by the Government the Contractor shall;

(a) Provide heat, as necessary to protect all work, materials, and equipment against injury from dampness and cold;

(b) Protect, cover and/or heat as may be necessary, to produce and maintain a temperature of not less than 50 degrees Fahrenheit (1) in the concrete during the placing, setting and curing of concrete, and (2) in the plaster during the application, setting and curing of plaster; and

(c) Provide heat as necessary in the area where work is to be done to provide the minimum temperature recommended by the supplier or manufacturer of the material, but in no case less than 50 degrees Fahrenheit, for a period beginning 10 days before placing of interior finishes and finish materials and continuing until completion or beneficial occupancy of the area, whichever is earlier.

(End of Clause)

552.236-81 Use of equipment by the Government.

As prescribed in 536.570-12, insert the following clause:

USE OF EQUIPMENT BY THE GOVERNMENT (APR 1984)

(a) The Government may take over and operate, with Government employees, such equipment as is necessary for heating or cooling such areas of the building as require the service, as soon as the installation is sufficiently complete.

(b) The Contracting Officer will advise the Contractor by letter, prior to the use of equipment, which items of equipment will be operated, and the date and time such operation will begin.

(c) Government operation of equipment will not relieve the Contractor of the one-year guarantee on materials and workmanship elsewhere provided for in this contract.

(d) The guarantee period, elsewhere provided for in this contract, for each piece of equipment shall be in accordance with the "Guarantees" clause of this contract.

(End of Clause)

552.236-82 Subcontracts.

As prescribed in 536.570-13, insert the following clause:

SUBCONTRACTS (APR 1984)

(a) Nothing contained in the contract shall be construed as creating any contractual relationship between any subcontractor and the Government. The divisions or sections of the specifications are not intended to control the Contractor in dividing the work among subcontractors, or to limit the work performed by any trade.

(b) The Contractor shall be responsible to the Government for acts and omissions of his own employees and of subcontractors and their employees. He shall also be responsible for the coordination of the work of the trades, subcontractors and suppliers.

(c) The Government will not undertake to settle any differences between or among the Contractor, subcontractors, or suppliers.

(End of Clause)

552.236-83 Furnishing information and records.

As prescribed in 536.570-14, insert the following clause:

FURNISHING INFORMATION AND RECORDS (APR 1984)

(a) If the Contractor or any subcontractor under this contract or the officers or agents of the Contractor or any subcontractor, refuses, except as provided by the terms of this contract, to furnish to any Government agency or any establishment in the legislative or judicial branch of the Government information or records reasonably pertinent to

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this contract, the following actions may be taken:

(1) In the case of a refusal by the Contractor, its officers or agents, the Government may, after affording an opportunity to explain or justify such refusal, terminate the Contractor's right to proceed with the work. The rights and remedies provided in this clause are in addition to those outlined in paragraph (a) of the Default (Fixed-Price Construction) clause at FAR 52.249-10, paragraph (b) of the Liquidated Damages—Construction clause at FAR 52.212-5 and to any other rights and remedies provided by law or under this contract;

(2) In the case of a refusal by a subcontractor, its officers or agents, the Government may, after affording an opportunity to explain or justify such refusal, require the Contractor to terminate the subcontract without cost to the Government, or if the Contractor fails or refuses to effect such termination, the Government may terminate the Contractor's right to proceed with the work under this contract and thereupon the Government may avail itself of the rights and remedies referred to in subparagraph (a)(1) of this clause.

(b) The term "subcontract" as used in this paragraph means any contract entered into or any purchase order issued by a prime contractor under a contract with the Government in connection with the performance of the prime contractor's obligations under this contract.

(c) The term "subcontractor" as used in this paragraph means a party to a subcontract other than the prime contractor under this contract.

(End of Clause)

552.237-70 Qualifications of offerors.

As prescribed in 537.110(a), insert the following provision:

QUALIFICATIONS OF OFFERORS (MAY 1989)

(a) Offers will be considered only from responsible organizations or individuals now or recently engaged in the performance of building service contracts comparable to those described in this solicitation. In order to determine an Offeror's qualifications, the Offeror may be requested to furnish a narrative statement listing comparable contracts which it has performed; a general history of its operating organization; and its complete experience. An Offeror may also be required to furnish a statement of its financial resources; show that it has the ability to maintain a staff of regular employees adequate to ensure continuous performance of the work; and, demonstrate that its equipment and/or plant capacity for the work contemplated is sufficient, adequate, and suitable.

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(b) Competency in performing comparable building service contracts, demonstration of acceptable financial resources, personnel staffing, plant, equipment, and supply sources will be considered in determining whether an Offeror is responsible.

(c) Prospective Offerors are advised that in evaluating these areas involving any small business concern(s), any negative determinations are subject to the Certificate of Competency procedures set forth in the Federal Acquisition Regulation.

(End of Provision)

552.237-71 Qualifications of employees.

As prescribed in 537.110(b), insert the following clause:

QUALIFICATIONS OF EMPLOYEES (MAY 1989)

(a) The contracting officer or a designated representative may require the Contractor to remove any employee(s) from GSA controlled buildings or other real property should it be determined that the individual(s) is either unsuitable for security reasons or otherwise unfit to work on GSA controlled property.

(b) The Contractor shall fill out and cause each of its employees performing work on the contract work to fill out, for submission to the Government, such forms as may be necessary for security or other reasons. Upon request of the Contracting Officer, the Contractor and its employees shall be fingerprinted.

(c) Each employee of the contractor shall be a citizen of the United States of America, or an alien who has been lawfully admitted for permanent residence as evidenced by Alien Registration Receipt Card Form I-151, or, who presents other evidence from the Immigration and Naturalization Service that employment will not affect his immigration status.

(End of Clause)

552.237-72 Certification regarding "Quasi-Military Armed Forces."

As prescribed in 537.110(c), insert the following certification:

CERTIFICATION REGARDING "QUASI-MILITARY ARMED FORCES" (APR 1984)

(a) By signing this offer, the offeror certifies that the individual, firm, or corporation submitting this offer is not a "Quasi-Military Armed Force" within the meaning of the decision of the court in United States ex. rel. Weinberger v. Equifax, 557 F. 2d 456 (5th Cir., 1977).

(b) The Offeror further certifies that it will not, during the term of this contract, offer "Quasi-Military Armed Forces" for hire.

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(End of Certification)

[54 FR 26558, June 23, 1989, as amended at 54 FR 40061, Sept. 29, 1989]

552.238-70 Identification of electronic office equipment providing accessibility for the handicapped.

As prescribed in 538.203-71(b), insert the following clause:

IDENTIFICATION OF ELECTRONIC OFFICE EQUIPMENT PROVIDING ACCESSIBILITY FOR THE HANDICAPPED (SEPT 1991)

(a) *Definitions.* *Electronic office equipment accessibility* means the application/configuration of electronic office equipment (includes hardware, software and firmware) in a manner that accommodates the functional limitations of individuals with disabilities (i.e., handicapped individuals) so as to promote productivity and provide access to work related and/or public information resources.

Handicapped individuals means qualified individuals with impairments as cited in 29 CFR 1613.702(f) who can benefit from electronic office equipment accessibility.

Special peripheral means a special needs aid that provides access to electronic equipment that is otherwise inaccessible to a handicapped individual.

(b) The offeror is encouraged to identify in its offer, and include in any commercial catalogs and pricelists accepted by the Contracting Officer, office equipment, including any special peripheral, that will facilitate electronic office equipment accessibility for handicapped individuals. Identification should include the type of disability accommodated and how the users with that disability would be helped.

[56 FR 29443, June 27, 1991, as amended at 56 FR 51660, Oct. 15, 1991]

552.238-72 Contractor's report of sales.

As prescribed in 538.203-71, insert the following clause:

CONTRACTOR'S REPORT OF SALES (APR 1995)

(a) Contractors shall furnish quarterly the dollar value (rounded to the nearest whole dollar) of all sales under the contract during the preceding 3-month period to include any partial month. A separate report for each National Stock Number (NSN), Special Item Number (SIN), or subitem shall be prepared and submitted, unless otherwise specified, on GSA Form 72A.

(b) The report is due in the office specified below or specified at the time of award 30 days following the completion of the reporting period. A report is required even when no sales occur during the reporting period. Sales for orders that extend beyond the con-

tract period will be reported within 60 days of final delivery.

(c) The Government reserves the right to inspect without further notice, such records of the Contractor as pertain to sales under any contract resulting from this solicitation. Willful failure or refusal to furnish the required reports, or falsification thereof, shall constitute sufficient cause for terminating the contract for default under FAR 52.249-8, Default (Fixed-Priced Supply and Service).

(d) The report shall be forwarded to the following address:

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(End of Clause)

Alternate I (May 1989).

If it is necessary to identify the official responsible for preparing the report, the Contracting Officer may add a paragraph substantially the same as the following paragraph (e) to the basic clause:

(e) Within _____ days of contract award, the Contractor shall provide to the Contracting Officer, the name, title, address, and telephone number of the individual who will be responsible for the report.

Alternate II (May 1989).

When the clause is used in IRMS schedule contracts, substitute a paragraph substantially the same as the following paragraph (a) for paragraph (a) of the basic clause:

(a) The Contractor shall furnish quarterly the dollar value (rounded to the nearest whole dollar) of orders received or invoices issued during the preceding 3-month period to include any partial month. A separate report for each Special Item Number (SIN) shall be prepared and submitted, unless otherwise specified, on GSA Form 72.

[54 FR 26558, June 23, 1989, as amended at 60 FR 19361, Apr. 18, 1995]

552.238-74 Submission and distribution of authorized FSS schedule pricelists.

As prescribed in 538.203-71(c), insert the following clause:

SUBMISSION AND DISTRIBUTION OF AUTHORIZED FSS SCHEDULE PRICELISTS (FEB 1996)

(a) *Definition.* For the purposes of this clause, the Mailing List is [Contracting officer shall insert either: "the list of Federal addressees provided to the Contractor by the Contracting Officer" or "the Contractor's

listing of its Federal government customers”].

(b) The Contracting Officer will return one copy of the Authorized FSS Schedule Pricelist to the Contractor with the notification of contract award. The Contractor shall not print or distribute the pricelist without written approval from the Contracting Officer. NOTE: Approval by the Contracting Officer shall not absolve the contractor from responsibility for the accuracy of the pricelist.

(c)(1) The Contractor shall provide to the GSA Contracting Officer:

(i) Two paper copies of Authorized FSS Schedule Pricelist; and

(ii) The Authorized FSS Schedule Pricelist on a common-use electronic medium.

The Contracting Officer will provide detailed instructions for the electronic submission with the award notification. Some structured data entry in a prescribed format may be required.

(2) The Contractor shall provide to each addressee on the mailing list either:

(i) One paper copy of the Authorized FSS Schedule Price List; or

(ii) A self-addressed, postage-paid envelope or postcard to be returned by addressees that want to receive a paper copy of the pricelist. The Contractor shall distribute price lists within 20 calendar days after receipt of returned requests.

(3) The Contractor shall advise each addressee of the availability of pricelist information through the on-line Multiple Award Schedule electronic data base.

(d) The Contractor shall make all of the distributions required in paragraph (c) at least 15 calendar days before the beginning of the contract period, or within 30 calendar days after receipt of the Contracting Officer’s approval for printing, whichever is later.

(e) During the period of the contract, the contractor shall provide one copy of its Authorized FSS Schedule Pricelist to any authorized schedule user, upon request. Use of the mailing list for any other purpose is not authorized.

(End of Clause)

[58 FR 54524, Oct. 22, 1993, as amended at 61 FR 6172, Feb. 16, 1996]

552.238-75 Identification of Energy-Efficient Office Equipment and Supplies Containing Recovered Materials or Other Environmental Attributes.

As prescribed in 538.203-71(d), insert the following clause:

IDENTIFICATION OF ENERGY-EFFICIENT OFFICE EQUIPMENT AND SUPPLIES CONTAINING RECOVERED MATERIALS OR OTHER ENVIRONMENTAL ATTRIBUTES (SEPT 1994)

(a) *Definitions.* “Energy-efficient office equipment,” as used in this clause, means office equipment that, in representative use, provides equivalent or better performance and value to users, but uses significantly less energy than most functionally equivalent models.

“Recovered materials,” as used in this clause, means waste material and by-products which have been recovered or diverted from solid waste, but such term does not include those materials and by-products generated from, and commonly reused, within an original manufacturing process (42 U.S.C. 6903(19)). For paper, it also includes postconsumer materials, and manufacturing and certain other wastes. (42 U.S.C. 6962(h)).

“Remanufactured products,” as used in this clause, means equipment or parts that have been factory remanufactured or rebuilt to meet new equipment or part performance specifications and have had no use subsequent to their remanufacture.

(b) The offeror shall identify in its offer and include in any commercial catalogs and pricelists and any resultant Government catalogs or pricelists submitted to the Contracting Officer, energy-efficient office equipment and supplies that contain recovered material, remanufactured products, or other environmental attributes. Examples of energy-efficient office equipment are microcomputers and associated equipment that meet the requirements of the Environmental Protection Agency’s (EPA’s) Energy Star Computers Program. Supplies that contain recovered materials and other environmental attributes include, but are not limited to, products identified in EPA procurement guidelines (40 CFR subchapter I) and products that are either degradable, ozone safe, recyclable, contain low volatile organic content compounds, contribute to source reduction, or otherwise are designed or manufactured to achieve environmental improvement. For example, an offeror can identify products that are safe or safer alternatives for more toxic or hazardous products and products that can be substituted for ones manufactured with toxic or hazardous materials. Such supplies shall satisfy the guidance contained in 16 CFR part 260, Guides for the Use of Environmental Marketing Claims.

(c) An offeror, in identifying an item with an environmental attribute, shall possess evidence or rely upon a reasonable basis to substantiate the claim (see 16 CFR 260.5). The Government will accept an offeror’s claim of an item’s environmental attribute on the basis of—

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(1) Participation in a Federal agency sponsored program, e.g., EPA's Energy Star Computers Program;

(2) Verification by an independent organization that specializes in certifying such claims; or

(3) Possession of competent and reliable evidence. For any test, analysis, research, study or other evidence to be "competent and reliable," it must have been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.

(End of Clause)

[59 FR 63260, Dec. 8, 1994]

552.238-76 Price reductions.

As prescribed in 538.203-71(e), insert the following clause:

PRICE REDUCTIONS (OCT 1994)

(a) Before award of a contract, the Contracting Officer and the Offeror will agree upon (1) The customer (or category of customers) which will be the basis of award, and (2) the Government's price or discount relationship to the identified customer (or category of customers). This relationship shall be maintained throughout the contract period. Any change in the Contractor's commercial pricing or discount arrangement applicable to the identified customer (or category of customers) which disturbs this relationship shall constitute a price reduction.

(b) During the contract period, the Contractor shall report to the Contracting Officer all price reductions to the customer (or category of customers) that was the basis of award. The Contractor's report shall include an explanation of the conditions under which the reductions were made.

(c) (1) A price reduction shall apply to purchases under this contract if, after the date negotiations conclude, the Contractor—

(i) Revises the commercial catalog, pricelist, schedule or other document upon which contract award was predicated to reduce prices;

(ii) Grants more favorable discounts or terms and conditions than those contained in the commercial catalog, pricelist, schedule or other documents upon which contract award was predicated; or

(iii) Grants special discounts to the customer (or category of customers) that was the basis of award, and the change disturbs the price/discount relationship of the Government to the customer (or category of customers) that was the basis of award.

(2) The Contractor shall offer the price reduction to the Government with the same effective date, and for the same time period, as extended to the commercial customer (or category of customers).

(d) There shall be no price reduction for sales—

(1) To commercial customers under firm, fixed-price definite quantity contracts with specified delivery in excess of the maximum order limitation specified in this contract;

(2) To Federal agencies; or

(3) Caused by an error in quotation or billing, provided adequate documentation is furnished by the Contractor to the Contracting Officer.

(e) The Contractor may offer the Contracting Officer a voluntary Governmentwide price reduction at any time during the contract period.

(f) The Contractor shall notify the Contracting Officer of any price reduction subject to this clause as soon as possible, but not later than 15 calendar days after its effective date.

(g) The contract will be modified to reflect any price reduction which becomes applicable in accordance with this clause.

(End of Clause)

[59 FR 52452, Oct. 18, 1994]

552.238-77 Industrial funding fee.

As prescribed in 538.203-71(f), insert the following clause:

Industrial Funding Fee (APR 1995)

(a) Contractors shall pay the Federal Supply Service, GSA, an industrial funding fee (IFF) at the end of each contract quarter. The IFF shall be remitted at the same time the GSA Form 72A, Contractor's Report of Sales, is submitted under clause 552.238-72, Contractor's Report of Sales. The IFF equals _____ * of total sales reported on GSA Form 72A. The IFF reimburses the GSA Federal Supply Service for the costs of operating the Federal Supply Schedules Program and recoups its operating costs from ordering activities. Offerors should include the IFF in the prices submitted with their offer. The fee will be included in the award price(s) and reflected in the total amount charged to ordering activities.

(b) The IFF amount due shall be paid by check or electronic funds transfer to the "General Services Administration." Where multiple special item numbers and/or contracts are involved, the IFF's may be consolidated into one payment. To ensure that the payment is credited properly, the Contractor should identify the check or electronic transmission as an "Industrial Funding Fee" and include the following information: contract number(s); report amount(s); and report period(s).

(1) If the IFF payment is made by check, it shall be forwarded to the following address:

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(2) If the IFF payment is made by electronic funds transfer through the Automated Clearing House (ACH), the Contractor should provide their financial institution with the following information for use in making payments: (i) the ACH Transmission Routing Number of the [Contracting officer to insert the name of the bank]; [Contracting officer to insert the Routing Number] and (ii) the GSA Account Number: [Contracting officer to insert the GSA Account Number]. Contractors may call [Contracting officer to insert the phone number] (GSA Accounts Receivable) with questions regarding payments through the ACH.

(c) If the full amount of the IFF is not paid within 30 calendar days after the end of the applicable reporting period, it shall constitute a contract debt to the United States Government under the terms of FAR 32.6. The Government may exercise all rights under the Debt Collection Act of 1982, including withholding or setting off payments and interest on the debt (see FAR 52.232-17, Interest).

(d) Failure to submit sales reports, falsification of sales reports, and/or failure to pay the IFF in a timely manner may result in termination or cancellation of this contract. Willful failure or refusal to furnish the required reports, falsification of sales reports, or failure to make timely payment of the IFF constitutes a cause for terminating the contractor for default under FAR 52.249-9, Default (Fixed-Priced Supply and Service).

(End of Clause)

*The percentage amount of the fee to be inserted in the above clause shall be determined and provided to contracting officers by the Commissioner, Federal Supply Service, or a designee.

[60 FR 19362, Apr. 18, 1995; 60 FR 45528, Aug. 31, 1995]

§ 552.242-70 Status report of orders and shipments.

As prescribed in 542.1107, insert the following clause:

STATUS REPORT OF ORDERS AND SHIPMENTS
(APR 1992)

(a) The contractor shall furnish to the Administrative Contracting Officer (ACO) a report covering orders received and shipments made during each calendar month of contract performance. The information required by the Government shall be reported on GSA Form 1678, Status Report of Orders and Shipments, in accordance with instruction on the

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form. The information required by the GSA Form 1678 may also be submitted in an automated printout form if authorized by the ACO. Alternatively, the required information may be reported by electronic data interchange using ANSI standards. For further information, contact GSA, Contract Administration Division [Contracting Officer insert appropriate telephone number of FQC]. Reports shall be forwarded to the ACO no later than the seventh workday of the succeeding month.

(b) An initial supply of GSA Form 1678 will be forwarded to the Contractor with the contract. Additional copies of the form, if needed, may be obtained from the ACO, or reproduced by the Contractor.

(End of Clause)

[57 FR 26609, June 15, 1992]

552.243-70 Pricing of adjustments.

As prescribed in 543.205(a), insert the following clause:

PRICING OF ADJUSTMENTS (APR 1989)

When costs are a factor in any determination of a contract price adjustment, such costs shall be in accordance with the contract cost principles and procedures in Part 31 of the Federal Acquisition Regulation (48 CFR Part 31) in effect on the date of this contract.

(End of Clause)

552.243-71 Equitable adjustments.

As prescribed in 543.205(b), insert the following clause in solicitations and contracts for (a) dismantling, demolition, or removal of improvements; and (b) construction, when a fixed-price contract is contemplated and the contract amount is expected to exceed the small purchase limitation:

EQUITABLE ADJUSTMENTS (APR 1984)

(a) The provisions of the "Changes" clause prescribed by FAR 52.243-4 are supplemented as follows:

(1) Upon written request, the Contractor shall submit a proposal, in accordance with the requirements and limitations set forth in the "Equitable Adjustments" clause, for work involving contemplated changes covered by the request. The proposal shall be submitted within the time limit indicated in the request or any extension of such time limit as may be subsequently granted. The Contractor's written statement of the monetary extent of a claim for equitable adjustment shall be submitted in the following form:

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(i) Proposals totaling \$5,000 or less shall be submitted in the form of a lump sum proposal with supporting information to clearly relate elements of cost with specific items of work involved to the satisfaction of the Contracting Officer, or his/her authorized representative.

(ii) For proposals in excess of \$5,000, the claim for equitable adjustment shall be submitted in the form of a lump sum proposal supported with an itemized breakdown of all increases and decreases in the contract in at least the following detail:

Direct Costs

Material quantities by trades and unit costs (Manufacturing burden associated with material fabrication performed will be considered to be part of the material costs of the fabricated item delivered to the job site)

Labor breakdown by trades and unit costs (Identified with specific item of material to be placed or operation to be performed)

Construction equipment exclusively necessary for the change

Costs of preparation and/or revision to shop drawings resulting from the change

Workmen's Compensation and Public Liability Insurance

Employment taxes under FICA and FUTA

Bond Costs—when size of change warrants revision

Overhead, Profit and Commission

(2) The allowable overhead shall be determined in accordance with the contract cost principles and procedures in Part 31 of the Federal Acquisition Regulation (48 CFR Part 31) in effect on the date of this contract. The percentages for profit and commission shall be negotiated and may vary according to the nature, extent and complexity of the work involved, but in no case shall exceed the following unless the Contractor demonstrates entitlement to a higher percentage:

	Overhead	Profit	Commission
To Contractor on work performed by other than his own forces.			10%
To first tier subcontractor on work performed by his subcontractors.			10%
To Contractor and/or the subcontractors for that portion of the work performed with their respective forces.	To be Negotiated.	10%	

Not more than four percentages will be allowed regardless of the number of tier subcontractors. The Contractor shall not be allowed a commission on the commission received by a first tier subcontractor. Equi-

table adjustments for deleted work shall include credits for overhead, profit and commission. On proposals covering both increases and decreases in the amount of the contract, the application of overhead and profit shall be on the net change in direct costs for the Contractor or subcontractor performing the work.

(3) The Contractor shall submit with the proposal his request for time extension (if any), and shall include sufficient information and dates to demonstrate whether and to what extent the change will delay the contract in its entirety.

(4) In considering a proposal, the Government shall make check estimates in detail, utilizing unit prices where specified or agreed upon, with a view to arriving at an equitable adjustment.

(5) After receipt of a proposal the Contracting Officer shall act thereon, within 30 days; provided, however, that when the necessity to proceed with a change does not allow time properly to check a proposal or in the event of failure to reach an agreement on a proposal, the Government may order the Contractor to proceed on the basis of price to be determined at the earliest practicable date. Such price shall not be more than the increase or less than the decrease proposed.

(6) If a mutually acceptable agreement cannot be reached, the Contracting Officer may determine the price unilaterally.

(b) The provisions of the "Differing Site Conditions" clause prescribed by FAR 52.236-2 are supplemented as follows: The Contractor shall submit all claims for equitable adjustment in accordance with, and subject to the requirements and limitations set out in paragraph (a) of this "Equitable Adjustments" clause.

(End of Clause)

552.243-72 Modifications (Multiple Award Schedule).

As prescribed in 48 CFR 543.205(c), insert the following clause:

MODIFICATIONS (MULTIPLE AWARD SCHEDULE) (FEB 1996)

(a) General. The Contractor may request a contract modification by submitting a request to the Contracting Officer for approval, except as noted in paragraph (e) of this clause. A separate request should be submitted for each type of proposed modification. At a minimum, every request shall describe the proposed change(s) and provide the rationale for the requested change(s).

(b) Types of Modifications.

(1) Additional items/additional SIN's. When requesting additions, the following information must be submitted:

(i) A request for an exemption from the requirement to submit cost and pricing data as

required by 52.215-41 (ALT IV) shall be provided. To add items, submit the information requested in paragraph 1(a) of the Commercial Sales Format. To add SIN's provide the information requested in paragraph (1) and (2) of the Commercial Sales Practice Format.

(ii) Discount information for the new item(s) or new SIN(s) as required by 52.215-41 (ALT IV) must be provided. Specifically, submit the information requested in paragraphs 3 through 5 of the Commercial Sales Practice Format. If this information is the same as the initial award, a statement to that effect may be submitted instead.

(iii) Information about the new item(s) or new SIN(s) as described in 552.212-70, Preparation of Offer (Multiple Award Schedule) is required.

(iv) Delivery time(s) for the new item(s) or the item(s) under the new SIN(s) must be submitted in accordance with 552.211-78, Commercial Delivery Schedule (Multiple Award Schedules).

(v) Production point(s) for the new item(s) or the item(s) under the new SIN(s) must be submitted if required by 52.215-20, Place of Performance.

(vi) Hazardous Material information (if applicable) must be submitted as required by 52.223-3 (ALT I), Hazardous Material Identification and Material Safety Data; and 552.223-71, Hazardous Material Information; and as requested by the Separate Charge for Performance Oriented Packaging clause of this contract, if applicable.

(vii) Recovered Material estimate(s) and certification (if applicable) must be submitted as required by 52.223-8 (or 52.223-8 (ALT I) or 52.223-8 (ALT II), Estimate of Percentage of Recovered Material for Designated Items to be used in the Performance of the Contract; and 52.223-9, Certification of Recovered Material Content for EPA Designated Items used in Performance of the Contract.

(viii) A statement that the request for additional item(s) or item(s) under the new SIN(s) is in compliance with 552.225-9, Trade Agreements Act, and 552.225-8, Trade Agreements Act Certificate is required.

(2) Deletions. The Contractors shall provide an explanation for the deletion. The Government reserves the right to reject any subsequent offer of the same item or a substantially equal item at a higher price during the same contract period, if the contracting officer finds the higher price to be unreasonable when compared with the deleted item.

(3) Price Reduction. The Contractor shall indicate whether the price reduction falls under the item (i), (ii), or (iii) of subparagraph (c)(1) of the Price Reduction clause at 552.238-76. If the price reduction falls under item (i) or (ii), the Contractor shall submit a copy of the dated commercial price list. If the price reduction falls under item (iii), the

Contractor shall submit a copy of the applicable price list(s), bulletins or letters or customer agreements which outline the effective date, duration, terms and conditions of the price reduction.

(4) Revision of Commercial Price List. The Contractor may request a modification to substitute a new catalog or price list for the one originally submitted if, after award and no later than 30 calendar days before the start of the schedule contract period, the Contractor changes its established commercial catalog or price list on which the contract was awarded. The new catalog or price list shall be submitted to the Contracting Officer along with a statement that (i) the new commercial price list is or will be in effect prior to the start of the contract period, and (ii) the discount(s) offered to the Government remain at the same ratio to those available to the customer (or category of customer) which was the basis of award.

(c) Effective dates. The effective date of any modification is the date specified in the modification, except as otherwise provided in the Price Reduction clause at 552.238-76.

(d) Electronic file updates. The Contractor shall update electronic file submissions to reflect all modifications. Except for price reductions and corrections, the Contractor shall obtain the contracting officer's approval before transmitting changes. Contract modifications will not be made effective until updates to electronic files are received. Price reductions and correction may be transmitted without prior approval. However, the contracting officer shall be notified as set forth in the Price Reduction clause at 552.238-76.

(e) Amendments to paper Federal Supply Schedule Price Lists. The Contractor shall distribute a supplemental paper Federal Supply Schedule Price List reflecting accepted changes within 15 days after the effective date of the modification. At a minimum, distribution shall be made to these ordering activities that previously received the basic document. In addition, two copies of the supplemental price list shall be submitted to the contracting officer, and one copy shall be submitted to the FSS Schedule Information Center.

(End of Clause)

Alternate I (Feb 1996)

Substitute the following introductory text in subparagraph (1) for the introductory text in subparagraph (1) of the basic clause.

(1) Additional items/additional SIN's. Consideration for adding new items or new SIN's will be given 3 months into the contract period. After then, the contractor may request

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additions at any time. When requesting additions the following information must be submitted.

[61 FR 6172, Feb. 16, 1996; 61 FR 10846, Mar. 15, 1996]

552.246-17 Warranty of supplies of a noncomplex nature.

As prescribed in 546.710(a)(1), insert the following clause:

WARRANTY OF SUPPLIES OF A NONCOMPLEX NATURE (DEC 1990) (DEVIATION FAR 52.246-17)

(a) *Definitions.* "Acceptance," as used in this clause, means the act of an authorized representative of the Government by which the Government assumes for itself, or as an agent of another, ownership of existing supplies, or approves specific services as partial or complete performance of the contract. "Correction," as used in this clause, means the elimination of a defect. "Supplies," as used in this clause, means the end item furnished by the Contractor and related services required under the contract. The word does not include "data."

(b) *Contractor's obligations.*

(1) Notwithstanding inspection and acceptance by the Government of supplies furnished under this contract, or any condition of this contract concerning the conclusiveness thereof, the Contractor warrants that for*

(i) All supplies furnished under this contract will be free from defects in material or workmanship and will conform with the requirements of this contract; and

(ii) The preservation, packaging, packing, and marking, and the preparation for, and method of, shipment of such supplies will conform with the requirements of this contract.

(2) When return, correction, or replacement is required, the Contractor shall be responsible for all costs attendant with no return, correction or replacement of the nonconforming supplies. Any removal in connection with the above shall be done by the Contractor at its expense. However, the Contractor's liability for the transportation charges shall not exceed an amount equal to the cost of transportation by the usual commercial method of shipment between the place of delivery specified in the contract and the Contractor's plant, and return.

(3) Any supplies or parts thereof, corrected or furnished in replacement under this clause, shall also be subject to the terms of this clause to the same extent as supplies initially delivered. The warranty, with respect to supplies or parts thereof, shall be equal in duration to that in paragraph (b)(1) of this clause and shall run from the date of delivery of the corrected or replaced supplies.

(4) All implied warranties of merchantability and "fitness for a particular purpose" are excluded from any obligation contained in this contract.

(c) *Remedies available to the Government.*

(1) The Contracting Officer shall give written notice to the Contractor of any breach of warranties in paragraph (b)(1) of this clause within **. This notice shall contain information concerning the deficiencies found, the location of the nonconforming supplies, and the quantity involved.

(2) Within a reasonable time after the notice, the Contracting Officer may either—

(i) Require, by written notice, the prompt correction or replacement of any supplies or parts thereof (including preservation, packaging, packing, and marking) that do not conform with the requirements of this contract within the meaning of paragraph (b)(1) of this clause; or

(ii) Retain such supplies and reduce the contract price by an amount equitable under the circumstances. When the nature of the defect in the nonconforming item is such that the defect affects an entire batch or lot of material, then the equitable price adjustment shall apply to the entire batch or lot of material from which the nonconforming item was taken.

(3)(i) If the contract provides for inspection of supplies by sampling procedures, conformance of supplies or components subject to warranty action shall be determined by the applicable sampling procedures in the contract. The Contracting Officer—

(A) May, for sampling purposes, group any supplies delivered under this contract;

(B) Shall require the size of the sample to be that required by sampling procedures specified in the contract for the quantity of supplies on which warranty action is proposed;

(C) May project warranty sampling results over supplies in the same shipment or other supplies contained in other shipments even though all of such supplies are not present at the point of reinspection; *provided*, that the supplies remaining are reasonably representative of the quantity on which warranty action is proposed; and

(D) Need not use the same lot size as on original inspection or reconstitute the original inspection lots.

(ii) Within a reasonable time after notice of any breach of the warranties specified in paragraph (b)(1) of this clause, the Contracting Officer may exercise one or more of the following options:

(A) Require an equitable adjustment in the contract price for any group of supplies.

(B) Screen the supplies grouped for warranty action under this clause at the Contractor's expense and return all nonconforming supplies to the Contractor for correction or replacement.

(C) Require the Contractor to screen the supplies at locations designated by the Government within the continental United States and to correct or replace all nonconforming supplies.

(D) Return the supplies grouped for warranty action under this clause to the Contractor (irrespective of the f.o.b. point or the point of acceptance) for screening and correction or replacement. All costs incurred by the Government in returning the nonconforming supplies, including costs to the freight carrier resulting from the Contractor's refusal to accept their return, shall be for the Contractor's account.

(4)(i) The Contracting Officer may, by contract or otherwise, correct or replace the nonconforming supplies with similar supplies from another source and charge to the Contractor the cost occasioned to the Government thereby if the Contractor—

(A) Fails to make redelivery of the corrected or replaced supplies within the time established for their return; or

(B) Fails either to accept return of the nonconforming supplies or fails to make progress after their return to correct or replace them so as to endanger performance of the delivery schedule, and in either of these circumstances does not cure failure within a period of 10 days (or such longer period as the Contracting Office may authorize in writing) after receipt of notice from the Contracting Officer specifying such failure.

(ii) Instead of correction or replacement by the Government, the Contracting Officer may require an equitable adjustment of the contract price for all nonconforming supplies, including batch or lot materials which either have been consumed or other disposition has been made. In addition, if the Contractor fails to furnish timely disposition instructions, the Contracting Officer may return the supplies for screening and correction or replacement under subparagraph (c)(3)(ii)(D) above; store the nonconforming supplies for the Contractor's account; sell the nonconforming supplies to the highest bidder on the open market and apply the proceeds against the accumulated storage and other costs, including the cost of the sale; or otherwise dispose of the nonconforming supplies for the Contractor's account in a reasonable manner. The Government is entitled to reimbursement from the Contractor, or from the proceeds of such disposal, for the reasonable expenses of the care and disposition of the nonconforming supplies, as well as for excess costs incurred or to be incurred.

(5) The rights and remedies of the Government provided in this clause are in addition to and do not limit any rights afforded to the Government by any other clause of this contract.

(6) Unless otherwise provided, this warranty is applicable both within and outside the continental limits of the United States.

(7) In addition to other marking requirements of this contract, the Contractor shall stamp or mark the supplies delivered or otherwise furnish notice with the supplies of the existence of the warranty. The marking should briefly include (i) a statement that the warranty exists, (ii) the substance of the warranty, (iii) its duration, and (iv) whom to notify if the supplies are found to be defective.

(End of Clause)

* Contracting Officer shall state the specific period of time after delivery or the specified event whose occurrence will terminate the warranty period; e.g., the number of miles or hours of use, or combination of any applicable event or periods of time.

** Contracting Officer shall insert specific period of time; e.g., "45 days from the last delivery under contract," or "45 days after discovery of the defect." The number of days specified shall be no less than 30.

Alternate I (Dec 1990)

As prescribed in 546.710(a)(2), substitute the following for paragraph (b)(1) of the basic clause and delete paragraph (b)(4) of the basic clause.

(1) Notwithstanding inspection and acceptance by the Government of supplies furnished under this contract, or any condition of this contract concerning the conclusiveness thereof, the Contractor warrants that for * all supplies furnished—

(i) Are of a quality to pass without objection in the trade under the contract description;

(ii) Are fit for the ordinary purposes for which the supplies are used;

(iii) Are within the variations permitted by the contract, and are of an even kind, quality, and quantity within each unit and among all units;

(iv) Are adequately contained, packaged, and marked as the contract may require; and

(v) Conform to the promises or affirmations of fact made on the container.

Alternate II (Dec 1990)

As prescribed in 546.710(a)(3), substitute the following paragraph for paragraph (b)(1) of the basic clause:

(1) Notwithstanding inspection and acceptance by the Government of supplies furnished under this contract, or any condition of this contract concerning the conclusiveness thereof, the Contractor warrants that for * all supplies furnished—

(i) Conform to the specifications except that in the case of solvent systems, the viscosity may exceed the specified maximum by 10 Krb Units, unless otherwise specified elsewhere in this contract; and

(ii) Are suitable for their intended purpose as stated in this contract.

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Alternate III (Dec 1990)

As prescribed in 546.710(a)(4), substitute the following for paragraph (b)(1) of the basic clause, redesignate paragraph (c) of the basic clause as paragraph (d), and add the following as paragraph (c) in the basic clause:

(1) Notwithstanding inspection and acceptance by the Government of supplies furnished under this contract, or any condition of this contract concerning the conclusiveness thereof, the Contractor warrants that for * , beginning with the first day of the first full month following the month of manufacture marked on the container, all supplies furnished retain their original characteristics to the extent that the supplies remain suitable for the intended use as stated in this contract (i) under actual application conditions or (ii) when tested in accordance with requirements stated elsewhere in this contract.

(c) Government surveillance and testing.

(1) During this period, surveillance will be maintained on supplies warehoused in Government facilities; and the supplies will be tested periodically to determine their suitability for intended use. Sampling for surveillance testing will be in accordance with Military Standard No. 105, and such testing will be made after NORMAL MIXING, STIRRING, OR SHAKING, in accordance with directions either furnished with the supplies or as shown in the applicable specifications.

(2) Surveillance testing will be based on storage stability requirements set forth in the contract specification, or purchase description on the basis of salient characteristics (e.g., viscosity or sag flow, curing time, strip adhesion or tensile shear, etc.) established by GSA as appropriate to determine suitability for intended use. In the case of brand name items not covered by detailed purchase descriptions, surveillance testing may be based on salient characteristics included in the manufacturer's data sheets. If storage stability requirements showing allowable variations are not included in applicable specifications or elsewhere in the contract, material will be considered suitable for intended use if the salient characteristics vary not more than 20 percent from the originally specified values (i.e., those applicable to acceptance testing of the supplies) for noncritical end-use items, and not more than 10 percent for critical end-use items.

[56 FR 1741, Jan. 17, 1991]

552.246-70 Source inspection by quality approved manufacturer.

As prescribed in 546.302-70, insert the following clause:

SOURCE INSPECTION BY QUALITY APPROVED
MANUFACTURER (MAR. 1994)

(a) Inspection system and inspection facilities.

(1) The inspection system maintained by the Contractor under the Inspection of Supplies—Fixed Price clause ((FAR) 48 CFR 52.246-2) of this contract shall be maintained throughout the contract period and shall comply with all requirements of editions in effect on the date of the solicitation of either Federal Standard 368 or the International Organization for Standardization (ISO) Standard 9001 (ANSI/ASQC Q 91) (Quality Systems—Model for Quality Assurance in Design/Development, Production, Installation and Servicing), or ISO Standard 9002 (ANSI/ASQC Q 92) (Quality Systems—Model for Quality Assurance in Production and Installation). The ISO 9000 family of standards is a set of worldwide standards used to document, implement and demonstrate quality assurance systems. When using the ISO option the Contractor's quality system must be registered by a third party registrar accredited by either the Registrar Accreditation Board (RAB) or an organization recognized as equivalent. A written description of the inspection system shall be made available to the Government before contract award. The Contractor shall immediately notify the Contracting Officer and the designated GSA quality assurance office of any changes made in the inspection system during the contract period. As used herein, the term "inspection system" means the Contractor's own facility or any other facility acceptable to the Government that will be used to perform inspections or tests of materials and components before incorporation into end articles and for inspection of such end articles before shipment. When the manufacturing plant is located outside of the United States, the Contractor shall arrange delivery of the items from a plant or warehouse located in the United States (including Puerto Rico and the Virgin Islands) equipped to perform all inspections and tests required by the contract or specifications to evidence conformance therewith, or shall arrange with a testing laboratory or other facility in the United States, acceptable to the Government, to perform the required inspections and tests.

(2) In addition to the requirements in Federal Standard 368, ISO 9001 or ISO 9002 records shall include the date when inspection and testing were performed. These records shall be available for (i) 3 years after final payment; or (ii) 4 years from the end of the Contractor's fiscal year in which the record was created, whichever period expires first.

(3) Offerors are required to specify, in the space provided elsewhere in this solicitation, the name and address of each manufacturing plant or other facility where supplies will be available for inspection, indicating the item number(s) to which each applies.

(4) Within 10 calendar days after receipt of the written notice of award, the Contractor

shall provide the Administrative Contracting Officer with the name of the individual and an alternate that will be responsible for inspecting each shipment under this contract.

(b) *Inspection and receiving reports.*

(1) For each shipment released, one of the officials named by the Contractor under paragraph (a)(4) above shall sign a Quality Approved Manufacturer Certificate certifying that supplies have been inspected and found to comply with contract requirements.

The certification shall read as follows:

"I certify that all items in this shipment have been listed herein, and have been inspected and found to comply with all requirements of the contract."

Signature of Certifying Official

(i) For shipments made to military facilities, the Contractor shall prepare and distribute the DD Form 250, Material Inspection and Receiving Report, or computer formatted equivalent of the form not later than the close of business the workday following shipment. The certification above shall be placed in block 16 on this form. The Contractor will be provided a supply of the DD Form 250 with complete instructions for preparation and distribution.

(ii) For shipments made to civilian facilities only, the Contractor shall prepare and distribute not later than the close of business the workday following shipment a certification of inspection and conformance for the identified items, in accordance with instructions furnished at the time of award. The Contractor may furnish the requisite information on the DD Form 250 or computer formatted equivalent, company letterhead, or invoice document.

(c) *Inspection by Government personnel.*

(1) Although the Government will normally rely upon the Contractor's certification as to the quality of supplies shipped, it reserves the right under the Inspection of Supplies—Fixed Price clause to inspect and test all supplies called for by this contract, before acceptance, at all times and places, including the point of manufacture. When the Government notifies the Contractor of its intent to inspect supplies before shipment, the Contractor shall notify or arrange for subcontractors to notify the designated GSA quality assurance office 7 workdays before the date when supplies will be ready for inspection. Shipment shall not be made until inspection by the Government is completed and shipment is authorized by the Government.

(2) Government inspection responsibility will be assigned to the GSA quality assurance office which has jurisdiction over the State in which the Contractor's or subcontractor's plant or other designated point for inspection is located.

(3) During the contract period, a Government representative may periodically select samples of supplies produced under this contract for Government verification inspection and testing. Samples sent to a Government testing facility will be disposed of as follows: Samples from an accepted lot, not damaged in the testing process, will be returned promptly to the Contractor after completion of tests. Samples damaged in the testing process will be disposed of as requested by the Contractor. Samples from a rejected lot will be returned to the Contractor or disposed of in a time and manner agreeable to both the Contractor and the Government.

(d) *Quality deficiencies.*

(1) Notwithstanding any other clause of this contract concerning the conclusiveness of acceptance by the Government, any supplies or production lots shipped under this contract found to be defective in material or workmanship, or otherwise not in conformity with the requirements of this contract within a period of * months after acceptance shall, at the Government's option, be replaced, repaired or otherwise corrected by the Contractor at no cost to the Government within 30 calendar days (or such longer period as the Government may authorize in writing) after receipt of notice to replace or correct. The Contractor shall remove, at its expense, supplies rejected or required to be replaced, repaired or corrected. When the nature of the defect affects an entire batch or lot of supplies, and the Contracting Officer determines that correction can best be accomplished by retaining the nonconforming supplies and reducing the contract price by an amount equitable under the circumstances, then the equitable price adjustment shall apply to the entire batch or lot of supplies from which the nonconforming item was taken.

(2) If supplies in process, shipped or awaiting shipment to fill Government orders are found not to comply with contract requirements, or if deficiencies in either plant quality or process controls are found, the Contractor may be issued a Quality Deficiency Notice (QDN). Upon receipt of a QDN, the Contractor shall take immediate corrective action and shall suspend shipment of the supplies covered by the QDN until such time as corrective action has been completed. The Contractor shall notify the GSA quality assurance office, within 5 workdays, of corrective action taken or to be taken to permit onsite verification by a Government representative. Shipments of nonconforming supplies will be returned at the Contractor's expense and may constitute cause for termination. Delays due to the issuance of a QDN do not constitute excusable delay under the Default clause. Failure to complete corrective action in a timely manner may result in termination of this contract.

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(3) This contract may be terminated for default if subsequent Government inspection discloses that plant quality or process controls are not being maintained, supplies which do not meet the requirements of the specification are being shipped, or there is failure to comply with any other requirement of this clause.

(e) *Additional cost for inspection and testing.* The Contractor will be charged for any additional cost of inspection/testing or reinspection/retesting supplies for the reasons stated in paragraph (e) of FAR 52.246-2, Inspection of Supplies—Fixed Price. When inspection or testing is performed by or under the direction of GSA, charges will be at the rate of \$ ** per man-hour or fraction thereof if the inspection is at a GSA distribution center; \$ ** per man-hour or fraction thereof, plus travel costs incurred, if the inspection is at any other location; and \$ ** per man-hour or fraction thereof for laboratory testing, except that when a testing facility other than a GSA laboratory performs all or part of the required tests, the Contractor shall be assessed the actual cost incurred by the Government as a result of testing at such facility. When inspection is performed by or under the direction of any agency other than GSA, the charges indicated above may be used, or the agency may assess the actual cost of performing the inspection and testing.

(f) *Responsibility for rejected supplies.* When the Contractor fails to remove or provide instructions for the removal of rejected supplies under paragraph (d) above, pursuant to the Contracting Officer's instructions, the Contractor shall be liable for all costs incurred by the Government in taking such measures as are expedient to avoid unnecessary loss to the Contractor. In addition to the remedies provided in FAR 52.246-2, supplies may be—

(1) Stored for the Contractor's account;

(2) Reshipped to the Contractor at its expense (any additional expense incurred by the Government or the freight carrier caused by the refusal of the Contractor to accept their return also shall be for the Contractor's account); or

(3) Sold to the highest bidder on the open market and the proceeds applied against the accumulated storage and other costs, including the cost of the sale.

(g) *Subcontracting requirements.* The Contractor shall insert in any subcontracts the inspection or testing provisions set forth in paragraphs (a) through (d) of this clause and the Inspection of Supplies—Fixed Price clause of this contract. The Contractor shall be responsible for compliance by any subcontractor with the provisions set forth in paragraphs (a) through (d) of this clause and the Inspection of Supplies—Fixed Price clause.

(End of Clause)

* The Contracting Officer shall normally insert 12 months as the period during which defective or otherwise nonconforming supplies must be replaced. However, when the supplies being bought have a shelf life of less than 1 year, the shelf-life period should be used, or in the instance where a longer period may reasonably be expected to be available, the longer period should be used.

** The rates to be inserted are established by the Commissioner of the Federal Supply Service or a designee.

[56 FR 1742, Jan. 17, 1991, as amended at 58 FR 64694, Dec. 9, 1993; 59 FR 15134, Mar. 31, 1994]

552.246-71 Final inspection and tests.

As prescribed in 546.312, insert the following clause:

FINAL INSPECTION AND TESTS (MAY 1989)

The Contractor shall give written notice to the Contracting Officer at least 10 calendar days before the date the work will be completed and ready for final inspection and tests. Final inspection and tests will begin within 10 calendar days after the date specified in the Contractor's notice unless the Contracting Officer determines that the work is not ready for final inspection and so informs the Contractor.

(End of Clause)

552.246-72 Source inspection by Government.

As prescribed in 546.302-71, insert the following clause:

SOURCE INSPECTION BY GOVERNMENT (DEC 1990)

(a) *Inspection by Government personnel.*

(1) Supplies to be furnished under this contract will be inspected at source by the Government before shipment from the manufacturing plant or other facility designated by the Contractor, unless the Contractor is otherwise notified in writing by the Contracting Officer or a designated representative. Notwithstanding the foregoing, the Government may perform any or all tests contained in the contract specifications at a Government facility without prior written notice by the Contracting Officer before release of the supplies for shipment. Samples sent to a Government testing facility will be disposed of as follows: Samples from an accepted lot, not damaged in the testing process, will be returned promptly to the Contractor after completion of tests. Samples damaged in the testing process will be disposed of as requested by the Contractor. Samples from a

rejected lot will be returned to the Contractor or disposed of in a time and manner agreeable to both the Contractor and the Government.

(2) Government inspection responsibility will be assigned to the GSA quality assurance office which has jurisdiction over the State in which the Contractor's or subcontractor's plant or other designated point for inspection is located. The Contractor shall notify or arrange for subcontractors to notify the designated GSA quality assurance office 7 workdays before the date when supplies will be ready for inspection. Shipment shall not be made until after inspection by the Government is completed and shipment is authorized by the Government.

(b) *Inspection and receiving reports.* For each shipment, the Contractor shall be responsible for preparation and distribution of inspection documents as follows: (1) DD Form 250, Material Inspection and Receiving Report, or computer formatted equivalent for deliveries to military agencies; or (2) GSA Form 308, Notice of Inspection for deliveries to GSA or other civilian agencies. When required, the Contractor will be furnished a supply of GSA Form 308 and/or DD Form 250, and complete instructions for their preparation and distribution.

(c) *Inspection facilities.*

(1) The inspection system required to be maintained by the Contractor in accordance with FAR 52.246-2, Inspection of Supplies—Fixed Price, may be the Contractor's own facilities or any other facilities acceptable to the Government. These facilities shall be utilized to perform all inspections and tests of materials and components before incorporation into end articles, and for the inspection of such end articles before shipment. The Government reserves the right to evaluate the acceptability and effectiveness of the Contractor's inspection system before award and periodically during the contract period.

(2) Offerors are required to specify, in the spaces provided elsewhere in the solicitation, the name and address of each manufacturing plant or other facility where supplies will be available for inspection, indicating the item number(s) to which each applies.

(3) The Contractor shall deliver the items specified in this contract from a plant or warehouse located within the United States (including Puerto Rico and the Virgin Islands) that is equipped to perform all inspections and tests required by this contract or specifications to evidence conformance therewith, or shall arrange with a testing laboratory or other facility in the United States, acceptable to the Government, to perform the required inspections and tests.

(d) *Availability of records.*

(1) In addition to any other requirement of this contract, the Contractor shall maintain records showing the following information for each order received under the contract:

(i) Order number; (ii) date order received by the Contractor; (iii) quantity ordered; (iv) date scheduled into production; (v) batch or lot number, if applicable; (vi) date inspected and/or tested; (vii) date available for shipment; (viii) date shipped or date service completed; and (ix) National Stock Number (NSN), or if none is provided in the contract, the applicable item number or other contractual identification.

(2) These records should be maintained at the point of source inspection and shall be available to the Contracting Officer, or an authorized representative, for (i) 3 years after final payment; or (ii) 4 years from the end of the Contractor's fiscal year in which the record was created, whichever period expires first.

(e) *Additional cost for inspection and testing.* The Contractor will be charged for any additional cost for inspecting/testing or reinspection/retesting supplies for the reasons stated in paragraph (e) of FAR 52.246-2, Inspection of Supplies—Fixed Price. When inspection or testing is performed by or under the direction of GSA, charges will be at the rate of \$ * per man-hour or fraction thereof if the inspection is at a GSA distribution center; \$ * per man-hour or fraction thereof, plus travel costs incurred, if the inspection is at any other location; and \$ * per man-hour or fraction thereof for laboratory testing, except that when a testing facility other than a GSA laboratory performs all or part of the required tests, the Contractor shall be assessed the actual cost incurred by the Government as a result of testing at such facility. When inspection is performed by or under the direction of any agency other than GSA, the charges indicated above may be used, or the agency may assess the actual cost of performing the inspection and testing.

(f) *Responsibility for rejected supplies.* When the Contractor fails to remove or provide instructions for the removal of rejected supplies under FAR 52.246-2(h) pursuant to the Contracting Officer's instructions, the Contractor shall be liable for all costs incurred by the Government in taking such measures as are expedient to avoid unnecessary loss to the Contractor. In addition to the remedies provided in FAR 52.246-2, supplies may be—

(1) Stored for the Contractor's account;

(2) Reshipped to the Contractor at its expense (any additional expense incurred by the Government or the freight carrier caused by the refusal of the Contractor to accept their return also shall be for the Contractor's account); or

(3) Sold to the highest bidder on the open market and the proceeds applied against the accumulated storage and other costs, including the cost of the sale.

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(End of Clause)

* The rates to be inserted are established by the Commissioner of the Federal Supply Service or a designee.

[56 FR 1744, Jan. 17, 1991]

552.246-73 Warranty—multiple award schedule.

As prescribed in 546.710, insert the following clause:

WARRANTY—MULTIPLE AWARD SCHEDULE (FEB 1996)

Unless specified otherwise in this contract, the Contractor's standard commercial warranty as stated in the Contractor's commercial price list will apply to this contract.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 61 FR 6173, Feb. 16, 1996]

552.246-74 Warranty—International multiple award schedule.

As prescribed in 546.710(c), insert the following clause:

WARRANTY—INTERNATIONAL MULTIPLE AWARD SCHEDULE (MAY 1989)

Unless specified otherwise in this contract, the Contractor's standard commercial warranty as stated in the commercial price list applies to this contract, except: (a) The Contractor shall provide, at a minimum, a warranty on all non-consumable parts for a period of 90 days from the date that the Government accepts the product; (b) parts and labor required under the warranty provisions shall be supplied free of charge; (c) transportation costs of returning the products to and from the repair facility, or the costs involved with contractor personnel traveling to the Government facility for the purpose of repairing the product onsite shall be borne by the Contractor during the 90-day warranty period.

(End of Clause)

552.246-75 Guarantees.

As prescribed in 546.710(b), insert the following clause:

GUARANTEES (MAY 1989)

(a) Unless otherwise provided in the specifications, the Contractor guarantees all work to be in accordance with contract requirements and free from defective or inferior materials, equipment, and workmanship for 1 year after the date of final acceptance or the date the equipment or work was placed in use by the Government, whichever occurs first.

(b)(1) If, within any guarantee period, the Contracting Officer finds that guaranteed work requires repair or change because of defective or inferior materials, equipment, or workmanship or is not in accordance with contract requirements, the Contracting Officer shall notify the Contractor in writing. The Contractor shall promptly, and without additional expense to the Government, correct:

(i) All guaranteed work;

(ii) All damage to equipment, the site, the building or its contents resulting from the unsatisfactory guaranteed work; and

(iii) Any work, materials, and equipment that are disturbed in fulfilling the guarantee, including any disturbed work, materials, and equipment that may have been guaranteed under another contract.

(2) If the Contractor fails to proceed promptly in accordance with the guarantee, the Government may have such work performed at the expense of the Contractor.

(c) Any special guarantees that may be required under the contract will be subject to paragraphs (a) and (b), insofar as they do not conflict with special guarantees.

(d) The Contractor shall furnish to the Government: (1) Each transferable guarantee or warranty of equipment, materials, or installation furnished by any manufacturer, supplier, or installer in the ordinary course of business; (2) All information required to make such guarantee or warranty legally binding and effective; and (3) The information and the guarantee or warranty in sufficient time to permit the Government to meet any time limit specified in the guarantee or warranty or, if no time limit is specified, prior to completion and acceptance of all work under this contract.

(End of Clause)

552.246-76 Warranty of pesticides.

As prescribed in 546.710, insert the following clause:

WARRANTY OF PESTICIDES (MAY 1989)

(a) Notwithstanding acceptance of pesticides by the Government, the Contractor warrants that for 1 year after the date of shipment, all pesticides furnished under this contract shall meet the requirements of Pub. L. 92-516, as amended, and shall be registered with the Environmental Protection Agency (EPA).

(b) If EPA takes action to stop sale, stop use, remove, seize, or cancel registration of a pesticide within 1 year after date of shipment, the Contractor shall immediately notify the Contracting Officer. The notification will include: (1) Contract number; (2) identification of the pesticide; (3) reason for the EPA action against the pesticide; and (4) list

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of Government agencies and addresses to which it was delivered.

(End of Clause)

552.247-70 Placarding railcar shipments.

As prescribed in 547.305, insert the following clause:

PLACARDING RAILCAR SHIPMENTS (MAY 1989)

When a railcar is loaded in such a manner that it can be or should be unloaded from only one side, the Contractor shall place on the appropriate railcar door a placard reading "Unload From This Side" and on the opposite door a placard reading "Unload From Other Side."

(End of Clause)

552.249-70 Termination for convenience of the Government (fixed-price) (short form).

As prescribed in 549.502 insert the following clause:

TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED-PRICE) (SHORT FORM) (MAY 1988) (DEVIATION FAR 52.249-1 AND 52.249-2)

(a) If the Government terminates this contract for convenience, the rights of the Government and the Contractor shall be determined under paragraph (b) unless there is a termination liability schedule, in which case the rights of the parties shall be determined under paragraph (c).

(b) The clause at [Contracting Officer inserts 52.249-1 or 52.249-2, as applicable] of the FAR shall apply to the supply portion of the contract and the clause at 52.249-4 of the FAR shall apply to the service portion of the contract.

(c) If the Contractor specifies a schedule of termination liability charges that would be incurred by the Government if the Government terminates this lease contract without taking title to the equipment, the payment of such charges shall be the only responsibility of the Government to compensate the Contractor for such termination; except that, there shall be no termination liability for equipment installed after termination of this contract.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 54 FR 40061, Sept. 29, 1989]

552.249-71 Submission of termination liability schedule.

As prescribed in 549.570 insert the following clause:

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SUBMISSION OF TERMINATION LIABILITY SCHEDULE (MAY 1989)

(a) An offeror may submit, as part of its proposal, a termination liability schedule to be applied if any resultant contract is terminated by the Government for reasons other than default. The offeror shall provide and explain the amount and method of computation of the termination liability charge(s).

(b) If submitted, the termination liability schedule will be incorporated into Part I, Section B of the contract document. If a termination liability schedule is not submitted and the Government terminates any resultant contract for its convenience, the rights of the parties shall be determined under paragraph (b) of the GSAR Termination for Convenience of the Government clause at 552.249-70.

(c) Any termination liability charges existing at the end of the evaluated contract period will be considered in the evaluation of offers.

(End of Clause)

552.252-5 Authorized deviations or variations in provisions.

As prescribed in 552.107(a), insert the following provision:

AUTHORIZED DEVIATIONS OR VARIATIONS IN PROVISIONS (DEVIATION FAR 52.252-5) (JUL 1985)

(a) The use in this solicitation of any Federal Acquisition Regulation (48 CFR Chapter 1) provision with an authorized deviation or variation is indicated by the addition of "(Deviation)" or "(Variation)" after the date of the provision, if the provision is not published in the General Services Administration Acquisition Regulation (48 CFR Chapter 5). The use in this solicitation of any Federal Acquisition Regulation (FAR) provision with an authorized deviation or variation that is published in the General Services Administration Acquisition Regulation is indicated by the addition of "(Deviation (FAR provision no.))" or "(Variation (FAR provision no.))" after the date of the provision.

(b) The use in this solicitation of any General Services Administration Acquisition Regulation provision with an authorized deviation or variation is indicated by the addition of "(Deviation)" or "(Variation)" after the date of the provision.

(c) Changes in wording of provisions that are prescribed for use on a "substantially the same as" basis are not considered deviations. Therefore, when such provisions are not worded exactly the same as the FAR or GSAR provision, they are identified by the word "(Variation)."

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(End of Provision)

552.252-6 Authorized deviations or variations in clauses.

As prescribed in 552.107(b), insert the following clause:

AUTHORIZED DEVIATIONS OR VARIATIONS IN CLAUSES (DEVIATION FAR 52.252-6) (JUL 1985)

(a) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation or variation is indicated by the addition of “(Deviation)” or “(Variation)” after the date of the clause, if the clause is not published in the General Services Administration Acquisition Regulation (48 CFR Chapter 5). The use in this solicitation of any Federal Acquisition Regulation (FAR) clause with an authorized deviation or variation that is published in the General Services Administration Acquisition Regulation is indicated by the addition of “(Deviation (FAR clause no.))” or “(Variation (FAR clause no.))” after the date of the clause.

(b) The use in this solicitation of any General Services Administration Acquisition Regulation clause with an authorized deviation or variation is indicated by the addition of “(Deviation)” or “(Variation)” after the date of the clause.

(c) Changes in wording of clauses that are prescribed for use on a “substantially the same as” basis are not considered deviations. Therefore, when such clauses are not worded exactly the same as the FAR or GSAR clause, they are identified by the word “(Variation).”

(End of Clause)

552.270-1 Preparation of offers.

As prescribed in 570.702(a), insert the following provision:

PREPARATION OF OFFERS (APR 1985)

(a) Offerors are expected to read all parts of this solicitation.

(b) Offers must be (1) submitted on the forms prescribed and furnished by the Government as a part of this solicitation or on copies of those forms, and (2) signed. The person signing an offer must initial each erasure or change appearing on any offer form. If the offeror is a partnership, the names of the partners composing the firm must be included with the offer.

(c) Offers will be construed to be in full and complete compliance with this solicitation unless the offer describes any deviation in the offer.

(End of Provision)

[54 FR 26558, June 23, 1989, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-2 Explanation to prospective offerors.

As prescribed in 570.702(b), insert the following provision:

EXPLANATION TO PROSPECTIVE OFFERORS
(JUNE 1985)

Any prospective offeror desiring an explanation or interpretation of the solicitation should request it in writing. Oral explanations or instructions given to a prospective offeror will not be binding. Any information given to a prospective offeror concerning a solicitation will be furnished promptly to all other prospective offerors, if that information is necessary in submitting offers or if the lack of it would be prejudicial to any other prospective offeror.

(End of Provision)

[54 FR 26558, June 23, 1989, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-3 Late submissions, modifications, and withdrawals of offers.

As prescribed in 570.702(c), insert the following provision:

LATE SUBMISSIONS, MODIFICATIONS, AND
WITHDRAWALS OF OFFERS (AUG 1995)

(a) Any offer received at the office designated in the solicitation after the exact time specified for receipt of initial offers will not be considered unless it is received before award is made and it—

(1) Was sent by registered or certified mail not later than the fifth calendar day before the date specified for receipt of offers (e.g., an offer submitted in response to a solicitation requiring receipt of offers by the 20th of the month must have been mailed by the 15th);

(2) Was sent by mail or, if authorized by the solicitation, was sent by telegram or via facsimile and it is determined by the Government that the late receipt was due solely to mishandling by the Government after receipt at the Government installation;

(3) Was sent by U.S. Postal Service Express Mail Next Day Service-Post Office to Addressee not later than 5:00 p.m. at the place of mailing two working days prior to the date specified for receipt of offers. The term “working days” excludes weekends and U.S. Federal holidays; or

(4) Is the only offer received.

(b) A modification resulting from the Contracting Officer's request for “best and final” offers received after the date and time specified in the request will not be considered unless received before award and the late receipt is due solely to mishandling by the Government after timely receipt at the Government installation.

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(c) The only acceptable evidence to establish the date of mailing of a late offer or modification sent either by U.S. Postal Service registered or certified mail is the U.S. or Canadian Postal Service postmark both on the envelope or wrapper and on the original receipt from the U.S. or Canadian Postal Service. Both postmarks must show a legible date or the offer or modification shall be processed as if mailed late. "Postmark" means a printed, stamped, or otherwise placed impression (exclusive of a postage meter machine impression) that is readily identifiable without further action as having been supplied and affixed by employees of the U.S. or Canadian Postal Service on the date of mailing. Therefore, offerors should request the postal clerk to place a legible hand cancellation bull's eye postmark on both the receipt and the envelope or wrapper.

(d) The only acceptable evidence to establish the time of receipt at the Government installation is the time/date stamp of that installation on the offer wrapper or other documentary evidence of receipt maintained by the installation.

(e) The only acceptable evidence to establish the date of mailing of a late offer, modification, or withdrawal sent by Express Mail Next Day Service-Post Office to Addressee is the date entered by the post office receiving clerk on the "Express Mail Next Day Service-Post Office to Addressee" label and the postmark on both the envelope or wrapper and on the original receipt from the U.S. Postal Service. "Postmark" has the same meaning as defined in paragraph (c) of this provision, excluding postmarks of the Canadian Postal Service. Therefore, offerors should request the postal clerk to place a legible hand cancellation bull's eye postmark on both the receipt and the envelope or wrapper.

(f) Notwithstanding paragraph (a) of this provision, a late modification of an otherwise successful offer that makes its terms more favorable to the Government will be considered at any time it is received and may be accepted.

(g) Offers may be withdrawn by written notice or telegram (including mailgram) received at any time before award. If the solicitation authorizes facsimile offers, offers may be withdrawn via facsimile received at any time before award, subject to the conditions specified in the provision entitled "Facsimile Proposals." Offers may be withdrawn in person by an offeror or an authorized representative, if the representative's identity is made known and the representative signs a receipt for the offer before award.

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(End of Provision)

Alternate I (AUG 1995)

As prescribed in 570.702(c), substitute the following paragraph for paragraph (a) of the basic clause:

(a) Any offer received at the office designated in the solicitation after the exact time specified for receipt of best and final offers will not be considered unless it is received before award is made and it—

[57 FR 23163, June 2, 1992, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-4 Historic preference.

As prescribed in 570.702(d), insert the following provision:

HISTORIC PREFERENCE (AUG 1994)

(a) Preference will be given to offers of space in buildings on, or formally listed as eligible for inclusion in the National Register of Historic Places and to historically significant buildings in historic districts listed in the National Register. Such preference will be extended to historic buildings and will result in award if:

(1) The offer for space meets the terms and conditions of this solicitation as well as any other offer received. (It is within the discretion of the Contracting Officer to accept alternatives to certain architectural characteristics and safety features defined elsewhere in this solicitation to maintain the historical integrity of the building such as high ceilings, wooden floors, etc.); and

(2) The rental is no more than 10 percent higher on a total annual square foot (occupiable) cost to the Government than the lowest otherwise acceptable offer.

(b) If more than one offer of an historic building is received and they meet the above criteria, an award will then be made to the lowest priced historic property offered.

(End of Provision)

[54 FR 26558, June 23, 1989, as amended at 59 FR 52253, Oct. 17, 1994; 60 FR 42795, Aug. 17, 1995]

552.270-5 Lease award.

As prescribed in 570.702(e), insert the following provision:

LEASE AWARD (JUNE 1985)

(a) The Government will award a lease resulting from this solicitation to the responsible offeror, whose offer conforming to the solicitation, will be most advantageous to the Government, price and other factors specified elsewhere in this solicitation, considered.

(b) The Government may (1) reject any or all offers, (2) accept other than the lowest

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priced offer, and (3) waive informalities and minor irregularities in offers received.

(c) Negotiations conducted after receipt of an offer do not constitute a rejection or counteroffer by the Government.

(d) The unconditional acceptance of an offer establishes a valid contract.

(End of Provision)

[54 FR 26558, June 23, 1989, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-6 Parties to execute lease.

As prescribed in 570.702(f), insert the following provision:

PARTIES TO EXECUTE LEASE (AUG 1992)

(a) If the lease is executed by an attorney, agent, or trustee on behalf of the Lessor, an authenticated copy of his power of attorney, or other evidence to act on behalf of the Lessor, shall accompany the lease.

(b) If the Lessor is a partnership, the lease shall be signed with the partnership name, followed by the name of the legally authorized partner signing the same, and, if required by the Government, a copy of either the partnership agreement or current Certificate of Limited Partnership shall accompany the lease.

(c) If the Lessor is a corporation, the lease shall be signed with the corporate name, followed by the signature and title of the officer or other person signing the lease on its behalf, duly attested, and, if requested by the Government, evidence of this authority to so act shall be furnished.

(End of Provision)

[57 FR 37890, Aug. 21, 1992, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-10 Definitions.

As prescribed in 570.703(a)(1), insert the following clause:

DEFINITIONS (AUG 1992)

The following terms and phrases (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this lease shall have the respective meanings hereinafter specified:

(a) *Commencement Date* means the first day of the term.

(b) *Contract and Contractor* means *Lease and Lessor*, respectively.

(c) *Contracting Officer* means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer.

(d) *Delivery Date* means the date specified in or determined pursuant to the provisions of this lease for delivery of the premises to the Government, improved in accordance with the provisions of this lease and substantially complete, as such date may be modified in accordance with the provisions of this lease.

(e) *Delivery Time* means the number of days provided by this lease for delivery of the premises to the Government, as such number may be modified in accordance with the provisions of this lease.

(f) *Excusable Delays* mean delays arising without the fault or negligence of Lessor and Lessor's subcontractors and suppliers at any tier, and shall include, without limitation:

(1) Acts of God or of the public enemy,

(2) Acts of the United States of America in either its sovereign or contractual capacity,

(3) Acts of another contractor in the performance of a contract with the Government,

(4) Fires,

(5) Floods,

(6) Epidemics,

(7) Quarantine restrictions,

(8) Strikes,

(9) Freight embargoes,

(10) Unusually severe weather, or

(11) Delays of subcontractors or suppliers at any tier arising from unforeseeable causes beyond the control and without the fault or negligence of both the Lessor and any such subcontractor or supplier.

(g) *Lessor* means the sub-lessor if this lease is a sublease.

(h) *Lessor shall provide* means the Lessor shall furnish and install at Lessor's expense.

(i) *Notice* means written notice sent by certified or registered mail, Express Mail or comparable service, or delivered by hand. Notice shall be effective on the date delivery is accepted or refused.

(j) *Premises* means the space described in this lease.

(k) *Substantially complete* and *substantial completion* means that the work, the common and other areas of the building, and all other things necessary for the Government's access to the premises and occupancy, possession, use and enjoyment thereof, as provided in this lease, have been completed or obtained, excepting only such minor matters as do not interfere with or materially diminish such access, occupancy, possession, use or enjoyment.

(l) *Work* means all alterations, improvements, modifications, and other things required for the preparation or continued occupancy of the premises by the Government as specified in this lease.

(End of Clause)

[57 FR 37890, Aug. 21, 1992, as amended at 57 FR 52826, Nov. 5, 1992; 60 FR 42795, Aug. 17, 1995]

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552.270-11 Subletting and assignment.

As prescribed in 570.703(a)(2), insert the following clause:

SUBLETTING AND ASSIGNMENT (AUG 1992)

The Government may sublet any part of the premises but shall not be relieved from any obligations under this lease by reason of any such subletting. The Government may at any time assign this lease, and be relieved from all obligations to Lessor under this lease excepting only unpaid rent and other liabilities, if any, that have accrued to the date of said assignment. Any assignment shall be subject to prior written consent of lessor, which shall not be unreasonably withheld.

(End of Clause)

[57 FR 37891, Aug. 21, 1992, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-12 Maintenance of building and premises—Right of entry.

As prescribed in 570.703(a)(3), insert the following clause:

MAINTENANCE OF BUILDING AND PREMISES— RIGHT OF ENTRY (AUG 1992)

Except in case of damage arising out of the willful act or negligence of a Government employee, Lessor shall maintain the premises, including the building and all equipment, fixtures, and appurtenances furnished by the Lessor under this lease, in good repair and condition so that they are suitable in appearance and capable of supplying such heat, air conditioning, light, ventilation, access and other things to the premises, without reasonably preventable or recurring disruption, as is required for the Government's access to, occupancy, possession, use and enjoyment of the premises as provided in this lease. For the purpose of so maintaining the premises, the Lessor may at reasonable times enter the premises with the approval of the authorized Government representative in charge.

(End of Clause)

[57 FR 37891, Aug. 21, 1992, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-13 Fire and casualty damage.

As prescribed in 570.703(a)(4), insert the following clause:

FIRE AND CASUALTY DAMAGE (AUG 1992)

If the entire premises are destroyed by fire or other casualty, this lease will immediately terminate. In case of partial destruction or damage, so as to render the premises untenable, as determined by the Government, the Government may terminate the

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lease by giving written notice to the Lessor within 15 calendar days of the fire or other casualty; if so terminated, no rent will accrue to the Lessor after such partial destruction or damage; and if not so terminated, the rent will be reduced proportionately by supplemental agreement hereto effective from the date of such partial destruction or damage. Nothing in this lease shall be construed as relieving Lessor from liability for damage to or destruction of property of the United States of America caused by the willful or negligent act or omission of Lessor.

(End of Clause)

[57 FR 37891, Aug. 21, 1992, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-14 [Reserved]

552.270-15 Compliance with applicable law.

As prescribed in 570.703(a)(5), insert the following clause:

COMPLIANCE WITH APPLICABLE LAW (AUG 1992)

Lessor shall comply with all Federal, state and local laws applicable to the Lessor as owner or lessor, or both, of the building or premises, including, without limitation, laws applicable to the construction, ownership, alteration or operation of both or either thereof, and will obtain all necessary permits, licenses and similar items at Lessor's expense. The Government will comply with all Federal, state and local laws applicable to and enforceable against it as a tenant under this lease; provided that nothing in this lease shall be construed as a waiver of any sovereign immunity of the Government. This lease shall be governed by Federal law.

(End of Clause)

[57 FR 37891, Aug. 21, 1992, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-16 Inspection—Right of entry.

As prescribed in 570.703(a)(6), insert the following clause:

INSPECTION—RIGHT OF ENTRY (AUG 1992)

(a) At any time and from time to time after receipt of an offer (until the same has been duly withdrawn or rejected), after acceptance thereof and during the term, the agents, employees and contractors of the Government may, upon reasonable prior notice to Offeror or Lessor, enter upon the offered premises or the premises, and all other areas of the building access to which is necessary to accomplish the purposes of entry, to determine the potential or actual compliance by the Offeror or Lessor with the requirements of the solicitation or this lease,

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which purposes shall include, but not be limited to:

(1) Inspecting, sampling and analyzing suspected asbestos-containing materials and air monitoring for asbestos fibers;

(2) Inspecting the heating, ventilation and air conditioning system, maintenance records, and mechanical rooms for the offered premises or the premises;

(3) Inspecting for any leaks, spills, or other potentially hazardous conditions which may involve tenant exposure to hazardous or toxic substances; and

(4) Inspecting for any current or past hazardous waste operations, to ensure that appropriate mitigative actions were taken to alleviate any environmentally unsound activities in accordance with Federal, State, and local law.

(b) Nothing in this clause shall be construed to create a Government duty to inspect for toxic materials or to impose a higher standard of care on the Government than on other leases. The purpose of this clause is to promote the ease with which the Government may inspect the building. Nothing in this clause shall act to relieve the Lessor of any duty to inspect or liability which might arise as a result of Lessor's failure to inspect for or correct a hazardous condition.

(End of Clause)

[57 FR 37891, Aug. 21, 1992, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-17 Failure in performance.

As prescribed in 570.703(a)(7), insert the following clause:

FAILURE IN PERFORMANCE (AUG 1992)

The covenant to pay rent and the covenant to provide any service, utility, maintenance, or repair required under this lease are interdependent. In the event of any failure by the Lessor to provide any service, utility, maintenance, repair or replacement required under this lease the Government may, by contract or otherwise, perform the requirement and deduct from any payment or payments under this lease, then or thereafter due, the resulting cost to the Government, including all administrative costs. If the Government elects to perform any such requirement, the Government and each of its contractors shall be entitled to access to any and all areas of the building, access to which is necessary to perform any such requirement, and the Lessor shall afford and facilitate such access. Alternatively, the Government may deduct from any payment or payments under this lease, then or thereafter due, an amount which reflects the reduced value of the contract requirement not performed. No deduction from rent pursuant to this clause shall constitute a default by the Government under this lease. These remedies

are not exclusive and are in addition to any other remedies which may be available under this lease or at law.

(End of Clause)

[57 FR 37891, Aug. 21, 1992, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-18 Successors bound.

As prescribed in 570.703(a)(8), insert the following clause:

SUCCESSORS BOUND (AUG 1992)

This lease shall bind, and inure to the benefit of, the parties and their respective heirs, executors, administrators, successors and assigns.

(End of Clause)

[57 FR 37892, Aug. 21, 1992, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-19 Alterations.

As prescribed in 570.703(a)(9), insert the following clause:

ALTERATIONS (JUNE 1985)

The Government shall have the right during the existence of this lease to make alterations, attach fixtures, and erect structures or signs in or upon the premises hereby leased, which fixtures, additions or structures so placed in, on, upon, or attached to the said premises shall be and remain the property of the Government and may be removed or otherwise disposed of by the Government. If the lease contemplates that the Government is the sole occupant of the building, for purposes of this clause, the leased premises include the land on which the building is sited and the building itself. Otherwise, the Government shall have the right to tie into or make any physical connection with any structure located on the property as is reasonably necessary for appropriate utilization of the leased space.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 60 FR 42795, Aug. 17, 1995]

552.270-20 Proposals for adjustment.

As prescribed in 570.703(a)(10), insert the following clause:

PROPOSALS FOR ADJUSTMENT (APR 1995)

(a) The Contracting Officer may, from time to time during the term of this lease, require changes to be made in the work or services to be performed and in the terms or conditions of this lease. Such changes will be required under the Changes clause.

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(b) If the Contracting Officer makes a change within the general scope of the lease, the Lessor shall submit, in a timely manner, an itemized cost proposal for the work to be accomplished or services to be performed when the cost exceeds \$100,000. The proposal, including all subcontractor work, will contain at least the following details—

- (1) Material quantities and unit costs;
- (2) Labor costs (identified with specific item or material to be placed or operation to be performed);
- (3) Equipment costs;
- (4) Worker's compensation and public liability insurance;
- (5) Overhead;
- (6) Profit; and
- (7) Employment taxes under FICA and FUTA.

(c) The following Federal Acquisition Regulation (FAR) provisions also apply to all proposals exceeding \$500,000 in cost—

- (1) The Lessor shall provide cost or pricing data including subcontractor cost or pricing data (48 CFR 15.804-2);
 - (2) The Lessor's representative, all Contractors, and subcontractors whose portion of the work exceeds \$500,000 must sign and return the "Certificate of Current Cost or Pricing Data" (48 CFR 15.804-4); and
 - (3) The agreement for "Price Reduction for Defective Cost or Pricing Data" must be signed and returned (48 CFR 15.804-8).
- (d) Lessors shall also refer to 48 CFR Part 31, Contract Cost Principles, for information on which costs are allowable, reasonable, and allocable in Government work.

(End of Clause)

[57 FR 37892, Aug. 21, 1992, as amended at 60 FR 19363, Apr. 18, 1995; 60 FR 42795, Aug. 17, 1995]

552.270-21 Changes.

As prescribed in 570.703(a)(11), insert the following clause:

CHANGES (Aug 1995)

(a) The Contracting Officer may at any time, by written order, make changes within the general scope of this lease in any one or more of the following:

- (1) Specifications (including drawings and designs);
- (2) Work or services;
- (3) Facilities or space layout; or
- (4) Amount of space, provided the Lessor consents to the change.

(b) If any such change causes an increase or decrease in Lessor's cost of or the time required for performance under this lease, whether or not changed by the order, the Contracting Officer shall modify this lease to provide for one or more of the following:

- (1) A modification of the delivery date;
- (2) An equitable adjustment in the rental rate;

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(3) A lump sum equitable adjustment; or

(4) An equitable adjustment of the annual operating costs per occupiable square foot specified in this lease.

(c) The Lessor shall assert its right to an adjustment under this clause within 30 days from the date of receipt of the change order and shall submit a proposal for adjustment. Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, nothing in this clause shall excuse the lessor from proceeding with the change as directed.

(d) Absent such written change order, the Government shall not be liable to Lessor under this clause.

(End of Clause)

[57 FR 37892, Aug. 21, 1992, as amended at 59 FR 52253, Oct. 17, 1994; 60 FR 42795, Aug. 17, 1995]

552.270-22 Liquidated damages.

As prescribed in 570.703(b), insert the following clause:

LIQUIDATED DAMAGES (AUG 1992)

In case of failure on the part of the Lessor to complete the work within the time fixed in the lease contract or letter of award, the Lessor shall pay the Government as fixed and agreed liquidated damages, pursuant to this clause, the sum of \$_____ for each and every calendar day that the delivery is delayed beyond the date specified for delivery of all of the space ready for occupancy by the Government. This remedy is not exclusive and is in addition to any other remedies which may be available under this lease or at law.

(End of Clause)

[57 FR 37892, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-23—552.270-24 [Reserved]

552.270-25 Adjustment for vacant premises.

As prescribed in 570.703(a)(12), insert the following clause:

ADJUSTMENT FOR VACANT PREMISES (AUG 1994)

(a) If the Government fails to occupy any portion of the leased premises or vacates the premises in whole or in part prior to expiration of the firm term of the lease, the rental rate will be reduced.

(b) The rate will be reduced by that portion of the costs per occupiable square foot of operating expenses not required to maintain the space. Said reduction must occur after the Government gives 30 calendar days prior notice to the Lessor, and must continue in effect until the Government occupies the

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premises or the lease expires or is terminated.

(End of Clause)

[54 FR 26558, June 23, 1989, as amended at 59 FR 52253, Oct. 17, 1994; 60 FR 42796, Aug. 17, 1995]

552.270-26 [Reserved]

552.270-27 Delivery and condition.

As prescribed in 570.703(a)(13), insert the following clause:

DELIVERY AND CONDITION (AUG 1992)

(a) Unless the Government elects to have the space occupied in increments, the space must be delivered ready for occupancy as a complete unit. The Government reserves the right to determine when the space is substantially complete.

(b) If the premises do not in every respect comply with the provisions of this lease the Contracting Officer may, in accordance with the Failure in Performance clause of this lease, elect to reduce the rent payments.

(End of Clause)

[57 FR 37893, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-28 Default in delivery—Time Extensions.

As prescribed in 570.703(a)(14), insert the following clause:

DEFAULT IN DELIVERY—TIME EXTENSIONS (AUG 1994)

(a) With respect to Lessor's obligation to deliver the premises substantially complete by the delivery date (as such date may be modified pursuant to this lease), time is of the essence. If the Lessor fails to prosecute the work with the diligence that will ensure its substantial completion by the delivery date or fails to substantially complete the work by such date, the Government may by notice to the Lessor terminate this lease, which termination shall be effective when received by Lessor. The Lessor and the Lessor's sureties, if any, shall be jointly and severally liable for any damages to the Government resulting from such termination, as provided in this clause. The Government shall be entitled to the following damages:

(1) The Government's aggregate rent and estimated real estate tax and operating cost adjustments for the firm term and all option terms of its replacement lease or leases, in excess of the aggregate rent and estimated real estate tax and operating cost adjustments for the term; provided, if the Government procures replacement premises for a term (including all option terms) in excess of the term, the Lessor shall not be liable for

excess Government rent or adjustments during such excess part of such term;

(2) All administrative and other costs borne by the Government in procuring a replacement lease or leases;

(3) Such other, additional relief as may be provided for in this lease, at law or in equity.

(4) Damages to which the Government may be entitled under this clause shall be due and payable thirty (30) days next following the date Lessor receives notice from the Contracting Officer specifying such damages.

(b) Delivery by Lessor of less than the minimum occupiable square footage required by this lease shall in no event be construed as substantial completion, except as permitted by the Contracting Officer.

(c) Notwithstanding in paragraph (a) of this clause, this lease shall not be terminated under this clause nor the Lessor charged with damages under this clause, if:

(1) The delay in substantially completing the work arises from excusable delays and

(2) The Lessor within 10 days from the beginning of any such delay (unless extended in writing by the Contracting Officer) provides notice to the Contracting Officer of the causes of delay. The Contracting Officer shall ascertain the facts and the extent of delay. If the facts warrant such action, the delivery date shall be extended, by the Contracting Officer, to the extent of such delay at no additional costs to the Government. A time extension is the sole remedy of the Lessor.

(End of Clause)

[57 FR 37893, Aug. 21, 1992, as amended at 57 FR 52826, Nov. 5, 1992; 59 FR 52253, Oct. 17, 1994; 60 FR 42796, Aug. 17, 1995]

552.270-29 [Reserved]

552.270-30 Progressive occupancy.

As prescribed in 570.703(a)(15), insert the following clause:

PROGRESSIVE OCCUPANCY (Aug 1992)

The Government shall have the right to elect to occupy the space in partial increments prior to the substantial completion of the entire leased premises, and the Lessor agrees to schedule its work so as to deliver the space incrementally as elected by the Government. The Government shall pay rent commencing with the first business day following substantial completion of the entire leased premise unless the Government has elected to occupy the leased premises incrementally. In case of incremental occupancy, the Government shall pay rent pro rata upon the first business day following substantial completion of each incremental unit. Rental payments shall become due on the first workday of the month following the month

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in which an increment of space is substantially complete, except that should an increment of space be substantially completed after the fifteenth day of the month, the payment due date will be the first workday of the second month following the month in which it was substantially complete. The commencement date of the firm lease term will be a composite determined from all rent commencement dates.

(End of Clause)

[57 FR 37893, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-31 Payment.

As prescribed in 570.703(a)(16), insert the following clause:

PAYMENT (AUG 1994)

(a) When space is offered and accepted, the occupiable square footage delivered will be confirmed by:

(1) the Government's measurement of plans submitted by the successful offeror as approved by the Government, and an inspection of the space to verify that the delivered space is in conformance with such plans; or

(2) a mutual on-site measurement of the space if the Contracting Officer determines that it is necessary.

(b) Payment will not be made for space which is in excess of the amount of occupiable square footage stated in the lease.

(c) If it is determined that the amount of occupiable square footage actually delivered is less than the amount agreed to in the lease, the lease will be modified to reflect the amount of occupiable space delivered and the annual rental will be adjusted as follows:

(1) Occupiable square feet not delivered multiplied by one plus the common area factor (CAF), multiplied by the rate per rentable square foot (RSF).

(2) $OSF \times (1 + CAF) \times \text{Rate per RSF} = \text{Reduction in Annual Rent}$.

[59 FR 52253, Oct. 17, 1994, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-32 Effect of acceptance and occupancy.

As prescribed in 570.703(a)(17), insert the following clause:

EFFECT OF ACCEPTANCE AND OCCUPANCY (AUG 1992)

Neither the Government's acceptance of the premises for occupancy, nor the Government's occupancy thereof, shall be construed as a waiver of any requirement of or right of the Government under this Lease, or as otherwise prejudicing the Government with respect to any such requirement or right.

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(End of Clause)

[57 FR 37893, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-33 Default by lessor during the term.

As prescribed in 570.703(a)(18), insert the following provision:

DEFAULT BY LESSOR DURING THE TERM (AUG 1992)

(a) Each of the following shall constitute a default by Lessor under this lease:

(1) Failure to maintain, repair, operate or service the premises as and when specified in this lease, or failure to perform any other requirement of this lease as and when required provided any such failure shall remain uncured for a period of thirty (30) days next following Lessor's receipt of notice thereof from the Contracting Officer or an authorized representative.

(2) Repeated and unexcused failure by Lessor to comply with one or more requirements of this lease shall constitute a default notwithstanding that one or all such failures shall have been timely cured pursuant to this clause.

(b) If a default occurs, the Government may, by notice to Lessor, terminate this lease for default and if so terminated, the Government shall be entitled to the damages specified in the Default in Delivery-Time Extensions Clause.

(End of Clause)

[57 FR 37893, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-34 Subordination, nondisturbance and attornment.

As prescribed in 570.703(a)(19), insert the following clause:

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT (AUG 1992)

(a) Lessor warrants that it holds such title to or other interest in the premises and other property as is necessary to the Government's access to the premises and full use and enjoyment thereof in accordance with the provisions of this lease. Government agrees, in consideration of the warranties and conditions set forth in this clause, that this lease is subject and subordinate to any and all recorded mortgages, deeds of trust and other liens now or hereafter existing or imposed upon the premises, and to any renewal, modification or extension thereof. It is the intention of the parties that this provision shall be self-operative and that no further instrument shall be required to effect the present or subsequent subordination of this lease. Government agrees, however,

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within twenty (20) business days next following the Contracting Officer's receipt of a written demand, to execute such instruments as Lessor may reasonably request to evidence further the subordination of this lease to any existing or future mortgage, deed of trust or other security interest pertaining to the premises, and to any water, sewer or access easement necessary or desirable to serve the premises or adjoining property owned in whole or in part by Lessor if such easement does not interfere with the full enjoyment of any right granted the Government under this lease.

(b) No such subordination, to either existing or future mortgages, deeds of trust or other lien or security instrument shall operate to affect adversely any right of the Government under this lease so long as the Government is not in default under this lease. Lessor will include in any future mortgage, deed of trust or other security instrument to which this lease becomes subordinate, or in a separate nondisturbance agreement, a provision to the foregoing effect. Lessor warrants that the holders of all notes or other obligations secured by existing mortgages, deeds of trust or other security instruments have consented to the provisions of this clause, and agrees to provide true copies of all such consents to the Contracting Officer promptly upon demand.

(c) In the event of any sale of the premises or any portion thereof by foreclosure of the lien of any such mortgage, deed of trust or other security instrument, or the giving of a deed in lieu of foreclosure, the Government will be deemed to have attorned to any purchaser, purchasers, transferee or transferees of the premises or any portion thereof and its or their successors and assigns, and any such purchasers and transferees will be deemed to have assumed all obligations of the Lessor under this lease, so as to establish direct privity of estate and contract between Government and such purchasers or transferees, with the same force, effect and relative priority in time and right as if the lease had initially been entered into between such purchasers or transferees and the Government; provided, further, that the Contracting Officer and such purchasers or transferees shall, with reasonable promptness following any such sale or deed delivery in lieu of foreclosure, execute all such revisions to this lease, or other writings, as shall be necessary to document the foregoing relationship.

(d) None of the foregoing provisions may be deemed or construed to imply a waiver of the Government's rights as a sovereign.

(End of Clause)

[57 FR 37894, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-35 Statement of lease.

As prescribed in 570.703(a)(20), insert the following clause:

STATEMENT OF LEASE (AUG 1992)

(a) The Contracting Officer will, within thirty (30) days next following the Contracting Officer's receipt of a joint written request from Lessor and a prospective lender or purchaser of the building, execute and deliver to Lessor a letter stating that the same is issued subject to the conditions stated in this clause and, if such is the case, that:

(1) the lease is in full force and effect;

(2) the date to which the rent and other charges have been paid in advance, if any; and

(3) whether any notice of default has been issued.

(b) Letters issued pursuant to this clause are subject to the following conditions:

(1) That they are based solely upon a reasonably diligent review of the Contracting Officer's lease file as of the date of issuance;

(2) That the Government shall not be held liable because of any defect in or condition of the premises or building;

(3) That the Contracting Officer does not warrant or represent that the premises or building comply with applicable Federal, State and local law; and

(4) That the Lessor, and each prospective lender and purchaser are deemed to have constructive notice of such facts as would be ascertainable by reasonable prepurchase and precommitment inspection of the Premises and Building and by inquiry to appropriate Federal, State and local Government officials.

(End of Clause)

[57 FR 37894, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-36 Substitution of tenant agency.

As prescribed in 570.703(a)(21), insert the following clause:

SUBSTITUTION OF TENANT AGENCY (AUG 1992)

The Government may, at any time and from time to time, substitute any Government agency or agencies for the Government agency or agencies, if any, named in the lease.

(End of Clause)

[57 FR 37894, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-37 No waiver.

As prescribed in 570.703(a)(22), insert the following clause:

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NO WAIVER (AUG 1992)

No failure by either party to insist upon the strict performance of any provision of this lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent or other performance by either party during the continuance of any such breach shall constitute a waiver of any such breach of such provision.
(End of Clause)

[57 FR 37894, Aug. 21, 1992, as amended at 57 FR 52826, Nov. 5, 1992; 60 FR 42796, Aug. 17, 1995]

552.270-38 Integrated agreement.

As prescribed in 570.703(a)(23), insert the following clause:

INTEGRATED AGREEMENT (AUG 1992)

This Lease, upon execution, contains the entire agreement of the parties and no prior written or oral agreement, express or implied, shall be admissible to contradict the provisions of the Lease.
(End of Clause)

[57 FR 37894, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-39 Mutuality of obligation.

As prescribed in 570.703(a)(24), insert the following clause:

MUTUALITY OF OBLIGATION (AUG 1992)

The obligations and covenants of the Lessor, and the Government's obligation to pay rent and other Government obligations and covenants, arising under or related to this Lease, are interdependent. The Government may, upon issuance of and delivery to Lessor of a final decision asserting a claim against Lessor, set off such claim, in whole or in part, as against any payment or payments then or thereafter due the Lessor under this lease. No setoff pursuant to this clause shall constitute a breach by the Government of this lease.
(End of Clause)

[57 FR 37894, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-40 Asbestos and hazardous waste management.

As prescribed in 570.703(a)(25), insert the following clause:

ASBESTOS AND HAZARDOUS WASTE MANAGEMENT (AUG 1992)

The certifications made by the Offeror regarding asbestos and hazardous waste management contained in the representation and certification provisions of this lease are material representations of fact upon which the

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Government relies when making award. If it is later determined that the presence or management of asbestos and/or hazardous waste has been misrepresented, the Government reserves the right to require the Lessor, at no cost to the Government, to abate (remove, encapsulate, enclose, or repair) such asbestos and/or mitigate hazardous waste conditions, with such work performed in accordance with Federal (e.g., EPA, OSHA, and DOT), State, and local regulations and guidance, or, alternatively, the Government may terminate the lease. This is in addition to other remedies available to the Government.
(End of Clause)

[57 FR 37894, Aug. 21, 1992, as amended at 60 FR 42796, Aug. 17, 1995]

552.270-41 Acceptance of space.

As prescribed in 570.703(a)(26), insert the following clause:

ACCEPTANCE OF SPACE (AUG 1994)

(a) When the lessor has completed all alterations, improvements, and repairs necessary to meet the requirements of the lease, the lessor shall notify the Contracting Officer. The Contracting Officer or designated representative shall promptly inspect the space.

(b) The Government will accept the space and the lease term will begin after determining that the space is substantially complete and contains the required occupiable square footage as indicated in Paragraph 1.1, Amount and Type of Space, of this solicitation.

[59 FR 52253, Oct. 17, 1994, as amended at 60 FR 42796, Aug. 17, 1995]

Subpart 552.3—Provision and Clause Matrixes

552.300 Scope of subpart.

This subpart consists of a series of matrixes, one each for supply, service, construction, architect-engineer and simplified acquisition contracts which lists the applicable GSA provisions and clauses; and one each for utility contracts (sole supplier-regulated rates) and leases of real property which list the applicable FAR and GSAR provisions and clauses.

NOTE: The matrixes do not appear in this volume of the FEDERAL REGISTER or Title 48, Chapter 5 of the Code of Federal Regulations. Individual copies may be obtained from the Director of the Office of GSA Acquisition

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Policy and Regulations (VP), 18th and F Street, NW., Washington, DC 20405.

[54 FR 26558, June 23, 1989, as amended at 60 FR 42804, Aug. 17, 1995]

PART 553—FORMS

Subpart 553.1—General

553.101 Requirements for use of forms.

553.102 Current editions.

553.170 Establishing and revising GSA forms.

553.171 Forms incorporated by reference.

Subpart 553.3—Illustrations of Forms

553.300 Scope of subpart.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26584, June 23, 1989, unless otherwise noted.

Subpart 553.1—General

553.101 Requirements for use of forms.

(a) The requirements for use of GSA forms are explained in other parts of this regulation.

(b) The location in the text where a form is prescribed is identified by a cross-reference shown on the illustration of the form. When a form is mentioned in more than one place in this regulation, the section referenced on the illustration is the section where the basic prescription can be found.

553.102 Current editions.

Contracting officers shall use the current edition of the forms in Subpart 553.3 unless otherwise authorized under this regulation.

553.170 Establishing and revising GSA Forms.

(a) If two or more GSA services/offices use a GSA form, the Office of Ac-

quisition Policy is responsible for maintaining the form. When a GSA form is used by a particular GSA service/office or if the form is used in connection with a type of contract which is unique to one service/office (e.g., construction contracts), that service/office is responsible for maintenance of the form.

(b) Proposed new or revised GSA procurement related forms must be submitted to the Office of Acquisition Policy for review and concurrence.

553.171 Forms incorporated by reference.

Forms containing solicitation provisions and/or contract clauses may be incorporated by reference in solicitations/contracts.

The contracting officer shall insert a clause substantially the same as the clause at 552.253-70 in solicitations and contracts when GSA Forms containing solicitation provisions and/or contract clauses are incorporated by reference.

Subpart 553.3—Illustrations of Forms

553.300 Scope of subpart.

Standard and GSA forms prescribed or referenced in the text of this chapter are illustrated in and made a part of the GSAR loose-leaf edition. The forms are not illustrated in this volume of the FEDERAL REGISTER or Title 48, Chapter 5 of the Code of Federal Regulations. Copies may be obtained from the Director of the Office of GSA Acquisition Policy and Regulations (VP), 18th and F Streets, NW., Washington, DC 20405.

SUBCHAPTERS I–M [RESERVED]**SUBCHAPTER N—SPECIAL CONTRACTING PROGRAMS****PART 570—ACQUISITION OF
LEASEHOLD INTERESTS IN REAL
PROPERTY****Subpart 570.1—General**

Sec.

- 570.101 Applicability.
- 570.102 Definitions.
- 570.103 Authority to lease.
- 570.104 Contracting officers.
- 570.105 Competition.
- 570.106 Methods of contracting.

**Subpart 570.2—Simplified Lease
Acquisition Procedures**

- 570.201 Definitions.
- 570.202 Purpose.
- 570.203 Policy.
- 570.204 Procedures.
- 570.204–1 Market survey.
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- 570.204–3 Soliciting offers.
- 570.204–4 Negotiation, evaluation, and award.
- 570.204–5 Inspection.

**Subpart 570.3—Procedures for Contracting
for Leasehold Interests in Real Property**

- 570.301 Market surveys.
- 570.302 Publicizing/Advertising.
- 570.303 Solicitation for offers (SFO).
- 570.304 Changes to SFO's.
- 570.305 Negotiations.
- 570.306 Evaluating offers.
- 570.307 Late offers, modifications of offers, and withdrawals of offers.
- 570.308 Preaward requirements.
- 570.308–1 General.
- 570.308–2 Cost or pricing data.
- 570.308–3 Proposal evaluation.
- 570.308–4 Responsibility determinations.
- 570.309 Award.
- 570.310 Debriefings.
- 570.311 Inspection.

**Subpart 570.4—Mistakes, Protests,
Miscellaneous**

- 570.401 Disclosure of mistakes after award.
- 570.402 Protests.
- 570.403 Awards to Federal employees.

**Subpart 570.5—Special Aspects of Con-
tracting for Continuing Space Require-
ments**

- 570.501 Renewal options.

- 570.502 Succeeding leases.
- 570.503 Expansion requests.
- 570.504 Superseding leases.
- 570.505 Lease extensions.

**Subpart 570.6—Special Aspects of
Contracting for Lease Alterations**

- 570.601 General.
- 570.602 Alterations by the lessor.
- 570.602–1 Justification and approval require-ments.
- 570.602–2 Procedures.
- 570.603 Alterations by the Government.

**Subpart 570.7—Solicitation Provisions and
Contract Clauses**

- 570.701 FAR provisions and clauses.
- 570.702 Solicitation provisions.
- 570.703 Contract clauses.
- 570.704 Use of provisions and clauses.

**Subpart 570.8—Forms Used for Contracting
for Leasehold Interests in Real Property**

- 570.801 Standard forms.
- 570.802 GSA forms.

AUTHORITY: 40 U.S.C. 486(c).

SOURCE: 54 FR 26585, June 23, 1989, unless otherwise noted.

Subpart 570.1—General**570.101 Applicability.**

(a) This part does not apply to the acquisition of leasehold interests in real property by the power of eminent domain, or by donation, or to the acquisition of leasehold interests in bare or unimproved land.

(b) Other parts of the GSAR apply to the acquisition of leasehold interests in real property only to the extent specified in this part and 501.103(b).

570.102 Definitions.

Acquisition means the acquiring by lease with appropriated funds of an interest in improved real property for use by the Federal Government whether the space is already in existence or must be constructed. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy

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agency needs, market survey, solicitation, award of lease, lease performance, lease administration, and those technical and management functions directly related to the process of fulfilling agency space needs by contract.

Contract means lease.

Contractor means lessor.

Landlord or *lessor* means any individual, firm, partnership, trust, association, state or local government, or other legal entity that leases real property to the Government.

Lease or *leasehold interest in real property* means a conveyance to the Government of the right of exclusive possession of real property for a definite period of time by a landlord. It may include services provided by the landlord such as heating, ventilation, air conditioning, utilities, custodial services, and other related services furnished by the landlord.

Lessee or *tenant* means the United States of America.

Rent and related services means the consideration paid for the use of leased property plus the costs of operational services such as heat, light, and janitor services whether furnished by the lessor, the Government, or both.

Simplified lease acquisition threshold means \$100,000 average annual rent, excluding the cost of operational services, such as heat, light, and janitorial services, whether furnished by the lessor, the government, or both, for the term of the lease, including option periods.

Small business means a concern including affiliates, which is organized for profit, is independently-owned and operated, is not dominant in the field of leasing commercial real estate, and has annual average gross receipts of \$15 million or less for the preceding three fiscal years.

Solicitation for Offers (SFO) means invitation for bids in sealed bidding or request for proposals in negotiations.

Space in buildings means the premises leased, or to be leased, including improvements. Its quantity is normally expressed in terms of square feet. It does not include space acquired by the power of eminent domain, donation, or condemnation or acquisitions of bare or unimproved land.

Substantially as follows or *substantially the same as*, when used in the prescription of a provision or clause, means that authorization is granted to prepare and utilize a variation of that provision or clause to accommodate requirements that are peculiar to an individual acquisition, provided that the variation includes the salient features of the FAR/GSAR provision or clause, and is not inconsistent with the intent, principle, and substance of the FAR/GSAR provision or clause or related coverage on the subject matter.

[54 FR 26585, June 23, 1989, as amended at 60 FR 19363, Apr. 18, 1995; 60 FR 42796, Aug. 17, 1995]

570.103 Authority to lease.

The Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(h)(1)), as amended, and Section 1 of the Reorganization Plan No. 18 of 1950 (40 U.S.C. 490 Note) authorize the Administrator of General Services to acquire leasehold interests in real property for use by Federal agencies. The authority is limited to leases for buildings and improvements that do not bind the Government for periods in excess of 20 years.

570.104 Contracting officers.

Contracting officers, acting within the scope of their appointments, are the exclusive agents to enter into and administer leases on behalf of the Government in accordance with agency procedures.

[60 FR 42796, Aug. 17, 1995]

570.105 Competition.

Unless the simplified procedures in subpart 570.2 are used, the competition requirements of FAR part 6 and part 506 apply to the acquisition of leasehold interests in real property.

[60 FR 42796, Aug. 17, 1995]

570.106 Methods of contracting.

(a) The use of sealed bidding to acquire space in buildings is generally not feasible, unless a building site has been preselected and a building is to be constructed on the site in accordance with Government furnished plans and specifications for lease to the Government. When using sealed bidding, see

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the procedures in FAR Part 14 and Part 514.

(b) The negotiated method is normally the best suited for acquiring space in buildings through a lease contract because it is necessary to conduct discussions with offerors about their proposals and factors other than price must be considered in making the award.

(c) The design-build selection procedures in section 303M of the Federal Property and Administrative Services Act of 1949, as amended, may be used for lease construction projects, including lease construction projects with options to purchase the real property leased. The design-build selection procedures may be used when the lease involves the design and construction of a public building, facility or work for lease to the Government if the contracting officer makes a determination that:

- (1) Three or more offers are likely to be received,
- (2) Design work must be performed before an offeror can develop a price or cost proposal, and
- (3) The offeror will incur a substantial amount of expense in preparing the offer.

[54 FR 26585, June 23, 1989, as amended at 61 FR 24721, May 16, 1996]

Subpart 570.2—Simplified Lease Acquisition Procedures

SOURCE: 60 FR 42796, Aug. 17, 1995, unless otherwise noted.

570.201 Definitions.

Simplified lease acquisition procedures mean the procedures described in this subpart for awarding leases at or below the simplified lease acquisition threshold of \$100,000, including options.

570.202 Purpose.

The purpose of this subpart is to prescribe simplified procedures for small leases in order to reduce administrative costs while providing for the efficient and economical acquisition of leasehold interests in real property.

570.203 Policy.

Simplified lease acquisition procedures should be used to the maximum extent practicable for actions at or below the simplified lease acquisition threshold.

570.204 Procedures.**570.204-1 Market survey.**

A market survey must be conducted to identify potential sources. The contracting officer may use information available within GSA or from other available sources to identify locations that will meet the Government's minimum requirements.

570.204-2 Competition.

(a) When the lease is not expected to exceed the simplified lease acquisition threshold, the solicitation of at least three sources is considered to promote competition to the maximum extent practicable. When repeated requirements for space occur in the same market, and if practicable, two sources not included in the most recent solicitation should be invited to submit offers.

(b) If only one source is solicited, the file must be documented with an explanation for the lack of competition.

570.204-3 Soliciting offers.

(a) Offers should be solicited by presenting each prospective offeror with a proposed short form lease or SFO which identifies all minimum requirements, all award factors, including price or cost, and any significant subfactors that will be considered in awarding the lease and which states the relative importance the Government places on the evaluation factors or subfactors. In describing the evaluation factors to be considered, the solicitation shall clearly disclose whether all evaluation factors other than cost or price when combined, are significantly more important than cost or price; approximately equal in importance to cost or price; or significantly less important than cost or price.

(b) The proposed lease or SFO must describe the Government's requirements and include, either in full text or by reference, applicable FAR provisions and contract clauses required by 570.701 and applicable GSAR provisions

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and clauses required by 570.702 and 570.703.

(c) To the extent necessary, the Government's requirements, pricing matters, evaluation procedures and submission of offers should be reviewed with prospective offerors.

570.204-4 Negotiation, evaluation, and award.

(a) Negotiations, if applicable, should be conducted in accordance with 570.305.

(b) Offers must be evaluated in accordance with the solicitation. The contracting officer shall evaluate the price and document the lease file to demonstrate that the proposed contract prices represent fair and reasonable prices. In cases where the total cost exceeds \$500,000, cost and pricing data must be obtained unless the requirement is waived or one of the exemptions at FAR 15.804-2 applies. The market price exemption from submission of cost or pricing data may be applied to proposed leases where there is evidence that the price is based on an established market price for similar space leased to the general public. A market survey and/or an appraisal conducted in accordance with accepted real property appraisal procedures may be used as evidence to establish the market price.

(c) An acceptable small business subcontracting plan must be provided if the total contract value of the lease will exceed \$500,000, unless the lease will be awarded to a small business concern.

(d) For leases expected to exceed \$100,000, a Certificate of Procurement Integrity must be provided to the proposed successful offeror for completion and submission before award.

(e) The contracting officer should review the List of Parties Excluded from Federal Procurement and Nonprocurement Programs, to ensure the proposed awardee is eligible to receive the award and is otherwise responsible before awarding the lease.

(f) An award will be made to the responsible offeror whose proposal is most advantageous to the Government considering price and other factors included in the solicitation.

570.204-5 Inspection.

The space must be inspected to ensure that it is in substantial compliance with the Government's requirements and specifications before acceptance by the contracting officer. The contract file must be documented accordingly.

Subpart 570.3—Procedures for Contracting for Leasehold Interests in Real Property

SOURCE: 60 FR 42797, Aug. 17, 1995, unless otherwise noted.

570.301 Market surveys.

A market survey must be conducted to identify potential sources. The contracting officer may use information available within GSA or from other available sources to identify locations that will meet the Government's minimum requirements.

570.302 Publicizing/Advertising.

(a) Leasing actions for blocks of space of more than 10,000 square feet must be publicized in local newspapers and may also be posted on an on-line information system, unless exempt under FAR 5.202 or 505.202.

(b) When the Government intends to acquire a leasehold interest in a building to be constructed on a preselected site, the proposed acquisition must be synopsized in the Commerce Business Daily (CBD).

570.303 Solicitation for offers (SFO).

(a) The SFO is the basis for the entire lease negotiation process and must be made a part of the lease. SFO's must contain the information necessary to enable the prospective offeror to prepare a proposal. Each SFO, at a minimum, must—

(1) Be in writing.

(2) Contain a description of the minimum requirements of the Government, including—

(i) A description of the required space.

(ii) Specifications. The type of specification will depend upon the nature of the space needed by the agency and the market available to satisfy the need. Specifications may be stated in terms

of function, performance, or design requirements. The specification must be drafted to promote full and open competition and include restrictive provisions or conditions only to the extent necessary to satisfy the needs of the agency or as authorized by law.

(iii) Any special requirements.

(iv) A delivery schedule.

(3) State the method to be used to measure space.

(4) Specify a date and place for the submission of offers.

(5) Indicate how offers will be evaluated.

(6) Indicate how offers are to be structured.

(7) Describe the source selection procedures to be used.

(i) Unless the design-build selection procedures are being used as authorized by 570.106(c), the solicitation must either:

(A) State that award will be made to the offeror that meets the SFO's minimum requirements at the lowest cost or price, or

(B) Identify all factors, including price or cost, and any significant subfactors that will be considered in awarding the lease and state the relative importance the Government places on those evaluation factors and subfactors. In describing the evaluation factors to be considered, the SFO shall clearly disclose whether all evaluation factors other than cost or price when combined, are significantly more important than cost or price, approximately equal in importance to cost or price, or significantly less important than cost or price. Numerical weights, which may be employed in the evaluation of proposals, need not be disclosed in the solicitation. The SFO must inform offerors of minimum requirements that apply to the procurement. The other factors that will be considered in evaluating proposals should be tailored to each acquisition and include only those factors that will have an impact on the award decision. The evaluation factors that apply to an acquisition and the relative importance of those factors are within the broad discretion of the contracting officer. However, price or cost to the Government must be included as an evaluation factor in every case.

(ii) When the design-build selection procedures are being used as authorized by 570.106(c), the solicitation must

(A) Identify the evaluation factors and subfactors to be used in evaluating phase-one proposals and indicate their relative importance,

(B) State the maximum number of offerors that are to be selected to submit competitive proposals in phase-two, and

(C) Identify the evaluation factors and subfactors, including cost or price, to be used in evaluating phase-two proposals and selecting the successful offeror. Evaluation factors to be used in evaluating phase-one proposals must be stated in the solicitation. Phase-one factors include specialized experience and technical competence, capability to perform, past performance of the offeror's team (including the architect-engineer and construction members of the team) and other appropriate factors, such as site or location. In phase-one, offerors will not be required to submit detailed design information or cost or price information and use of cost related or price related evaluation factors is not permitted. The maximum number of offerors to be selected for phase-two must not exceed 5 unless the contracting officer determines that specifying a number greater than 5 is in the Government's interest and is consistent with the purpose and objectives of the two-phase selection process. For phase-two the solicitation should identify all factors, including price or cost, and any significant subfactors that will be considered in awarding the lease and state the relative importance the Government places on those evaluation factors and subfactors and otherwise comply with paragraph (a)(7)(i) of this section.

(8) Include a statement outlining the information that may be disclosed in post-award debriefings.

(9) Include appropriate forms as prescribed in subpart 570.8.

(b) The SFO must be released to all prospective offerors at the same time.

[60 FR 42797, Aug. 17, 1995, as amended at 61 FR 24721, May 16, 1996]

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570.304 Changes to SFO's.

(a) When the Government's requirements change (either before or after receipt of proposals), the SFO must be amended in writing.

(b) When time is of the essence, information on SFO amendments may be provided orally if—

(1) A record is made of the information provided;

(2) All offerors or prospective offerors are given notice, or attempts to provide offerors or prospective offerors with such notice are made, on the same day, if possible; and

(3) The information provided orally is promptly confirmed by a written amendment.

(c) When amendments to the Government's requirements occur, the following procedures apply—

(1) If proposals have not been submitted, amendments must be sent to all prospective offerors who have been sent a copy of the SFO.

(2) If proposals have been received, the amendments must be sent to all of the offerors.

(3) If an amendment is so substantial that it requires a complete revision of the SFO, the SFO should be concealed and a new SFO issued.

570.305 Negotiations.

(a) Negotiations will be conducted with all offerors that are within the competitive range. The contracting officer shall determine the competitive range on the basis of cost and other factors that were stated in the SFO and shall include in the competitive range all offers that have a reasonable chance of being selected for award.

(b) The content and extent of the negotiations are a matter of the contracting officer's judgment based on the particular facts of each acquisition. The contracting officer shall—

(1) Control all discussions;

(2) Advise offerors of deficiencies in their proposals so that offerors are given an opportunity to satisfy the Government's requirements; attempt to resolve any uncertainties concerning the proposals; resolve any suspected mistakes by calling them to the offeror's attention as specifically as possible without disclosing informa-

tion concerning other offerors' proposals or the evaluation process; and

(3) Provide offerors a reasonable opportunity to submit any cost or price, technical, or other revisions to their proposals that may result from the discussions.

(c) No indication may be given to any offeror of a target price which must be met.

(d) No information regarding the number or identity of offerors participating in the procurement may be made available to anyone whose official duties do not require such knowledge.

(e) Negotiations must be closed by establishing a date and time for closing of negotiations and requesting in writing that offerors submit a "best and final offer" by that date.

(f) Negotiations may not be conducted after the closing date for best and final offers unless negotiations are reopened with all offerors in the competitive range.

(g) Negotiations are confidential and must reflect complete agreement on all items and conditions of the lease contract. Information regarding the transaction will not be announced or made available until after the contract is awarded.

(h) A written negotiation record must be placed in the lease file.

570.306 Evaluating offers.

(a) An abstract of final offers may be prepared to aid in the analysis of offers received.

(b) Offers must be evaluated in accordance with the SFO.

570.307 Late offers, modifications of offers, and withdrawals of offers.

Offers determined to be received late will be handled in accordance with FAR 15.412.

570.308 Preaward requirements.

570.308-1 General.

(a) If an offeror answers affirmatively on the Contingent Fee Representation and Agreement, in order to comply with the warranty requirement of 41 U.S.C. 254(a), the requirements of FAR 3.4 and 503.4 must be followed for

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leasing actions expected to exceed the simplified lease acquisition threshold.

(b) For leases expected to exceed \$100,000, a Certificate of Procurement Integrity must be provided to the proposed successful offeror for completion and submission before award.

(c) Other applicable certifications should be reviewed for compliance with regulations.

570.308-2 Cost or pricing data.

(a) Cost or pricing data are required under the circumstances described in FAR 15.804-2.

(b) The exemptions from and waivers of submission of certified cost or pricing data are outlined in FAR 15.804-3. The competition exemption applies when adequate price competition, as defined in FAR 15.804-3(b), is obtained. The market price exemption from submission of cost or pricing data may be applied to proposed leases where there is evidence that the price is based on an established market price for similar space leased to the general public. A market survey and/or an appraisal conducted in accordance with accepted real property appraisal procedures may be used as evidence to establish the market price. The contracting officer may grant an exemption and need not require the prospective lessor to submit a Standard Form 1412, Claim for Exemption from Submission of Certified Cost or Pricing Data, when there is evidence, before solicitation, that there is an acceptable established market price (see FAR 15.804-3(e)(3)).

(c) In exceptional cases, the requirement for submission of certified cost or pricing data may be waived under FAR 15.804-3(i).

(d) When certified cost or pricing data is required, the contracting officer shall follow the procedural requirements in FAR 15.804-6(e).

(e) If the proposed lessor refuses to provide the data when required, the contracting officer shall follow the procedures in FAR 15.804-6(e) and 515.804-6.

[60 FR 42797, Aug. 17, 1995, as amended at 61 FR 6173, Feb. 16, 1996]

570.308-3 Proposal evaluation.

(a) Offers must be evaluated in accordance with the solicitation. The contracting officer shall evaluate the

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price and document the lease file to demonstrate that the proposed contract prices represent fair and reasonable prices.

(b) The lease file must also document the evaluation of other award factors listed in the solicitation. The file must include the basis for evaluation, an analysis of each offer, and a summary of findings.

570.308-4 Responsibility determinations.

(a) The contracting officer shall make a determination that the prospective awardee is responsible with respect to the lease being considered. The contracting officer's signature on the contract is deemed to be an affirmative determination. When an offeror is found to be nonresponsible, the contracting officer shall make, sign and place in the contract file a determination of nonresponsibility which shall state the basis for the determination.

(b) If a small business concern is found to be nonresponsible, the procedures at FAR 19.6 and 519.6 must be followed. All documents and reports supporting a determination of responsibility or nonresponsibility must be placed in the lease file.

570.309 Award.

(a) An award will be made to the responsible offeror whose proposal is most advantageous to the Government considering price and other factors included in the SFO.

(b) Award will be made in writing within the timeframe specified in the SFO. If an award cannot be made within that time, the contracting officer shall request in writing from each offeror an extension of the acceptance period through a specific date.

(c) Unsuccessful offerors will be notified in writing or electronically within three days after the award. The first day of the three-day period is the day following award; if the third day is not a full contracting activity workday, the third day will be the next full contracting activity workday.

(d) All proposals received in response to an SFO may be rejected if the head of the contracting activity or designee determines that such action is in the public interest.

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570.310 Debriefings.

(a) Unsuccessful offerors may request a debriefing by the agency, provided that said request is made in writing and is received by the agency within 3 days after the date on which the offeror received notice of the contract award.

(b) The agency shall debrief the offeror to the maximum extent practicable within 5 days after the request for the debriefing.

(c) The debriefing shall include, at a minimum:

(1) The agency's evaluation of the significant weak or deficient factors in the offeror's proposal;

(2) The overall evaluated cost and technical rating of the successful offeror's proposal and the proposal of the offeror requesting the debriefing;

(3) The overall ranking of all offers;

(4) A summary of the rationale for the award;

(5) Reasonable responses to relevant questions posed by the debriefed offeror as to whether source selection procedures set forth in the SFO, applicable regulations and other applicable authorities were followed.

(6) A summary of the debriefing shall be maintained in the contract file.

(d) The debriefing may not include point-by-point comparisons of the debriefed offeror's proposal with other proposals and may not disclose any information that is exempt from disclosure.

570.311 Inspection.

The space must be inspected to ensure that it is in substantial compliance with the Government's requirements and specifications before acceptance by the contracting officer. The contract file must be documented accordingly.

Subpart 570.4—Mistakes, Protest, Miscellaneous

570.401 Disclosure of mistakes after award.

When a mistake in a lessor's offer is not discovered until after award, the mistake should be handled as provided in FAR 14.406-4 and Subpart 514.4.

570.402 Protests.

Protests regarding the award of lease contracts are handled as provided in FAR Subpart 33.1 and Subpart 533.1.

570.403 Awards to Federal employees.

Offers from officers or employees of the Government must be handled as provided in FAR 3.6 and 503.6.

Subpart 570.5—Special Aspects of Contracting for Continued Space Requirements

570.501 Renewal options.

(a) *Exercise of options.* Before exercising an option, the provisions of Part 517 must be followed.

(b) *Notification.* When a contracting officer determines that it is in the best interest of the Government to continue to lease a property, the lessor must be notified within the timeframe required by the lease.

(c) *Market survey.* When the right to renew a lease exists, a renewal must be based on a market survey and other applicable considerations. Surveys should focus on the prevailing rental rates for comparable space.

[54 FR 26585, June 23, 1989, as amended at 55 FR 11588, Mar. 29, 1990; 60 FR 19363, Apr. 18, 1995]

570.502 Succeeding leases.

(a) *General.* Succeeding leases for the continued occupancy of space in a building which do not exceed the simplified lease acquisition threshold may be acquired through use of the simplified procedures outlined in subpart 570.2. Absence of competition must be explained in the contract file. Succeeding leases which exceed the simplified lease acquisition threshold may be entered into when a cost-benefit analysis has been conducted and the results indicate that an award to an offeror other than the present lessor would result in substantial relocation costs and duplication of costs to the Government that are not expected to be recovered through competition.

(b) *Procedure—*(1) *Publicizing/Advertising.* The contracting officer shall publish a notice in local newspapers and/or periodicals if required by 505.101(c). The notice should normally (i) indicate the

Government's lease is expiring, (ii) describe the requirement in terms of type and quantity of space, (iii) indicate the Government is interested in considering alternative space if economically advantageous, (iv) advise prospective offerors that the Government will consider the cost of moving, alterations, etc., when deciding whether it should relocate, and (v) provide a contact person for those interested in providing space to the Government.

(2) *Market survey.* A market survey must be conducted in accordance with 570.301.

(3) *Competition determination.* (i) If no potential acceptable locations are identified through the advertisement or the market survey, the contracting officer may prepare a justification to negotiate directly with the present lessor. The justification must be prepared and approved in accordance with FAR subpart 6.3 and subpart 506.3, and should fully document the efforts to locate alternative sources.

(ii) If potential acceptable locations are identified through the advertisement or market survey and relocation costs (including estimated moving costs, telecommunications costs, and the estimated cost of alterations, amortized over the firm term of the lease) will be low enough to allow recovery through a competitive process, the contracting officer should develop a SFO and negotiate with all interested parties in accordance with the procedures in subpart 570.3.

(iii) If potential acceptable locations are identified through the advertisement or market survey and substantial relocation costs are involved, the contracting officer shall conduct a cost-benefit analysis to determine whether the duplication of costs to the Government could be recovered through competition. The cost-benefit analysis must give consideration to the prices of other potentially available properties, relocation costs, and other appropriate considerations. The prices for other potentially available properties must be established by requesting the prospective offeror to provide an informational quotation for standard space for comparison purposes. The prices quoted for standard space will be adjusted by the Government for special

requirements. A formal solicitation for offers (SFO) is not required for the purpose of obtaining the informational quotation. The contracting officer shall provide a general description of the Government's needs when requesting informational quotations. If oral quotations are provided, the record must be documented to reflect the following information, as a minimum: the name and address of the firm solicited, the name of the firm's representative providing the quote, the price(s) quote, the description of the space and services for which the quote is provided, the name of the Government employee soliciting the quotation, and the date of the conversation. The informational quotations must be compared to the present lessor's price, adjusted to reflect the anticipated price for a succeeding lease. Based on the results of the cost-benefit analysis, the contracting officer will:

(A) Prepare a justification for approval in accordance with FAR Subpart 6.3 and Subpart 506.3 to support the determination to negotiate with the present lessor for continued occupancy because it is likely that award to any other offeror would result in substantial duplication of costs to the Government that are not expected to be recovered through competition; or

(B) Develop an SFO and negotiate with all interested parties in accordance with the procedures in subpart 570.3.

[54 FR 26585, June 23, 1989, as amended at 57 FR 37897, Aug. 21, 1992; 60 FR 42799, Aug. 17, 1995]

570.503 Expansion requests.

(a) When the expansion space is within the general scope of the lease, the space may be acquired through a modification to the lease without further justification pursuant to FAR subpart 6.3.

(b) When the expansion space needed is outside the general scope of the lease, the contracting officer must determine whether it is more prudent to provide the expansion space by supplemental agreement to the existing lease or to satisfy the requirement by competitive means. A market survey must be conducted to determine whether suitable alternative locations are

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available. If the market survey reveals alternate locations that can satisfy the total requirement, a cost-benefit analysis must be performed to determine whether it is in the Government's best interest to relocate. This analysis may include—

(1) The cost of the alternate space compared to the cost of expanding at the existing location;

(2) The cost of moving;

(3) The cost of duplicating existing improvements;

(4) The cost of the unexpired portion of the firm lease term (unless a termination is possible, in which case the actual cost of such an action should be used); and

(5) The cost of disruption to the agency's operation.

(c) When the expansion space is outside the general scope of the lease, a justification must be prepared for approval in accordance with FAR subpart 6.3 and 506.3, except when competitive procedures or simplified lease acquisition procedures are used.

[54 FR 26585, June 23, 1989, as amended at 57 FR 37897, Aug. 21, 1992; 60 FR 42799, Aug. 17, 1995]

570.504 Superseding leases.

(a) Consideration should be given to the execution of a superseding lease that would replace the existing lease when the changes or modifications to the space contemplated are so numerous or detailed as to cause complications, or they would substantially change the present lease.

(b) The justification and approval requirements in FAR subpart 6.3 and 506.3 must be complied with before negotiating a superseding lease if the value of the lease exceeds the simplified lease acquisition threshold. When the cost is less than or equal to the simplified lease acquisition threshold, the contracting officer may use simplified procedures outlined in 570.2 and explain the absence of competition in the file.

[60 FR 42800, Aug. 17, 1995]

570.505 Lease extensions.

(a) The justification and approval requirements in FAR subpart 6.3 and 506.3 must be complied with before ne-

gotiating a Supplemental Lease Agreement exceeding the simplified lease acquisition threshold to extend the term of the lease to provide for continued occupancy on a short term basis (usually not to exceed 1 year). For extensions valued less than or equal to the simplified lease acquisition threshold, the contracting officer must explain the absence of competition in the contract file.

(b) FAR 6.302-1 provides for contracting without providing for full and open competition when the property or services needed by the agency are available from only one responsible source and no other type of property or services will satisfy the needs of the agency. This authority may be used to extend the term of a lease by supplemental agreement in situations such as the following:

(1) When the agency occupying the leased space is scheduled to move into other Federally controlled space but unexpected delays are encountered in preparing the new space for occupancy.

(2) When unexpected delays which are outside of GSA's control (i.e., protests, etc.) are encountered in acquiring replacement space.

(3) When various agencies occupying leased space are being consolidated and it is necessary to extend the terms of some leases to establish a common expiration date.

[54 FR 26585, June 23, 1989, as amended at 60 FR 42800, Aug. 17, 1995]

Subpart 570.6—Special Aspects of Contracting for Lease Alterations

570.601 General.

(a) Although the Government generally has a contractual right to alter the space leased, normally most alterations are acquired through a modification to the lease because they fall within the general scope of the lease and it is in the Government's interest to acquire the alterations from the lessor.

(b) As the need for alterations arise during the term of a lease contract, the contracting officer must examine each project and make a determination as to whether the alterations fall within the general scope of the lease and may be

acquired through a modification to the lease. The primary test is whether the work can be regarded as fairly and reasonably an inseparable part of the lease requirement originally contracted for. If the alterations are outside the general scope, the contracting officer must make a decision to acquire the alterations through a separate contract, through a Supplemental Lease Agreement, or to request the work be performed by Federal employees.

570.602 Alterations by the lessor.

570.602-1 Justification and approval requirements.

(a) The justification and approval requirements in FAR Subpart 6.3 and 506.3 must be complied with before negotiating directly with the lessor for any alteration project exceeding \$100,000 that is outside the general scope of the lease contract.

(b) Before negotiating directly with the lessor for any alteration project of \$100,000 or less, that is outside the general scope of the lease, the contracting officer shall document, in writing, the reasons for the absence of competition.

[54 FR 26585, June 23, 1989, as amended at 60 FR 42800, Aug. 17, 1995]

570.602-2 Procedures.

(a) *Scope of work.* A scope of work must be prepared for all alteration projects.

(b) *Independent Government estimate.* An independent Government estimate must be prepared for all alteration projects, including changes to alteration agreements with lessors.

(c) *Request for proposal.* (1) The lessor must be provided with a scope of work, including any plans and specifications which have been developed, and should be requested to submit a proposal. The request for proposal should indicate whether progress payments will be made and provide for retainage, when appropriate.

(2) The proposal must be requested to be submitted in such detail that a cost or price analysis can be made.

(3) The requirements for the submission of certified cost or pricing data outlined in FAR 15.804-2 apply to alteration projects over \$500,000. The procedural requirements at FAR 15.804-6

must be followed when requesting cost and pricing data. Exemptions from or waivers to submission of certified cost or pricing data must be processed in accordance with the requirements of FAR 15.804-3. If the lease does not include the clauses at FAR 52.215-22 and 52.215-24 or the clauses at FAR 52.215-23 and 52.215-25, the modification to the lease for the alterations must add the clauses at FAR 52.215-23 and 52.215-25 if cost and pricing data is submitted.

(d) *Audits.* Unless the cost or pricing data requirement is exempt or waived in accordance with FAR 15.804-3, an audit must be requested for negotiated alteration projects which are not competed as a part of the lease and exceed \$500,000.

(e) *Evaluation of proposals.* The contracting officer shall:

(1) Determine whether the proposal will meet the Government's requirements;

(2) Analyze cost as compared to the independent estimate and the audit;

(3) Analyze profit in accordance with FAR Subpart 15.9 if the project exceeds \$100,000; and

(4) Document analysis leading to negotiation objectives developed from paragraphs (e) (1) through (3) of this section.

(f) *Price negotiations.* (1) The contracting officer is responsible for exercising sound judgment and may make reasonable compromises as necessary.

(2) The negotiated price should provide the lessor with the greatest incentive for efficient and economical performance.

(3) Negotiations must be documented by a price negotiation memorandum prepared in accordance with FAR 15.808(a).

(g) *Award.* Alterations may be procured using the GSA Form 276, Supplemental Lease Agreement, or the GSA Form 300, Order for Supplies or Services (alteration project of \$100,000 or less) provided a reference is made to the lease.

(h) *Inspection and payment.* Final payment for alterations must not be made until the work is:

(1) Inspected by a qualified Government employee or independent Government contractor; and

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(2) Certified as completed in a satisfactory manner.

[54 FR 26585, June 23, 1989, as amended at 57 FR 37897, Aug. 21, 1992; 60 FR 19363, Apr. 18, 1995; 60 FR 42800, Aug. 17, 1995; 61 FR 6173, Feb. 16, 1996]

570.603 Alterations by the Government.

When the Government elects to exercise its rights to make the alterations rather than contract directly with the lessor, the work may be performed by Federal employees or may be contracted out using all of the standard contracting procedures that would apply to a construction contract if the work were to be performed on Federal property. If the Government decides to contract for the work, the lessor, as well as all other prospective contractors, should be invited to submit an offer for the project.

Subpart 570.7—Solicitation Provisions and Contract Clauses

SOURCE: 60 FR 42800, Aug. 17, 1995, unless otherwise noted.

570.701 FAR provisions and clauses.

In addition to including solicitation provisions and contract clauses prescribed in the GSAR (48 CFR chapter 5), provisions and/or clauses substantially the same as the FAR provisions/clauses listed, shall be included in the circumstances indicated.

(a) All solicitations and contracts, regardless of the dollar value, must include the following provisions/clauses:

FAR part 52 cite	Title
52.204-3 52.233-1	Taxpayer Identification. Disputes.

(b) All solicitations and contracts which exceed \$1,000 must include the FAR clause at 52.232-23, Assignment of Claims.

(c) All solicitations and contracts which exceed \$2,500 must include the following provisions/clauses:

FAR part 52 cite	Title
52.219-2	Small Disadvantaged Business Concern Representation.

FAR part 52 cite	Title
52.219-3 52.222-36	Women-Owned Small Business Representation. Affirmative Action for Handicapped Workers.

(d) All solicitations and contracts which exceed \$10,000 must include the following provisions/clauses:

FAR part 52 cite	Title
52.222-21 52.222-22 52.222-25 52.222-26 52.222-35	Certification of Nonsegregated Facilities. Previous Contracts and Compliance Reports. Affirmative Action Compliance. Equal Opportunity. Affirmative Action for Special Disabled and Vietnam Era Veterans.
52.222-37	Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era.

(e) All solicitations and contracts which exceed \$25,000 must include the FAR clause at 52.209-6, Protecting the Government's Interests when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment.

(f) All solicitations and contracts which exceed \$100,000 must include the following FAR provisions/clauses:

FAR part 52 cite	Title
52.203-9	Requirement for Certification of Procurement Integrity—Modification.
52.203-11	Certificate and Disclosure Regarding Payments to Influence Certain Federal Transactions.

(g) All solicitations and contracts for actions which exceed the simplified lease acquisition threshold must include the following FAR provisions/clauses:

FAR part 52 cite	Title
52.203-2 52.203-7 52.209-5	Certificate of Independent Price Determination. Anti-Kickback Procedures. Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters.
52.215-1	Examination of Records by Comptroller General.
52.215-12	Restriction on Disclosure and Use of Data (Solicitations only).
52.219-8	Utilization of Small Business Concerns and Small Disadvantaged Business Concerns.
52.219-13 52.223-5 52.233-2	Utilization of Women-Owned Small Businesses. Certification Regarding a Drug-Free Workplace. Service of Protest (Solicitations only).

(h) All solicitations and contracts which exceed \$500,000 must include the deviations to the FAR clauses at 52.219-9, Small Business and Small Disadvantaged Business Subcontracting Plan,

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and 52.219–16, Liquidated Damages—Small Business Subcontracting Plan (see 519.708 (a) and (b)).

(i) Solicitations which exceed \$1 million must include the FAR provision at 52.222–24, Preaward On-site Equal Opportunity Compliance Review.

(j) When cost or pricing data is required for work or service exceeding \$500,000 the FAR clauses at 52.215–22, Price Reduction for Defective Cost or Pricing Data, and 52.215–24, Subcontractor Cost or Pricing Data, must be included in solicitations and contracts.

(k) When the contracting officer determines that it is desirable to authorize the submission of facsimile proposals the solicitation must include the FAR provision at 52.215–18, Facsimile Proposals.

570.702 Solicitation provisions.

When a solicitation for offers is issued, the contracting officer should include provisions substantially the same as the following unless the contracting officer makes a determination that use of one or more of the provisions is not appropriate:

(a) 552.270–1 Preparation of Offers.

(b) 552.270–2 Explanation to Prospective Offerors.

(c) 552.270–3 Late Submissions, Modifications, and Withdrawals of Offers. Alternate I should be used when the contracting officer decides that it is advantageous to the Government to allow offers to be submitted up to the exact time specified for receipt of best and final offers.

(d) 552.270–4 Historic Preference.

(e) 552.270–5 Lease Award.

(f) 552.270–6 Parties to Execute Lease.

570.703 Contract clauses.

(a) The contracting officer shall insert the following clauses or clauses substantially the same as the following clauses in solicitations and contracts for leasehold interests in real property which exceed the simplified lease acquisition threshold unless the contracting officer makes a determination that use of one or more of the clauses is not appropriate. Use of the clauses is optional for those actions which fall at

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or below the simplified lease acquisition threshold.

(1) 552.270–10 Definitions (Included if 552.270–28 is used).

(2) 552.270–11 Subletting and Assignment.

(3) 552.270–12 Maintenance of Building and Premises—Right of Entry.

(4) 552.270–13 Fire and Casualty Damage.

(5) 552.270–15 Compliance with Applicable Law.

(6) 552.270–16 Inspection—Right of Entry.

(7) 552.270–17 Failure in Performance.

(8) 552.270–18 Successors Bound.

(9) 552.270–19 Alterations.

(10) 552.270–20 Proposals for Adjustment.

(11) 552.270–21 Changes.

(12) 552.270–25 Adjustment for Vacant Premises.

(13) 552.270–27 Delivery and Condition.

(14) 552.270–28 Default in delivery—Time Extensions.

(15) 552.270–30 Progressive Occupancy.

(16) 552.270–31 Payment.

(17) 552.270–32 Effect of Acceptance and Occupancy.

(18) 552.270–33 Default by Lessor During the Term.

(19) 552.270–34 Subordination, Non-disturbance and Attornment.

(20) 552.270–35 Statement of Lease.

(21) 552.270–36 Substitution of Tenant Agency.

(22) 552.270–37 No Waiver.

(23) 552.270–38 Integrated Agreement.

(24) 552.270–39 Mutuality of Obligation

(25) 552.270–40 Asbestos and Hazardous Waste Management.

(26) 552.270–41 Acceptance of Space.

(b) The contracting officer shall insert the clause at 552.270–22, Liquidated Damages, in solicitations and contracts for leasehold interests in real property when there is a critical requirement that the delivery date be met and an actual cost cannot be established for the loss to the Government resulting from late delivery.

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570.704 Use of provisions and clauses.

The omission of any provision or clause when its prescription requires its use constitutes a deviation which must be approved under subpart 501.4. Approval may be granted to deviate from provisions or clauses that are mandated by statute (e.g., (GSAR) 48 CFR 552.203-5, Covenant Against Contingent Fees, FAR 52.215-1, Examination of Records by the Comptroller General, etc.) in order to modify the language of the provision or clause, when permitted by the statute. However, the statutory provisions and clauses may not be omitted from the SFO unless the statute provides for waiving the requirements of the provision or clause.

Subpart 570.8—Forms Used for Contracting for Leasehold Interests in Real Property

570.801 Standard forms.

Standard Form 2, U.S. Government Lease for Real Property, should be used to award leases unless GSA Form 3626 is used. When the Standard Form 2 is used, reference to the Standard Form 2-A in paragraph 7 must be deleted.

[60 FR 42801, Aug. 17, 1995]

570.802 GSA forms.

(a) The GSA Form 3626, U.S. Government Lease for Real Property (Short Form), may be used to award leases when the simplified leasing procedures in 570.2 are used or when the Contracting Officer finds its use to be advantageous.

(b) GSA Form 276, Supplemental Lease Agreement, should be used to amend existing leases that involve the acquisition of additional space or partial release of space, revisions in the terms of a lease, restoration settlements, and alterations.

(c) GSA Form 1364, Proposal To Lease Space to the United States of America, may be used to obtain offers from prospective offerors.

[60 FR 42801, Aug. 17, 1995]

APPENDIX A TO CHAPTER 5—CONTRACTING OFFICE ASSIGNMENT CODES

NOTE: Appendix A is illustrated in and made a part of the GSAR loose-leaf edition. Appendix A is not illustrated in this volume of the FEDERAL REGISTER or Title 48, Chapter 5 of the Code of Federal Regulations.

CHAPTER 6—DEPARTMENT OF STATE

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SUBCHAPTER A—GENERAL

PART 601—DEPARTMENT OF STATE ACQUISITION REGULATIONS SYSTEM

Sec.

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601.603–3 Appointment.

601.603–70 Delegations of authority.

601.670 Procurement Career Management Program.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26159, July 11, 1988, unless otherwise noted.

601.000 Scope of part.

This part describes the Department of State Acquisition Regulation (DOSAR) in terms of establishment, relationship to the Federal Acquisition Regulation (FAR), arrangement, applicability, and deviation procedures.

[53 FR 26159, July 11, 1988, as amended at 59 FR 66750, Dec. 28, 1994]

Subpart 601.1—Purpose, Authority, Issuance

601.101 Purpose.

The DOSAR is issued to provide Department guidance in accordance with the policy cited in FAR 1.301(a)(2). The portions of this regulation that affects the relationship between a Department of State organization and a contractor or potential contractor are published in this chapter 6 of title 48 of the Code of Federal Regulations, in accordance with FAR 1.301(b).

[59 FR 66750, Dec. 28, 1994]

601.105 OMB approval under the Paperwork Reduction Act.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501–3520) requires that Federal agencies obtain approval from the Office of Management and Budget (OMB) before collecting information from ten (10) or more members of the public. The information and record-keeping requirements contained in this regulation have been approved by OMB under OMB Control Number 1405–0050.

[59 FR 66750, Dec. 28, 1994]

Subpart 601.2—Administration

601.201 Maintenance of the FAR.

601.201–1 The two councils.

The Office of the Procurement Executive (A/OPE) represents the Department of State (DOS) on the Civilian Agency Acquisition Council. The Procurement Executive shall appoint a representative for this purpose. A/OPE is responsible for coordinating with all interested DOS elements proposed FAR

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revisions and for advocating FAR revisions sought by the Department.

[53 FR 26159, July 11, 1988, as amended at 59 FR 66750, Dec. 28, 1994]

Subpart 601.3—Agency Acquisition Regulations

601.301 Policy.

(a)(1) The Assistant Secretary of State for Administration is the agency head for the purposes of FAR 1.301 (see Delegation of Authority No. 120 (34 FR 18095, October 30, 1969), as amended by Delegation of Authority No. 120-4 (59 FR 38022, July 26, 1994)). Under Delegation of Authority No. 120-5 (59 FR 62771, December 6, 1994), the Assistant Secretary of State for Administration re-delegated to the Procurement Executive the authority to prescribe, promulgate, and amend DOS acquisition policies, rules, and regulations.

(2) The Department's procurement directives system consists of the following components:

(i) The DOSAR;

(ii) Procurement Policy Directives (PPDs), which provide basic policy or procedural guidance and direction. PPDs are issued on an interim basis, and are subsequently incorporated into the next revision of the DOSAR; and

(iii) Procurement Information Bulletins, which provide general information on topics of interest to contracting personnel.

(b) The Department of State Acquisition Regulation (DOSAR) is prescribed under the authority of 22 U.S.C. 2658 and 40 U.S.C. 486(c).

(c) The DOSAR implements and supplements the FAR.

[59 FR 66751, Dec. 28, 1994]

601.302 Limitations.

(a) The FAR and the DOSAR apply to all DOS acquisitions of personal property and services, including construction and leases of real and personal property, both within and outside the United States, unless expressly excluded by this subpart, or exempt from the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 474(7)), or undertaken pursuant to section 208 of the State Department Basic Authorities Act of 1956, as

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amended (22 U.S.C. 4308), or the Foreign Service Buildings Act of 1926, as amended (22 U.S.C. 292 *et seq.*).

(b) At posts where Joint Administrative Offices have been formed, the FAR and the DOSAR apply to all Agency for International Development (AID) administrative and technical support acquisitions, except in those areas which have been exempted by the cognizant administrative office.

[53 FR 26159, July 11, 1988, as amended at 59 FR 66751, Dec. 28, 1994]

601.303 Publication and codification.

(a) The DOSAR is issued as Chapter 6 of Title 48, Code of Federal Regulations. The DOSAR is established as Chapter 6 of the Federal Acquisition Regulations System. The DOSAR is divided into the same parts, subparts, sections, subsections, and paragraphs as is the FAR. However, when the FAR coverage is adequate by itself there will be no corresponding DOSAR coverage. Where the DOSAR implements a specific part, subpart, section, or subsection of the FAR, the DOSAR coverage is numbered and titled to correspond to the appropriate FAR number and title, except that the DOSAR number will include a 6 or 60 such that there will always be three numbers to the left of the decimal. For example, the DOSAR implementation of FAR 14.1 is shown as 614.1 and the DOSAR implementation of FAR 1.301 is shown as 601.301. Materials that supplement the FAR are assigned the numbers 70 and up. For example, DOSAR requires additional definitions than those used in FAR; this supplementary material is provided in 602.101-70.

(b) The DOSAR and its revisions are published in the FEDERAL REGISTER and in the Code of Federal Regulations, both of which may be purchased from the Superintendent of Documents, Government Printing Office, Washington, DC 20402.

(c) The DOSAR shall be referenced in the same manner as described at FAR 1.104-2(c).

[53 FR 26159, July 11, 1988, as amended at 59 FR 66751, Dec. 28, 1994]

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Subpart 601.4—Deviations from the FAR

601.403 Individual deviations.

The Procurement Executive is the agency head's designee for the purposes of FAR 1.403.

[53 FR 26159, July 11, 1988, as amended at 59 FR 66751, Dec. 28, 1994]

601.404 Class deviations.

The Procurement Executive is the agency head's designee for the purposes of FAR 1.404(a).

[53 FR 26159, July 11, 1988, as amended at 59 FR 66751, Dec. 28, 1994]

601.405 Deviations pertaining to treaties and executive agreements.

The Procurement Executive shall determine whether a deviation pertaining to treaties and executive agreements is authorized under FAR 1.405 or that a request for deviation is required under FAR 1.405(e).

[53 FR 26159, July 11, 1988, as amended at 59 FR 66751, Dec. 28, 1994]

601.470 Deviations from the DOSAR

The authority to approve any deviations from the DOSAR is reserved to the Procurement Executive.

[53 FR 26159, July 11, 1988, as amended at 59 FR 66751, Dec. 28, 1994]

601.471 Procedures.

(a) The head of the contracting activity shall submit to the Procurement Executive a written request for each deviation from the FAR or the DOSAR, whether for individual cases, classes of cases, or deviations pertaining to treaties and executive agreements. Each request for a deviation shall state—

(1) The nature of the deviation requested, including whether it is an individual or class deviation;

(2) The FAR or DOSAR regulation from which the deviation is requested;

(3) The circumstances under which the deviation would be used;

(4) The effect intended by the deviation; and

(5) The expiration date recommended for the deviation.

(b) The head of the contracting activity shall also submit all pertinent documentation supporting the request.

(c) The contracting officer shall include in the contract file a copy of each authorized deviation that pertains to the acquisition.

[53 FR 26159, July 11, 1988, as amended at 59 FR 66751, Dec. 28, 1994]

Subpart 601.5—Agency and Public Participation

601.570 Rulemaking.

(a) The DOSAR is promulgated and may be revised, as necessary, in accordance with FAR part 1.

(b) The Procurement Executive shall issue all DOS acquisition regulations.

[59 FR 66751, Dec. 28, 1994]

Subpart 601.6—Career Management, Contracting Authority, and Responsibilities

601.601 General.

The Procurement Executive is the agency head for the purposes of FAR 1.601.

601.602 Contracting officers.

601.602-1 Authority.

(a) DOS contracts are awarded pursuant to the foreign affairs management responsibilities conferred on the Secretary of State (22 U.S.C. 2656), and the various laws, regulations, and Executive Orders relating thereto.

(b) Except as otherwise provided by law, DOS regulations, and this DOSAR, the Procurement Executive has the authority to execute, award, and administer contracts, purchase orders, other contractual arrangements, and other agreements, including FAR-covered interagency acquisition agreements, for the expenditure of funds involved in the acquisition of real and personal property, services, and for the sale of personal property. The Procurement Executive may further delegate this authority to those DOS employees appointed or designated to the contracting activities enumerated in 601.603-70.

(c) The contracting officer shall not award, modify, or terminate a contract

unless all reviews, clearances, and approvals prescribed in the FAR or the DOSAR have been obtained, and all applicable requirements of law, the FAR, the DOSAR, and other regulations have been met.

[53 FR 26159, July 11, 1988, as amended at 55 FR 5774, Feb. 16, 1990; 59 FR 66751, Dec. 28, 1994]

601.602-3 Ratification of unauthorized commitments.

(b) *Policy.* (1) The Government generally is not bound by unauthorized commitments. Unauthorized commitments violate the Federal Property and Administrative Services Act, other Federal laws, the FAR, the DOSAR, and proper acquisition practice. Therefore, such unauthorized commitments are serious violations that usually necessitate disciplinary action against the transgressor, e.g., withdrawal of a contracting officer's warrant or a Contracting Officer's Representative delegation or collection action.

(2) The head of the contracting activity is delegated the authority to serve as the ratifying official for unauthorized contractual commitments not exceeding \$1,000. The head of the contracting activity may refer such actions to the Procurement Executive for ratification if he/she so chooses. All unauthorized commitments in excess of \$1,000 shall be ratified by the Procurement Executive.

(3) Unauthorized contractual commitments that would involve claims subject to resolution under the Contracts Dispute Act of 1978 shall be processed in accordance with FAR Subpart 33.2 and Subpart 633.2.

(c) *Limitations.* The contracting officer is not required to obtain concurrence of legal counsel when recommending payment of an unauthorized commitment. However, the contracting officer is encouraged to obtain legal concurrence if there is a question of proprietary or a legal issue.

[53 FR 26159, July 11, 1988, as amended at 59 FR 66751, Dec. 28, 1994]

601.602-3-70 Procedures.

(a)(1) The person who made the unauthorized commitment shall submit all records and documents concerning the unauthorized commitment to the con-

tracting officer assigned the ratification action. That person shall provide a complete written, signed statement of the facts, including why normal acquisition procedures were not followed, why and how the vendor was selected, a list of other sources considered, a description of work or products, a statement regarding the status of performance, an estimated or agreed price, certified funding citations, and a statement as to why he/she should not be personally liable for the cost, e.g., a public purpose was served and no personal benefit was received.

(2) When the person who made the unauthorized commitment is no longer available to attest to the circumstances of the unauthorized commitment, an officer from the responsible office shall accomplish the requirements of this paragraph; the statement shall identify the individual responsible for the unauthorized commitment.

(3) In addition, a cognizant management official from the office which employed the individual who made the unauthorized commitment at the time the unauthorized commitment was made shall provide a statement detailing actions that he/she will take to ensure that such commitments will not occur again under the same or similar circumstances.

(b) The contracting officer assigned the ratification action shall prepare and execute a recommendation to the ratifying official. The contracting officer shall either recommend that the ratifying official approve and ratify the unauthorized commitment; or, disapprove the ratification of the unauthorized commitment.

(1) The recommendation shall include the facts and circumstances of the unauthorized commitment; the information prescribed in FAR 1.602-3(c)(1) and (c)(3) through (c)(6); and a recommendation to the ratifying official as to whether the unauthorized commitment should be ratified.

(2) Following the signature of the contracting officer, the recommendation shall include a statement that the ratifying official could have granted authority to enter into a contractual commitment at the time it was made and still has the authority to do so;

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that the ratifying official hereby ratifies (or disapproves) the unauthorized commitment in the amount specified; and a date and signature block for the ratifying official.

(c) The information required in paragraph (b)(1) of this section shall be supported by factual findings included or referenced in the recommendation.

(d) The contracting officer shall submit the complete file to the ratifying official. For actions exceeding \$1,000, the file shall be submitted through the head of the contracting activity to the Procurement Executive.

(e) Upon receipt and review of the complete file, if the ratifying official ratifies the unauthorized commitment, the file shall be returned, through the head of the contracting activity if the action exceeds \$1,000, to the contracting officer for issuance of the appropriate contractual document(s). If the request for ratification is not justified, the ratifying official shall return the request to the head of the contracting activity (if over \$1,000) or to the contracting officer if under \$1,000) with a written explanation for the decision and a recommendation for disposition of the action.

(f)(1) When a ratification is approved, the ratifying official shall prepare a letter to the contractor involved in the ratification. The letter shall state the reason(s) why the ratification was approved and provide cautionary language to the contractor regarding future instances of ratification actions.

(2) When a ratification is not approved, the head of the contracting activity shall prepare a letter to the contractor advising that the ratification was not approved. The letter shall cite the reasons for the disapproval.

[59 FR 66751, Dec. 28, 1994]

601.603 Selection, appointment, and termination of appointment.

601.603-3 Appointment.

(a) There is no contracting officer authority conferred upon any DOS employee by virtue of position. The Procurement Executive appoints all DOS contracting officers, in conformance with FAR 1.603-3. The contracting officer shall retain the original copy of the Standard Form 1402, Certificate of Ap-

pointment, signed by the Procurement Executive. Only qualified employees shall be appointed as contracting officers. A/OPE is responsible for providing guidance and oversight in managing such appointments.

(b) Contracting officers shall be appointed in accordance with the Procurement Career Management Guidebook, available from A/OPE.

(c) *Non-Federal employees.* Only United States Government direct-hire employees who are U.S. citizens shall be appointed as contracting officers. Personal services contractors, Foreign Service Nationals, and Third Country Nationals are not eligible for appointment as DOS contracting officers.

[59 FR 66752, Dec. 28, 1994]

601.603-70 Delegations of authority.

(a) *Delegations.* As stated in 601.603-3(a), there is no contracting officer authority conferred by virtue of position. Pursuant to 601.602-1(b), the Procurement Executive has designated the following as contracting activities as defined in FAR 2.101. These authorities are not redelegable. In addition, specific individuals are designated as heads of contracting activities (HCAs) (see FAR 2.101):

(1) *Overseas posts.* Each overseas post shall be regarded as a contracting activity to enter into and administer contracts for the expenditure of funds involved in the acquisition of supplies, equipment, publications, and services; to sell personal property; and to lease real property. The Principal Officer, the Administrative Officer, or the Supervisory General Services Officer are designated as HCAs; provided, that he/she has a contracting officer's warrant issued by the Procurement Executive. The Procurement Executive (or authorized A/OPE staff) may delegate to a contracting officer, on a case-by-case basis, the authority to award a contract or modification which exceeds the contracting officer's warrant level.

(i) No authority is delegated to enter into cost-reimbursement, fixed-price incentive, or fixed-price redeterminable contracts.

(ii) When expressly authorized by a U.S. Government agency which does not have a contracting officer at the post, the officers named in paragraph

(a)(1) introductory text of this section may enter into contracts for that agency. Use of this authority is subject to the statutory authority of that agency and any special contract terms or other requirements necessary for compliance with any conditions or limitations applicable to the funds of that agency. The agency's authorization shall cite the statute(s) and state any special contract terms or other requirements with which the acquisition so authorized must comply. In view of the contracting officer's responsibility for the legal, technical, and administrative sufficiency of contracts, questions regarding the propriety of contracting actions that the post is required to take pursuant to this authority may be referred to the Department for resolution with the headquarters of the agency concerned.

(2) *Office of Foreign Buildings.* The authority to enter into and administer contracts pursuant to the Foreign Service Buildings Act of 1926, as amended (22 U.S.C. 292 *et seq.*), is delegated to the Deputy Assistant Secretary of State for Foreign Buildings and to the Director for Acquisitions as the HCA.

(3) *Office of Acquisition.* The authority to enter into and administer contracts for the expenditure of funds involved in the acquisition of supplies and nonpersonal services is delegated to the Director and Deputy Director as the HCA.

(4) *Foreign Service Institute.* The authority to enter into and administer contracts pursuant to Chapter 7, Title I, of the Foreign Service Act of 1980, as amended (22 U.S.C. 4021 *et seq.*), is delegated to the Director of the Foreign Service Institute, the Executive Director, the Deputy Executive Director, and the Supervisory Contracting Officer as the HCA.

(5) *Office of Foreign Missions.* The authority to enter into and administer contracts pursuant to Title II of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 4301 *et seq.*), is delegated to the Director, Office of Foreign Missions, and the Administrative Officer as the HCA.

(6) *U.S. Mission to the United Nations.* The authority to enter into and administer contracts pursuant to the United

Nations Participation Act of 1945, as amended (22 U.S.C. 287), is delegated to the Counselor for Administration as the HCA.

(7) *Moscow Embassy Building Control Office.* The authority to enter into and administer contracts for the planning, design, and construction of the embassy office building in Moscow is delegated to the Director, Moscow Embassy Building Control Office as the HCA.

(8) *Diplomatic Telecommunication Service—Program Office.* The authority to enter into and administer contracts for the leasing or purchase of telecommunications services, circuits, subsystems, and associated professional services is delegated to the Chief, Acquisition Branch as the HCA.

(9) *Regional Procurement Support Offices.* (i) The authority to enter into and administer contracts for the expenditure of funds involved in the acquisition of supplies, equipment, publications, services, execute leases for real property, and to sell personal property on behalf of overseas posts is delegated to each Director, Regional Procurement Support Office (RPSO) as the HCA at the following locations:

(A) RPSO Bonn in conjunction with Embassy Bonn;

(B) RPSO Tokyo in conjunction with Embassy Tokyo;

(C) RPSO Singapore in conjunction with Embassy Singapore; and,

(D) RPSO Miami in conjunction with the Miami Regional Center.

(ii) The RPSOs are under the purview and guidance of A/OPE.

(b) *Other delegations.* Several DOS offices have been delegated limited procurement authority, although they have not been designated as HCAs. Matters requiring HCA resolution are referred to the Office of Acquisition. These delegations are provided only to warranted contracting officers in the respective offices. They are as follows:

(1) *Office of Language Services.* The authority to enter into and administer simplified acquisition transactions under FAR Part 13 and orders against schedule contracts for interpreting, translating, conference reporting, and related language support and escort services.

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(2) *Office of Overseas Schools.* The authority to enter into and administer simplified acquisition transactions under FAR Part 13 and orders against schedule contracts pursuant to section 29 of the State Department Basic Authorities Act of 1956, as amended.

(3) *Library.* The authority to enter into and administer simplified acquisition transactions under FAR Part 13 and orders against schedule contracts pursuant to the provisions of the Public Printing and Documents Act of 1968, as amended, and for the acquisition of newspapers, books, maps, and periodicals.

(4) *Office of International Conferences.* The authority to enter into and administer simplified acquisition transactions under FAR Part 13 and orders against schedule contracts pursuant to section 5, Title I, of the Department of State Basic Authorities Act of 1956, as amended.

(5) *Bureau of Population, Refugees, and Migration.* The authority to enter into and administer simplified acquisition transactions under FAR Part 13 and orders against schedule contracts pursuant to the Migration and Refugee Assistance Act of 1962, as amended, and Executive Order 11077, dated January 22, 1963.

(6) *Bureau of International Narcotics and Law Enforcement Affairs.* The authority to enter into and administer simplified acquisition transactions under FAR Part 13, orders against schedule contracts and personal services contracts pursuant to the Foreign Assistance Act of 1961, as amended; and, 48 CFR Chapter 7, Agency for International Development Acquisition Regulation, including any amendments thereto.

[59 FR 66752, Dec. 28, 1994, as amended at 60 FR 39662, Aug. 3, 1995]

601.670 Procurement Career Management Program.

(a) *Policy.* The Department's Procurement Career Management Program is designed to improve the quality of contracting in the Department through the development and maintenance of professional contracting skills in accordance with the Federal Acquisition Institute's Contract Specialist Workbook and related guidance.

(b) *Procedures.* Details of the Department's Procurement Career Management Program are described in the Department of State Procurement Career Management Guidebook. A/OPE shall provide guidance and oversight.

[59 FR 66753, Dec. 28, 1994]

PART 602—DEFINITIONS OF WORDS AND TERMS

Subpart 602.1—Definitions

Sec.

602.101 Definitions.

602.101-70 DOSAR definitions.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26162, July 11, 1988, unless otherwise noted.

Subpart 602.1—Definitions

602.101 Definitions.

602.101-70 DOSAR definitions.

For the purposes of the DOSAR, unless otherwise indicated, the following terms have the meanings set forth in this subpart.

Consolidated Receiving Point or *CRP*; means the contractor under contract to a Despatch Agency to receive and prepare items for shipment to a post. The CRP receives, records, consolidates, and packs items for shipment overseas under the direction of the Despatch Agency.

Department or *DOS* means the Department of State, including all of its activities wherever located.

Despatch Agency means the office responsible for the transportation of goods between the U.S. and posts within its specific geographic area as assigned by the Transportation Division, Office of Supply and Transportation. There are four Despatch Agencies, one each in New York City; Baltimore, Maryland; Miami, Florida; and, Seattle, Washington.

Government means the Government of the United States of America unless specifically stated otherwise.

Local procurement means acquisition by a post in the country in which the post is located.

Overseas post means a "post" located outside the United States of America.

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Post means a diplomatic or consular mission of the United States of America, administered or managed by the DOS.

[53 FR 26163, July 11, 1988, as amended at 59 FR 66753, Dec. 28, 1994; 60 FR 39662, Aug. 3, 1995]

PART 603—IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST

Subpart 603.1—Safeguards

Sec.

603.104 Procurement integrity.

603.104-5 Disclosure, protection, and marking of proprietary and source selection information.

603.104-9-70 Certification requirements.

603.104-11 Processing violations or possible violations.

Subpart 603.2—Contractor Gratuities to Government Personnel

603.203 Reporting suspected violations of the Gratuities clause.

603.204 Treatment of violations.

Subpart 603.3—Reports of Suspected Antitrust Violations

603.303 Reporting suspected antitrust violations.

Subpart 603.4—Contingent Fees

603.408 Evaluation of the SF 119.

603.408-1 Responsibilities.

Subpart 603.6—Contracts with Government Employees or Organizations Owned or Controlled by Them

603.601 Policy.

603.602 Exceptions.

603.670 Solicitation provision and contract clause.

Subpart 603.7—Voiding and Rescinding Contracts

603.704 Policy.

603.705 Procedures.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26163, July 11, 1988, unless otherwise noted.

Subpart 603.1—Safeguards

SOURCE: 59 FR 66753, Dec. 28, 1994, unless otherwise noted.

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603.104 Procurement integrity.

603.104-5 Disclosure, protection, and marking of proprietary and source selection information.

(d)(1) The head of the contracting activity is the agency head's designee for the purposes of FAR 3.104-5(d)(1).

(2) The following classes of persons may be authorized access to proprietary or source selection information by the contracting officer or head of the contracting activity when such access is necessary to the conduct of a procurement:

(i) Clerical personnel directly involved in the procurement;

(ii) Supervisors in the contracting officer's chain of command;

(iii) Contracting personnel involved in reviewing or approving the solicitation, contract, or contract modification; and

(iv) Personnel in the following offices: Office of Small and Disadvantaged Business Utilization (A/SDBU), Office of the Legal Adviser (L/BA), Office of Legislative Affairs, Office of the Inspector General, the Small Business Administration, and the Office of Federal Contract Compliance Programs (Department of Labor).

603.104-9-70 Certification requirements.

(b) Competing contractors are required to complete the "Certificate of Procurement Integrity" and submit it with their bids under IFBs. For RFPs, the apparent successful offeror only need submit the certification. For RFPs, the contracting officer shall contact the apparent successful offeror before award and request that the certificate be submitted within five (5) working days if the certificate was not submitted with the initial proposal. A bid submitted under an IFB that lacks a signed certificate is nonresponsive, and an apparent successful offeror under an RFP who does not submit the required certificate is ineligible for award.

603.104-11 Processing violations or possible violations.

(a) The contract specialist shall report any violation or possible violation

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of the procurement integrity requirements immediately to the contracting officer and the Office of the Inspector General. The contracting officer shall follow the procedures in FAR 3.104-11 regarding such violations.

Subpart 603.2—Contractor Gratuities to Government Personnel

603.203 Reporting suspected violations of the Gratuities clause.

DOS personnel shall report immediately and in writing any apparent or suspected violation of the clause at FAR 52.203-3, Gratuities, in connection with any DOS operation. The report shall be made to the contracting officer and the Assistant Inspector General for Investigations. The report shall identify the individuals involved, outline the events, acts, or conditions which indicate the apparent violation occurred, and include all pertinent documents. The Assistant Inspector General for Investigations shall review the report for completeness and accuracy and shall make a preliminary decision whether to proceed with a full investigation. The Assistant Inspector General for Investigations shall provide the written decision to the individual who made the report and the contracting officer. If the decision is to proceed with an investigation, copies of the decision shall also be provided to the head of the contracting activity, the Procurement Executive, and the Office of the Legal Adviser.

[53 FR 26163, July 11, 1988, as amended at 59 FR 66754, Dec. 28, 1994]

603.204 Treatment of violations.

(a) The Procurement Executive is the agency head's designee for the purposes of FAR 3.204.

(b) *Procedures.* Upon a decision to proceed with an investigation of an alleged violation of the Gratuities clause, the Assistant Inspector General for Investigations shall provide to the contractor a written notice by certified mail, return receipt requested. The notice shall present the findings of the decision and shall establish a schedule, including location, for an investigative hearing for the purposes prescribed in FAR 3.204(b). As determined necessary

by the Assistant Inspector General for Investigations, follow-up hearings may be scheduled. Upon completion of the investigation, the Assistant Inspector General for Investigations shall provide to the Procurement Executive a report and recommendation, together with all pertinent documentation.

(c) In addition to the requirements of FAR 3.204(c), when the Procurement Executive determines that a violation has occurred, the Procurement Executive shall so notify the Assistant Inspector General for Investigations. The Assistant Inspector General for Investigations shall then notify the individual who made the report, the Office of the Legal Adviser, and, if appropriate, the Department of Justice.

Subpart 603.3—Reports of Suspected Antitrust Violations

603.303 Reporting suspected antitrust violations.

(a) DOS employees are obligated to report immediately and in writing any apparent or suspected antitrust violation, as described in FAR 3.303.

(b) The report shall outline the events, acts, or conditions which indicate the apparent violation and shall include all pertinent documents.

(c) The report shall be made to or by the contracting officer, who shall review it for completeness and accuracy and forward it through the head of the contracting activity, to the Office of the Legal Adviser, with a copy to the Procurement Executive. The Office of the Legal Adviser shall provide to the U.S. Attorney General a report on each suspected violation, with single copies to the head of the contracting activity and the Procurement Executive.

[53 FR 26163, July 11, 1988, as amended at 59 FR 66754, Dec. 28, 1994]

Subpart 603.4—Contingent Fees

603.408 Evaluation of the SF 119.

603.408-1 Responsibilities.

In carrying out responsibilities prescribed in FAR 3.408-1, the contracting

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officer shall obtain advice from the Office of the Legal Adviser as to the legality and general propriety of the relationship disclosed thereon. Also, the contracting officer may request the Office of the Inspector General to develop further information if the facts available are deemed insufficient for a proper decision. After reviewing and evaluating all the information obtained, the contracting officer shall render a written decision that shall be included in the contract file, and shall provide a copy of the decision to the Procurement Executive.

Subpart 603.6—Contracts with Government Employees or Organizations Owned or Controlled by Them

603.601 Policy.

(a) It is Department policy not to award contracts to Federal employees, or businesses substantially owned or controlled by Federal employees.

[59 FR 66754, Dec. 28, 1994]

603.602 Exceptions.

The Procurement Executive is the agency head's designee for the purposes of FAR 3.602.

603.670 Solicitation provision and contract clause.

The contracting officer shall insert the clause at 652.203-70, Prohibition Against the Use of Federal Employees, in all solicitations and contracts, and the provision at 652.203-71, Certification Regarding Federal Employment, in all solicitations.

[59 FR 66754, Dec. 28, 1994]

Subpart 603.7—Voiding and Rescinding Contracts

603.704 Policy.

The Procurement Executive is the agency head's designee for the purposes of FAR 3.704.

[59 FR 66754, Dec. 28, 1994]

48 CFR Ch. 6 (10-1-96 Edition)

603.705 Procedures.

The Procurement Executive is the agency head's designee for the purposes of FAR 3.705.

[59 FR 66754, Dec. 28, 1994]

PART 604—ADMINISTRATIVE MATTERS

Subpart 604.2—Contract Distribution

Sec.

604.202 Agency distribution requirements.

Subpart 604.4—Safeguarding Classified Information Within Industry

604.404 Contract clause.

604.404-70 DOSAR contract clauses.

Subpart 604.70—Contract Review

604.7001 Policy.

604.7002 Procedures.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26163, July 11, 1988, unless otherwise noted.

Subpart 604.2—Contract Distribution

604.202 Agency distribution requirements.

As necessary, the contracting officer shall distribute reproduced copies of the signed contract or modification to those officers/offices involved in contract administrative support functions, e.g., the Contracting Officer's Representative; the requirements office; the Despatch Agent or other receiving activity, particularly if it is the initial point of contact for receipt of goods or services; and each post or office where the contract will be performed. Where required by the laws of a foreign country, the original copy of the contract or modification shall be retained at the overseas post. Copies of contracts and modifications awarded as small business or 8(a) set-asides shall be sent to A/SDBU.

[53 FR 26163, July 11, 1988, as amended at 59 FR 66754, Dec. 28, 1994]

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Subpart 604.4—Safeguarding Classified Information Within Industry

604.404 Contract clause.

604.404–70 DOSAR contract clauses.

(a) The contracting officer shall insert the clause at 652.204–70, Security Requirements, in solicitations and contracts performed outside the United States to the extent the contract involves access to classified information (“Confidential,” “Secret,” or “Top Secret”) or access to administratively controlled information (“Limited Official Use”). Contractors or contract employees that are not U.S. citizens shall not have access to classified or administratively controlled information.

(b) The contracting officer shall insert the clause at 652.204–71, Security Requirements—Personnel, in solicitations and contracts performed outside the United States.

Subpart 604.70—Contract Review

604.7001 Policy.

The contracting officer shall review each proposed contractual document and its supporting file for completeness and accuracy. Each contract file shall contain all pertinent information applicable to the proposed action. Each contract file should be in sufficient detail to permit reconstruction of all significant events by any subsequent reviewer without referral to the individual responsible for the contractual action.

[53 FR 26163, July 11, 1988; 53 FR 36461, Sept. 20, 1988]

604.7002 Procedures.

(a) Prior to issuance of a solicitation or a solicitation amendment which constitutes a substantive change, award of a contract, or execution of a contract modification, any of which is estimated to exceed the thresholds indicated below, the contracting officer shall forward the proposed contractual action to A/OPE for review. For contract modifications, the contracting officer shall submit such actions in accordance with 643.102–70(b). Modifications exercising contract options,

where the options were part of the original solicitation/contract which was reviewed and approved by A/OPE, are exempt from this review requirement:

(1) For domestic contracting activities, all actions over \$5,000,000. There is no review threshold when the contracting activity’s quality assurance plan has been approved by A/OPE;

(2) For overseas posts with contracting officers who have been issued standard name warrants, all actions over \$250,000, with the exception of those actions for local guard services, which require review at \$100,000 and above; and

(3) For overseas posts with contracting officers who have been issued provisional name warrants, all actions over \$100,000.

(4) When calculating the threshold for application of paragraphs (a)(1) through (3) of this section, include the value of the base year plus all option years.

(b) A/OPE shall document the scope and extent of the review and shall submit written recommendations to the contracting officer on each proposed contract action reviewed. In the event the contracting officer and the reviewer cannot reach agreement on the recommendation(s), the contracting officer shall prepare an appeal file to be transmitted to the Procurement Executive. The appeal shall be approved by an individual one management level above the contracting officer prior to its transmission to the Procurement Executive. A resolution shall be worked out between the contracting activity and the Procurement Executive. For purposes of this section, the officer who may transmit the appeal file to the Procurement Executive shall not be the same individual who will sign the contractual document. For overseas posts, where the contracting officer is the head of the contracting activity, the approval authority shall be the Principal Officer.

(c) For postaward reviews, A/OPE shall document the scope and extent of the review and shall submit the results of its findings to the contracting officer for appropriate action.

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(d) The Procurement Executive may delegate or waive the review requirements. In such instances, the Procurement Executive shall provide to each

head of the contracting activity, as appropriate, a written delegation or waiver of these requirements.

[53 FR 26163, July 11, 1988, as amended at 59 FR 66754, Dec. 28, 1994]

SUBCHAPTER B—COMPETITION AND ACQUISITION PLANNING

PART 605—PUBLICIZING CONTRACT ACTIONS

Subpart 605.2—Synopsis of Proposed Contract Actions

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605.202 Exceptions.

605.202–70 Foreign acquisitions.

605.207 Preparation and transmittal of synopses.

605.207–70 Acquisitions available from only one responsible source.

Subpart 605.3—Synopses of Contract Awards

605.303 Announcement of contract awards.

Subpart 605.4—Release of Information

605.403 Requests from members of Congress.

605.404 Release of long-range acquisition estimates.

605.404–1 Release procedures.

Subpart 605.5—Paid Advertisements

605.502 Authority.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26164, July 11, 1988, unless otherwise noted.

Subpart 605.2—Synopsis of Proposed Contract Actions

605.202 Exceptions.

605.202–70 Foreign acquisitions.

(a) *Policy.* In accordance with a Determination and Findings issued by the Assistant Secretary of State for Administration, the requirement for advance CBD notices for the Department's foreign acquisitions awarded by overseas contracting activities is waived. CBD notices may be published for any acquisition where the contracting officer decides that publication would be in the Department's best interests. This waiver shall remain in effect until June 15, 1998.

(b) *Procedures.* Contracting officers at overseas contracting activities are not required to prepare an individual determination and findings to document

their decision to waive the CBD notice requirements.

(c) *Competition requirements.* Nothing in this section waives the requirement to obtain competition as required by FAR part 6 and DOSAR (48 CFR) part 606. Competition, including the use of written solicitation, shall be obtained in all cases to the extent feasible. If there are known U.S. firms or firms with U.S. affiliations in local residence capable of supplying the required supplies or services, the contracting activity shall ensure that those firms are included in the source list for the acquisition.

(d) *Policy exclusion.* CBD waiver authority does not apply to local guard service contracts that exceed \$250,000. Local guard service contracts that exceed \$250,000 shall be synopsisized in the CBD. Option year prices shall be included when computing the applicability of this threshold.

[60 FR 39662, Aug. 3, 1995]

605.207 Preparation and transmittal of synopses.

(a)(1) Contracting officers at overseas posts shall submit synopses of proposed contract actions to A/OPE for electronic transmittal to the CBD.

[59 FR 66755, Dec. 28, 1994]

605.207–70 Acquisitions available from only one responsible source.

In addition to the information required at FAR 5.207, each synopsis of a proposed acquisition from only one responsible source shall include descriptions of the specific qualifications or capabilities required to perform the work and the information a potential source must submit.

Subpart 605.3—Synopses of Contract Awards

605.303 Announcement of contract awards.

(a) Contracting officers shall make information available on awards over \$10 million to the Office of Legislative

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Affairs in sufficient time for an announcement by 5:00 p.m. Washington, DC time on the day of the award. This requirement applies only to awards made by domestic contracting activities where performance will take place within the United States or its possessions.

[59 FR 66755, Dec. 28, 1994]

Subpart 605.4—Release of Information

605.403 Requests from members of Congress.

(a) The Procurement Executive is the agency head for the purposes of FAR 5.403(a).

[59 FR 66755, Dec. 28, 1994]

605.404 Release of long-range acquisition estimates.

605.404-1 Release procedures.

The Procurement Executive is the agency head's designee for the purposes of FAR 5.404-1(a) and the agency head for the purposes of FAR 5.404-1(b).

[55 FR 5774, Feb. 16, 1990]

Subpart 605.5—Paid Advertisements

605.502 Authority.

(a) For paid advertisements in newspapers within the United States, the head of the contracting activity is the agency head's designee for the purposes of FAR 5.502(a). For acquisitions by overseas posts necessitating paid advertisements in newspapers outside the United States, the head of the contracting activity is the agency's head's designee for the purposes of FAR 5.502(a). When the head of the contracting activity is the contracting officer for the acquisition, no further approvals are necessary.

[59 FR 66755, Dec. 28, 1994]

PART 606—COMPETITION REQUIREMENTS

Subpart 606.1—Full and Open Competition

Sec.
606.101 Policy.

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606.101-70 Foreign acquisitions not synopsisized.

Subpart 606.2—Full and Open Competition After Exclusion of Sources

606.202 Establishing or maintaining alternate sources.

Subpart 606.3—Other Than Full and Open Competition

606.302 Circumstances permitting other than full and open competition.

606.302-1 Only one responsible source and no other supplies or services will satisfy agency requirements.

606.302-4 International agreement.

606.302-6 National security.

606.302-7 Public interest.

606.303-1 Requirements.

606.304 Approval of the Justification.

606.304-70 Acquisitions by overseas posts.

606.370 Department of State standardization program.

Subpart 606.5—Competition Advocates

606.501 Requirement.

606.501-70 Overseas posts.

606.570 Solicitation provisions.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26165, July 11, 1988, unless otherwise noted.

Subpart 606.1—Full and Open Competition

606.101 Policy.

606.101-70 Foreign acquisitions not synopsisized.

As provided in 605.202-70, overseas posts may exempt certain acquisitions from the requirement to synopsisize in the *Commerce Business Daily*. A Commerce Business Daily synopsis is not required for domestic leases, pursuant to 48 CFR 505.202 and 570.202(a).

[53 FR 26165, July 11, 1988; 53 FR 36461, Sept. 20, 1988, as amended at 59 FR 66755, Dec. 28, 1994]

Subpart 606.2—Full and Open Competition After Exclusion of Sources

606.202 Establishing or maintaining alternate sources.

The Procurement Executive is the agency head for the purposes of FAR 6.202.

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Subpart 606.3—Other Than Full and Open Competition

606.302 Circumstances permitting other than full and open competition.

606.302-1 Only one responsible source and no other supplies or services will satisfy agency requirements.

(b)(4) The Procurement Executive is the agency head for the purposes of FAR 6.302-1(b)(4).

[59 FR 66755, Dec. 28, 1994]

606.302-4 International agreement.

(b)(2) In accordance with FAR 6.302-4, guard services shall be acquired from the host government only when it is the sole available source.

[59 FR 66755, Dec. 28, 1994]

606.302-6 National security.

(b) This subsection applies to all acquisitions involving national security information, regardless of dollar amount. In no case shall information be classified in order to restrict competition. Information may be classified only when its authorized disclosure could be expected to cause damage to national security.

(c) (1) The Chief, Controls Division, Office of Intelligence Liaison, Directorate for Coordination, Bureau of Intelligence and Research, is responsible for reviewing and certifying on any proposed acquisitions derived from or funded or administered by intelligence community agencies that involve sensitive compartmented information and ensuring that the provisions of E.O. 12356 and FAR 6.302-6 have been met. The Chief, Information Security Programs Division, Office of Information Security Technology, Bureau of Diplomatic Security, is responsible for reviewing and certifying on all other proposed acquisitions funded by the Department of State that involve national security information and ensuring that the provisions of E.O. 12356 and FAR 6.302-6 have been met. When disclosure of the Department's needs through full and open competition would compromise national security, the Justification for Other than Full

and Open Competition shall include the following specific information:

(i) How national security would be compromised if the Department of State's (or other agencies') needs were disclosed in the Commerce Business Daily;

(ii) Why the CBD synopsis cannot be worded in such a manner that national security would not be compromised;

(iii) Necessity for access to classified information to prepare technical and/or cost proposal and level of security clearance required;

(iv) Necessity for access to classified information to perform the proposed contract and level of security clearance required;

(v) Number and value of contracts that the justification covers; and

(vi) A statement as follows: "I hereby certify that the national security concerns of the referenced acquisition(s) meet the criteria set forth in Executive Order 12356 and FAR 6.302-6".

(2) Any acquisition involving national security information shall be publicized in the Commerce Business Daily unless disclosure of the agency's needs would compromise national security.

(3) The contracting officer is responsible for soliciting offers from as many potential sources as is practicable under the circumstances. However, given the sensitivity required for acquisitions involving national security information, it is expected that requirements offices will work closely with the contracting officer in maximizing competition.

[59 FR 66755, Dec. 28, 1994]

606.302-7 Public interest.

The authority to approve the determination prescribed in FAR 6.302-7(c) is reserved to the Secretary of State.

606.303-1 Requirements.

Justifications for contract actions prescribed in FAR 6.303-1(d) shall be forwarded by the contracting officer to A/OPE for transmittal to the Office of the United States Trade Representative.

[53 FR 26165, July 11, 1988, as amended at 59 FR 66755, Dec. 28, 1994]

606.304 Approval of the justification.

(a) (2) The approval authority for a proposed contract over \$100,000 but not exceeding \$1,000,000 for domestic contracting activities that do not have a competition advocate is the Department Competition Advocate.

(d) The estimated dollar value of all options shall be included in determining the approval level of a justification.

[59 FR 66755, Dec. 28, 1994]

606.304-70 Acquisitions by overseas posts.

The Departmental Competition Advocate is the approval authority for the purposes of FAR 6.304(a)(3). This authority is not redelegable. Any such justification must be transmitted through the Principal Officer at the overseas post.

[59 FR 66756, Dec. 28, 1994]

606.370 Department of State standardization program.

(a) It is the Department's policy to promote full and open competition in all procurement actions. The authority at 41 U.S.C. 253(c)(1) shall be used with respect to standardization when only specified makes and models of equipment will satisfy the Department's needs and only one source is available. This policy applies to all acquisitions involving standardization, regardless of dollar amount.

(b) Contracts awarded under the authority at 41 U.S.C. 253(c)(1) shall be supported by the written justification described in FAR 6.303. The contracting officer, requirements office, procuring activity competition advocate, and the Procurement Executive shall approve all Justifications for Other than Full and Open Competition that cite standardization of technical equipment as justification to restrict competition. The Administrative Officer at each post is the procuring activity competition advocate for that post and the requirements office at post is the embassy functional office responsible for identifying the need to contract.

(c) Procurement of specified makes and models of technical equipment and systems, for which there is only one source of supply, is considered other

than full and open competition. Such procurements shall be supported by an approved Justification for Other than Full and Open Competition. The justification shall include the content requirements of FAR 6.303-2. The justification shall also address potential cost savings in areas such as inventory, operations, training, maintenance, repairs, and administrative and management support. Areas of consideration for potential cost savings shall be supported by detailed estimates as attachments to the justification. Justifications shall specify an effective period, which shall bear a reasonable relationship to the life of the technical equipment. The effective period shall not exceed six years with a review at the end of the first three years. Periodic reviews shall be made during the standardization period to determine whether the standardization should be continued, revised or canceled.

[59 FR 66756, Dec. 28, 1994]

Subpart 606.5—Competition Advocates**606.501 Requirement.**

(a) The Procurement Executive is the head of the agency for the purposes of FAR 6.501 and designates the Department Competition Advocate.

(b) Contracting activity competition advocates have been designated for A/FBO and A/OPR/ACQ. The Department Competition Advocate is the activity competition advocate for all other domestic contracting activities.

[59 FR 66756, Dec. 28, 1994]

606.501-70 Overseas posts.

The Administrative Officer at each overseas post is the competition advocate for that post.

606.570 Solicitation provisions.

The contracting officer shall insert the provision at 652.206-70, Competition Advocacy/Ombudsman, in all solicitations over the threshold for using simplified acquisition procedures.

[60 FR 39662, Aug. 3, 1995]

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PART 607—ACQUISITION PLANNING

AUTHORITY: 22 U.S.C. 2658; 40 U.S.C. 486(c); 48 CFR subpart 1.3.

Subpart 607.1—Acquisition Plans

607.103 Agency-head responsibilities.

The Procurement Executive is the agency head's designee for the purposes of FAR 7.103.

[55 FR 5774, Feb. 16, 1990]

PART 608—REQUIRED SOURCES OF SUPPLIES AND SERVICES

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26165, July 11, 1988, unless otherwise noted.

Subpart 608.3—Acquisition of Utility Services

608.302 Applicability.

The Procurement Executive is the agency head for the purposes of FAR 8.302(d)(2)(i).

[55 FR 5774, Feb. 16, 1990]

PART 609—CONTRACTOR QUALIFICATIONS

Subpart 609.2—Qualifications Requirements

Sec.

609.202 Policy.

Subpart 609.4—Debarment, Suspension, and Ineligibility

609.403 Definitions.

609.403-70 DOSAR definitions.

609.404 Parties excluded from procurement programs.

609.405 Effect of listing.

609.405-1 Continuation of current contracts.

609.405-2 Restrictions on subcontracting.

609.405-70 Termination action decision.

609.406 Debarment.

609.406-1 General.

609.406-3 Procedures.

609.407 Suspension.

609.407-1 General.

609.407-3 Procedures.

Subpart 609.5—Organizational Conflicts of Interest

609.503 Waiver.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26165, July 11, 1988, unless otherwise noted.

Subpart 609.2—Qualifications Requirements

609.202 Policy.

The authority prescribed in FAR 9.202(a)(1) is delegated, without power of redelegation, to the head of the contracting activity.

[53 FR 26165, July 11, 1988, as amended at 59 FR 66756, Dec. 28, 1994]

Subpart 609.4—Debarment, Suspension, and Ineligibility

609.403 Definitions.

Debarring official means the Procurement Executive.

Suspending official means the Procurement Executive.

609.403-70 DOSAR definitions.

Fact-finding official means the chairperson of a three member fact-finding panel. The panel comprises one representative each from the Office of the Legal Adviser, the contracting activity, and the requirements office. The representative from the Office of the Legal Adviser is the panel chairperson.

Notice means a written communication sent by certified mail (return receipt requested) to the last known address of the party, its identified counsel, or its agent. In the case of a business, such notice may be sent to any partner, principal officer, director, owner or co-owner, or joint venturer. If no return receipt is received within 10 calendar days of mailing, receipt shall then be presumed. This definition applies to the notice requirements in FAR 9.406-3 and FAR 9.407-3.

609.404 Parties excluded from procurement programs.

A/OPE shall accomplish the agency responsibilities prescribed in FAR 9.404(c)(1) through (c)(3). The authority to establish procedures prescribed in FAR 9.404(c)(5) is delegated, without

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power of redelegation, to the head of the contracting activity.

[53 FR 26165, July 11, 1988; 53 FR 36461, Sept. 20, 1988, as amended at 55 FR 5774, Feb. 16, 1990; 59 FR 66756, Dec. 28, 1994]

609.405 Effect of listing.

(a) The Procurement Executive is the agency head's designee for the purposes of FAR 9.405(a).

(d) In accordance with a FAR class deviation granted by the Procurement Executive, the following actions apply to actions awarded by DOS contracting activities:

(1) (i) Contracting officers at overseas contracting activities may rely on the debarment certification submitted by bidders/offers (FAR 52.209-5) as proof of eligibility for award when access to the current "Lists of Parties Excluded from Procurement Programs" is not reasonably available. For contracts which require A/OPE review and approval, the contracting officer should request that A/OPE perform the required review if the list is not available.

(4) (i) For procurement actions (both domestic and overseas) that do not exceed the threshold for using simplified acquisition procedures, contracting officers need not consult the "List of Parties Excluded from Procurement Programs" prior to award. The list should be consulted whenever the contracting officer has reason to believe that a proposed contractor may appear on the list.

(ii) Contracting officers at domestic contracting activities shall review the "List of Parties Excluded from Procurement Programs", either in hard copy or electronic form, prior to award.

[59 FR 66756, Dec. 28, 1994, as amended at 60 FR 39662, Aug. 3, 1995]

609.405-1 Continuation of current contracts.

The Procurement Executive is the agency head's designee for the purposes of FAR 9.405-1. The decision whether to terminate a current contract shall be made in consideration of the circumstances listed in 609.405-70.

48 CFR Ch. 6 (10-1-96 Edition)

609.405-2 Restrictions on subcontracting.

The Procurement Executive is the agency head's designee for the purposes of FAR 9.405-2.

609.405-70 Termination action decision.

(a) Prior to making a decision to terminate, based on the consideration listed below, the contracting officer shall have the proposed action reviewed and approved by:

(1) The Office of the Legal Adviser;

(2) An individual one level above the contracting officer; and

(3) For overseas posts, A/OPE.

(b) *Termination for default.* Termination for default under a contract's default clause is appropriate when the circumstances giving rise to the debarment or suspension also constitute a default in the contractor's performance of that contract. Debarment or suspension of the contractor for reasons unrelated to the performance of that contract may not support a termination for default.

(c) *Termination for convenience or cancellation.* Termination for convenience or cancellation under appropriate contract clauses should be considered when the contractor presents a significant risk to the Government in completing a current contract and when such termination for convenience or cancellation is determined to be in the Government's best interests. In making this determination, the contracting officer should consider such factors as the—

(1) Seriousness of the cause for debarment or suspension;

(2) Extent of contract performance;

(3) Potential costs to the Government;

(4) Urgency of the requirement and the impact of the delay; and/or

(5) Availability of other safeguards to protect the Government's interests.

[53 FR 26165, July 11, 1988, as amended at 59 FR 66756, Dec. 28, 1994]

609.406 Debarment.

609.406-1 General.

The Procurement Executive is the agency head's designee for the purposes of FAR 9.406-1(c).

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609.406-3 Procedures.

(a) *Investigation and referral.* (1) DOS employees aware of any cause that may serve as the basis for debarment shall immediately refer those cases through the contracting officer to the debarring official. The debarring official shall immediately refer to the Office of the Inspector General all reported cases that involve possible criminal or fraudulent activities for investigation by that office.

(2) Referrals for consideration of debarment shall include—

(i) The cause for debarment (see FAR 9.406-2);

(ii) A statement of facts;

(iii) Copies of supporting documentary evidence and a list of all necessary or probable witnesses, including addresses and telephone numbers, together with a statement concerning their availability to appear at a fact-finding proceeding and the subject matter of their testimony;

(iv) A list of all contractors involved, either as principals or as affiliates, including current or last known home and business addresses and ZIP codes;

(v) A statement of the acquisition history with such contractors;

(vi) A statement concerning any known pertinent active or potential criminal investigation, criminal or civil court proceedings, or administrative claim before Boards of Contract Appeals; and

(vii) A statement from each DOS organizational element affected by the debarment action as to the impact of a debarment on DOS programs.

(b) *Decisionmaking process.* (1) If the contractor does not respond to a debarment notice within 30 calendar days after receipt of the notice, the debarring official may put the debarment into effect.

(2) In response to the debarment notice, if the contractor or its representative notifies the debarring official within 30 days after receipt of the notice that it wants to present information and arguments in person to the debarring official, that official shall chair such a meeting within 20 calendar days of receipt of the request, unless the contractor requests a longer period of time. The oral presentation shall be conducted informally and a

transcript need not be made. However, the contractor may supplement its oral presentation with written information and arguments for inclusion in the administrative record.

(3) Pursuant to FAR 9.406-3(b)(2), the contractor may request and shall be entitled to a hearing before the fact-finding panel. The fact-finding panel shall conduct the hearing within 20 calendar days of receipt of the request, unless the contractor requests a longer period of time.

(4) The debarring official shall convene the fact-finding panel for this purpose and shall provide the panel with a copy of all documentary evidence on the matter. Upon receipt of such material, the fact-finding official shall notify the contractor and schedule a hearing date.

(5) In addition to the purposes provided in FAR 9.406-3(b)(2), the hearing is intended to provide the debarring official with findings of fact based on a preponderance of evidence submitted to the fact-finding panel and to provide the debarring official with a determination as to whether a cause for debarment exists, based on the facts as found.

(6) The fact-finding panel shall conduct its hearing in accordance with rules promulgated by the fact-finding official. The rules shall be as informal as is practicable, consistent with FAR 9.406-3(b). The fact-finding official is responsible for making the transcribed record of the hearing, unless the contractor and the fact-finding panel agree to waive the requirement for a transcript.

(7) The fact-finding official shall deliver written findings and the transcribed record, if made, to the debarring official within 10 calendar days after the hearing. The findings shall resolve any facts in dispute based on a preponderance of the evidence presented and recommend whether a cause for debarment exists.

(c) *Notice of proposal to debar.* (1) Upon receipt of a complete referral and after consulting with the Office of the Legal Adviser, the debarring official shall decide whether to initiate debarment action.

(2) When a determination is made to initiate action, the debarring official

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shall provide to the contractor and any specifically named affiliates written notice in accordance with FAR 9.406-3(c). A copy of the notice shall be provided to the DOS officer who made the referral and to each DOS organizational element affected by the determination.

(3) When a determination is made not to initiate action, the debarring official shall so advise the DOS officer who made the referral.

(d) *Debarring official's decision.* In addition to complying with FAR 9.406-3(d) and FAR 9.406-3(e), the debarring official shall provide single copies of the decision to each DOS organizational element affected by the decision and to the General Services Administration in accordance with 609.404.

[53 FR 26165, July 11, 1988; 53 FR 36461, Sept. 20, 1988]

609.407 Suspension.

609.407-1 General.

The Procurement Executive is the agency head's designee for the purposes of FAR 9.407-1(d).

609.407-3 Procedures.

(a) *Investigation and referral.* Investigation and referral shall be accomplished as provided in 609.406-3(a), except that referrals made to the suspending official shall cite causes pertinent to a suspension action (see FAR 9.407-2).

(b) *Decisionmaking process.* (1) If the contractor does not respond to a notice of suspension within 30 calendar days after receipt of the notice, the suspending official may proceed with completion of investigation.

(2) The DOS decisionmaking process for a suspension action pursuant to FAR 9.407-3(b) follow those established for a debarment action (see 609.406(b)), except that the contractor may request and shall be entitled to a hearing before the fact-finding panel only if permitted under FAR 9.407-3(b)(2).

(c) *Notice of suspension.* Notice of suspension shall be accomplished as provided in 609.406-3(a), except that the suspending official shall process the notice in accordance with FAR 9.407-3(c).

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(d) *Suspending official's decision.* In addition to complying with FAR 9.407-3(d), the suspending official shall provide single copies of the decision to each DOS organizational element affected by the decision and to the General Services Administration in accordance with 609.404.

Subpart 609.5—Organizational Conflicts of Interest

609.503 Waiver.

The Procurement Executive is the agency head's designee for the purposes of FAR 9.503.

PART 610—SPECIFICATIONS, STANDARDS, AND OTHER PURCHASE DESCRIPTIONS

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

610.002 Policy.

610.002-70 Metric system implementation.

(a) *Policy.* The Omnibus Trade and Competitiveness Act of 1988 (Pub. L. 100-418) requires Federal agencies to establish implementing guidelines pursuant to metric policy established under Sec. 5164 of the Act to adopt the metric system as the preferred system of weights and measurements for United States trade and commerce. This subsection establishes the Department of State metric conversion guidelines for transition from the traditional system to the metric system of weights and measurements.

(b) *Applicability.* This subsection applies to all DOS procurements, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms.

(c) Definitions.

Dual systems means the use of both traditional and metric systems. For example, an item is designated, produced and described in inch-pound values with soft metric values also shown for information or comparison.

Hard metric means the use of only standard metric (SI) measurements in specifications, standards, supplies and services.

Hybrid systems means the use of both traditional and hard metric values in specifications, standards, supplies and services. For example, an engine with internal parts in metric dimensions and external fittings or attachments in inch-pound dimensions.

Measurement sensitive means any item whose application or meaning depends substantially on some measured quantity. For example, measurement sensitive items include product or performance criteria and standards binding on others, such as emission levels, size and weight limitations on items in commerce.

Metrication means any act that increases metric system use, including metric training and initiation or conversion of measurement-sensitive processes and systems to the metric system.

Metric system means the International System of Units (Le System International d'Unites (SI)) of the International Bureau of Weights and Measures. The units are listed in Federal Standard 376A, Preferred Metric Units for General Use by the Federal Government.

Soft metric means the result of mathematical conversion of inch-pound measurements to metric equivalents in specifications, standards, supplies and services. The physical dimensions, however, are not changed.

Traditional system of weights and measurements means the predominant weight and measurement system currently used in the United States, also referred to as the "inch-pound system". The traditional system includes such commonly used units as inch, foot, yard, mile, pint, quart, gallon, bushel, ounce (fluid and avoirdupois), pound, degree Fahrenheit, ampere, candela, and second.

(d) *Procedures.* (1) DOS contracting activities shall implement the metric system in a manner consistent with Pub. L. 100-418.

(2) All DOS contracting activities shall use the metric system in procurement consistent with security, operations, economic, technical, logistical, training and safety requirements.

(3) The Department shall encourage industry to adopt the metric system, by acquiring commercially available

metric products and services that meet the Department's needs whenever practical. Toward this end, solicitations for DOS acquisitions shall:

(i) State all measurement sensitive requirements in metric terms whenever possible. Alternatives to hard metric are soft, dual and hybrid metric terms. The Metric Handbook for Federal Officials regarding the selection of proper metric units and symbols is available for the National Technical Information Service (#PB89-226922); and

(ii) Contracting officers shall return all statements of work/specifications that are not expressed in some form of metric terms to the requirements office that prepared the documents, if the contract is expected to exceed \$500,000, unless the requirements office has forwarded to the contracting activity for approval, in a waiver format prescribed by the head of the contracting activity, a justification for the use of non-metric specifications/statements of work. Option year prices shall be considered when computing the \$500,000 threshold.

(4) Waivers are not required when ordering from Federal Supply Schedules, or if the contract is not expected to exceed \$500,000.

(5) Valid justifications for non-metric specifications/word statements include, but are not limited to:

(i) Existing specifications and standards in inch-pound units, unless conversions is necessary or advantageous to the Government. Unnecessary retrofit of existing systems with new metric components shall be avoided if the total cost of the retrofit, including redesign costs, exceeds \$50,000;

(ii) When metric is not the accepted industry system with respect to a business-related activity, soft metric, hybrid or dual system may be used during transition to hard metric; and

(iii) When the use of metric is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms.

(6) The contracting officer shall review and, if acceptable, approve the waiver prepared by the requirements office prior to the release of a solicitation that incorporates a specification that is not written in some form of

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metric, if the resultant contract is expected to exceed \$500,000. The waiver shall be placed in the contract file. If the waiver is not approved, the contracting officer shall return it to the requirements office with an explanation.

(7) The Department's direct in-house operating metric conversion costs shall be handled as normal operating expenses rather than as special one time costs or included as a budget line item. However, these costs are to be identified. Identification includes, but is not limited to, the cost of metric aids, tools, equipment, training and increased cost to develop metric speci-

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fications. All contracting activities and requirements offices shall maintain a record of any costs and/or savings brought about by metric conversion.

(8) Bulk (loose, unpacked) materials shall be specified and purchased in metric or dual units.

(9) Measuring devices, shop and laboratory equipment shall be purchased in metric or dual units.

(10) Shipping allowances, bills of lading and other shipping documents shall be expressed in metric or dual units.

[59 FR 66756, Dec. 28, 1994, as amended at 60 FR 39662, Aug. 3, 1995]

SUBCHAPTER C—CONTRACTING METHODS AND CONTRACT TYPES

PART 613—SIMPLIFIED ACQUISITION PROCEDURES

Subpart 613.1—General

Sec.

613.103 Policy.

613.103-70 Acquisition by overseas posts.

Subpart 613.4—Imprest Fund

613.403 Conditions for use.

Subpart 613.5—Purchase Orders

613.501 General.

613.505 Purchase order and related forms.

613.505-1 Optional Form (OF) 347, Order for Supplies or Services, and Optional Form 348, Order for Supplies or Services Schedule—Continuation.

613.505-70 File folders for simplified acquisitions, delivery orders, and blanket purchase agreements.

613.507 Provisions and clauses.

613.507-70 DOSAR clauses.

Subpart 613.6-70—Governmentwide Commercial Purchase Card Program

613.601-70 Policy.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26167, July 11, 1988, unless otherwise noted.

Subpart 613.1—General

613.103 Policy.

613.103-70 Acquisition by overseas posts.

Overseas posts shall ensure that the terms and conditions prescribed in FAR Part 13 are added or incorporated by reference on the documents used for purchase orders from U.S. vendors.

[53 FR 26167, July 11, 1988, as amended at 59 FR 66757, Dec. 28, 1994; 60 FR 39662, Aug. 3, 1995]

Subpart 613.4—Imprest Fund

613.403 Conditions for use.

The Procurement Executive is the agency head's designee for the purposes of FAR 13.403(a).

[53 FR 26167, July 11, 1988. Redesignated and amended at 60 FR 39662, Aug. 3, 1995]

Subpart 613.5—Purchase Orders

613.501 General.

The contracting officer shall distribute copies of each purchase order in conformance with Subpart 604.2.

613.505 Purchase order and related forms.

613.505-1 Optional Form (OF) 347, Order for Supplies or Services, and Optional Form 348, Order for Supplies or Services Schedule—Continuation.

(a) The OF-347 and OF-348 shall be mandatory for use by domestic contracting activities for issuing purchase orders and delivery orders, unless ordering against another Federal agency contract which stipulates a different form (e.g., DD-1155, Order for Supplies or Services); or, unless the Procurement Executive has approved another form. The OF-347 may also be used as a voucher.

(b) In lieu of the OF-347 and OF-348, DOS overseas contracting activities may use the Optional Form (OF) 206, Purchase Order, Receiving Report and Voucher, and Optional Form 206A, Continuation Sheet (illustrated at 653.303-206 and 653.303-206A, respectively). When using the OF-206, contracting activities may use Optional Form (OF) 127, Receiving and Inspection Report (illustrated at 653.303-127), for that purpose.

[60 FR 39662, Aug. 3, 1995]

613.505-70 File folders for simplified acquisitions, delivery orders, and blanket purchase agreements.

Contracting officers shall use Forms DST-1918, Purchase Order File; DST-1919,

613.507-70

Delivery Order File; and, DST-1920, Blanket Purchase Agreement (BPA) File, to record relevant data and document those purchases, respectively.

[59 FR 66758, Dec. 28, 1994]

613.507 Provisions and clauses.

613.507-70 DOSAR clauses.

In addition to the FAR provisions and clauses required for or applicable to the particular acquisition, each DOS purchase order shall incorporate all DOSAR clauses required for or applicable to the acquisition. All such clauses shall be listed on a separate document and attached to each copy of the purchase order. The document shall be identified by the purchase order number and the name and address of the contracting activity. The DOSAR clauses may be incorporated without setting out full text.

[60 FR 39663, Aug. 3, 1995]

Subpart 613.6-70—Government-wide Commercial Purchase Card Program

613.601-70 Policy.

(a) *Scope.* This subsection sets forth policy for use of the Government purchase card when making small purchases.

(b) *Policy.* It is the Department's policy that:

(1) The purchase card shall be used in preference to other methods of procurement (particularly BPAs) for individual purchases up to \$2,500;

(2) The purchase card shall be issued primarily to personnel outside of the procurement office to purchase products and services up to \$2,500 quickly with a minimum of paperwork and without having to send an individual requisition to a procurement office; and,

(3) The purchase card may be used in procurement offices for purchases up to \$25,000.

(c) *Procedures.* Specific procedures for implementation shall be developed by each contracting activity that wishes to participate in the program. These

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procedures shall be approved by A/OPE prior to implementation.

[59 FR 66758, Dec. 28, 1994, as amended at 60 FR 39663, Aug. 3, 1995]

PART 614—SEALED BIDDING

Subpart 614.2—Solicitation of Bids

Sec.

614.201 Preparation of Invitation for Bids (IFB).

614.201-7 Contract clauses.

614.201-7-70 DOSAR contract clauses.

Subpart 614.4—Opening of Bids and Award of Contract

614.402 Opening of Bids.

614.402-1 Unclassified bids.

614.402-70 Waiver of public opening of bids.

614.404 Rejection of bids.

614.404-1 Cancellation of invitations after opening.

614.406 Mistakes in bids.

614.406-3 Other mistakes disclosed before award.

614.406-4 Mistakes after award.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26168, July 11, 1988, unless otherwise noted.

Subpart 614.2—Solicitation of Bids

614.201 Preparation of Invitation for Bids (IFB).

614.201-7 Contract clauses.

614.201-7-70 DOSAR contract clauses.

(a) Use of English language solicitations and contracts is mandatory unless a deviation has been approved by the Procurement Executive in accordance with 601.470. If any part of a contract is not written in the English language, the contracting officer shall attach an accurate English language translation of such part to the original and each copy of the contract, unless the contracting officer determines such action is infeasible.

(b) When contracting by sealed bidding, the contracting officer shall insert the clause at 652.214-70, Notices, in all solicitations and contracts awarded or performed overseas.

(c) When contracting by sealed bidding, the contracting officer shall insert the provision at 652.214-71, Authorization to Perform, in all solicitations

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for contracts to be awarded or performed overseas.

[53 FR 26168, July 11, 1988, as amended at 59 FR 66758, Dec. 28, 1994]

Subpart 614.4—Opening of Bids and Award of Contract

614.402 Opening of bids.

614.402-1 Unclassified bids.

After the unclassified bids have been opened pursuant to FAR 14.402-1, the bid opening officer shall announce that the opening of bids has been completed and that all bidders will be notified as soon as possible regarding the award.

614.402-70 Waiver of public opening of bids.

Overseas posts may request waiver of the public opening of bids if that activity is inconsistent with local law or legal practice, or with post security. For that purpose, the Procurement Executive must approve a deviation in accordance with 601.470.

614.404 Rejection of bids.

614.404-1 Cancellation of invitations after opening.

The authority to make the determination prescribed in FAR 14.404-1(c) is delegated, without power of redelegation, to the head of the contracting activity. The head of the contracting activity shall obtain the concurrence of the Office of the Legal Adviser before making a determination pursuant to this subsection.

[53 FR 26168, July 11, 1988, as amended at 59 FR 66758, Dec. 28, 1994]

614.406 Mistakes in bids.

614.406-3 Other mistakes disclosed before award.

The authority to make the determinations prescribed in FAR 14.406 is delegated, without power of redelegation, to the head of the contracting activity. In conformance with FAR 14.406-3(f), the head of the contracting activity shall obtain the concurrence of the Office of the Legal Adviser before making any determinations pursuant to this subsection.

614.406-4

614.406-4 Mistakes after award.

The authority to make all determinations prescribed in FAR 14.406-4 is delegated, without power of redelegation, to the head of the contracting activity. In conformance with FAR 14.406-4(d), the head of the contracting activity shall consult with the Office of the Legal Adviser before making any determinations pursuant to this subsection.

PART 615—CONTRACTING BY NEGOTIATION

Subpart 615.1—General Requirements for Negotiations

Sec.

615.106 Contract clauses.

615.106-1 Examination of Records clause.

615.106-70 DOSAR contract clauses.

Subpart 615.4—Solicitation and Receipt of Proposals and Quotations

615.403 Solicitation mailing lists.

615.404 Presolicitation notices and conferences.

615.406 Preparing requests for proposals (RFP's) and requests for quotations (RFQ's).

615.406-1 Uniform contract format.

615.413 Disclosure and use of information before award.

615.413-2 Alternate II.

Subpart 615.5—Unsolicited Proposals

615.504 Advance guidance.

615.506 Agency procedures.

Subpart 615.6—Source Selection

615.604 Responsibilities.

615.607 Disclosure of mistakes before award.

615.608 Proposal evaluation.

615.612 Formal source selection.

Subpart 615.8—Price Negotiation

615.804 Cost or pricing data.

615.804-3 Exemptions from or waiver of submission of certified cost or pricing data.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26168, July 11, 1988, unless otherwise noted.

615.106-1

Subpart 615.1—General Requirements for Negotiation

615.106 Contract clauses.

615.106-1 Examination of Records clause.

See Subpart 625.9 for conditions for omission of the Examination of Records clause.

615.106-70 DOSAR contract clauses.

When contracting by negotiation, the contracting officer shall insert the clauses at 652.214-70, Notices, and 652.214-71, Authorization to Perform, in all solicitations and contracts, under the same conditions prescribed in 614.201-7-70.

[53 FR 26168, July 11, 1988, as amended at 59 FR 66758, Dec. 28, 1994]

Subpart 615.4—Solicitation and Receipt of Proposals and Quotations

SOURCE: 59 FR 66758, Dec. 28, 1994, unless otherwise noted.

615.403 Solicitation mailing lists.

Contracting officers shall release copies of solicitation mailing lists in accordance with FAR 14.205-5(a). However, the list of those firms which actually submitted proposals is not releasable. Requests for information other than solicitation mailing lists shall be handled by the Department's Office of Freedom of Information.

615.404 Presolicitation notices and conferences.

(c)(1) The Procurement Executive has approved a class deviation from the requirements of FAR 15.404(c)(1). Approval for presolicitation conferences at one level above the contracting officer is not required.

615.406 Preparing requests for proposals (RFP's) and requests for quotations (RFQ's).

615.406-1 Uniform contract format.

(a) The uniform contract format shall be mandatory for all acquisitions outside the United States, its possessions, its territories, and Puerto Rico,

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with the exception of those contracts listed in FAR 15.406-1(a) (1) through (8), unless a waiver is granted by the Procurement Executive. The Procurement Executive is the agency head's designee for the purposes of FAR 15.406-1(a)(7).

615.413 Disclosure and use of information before award.

615.413-2 Alternate II.

Contracting officers may determine to use the alternate procedures listed in FAR 15.413-2 in cases deemed appropriate. These procedures must be used when releasing proposals outside the Government for evaluation purposes.

(e) Contracting officers shall place the notice specified in FAR 15.413-2(e) on all proposals when using these alternate procedures.

(f) Release of proposals outside the Government is authorized.

(1) The Procurement Executive is the agency head's designee for the purposes of FAR 15.413-2(f)(1).

Subpart 615.5—Unsolicited Proposals

615.504 Advance guidance.

(a) The contact points for unsolicited proposals are the heads of the contracting activities.

[59 FR 66758, Dec. 28, 1994]

615.506 Agency procedures.

(a) The contact points shall ensure that unsolicited proposals are controlled, evaluated, safeguarded, and disposed of in accordance with FAR Subpart 15.5.

[59 FR 66758, Dec. 28, 1994]

Subpart 615.6—Source Selection

615.604 Responsibilities.

(a) The head of the contracting activity is the agency head's designee for the purposes of FAR 15.604(a).

[59 FR 66759, Dec. 28, 1994]

615.607 Disclosure of mistakes before award.

The authority to make the determination prescribed in FAR 15.607(c)(3)

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is delegated, without power of redelegation, to the head of the contracting activity. In conformance with FAR 15.607(c)(3)(ii), the head of the contracting activity shall obtain the concurrence of the Office of the Legal Adviser before making a determination pursuant to this subsection.

[53 FR 26168, July 11, 1988, as amended at 59 FR 66759, Dec. 28, 1994]

615.608 Proposal evaluation.

The authority to make the determination prescribed in FAR 15.608(b) is delegated, without power of redelegation, to the head of the contracting activity. The head of the contracting activity shall obtain the concurrence of the Office of the Legal Adviser before making a determination pursuant to this section.

[53 FR 26168, July 11, 1988, as amended at 59 FR 66759, Dec. 28, 1994]

615.612 Formal source selection.

The authority prescribed in FAR 15.612(b), including the authority to designate a source selection authority, is delegated, without power of redelegation, to the head of the contracting activity.

Subpart 615.8—Price Negotiation

615.804 Cost or pricing data.

615.804-3 Exemptions from or waiver of submission of certified cost or pricing data.

The waiver authority prescribed in FAR 15.804-3(i) is delegated, without power of redelegation, to the head of the contracting activity.

PART 616—TYPES OF CONTRACTS

Sec.

616.000 Scope of part.

Subpart 616.1—Selecting Contract Types

616.102 Policies.

616.102-70 Overseas posts.

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Subpart 616.2—Fixed-Price Contracts

616.203 Fixed-price contracts with economic price adjustment.

616.203-4 Contract clauses.

616.207 Firm-fixed-price, level-of-effort term contracts.

616.207-3 Limitations.

Subpart 616.3—Cost-Reimbursement Contracts

616.301-3 Limitations.

616.306 Cost-plus-fixed-fee contracts.

Subpart 616.5—Indefinite-Delivery Contracts

616.505 Contract clauses.

616.505-70 DOSAR contract clause.

Subpart 616.6—Time-and-Materials, Labor-Hour, and Letter Contracts

616.603 Letter contracts.

616.603-2 Application.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26169, July 11, 1988, unless otherwise noted.

616.000 Scope of part.

The contracting officer may use any of the contract types described in FAR part 16 for acquisitions made under simplified acquisition procedures. The contracting officer shall document his/her decision to use a contract type in accordance with the requirements of FAR part 16.

[60 FR 39963, Aug. 3, 1995]

Subpart 616.1—Selecting Contract Types

616.102 Policies.

616.102-70 Overseas posts.

Pursuant to 601.603-70(a)(1)(i), no authority is delegated to overseas posts to enter into cost-reimbursement, fixed-price incentive, or fixed-price re-determinable contracts, unless the Procurement Executive's approval is obtained. Such requests shall be submitted by the head of the contracting activity on a case-by-case basis.

[59 FR 66759, Dec. 28, 1994]

616.203-4

Subpart 616.2—Fixed-Price Contracts

616.203 Fixed-Price contracts with economic price adjustment.

616.203-4 Contract clauses.

Contracting officers at domestic contracting activities may use an economic price adjustment clause based on cost indexes of labor or material in accordance with the circumstances listed in FAR 16.203-4(d) and after obtaining the approval of the head of the contracting activity. Overseas posts may use the clause at 652.216-71, Price Adjustment, when procuring continuing services (*e.g.*, guard, janitorial, building maintenance, and gardening). Posts shall obtain A/OPE approval for any price adjustment clause that differs from the clause at 652.216-71.

[53 FR 26169, July 11, 1988, as amended at 59 FR 66759, Dec. 28, 1994]

616.207 Firm-fixed-price, level-of-effort term contracts.

616.207-3 Limitations.

The head of the contracting activity is the chief of the contracting office for the purposes of FAR 16.207-3.

Subpart 616.3—Cost-Reimbursement Contracts

616.301-3 Limitations.

The determination and findings prescribed in FAR 16.301-3(c) shall be executed by the contracting officer.

[53 FR 26169, July 11, 1988, as amended at 59 FR 66759, Dec. 28, 1994]

616.306 Cost-plus-fixed-fee contracts.

The authority to make the determination prescribed in FAR 16.306(c)(2) is delegated to the head of the contracting activity. This authority may be redelegated.

[53 FR 26169, July 11, 1988, as amended at 59 FR 66759, Dec. 28, 1994]

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Subpart 616.5—Indefinite-Delivery Contracts

616.505 Contract clauses.

616.505-70 DOSAR contract clause.

The contracting officer shall insert the clause at 652.216-70, Ordering—Indefinite-Delivery Contract, whenever the clause at FAR 52.216-20, Definite Quantity, or the clause at FAR 52.216-21, Requirements, or the clause at FAR 52.216-22, Indefinite Quantity, is used.

Subpart 616.6—Time-and-Materials, Labor-Hour, and Letter Contracts

616.603 Letter contracts.

616.603-2 Application.

The contracting officer, after obtaining approval of the head of the contracting activity, is authorized to extend the period to definitize a letter contract in accordance with FAR 16.603-2(c) and when such action is in the best interest of the Government. For this purpose, the contracting officer shall execute a written determination and findings, and submit it to the head of the contracting activity for approval. For cases where the contracting officer is also the head of the contracting activity, the Procurement Executive shall approve the determination and findings.

[53 FR 26169, July 11, 1988; 53 FR 36462, Sept. 20, 1988, as amended at 59 FR 66759, Dec. 28, 1994]

PART 617—SPECIAL CONTRACTING METHODS

Subpart 617.1—Multiyear Contracting

Sec.

617.102 Policy.

617.102-2 General.

617.102-3 Objectives.

Subpart 617.2—Options

617.201 Definitions.

617.201-70 DOSAR Definitions.

617.204 Contracts.

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Subpart 617.5—Interagency Acquisitions Under the Economy Act

617.502 General.
617.504–70 Ordering procedures.

Subpart 617.6—Management and Operating Contracts

617.602 Policy.
AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.
SOURCE: 53 FR 26169, July 11, 1988, unless
otherwise noted.

Subpart 617.1—Multiyear Contracting

617.102 Policy.

617.102–2 General.

(a) Pursuant to section 14 of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2679a), any DOS acquisition for property or services, or both, by any contract funded on the basis of annual appropriations may nevertheless be made for periods not in excess of 5 years when—

(1) Appropriations are available and adequate for payment for the first fiscal year and for all potential cancellation costs; and

(2) The Procurement Executive determines that—

(i) The need of the Government for the property or services being acquired over the period of the contract is reasonably firm and continuing;

(ii) Such a contract will serve the best interests of the Government by encouraging effective competition or promoting economies in performance and operation; and

(iii) Such a method of contracting will not inhibit small business participation.

(b) For overseas posts, the Procurement Executive may delegate to the Principal Officer, on an individual contract or class of contracts basis, the authority to make the determination required by paragraph (a)(2) above. The Principal Officer may not redelegate this authority.

(c) In the event that funds for the continuation of such a contract are not made available into a subsequent fiscal year, the contract shall be canceled. Any cancellation costs incurred shall

be paid from appropriations originally available for the performance of the contract, appropriations currently available for the acquisition of similar property or services and not otherwise obligated, or appropriations made for such cancellation payments.

(d) Any multiyear contract awarded pursuant to this subsection shall not exceed 5 years, including options, in accordance with FAR Subpart 17.2, unless approved by the Procurement Executive in accordance with DOSAR 617.204(e).

[53 FR 26169, July 11, 1988, as amended at 59 FR 66759, Dec. 28, 1994]

617.102–3 Objectives.

(d)(3) The head of the contracting activity is the agency head's designee for the purposes of FAR 17.102–3(d)(3). For those cases where the contracting officer is also the head of the contracting activity, the Procurement Executive shall be the agency head's designee.

[59 FR 66759, Dec. 28, 1994]

Subpart 617.2—Options

617.201 Definitions.

617.201–70 DOSAR Definitions.

Evaluated option means an option that is evaluated for award purposes by adding the total price for the option(s) to the total price for the basic requirement.

Price option means an option where the amount for the option is specified in or is reasonably determinable from the terms of the basic contract, as described in FAR 17.207(f) (1) through (5).

Unevaluated option means an option that is not included in the evaluation for award purposes.

Unpriced option means an option where the prices for the option quantities or performance periods are not specified in the contract at the time of award and the option prices are negotiated at the time the option is exercised.

[53 FR 26169, July 11, 1988, as amended at 59 FR 66759, Dec. 28, 1994]

617.204 Contracts.

(e) The Procurement Executive shall approve any solicitations or contracts

617.502

which exceed the five (5) year maximum length for supplies or services.

[59 FR 66759, Dec. 28, 1994]

Subpart 617.5—Interagency Acquisitions Under the Economy Act

617.502 General.

The authority to make the determination prescribed in FAR 17.502 is delegated to the head of the contracting activity.

[53 FR 26169, July 11, 1988, as amended at 59 FR 66759, Dec. 28, 1994]

617.504–70 Ordering procedures.

(a) Department deputy assistant secretaries are authorized to execute Economy Act IAAs. Department contracting officers also are authorized to

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execute Economy Act IAAs, as prescribed in FAR 17.504(a).

(b) Department of State form DS–1921, Award/Modification of Interagency Acquisition Agreement (illustrated in part 653), shall be used for all Economy Act IAAs where the Department is the requesting agency. It shall also be used for Economy Act IAAs where the Department is the servicing agency if the requesting agency does not have a similar form that provides the same information.

[59 FR 66759, Dec. 28, 1994]

Subpart 617.6—Management and Operating Contracts

617.602 Policy.

The Assistant Secretary for Administration is the agency head for the purposes of FAR 17.602.

SUBCHAPTER D—SOCIOECONOMIC PROGRAMS

PART 619—SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26170, July 11, 1988, unless otherwise noted.

Subpart 619.2—Policies

Sec.

619.201 General policy.

Subpart 619.4—Cooperation with the Small Business Administration

619.402 Small Business Administration procurement center representatives.

619.402–70 DOS designee.

Subpart 619.5—Set-Asides for Small Business

619.501 General.

619.505 Rejecting set-aside recommendations.

619.506 Withdrawing or modifying set asides.

Subpart 619.6—Certificates of Competency and Determinations of Eligibility

619.602 Procedures.

619.602–1 Referral.

Subpart 619.7—Subcontracting with Small Business and Small Disadvantaged Business Concerns

619.705 Responsibilities of the contracting officer under the subcontracting assistance program.

619.705–1 General support of the program.

619.705–3 Preparing the solicitation.

619.705–4 Reviewing the subcontracting plan.

619.705–6 Postaward responsibilities of the contracting officer.

619.705–6–70 Reporting responsibilities.

619.708–70 Solicitation provisions and contract clauses.

Subpart 619.8—Contracting With the Small Business Administration (the 8(a) Program)

619.801 Definitions.

619.803 Selecting acquisitions for the 8(a) program.

619.803–70 Responsibilities of the Office of Small and Disadvantaged Business Utilization (A/SDBU).

619.810 SBA appeals.

619.812 Contract administration.

619.870 Acquisition of technical requirements.

Subpart 619.2—Policies

619.201 General policy.

(a) The Operations Director, Office of Small and Disadvantaged Business Utilization (A/SDBU), is responsible for performing all functions and duties prescribed in FAR 19.201 (c) and (d).

(b) In addition to the requirements of FAR 19.201(b), each head of the contracting activity (see 601.603–70), or designee, is responsible for establishing in coordination with the A/SDBU Operations Director annual goals for the DOS small and disadvantaged business program.

(c) The Assistant Secretary of State for Administration is the agency head for the purposes of FAR 19.201(c).

(d) Pursuant to FAR 19.201(d), each Small and Disadvantaged Business Utilization Specialist (SDBUS) is responsible for—

(1) Maintaining a program to locate capable small business, small disadvantaged business, and women-owned business sources to fulfill DOS acquisition requirements;

(2) Coordinating inquiries and requests for advice from small business, small disadvantaged business, and women-owned business sources on DOS contracting and subcontracting opportunities and other acquisition matters;

(3) Advising contracting activities on new or revised small business, small disadvantaged business, or women-owned business policies, regulations, procedures, and other related information;

(4) Assuring that small business, small disadvantaged business and women-owned business concerns are provided adequate specifications or drawings by initiating actions, in writing, with appropriate technical and contracting personnel to ensure that all necessary specifications or drawings for current and future acquisitions, as appropriate, are available;

(5) Reviewing all proposed acquisitions in excess of the simplified acquisition limitation to assure that small business, small disadvantaged business, and women-owned business sources will be afforded an equitable opportunity to compete and, as appropriate, initiating recommendations for small business or small disadvantaged business set-asides. This includes proposed contract modifications for new or additional requirements which do not fall within the original scope of the contract and which exceed the simplified acquisition threshold. This does not include the exercising of contract options;

(6) Assuring that contract financing available under existing regulations is offered when appropriate and that requests by small business concerns for such financing are not treated as a handicap in the award of contracts;

(7) Providing assistance to the contracting officer in making determinations concerning responsibility of prospective contractors whenever small business concerns are involved;

(8) Participating in the evaluation of a prime contractor's small business and small disadvantaged business subcontracting plans;

(9) Assuring that the participation of small business, small disadvantaged business, and women-owned business concerns is accurately reported;

(10) Attending, as appropriate, debriefings to unsuccessful small business and small disadvantaged business concerns to assist those firms in understanding requirements for responsiveness and responsibility so that the firm may be able to qualify for future awards;

(11) Making available to SBA copies of solicitations when so requested;

(12) When a bid or offer from a small business, small disadvantaged business, or women-owned business has been rejected for nonresponsiveness or non-responsibility, upon request, aid, counsel, and assist that firm in understanding requirements for responsiveness and responsibility so that the firm may be able to qualify for future awards;

(13) Participating in Government-industry conferences to assist small business, small disadvantaged business and women-owned business concerns, in-

cluding Business Opportunity/Federal Acquisition Conferences, Minority Business Enterprises Acquisition Seminars and Business Opportunity Committee meetings;

(14) Maintaining a list of supplies and services that have been placed as repetitive small business set-asides;

(15) Participating in the development, implementation, and review of automated source systems to assure that the interests of small business, small disadvantaged business, and women-owned business concerns are fully considered;

(16) Advising potential sources how they can obtain information about competitive acquisitions;

(17) Providing small business, small disadvantaged business, and women-owned business sources information regarding assistance available from Federal agencies such as the Small Business Administration, Minority Business Development Agency, Bureau of Indian Affairs, Economic Development Administration, National Science Foundation, Department of Labor and others, including State agencies and trade associations; and

(18) Participating in interagency programs relating to small business, small disadvantaged business, and labor surplus area matters as authorized by the A/SDBU Operations Director.

[53 FR 26170, July 11, 1988, as amended at 59 FR 66759, Dec. 28, 1994; 60 FR 39663, Aug. 3, 1995]

Subpart 619.4—Cooperation with the Small Business Administration

619.402 Small Business Administration procurement center representatives.

619.402-70 DOS designee.

Where the FAR requires action by a Small Business Administration procurement center representative, but one has not been assigned to the DOS contracting activity, the A/SDBU Operations Director shall perform the action so required.

Department of State

619.705–6–70

Subpart 619.5—Set-Asides for Small Business

619.501 General.

(c) Contracting officers shall use Department of State Form DS–1910, Small Business/Labor Surplus Area Review—Actions Above the Simplified Acquisition Threshold, to document set-aside decisions.

[59 FR 66759, Dec. 28, 1994, as amended at 60 FR 39663, Aug. 3, 1995]

619.505 Rejecting set-aside recommendations.

The Procurement Executive is the agency head for the purposes of FAR 19.505.

619.506 Withdrawing or modifying set asides.

(b) The Procurement Executive shall resolve disagreements between the A/SDBU Operations Director and the contracting officer.

[59 FR 66759, Dec. 28, 1994]

Subpart 619.6—Certificates of Competency and Determinations of Eligibility

619.602 Procedures.

619.602–1 Referral.

The contracting officer shall transmit to the A/SDBU Operations Director concurrently with the submission to the appropriate SBA Regional Office, a copy of the documentation supporting the determination that a small business concern is not responsible, as required by FAR 19.602–1(a).

Subpart 619.7—Subcontracting with Small Business and Small Disadvantaged Business Concerns

619.705 Responsibilities of the contracting officer under the subcontracting assistance program.

619.705–1 General support of the program.

It is the Department's policy to incorporate its current fiscal year goals as negotiated with the SBA into all pertinent Department solicitations, in

addition to the standard subcontract clauses. Incorporation of the goals does not require that large business prime contractors must subcontract, but does require that to the extent they plan to subcontract, specific goals be established for doing business with small, small disadvantaged, and women-owned firms. Where funds are available, an incentive clause such as that found in FAR 52.219–10, Incentive Subcontracting Program for Small and Small Disadvantaged Business Concerns, is encouraged.

[59 FR 66760, Dec. 28, 1994]

619.705–3 Preparing the solicitation.

Whenever the clause at FAR 52.219–9, Small Business and Small Disadvantaged Business Subcontracting Program, is used in a solicitation for a negotiated acquisition, a notification also must be included in the solicitation. This notification shall advise prospective offerors that subcontracting plans may be requested from all concerns determined to be in the competitive range. To further promote the use of small, disadvantaged, and women-owned firms by large prime contractors, contracting officers are encouraged to consider the adequacy of the subcontracting plans, and/or past performance in achieving negotiated subcontract goals, as part of the overall evaluation of the technical proposals.

[53 FR 26170, July 11, 1988, as amended at 59 FR 66760, Dec. 28, 1994]

619.705–4 Reviewing the subcontracting plan.

A/SDBU shall review subcontracting plans to determine if small and small disadvantaged businesses are afforded the maximum practicable opportunity to participate as subcontractors. A/SDBU shall recommend to the contracting officer changes needed to subcontracting plans found to be deficient.

619.705–6 Postaward responsibilities of contracting officer.

619.705–6–70 Reporting responsibilities.

(a) The contracting officer shall forward to the A/SDBU Operations Director a copy of each subcontracting plan that was incorporated into a contract

619.708-70

or contract modification. Each contracting activity shall maintain a list of its active prime contracts that contain subcontracting plans.

(b) Contracting officers shall collect subcontracting data from contractors required to establish subcontracting plans in support of small and small disadvantaged business concerns. This data shall be collected annually and semiannually, using Standard Form 295, Summary Subcontracting Report, for the annual submissions, and Standard Form 294, Subcontracting Report for Individual Contracts, for the semiannual submissions. The head of the contracting activity shall forward these reports to the A/SDBU Operations Director, not later than the 30th day of the month following the close of the reporting period.

[53 FR 26170, July 11, 1988, as amended at 59 FR 66760, Dec. 28, 1994]

619.708-70 Solicitation provisions and contract clauses.

The contracting officer shall insert a provision substantially the same as the provision at 652.219-70, Department of State Subcontracting Goals, in solicitations whenever the clause at FAR 52.219-9, Small Business and Small Disadvantaged Business Subcontracting Plan, is used.

[59 FR 66760, Dec. 28, 1994]

Subpart 619.8—Contracting with the Small Business Administration (the 8(a) Program)

619.801 Definitions.

National buy requirements includes all 8(a) contracts performed outside the United States and processed by the Small Business Administration.

[59 FR 66760, Dec. 28, 1994]

619.803 Selecting acquisitions for the 8(a) program.

619.803-70 Responsibilities of the Office of Small and Disadvantaged Business Utilization (A/SDBU).

A/SDBU shall review the capabilities of 8(a) concerns and disseminate that information to DOS program and contracting personnel. As necessary, A/SDBU shall obtain from the SBA or

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8(a) concerns supplemental information for DOS program and contracting personnel.

619.810 SBA appeals.

The Procurement Executive is the agency head for the purposes of FAR 19.810.

[59 FR 66760, Dec. 28, 1994]

619.812 Contract administration.

(d) The Procurement Executive is the agency head for the purposes of FAR 19.812(d).

[59 FR 66760, Dec. 28, 1994]

619.870 Acquisition of technical requirements.

(a) *Offering Letter.* When a decision has been made by the A/SDBU and contracting officer to process an acquisition through the SBA under the 8(a) program, the contracting activity shall promptly send to the applicable SBA office a letter offering the acquisition to the SBA, with an information copy to the SDBUS. The offering letter should transmit the statement of work, purchase description, technical data package, or specifications and such other information deemed necessary by the contracting officer.

(b) The contracting officer has greater latitude in holding discussions with the concerns solicited under an 8(a) program acquisition if under the \$3 million competitive threshold for 8(a) competition than under a non-8(a) program acquisition. Informal assessments of 8(a) concerns shall be within the parameters of 13 CFR 124.308(g). The technical evaluation must be carefully reviewed to determine if any source declared to be unacceptable is capable of being made acceptable.

[53 FR 26170, July 11, 1988, as amended at 59 FR 66760, Dec. 28, 1994]

PART 622—APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

Subpart 622.3—Contract Work Hours and Safety Standards Act

Sec.

622.302 Liquidated damages and overtime pay.

Department of State

Subpart 622.4—Labor Standards for Contracts Involving Construction

- 622.401 Definitions.
- 622.404 Davis-Bacon Act wage determinations.
- 622.404-3 Procedures for requesting wage determinations.
- 622.404-6 Modifications of wage determinations.
- 622.404-7 Correction of wage determinations containing clerical errors.
- 622.404-11 Wage determination appeals.
- 622.406 Administration and enforcement.
- 622.406-1 Policy.
- 622.406-3 Additional classifications.
- 622.406-8 Investigations.
- 622.406-9 Withholding from or suspension of contract payments.
- 622.406-10 Disposition of disputes concerning construction contract labor standards enforcement.
- 622.406-11 Contract terminations.
- 622.406-12 Cooperation with the Department of Labor.

Subpart 622.6—Walsh-Healey Public Contracts Act

- 622.604 Exemptions.
- 622.604-2 Regulatory exemptions.

Subpart 622.8—Equal Employment Opportunity

- 622.807 Exemptions.

Subpart 622.13—Special Disabled and Vietnam Era Veterans

- 622.1303 Waivers.
- 622.1308 Contract clauses.

Subpart 622.14—Employment of the Handicapped

- 622.1403 Waivers.
- 622.1408 Contract clause.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26172, July 11, 1988, unless otherwise noted.

Subpart 622.3—Contract Work Hours and Safety Standards Act

622.302 Liquidated damages and overtime pay.

The authority to make the determination prescribed in FAR 22.302(c) is delegated, without power of redelegation, to the head of the contracting activity.

[55 FR 5774, Feb. 16, 1990]

622.404-11

Subpart 622.4—Labor Standards for Contracts Involving Construction

SOURCE: 55 FR 5774, Feb. 16, 1990, unless otherwise noted.

622.401 Definitions.

(b) Apprentices, trainees, helpers, and, in the case of contracts subject to the Contract Work Hours and Safety Standards Act, watchmen and guards. The terms “apprentice” and “trainee” are defined as follows:

(1) *Apprentice* has the same definition as in FAR 22.401(b)(1).

(2) *Trainee* has the same definition as in FAR 22.401(b)(2).

(3) The definition for *helper* as described in FAR 22.401 paragraph (b)(3) of the definition of *Laborers* or *mechanics* is reserved.

[59 FR 66760, Dec. 28, 1994]

622.404 Davis-Bacon Act wage determinations.

622.404-3 Procedures for requesting wage determinations.

The cognizant contracting activity (see 601.603-70) is the contracting agency for the purposes of FAR 22.404-3(b) and (e)

622.404-6 Modifications of wage determinations.

The cognizant contracting activity is the contracting agency for the purposes of FAR 22.404-6.

(b)(6) The head of the contracting activity is the agency head’s designee for the purposes of FAR 22.404-6(b)(6).

[55 FR 5774, Feb. 16, 1990, as amended at 59 FR 66760, Dec. 28, 1994]

622.404-7 Correction of wage determinations containing clerical errors.

The cognizant contracting activity is the contracting agency for the purposes of FAR 22.404-7.

622.404-11 Wage determination appeals.

The cognizant contracting activity is the contracting agency for the purposes of FAR 22.404-11.

622.406-1

622.406 Administration and enforcement.

622.406-1 Policy.

The cognizant contracting activity is the contracting agency for the purposes of FAR 22.406-1(a).

622.406-3 Additional classifications.

(b)(4) FAR 22.406-3 paragraph (b)(4) is reserved.

[59 FR 66760, Dec. 28, 1994]

622.406-8 Investigations.

(a) The chief of the contracting activity is responsible for conducting labor standards investigations as prescribed in FAR 22.406-8(a).

(d) The Procurement Executive is the agency head's designee for the purposes of FAR 22.406-8(d).

622.406-9 Withholding from or suspension of contract payments.

The authority to suspend contract payments pursuant to FAR 22.406-9(b) is delegated, without power of redelegation, to the head of the contracting activity.

622.406-10 Disposition of disputes concerning construction contract labor standards enforcement.

The cognizant contracting activity is the contracting agency for the purposes of FAR 22.406-10(b).

622.406-11 Contract terminations.

The cognizant contracting activity is the contracting agency for the purposes of FAR 22.406-11.

622.406-12 Cooperation with the Department of Labor.

Any information furnished to the Department of Labor pursuant to FAR 22.406-12(a) shall be submitted through the head of the contracting activity.

Subpart 622.6—Walsh-Healey Public Contracts Act

622.604 Exemptions

622.604-2 Regulatory exemptions.

The Procurement Executive is the agency head for the purposes of FAR 22.604-2(c)(1).

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Subpart 622.8—Equal Employment Opportunity

622.807 Exemptions.

The Procurement Executive is the agency head for the purposes of FAR 22.807(a)(1).

Subpart 622.13—Special Disabled and Vietnam Era Veterans

622.1303 Waivers.

The Procurement Executive is the agency head for the purposes of FAR 22.1303.

622.1308 Contract clauses.

The Procurement Executive is the agency head for the purposes of FAR 22.1308 (a)(2) and (c).

[55 FR 5775, Feb. 16, 1990]

Subpart 622.14—Employment of the Handicapped

622.1403 Waivers.

The Procurement Executive is the agency head for the purposes of FAR 22.1403.

622.1408 Contract clause.

The Procurement Executive is the agency head for the purposes of FAR 22.1408.

[55 FR 5775, Feb. 16, 1990]

PART 623—ENVIRONMENT, CONSERVATION, OCCUPATIONAL SAFETY, AND DRUG-FREE WORK-PLACE

Subpart 623.1—Pollution Control and Clean Air and Water

Sec.

623.104 Exemptions.

623.107 Compliance responsibilities.

Subpart 623.3—Hazardous Material Identification and Material Safety Data

623.302-70 Policy.

Subpart 623.4—Use of Recovered Materials

623.470 Affirmative procurement program for recovered materials.

623.471 Purpose.

623.472 Applicability.

Department of State

623.473

- 623.473 Definitions.
- 623.474 EPA guidelines.
- 623.475 Responsibilities.
- 623.476 Preference programs for guideline items.
- 623.476-1 Preference program for the purchase of cement and concrete containing fly ash.
- 623.476-2 Preference program for building insulation products containing recovered materials.
- 623.476-3 Preference program for lubricating oils containing recovered materials.
- 623.476-4 Preference program for retread tires.
- 623.476-5 Preference program for paper and paper products containing recovered materials.
- 623.477 Promotion program.
- 623.478 Evaluation and certification.
- 623.479 Annual review and monitoring.
- 623.480 Solicitation provisions and contract clauses.

Subpart 623.5—Drug-Free Workplace

- 623.506 Suspension of payments, termination of contract, and debarment and suspension actions.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26172, July 11, 1988, unless otherwise noted.

Subpart 623.1—Pollution Control and Clean Air and Water

623.104 Exemptions.

The Procurement Executive is the agency head for the purposes of FAR 23.104(c).

623.107 Compliance responsibilities.

The Procurement Executive is the agency head's designee for the purposes of FAR 23.107.

Subpart 623.3—Hazardous Material Identification and Material Safety Data

623.302-70 Policy.

Any work which affects the safety and/or health of post personnel, including the handling of hazardous materials, shall comply with the applicable requirements of the Department of State Safety/Health and Environmental Management Resource Guide (6 FAM 606.7). Requirements offices shall ensure that any contractor operations and activities, whether sponsored by

the post or other Department organization, are closely coordinated with the Post Occupational Safety and Health Officer during both planning and implementation phases.

[59 FR 66760, Dec. 28, 1994]

Subpart 623.4—Use of Recovered Materials

SOURCE: 59 FR 66760, Dec. 28, 1994, unless otherwise noted.

623.470 Affirmative procurement program for recovered materials.

623.471 Purpose.

This section establishes the Department of State's Affirmative Procurement Program for Recovered Materials in accordance with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962, Pub. L. 94-580). Section 6002 requires that each agency develop an affirmative procurement plan to assure that items composed of recovered materials will be purchased to the maximum extent practical and which is consistent with Federal procurement law. It requires that preference be given in procurement programs to the purchase of items containing recycled materials identified in guidelines promulgated by the Environmental Protection Agency (EPA). Executive Order 12780, Federal Agency Recycling and the Council on Federal Recycling and Procurement Policy, directed implementation of cost effective affirmative procurement programs for recycled items.

623.472 Applicability.

The affirmative procurement program is applicable to all domestic acquisition of items currently designated by an EPA guideline or by future guidelines promulgated by EPA. The requirements of this section are not applicable to acquisitions made and/or performed outside the United States or its possessions.

623.473 Definitions.

Affirmative procurement program is a program which ensures that items composed of recovered materials will be purchased to the maximum extent

practicable, consistent with Federal procurement law. There are four components to an affirmative procurement program: (1) A preference program; (2) a promotion program; (3) procedures for requiring, obtaining and verifying estimates and certifications of recovered materials content; and, (4) an annual review and monitoring.

Designated item is an item that has been designated in an EPA procurement guideline as an item that is or can be produced using recovered materials whose procurement will advance the purpose of RCRA.

Minimum-content standard is the minimum content of recovered materials that a designated item must contain pursuant to specifications implementing the Department's preference program.

Postconsumer recovered materials are waste materials recovered from retail stores, office buildings, homes, and so forth after they have passed through their end usage as a consumer item. Waste paper includes all items from the first two categories above in addition to forest residues, and manufacturing and other wastes.

Procurement guidelines are guidelines issued by the EPA pursuant to Section 6002 of RCRA: (1) Identifying items that are or can be produced with recovered materials and where procurement will advance the objectives of the Act; and, (2) providing recommended practices for the procurement of such items.

Recovered materials are waste materials and by-products that have been recovered or diverted from solid waste, not including those materials and by-products generated from, and commonly reused within, an original manufacturing process.

Unreasonable price is the price for products containing recovered materials which exceeds alternatives made with virgin materials by 10 percent or more, and which the requirements office initiating the acquisition substantiates as exorbitant.

623.474 EPA guidelines.

(a) The EPA has published five guidelines that designate the following items that are or can be produced using

recovered materials. Accordingly, contracting activities shall procure items produced using recovered materials to the maximum extent possible when procuring these designated items:

(1) Cement and concrete containing fly ash, 40 CFR part 249;

(2) Paper and paper products, 40 CFR part 250;

(3) Lubricating oils, 40 CFR part 252;

(4) Retread tires, 40 CFR part 253; and,

(5) Building insulation products, 40 CFR part 248.

(b) Copies of these guidelines, as well as future guidelines promulgated by EPA, may be obtained by calling EPA's Recycled Products Information Clearinghouse at (703) 941-4452.

(c) These guidelines are applicable when the Department purchases more than \$10,000 worth of a designated item, or if the cost of all such items purchased by the Department during the preceding Fiscal Year was \$10,000 or more.

§ 623.475 Responsibilities.

(a) The requirements office initiating an acquisition is responsible for determining whether recovered materials should be included in the specifications. Requirements offices may purchase items subject to the guidelines containing other than recovered materials only if:

(1) The price of items with recovered materials is unreasonable;

(2) The requirement for items produced with recovered materials results in inadequate competition or adversely affects small business or the Department's metrication program;

(3) Obtaining items with recovered materials results in unusual and unreasonable delays; or

(4) Items produced with recovered materials do not meet all reasonable performance specifications.

(b) If the requirements office chooses to procure designated items that do not contain recovered materials, a written justification must be submitted to the contracting officer.

Department of State

623.479

623.476 Preference programs for guideline items.

623.476-1 Preference program for the purchase of cement and concrete containing fly ash.

Domestic contracts requiring the purchase of cement and concrete shall specify the performance requirements of the products required under the contract using appropriate standards/specifications when available. Consistent with such performance specifications, such contracts shall allow the contractor to deliver cement and concrete products that contain fly ash, a component of coal resulting from its combustion in electrical generating plants. Architects/Engineers shall specify performance requirements for the concrete to be supplied.

623.476-2 Preference program for building insulation products containing recovered materials.

Minimum content standards for building insulation products have been established by EPA guidelines. Domestic contracts for the design of structures that will utilize building insulation products shall require that the Architect/Engineer include, as a design consideration, the Department preference for the use of building insulation produced with recovered materials. Such contracts shall require that the Architect/Engineer specify the type of building insulation products to be supplied and shall require the Architect/Engineer to justify, in writing, the basis of the selected product type if it is not in accordance with the EPA guideline.

623.476-3 Preference program for lubricating oils containing recovered materials.

Contracts requiring the supply of lubricating oils, hydraulic fluids and gear oils shall require that products conform to the EPA guideline.

623.476-4 Preference program for retread tires.

Contracts requiring replacement tires for automobiles, light and heavy trucks and trailers, and off-road tires shall specify that retreading services shall be obtained if the carcass is retreadable. If such retreading services

are not practicable, replacement tires shall be procured in accordance with the EPA guideline.

623.476-5 Preference program for paper and paper products containing recovered materials.

(a) All contracts requiring the purchase of paper and paper products shall require that paper and paper products delivered to the Department meet the EPA guideline for recycled paper.

(b) Contracting officers shall require contractors to use recycled paper when submitting reports and other deliverables to the Department, when feasible.

(c) Contracting officers shall require offerors/bidders to submit proposals/bids on recycled paper, double-sided copying to the maximum extent possible.

623.477 Promotion program.

Items composed of recovered materials shall be purchased under all new domestic contracts to the maximum extent practicable. Contracting officers shall promote the fact that the Department is seeking to buy items containing recovered materials at pre-proposal and pre-bid conferences when appropriate.

623.478 Evaluation and certification.

(a) Contracting officers shall ensure that vendors estimate in their offers/bids the percentage of recovered material of the total content of designated items to be used under the contract.

(b) Contracting officers shall ensure that contractors certify the percentage of recovered materials contained in designated items actually supplied under the contract.

623.479 Annual review and monitoring.

The effectiveness of the preference program shall be reviewed annually by A/OPE. An assessment will be made to determine if greater use of recovered material is possible for the existing requirements or if recovered materials are causing undue delay, lack of competition, unreasonable prices or an unacceptable level of performance.

623.480 Solicitation provisions and contract clauses.

(a) The contracting officer shall insert the provision at 652.223–70, Estimates of the Total Percentage of Recovered Materials to be Utilized in the Performance of the Contract, in all domestic contracting activity solicitations using recovered materials in the performance of the work.

(b) The contracting officer shall insert the clause at 652.223–71, Certification of Minimum Content Actually Utilized in the Performance of the Contract, in all domestic solicitations and contracts requiring the use of recovered materials.

(c) The contracting officer shall insert the provision at 652.223–72, Use of Double-Sided Copying in the Submission of Bids or Proposals, in all domestic solicitations for supplies or services.

(d) The contracting officer shall insert the clause at 652.223–73, Use of Double-Sided Copying in the Submission of Reports, in all domestic solicitations and contracts for supplies or services.

(e) The contracting officer shall insert the clause at 652.233–74, Use of Fly Ash as a Partial Replacement for Cement and Concrete, in all domestic solicitations and contracts for Architect/Engineer services for the design of structures or works that will use cement and concrete products, unless the requirements office provides a written justification for using virgin materials.

(f) The contracting officer shall insert the clause at 652.223–75, Use of Recovered Materials in Building Insulation Products, in all domestic solicitations and contracts for Architect/Engineer services for the design of structures or works that will utilize or incorporate building insulation products containing recovered materials, unless the program office provides a written justification for using virgin materials.

(g) The contracting officer shall insert the clause at 652.223–76, Use of Lubricating Oils Containing Re-Refined Oils, in all domestic solicitations and contracts that require the delivery of lubricating oils, unless the program office provides a written justification for using virgin materials.

(h) The contracting officer shall insert the clause at 652.223–77, Use of Retread Tires, in all domestic solicitations and contracts that require the replacement of tires for automobiles, light and heavy trucks and trailers, and off-road vehicles, unless the program office provides a written justification for not using retread tires. This clause does not apply to the purchase of original equipment tires.

(i) The contracting officer shall insert the clause at 652.233–78, Use of Recovered Materials in Paper and Paper Products, in all domestic solicitations and contracts that require the delivery of reports or other paper products, unless the program office provides a written justification for the use of virgin materials.

Subpart 623.5—Drug-Free Workplace**623.506 Suspension of payments, termination of contract, and debarment and suspension actions.**

The authority to approve the determination prescribed in FAR 23.506(e) is reserved to the Secretary of State.

[55 FR 5775, Feb. 16, 1990]

PART 624—PROTECTION OF PRIVACY AND FREEDOM OF INFORMATION

AUTHORITY: 22 U.S.C. 2658; 40 U.S.C. 486(c); 48 CFR Subpart 1.3.

Subpart 624.2—Freedom of Information Act**624.202 Policy.**

DOS regulations implementing the Freedom of Information Act (5 U.S.C. 552), as amended, are codified in Chapter 1, Department of State, Subchapter R, Access to Information, Part 171, Availability of information and records to the public, of Title 22 of the Code of Federal Regulations (22 CFR Part 171).

[53 FR 26172, July 11, 1988]

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PART 625—FOREIGN ACQUISITION

Subpart 625.1—Buy American Act—Supplies

Sec.

625.102 Policy.

625.105 Evaluating offers.

625.108 Excepted articles, materials, and supplies.

Subpart 625.2—Buy American Act—Construction Materials

625.202 Policy.

625.203 Evaluating offers.

625.204 Violations.

Subpart 625.3—Balance of Payments Program

625.300 Scope of subpart.

625.300–70 Overseas acquisitions.

625.302 Policy.

625.304 Excess and near-excess foreign currencies.

Subpart 625.7—Restrictions on Certain Foreign Purchases

625.703 Exceptions.

Subpart 625.9—Additional Foreign Acquisition Clauses

625.901 Omission of examination of records clause.

625.903 Conditions for omission.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26172, July 11, 1988, unless otherwise noted.

Subpart 625.1—Buy American Act—Supplies

625.102 Policy.

(a)(3) The authority to make the determination prescribed in FAR 25.102(a)(3) is delegated, without power of redelegation, to the head of the contracting activity.

(b)(2) The authority to make the determination prescribed in FAR 25.102(b)(2) is delegated, without power of redelegation, to the head of the contracting activity.

[59 FR 66762, Dec. 28, 1994]

625.105 Evaluating offers.

The authority to make the determinations prescribed in FAR 25.105 is delegated, without power of redelegation,

to the head of the contracting activity.

625.108 Excepted articles, materials, and supplies.

A/OPE is the DOS central agency control point for furnishing to the appropriate FAR Council the documentation prescribed in FAR 15.108(b) and (c).

[53 FR 26172, July 11, 1988, as amended at 59 FR 66762, Dec. 28, 1994]

Subpart 625.2—Buy American Act—Construction Materials

625.202 Policy.

(a)(2) The authority to make the determination prescribed in FAR 25.202(a)(2) is delegated, without power of redelegation, to the head of the contracting activity.

(b) The authority to make the determination prescribed in FAR 25.202(b) is delegated, without power of redelegation, to the head of the contracting activity.

[59 FR 66762, Dec. 28, 1994]

625.203 Evaluating offers.

The head of the contracting activity is the agency head for the purposes of FAR 25.203 (a) and (b).

[59 FR 66762, Dec. 28, 1994]

625.204 Violations.

The Procurement Executive is the agency head for the purposes of FAR 25.204.

Subpart 625.3—Balance of Payments Program

625.300 Scope of subpart.

625.300–70 Overseas acquisitions.

This program applies to acquisitions of supplies and services for use outside the United States regardless of the contractor's location.

625.302 Policy.

The authority to make the determination prescribed in FAR 25.302(b)(3) is delegated, without power of redelegation, to the head of the contracting activity. The authority prescribed in FAR 25.302(c) is delegated, without

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power of redelegation, to the head of the contracting activity.

625.304 Excess and near-excess foreign currencies.

The authority to make the determination prescribed in FAR 25.304(c) is delegated to the head of the contracting activity without power of redelegation.

[53 FR 26172, July 11, 1988, as amended at 59 FR 66762, Dec. 28, 1994]

Subpart 625.7—Restrictions on Certain Foreign Purchases

625.703 Exceptions.

The authority to approve exceptions for other contracts in excess of the simplified acquisition threshold is delegated, without power of redelegation, to the head of the contracting activity.

[60 FR 39663, Aug. 3, 1995]

Subpart 625.9—Additional Foreign Acquisition Clauses

625.901 Omission of examination of records clause.

(a) The Procurement Executive is the agency head for the purposes of FAR 25.901.

48 CFR Ch. 6 (10–1–96 Edition)

(b) Each determination and findings to omit FAR clause 52.215–1, Examination of Records by Comptroller General, shall be prepared in writing by the contracting officer and submitted to the Procurement Executive for approval.

(c) The Procurement Executive shall forward the approved determination and findings to the requesting contracting activity for inclusion in the contract file, or inform the contracting activity in writing if the determination and findings is not approved, as appropriate.

(1)(ii) The report required by FAR 25.901(c)(1)(ii) shall be prepared and forwarded to the Assistant Secretary of State for Administration by the Procurement Executive.

[59 FR 66762, Dec. 28, 1994]

625.903 Conditions for omission.

The Procurement Executive is the agency head for the purposes of FAR 25.903.

SUBCHAPTER E—GENERAL CONTRACTING REQUIREMENTS**PART 627—PATENTS, DATA, AND COPYRIGHTS****Subpart 627.2—Patents**

Sec.

627.203 Patent indemnification of Government by contractor.

627.203-6 Clause for Government waiver of indemnity.

Subpart 627.3—Patent Rights Under Government Contracts

627.303 Contract clauses.

627.304 Procedures.

627.304-1 General.

627.304-5 Appeals.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 59 FR 66763, Dec. 28, 1994, unless otherwise noted.

Subpart 627.2—Patents**627.203 Patent indemnification of Government by contractor.****627.203-6 Clause for Government waiver of indemnity.**

The Procurement Executive is the agency head's designee for the purposes of FAR 27.203-6.

Subpart 627.3—Patent Rights Under Government Contracts**627.303 Contract clauses.**

The Procurement Executive is the agency head's designee for the purposes of FAR 27.303. Determinations issued by the Procurement Executive shall be reviewed by the Office of the Legal Adviser.

627.304 Procedures.**627.304-1 General.**

The Procurement Executive is the agency head's designee for the purposes of FAR 27.304-1. Questions regarding fact-finding procedures as specified in FAR 27.304-1(a)(4) shall be referred to A/OPE. Determinations issued by the Procurement Executive shall be reviewed by the Office of the Legal Adviser.

627.304-5 Appeals.

The Procurement Executive is the agency head's designee for the purposes of FAR 27.304-5. Questions regarding the appeals procedure as specified in FAR 27.304-5(b) shall be referred to A/OPE.

PART 628—BONDS AND INSURANCE**Subpart 628.1—Bonds**

Sec.

628.101 Bid guarantees.

628.101-1 Policy on use.

628.106-6 Furnishing information.

Subpart 628.2—Sureties

628.203 Acceptability of individual surety.

628.203-7 Exclusion of individual sureties.

Subpart 628.3—Insurance

628.305 Overseas workers' compensation and war-hazard insurance.

628.306 Insurance under fixed-price contracts.

628.307 Insurance under cost-reimbursement contracts.

628.307-70 Insurance under labor-hour and time-and-materials contracts.

Subpart 628-70—Indemnification

628.7001 DOSAR contract clause.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26173, July 11, 1988, unless otherwise noted.

Subpart 628.1—Bonds

SOURCE: 59 FR 66763, Dec. 28, 1994, unless otherwise noted.

628.101 Bid guarantees.**628.101-1 Policy on use.**

(c) The Procurement Executive is the agency head's designee for the purposes of FAR 28.101-1(c).

628.106-6 Furnishing information.

(c) The head of the contracting activity is the agency head's designee for the purposes of FAR 28.106-6(c).

Subpart 628.2—Sureties

628.203 Acceptability of individual surety.

(g) Evidence of possible criminal or fraudulent activities by an individual surety shall be referred to the Office of the Inspector General.

[59 FR 66763, Dec. 28, 1994]

628.203–7 Exclusion of individual sureties.

The Procurement Executive is the agency head's designee for the purposes of FAR 28.203–7.

[59 FR 66763, Dec. 28, 1994]

Subpart 628.3—Insurance

SOURCE: 59 FR 66763, Dec. 28, 1994, unless otherwise noted.

628.305 Overseas workers' compensation and war-hazard insurance.

(a) It is the Department's policy that acquisitions for services, including construction but excluding personal services contracts, which require contractor personnel to perform work outside of the United States, shall include the contractual obligation for coverage under the Defense Base Act (42 U.S.C. Sections 1651–1654, as amended). For the purpose of this section only, "contractor personnel" includes individuals who are either:

(1) United States citizens or residents, or

(2) Hired in the United States or its possessions.

(b) The Department of State has entered into a contract with an insurance broker and carrier to provide Defense Base Act insurance, at a fixed rate for services and construction, to cover DOS contracts which will require performance overseas by United States citizens, residents, or those employed in the United States. In countries where local nationals and/or third country nationals will be employed to perform the contract, such countries may be waived by the Secretary of Labor. Whenever such insurance is required under the contract, the contracting officer shall insert:

(1) The clause at 652.228–71, Worker's Compensation Insurance (Defense Base Act)—Services;

(2) The clause at 652.228–72, Worker's Compensation Insurance (Defense Base Act)—Construction; and,

(3) The clause at 652.228–73, Waiver of Defense Base Act.

(c) Upon award of a contract which requires Defense Base Act insurance, the contracting officer shall notify the successful offeror of the name of the insurance broker from which the contractor should acquire insurance.

(d) The authority to request a waiver from the Secretary of Labor of a particular country, as set forth in FAR 28.305(d), is reserved to the Secretary of State. The Department has obtained blanket waivers from the Secretary of Labor for all contracts for services, including construction, awarded and/or performed overseas. The waivers apply to all individuals who are not employees hired in the United States, or who are not United States citizens or residents.

628.306 Insurance under fixed-price contracts.

(a) The contracting officer shall insert the provision at:

(1) 652.228–74, Defense Base Act Insurance Rates—Limitation—Services, in solicitations for fixed-price service contracts to be performed outside the United States by United States citizens or residents and/or those hired in the United States; or

(2) 652.228–75, Defense Base Act Insurance Rates—Limitation—Construction, in solicitations for fixed-price construction contracts to be performed outside the United States by United States citizens or residents and/or those hired in the United States.

628.307 Insurance under cost-reimbursement contracts.

The contracting officer shall insert the provision at 652.228–76, Defense Base Act Insurance Rates—Limitation—Cost-Reimbursement, in solicitations for cost-reimbursement type contracts to be performed outside the United States by United States citizens or residents and/or those hired in the United States.

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628.307–70 Insurance under labor-hour and time-and-materials contracts.

The contracting officer shall insert the provision at 652.228–77, Defense Base Act Insurance Rates—Limitation—Labor-Hour and Time-and-Material, in solicitations for labor-hour or time-and-material type contracts to be performed outside the United States by United States citizens or residents and/or those hired in the United States.

Subpart 628–70—Indemnification

628.7001 DOSAR contract clause.

(a) Contractors should not ordinarily be required to assume risks which a private buyer would guard against through insurance. There may be occasions, however, when a contractor's assumption of such risks is in the best interest of the Government. The clause in paragraph (b) below is authorized for use on those occasions. In the determination of its use, the contracting officer should weigh the advantages it provides against the likelihood of a resultant increase in the contract price.

(b) The contracting officer shall insert the clause at 652.228–70, Indemnification, in solicitations and contracts when it is determined that the contractor's assumption of risk is in the best interest of the Government.

PART 629—TAXES

Subpart 629.1—General

Sec.

629.101 Resolving tax problems.

Subpart 629.2—Federal Excise Taxes

629.202 General exemptions.

629.202–70 Exemption from other Federal taxes.

Subpart 629.3—State and Local Taxes

629.302 Application of State and local taxes to the Government.

629.303 Application of State and local taxes to Government contractors and subcontractors.

Subpart 629.4—Contract Clauses

629.401 Domestic contracts.

629.401–70 DOSAR contract clause.

AUTHORITY: 22 U.S.C. 2658; 40 U.S.C. 486(c); 48 CFR Subpart 1.3.

SOURCE: 53 FR 26173, July 11, 1988, unless otherwise noted.

Subpart 629.1—General

629.101 Resolving tax problems.

In certain instances, acquisitions by posts are exempt from various taxes in foreign countries. Contracting officers shall ascertain such exemptions and take maximum advantage of them.

Subpart 629.2—Federal Excise Taxes

629.202 General exemptions.

629.202–70 Exemptions from other Federal taxes.

Taxable articles purchased for presentation abroad as gifts to foreign dignitaries and taxable articles purchased for presentation as gifts to foreign dignitaries visiting in the United States but which are to be taken out of the United States may be exempt from retail taxes or manufacturers excise taxes, in accordance with the letter of October 18, 1963, from the Chief, Excise Tax Branch, Internal Revenue Service.

Subpart 629.3—State and Local Taxes

629.302 Application of State and local taxes to the Government.

The Office of the Legal Adviser is the agency-designated counsel for the purposes of FAR 29.302(a).

629.303 Application of State and local taxes to Government contractors and subcontractors.

The authority to make the determination prescribed in FAR 29.303(a) is delegated, without power of redelegation, to the head of the contracting activity (see 601.603–70). The Office of the Legal Adviser is the agency-designated counsel for the purposes of FAR 29.303(c).

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Subpart 629.4—Contract Clauses

629.401 Domestic contracts.

629.401–70 DOSAR contract clause.

The contracting officer shall insert the clause at 652.229–71, Excise Tax Exemption Statement for Contractors Within the United States, in solicitations and contracts if the prospective contractor is located inside the United States and the acquisition involves export of supplies to an overseas post.

PART 630—COST ACCOUNTING STANDARDS

AUTHORITY: 22 U.S.C. 2658; 40 U.S.C. 486(c); 48 CFR Subpart 1.3.

Subpart 630.3—CAS Program Requirements

630.201–5 Waiver.

The Procurement Executive is the agency head's designee for the purposes of FAR 30.201–5(c).

[53 FR 26173, July 11, 1988]

PART 631—CONTRACT COST PRINCIPLES AND PROCEDURES

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

Subpart 631.1—Applicability

631.101 Objectives.

The Procurement Executive is the agency head's designee for the purposes of FAR 31.101.

[59 FR 66764, Dec. 28, 1994]

PART 632—CONTRACT FINANCING

Subpart 632.4—Advance Payments

Sec.

632.402 General.

632.407 Interest.

Subpart 632.7—Contract Funding

632.703 Contract funding requirements.
632.703–3 Contracts crossing fiscal years.

Subpart 632.8—Assignment of Claims

632.803 Policies.

48 CFR Ch. 6 (10–1–96 Edition)

Subpart 632.9—Prompt Payment

632.903 Policy.

632.908 Contract clauses.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26173, July 11, 1988, unless otherwise noted.

Subpart 632.4—Advance Payments

632.402 General.

(b) Advance payments shall be authorized sparingly. Contracting officers should consider the use of partial payments, fast payments, or more frequent payments as alternatives to advance payments.

(c)(1)(iii) The authority to make the determination prescribed in FAR 32.402(c)(1)(iii) is delegated, without power of redelegation, to the head of the contracting activity (see 601.603–70). For acquisitions by overseas posts, the head of the contracting activity shall obtain the concurrence of the Procurement Executive before making a determination pursuant to this section.

[53 FR 26173, July 11, 1988, as amended at 59 FR 66764, Dec. 28, 1994]

632.407 Interest.

(d) The Procurement Executive is the agency head's designee for the purposes of FAR 32.407(d).

[59 FR 66764, Dec. 28, 1994]

Subpart 632.7—Contract Funding

632.703 Contract funding requirements.

632.703–3 Contracts crossing fiscal years.

(a) The State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2696(e)), allows funds from annual appropriations to extend beyond the fiscal year in which the acquisition was funded. This authority may be used for acquisitions of supplies or services, regardless of dollar amount or contract type. Use of this authority requires that:

(1) The acquisition normally would be considered severable (i.e., the services are repetitive and can be started

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or stopped any time; would normally be funded and performed within a fiscal year; and are not services integral to the creation of an end product. An example is janitorial services);

(2) The base performance period is twelve months, begins in the current fiscal year, and crosses into the next fiscal year; and,

(3) Full funding for twelve months is available in the current year.

(b) If the acquisition involves more than one source of funds, the contract shall be priced to identify the source of funds (by allotment) with the relevant portion of the total supplies or services. For current Department contracts, bilateral modifications are authorized where necessary to convert to a performance period that crosses fiscal years, as long as the requisite funding is available as described in paragraph (a), and provided that the total contract length does not increase.

(c) Use of this authority shall be documented in the contract file and be included as part of the Advance Acquisition Plan and Price Negotiation Memorandum. If neither document is relevant to the acquisition, the contracting officer shall prepare a written document to the file indicating compliance with this subsection.

(d) For acquisitions conducted by overseas posts that are funded by another agency, the contracting officer shall ensure that funding for the full twelve-month period is available at time of award if the authority in 22 U.S.C. 2696(e) will be used.

[59 FR 66764, Dec. 28, 1994]

Subpart 632.8—Assignment of Claims

632.803 Policies.

(b) The assignment of claims shall be prohibited for all personal services contracts. The assignment of claims shall also be prohibited for all contracts awarded and performed overseas, unless approval is received from the Procurement Executive.

[59 FR 66764, Dec. 28, 1994]

Subpart 632.9—Prompt Payment

632.903 Policy.

The authority to make the determination prescribed in FAR 32.903 is delegated, without power of redelegation, to the head of the contracting activity. Before making a determination concerning early invoice and contract financing payments, the head of the contracting activity shall consult with the Office of Fiscal Operations director, or designee.

[55 FR 5775, Feb. 16, 1990]

632.908 Contract clauses.

(a) The contracting officer may insert a clause substantially the same as the clause at 652.232–70, Payment Schedule and Invoice Submission (Fixed-Price), in fixed-price type solicitations and contracts.

(b) The contracting officer may insert a clause substantially the same as the clause at 652.232–71, Voucher Submission (cost-Reimbursement), in cost-reimbursement type solicitations and contracts.

[59 FR 66764, Dec. 28, 1994]

PART 633—PROTESTS, DISPUTES, AND APPEALS

Subpart 633.1—Protests

Sec.

633.102 General.

633.103 Protests to the agency.

633.104 Protests to GAO.

633.105 Protests to GSBGA.

Subpart 633.2—Disputes and Appeals

633.203 Applicability.

633.211 Contracting officer's decision.

633.214–70 Alternative dispute resolution.

633.270 Disputes and appeals under DOS contracts subject to the Contract Disputes Act of 1978.

633.270–1 Scope of section.

633.270–2 Designation.

633.270–3 DOS support.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26173, July 11, 1988, unless otherwise noted.

Subpart 633.1—Protests

633.102 General.

All communications relative to protests filed with the General Accounting Office (GAO) or the General Services Administration Board of Contract Appeals (GSBCA) shall be coordinated with the Office of the Legal Adviser.

633.103 Protests to the agency.

For protests filed with the Department and received before award, the contracting office shall obtain the advice of the Office of the Legal Adviser before making the determination prescribed in FAR 33.103(a).

633.104 Protests to GAO.

(a) *General.* (1) Upon being telephonically advised by the GAO of the receipt of a protest, before or after award, the Office of the Legal Adviser shall inform the appropriate head of the contracting activity, who shall immediately notify the contracting officer. For protests concerning ADP acquisitions, the Office of the Legal Adviser shall also inform the Deputy Assistant Secretary for Information Management. After receiving a copy of the protest from GAO and its request for an administrative report, the Office of the Legal Adviser shall promptly provide the same to the head of the contracting activity involved, who shall promptly provide a copy to the contracting officer and request a written report in conformance with FAR 33.104(a)(2).

(2) In addition to the requirements in FAR 33.104(a)(2), the report responsive to the protest shall be appropriately titled and dated, shall cite the GAO file number, and shall be prepared and signed by the contracting officer. The contracting officer shall prepare the report with the assistance of the Office of the Legal Adviser. If appropriate, the report shall contain a statement regarding any urgency for the acquisition and the extent to which a delay in award may result in significant performance difficulties or additional expense to the Government. If award is not urgent, the report shall include an estimate of the length of time an award may be delayed without significant expense or difficulty in perform-

ance. The head of the contracting activity shall submit to the Office of the Legal Adviser an original and two complete copies of the contracting officer's report. The contracting officer shall provide one complete copy to each interested party who responded to GAO, to the contracting officer, or to the Office of the Legal Adviser pursuant to the notification prescribed in paragraph (a)(3) below. In submitting the report to GAO, the Office of the Legal Adviser shall identify all parties to whom the report has been furnished.

(3) As prescribed in FAR 33.104(a)(3) and 4 CFR 21.3, the contracting officer shall promptly notify all interested parties, including offerors (or the contractor if the protest is after award) involved in or affected by the protest, that a protest has been filed with the GAO and the basis for the protest. The contracting officer shall place a written record of such notifications in the contract file. The contracting officer shall promptly transmit by letter a copy of the protest to all interested parties previously notified and include a statement requiring furnishing of views and information directly to the GAO. The contracting officer shall send copies of such cover letters concurrently to the Office of the Legal Adviser. Cover letters shall contain a specified period of time for submission of comments, in accordance with FAR 33.104(a)(3), and include instructions that any comments submitted to the GAO should also be submitted simultaneously to the contracting officer and the Office of the Legal Adviser. Materials submitted by the protester may be withheld from interested parties in accordance with 4 CFR 21.3(b).

(4) All DOS personnel shall handle protests on a priority basis. If the specific circumstances of the protest require a longer period than allowed under FAR 33.104(a)(3), the head of the contracting activity shall immediately notify the Office of the Legal Adviser, which shall prepare a written request for extension of the period in accordance with 4 CFR 21.3(d). The head of the contracting activity shall deliver the protest report to the Office of the Legal Adviser within 15 work days from the date of telephonic notification by the Office of the Legal Adviser.

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For reports involving use of the 10 work day express option provided at FAR 33.104(a)(4), the Office of the Legal Adviser shall establish the report delivery date after consultation with the head of the contracting activity.

(b) *Protests before award.* If a protest before award has been filed with GAO and the contracting officer determines in writing that it is necessary to make award under the circumstances prescribed in FAR 33.104(b)(1), the contracting officer shall first obtain advice from the Office of the legal Adviser. The contracting officer shall submit the written determination to the head of the contracting activity for approval.

(f) *Notice to GAO.* The authority to submit the report prescribed in FAR 33.104(f) is delegated, without power of redelegation, to the head of the contracting activity. The report shall be submitted to the Comptroller General through the Office of the Legal Adviser.

[53 FR 26173, July 11, 1988, as amended at 59 FR 66764, Dec. 28, 1994]

633.105 Protests to GSBCA.

(a) Upon receipt of a copy of a protest to GSBCA, the contracting officer or the official designated in the solicitation shall immediately notify the Office of the Legal Adviser and the Deputy Assistant Secretary for Information Management. The contracting officer is responsible for compliance with the requirements in FAR 33.105(a)(2). The contracting officer shall include in the contract file a record of such notifications to all parties and related correspondence with GSBCA. The contracting officer shall provide to the Office of the Legal Adviser a copy of the list of interested parties notified, simultaneously with submission of the list to the GSBCA.

(b) The contracting officer shall submit to the Office of the Legal Adviser an original and two copies of the protest file, documented in conformance with FAR 33.105(b), within 8 work days after the filing of a protest. The contracting officer also shall provide a complete copy of the file to the protester and all other interested parties within 10 work days after filing of the protest. The protest file shall be orga-

nized to comply with the requirements of Rule 4(b) of the GSBCA Rules of Procedure (48 CFR Ch. 61). The Office of the Legal Adviser shall then submit the file to the GSBCA within 10 work days after filing of the protest.

(c) The Office of the Legal Adviser shall represent the contracting officer at any hearing on suspension of the agency's delegation of procurement authority or at any hearing on the merits of the protest. The Office of the Legal Adviser shall notify the contracting officer and the Deputy Assistant Secretary for Information Management of the results of any hearing.

(d) The authority to execute the determination and findings (D&F) prescribed in FAR 33.105(d)(2) is delegated, without power of redelegation, to the head of the contracting activity.

[53 FR 26173, July 11, 1988, as amended at 59 FR 66764, Dec. 28, 1994]

Subpart 633.2—Disputes and Appeals

633.203 Applicability.

The Procurement Executive is the agency head for the purposes of FAR 33.203(b).

633.211 Contracting officer's decision.

(a) In the second sentence of FAR 33.211(a)(4)(v), contracting officers shall replace "the Board of Contract Appeals" with "Armed Services Board of Contract Appeals, Skyline 6, 5109 Leesburg Pike, Falls Church, VA 22041."

(b) Prior to issuing a contracting officer's final decision, the contracting officer shall obtain assistance, as appropriate, from the Office of the Legal Adviser.

633.214-70 Alternative dispute resolution.

(a) *Policy.* The Department's goal is to resolve contract disputes before the issuance of a contracting officer's final decision under the Contract Disputes Act. Contracting officers shall consider all possible means of reaching a negotiated settlement, consistent with the Government's best interests, before issuing a final decision on a contractor claim under the process outlined in FAR 33.206 through 33.211.

(b) *When to use ADR.* (1) *Factors favoring ADR.* Contracting officers should consider using ADR in those cases where:

- (i) Only facts are in dispute;
- (ii) The facts are clearly not favorable to the Government;
- (iii) The anticipated costs (in time and money) are less than the anticipated costs of litigation;
- (iv) Settlement attempts have reached an impasse;
- (v) ADR techniques have been used successfully in similar situations;
- (vi) There is a need for independent expert analysis; or,
- (vii) The claim has merit but its value is overstated.

(2) *Factors disfavoring ADR.* The following circumstances do not favor use of ADR:

- (i) Cases involving disputes controlled by clear legal precedent, making compromise difficult;
- (ii) The resolution will have a significant impact on other pending cases or on the future conduct of Department business;
- (iii) The dispute is primarily over issues of law;
- (iv) A decision of precedential value is needed;
- (v) A significant policy question is involved;
- (vi) A full public record of the proceeding is important;
- (vii) The outcome could significantly involve persons who are not parties to the contract;
- (viii) The costs of pursuing an ADR procedure (in time and money) exceed the cost of litigation;
- (ix) The nature of the case may cause ADR to be used merely for delay or discovery; or,
- (x) The case involves criminal violations.

(3) *Initial action.* Immediately upon receipt of a claim, the contracting officer shall send a letter acknowledging receipt of the claim and soliciting the contractor's views on submitting this claim for ADR. In every dispute, the first step toward resolution shall be unassisted negotiations, in which the parties try to work out the disagreement among themselves. If this fails, before issuing a final decision, the contracting officer shall consult first with

the head of the contracting activity, and contact the Office of the Legal Adviser and A/OPE to determine whether the disagreement appears susceptible to resolution by ADR. Consideration shall be given to pursuing additional fact-finding or designating a neutral expert in the disputed issue to provide an advisory opinion.

(c) *Methods of ADR.* If the initial action to resolve the dispute fails, and the contracting officer issues a final decision which is appealed, ADR may still be feasible. The ASBCA issues a notice regarding ADR to all contractors who file appeals under the Contract Disputes Act. This notice describes the following ADR techniques, which contracting officers are urged to discuss with contractors at any time:

(1) *Settlement judge.* A settlement judge is either an administrative judge or hearing examiner who is appointed by the parties in dispute for the purpose of facilitating settlement. The agenda is flexible and based on the specifics of the individual dispute. By holding a frank, in-depth discussion of the strengths and weaknesses of each party's position, the settlement judge may be able to foster a settlement of the dispute. The settlement judge may meet with the parties jointly or individually, and the settlement judge's recommendations are not binding. Typically, the settlement judge's opinions, based on his or her experience in handling prior disputes, will help the parties realize whether their arguments have merit or not.

(2) *Minitrial.* A minitrial is not an actual trial but rather a flexible, expedited, but structured procedure in which each party presents an abbreviated version of its position both to a neutral advisor (who may be appointed by the ASBCA) and to principals of the parties who have full contractual authority to conclude a settlement. The parties mutually decide on the form of presentation without regard to traditional judicial proceedings or rules of evidence. An advance agreement by the parties specifies the procedure to be followed in making presentations, as well as the role of the neutral advisor. Upon conclusion of the presentations, settlement negotiations are conducted.

The neutral advisor may assist the parties in negotiating settlement, including making non-binding recommendations.

(3) *Summary trial with binding decision.* A summary trial with binding decision is a procedure in which the scheduling of an appeal is expedited and the parties try their appeal informally before an administrative judge or panel of judges. The length of the trial and the time for presentation and decision are tailored to the needs of the particular case. Trial procedures and rules applicable to appeals are modified or eliminated to expedite resolution of the appeal. The parties must agree, however, that all decisions, rulings, and orders by the judge(s) are final, conclusive, and not appealable, and may not be set aside, except for fraud. A summary “bench” decision is issued at the conclusion of the trial or a summary written decision will be issued within ten (10) days of either the trial’s conclusion or receipt of a trial transcript.

(4) *Mediation.* Mediation is a process in which a neutral and impartial third party assists the Government and the contractor in conflict to negotiate an acceptable settlement of contested issues. The mediator is jointly selected and is asked by the disputing parties to assist them to reach a voluntary agreement. The mediator has no decision-making authority and cannot impose a decision. Mediation assistance involves working with the parties to improve their communications, clarify or interpret data, identify key issues to be discussed, design an effective negotiation process, generate settlement options, or help to identify or formulate areas of agreement. Additional information is available in Army Corps of Engineers IWR Pamphlet 91-ADR-P-3, *Mediation*, September 1991; and Administrative Conference of the U.S., *Mediation: A Primer for Federal Agencies*, available from A/OPE.

(5) *Arbitration.* Non-binding arbitration is a process in which a dispute is jointly submitted by the Government and a contractor to an impartial and neutral person or panel who provides a written, non-binding opinion used as a guide for negotiations toward a settlement. Although the Administrative Dispute Resolution Act of 1990 (Pub. L.

101-552) allows agencies to use binding arbitration, the law provides that the agency head may vacate any arbitration award within 30 days after it is served on all parties. For this reason, non-binding arbitration is preferable. Additional information is available in Army Corps of Engineers IWR Pamphlet 91-ADR-P-2, *Non-Binding Arbitration*, September 1990, available from A/OPE.

(6) *Partnering.* Partnering involves an agreement in principle to share the risks involved in completing a project, and to establish and promote a partnership environment. Partnering itself is not a contractual agreement and it does not create any legally enforceable rights, but instead partnering seeks to create a new cooperative attitude in completing Government contracts. The three basic steps in partnering are:

(i) Establish the new relationship through personal contact among the principals for the Government and the contractor before the work begins;

(ii) Prepare a joint statement of goals establishing common objectives in specific detail for reaching the goals; and,

(iii) Identify specific dispute prevention processes designed to head off problems, evaluate performance, and promote cooperation. Additional information is available in Army Corps of Engineers IWR Pamphlet 91-ADR-P-4, *Partnering*, December 1991, available from A/OPE.

(d) *ADR procedures.* The ADR method shall be selected voluntarily by both the Government and the contractor. Both parties shall agree on the procedures to be followed, including the agenda and amount of time allowed for each party to present its case. The parties may choose not to have a written transcript or hearing on the record, as this might inhibit settlement. Also, the decision rendered, if any, should not be considered to establish any precedent for future litigation unless the parties agree otherwise. In cases where the parties agree to pay jointly for a third-party neutral advisor, it is recommended that the parties and the advisor agree on a fair and reasonable price. The Government would then issue a simplified acquisition (if the

633.270-1

dollar amount does not exceed the simplified acquisition limitation) for 50% of the agreed price, and the advisor would submit separate invoices (each for 50% of the price) to the Government and the contractor.

[59 FR 66764, Dec. 28, 1994]

633.270 Disputes and appeals under DOS contracts subject to the Contract Disputes Act of 1978.**633.270-1 Scope of section.**

This section concerns disputes relating to DOS contracts and the transfer of certain appellate and review functions from the Department of State to the Armed Services Board of Contract Appeals.

633.270-2 Designation.

The Armed Services Board of Contract Appeals (ASBCA) is the author-

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ized representative of the Secretary of State and the Procurement Executive for the purposes of hearing and resolving disputes relating to DOS contracts subject to the Contract Disputes Act of 1978. The ASBCA shall hear and determine appeals by contractors from contracting officers' final decisions on disputed issues relating to DOS contracts subject to the Contract Disputes Act of 1978.

633.270-3 DOS support.

The Procurement Executive shall ensure the support of all DOS personnel in processing appeals before the ASBCA. The Procurement Executive is authorized to require such DOS officers and employees to cooperate for this purpose.

SUBCHAPTER F—SPECIAL CATEGORIES OF CONTRACTING**PART 634—MAJOR SYSTEM ACQUISITION**

Sec.

634.001 Definitions.

634.001–70 Supplemental definitions.

634.002 Policy.

634.003 Responsibilities.

634.005 General requirements.

634.005–6 Full production.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26175, July 11, 1988, unless otherwise noted.

634.001 Definitions.*Major system:*

(a) The definition of “major system” in OMB Circular No. A–109, Major System Acquisitions (A–109), provides no exclusions; however, FAR 34.001 excludes from the definition of “major system” construction or other improvements to real property. Acquisition of capital project systems by the Office of Foreign Buildings, which would otherwise be subject to the requirements of A–109 are thus exempted from these requirements. Under separate authority, the DOS has other existing controls that provide the necessary review, approval, and monitoring procedures to manage capital project systems acquisitions by the Office of Foreign Buildings.

(b) Pursuant to A–109 and paragraph (b) of the definition of “major system” prescribed in FAR 34.001, any DOS system shall be considered a major system if total acquisition costs with private industry are expected to equal or exceed \$30,000,000.

(c) The acquisition executive is the Under Secretary for Management for the purposes of paragraph (c) of the definition of “major system” prescribed in FAR 34.001. The acquisition executive is authorized to designate as a major system acquisition any DOS system not expected to meet or exceed the \$30,000,000 threshold identified in paragraph (b) above; provided, that the determination shall be made in accordance with the requirements of A–109, FAR Part 34, and this part 634.

(d) Classification as a major system acquisition is independent of the num-

ber of component DOS contracting activities involved in the process. A major system acquisition may occur entirely within the jurisdiction of a single contracting activity or it may involve more than one DOS contracting activity.

(e) Each major system acquisition shall be in response to a need of one of the DOS major missions, which are identified in volume 1 of the Foreign Affairs Manual System.

[53 FR 26175, July 11, 1988, as amended at 59 FR 66766, Dec. 28, 1994]

634.001–70 Supplemental definitions.

Section five of A–109 defines several terms in addition to those defined in FAR 34.001.

Major Acquisition Program Office (A/IM/MAPO) is located within the Office of Information Management. It has managerial and operational responsibilities relative to all major information resource acquisitions.

[53 FR 26175, July 11, 1988; 53 FR 36462, Sept. 20, 1988, as amended at 59 FR 66766, Dec. 28, 1994]

634.002 Policy.

The objective of A–109 is to assure effectiveness and efficiency in acquiring major systems. Section six of A–109 provides general policy guidelines in addition to those prescribed in FAR 34.002.

634.003 Responsibilities.

(a) The Procurement Executive is the agency head’s designee for the purposes of FAR 34.003(a). Written procedures for acquiring Federal Information Processing (FIP) resources by A/IM/MAPO are contained in the “Source Selection Procedures Guide”, issued by that Office.

(b) The Under Secretary for Management is the agency head for the purposes of FAR 34.003(c) and the acquisition executive for the purposes of A–109.

[53 FR 26175, July 11, 1988, as amended at 59 FR 66766, Dec. 28, 1994]

634.005-6

634.005 General requirements.

634.005-6 Full production.

The Deputy Secretary is the agency head for the purposes of FAR 34.005-6.

[59 FR 66766, Dec. 28, 1994]

PART 636—CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS

Subpart 636.1—General

Sec.

636.101 Applicability.

636.101-70 Exception.

Subpart 636.2—Special Aspects of Contracting for Construction

636.209 Construction contracts with architect-engineer firms.

Subpart 636.6—Architect-Engineer Services

636.602 Selection of firms for architect-engineer contracts.

636.602-4 Selection authority.

636.602-5 Short selection processes for contracts not to exceed the simplified acquisition threshold.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26175, July 11, 1988, unless otherwise noted.

Subpart 636.1—General

636.101 Applicability.

636.101-70 Exception.

Contracts for overseas construction, including capital improvements, alterations, and major repairs, may be excepted from the provisions of the FAR (48 CFR Ch. 1) under the authority of the Foreign Service Buildings Act, 1926, as amended, 22 U.S.C. 292 *et seq.*, as further codified at section 474 of Title 40, Public Buildings, Property, and Works, of the U.S. Code.

[53 FR 26175, July 11, 1988, as amended at 59 FR 66766, Dec. 28, 1994]

Subpart 636.2—Special Aspects of Contracting for Construction

636.209 Construction contracts with architect-engineer firms.

The Procurement Executive is the head of the agency for the purposes of FAR 36.209.

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Subpart 636.6—Architect-Engineer Services

636.602 Selection of firms for architect-engineer contracts.

636.602-4 Selection authority.

(a) The final selection decision shall be made as designated by the Deputy Assistant Secretary for Foreign Buildings Operations for acquisitions issued by that office; the Director, Moscow Embassy Buildings Control Office, for Moscow chancery building(s) only; and, the appropriate head of the contracting activity for all other actions.

[59 FR 66766, Dec. 28, 1994]

636.602-5 Short selection processes for contracts not to exceed the simplified acquisition threshold.

The short selection process described in FAR 36.602-5 is authorized for use for contracts not expected to exceed the simplified acquisition threshold.

[59 FR 66766, Dec. 28, 1994, as amended at 60 FR 39663, Aug. 3, 1995]

PART 637—SERVICE CONTRACTING

Subpart 637.1—Service Contracts—General

Sec.

637.103 Contracting officer responsibility.

637.104 Personal services contracts.

637.104-70 DOS personal services contracts.

637.106 Funding and term of service contracts.

637.110 Solicitation provisions and contract clauses.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26176, July 11, 1988, unless otherwise noted.

Subpart 637.1—Service Contracts—General

637.103 Contracting officer responsibility.

The Office of the Legal Adviser is the DOS legal counsel for the purposes of FAR 37.103(a)(2).

637.104 Personal services contracts.

The Office of the Legal Adviser is the DOS legal counsel for the purposes of FAR 37.104(e).

Department of State

639.001–70

637.104–70 DOS personal services contracts.

Pursuant to FAR 37.104(b), DOS statutory authorities for personal services contracts are—

(a) For the Department, section 2(c) of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2669);

(b) For the Bureau of Population, Refugees, and Migration, section 5(a)(6) of the Migration and Refugee Assistance Act of 1962, as amended (22 U.S.C. 2605);

(c) For the Bureau for International Narcotics and Law Enforcement Affairs, section 636(a)(3) of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2396);

(d) For the Foreign Service Institute, section 704(a)(4) of the Foreign Service Act of 1980, as amended (22 U.S.C. 4024);

(e) For the Office of Foreign Missions, section 208(d) of Title II—Authorities Relating to the Regulation of Foreign Missions, of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 4308);

(f) For the Office of Foreign Buildings and the Moscow Embassy Control Office, section 5 of the Foreign Service Buildings Act, 1926, as amended (22 U.S.C. 296);

(g) For the U.S. Mission to the United Nations, section 7 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287e); and

(h) For the Bureau of International Organization Affairs, the separate State Department appropriations acts.

[53 FR 26176, July 11, 1988, as amended at 59 FR 66766, Dec. 28, 1994; 60 FR 39663, Aug. 3, 1995]

637.106 Funding and term of service contracts.

The Department's statutory authority for authorizing contracts for serv-

ices funded by annual appropriations to be performed in two fiscal years, if the total amount for such contracts is obligated in the earlier fiscal year, is 22 U.S.C. 2696(e). See DOSAR 632.703–3.

[59 FR 66766, Dec. 28, 1994]

637.110 Solicitation provisions and contract clauses.

(a) The contracting officer shall insert the clause at 652.237–70, Compensatory Time Off, in personal services contracts awarded in support of International Narcotics Control programs overseas, if the contracting officer determines its use appropriate.

(b) The contracting officer shall insert the clause at 652.237–71, Identification/Building Pass, in all solicitations and contracts where contractor personnel require frequent and continuing access to Department of State facilities.

(c) The contracting officer shall insert a clause substantially the same as the clause at 652.237–72, Observance of Legal Holidays and Administrative Leave, in all solicitations and contracts where contractor personnel will be working on-site in any Department of State facility.

[59 FR 66766, Dec. 28, 1994]

PART 639—ACQUISITION OF INFORMATION RESOURCES

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

639.001–70 Policy.

(a) The Assistant Secretary of State for Administration is the Department's Designated Senior Official as defined in the Federal Information Resources Management Regulation (FIRMR) 201–39.201.

[59 FR 66766, Dec. 28, 1994]

SUBCHAPTER G—CONTRACT MANAGEMENT

PART 642—CONTRACT ADMINISTRATION

Subpart 642.2—Assignment of Contract Administration

Sec.

642.270 Contracting Officer's Representative (COR).

642.271 DOSAR contract clause.

Subpart 642.6—Corporate Administrative Contracting Officer

642.602 Assignment and location.

Subpart 642.14—Traffic and Transportation Management

642.1406–2 Contract clause.

642.1406–2–70 DOSAR contract clauses.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26176, July 11, 1988, unless otherwise noted.

Subpart 642.2—Assignment of Contract Administration

642.270 Contracting Officer's Representative (COR).

(a) *Scope.* Contracting officers may designate technically qualified personnel as their authorized representatives to assist in the administration of contracts. This section is mandatory for domestic contracting activities and recommended for overseas contracting activities.

(b) *Policy.* It is Department policy that only Department of State employees who have completed adequate training and have the necessary experience and judgment shall be appointed as CORs. This policy shall be reinforced by contracting officers and administered jointly by A/OPE and FSI. Required training shall be funded by the COR's office.

[59 FR 66766, Dec. 28, 1994]

642.271 DOSAR contract clause.

The contracting officer shall insert a clause substantially the same as the clause at 652.242–70, Contracting Officer's Representative, in solicitations and contracts when appointment of a

contracting officer's representative is anticipated.

[53 FR 26176, July 11, 1988, as amended at 59 FR 66766, Dec. 28, 1994]

Subpart 642.6—Corporate Administration Contracting Officer

642.602 Assignment and location.

The Procurement Executive is the agency head's designee for the purposes of FAR 42.602(a).

Subpart 642.14—Traffic and Transportation Management

642.1406–2 Contract clause.

642.1406–2–70 DOSAR contract clauses.

(a) The contracting officer shall insert the clause at 652.242–71, Notice of Shipment, in solicitations and contracts entered into and performed outside the United States, when overseas shipment of supplies is required.

(b) The contracting officer shall insert the clause at 652.242–72, Shipping Instructions, in solicitations and contracts with a source in the United States and overseas shipment of supplies is required.

PART 643—CONTRACT MODIFICATIONS

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

Subpart 643.1—General

643.102 Policy.

643.102–70 Contract compliance and review.

(a) When applicable, the contracting officer shall ensure the proposed contract modification complies with the competition requirements of FAR Part 6 and DOSAR Part 606.

Department of State

647.000

(b) Subpart 604.70 prescribes the review requirements for modifying contracts for supplies and services, including construction. The contracting officer shall submit such contract modifications to A/OPE when:

(i) The modification itself exceeds the thresholds established in 604.7002(a);

(ii) The modification will cause the contract to exceed the thresholds established in 604.7002(a); or,

(iii) Any proposed change under the modification results in an increase or decrease exceeding the thresholds in 604.7002(a) in any of the individual cost elements of the existing contract.

[53 FR 26176, July 11, 1988, as amended at 59 FR 66767, Dec. 28, 1994]

PART 645—GOVERNMENT PROPERTY

Subpart 645.3—Providing Government Property to Contractors

Sec.

645.302 Providing facilities.

645.302-1 Policy.

Subpart 645.6—Reporting, Redistribution, and Disposal of Contractor Inventory

645.608 Screening of contractor inventory.

645.608-6 Waiver of screening requirements.

645.610 Sale of surplus contractor inventory.

645.610-2 Exemptions from sale by GSA.

AUTHORITY: 22 U.S.C. 2658; 40 U.S.C. 486(c); 48 CFR Subpart 1.3.

SOURCE: 53 FR 26177, July 11, 1988, unless otherwise noted.

Subpart 645.3—Providing Government Property to Contractors

645.302 Providing facilities.

645.302-1 Policy.

The authority to make the determination prescribed in FAR 45.302-1(a)(4) is delegated, without power of redelegation, to the head of the contracting activity (see 601.603-70).

Subpart 645.6—Reporting, Redistribution, and Disposal of Contractor Inventory

645.608 Screening of contractor inventory.

645.608-6 Waiver of screening requirements.

The Procurement Executive is the agency head's designee for the purposes of FAR 45.608-6.

645.610 Sale of surplus contractor inventory.

645.610-2 Exemptions from sale by GSA.

The Procurement Executive is the agency head for the purposes of FAR 45.610-2(a).

PART 646—QUALITY ASSURANCE

AUTHORITY: 22 U.S.C. 2658; 40 U.S.C. 486(c); 48 CFR Subpart 1.3.

Subpart 646.7—Warranties

646.710 Contract clauses.

646.710-70 DOSAR contract clause.

The contracting officer shall insert the clause at 652.246-70, Commercial Warranty, in solicitations and contracts for commercial supplies or services awarded and performed outside the United States.

[53 FR 26177, July 11, 1988]

PART 647—TRANSPORTATION

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

647.000 Scope of part.

The FAR and DOSAR do not apply to the acquisition of transportation services via Government bill of lading (GBL) or other similar forms.

[59 FR 66767, Dec. 28, 1994]

PART 648—VALUE ENGINEERING

AUTHORITY: 22 U.S.C. 2658; 40 U.S.C. 486(c); 48 CFR 1.3.

648.102

Subpart 648.1—Policies and Procedures

648.102 Policies.

(a) The authority to grant exemptions prescribed in FAR 48.102(a), or to extend future contract savings or sharing pursuant to FAR 48.102(g), is delegated, without power of redelegation, to the head of the contracting activity (see 601.603–70).

[55 FR 5775, Feb. 16, 1990]

Subpart 648.2—Contract Clauses

648.201 Clauses for supply or service contracts.

The authority to determine exemptions prescribed in FAR 48.201(a)(6) is delegated, without power of redelegation, to the head of the contracting activity.

[55 FR 5775, Feb. 16, 1990]

PART 649—TERMINATION OF CONTRACTS

AUTHORITY: 40 U.S.C. 485(c); 22 U.S.C. 2658.

Subpart 649.1—General Principles.

649.106 Fraud or other criminal conduct.

If the Termination Contracting Officer (TCO) suspects fraud or other criminal conduct related to the settlement of a terminated contract, the TCO shall discontinue negotiations and report the facts to the Office of the Inspector General.

[59 FR 66767, Dec. 28, 1994]

649.111 Review of proposed settlements.

All proposed termination settlements shall be reviewed and approved by the

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Office of the Legal Adviser for legal sufficiency. In addition,

(a) All proposed termination settlements from domestic contracting activities shall be approved by the head of the contracting activity; and,

(b) All proposed termination settlements from overseas contracting activities shall be approved by the Procurement Executive.

[59 FR 66767, Dec. 28, 1994]

PART 651—USE OF GOVERNMENT SOURCES BY CONTRACTORS

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

Subpart 651.70—Contractor Use of Travel Advances, Official Travel Orders, and Government Travel Requisitions

651.701 Policy.

(a) It is the Department's policy that contractors shall not:

(1) Receive travel advances from the Department for contract-related travel;

(2) Travel under official travel orders; or,

(3) Receive Government Travel Requisitions (GTRs) for transportation.

(b) All contract-related travel shall be performed on the contractor's account with reimbursement provided after submission of a proper voucher.

(c) This policy does not apply to personal services contractor; *provided*, that such contractors are paid through the Department's payroll system and they are subject to the standard payroll deductions of Federal Withholding Tax and FICA. It also does not apply to contracts awarded by the Office of Language Services (A/OPR/LS).

[59 FR 66767, Dec. 28, 1994]

SUBCHAPTER H—CLAUSES AND FORMS

PART 652—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

Sec.

652.000 Scope of part.

Subpart 652.1—Instructions for Using Provisions and Clauses

652.100 Scope of subpart.

652.100-70 Policy.

652.102 Incorporating provisions and clauses.

652.102-1 Incorporation by reference.

Subpart 652.2—Texts of Provisions and Clauses

652.200 Scope of subpart.

652.203-70 Prohibition Against the Use of Federal Employees.

652.203-71 Certification Regarding Federal Employment.

652.204-70 Security Requirements.

652.204-71 Security Requirements—Personnel.

652.206-70 Competition Advocacy/Ombudsman.

652.214-70 Notices.

652.214-71 Authorization to Perform.

652.216-70 Ordering—Indefinite-Delivery Contract.

652.216-71 Price Adjustment.

652.219-70 Department of State Subcontracting Goals.

652.223-70 Estimates of the Total Percentage of Recovered Materials to be Utilized in the Performance of the Contract.

652.223-71 Certification of Minimum Content Actually Utilized in the Performance of the Contract.

652.223-72 Use of Double-Sided Copying in the Submissions of Bids or Proposals.

652.223-73 Use of Double-Sided Copying in the Submission of Reports.

652.223-74 Use of Fly Ash as a Partial Replacement for Cement and Concrete.

652.223-75 Use of Recovered Materials in Building Insulation Products.

652.223-76 Use of Lubricating Oils Containing Re-Refined Oils.

652.223-77 Use of Retread Tires.

652.223-78 Use of Recovered Materials in Paper and Paper Products.

652.228-70 Indemnification.

652.228-71 Worker's Compensation Insurance (Defense Base Act)—Services.

652.228-72 Worker's Compensation Insurance (Defense Base Act)—Construction.

652.228-73 Waiver of the Defense Base Act.

652.228-74 Defense Base Act Insurance Rates—Limitation—Services.

652.228-75 Defense Base Act Insurance Rates—Limitation—Construction.

652.228-76 Defense Base Act Insurance Rates—Limitation—Cost-Reimbursement.

652.228-77 Defense Base Act Insurance Rates—Limitation—Labor-Hour and Time-and-Materials.

652.229-70 Excise Tax Exemption Statement for Contractors Within the United States.

652.232-70 Payment Schedule and Invoice Submission (Fixed-Price).

652.232-71 Voucher Submission (Cost-Reimbursement).

652.237-70 Compensatory time off.

652.237-71 Identification/Building Pass.

652.237-72 Observance of Legal Holidays and Administrative Leave.

652.242-70 Contracting Officer's Representative (COR).

652.242-71 Notice of Shipments.

652.242-72 Shipping Instructions.

652.246-70 Commercial Warranty.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26177, July 11, 1988, unless otherwise noted.

652.000 Scope of part.

This part sets forth solicitation provisions and contract clauses, in addition to those prescribed in FAR Part 52, for use in DOS acquisitions.

Subpart 652.1—Instructions for Using Provisions and Clauses**652.100 Scope of subpart.****652.100-70 Policy.**

(a) The solicitation provisions and contract clauses in FAR Subpart 52.2 or this Subpart 652.2 shall be used as prescribed therein, except when the use of any provision or clause is prohibited by or inconsistent with local laws, or the supplies or services could not be obtained if the provision or clause were to be included.

(b) The contracting officer shall justify the exclusion of any provisions or clauses in accordance with FAR Subpart 1.4 and 601.470.

652.102-1

652.102 Incorporating provisions and clauses.

652.102-1 Incorporation by reference.

The Procurement Executive is the agency head for the purposes of FAR 52.102-1(a)(2)(ii).

Subpart 652.2—Texts of Provisions and Clauses

652.200 Scope of subpart.

This subpart sets forth the text of all DOSAR provisions and clauses, and for each provision and clause provides a cross-reference to the location in the DOSAR that prescribes its use.

652.203-70 Prohibition Against the Use of Federal Employees.

As prescribed in 603.670, insert the following clause:

PROHIBITION AGAINST THE USE OF FEDERAL EMPLOYEES (DEC 1994)

In accordance with Federal Acquisition Regulation 3.601, contracts are not to be awarded to Federal employees or a business concern or other organization owned or substantially owned or controlled by one or more Federal employees. For the purposes of this contract, this prohibition against the use of Federal employees includes any work performed by the contractor or any of its employees, subcontractors, or consultants.

(End of clause)

[59 FR 66767, Dec. 28, 1994]

652.203-71 Certification Regarding Federal Employment.

As prescribed in 603.670, insert the following provision:

CERTIFICATION REGARDING FEDERAL EMPLOYMENT (DEC 1994)

By submitting an offer, the offeror hereby certifies that it is not owned or substantially owned or controlled by one or more Federal employees.

(End of provision)

[59 FR 66767, Dec. 28, 1994]

652.204-70 Security Requirements.

As prescribed in 604.404-70, insert the following clause in solicitations and contracts performed outside the United States to the extent the contract involves access to classified information (“Confidential,” “Secret,” or “Top Secret”) or administratively controlled

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information (“Limited Official Use”). Contractors or contract employees that are not U.S. citizens shall not have access to classified or administratively controlled information.

SECURITY REQUIREMENTS (JULY 1988)

(a) This clause applies to the extent that this contract involves information the Government has determined to be classified (“Confidential,” “Secret,” or “Top Secret,” hereinafter referred to as “classified”) or administratively controlled (“Limited Official Use,” hereinafter referred to as “administratively controlled”).

(b) The Contractor (1) shall be responsible for safeguarding all classified or administratively controlled information in accordance with paragraph (d) below and shall not supply, disclose, or otherwise permit any unauthorized person access to classified or administratively controlled information; (2) shall not make or permit to be made any reproductions of classified information or administratively controlled information, except with the prior written authorization of the Contracting Officer, Post Security Officer, or Regional Security Officer; (3) shall submit to the Contracting Officer, at such times as the Contracting Officer may direct, an accounting of all reproductions of classified or administratively controlled information; and (4) shall not incorporate in any other project any matter which will disclose classified or administratively controlled information except with the prior written authorization of the Contracting Officer.

(c) The Contractor shall not permit any non-U.S. citizen access to classified or administratively controlled information. The Contractor shall not permit any individual access to classified information without the prior written authorization of the Contracting Officer, Post Security Officer, or Regional Security Officer.

(d) The Contractor shall follow the procedures for classifying, marking, handling, transmitting, disseminating, storage, and destroying official materials in accordance with the Uniform Regulations (Foreign Affairs Manual, Volume 5, Chapter 900, “Policy and Procedural Security”). The Contracting Officer, Post Security Officer, or Regional Security Officer shall provide a copy of this document to the Contractor. The Contracting Officer shall provide any supplements to these regulations to the Contractor in writing.

(e) The Contractor agrees to submit immediately to the Contracting Officer, Post Security Officer, a complete detailed report, appropriately classified, of any information which the Contractor may have concerning existing or threatened espionage, sabotage, or subversive activity.

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(f) The Government agrees that when necessary it shall indicate by security classification or administratively controlled designation the degree of importance to the national security of information to be furnished by the Contractor to the Government or by the Government to the Contractor. The Government shall give written notice to the Contractor of such security classification or administratively controlled designation and of any subsequent changes thereof. The Contractor shall rely on any letter or other written instrument signed by the Contracting Officer changing a security classification or administratively controlled designation of information.

(g) The Contractor agrees to certify after completion of this contract that it has surrendered or disposed of all classified or administratively controlled information in its custody in accordance with applicable security regulations or instructions.

(End of clause)

652.204-71 Security Requirements—Personnel.

As prescribed in 604.404-70, insert the following clause in solicitations and contracts performed outside the United States.

SECURITY REQUIREMENTS—PERSONNEL (JULY 1988)

The Contractor agrees, if directed by the Contracting Officer, to furnish the Government with the name, date and place of birth, current address, and such other biographical information as is readily available to the Contractor, concerning any individual before permitting said individual to perform under this contract. The Contractor further agrees to permit only those individuals approved by the Government to be used in the performance of this contract.

(End of clause)

652.206-70 Competition Advocacy/Ombudsman.

As prescribed in 606.570, insert the following provision:

COMPETITION ADVOCACY/OMBUDSMAN (DEC 1994)

The Department of State's Competition Advocate is responsible for assisting industry in removing restrictive requirements from Department of State solicitations and removing barriers to full and open competition. If such a solicitation is considered competitively restrictive or does not appear properly conducive to competition and contracting practices, potential offerors are encouraged to first contact the contracting of-

fice for the respective solicitation identified elsewhere in this solicitation. If concerns are not adequately addressed, contact the Department of State Competition Advocate on (703) 516-1680, or write to: U.S. Department of State, Competition Advocate, Office of the Procurement Executive, A/OPE/CA, Suite 603, SA-6, Washington, DC 20522-0602.

(End of provision)

[59 FR 66767, Dec. 28, 1994]

652.214-70 Notices.

As prescribed in 614.201-7-70(b), insert the following clause in solicitations and contracts entered into and performed outside the United States.

NOTICES (DEC 1994)

Any notice or request relating to this contract given by either party to the other shall be in writing. Said notice or request shall be mailed or delivered by hand to the other party at the address provided in the schedule of the contract. All modifications to the contract must be made in writing by the Contracting Officer.

(End of clause)

[53 FR 26177, July 11, 1988. Redesignated and amended at 59 FR 66767, Dec. 28, 1994]

652.214-71 Authorization to Perform.

As prescribed in 614.201-7-70(c), insert the following provisions:

AUTHORIZATION TO PERFORM (DEC 1994)

The Contractor warrants that (a) it has obtained authorization to operate and do business in the country or countries in which this contract will be performed; (b) it has obtained all necessary licenses and permits required to perform this contract; and (c) it shall comply fully with all laws, decrees, labor standards and regulations of said country or countries during the performance of this contract.

(End of provision)

[53 FR 26177, July 11, 1988. Redesignated and amended at 59 FR 66767, Dec. 28, 1994]

652.216-70 Ordering—Indefinite-Delivery Contract.

As prescribed in 616.505-70, insert the following clause in solicitations and contracts when a definite-quantity contract, a requirements contract, or an indefinite-quantity contract is contemplated.

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ORDERING—INDEFINITE-DELIVERY CONTRACTS (DEC 1994)

The Government shall use one of the following forms to issue orders under this contract:

(a) The Optional Form 347, Order for Supplies or Services, and Optional Form 348, Order for Supplies or Services Schedule—Continuation; or,

(b) The Optional Form 206, Purchase Order, Receiving Report and Voucher, and Optional Form 206A, Continuation Sheet.

(End of clause)

[53 FR 26177, July 11, 1988, as amended at 59 FR 66768, Dec. 28, 1994]

652.216-71 Price Adjustment.

As prescribed in 616.203-4, insert a clause substantially the same as follows:

PRICE ADJUSTMENT (DEC 1994)

(a) The contract cost may be adjusted based on increases or decreases in actual costs of direct service labor which result directly from laws enacted and effective during the term of this contract by the *[insert name of country]* Government.

(b) For the contracting officer to consider any request for adjustment, the contractor shall demonstrate in writing:

(1) That the change in the law occurred subsequent to the award date of the contract; and,

(2) That the change in the law could not have been reasonably anticipated prior to contract award; and,

(3) How the change in the law directly affects the direct cost of direct service labor under the contract.

(c) The contractor shall present documentation that clearly supports any request for adjustment, including the calculation of the amount of adjustment requested. This documentation must identify and provide the appropriate portions of the text of the particular law from which the request is derived.

(d) Any request for adjustment shall be certified by signature by an officer or general partner of the contractor having overall responsibility for the conduct of the contractor's affairs.

(e) No adjustment shall be made to the contract price that relates to any overhead, fixed costs, profit or fee for the contractor. Only the amount charged to direct service labor cost shall be considered by the Government as basis for contract price adjustments.

(f) No request by the contractor for an adjustment under this clause shall be allowed if asserted after final payment under this contract has been made.

(g) This clause shall only apply to laws enacted by the *[insert name of country]* Govern-

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ment meeting the criteria set forth above in paragraph (a). No adjustments shall be made due to currency devaluations fluctuations in exchange rates.

(End of clause)

[59 FR 66768, Dec. 28, 1994]

652.219-70 Department of State Subcontracting Goals.

As prescribed in 619.708-70, insert a provision substantially the same as follows:

DEPARTMENT OF STATE SUBCONTRACTING GOALS (DEC 1994)

(a) The offeror shall provide a Small, Small Disadvantaged and Woman-Owned Enterprise Subcontracting Plan that details its approach to selecting and using Small, Small Disadvantaged, and Woman-Owned Business Enterprises as requested by the contracting officer.

(b) For the fiscal year *[insert appropriate fiscal year]*, the Department's subcontracting goals are as follows:

(1) Goal for subcontracting to SB:

(2) Goal for subcontracting to SDB:

(3) Goal for subcontracting to SWB:

(4) Omnibus goals (if applicable):

(i) 10% to minority business

(ii) 10% to small business

(End of provision)

[59 FR 66768, Dec. 28, 1994]

652.223-70 Estimates of the Total Percentage of Recovered Materials to be Utilized in the Performance of the Contract.

As prescribed in 623.480(a), insert the following provision:

ESTIMATES OF THE TOTAL PERCENTAGE OF RECOVERED MATERIALS TO BE UTILIZED IN THE PERFORMANCE OF THE CONTRACT (DEC 1994)

(a) As required under Section 6002 of the Resource Conservation and Recovery Act, an officer or employee of the offeror shall estimate the total percentage of recovered material to be utilized in the performance of the contract.

(b) I, *(insert name of certifier)* am an officer employee responsible for the preparation of this offer and hereby estimate the total percentage of recovered material to be utilized in the performance of the contract as follows:

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Product	Estimate of total percent of recovered material to be utilized

(End of provision)

[59 FR 66768, Dec. 28, 1994]

652.223-71 Certification of Minimum Content Actually Utilized in the Performance of the Contract.

As prescribed in 623.480(b), insert the following clause:

CERTIFICATION OF MINIMUM CONTENT ACTUALLY UTILIZED IN THE PERFORMANCE OF THE CONTRACT (DEC 1994)

(a) As required under Section 6002 of the Resource Conservation and Recovery Act, an officer or employee of the contractor shall execute the following certification:

I, *(insert name of certifier)* am an officer or employee responsible for the performance of this contract and hereby certify the following minimum recovered material content was actually utilized in the performance of this contract:

Product	Percent of minimum recovered material actually utilized

(b) The contractor shall submit this certification by January 31 in each year during the period of performance of this contract. The period of the certification shall cover the preceding calendar year.

Signature of the officer or employee

Typed name of officer or employee

Title

Name of company, firm, or organization

Date

(End of clause)

[59 FR 66768, Dec. 28, 1994]

652.223-72 Use of Double-Sided Copying in the Submissions of Bids or Proposals.

As prescribed in 623.480(c), insert the following provision:

USE OF DOUBLE-SIDED COPYING IN THE SUBMISSIONS OF BIDS OR PROPOSALS (DEC 1994)

(a) For the purposes of this provision, “double-sided copying” means copying two one-sided originals on to the front and back side of one sheet of paper.

(b) Unless otherwise stated in the solicitation, offerors shall use double-sided copying to reproduce all bids or proposals in response to this solicitation.

(End of provision)

[59 FR 66768, Dec. 28, 1994]

652.223-73 Use of Double-Sided Copying in the Submission of Reports.

As prescribed in 623.480(d), insert the following clause:

USE OF DOUBLE-SIDED COPYING IN THE SUBMISSION OF REPORTS (DEC 1994)

(a) For the purposes of this clause, “double-sided copying” means copying two one-sided originals on to the front and back side of one sheet of paper.

(b) Unless otherwise stated in this contract or otherwise directed by the contracting officer, the contractor shall use double-sided copying to reproduce any progress report, draft report, or final report produced under this contract.

(End of clause)

[59 FR 66769, Dec. 28, 1994]

652.223-74 Use of Fly Ash as a Partial Replacement for Cement and Concrete.

As prescribed in 623.480(e), insert the following clause:

USE OF FLY ASH AS A PARTIAL REPLACEMENT FOR CEMENT AND CONCRETE (DEC 1994)

The Architect/Engineer shall specify the performance requirements of the cement and concrete products required under the contract using standard specifications when available. Consistent with such performance specifications, the Architect/Engineer shall specify the use of fly ash, a finely divided residue resulting from the combustion of coal, as a partial replacement for cement and concrete to the maximum extent practicable in accordance with ANSI/ASTM Standards and all applicable codes.

(End of clause)

[59 FR 66769, Dec. 28, 1994]

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652.223-75 Use of Recovered Materials in Building Insulation Products.

As prescribed in 623.480(f), insert the following clause:

USE OF RECOVERED MATERIALS IN BUILDING INSULATION PRODUCTS (DEC 1994)

(a) This clause applies to building insulation products used in the construction of

ceilings, floors, foundations, and walls, and includes blanket, board, spray-in place and loose-fill insulations.

(b) The Department's minimum content standard for recovered material in building insulation products is set forth below.

Material type	Percent by weight
Cellulose loose-fill and spray on	75% post-consumer recovered material.
Perlite composition board	23% post-consumer recovered paper.
Plastic Rigid Foams—polyisocyanurate/polyurethane:	
Rigid foam	9% recovered material.
Foam-in-place	5% recovered material.
Glass fiber reinforced	6% recovered material.
Phenolic rigid foam	5% recovered material.
Rock Wool	75% recovered material.

NOTE: The minimum content standards are based on the weight of the material (not volume) in the insulating core only.

(c) The Architect/Engineer shall include as a design consideration the Department's preference for the use of building insulation produced with recovered materials. The Architect/Engineer shall specify the type of building insulation products to be supplied, and shall justify in writing the basis of the selected product type if it is listed above, or if any product listed above has a higher minimum content standard than the selected product.

(End of clause)

[59 FR 66769, Dec. 28, 1994]

652.223-76 Use of Lubricating Oils Containing Re-Refined Oils.

As prescribed in 623.480(g), insert the following clause:

USE OF LUBRICATING OILS CONTAINING RE-REFINED OILS (DEC 1994)

(a) If the contractor is required to supply lubricating oils, hydraulic fluids, or gear oils under this contract, the contractor shall supply products conforming to the listed military specifications as set forth below unless the contracting officer determines that the listed products will not satisfy the Department's needs.

EPA LUBRICATING OILS CONTAINING RE-REFINED OIL

(1) Engine Lubricating Oils

- (i) MIL-L-46152 (or current version)—Lubricating Oil Internal Combustion Engine, Administrative Service
- (ii) API Engine Service Category SF-1980 Gasoline Engine Warranty Maintenance Service

(iii) API Engine Service Category CC-Diesel Engine Service

(iv) MIL-L-2104D (or current version)—Lubricating Oil Internal Combustion Engine, Tactical Service

(v) API Engine Service Category CD-Diesel Engine Service

(vi) MIL-L-21260D (or current version)—Lubricating Oil Internal Combustion Engine, Preservative and Break-In

(vii) MIL-L-4617 (or current version)—Lubricating Oil, Internal Combustion Engine, Arctic

(2) Hydraulic Fluids

(i) MIL-H-5606 (or current version)—Hydraulic Fluid, Petroleum Base: Aircraft, Missile, and Ordnance

(ii) MIL-H-6083 (or current version)—Hydraulic Fluid, Petroleum Base: Preservation and Operation

(3) Gear Oils

(i) MIL-L-2105d (or current version)—Lubricating Oil, Gear, Multipurpose

(b) Copies of the above specifications may be obtained from: Standardization Document Order Desk, Building 4, Section D, 700 Robbins Avenue, Philadelphia, PA 19111-5094.

(c) Any lubricating oils, hydraulic fluids, or gear oils delivered under this contract that conform to the above listed military specifications shall contain a minimum of 25% re-refined oils.

(End of clause)

[59 FR 66769, Dec. 28, 1994]

652.223-77 Use of Retread Tires.

As prescribed in 623.480(h), insert the following clause:

USE OF RETREAD TIRES (DEC 1994)

(a) If the contractor is required to maintain or replace Government tires under this

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contract, the contractor shall to the maximum extent practicable obtain retreading services for existing tires, if the carcass is retreadable, from firms identified in the U.S. General Services Administration's Federal Supply Schedule 26 II, Pneumatic Tires.

(b) If such retreading services are not practicable, replacement retread tires shall be procured in accordance with GSA specification ZZ-T-381 for replacement tires.

(End of clause)

[59 FR 66769, Dec. 28, 1994]

652.223-78 Use of Recovered Materials in Paper and Paper Products.

As prescribed in 623.480(i), insert the following clause:

USE OF RECOVERED MATERIALS IN PAPER AND PAPER PRODUCTS (DEC 1994)

(a) If the contractor is required under this contract to deliver any of the paper and paper products listed below, all such items delivered shall meet the minimum content standards for recovered materials, postconsumer recovered materials, or waste paper set forth in paragraph (b).

(1) Recovered materials are defined as waste material and by-products that have been recovered or diverted from solid waste, not including those materials and by-products generated from, and commonly reused within, an original manufacturing process.

(2) Postconsumer recovered materials are defined as waste materials recovered from retail stores, office buildings, homes and so forth after they passed through their end usage as a consumer item.

(3) Waste paper is defined as all items from the first two categories above in addition to forest residues, and manufacturing and other wastes.

(b) Unless otherwise stated in this contract or otherwise directed by the contracting officer, the contractor shall use "High Grade Bleached Printing and Writing Papers" as defined in this clause to produce all progress reports, final reports, and any other products required to be delivered to the Government under this contract.

MINIMUM CONTENT STANDARDS FOR SELECTED PAPER AND PAPER PRODUCTS

Newsprint

40% minimum postconsumer recovered materials

High Grade Bleached Printing and Writing Papers

Offset printing—50% minimum waste paper
Mimeo and duplicator paper—50% minimum waste paper
Writing (stationery)—50% minimum waste paper

Office paper (e.g., note pads)—50% minimum waste paper
Paper for high speed copiers—50% minimum waste paper
Envelopes—50% minimum waste paper
Form bond including computer paper and carbonless—50% minimum waste paper
Book papers—50% minimum waste paper
Bond papers—50% minimum waste paper
Ledger—50% minimum waste paper
Cover stock—50% minimum waste paper
Cotton fiber papers—25% minimum recovered materials and 50% minimum waste paper

Tissue Products

Toilet tissue—20% minimum postconsumer recovered materials
Paper towels—40% minimum postconsumer recovered materials
Paper napkins—30% minimum postconsumer recovered materials
Facial tissue—5% minimum postconsumer recovered materials
Doilies—40% minimum postconsumer recovered materials
Industrial wipes—0% minimum postconsumer recovered materials

Unbleached Packaging

Corrugated boxes—35% minimum postconsumer recovered materials
Fiber boxes—35% minimum postconsumer recovered materials
Brown papers (e.g., bags)—5% minimum postconsumer recovered materials

Recycled Paperboard

Recycled paperboard products—80% minimum postconsumer recovered materials
Pad backing—90% minimum postconsumer recovered materials

(End of clause)

[59 FR 66769, Dec. 28, 1994]

652.228-70 Indemnification.

As prescribed in 628.7001(b), insert the following clause in solicitations and contracts when the contractor's assumption of risk is in the best interest of the Government.

INDEMNIFICATION (JULY 1988)

The Contractor expressly agrees to indemnify and to save the Government, its officers, agents, servants, and employees harmless from and against any claim, loss, damages, injury, and liability, however caused, resulting from or arising out of the Contractor's fault or negligence in connection with the performance of work under this contract. Further, any negligence or alleged negligence of the Government, its officers, agents, servants, or employees, shall not bar

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a claim for indemnification unless the act or omission of the Government, its officers, agents, servants, or employees is the sole competent, and producing cause of such claim, loss, damages, injury, or liability.

(End of clause)

652.228-71 Worker's Compensation Insurance (Defense Base Act)—Services.

As prescribed in 628.305(b)(1), insert the following clause:

WORKER'S COMPENSATION INSURANCE (DEFENSE BASE ACT)—SERVICES (DEC 1994)

(a) This clause supplements FAR 52.228-3.

(b) The contractor agrees to procure Defense Base Act (DBA) insurance pursuant to the terms of the contract between the Department of State and the Department's DBA insurance carrier unless the contractor has a DBA self-insurance program approved by the Department of Labor. The contractor shall submit a copy of the Department of Labor's approval to the contracting officer upon contract award.

(c) Since the Department of State has secured a waiver of DBA coverage for contractor's employees who are not citizens of, residents of, or hired in the United States, the contractor agrees to provide such employees with worker's compensation benefits as required by the laws of the country in which the employees are working, or by the laws of the employee's native country, whichever offers greater benefits.

(d) The contractor agrees to insert a clause substantially the same as this one in all subcontracts to which the DBA is applicable. Subcontractors shall be required to insert a similar clause in any of their subcontracts subject to the DBA.

(e) The cost of DBA insurance is paid on an annual basis. If the period of performance of this contract extends beyond one year, the Department shall reimburse the contractor for any additional insurance cost on a reimbursable basis through a contract modification.

(f) Should the rates for DBA insurance coverage increase during the performance of this contract, the Department shall reimburse the contractor for the increased cost through a contract modification. In the event the DBA insurance rates decrease during contract performance, the contractor shall reduce the reimbursable cost proportionately.

(End of clause)

[59 FR 66770, Dec. 28, 1994]

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652.228-72 Worker's Compensation Insurance (Defense Base Act)—Construction.

As prescribed in 628.305(b)(2), insert the following clause:

WORKER'S COMPENSATION INSURANCE (DEFENSE BASE ACT)—CONSTRUCTION (DEC. 1994)

(a) This clause supplements FAR 52.228-4.

(b) The contractor agrees to procure Defense Base Act (DBA) insurance pursuant to the terms of the contract between the Department of State and the Department's DBA insurance carrier unless the contractor has a DBA self-insurance program approved by the Department of Labor. The contractor shall submit a copy of the Department of Labor's approval to the contracting officer upon contract award. The current rate under the Department of State contract is *[contracting officer insert current rate]* of compensation for construction.

(c) Since the Department of State has secured a waiver of DBA coverage for contractor's employees who are not citizens of, residents of, or hired in the United States, the contractor agrees to provide such employees with worker's compensation benefits as required by the laws of the country in which the employees are working, or by the laws of the employee's native country, whichever offers greater benefits.

(d) The contractor agrees to insert a clause substantially the same as this one in all subcontracts to which the DBA is applicable. Subcontractors shall be required to insert a similar clause in any of their subcontracts subject to the DBA.

(e) Should the rates for DBA insurance coverage increase or decrease during the performance of this contract, the Department shall modify this contract accordingly.

(f) The contractor shall demonstrate to the satisfaction of the contracting officer that the equitable adjustment as a result of the insurance increase or decrease does not include any reserve for such insurance. Adjustment shall not include any overhead, profit, general and administrative expense, etc.

(End of clause)

[59 FR 66770, Dec. 28, 1994]

652.228-73 Waiver of the Defense Base Act.

As prescribed in 628.305(b)(3), insert the following clause:

WAIVER OF THE DEFENSE BASE ACT (DEC 1994)

(a) Upon recommendation of the Secretary of State, the Secretary of Labor may waive the applicability of the Defense Base Act with respect to any contract, subcontract, or

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subordinate contract; work location; or classification of employees.

(b) Either the contractor or the Department of State may request a waiver from coverage. Such a waiver may apply to any employees who are not U.S. citizens, not residents of, or are not hired in the United States. Waivers requested by the contractor shall be submitted to the contracting officer for approval and further submission to the contracting officer for approval and further submission to the Department of Labor. Application for a waiver shall be submitted on Department of Labor Form BEC-565. Where such waivers are granted from coverage under the DBA, the waiver is conditioned on providing other worker's compensation coverage to employees to which the waiver applies. Usually this takes the form of securing worker's compensation coverage of the country where work will be performed or of the employee's native country, whichever offers greater benefits. Information as to whether a DBA waiver has been obtained by the Department for a particular country may be obtained from the contracting officer.

(End of clause)

[59 FR 66770, Dec. 28, 1994]

652.228-74 Defense Base Act Insurance Rates—Limitation—Services.

As prescribed in 628.306(a)(1), insert the following provision:

DEFENSE BASE ACT INSURANCE RATES— LIMITATION—SERVICES (DEC 1994)

(a) The Department of State has entered into a contract with an insurance carrier to provide DBA insurance to Department of State contractors at a contracted rate. The rates for this insurance are as follows:

Services @ [contracting officer insert current rate] of compensation.

(b) Bidders/Offerors should compute the total compensation (direct salary plus differential, but excluding per diem, housing allowance and other miscellaneous post allowances) to be paid to employees who will be covered by DBA insurance and the cost of DBA insurance in their bid/proposal using the foregoing rate, and insert the totals in the spaces provided. The DBA insurance cost shall be included in the total fixed price. The DBA insurance costs shall be reimbursed directly to the contractor.

(1) Compensation of Covered Employees: _____

(2) Defense Base Act Insurance Costs: _____

(3) Total Cost: _____

(c) Bidders/Offerors shall include a statement as to whether or not local nationals or

third country nationals will be employed on the resultant contract.

(End of provision)

[59 FR 66771, Dec. 28, 1994]

652.228-75 Defense Base Act Insurance Rates—Limitation—Construction.

As prescribed in 628.306(a)(2), insert the following provision:

DEFENSE BASE ACT INSURANCE RATES— LIMITATION—CONSTRUCTION (DEC 1994)

(a) The Department of State has entered into a contract with an insurance carrier to provide DBA insurance to Department of State contractors at a contracted rate. The rates for this insurance are as follows:

Construction @ [contracting officer insert current rate] of compensation.

(b) Bidders/Offerors should compute the total compensation (direct salary plus differential, but excluding per diem, housing allowance and other miscellaneous post allowances) to be paid to employees who will be covered by DBA insurance and the cost of DBA insurance in their bid/proposal using the foregoing rate, and insert the totals in the spaces provided for the base year and each year thereafter, if applicable. The DBA insurance cost shall be included in the total fixed price. The DBA insurance costs shall be reimbursed directly to the contractor.

(1) Compensation of Covered Employees: _____

(2) Defense Base Act Insurance Costs: _____

(3) Total Cost: _____

(End of provision)

[59 FR 66771, Dec. 28, 1994]

652.228-76 Defense Base Act Insurance Rates—Limitation—Cost-Reimbursement.

As prescribed in 628.307, insert the following provision:

DEFENSE BASE ACT INSURANCE RATES— LIMITATION—COST-REIMBURSEMENT (DEC 1994)

(a) The Department of State has entered into a contract with an insurance carrier for Defense Base Act (DBA) insurance which applies to all contracts entered into by the Department which requires DBA insurance coverage. In preparing the cost proposal, the offeror shall use the following rates in computing the cost for such insurance:

Services—[contracting officer insert current rate] of compensation (direct salary plus differential but excluding per diem, housing allowance, education allowance, and miscellaneous allowances); and

(2) Construction—[contracting officer insert current rate] of compensation.

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(b) These rates apply to all job classifications in those particular categories. The successful offeror shall be advised of the name and address of the insurance broker who will process the DBA insurance coverage.

(c) Should an offeror compute or include higher DBA insurance rates, the rates shall be disallowed.

(d) Offerors shall include in their proposals a statement as to whether or not local nationals or third country nationals are proposed on this contract.

(End of provision)

[59 FR 66771, Dec. 28, 1994]

652.228-77 Defense Base Act Insurance Rates—Limitation—Labor-Hour and Time-and-Materials.

As prescribed in 628.307-70, insert the following provision:

DEFENSE BASE ACT INSURANCE RATES—LIMITATION—LABOR-HOUR AND TIME-AND-MATERIALS (DEC 1994)

(a) The Department of State has entered into a contract with an insurance carrier for Defense Base Act (DBA) insurance which applies to all contracts entered into by the Department which requires DBA insurance coverage. In preparing the cost proposal, the offeror shall use the following rates in computing the cost for such insurance:

(1) Services—[contracting officer insert current rate] of compensation (direct salary plus differential but excluding per diem, housing allowance, education allowance, and miscellaneous allowances); and

(2) Construction—[contracting officer insert current rate] of compensation.

(b) These rates apply to all job classifications in those particular categories. The successful offeror shall be advised of the name and address of the insurance broker who will process the DBA insurance coverage.

(c) Offerors shall include in their proposals a statement as to whether or not local nationals or third country nationals are proposed on this contract.

(End of provision)

[59 FR 66771, Dec. 28, 1994]

652.229-70 Excise Tax Exemption Statement for Contractors Within the United States.

As prescribed in 629.401-70, insert the following clause in solicitations and contracts if the prospective contractor is located inside the United States and the acquisition involves export of supplies to an overseas post.

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EXCISE TAX EMEMPTION STATEMENT FOR CONTRACTORS WITHIN THE UNITED STATES (JULY 1988)

This is to certify that the item(s) covered by this contract is/are for export solely for the use of the U.S. Foreign Service Post identified in the contract schedule.

The Contractor shall use a photocopy of this contract as evidence of intent to export. Final proof of exportation may be obtained from the agent handling the shipment. Such proof shall be accepted in lieu of payment of excise tax.

(End of clause)

652.232-70 Payment Schedule and Invoice Submission (Fixed-Price).

As prescribed in 632.908(a), the contracting officer may insert a clause substantially the same as follows:

PAYMENT SCHEDULE AND INVOICE SUBMISSION (FIXED-PRICE) (DEC 1994)

(a) *General.* The Government shall pay the contractor as full compensation for all work required, performed and accepted under this contract, inclusive of all costs and expenses, the firm fixed-price stated in Section B of this contract.

[Use paragraph (b) only if partial payments apply. Otherwise, paragraph (a) above assumes the contractor will be paid in full amount upon completion of all contractual requirements].

(b) *Payment Schedule.* Payments will be made in accordance with the following partial payment schedule:

Partial payment No.	Specific deliverable	Delivery date	Payment amount
1			
2			
3			

[Continue as necessary]

(c) *Invoice Submission.* Invoices shall be submitted in an original and [contracting officer insert appropriate number of copies] copies to the Office identified in Block 5 of the SF-26 or Block 7 of the SF-33. To constitute a proper invoice, the invoice must include all items per FAR 52.232-25, "Prompt Payment".

(d) *Contractor Remittance Address.* Payment shall be made to the contractor's address as specified on the cover page of this contract, unless a separate remittance address is specified below:

(End of clause)

[59 FR 66771, Dec. 28, 1994]

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652.232-71 Voucher Submission (Cost-Reimbursement).

As prescribed in 632.908(b), the contracting officer may insert a clause substantially the same as follows:

VOUCHER SUBMISSION (COST-REIMBURSEMENT) (DEC 1994)

(a) *General.* The contractor shall submit, on a monthly basis [contracting officer may substitute a different time frame, if appropriate], an original and [contracting officer insert appropriate number] copies of each voucher. In addition to the items necessary per FAR 52.232-25, "Prompt Payment", the voucher shall show the elements of cost for the billing period and the cumulative costs to date. All vouchers shall be submitted to the office identified in Block 5 of the SF-26 or Block 7 of the SF-33.

(b) *Contractor Remittance Address.* Payment shall be made to the contractor's address as specified on the cover page of this contract, unless a separate remittance address is specified below:

(End of clause)

[59 FR 66772, Dec. 28, 1994]

652.237-70 Compensatory time off.

As prescribed in 637.110(a), insert the following clause:

COMPENSATORY TIME OFF (DEC 1994)

(a) Compensatory time off means time from work during the personal service contract employee's basic work week in exchange for performing an equal amount of irregular or occasional overtime work which is officially ordered or approved.

(b) At the discretion of the Contracting Officer's Representative (COR), the contractor may earn compensatory time off in accordance with 3 FAM Section 232.6—Compensatory Time Off. Compensation time off remaining to the credit of a personal services contract employee at the end of a 16-week period and/or at the end of the contract period shall be forfeited.

(c) Compensatory time may not be converted to overtime.

(End of clause)

[59 FR 66772, Dec. 28, 1994]

652.237-71 Identification/Building Pass.

As prescribed in 637.110(b), insert the following clause.

IDENTIFICATION/BUILDING PASS (DEC 1994)

(a) The contractor shall obtain a Department of State building pass for all employees performing under this contract who require frequent and continuing access to Department of State facilities. Passes shall be issued only to contractor employees who are United States citizens. Passes will be issued by the Bureau of Diplomatic Security, Office of Procedural Security, Domestic Facilities Division. They shall be used for the purpose of contractor performance only, and shall not be used for any other purpose.

(b) The contractor shall submit an application in the form prescribed by the COR. The contractor shall also provide a letter on company letterhead to accompany the application containing the following information:

(1) The purpose for which the pass is being requested;

(2) The type of access the applicant requires;

(3) Whether or not the applicant has a valid security clearance; and,

(4) The contract number and period of performance of the contract.

(c) The complete package, including the COR's approval memorandum, shall be delivered to the Building Pass Application Unit, Room 309, State Annex Number 1, Columbia Plaza, 2401 E Street, NW., Washington, DC; or, the post security officer, if the contract is performed at a U.S. owned or leased building overseas. The employee(s) for whom the pass(es) is/are being requested may be required to personally submit the application and to provide evidence of identity and United States citizenship.

(d) All contractor employees shall wear the passes in plain sight at all times while in Department of State buildings. All contractor employees shall show their passes when entering these buildings and upon request.

(e) All passes shall be returned to the COR upon separation of the employee, or expiration or termination of the contract. Final payment under this contract shall not be made until all passes are returned to the COR.

(End of clause)

[59 FR 66772, Dec. 28, 1994]

652.237-72 Observance of Legal Holidays and Administrative Leave.

As prescribed in 637.110(c), insert the following clause:

OBSERVANCE OF LEGAL HOLIDAYS AND ADMINISTRATIVE LEAVE (DEC 1994)

(a) The Department of State observes the following days as holidays:

New Year's Day
Martin Luther King's Birthday
Presidents' Day

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Memorial Day
 Independence Day
 Labor Day
 Columbus Day
 Veterans Day
 Thanksgiving Day
 Christmas Day

Any other day designated by Federal law, Executive Order, or Presidential Proclamation.

(b) When any such day falls on a Saturday, the preceding Friday is observed; when any such day falls on a Sunday, the following Monday is observed. Observance of such days by Government personnel shall not be cause for additional period of performance or entitlement to compensation except as set forth in the contract. If the contractor's personnel work on a holiday, no form of holiday or other premium compensation will be reimbursed either as a direct or indirect cost, unless authorized pursuant to an overtime clause elsewhere in this contract.

(c) When the Department of State grants administrative leave to its Government employees, assigned contractor personnel in Government facilities shall also be dismissed. However, the contractor agrees to continue to provide sufficient personnel to perform round-the-clock requirements of critical tasks already in operation or scheduled, and shall be guided by the instructions issued by the contracting officer or his/her duly authorized representative.

(d) For fixed-price contracts, if services are not required or provided because the building is closed due to inclement weather, unanticipated holidays declared by the President, failure of Congress to appropriate funds, or similar reasons, deductions will be computed as follows:

(1) The deduction rate in dollars per day will be equal to the per month contract price divided by 21 days per month.

(2) The deduction rate in dollars per day will be multiplied by the number of days services are not required or provided. If services are provided for portions of days, appropriate adjustment will be made by the contracting officer to ensure that the contractor is compensated for services provided.

(e) If administrative leave is granted to contractor personnel as a result of conditions stipulated in any "Excusable Delays" clause of this contract, it will be without loss to the contractor. The cost of salaries and wages to the contractor for the period of any such excused absence shall be a reimbursable item of direct cost hereunder for employees whose regular time is normally charged, and a reimbursable item of indirect cost for employees whose time is normally charged indirectly in accordance with the contractor's accounting policy.

(End of clause)

[59 FR 66772, Dec. 28, 1994]

48 CFR Ch. 6 (10-1-96 Edition)**652.242-70 Contracting Officer's Representative (COR).**

As prescribed in 642.271, insert a clause substantially the same as follows:

CONTRACTING OFFICER'S REPRESENTATIVE
 (COR) (DEC 1994)

(a) The Contracting Officer may designate in writing one or more Government employees, by name and position title, to take action for the Contracting Officer under this contract. Each designee shall be identified as a Contracting Officer's Representative (COR). Such designation(s) shall specify the scope and limitations of the authority so delegated; provided, that the designee shall not change the terms or conditions of the contract, unless the COR is a warranted Contracting Officer and this authority is delegated in the designation.

(b) The COR is [insert name of COR].

(End of clause)

[53 FR 26177, July 11, 1988, as amended at 59 FR 66772, Dec. 28, 1994]

652.242-71 Notice of Shipments.

As prescribed in 642.1406-2-70(a), insert the following clause in solicitations and contracts entered into and performed outside the United States, when overseas shipment of supplies is required.

NOTICE OF SHIPMENTS (JULY 1988)

At the time of delivery of supplies to a carrier for onward transportation, the Contractor shall give notice of prepaid shipment to the consignee establishment, and to such other persons as instructed by the Contracting Officer. If the Contractor has not received such instructions by 24 hours prior to the delivery time, the Contractor shall contact the Contracting Officer and request instructions from the Contracting Officer concerning the notice of shipment to be given.

(End of clause)

652.242-72 Shipping Instructions.

As prescribed in 642.1406-2-70(b), insert the following clause in solicitations and contracts with a source in the United States and requiring overseas shipment of supplies.

SHIPPING INSTRUCTIONS (DEC 1994)

(a) Each packing box shall be of solid construction in accordance with best commercial practices and sufficiently strong in direct ratio to the weight of the contents to

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withstand excessively rough handling while in transit overseas. It shall be constructed of lumber that is well seasoned, reasonably sound, free from bad cross grain and from knots or knotholes that interfere with nailing or that occupy more than $\frac{1}{4}$ of the width of the piece of lumber. Box shall be constructed with three-way corners and diagonal bracing. All nails shall be cement-coated, of correct size and properly spaced to avoid splitting or warping, and shall be driven into the grain of the wood. Dimension of lumber shall be in accordance with the following table, dependent upon the weight of the contents:

Weight of box and contents	Minimum dimensions of lumber for struts, frame members, and single diagonal braces
Up to 45 kg	19.05 × 57.15mm
46 to 113 kg	22.23 × 73.03mm
114 to 181 kg	22.23 × 98.43mm
182 to 272 kg	22.23 × 123.83mm or 25.4 × 98.43 mm

(b) Each box shall be lined with waterproof paper and shall be bound with 19.05mm" steel straps firmly stapled in position to prevent the straps from slipping off the box. Articles must be secured and braced inside the shipping container to prevent the articles from shifting.

(c) Packing cases weighing 453.5kg and more must be equipped with skids. Each skid shall consist of two end sections of 50.8 × 152.4mm lumber placed flat and a center section of 50.8 × 101.6mm lumber placed flat and then arranged in line to provide 254mm fork-lift spaces between center and end sections. When goods are ready for shipment, the Contractor shall prepare four (4) copies of a packing list, indicating the contract and, if applicable, order number; case number; itemized list of contents; net and gross weights in kilograms; and outside dimensions, including all clears, of each shipping container. The Contractor shall provide three (3) copies of the packing list to the U.S. Despatch Agent as specified in the contract or order. The Contractor shall place the fourth copy of the packing list in packing case number one, which shall be marked as such so that it is easily identified by the consignee. Upon receipt of the packing list, the Despatch Agent will furnish export marks and instructions regarding shipment to the port specified, depending upon steamer services available at the time.

(d) The export marks shall be stenciled on one side of each box reserved for that purpose, and the appropriate case number stenciled in the lower left-hand corner of the same side. The contract and, as necessary, order numbers, net and gross weights in kilograms shall be stenciled on the same side. However, if the size of the box is too small to accommodate all stenciling on one side, the

contract and order numbers and weights may be stenciled on the side opposite that used for the export marks and case number.

(e) The contract and, as necessary, order numbers must appear on all containers and papers relating to this clause.

(End of clause)

[53 FR 26177, July 11, 1988; 53 FR 36462, Sept. 20, 1988, as amended at 59 FR 66772, Dec. 28, 1994]

652.246-70 Commercial Warranty.

As prescribed in 646.710-70, insert the following clause in solicitations and contracts for commercial supplies or services awarded and performed outside the United States.

COMMERCIAL WARRANTY (JULY 1988)

The Contractor agrees that the supplies or services furnished under this contract shall be covered by the most favorable commercial warranties the Contractor gives to any customer for such supplies or services. The rights and remedies provided herein are in addition to and to not limit any rights afforded to the Government by any other clause of this contract.

(End of clause)

PART 653—FORMS

Sec.

653.000 Scope of part.

Subpart 653.1—General

653.101 Requirements for use of forms.

653.101-70 Policy.

653.110 Continuation sheets.

Subpart 653.2—Prescription of Forms

653.200 Scope of subpart.

653.213 Simplified acquisition procedures (SF's 18, 30, 44, 1165, OF's 347, 348).

653.213-70 DOS Forms (OF-206, OF-206A, OF-127, DST-1918, DST-1919, DST-1920).

653.217 Special contracting methods.

653.217-70 DOS form DS-1921, Award/Modification of Interagency Acquisition Agreement.

653.219 Small business and small disadvantaged business concerns.

653.219-70 DOS form DS-1910, Small Business/Labor Surplus Area Review—Actions Above the Simplified Acquisition Threshold.

Subpart 653.3—Illustrations of Forms

653.300 Scope of subpart.

653.303 Agency forms.

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- 653.302.127 Optional Form 127, Receiving and Inspection Report.
653.302.206 Optional Form 206, Purchase Order, Receiving Report and Voucher.
653.302.206A Optional Form 206A, Purchase Order, Receiving Report and Voucher—Continuation Sheet.
653.303-DST-1089 Department of State Form 1089, Order—Supplies or Services.

AUTHORITY: 40 U.S.C. 486(c); 22 U.S.C. 2658.

SOURCE: 53 FR 26180, July 11, 1988, unless otherwise noted.

653.000 Scope of part.

This part prescribes DOSAR forms in addition to those provided in FAR Part 53.

Subpart 653.1—General

653.101 Requirements for use of forms.

653.101-70 Policy.

The forms in FAR Subpart 53.2 or in Subpart 653.2 shall be used as prescribed therein, except when the use of any form is prohibited by or inconsistent with local laws, or the supplies or services could not be obtained if the form were used. The contracting officer shall justify the exclusion of any form in accordance with FAR Subpart 1.4 and 601.470.

653.110 Continuation sheets.

The provisions of FAR 53.110 also apply to forms prescribed in the DOSAR.

Subpart 653.2—Prescription of Forms

653.200 Scope of subpart.

This subpart prescribes or references optional and DOS forms for use in acquisition. Consistent with FAR 53.200, this subpart is arranged by subject matter, in the same order as and keyed to the parts of the DOSAR in which the form usage requirements are addressed.

48 CFR Ch. 6 (10-1-96 Edition)

653.213 Simplified acquisition procedures (SF's 18, 30, 44, 1165, OF's 347, 348).

653.213-70 DOS Forms (OF-206, OF-206A, OF-127, DST-1918, DST-1919, DST-1920).

As provided in 613.505-2 and 613.505-70, the following forms are prescribed for use in simplified acquisitions, delivery orders, and blanket purchase agreements:

(a) Optional Form (OF) 206, Purchase Order, Receiving Report and Voucher, and Optional Form (OF) 206A, Continuation Sheet. OF-206 and OF-206A are prescribed for use by overseas contracting activities in lieu of the OF-347 and OF-348, as specified in 613.505-2(a).

(b) Optional Form (OF) 127, Receiving and Inspection Report. OF-127 is prescribed for use by overseas contracting activities as a receiving report when using the OF-206, as specified in 613.505-2(b). The OF-127 may be used as a receiving report in conjunction with other contract forms (e.g., SF-26, SF-33) by both domestic and overseas contracting activities.

(c) DST-1918, Purchase Order File. DST-1918 is prescribed for use in recording and documenting relevant data pertaining to open market simplified acquisitions, as specified in 613.505-70.

(d) DST-1919, Deliver Order File. DST-1919 is prescribed for use in recording and documenting relevant data pertaining to delivery orders issued against GSA mandatory and non-mandatory schedule contracts, as well as Department of State and other agency contracts, as specified in 613.505-70.

(e) DST-1920, Blanket Purchase Agreement (BPA) File. DST-1920 is prescribed for use in recording and documenting relevant data pertaining to Blanket Purchase Agreements, as specified in 613.505-70.

[59 FR 66773, Dec. 28, 1994, as amended at 60 FR 39663, Aug. 3, 1995]

653.217 Special contracting methods.

653.217-70 DOS form DS-1921, Award/Modification of Interagency Acquisition Agreement.

As prescribed in 617.504-70(b)(5)(i), DS-1921 is prescribed for use when awarding or modifying Economy Act

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Interagency Acquisition Agreements where the Department is the requesting agency.

[59 FR 66773, Dec. 28, 1994]

653.219 Small business and small disadvantaged business concerns.

653.219-70 DOS form DS-1910, Small Business/Labor Surplus Area Review—Actions Above the Simplified Acquisition Threshold.

As prescribed in 619.501(c), DS-1910 is prescribed for use in documenting set-aside decisions.

[59 FR 66773, Dec. 28, 1994, as amended at 60 FR 39663, Aug. 3, 1995]

Subpart 653.3—Illustrations of Forms

653.300 Scope of subpart.

This subpart contains illustrations of forms prescribed in the DOSAR but not illustrated in FAR Subpart 53.3.

653.303 Agency forms.

This section illustrates the DOS forms that are specified by the DOSAR for use in acquisitions. The forms are illustrated in numerical order. The subsection numbers correspond with the DOS form numbers.

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48 CFR Ch. 6 (10-1-96 Edition)

**653.302.127 OPTIONAL FORM 127,
RECEIVING AND INSPECTION REPORT**

RECEIVING AND INSPECTION REPORT		METHOD OF ACQUISITION		DOCUMENT NUMBERS	
		☐ PURCHASED ☐ RENTED ☐ CONSTRUCTED ☐ LOANED ☐ DONATED ☐ INVENTORY OVERAGE ☐ (OTHER) APPROPRIATION ALLOTMENT OBJECTIVE CLASS		REPORT NO. P.O. NO. REQUISITION NO. TRANSFER AUTHORITY NO. CONTRACT NO. JOB NO.	
RECEIVED FROM NAME AND ADDRESS					
POINT OF SHIPMENT		GBL NO.			
ITEM NO.	DESCRIPTION (Include Terms of Acceptance on Loans, Donations, Etc.)	QUANTITY	UNIT	UNIT PRICE	AMOUNT
CERTIFICATE OF RECEIPT			INSPECTOR'S CERTIFICATE		
I HEREBY CERTIFY THAT ALL ITEMS LISTED ABOVE WERE RECEIVED, INSPECTED AND ACCEPTED.			☐ COMPLETE ☐ PARTIAL ☐ FINAL ☐ OVER ☐ SHORT ☐ DEFECTIVE MATERIAL		
NAME (Type or Print)		OFFICE SYMBOL	(USE REVERSE FOR COMMENTS)		
SIGNATURE		DATE			

60127-102 NSN 7540-00-138-9185

 OPTIONAL FORM 127
 REV. JANUARY 1982
 STATE - AID - USICA

Department of State

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653.302.206 OPTIONAL FORM 206, PURCHASE ORDER,
RECEIVING REPORT AND VOUCHER

Form approved by Comptroller General, U.S. March 19, 1953					PURCHASE ORDER, RECEIVING REPORT AND VOUCHER (For use in foreign countries only)					D.O. Vou. No.	
Department or Establishment U. S.					Purchase Order No.					Bu. Vou. No.	
Prepared at _____ (place) _____ (date)					PAID BY						
Purchaser THE UNITED STATES GOVERNMENT, DR.											
Seller (Payee) _____											
Address of seller _____											
Contract No. _____ (dated) _____											
Order is hereby placed with the above-named seller for the articles or services described below, to be furnished:											
To _____ at _____											
ITEM NOS.	ARTICLES OR SERVICES	QUANTITY	UNIT PRICE		AMOUNT						
			Cost	Per							
Use continuation sheet(s) if necessary -											
Ordering Officer (Signature) _____			Approp. _____ Allot. _____		Funds Available: _____		TOTAL				
Name: _____			Obl. No. _____		Name: _____						
Title: _____			Amt. _____		Title: _____						
I certify that the ordered items listed were received on _____ (date) except as follows: _____			PAYMENT: ☐ Complete ☐ Partial ☐ Final		Amount billed, as per attached bill(s) _____		TOTAL				
Signature _____					Differences _____						
Name: _____ Title: _____					Amount verified correct for _____						
Approved for _____ \$ _____			Pursuant to authority vested in me, I certify this voucher correct and proper for payment. Signature of Authorized Certifying Officer _____		Prepayment Audit (Signature or initials) _____						
Exchange rate _____ to \$ _____											
Name: _____ Title: _____											
ACCOUNTING CLASSIFICATION											
Fund	Allotment	Oblig. No.	Paying Office	Date Paid	Object	Amount					
P Check No. _____ dated _____, 19____, for \$ _____ on Treasurer of United States.											
A Check No. _____ dated _____, 19____, for _____ on _____											
D Cosh _____ on _____ 19____											
B Payee _____											
Y Title of Payee: _____											

 OPTIONAL FORM 206
 (FORMERLY FS-455)
 MARCH 1979
 DEPT. OF STATE

50206-101

IMPORTANT NOTICE TO SELLER

1. The entering office is exempt from taxes.
2. The invoices must be submitted in two copies. Carriers' invoices covering transportation and/or accessorial services shall show on the original the following certification statement, manually signed by the vendor or his authorized representative and dated: "I certify that the above bill is correct and just and that payment therefor has not been received."
3. The order number shown in the upper right hand corner of this purchase order must be shown on your invoices.
4. All communications concerning this order must refer to order number and be addressed to the originating office.
5. Discount terms, if any, must be shown on all bills.

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Form approved by
Comptroller General, U. S.
March 19, 1958.

U. S. _____ of Bureau Vou. No. _____
(Department or establishment) Purchase Order No. _____

ITEM NOS.	ARTICLES OR SERVICES	QUANTITY	UNIT PRICE		AMOUNT
			COST	PER	

U.S. GOVERNMENT PRINTING OFFICE : 1975 O-579-102

50208-201

**653.303-DS-1771 DEPARTMENT OF STATE FORM (DS) 1771,
CONTRACTOR EVALUATION STATEMENT
DEPARTMENT OF STATE**

WASHINGTON, D.C. 20520

CONTRACTOR EVALUATION STATEMENT

(If additional space is required, continue on blank paper, referencing items by number)		Date Prepared
NOTE: The information contained on this form is for the internal use of the Department of State and shall not be disclosed outside the Department except as authorized by the Assistant Secretary of State for Administration		
TO: Chief Contract Section OPR/ST/P, Room 530, 5A6 Washington, D.C. 20520		FROM: (Name and location of program office)
Name and Address of Contractor		Contract No.

I. EVALUATION OF CONTRACTOR'S PERFORMANCE

1. Explain the contractor's performance as compared to the requirements of the statement of work and its proposal, including quantity, quality, and timeliness of work done.
2. Explain relationship of contractor's personnel to the Department and other parties involved in the performance of the contract. (Did contractor's personnel conduct themselves in a professional and businesslike manner? Did they respond in a constructive way for problems and difficulties as they arose? Was there stability in the leadership and personnel assigned to the contractor or were there numerous changes?)
3. Did contractor report on progress in a timely and thorough manner as called for by the contract?
☐ Yes ☐ No (Explain)
4. Did contractor perform within the cost structure of the contract? ☐ Yes ☐ No (Explain)
5. To what extent was the final product of the contractor, including data and conclusions, responsive to the stated purpose of the contract?
6. How do you rate the contractor's overall performance?
☐ Excellent ☐ Satisfactory ☐ Less Than Satisfactory (Explain)
7. Do you recommend that the contractor be used again? ☐ Yes ☐ No (Explain)

II. EVALUATOR

Typed name and title of Technical Project Officer	Signature	Date Signed

III. APPROVAL (By Deputy Assistant Secretary/Major Office Director)

Typed name and title of approving official	Signature	Date Approved

FORM DS-1771
3-78

Department of State

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**653.303-DST-1089 DEPARTMENT OF STATE FORM 1089,
ORDER—SUPPLIES OR SERVICES**

DEPARTMENT OF STATE WASHINGTON, DC 20520 ORDER — SUPPLIES OR SERVICES <i>(Subject to terms and conditions on reverse side)</i>														Page _____ of _____ Pages		
ORDER NUMBER MUST APPEAR ON ALL PACKAGES AND RELATED PAPERS:															ATTENTION: _____ PHONE: _____	
1. Form	2. CONTRACT NUMBER			3. C	4. DEST	5. PSC	6. SHIPPING INSTRUCTIONS				7. ORDER NUMBER					
8. Comm	9. GBL NUMBER			10. Type	11. Date P	12. REQ OFFICE			13. Date Rec	14. Date Sig						
15. DESCRIPTION												16. AMOUNT				
17. APPROPRIATION			ALLOTMENT			OBLIG	ORG	FUNC	OBJ	S OBJ						
18. CONTRACTOR						19. CONSIGNEE AND DESTINATION										
TO: _____ DUNS ID: _____						S H I P T O _____										
						20. ULTIMATE DESTINATION										
						ZIP: _____										
LINE ITEM	CATALOG/NSN	S. ID	SUPPLIES OR SERVICES				Delivery Date	U O I	NO. OF UNITS	UNIT PRICE	TOTAL					
21. FOB POINT/FAS POINT				22. DISCOUNT				23. ISSUER'S NAME				24. ISSUER'S PHONE				
BILLING INSTRUCTIONS Contractor's invoice shall be submitted in an original and one copy to: Office of Finance — General Claims P.O. Box 9487 Rosslyn Station Arlington, VA 22209 Invoices must show the Department's 10 digit order number, time payment discount (even if net), description of each item, quantity, unit cost and total amount. Contractor must furnish signed receipt from transportation carrier as proof that shipment has been forwarded. When Contractor is requested to prepay transportation charges against an F.O.B. order, such charges are to be added as a separate item to the invoice and must be supported by a paid transportation receipt. If shipment via APO, furnish postal receipts.																
25. CONTRACTING/ORDERING OFFICER																
Signature _____ Date _____																

FORM DST - 1099-4-81

ORIGINAL CONTRACTOR

TERMS AND CONDITIONS APPLICABLE TO PURCHASE ORDER

Note: If a contract number is shown, Terms and Conditions of the applicable contract shall apply to this Delivery Order which is issued pursuant thereto.

1. **INSPECTION AND ACCEPTANCE** - Inspection and acceptance will be at destination, unless otherwise provided. Until delivery and acceptance, and after any rejection, risk of loss will be on the Contractor unless loss results from negligence of the Government.

2. **VARIATION IN QUANTITY** - No variation in the quantity of any item called for by this contract will be accepted unless such variation has been caused by conditions of loading, shipping, or packing, or allowances in manufacturing processes, and then only to the extent, if any, specified elsewhere in this contract.

3. **DISCOUNTS** - (a) Time discounts will be computed from: (1) date of delivery of the supplies to carrier when delivery and acceptance are at the point of origin, (2) date of delivery at destination or port of embarkation, when delivery and acceptance are at either of those points, or (3) date a proper invoice or voucher is received in the office specified by the Government, if the latter date is later than the date of delivery. (b) Payment will be deemed to have been made on the date which appears on payment checks.

4. **DISPUTES** - (This contract is governed by the Contract Disputes Act of 1978 (Public Law 95-563 "the Act"). The Act provides administrative procedures for the submittal, analysis, negotiation, and if necessary, litigation of claims relating to this contract. The parties to this contract must comply with certain time restrictions on rendering of contracting officer decisions on claims, and on the appeal of those decisions. Further details on the rights and remedies under the Act may be found in the Federal Procurement Regulations at 1-1.318.4.

5. **FOREIGN SUPPLIES** - This contract is subject to the Buy American Act (41 U.S.C. 101 a-d) as implemented by Executive Order 10582 of December 17, 1954, and any restrictions in appropriation acts on the procurement of foreign supplies.

6. **CONVICT LABOR** - In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence or imprisonment except as provided by Public Law 89-176, September 10, 1965 (18 U.S.C. 4062(c) (2)) and Executive Order 11775, December 29, 1973.

7. **OFFICIALS NOT TO BENEFIT** - No member of or Delegate to Congress or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but

this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

8. **COVENANT AGAINST CONTINGENT FEES** - The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fees, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

9. **FEDERAL, STATE, AND LOCAL TAXES** - Except as may be otherwise provided in this contract, the contract price includes all applicable Federal, State, and local taxes and duties in effect on the date of this contract but does not include any taxes from which the Government, the contractor or this transaction is exempt. Upon request of the Contractor, the Government shall furnish a tax exemption certificate or similar evidence of exemption with respect to any such tax not included in the contract price pursuant to this clause. For the purpose of this clause, the term "date of this contract" means the date of the contractor's quotation or, if no quotation, the date of this Purchase Order.

10. **SERVICE CONTRACT ACT OF 1965, As Amended** (Service contracts not exceeding \$2,500) - Except to the extent that an exemption, variation, or tolerance would apply pursuant to 29 CFR 4.6 if this were a contract in excess of \$2,500, the Contractor and any sub-contractor hereunder shall pay all of his employees engaged in performing work on the contract not less than the minimum wage specified under section 6(a) (1) of the Fair Labor Standards Act of 1938, as amended. All regulations and interpretations of the Service Contract Act of 1965 expressed by 29 CFR Part 4 are hereby incorporated by reference in this contract.

11. The following terms and conditions are applicable to purchases in excess of \$2,500: (a) Employment of the Handicapped - Federal Procurement Regulation, Temporary Regulation 38, dated May 26, 1976. (b) Contract Work Hours and Safety Standards Act - Overtime Compensation Section - Federal Procurement Regulation 1-12.303. (c) Service Contract Act of 1965 - (Services contracts in excess of \$2,500) Federal Procurement Regulation 1-12.904-1.

MARKING INSTRUCTIONS

CONTAINERS OR PACKAGES shall be plainly marked to show the order number, brief description of contents, including form number, if any, quantity and vendor's name.

Receiving clerk may reject any deliveries which do not bear such identification.

SHIPPING DOCUMENTS AND CORRESPONDENCE

All shipping documents and correspondence pertaining to this order (except invoices as stated below) shall be referred or forwarded to

the person and organization who signed the order. Such documents MUST refer to the departments order number.

FINDING AIDS

A list of CFR titles, subtitles, chapters, subchapters and parts and an alphabetical list of agencies publishing in the CFR are included in the CFR Index and Finding Aids volume to the Code of Federal Regulations which is published separately and revised annually.

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