



Procurement Countdown

Summer 1996, No. 107

NASA's Acquisition Development Initiative

by Deborah O'Neill, Headquarters Contract Management Division

Inside:

E-Mail Address Changes
pg. 2

OMB Circular A-21
pg. 3

Contracting with Russia
pg. 4

Big Range
pg. 6

Multiyear Procurement
pg. 7

FIRMR
pg. 10

FAR Update
pg. 11

ISO9000
pg. 12

Property
pg. 15

The NASA Office of Procurement has been embarking on an exciting undertaking — the creation of a career development program for the Agency's procurement workforce. Known as the Acquisition Development Initiative, or ADI, this program was instituted to provide procurement professionals a standardized and a high caliber training program to prepare them to meet the career changes and challenges ahead.

ADI is a robust program, one that contains many components. Included in the program are a curriculum of core courses targeted to specific grade and experience levels, on-the-job experience, rotational assignments, mentoring, and professional association involvement.

Overall management of the ADI rests with the Contract Management Division (Code HK) within the Headquarters Office of Procurement. This division has responsibility for identifying; developing, if necessary; and scheduling the procurement courses. Code HK also funds the courses and travel expenses for all of the Agency attendees.

In this way, the Headquarters ensures that slots for course attendance are equitably distributed among the centers and that the quality and content of the courses are consistent across the Agency. Because all attendees' training costs are covered by Headquarters, lack of training or

travel funds at centers cannot affect their participation. Headquarters also establishes the specific ADI guidelines and policies.

The responsibilities of the individual NASA centers include student placement in the procurement courses and management of the ADI components within that Center.



NASA made the decision to utilize existing Defense Acquisition University (DAU) courses and trained instructors. DAU, under the Department of Defense, has standardized courses, targeted for various career fields including procurement, that have been taught by their own instructors for many years.

NASA decided that tapping into this pool of expertise instead of developing all of its own courses would be more time and cost effective. Code HK identified a set of core procurement courses, many offered by the DAU, that should be taken by NASA procurement individuals. These core courses represent the minimum training

that NASA procurement people should take during their procurement careers.

The benefit to NASA people who take these courses is that they are exposed to a wider range of procurement practices, thus broadening their knowledge base of issues and solutions to a variety of procurement problems.

This is not to say that certain NASA-unique procurement practices are not taught. Several of NASA's core courses have been developed at Headquarters and are taught by Headquarters procurement analysts. In addition, the DAU has been extremely cooperative in adding NASA material into their lectures.

NASA Headquarters personnel also participate as guest speakers. Headquarters makes use of these courses to inform its people of Agencywide procurement initiatives, such as Performance Based Contracting.

NASA's core courses consist of two basic courses covering contracting fundamentals and contract pricing issues for a total of seven weeks of classroom instruction. These courses are targeted to entry level procurement personnel.

The six intermediate courses, totaling 11 weeks, cover instruction and case studies in the following areas: Government contract law, intermediate

(continued on page 8)

IMPORTANT: New E-mail Address for Requesting HQ Approval of CAN'S

As part of an expedited approval process Headquarters developed for Cooperative Agreement Notices (CAN's), Code HS is to be notified by e-mail as soon as a decision is made to use the CAN process if government funding for resulting cooperative agreements is expected to equal or exceed \$10 million. Code HS is required to respond to the notification within



five working days with a determination as to the extent we want to be involved, if at all, in the approval process for the CAN and resulting cooperative

agreement(s). The special Code H e-mail address to which centers are to send notifications of intent to use CAN's was recently changed. The new e-mail address to be used for this purpose is: can@venus.hq.nasa.gov. (The old address was: can@mercury.hq.nasa.gov.) This change is effective immediately.

Headquarters E-mail Addresses are Changing

All of Headquarters will be transitioning to new e-mail addresses over the next several months. The current format for an e-mail address in procurement is "first initial plus first seven letters of the last name@proc.hq.nasa.gov." The new format will be "first name.last name@hq.nasa.gov." In most cases, this new address is already up and running. The old address is also in effect, but should become inactive sometime in the next few months.

Joint Initiative to Distribute 533 PC Tutorial at Goddard

Recently at Goddard Space Flight Center, the Office of the Chief Financial Officer (CFO), and the Procurement Division of the Management Operations Directorate joined efforts to make a PC tutorial developed by the Office of the CFO, available to both industry and NASA through the Goddard Procurement Home Page on the Internet.

This tutorial, although developed primarily for contractors, has been found to be a useful teaching tool for both industry and government sector employees. It informs the viewer of what a 533 M and Q are, when they are used, and how to fill out the different sections of each correctly.

To coincide with the recent update and publication of the NPG9501.2C ("NASA Contractor Financial Management Reporting") a revised version of the tutorial will soon be available through the Internet, reflecting the changes and updates of this NASA Procedure and Guidance publication. Because of this cooperative effort and teamwork between the two areas, the "Financial Management Reporting for Contractors" tutorial has already reached a wide audience in both the public and private sector.

The "533 Tutorial" can be accessed and downloaded at the following addresses:

-- <http://cfo.gsfc.nasa.gov/cfo/nf533/nf533.htm>

-- <http://genesis.gsfc.nasa.gov/procure.htm>

Persons desiring further information may contact Sheri Platt, Goddard Space Flight Center, Office of the Chief Financial Officer, at (301) 286-2155.



People on the Move

Congratulations to **Chuck Duff**, who recently became the Ames Procurement Officer. Duff replaces **Dennis Brown**, who is acting head of Security for Ames, and to **Tom Deback**, HQ Contract Management Division, who received an award as part of the NASA Commercial Technology Management Team. Departed from Headquarters: **Connie Poole**, now at JSC; **Herb Baker**, soon to be at JSC; **Karen McDonald**, going to industry; and **Deborah O'Neill**, now at the Department of Commerce.

Upcoming Events

Aug. 20-21	NASA Technical and Business Conference, Springfield, MA
Aug. 22	Contractor Open Forum, JSC
Aug. 22	National Management Association -- Deidre A. Lee, Houston, TX
Sept. 20	USI Consulting Consortium -- Deidre A. Lee, Chantilly, VA
Oct. 7	Industry Advisory Council's Past Performance Workshop -- Deidre A. Lee, Richmond, VA
Oct. 8	CODSIA -- Deidre A. Lee, Norfolk, VA
Nov. 13	Annual KSC Business Opportunities Expo, KSC
Nov. 22	George Washington University, 2nd Acquisition Update and Forecast -- Deidre A. Lee, Crystal City, VA

OMB Circular A-21

by Joe Le Cren, Headquarters Analysis Division

The Cost Accounting Standards Board made four standards applicable to contracts with educational institutions effective January 9, 1995. Those standards are 501, "Consistency in Estimating, Accumulating and Reporting Costs by Educational Institutions;" 502, "Consistency in Allocating Costs Incurred for the Same Purpose by Educational Institutions;" 505, "Accounting for Unallowable Costs-Educational Institutions;" and 506, "Cost Accounting Period-Educational Institutions."

As a result of a recent revision to Circular A-21, "Cost Principles for Educational Institutions," OMB has made these standards also applicable to sponsored agreements other than contracts. OMB defines a "sponsored agreement" to include any grant, contract, or

other agreement between an educational institution and the federal government.

Circular A-21 makes the applicability of the above standards to sponsored agreements effective with an educational institution's fiscal year starting after May 8, 1996.

The change to Circular A-21 also has another effect in that all sponsored agreements and not just contracts are to be used in determining whether an educational institution meets the \$25 million threshold for filing a Cost Accounting Standards Disclosure Statement.

Consequently, some institutions that were not previously required to file a Disclosure Statement, because their contract dollar volume did not meet the \$25 million threshold, will be required to file one as a result of their other sponsored agreements. Those institutions

meeting the \$25 million threshold are required to file a Disclosure Statement on CAS Board form CASB DS-2 for their first fiscal year beginning after May 8, 1996.

Circular A-21 has also been modified to amend the definition of equipment; eliminate the use of special cost studies for the allocation of utility, library and student services costs; and requires the use of the negotiated facilities and administrative indirect cost rates in effect at the time of award for the entire life of a sponsored agreement.

In addition, OMB rescinded Circular A-88, "Indirect Cost Rates, Audit, and Audit Followup at Educational Institutions." That circular listed the cognizant Agency for cost negotiation for the larger educational institutions.

Contact Joe Le Cren at (202) 358-0444 or at joseph.lecren@hq.nasa.gov if you have questions.

Contracting with Russia

by Harold Jefferson, Headquarters Contract Management Division

More and more NASA Contracts Personnel will find themselves working with our Russian partners. This article will briefly address the aspects and steps needed to initiate discussions leading to contract awards with Russian entities.

A. Advance Planning

Since these procurements can have international ramifications, it is critical to get the key NASA personnel/decision makers in a meeting as soon as possible. The meeting must include the appropriate program/project offices; Office of General Counsel, Office of External Relations, Office of Safety and Mission Assurance and the Office of Procurement.

The strategy meeting will determine whether: 1) approval from the White House's Office of Science and Technology Policy (OSTP) is necessary, 2) a negotiated international agreement (government to government) requiring the Department of State approval is necessary, 3) other than full and open competition will be the basis for a potential award — if 2 above is not applicable, 4) data rights is an issue, and 5) there will be shipment of property or data out of the country.

The strategy meeting also allows the program personnel to articulate the technical details and schedule requirements.

All internal and external (OSTP) approvals must be obtained before any procurement-related information (including a pre-solicitation synopsis, if applicable) can be released. To save valuable time, always include priced optional

efforts when applicable in requested approvals.

B. Identifying Proper Contracting Party

It is in NASA's best interest to deal directly with the Russian entity if at all possible. However, if an agent is representing a Russian entity, please make sure an approved written agreement exists. The Office of General Counsel should scrutinize this document carefully for legal sufficiency.



For space requirements, the Russian Space Agency (RSA) may require NASA to contract directly and only with it. RSA takes a percent of the contract price to perform project management functions. RSA reserves the right to grant permission to Russian entities to negotiate directly with NASA.

As new entities evolve in Russia, be cognizant of potential conflict of interest situations, such as who controls the company assets, proper flow of cash, the corporate officers heading the institute/bureau. Once again, get your Office of General Counsel involved in this process.

C. Issuance of Request for Proposal & Receipt of Proposal

The procurement office will issue a Request for Proposal (RFP) to the entity, describing NASA's requirements. Take the time and incur the expense of having the RFP translated into Russian prior to its issuance.

Obtaining a proposal with detailed cost and technical information is a difficult task. Face to face discussions are normally required to explain the purpose of the RFP package. The proposal may only include a completed pricing page and suggested changes to clause language. Subsequent face to face meetings are usually required to obtain additional information (e.g., technical, schedule and delivery information, qualifications of key personnel, justification for proposed prices and representations and certifications).

D. Contract Type

To date, NASA has awarded Russian entities only firm-fixed price contracts in U.S. dollars. Russian entities do not have acceptable accounting standards that will allow NASA to use cost reimbursement contracts. However, some of the contracts have contained cost reimbursement line items for travel.

E. Price Analysis

Price analysis versus cost analysis is playing a significant role in numerous foreign negotiations. Russia under its old regime (state controlled) maintained little or no historical cost records for supplies and services. Their system at the present time is not

based on the western style accounting concepts. The state simply paid for salaries, utility expenses, and manufacturing costs, etc., without cost allocation means.

The Russian entity will not be able to provide actual purchase cost data, direct labor rates, standard overhead rates, general and administrative expenses, and vendor/subcontractor historical costs.

The entity will be unable to allocate costs to specific products or services with any accuracy, nor will it be able to provide thorough cost accounting based on established cost accounting standards. As this circumstance occurs, the procurement office must rely on price analysis for determining a fair and reasonable price based on independent government price estimates, and historical prices paid by other customers, etc.

The contract file should be thoroughly documented justifying a determination of a fair and reasonable price.

F. Negotiation Preparations

The NASA negotiation team should always plan face-to-face meetings with the Russians. The issues are usually so complex that it will be impractical to make progress relying on written correspondence or teleconferences. This face to face approach will also keep them focused on the priority at hand.

The Russian delegation is normally large and all participants remain on the team until completion of negotiations.

In preparing for negotiations, plan to:

- * use good interpreters and translators who can relate to both cultures and grasp little nuances;

- * establish a team leader and teams for developing negotiation positions for each specialized area of the negotiations;

- * establish a matrix that identifies the issues and the government's approach to resolve them --all team members must be unified;

- * ensure that all members clearly and consistently present the government's position to the Russians during negotiations;

- * make sure your counterpart is aware of your schedule and what is to be accomplished;

- * make sure the seating arrangement for both Russian and American teams are comparable by role and responsibility during negotiations; and

- * make sure someone is designated to take notes during the negotiation discussions.

G. Negotiations

The Russians appear to enjoy the process of negotiation. NASA personnel need to consider the following:

- * be prepared to repeat the same position if necessary;

- * be anticipatory dealing with strategy moves;

- * unresolved issues will probably get elevated up the Russian chain of command;

- * exhibit patience as a means for making progress;

- * always be prepared and present yourself and issues in a straightforward manner;

- * always be knowledgeable about their proposal(s);

- * maintain a firm position on key elements;

- * be clear and logical when responding to questions/requests for clarifications;

- * keep a record of all negotiation agreements and be explicit;

- * agreements are normally reached toward the end of negotiations; and

- * an agreement becomes binding only when the contract is signed.

H. Terms and Conditions

The solicitation and subsequent contract should include the applicable Federal Acquisition Regulation (FAR) and NASA FAR Supplement (NFS) clauses in full text. This will avoid any misinterpretation during contract administration.

Three specific terms and conditions must be considered in the procurement planning and negotiation phase. First, ensuring early cash flow will always be a major negotiation issue due to entity cash flow constraints.

The Russian entities usually request advance payments, which are normally determined to be unnecessary if the first milestone and subsequent payments can be made fairly soon after contract award based upon the delivery date of data or hardware.

Advance payments may be unavoidable in limited circumstances when dealing with smaller entities. To date, milestone payments have generally been included in the Russian contracts versus advance payments. Both advance payments and milestone payments must be

(continued on page 9)

Langley's Big Range Procedure Improves Procurement Lead Time and Streamlines Evaluation and Documentation Procedures

by Sharon A. Harper, Policy Officer, Langley Research Center Procurement

Dee Lee authorized Langley Research Center (LaRC) to initiate a new procurement procedure patterned after the MidRange process for those procurements that are greater than the MidRange value, but less than the Source Evaluation Board level of \$50 million.

The main objective of the "Big Range" process is to reduce the amount of time, effort and paperwork required to process procurements that fall within the aforementioned range and thereby improve procurement lead time.

The key features of the Big Range procedure are:

(1) the procurement team member may not be the Contracting Officer or the Source Selection Official;

(2) proposals are evaluated using the best value selection procedures similar to the MidRange pilot program, except that relevant experience and past performance is included as an evaluation characteristic;

(3) adequate price competition is used whenever possible in lieu of collection/analysis of cost or pricing data;

(4) the buying team, while small, may consist of more than two members (generally 3-4) and be augmented by pricing, legal, etc., as necessary;

(5) while the solicitation and contract documents are streamlined, we have retained the Uniform Contract Format; and

(6) Mission Suitability is scored using adjective ratings of Meets, Exceeds, or Fails to Meet, rather than the traditional SEB typing scoring.

Qualitative Evaluation Characteristics

The Big Range process requires that the requesting technical organization provide, along with the purchase request and statement of work, a list of Qualitative Evaluation Characteristics (QEC's) against which the offerors will be judged.

These characteristics will be the basis for mission suitability scoring, and provide good discriminators for source selection. The number of characteristics should be kept to the minimum necessary and tailored to the statement of work and the goods or services to be acquired.

Offerors are requested to provide the minimum amount of cost or pricing information necessary to properly evaluate offerors and/or necessary to prepare a government probable cost.

Experience and Past Performance Data

The evaluation of experience and past performance is centered around a form (we have labeled the form REPP), prepared by the evaluation team to collect relevant experience and past performance information.

The solicitation instructs each offeror to ask at least three of its previous customers to complete the REPP form and return it to LaRC. An offeror's failure to provide the form does not indicate that the offeror is non-responsive or patently unacceptable; and the evaluation team makes all reasonable attempts to obtain the informa-

tion for offerors who did not provide the requested forms.

We ensure the availability of the information by requesting that the offerors provide the names, addresses and telephone numbers of the customers from whom they requested the information so that follow-ups can be conducted.

The REPP forms are tailored to each procurement to collect meaningful information that will contribute to the selection process. Telephonic or electronic follow-up to the data or independent verification of the information submitted may be required via discussions with references provided. The burden of providing relevant references that can readily be contacted rests with the offeror.

We have been so successful with this process for evaluation of relevant experience and past performance that it is also being applied to SEB level procurements. (Much thanks to Todd Lacks of LaRC's Acquisition Division).

LaRC has experienced tremendous success in improving procurement lead times using the Big Range process, for example: a competitive R&D procurement resulted in award of a \$14.7 million contract in slightly more than 3 months, versus a normal lead time of 9 months; a combined construction/supply effort valued at \$20 million was completed in approximately 5 months versus a norm of 10; and a research and development effort valued at \$3 million was awarded in 4 months versus a norm of 7.

(continued on page 7)

Multiyear Procurement

by Tom Deback, Headquarters Contract Management Division

In an era of shrinking budgets, multiyear procurement may be a way to stretch the taxpayers' dollar even further. Multiyear procurement is a technique for buying up to five years worth of a requirement at one time even though it is funded on a year to year basis.

If we fail to fund any year after the first, the contractor is entitled to a cancellation payment. Multiyear procurement can result in significant cost savings over single year contracts and even contracts with options.

The basic criteria for multiyear candidates are:

1) substantial cost savings are anticipated,

2) the quantity required is expected to remain substantially unchanged,

3) the design is stable and the technical risks are low,

4) it is expected that funding will be requested throughout the life of the contract,

5) funds are available for the basic contract award, and

6) the estimate of cost avoidance is realistic.

If, after discussions with your project and budget folks, you think you may have a multiyear candidate, please contact Mr. Tom Deback, Code HK, 202-358-0431, or e-mail tdeback@hq.nasa.gov.

Big Range

(continued from page 6)

In addition to improving procurement lead time, the technical community involved in the process is pleased with the more streamlined, less cumbersome evaluation and documentation procedures.

If you are interested in receiving more detailed information covering the pilot Big Range Procedure at LaRC and our approach to gathering the relevant experience and past performance information, we have prepared a guidance document which may be provided by calling LaRC's Procurement Policy Officer, Sharon Harper at 804-864-2474 or by e-mail to s.a.harper@larc.nasa.gov.

Foreign Contracting Payment Method and Pricing Analysis

by Harold Jefferson, Headquarters Contract Management Division

This article provides guidance on issues related to foreign contracting. The guidance is intended to be helpful information as opposed to policy direction. As part of NASA's continuing support of the National Performance Review (NPR), regulatory policy will only be implemented if absolutely necessary.

Contracts with foreign entities can be written in U.S. dollars or foreign currency. It is recommended that every attempt should be made to write contracts that will be invoiced in U.S. dollars. This method accomplishes two things: 1) it avoids any Anti-Deficiency Act violations, and 2) it can speed up the payment process as long as the proper mechanisms are written in the contract.

However, if the contract is written in foreign currency, negotiators need to be aware that: 1) payment will take longer and 2) the world market currency rate of exchange is always unstable. This latter approach requires your finance office to coordinate paper work through the Department of State and the designated United States Disbursing Officer (USDO).

Each contracting and finance person needs to be aware that the rate of exchange used by the USDO is the actual rate of exchange when the invoice is processed. You can see that this may put the contracting officer in a vulnerable position as it pertains to the Anti-Deficiency Act. If this is the chosen way, the contracting officer must ensure there are adequate funds

set aside to cover any fluctuations.

Case law has proven that the contracting officer is in fact in violation of the Act if sufficient funds aren't available to cover the fluctuation in currency. There is another point in this area you need to be cognizant of, in the event a contract written in U.S. dollars contains a clause that cites the negotiated rate of exchange. In this case, it is imperative that the invoice include the not-to-exceed U.S. dollar amount. This simply allows the foreign entity to be paid in local currency and ensures overpayment will not occur.

For more information, contact Harold Jefferson, Code HK, (202) 358-0409.

NASA's Acquisition Development Initiative

(continued from page 1)

contracting, intermediate contract administrations, intermediate contract pricing, contract/subcontract management, and incentive/award fee contracting. The target audience for these courses is the procurement person who has completed the basic courses and is working toward or has achieved journeyman level.

The final set of courses are advanced and targeted to the senior procurement professional. These courses include the source evaluation board process, advanced pricing, and a procurement manager's seminar.

Establishing this core curriculum with various levels of courses is appropriate for several reasons.

First, completion of courses in an orderly sequence provides the appropriate level of knowledge for on-the-job performance at different levels. More advanced courses build upon students' knowledge gained in previously completed course work.

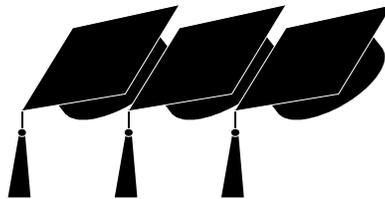
Second, exposure to, and comprehension of, the course material enables students to apply this information in analyzing and resolving issues encountered in the performance of duties, indicating the achievement of a certain level of proficiency.

Finally, having achieved a certain level of proficiency, procurement professionals are ready to assume increased authority and become more involved in more complex issues.

Other components of the ADI are on-the-job training and rotational assignments. An

individual can only learn so much in a classroom setting. Actual, hands-on experience can be the best teacher of all. That is why on-the-job experience is a cornerstone of the ADI. The individual is exposed to various procurement issues in the workplace as a matter of course.

Rotational assignments supplement on-the-job experience by exposing an individual to different issues and problems. Valuable experience is gained by working a variety of assignments in other programs or other contracting divisions within the



individual's field Center.

Rotational assignments can also be to other functional organizations within the Center. Not only does this provide cross-training and develop skills in other disciplines, it fosters a better understanding of other functional areas and builds a team relationship with other members of the Center's acquisition community.

Rotational assignments generally occur within an employee's installation and create professional development opportunities without expending additional funds, though the Office of Procurement has sponsored three Center procurement individuals in six-month rotational assignments to Headquarters.

If funding permits, this practice will continue to give Center people experience in staff positions at the Headquarters level.

Another ADI component is mentoring. Mentoring is an informal agreement between two individuals wherein the mentor assists the participant in the individual's career planning. Mentors are usually people who have progressed to the senior level in their careers and who provide guidance on career choices to junior individuals in the same profession.

Mentoring provides an opportunity for participants to receive coaching and feedback regarding their career planning and choices and is outside the normal employee/supervisory relationship.

Finally, membership in professional procurement associations is another valuable component of ADI. The association makes information available to the professional on current topics in the field, not only through printed material, but also through meetings and seminars. It also provides opportunities to share information and ideas on a variety of issues with others in the same career field but with different backgrounds and experiences.

ADI was established to standardize and provide a high caliber procurement training program across the Agency. Since ADI's inception in 1993, the Agency has sponsored 25 courses and trained approximately 700 attendees, including

(continued on page 16)

Contracting with Russia

(continued from page 5)

approved in accordance with FAR Part 32 and NFS Part 18-32.

Second, procurement integrity certifications will be a very delicate issue during the procurement process. If an international agreement is executed, the provisions of the procurement integrity certification are inapplicable. If an international agreement does not exist, the magnitude of this issue must be clearly understood due to limited exceptions regarding procurement integrity certifications.

Third, data rights will play a major role in the terms and conditions discussions. In some instances, the contract may be negotiated for delivery of items only. It is critical that NASA attempt to get unlimited rights to distribute data to non-NASA entities in support of its mission. NASA will have to explain the reasons very clearly to the Russian entity.

Any agreements involving distribution of data must be documented by both parties. As

a rule of thumb, find out who has the final approval in Russia on release of Russian data for dissemination outside the country.

Deviations to FAR and NFS clauses may be required depending on the service or product and the prospective entity involved. The Russian entities not experienced with U.S. contracting may mostly need an education about the procurement process and specific terms and conditions of the contract.

However, the more experienced entities may question or take exception to all the terms and conditions. The contracting officer must be prepared for this situation. It is very important that the contracting officer know his or her authority prior to commencing negotiations. Any requested deviations must be approved by the Associate Administrator for Procurement or designee.

I. Contract Administration

The Russian entities way of doing business varies significantly from our system. Milestone payments tied to firm deliverables should make the contract somewhat less complicated to administer. However, negotiating contract modifications involving monetary consideration will be a major challenge. It may be best to negotiate options that will benefit both parties on a non-monetary basis.

The procurement office must work closely with the finance office to establish the mechanics of transferring contract payments to Russia via New York banks. Team work on the front end will eliminate potential frustration on the part of the recipient for these payments.

A handbook will be issued via the Internet, in sections, in collaboration with JSC. JSC will be responsible for loading and updating the handbook. For more information, contact Harold Jefferson, Code HK, (202) 358-0409.

MidRange and NAIS

by Tom Deback, Headquarters Contract Management Division, and Jim Bradford, MSFC (on temporary assignment at Headquarters)

Procurement statistics indicate that MidRange continues to be a success, but we cannot rest on our laurels. We will be meeting with the centers in August to ensure that MidRange is in consonance with the FAR Part 12 requirements for commercial item buys.

The emphasis on Market Research, performance-based specifications, and utilizing more commercial terms and conditions

will no doubt impact MidRange. Similarly, the Internet aspect of MidRange continues to expand. In addition to posting all synopses and solicitations over \$25,000, the NASA FAR Supplement is available on-line along with provisions, clauses, forms unique to the centers, acquisition forecasts, contract and grant awards listing, and small business assistance information.

There is an Agencywide synopsis search capability and we are piloting an e-mail notification service. After a company registers on-line, the NAIS will automatically notify it of synopsis and solicitation releases matching the company profile. More enhancements are being planned while NASA serves as the lighthouse for other agencies looking to the Internet for broadcasting their acquisitions.

Important Changes in Information Technology Acquisitions

by Tom O'Toole, Headquarters Analysis Division

Hopelessly divided on a solution to bothersome budget issues, Congress and the White House jointly embraced a subject irresistible to all political persuasions - acquisition reform. Unlike previous excursions to this popular legislative resort area, this time they addressed a real problem - Information Technology - and attempted to address some of the flaws in the Brooks Act acquisition model.

The Information Technology Management Reform Act (ITMRA) of 1996, signed by President Clinton on February 10, 1996, completely overhauls the IT acquisition process. Implementation of the Act is just beginning, and it is premature to characterize its impact as wholly beneficial to federal agencies. However, ITMRA does institute three organizational changes that, on balance, offer potential for significant efficiencies.

First, the General Services Administration's (GSA's) exclusive authority for the acquisition of IT resources is eliminated, and with it the Federal Information Resources Management Regulation (FIRMR). Agencies now have direct acquisition authority for IT as they have for any other supply or service, and no longer need to prepare a string of delegations program compliance documents.

Second, ITMRA effectively relieves GSA of its IT oversight responsibility. Instead, the Office of Management and Budget (OMB) will issue guidance for IT acquisitions, and will monitor the effectiveness of, and Agency compliance with, its

directives. However, the full significance of this change is still unclear. OMB has indicated its intent to use GSA in implementing and managing ITMRA, and GSA may still have some sort of oversight role working through OMB.



Furthermore, although it is likely that OMB will be a less active participant in the mechanics of Agency acquisitions than GSA has been, it may require increased Agency IT budget and program performance reporting.

Although most authority has shifted from GSA to OMB, GSA retains responsibility for the FTS 2000 program and equipment disposal. It has been recommended by the FIRMR Transition Committee that the Federal Property Management Regulation (FPMR) be amended to include FIRMR coverage that addressed these and other areas. GSA is processing a change to the FPMR to incorporate some of the FIRMR coverage on FTS 2000, records management, and authorized use of long distance services (placement of equipment disposal coverage is undecided).

Contracting officers dealing with these matters will need to maintain and consult the FPMR.

Finally, the General Services Board of Contract Appeals (GSBCA) is disbanded, and IT

protests will be heard by the General Accounting Office (GAO). The GAO adjudication process is more narrowly scoped than GSBICA's, and this change should limit Agency protest vulnerability and alleviate the associated documentation burden. However, this benefit may be partly offset by the increased resources required to support the lengthier GAO decision process.

In addition to these structural revisions, ITMRA makes a number of process changes that will be captured in regulation and other guidance documents. OMB will probably amend Circulars A-11 and A-130 to address IT management issues (possibly to include some FIRMR guidance), and a change to the Federal Acquisition Regulation (FAR) has already been drafted to accommodate acquisition considerations.

The draft FAR revision affects several parts of the regulation, and most of the coverage is innocuous, including some transplanted FIRMR language that stubbornly survived post-surgery rejection. However, the proposed rewrite of FAR part 39 includes acquisition-specific features of ITMRA that will have an impact on our basic approach toward acquiring IT.

The most prominent of these provisions is the language that encourages agencies to acquire major IT systems incrementally.

(continued on page 16)

FAR Update

by Dave Beck, Headquarters Contract Management Division

Cases Implementing Sections of the Federal Acquisition Reform Act of 1996

Published in FAC 90-39, 6-20-96; effective 8-19-96

§ 4102 Justification & Approval Thresholds

Published in FAC 90-40, 7-26-96; effective 8-26-96

§ 4302 Simplified Acquisition Threshold and FACNET

§ 4306 Value Engineering

§ 4311 Micropurchases Without Competitive Quotations

Proposed rules under review by OFPP, DOD, GSA, and NASA prior to publication

§ 4101 Competition Requirements

§ 4103 Efficient Competitive Ranges

§ 4202 Simplified Acquisition Procedures for Commercial Items up to \$5 million

Proposed rules published in the Federal Register for public comment

§ 4104 Preaward Debriefings, 6-24-96

§ 4205 Cost Accounting Standards Exemption for Commercial Items, 6-21-96

§ 4301 Drug Free Certification, 6-20-96

Approved by DAR Council and sent to CAAC

§ 4105 Design-Build Selection Procedures (Proposed)

§ 4201 Commercial Items Cost or Pricing Data Exception (Proposed)

§ 4301 FAR Certifications (Proposed)

§ 4304 Procurement Integrity (Interim)

Additional public comment being sought before preparing proposed rule

§ 4203 Commercial Off-the-Shelf Items (COTS)

FAR Adopting 1996 Acquisition Reforms

Federal Acquisition Circular (FAC) 90-39 raises thresholds for justifications and approvals in FAR Part 6, Competition Requirements. The new thresholds in 6.304(a) are:

Contracting officer — contracts not exceeding \$500,000.

Installation competition advocate — contracts over \$500,000 but not exceeding \$10,000,000.

Head of the procuring activity or designee — contracts over \$10,000,000 but not exceeding \$50,000,000.

Senior procurement executive — contracts over \$50,000,000.

This increase in thresholds is the first of 15 cases implementing the Federal Acquisition Reform Act of 1996 (FARA), which was signed February 10, 1996.

Two cases in FAC 90-40 revise procedures for simplified acquisitions. The first case raises the simplified acquisition threshold to \$100,000. The second case makes it easier for agencies to delegate micropurchase authority to employees who are not contracting officers. The case removes FAR 13.603(a) on determining the price reasonableness of a micropurchase that is made without soliciting competitive quotations. FAR 13.603(a) made it

difficult to give micropurchase authority to Agency employees outside the contracts office.

Included in FAC 90-40 is the final rule covering simplified acquisition procedures that resulted from the Federal Acquisition Streamlining Act of 1994. Another case in FAC 90-40 is a final rule that revises the definition of value engineering.

FAC 90-39 was published in the Federal Register on June 20, 1996. FAC 90-40 was published on July 26, 1996. Cases published in the FAC's are effective as shown in the table that accompanies this article.

Revised procedures on procurement integrity are also nearing approval. In order to immediately eliminate burdens on contractors and the government, the procurement integrity revisions may be published as an interim rule while public comments are sought.

The remaining 10 cases will be proposed rules to be published by September 7, 1996. Final rules will be adopted by January 5, 1997.

Questions on the status of these FAR cases may be referred to Dave Beck (NASA's representative on the DAR Council), e-mail dave.beck@hq.nasa.gov or telephone number (202) 358-0482.

Front Line Forum Involves Working Level in Policy Process

by Leif Grotos, Headquarters Acquisition Division

In February 1995, the Administrator of the Office of Federal Procurement Policy, Dr. Steven Kelman, and the Deputy Under Secretary of Defense for Acquisition, Ms. Colleen Preston, formed the Front Line Procurement Professionals Forum. The Forum was composed of working level procurement personnel from across the different military services and civilian agencies. The Forum has provided a venue for open discussions between many of the players in the procurement world.

One of the purposes for the Forum's creation was to get the people responsible for writing policy, and to a greater extent the people who write the statutes, together with the people who will have to implement and

work with the changes. The Forum discussed a wide area of topics during the creation of the Federal Acquisition and Streamlining Act (FASA).

These topics ranged from small purchases and commercial items to credit card programs. During some sessions, congressional staffers from both political parties would attend and present their plan for changes in procurement. Open and sometimes heated discussion would occasionally ensue. The Forum has recently discussed the proposed changes to part 15 of the FAR and has had several sessions with the part 15 rewrite team to discuss and give input to different scenarios they have developed.

The Forum is finding more roles during the changing times in our profession. Procurement

Action Teams and new technology related to our field often find their way to the meetings for working level input. One refreshing thing about all of this is that working level input is being solicited and heard.

The questions we try to answer are: How will the proposed changes affect the working level personnel? Will this improve or augment the tools available for performing the job? Hopefully the synergism in the Forum will continue to grow, resulting in better procurement laws, policy, and implementation.

The Forum has about 45 people; NASA has two representatives, Leif Grotos, and Billie Smith from Goddard.

LARC Develops Procedures for Implementing ISO 9000 into Solicitations and Contracts

by W. Wessel, Office of Safety, Environment and Mission Assurance (OSEMA), and S. Harper, Acquisition Division, Langley Research Center

What is ISO 9000?

The International Standardization Organization (ISO) 9000 series is an internationally accepted basic quality management system accepted by over 120 countries. Recently, through NMI 1270.3, NASA Quality Management System Policy (ISO 9000), NASA Headquarters, NASA Centers, and NASA Suppliers were directed to comply with the requirements of ISO 9000 series of Quality Management System Standards. [Certification of

compliance to ISO 9000 is commonly required in international commercial markets.]

The ISO 9000 Standard is a very basic quality system containing the essential requirements for good and efficient business management. The ISO 9000 Standard is comprised of 20 quality system elements as defined below:

1. Management responsibility
2. Quality system
3. Contract review
4. Design control
5. Document and data control
6. Purchasing

7. Control of customer-supplied product
8. Product identification and traceability
9. Process control
10. Inspection and testing
11. Control of inspection, measuring, and test equipment
12. Inspection and test status
13. Control of nonconforming product
14. Corrective and preventative action
15. Handling, storage, packaging, and delivery

(continued on page 14)

I
S
O
9
0
0
0

NWTC On-Line, Multi-Media Program Archive

by Ronald Sepesi, Contracting Officer, Lewis Research Center

The National Wind Tunnel Program (NWTC) activities to construct world class wind tunnels has recently ended. This activity, lead at LeRC, brought together a unique Government/ Industry Team consisting of NASA, DOD, Boeing, McDonnell Douglas, Lockheed Martin, Northrup Grumman, Pratt and Whitney, and General Electric.

The goal was to effectively plan, study, cost, design, and construct a transonic and subsonic tunnel facility that would be vastly superior to current U.S. and European tunnels. While incorporating a number of innovative technical and business ideas including a substantial cost sharing arrangement by the Industry Team, the program fell victim to the competition for funding in this era of smaller government budgets.

Over the last few years, Mr. Goldin has challenged the NASA community to make ourselves more meaningful to the activities of the private sector and the country. With this in mind, we asked ourselves how we could disseminate to the other Centers and the private sector the valuable information that was developed during these past two years.

Technical studies, cost modeling, CAD drawings, preliminary designs were all thoroughly researched and documented under the initial Phase I and II activities. Moreover, how could someone restart these activities with minimal time, effort, and costs while leveraging the information accumulated to date.

Taking full advantage of current technology, the NWTC Program developed a Hyper Test Markup Language (HTML) based, multi-media archive. This archive included over 700 documents consisting of over 100,000 pages of reports, studies, drawings, photographs, data files, and cost modules and resides on a mere 7 CD ROM's.



These CD ROM's and a 100 page Final Report, represents the summation of program activities. Other than the formal contract files and the final report, no other paper documentation was formally retained.

More than 100 copies of the CD ROM's were distributed to the NASA aero centers, DOD, Industry Team members, Georgia Institute for Technology, and the Center for Aerospace Information. The format looks like today's web format. To use the information, a company would load the data on to a server. Then interested people would view/download the data through the server. While this information uses current World Wide Web technology, it is not available on the Web.

This activity is a prime example of capitalizing on emerging public domain technologies. Except for the labor, creation of the CD ROM's, and scanning of paper documents, no

new capital expenditure was incurred. A working prototype was available two days after its initial conception and the entire activity represented only a few work months of activity.

The key to the system is the automatic generation of HTML from a simple PC database. The system will archive all current data, "key" word search for existing data, and download to a PC hard drive to manipulate data and edit drawings. What has been created is a search capable source of current aerodynamic and wind tunnel information, an invaluable mechanism to restart the program at some future date, plus the entire stored technical contents of the program.

A few notes in the name of "Faster/Better/Cheaper":

FASTER:

- Implementation: Archive was defined, developed, loaded and tested concurrently in 3 months.
- Faster access to information, no need to wait for copying or distribution.
- Faster searching: Documents can be found with only sketchy information.

BETTER:

- Platform independent browsers and CD ROM's that are usable on Mac/PC/UNIX/NT.
- Stand alone machine, LAN, WAN, Intranet or Internet capable.
- Access controllable at the server level.
- Multi-media texts, graphics, audio, video, and CAD animation application data.
- Search capability - returns

(continued on page 15)

ISO 9000

(continued from page 12)

16. Control of quality records
17. Internal quality audits
18. Training
19. Servicing
20. Statistical techniques

The implementation of ISO 9000 to NASA suppliers was driven by two converging activities. First, much of our supplier core is being driven to the ISO 9000 quality management system by private sector competition, a desire to increase their share of the market internationally, and in some instances by customer requests for compliance.

Efficiencies recognized by the supplier maintaining only one quality management system can be passed on to customers. Increased competition might be realized if the federal sector could accept the ISO 9000 requirements as a minimum or basic quality management program.

Secondly, there is also a move within the federal sector to reduce our government standards and utilize commercial quality standards when possible. There is considerable effort being made to develop, in concert with industry, a single quality management program acceptable to the entire federal sector and their suppliers.

Facilitation of the implementation of the ISO 9000 Standard at LaRC is the responsibility of the Office of Safety, Environment, and Mission Assurance (OSEMA). An ISO 9000 Focus Team with membership from all Senior Staff Groups and Offices has been established and its implementation efforts are progressing well.

A working draft of the LaRC Quality Management System Manual has been developed and a document search for existing LaRC quality procedures will soon be initiated. The supplier implementation has been developed by the Acquisition Division, OSEMA, and the ISO 9000 Focus Team. The Supplier ISO 9000 Program is now in place and is in full compliance with the requirements of LMI 1270.3.

How do the ISO 9000 Quality Management Standards become a part of a Contract?

The implementation of ISO 9000 in contracts for goods and services at Langley Research Center starts with a review of the requirement (specification or statement of work) by OSEMA, Office of Mission Assurance. The Office of Mission Assurance will provide recommendations to the Acquisition Division pertaining to the desired level of quality management processes to be incorporated into the solicitation and resultant contract.

The quality management options which may be incorporated in a solicitation/contract include: no compliance, compliance required by self declaration, or ISO registration.

If the offeror self declares, a copy of the company Quality Manual may be requested either at competitive range or another time prior to selection for review by cognizant OSEMA personnel, as well as a copy of their last internal audit. If an offeror is ISO registered, LaRC will generally accept their certification and obtain validation after award by obtaining a specific

Product Quality Plan as part of the documentation requirements.

Compliance may also be demonstrated at some time in the future. In these situations, an offeror may either self declare or register, however, they will be required to provide a narrative in the proposal explaining implementation plans for a quality management system and provide copies of either a Quality Manual or Quality Plan after award.

It may also be necessary to evaluate and/or validate the quality management system. This would be done by including this important aspect as a value characteristic in procurements subject to Best Value procedures or as an element under a mission suitability subfactor in Source Evaluation Board (SEB) procurements.

The key to implementing ISO 9000 in contracts is flexibility. It is expected that as time progresses, LaRC will become more familiar with the commercial quality standards of its contractors and that many contractors will choose to become ISO registered. The need to obtain copies of internal quality manuals is expected to diminish as this knowledge base increases and more companies move toward ISO registration.

If you would like a copy of the form used to coordinate the ISO 9000 requirements between OSEMA and AD, as well as samples of the solicitation/contract language, please contact LaRC's Procurement Policy Officer, Sharon Harper at 804-864-2474 or by e-mail at: s.a.harper@larc.nasa.gov.

Government Property

by Larry Pendleton, Headquarters Contract Management Division

It's been a while since we discussed property matters in the Countdown, so an update on some current issues is overdue. Throughout NASA, the emphasis continues on more strict adherence to the FAR rules on providing facilities, that is, don't do it unless your contract fits one of the FAR exceptions. That emphasis has recently been broadened to include getting rid of inactive property that is in the hands of contractors.

On March 19, 1996, Dee Lee signed a letter addressed to the Program AAs at Headquarters, with copies to all centers, asking for a review of 13 specific contracts awarded by six centers, including the JPL contract. The review targets property in the possession of contractors that is inactive, underutilized, or has been provided without careful consideration of the need for the property. The objective is to

make sure we still need to keep all the property that's out there, and if not to get rid of it. That reduces our cost of owning, maintaining and storing property of marginal utility.

The 13 contracts selected for review were picked because 1995 property report data showed them to be accountable for large amounts of

property...between \$4M and \$6.3B. Even though all centers were not asked to review specific contracts, this effort would be far more productive if all

Contracting Officers and their project teams took the initiative to do similar reviews. I understand that it is hard to find the time to take on something like this, but with downsizing lurking in the wings, better now than later when fewer people will be around to help.

Last December, we published a proposed rule in the



(continued on page 16)

Wind Tunnel

(continued from page 13)

dynamically generated hyper-text links to the matching documents.

-Concurrent access by all to the 'same' data (single data source).

-No need for paper document storage and retrieval.

-100 year life span CDs.

-Built in obsolescence-proofing:

-HTML standard has "legs," and as text, is easy to convert if things change

-Data and viewers are separate, so as viewers get better, so does archive.

-Scanned documents are at high enough resolution for future OCR.

CHEAPER:

-No new capital cost.

-Minimal development/customization cost.

-No training cost if users can use a Web Browser.

-No cost of maintaining and copying paper archive.

-Most users can use multi-purpose viewers instead of expensive native applications.

-Web pages were generated automatically by database as data about each document was entered.

-WWW browsers, viewers and servers are becoming universal.

New CAS Disclosure Statement

by Bill Childs, Headquarters Analysis Division

Recently, the Cost Accounting Standards Board issued a new Cost Accounting Standards Disclosure Statement, the first significant revision in over 20 years. Although the format is little changed, there are substantive differences in the content, mostly in Part VII, Deferred Compensation & Insurance.

References to practices that are no longer CAS-compliant have been removed, as have certain data elements that are no longer used.

New elements have been added to address subjects that are relatively new or have become much more significant, such as uncompensated overtime, cost of money, post-retirement health benefits, and employee stock ownership plans. Some check-the-block answers have been changed to fill-ins, providing greater freedom for the firm to describe their actual practices.

The new form became mandatory on March 1, 1996, for newly CAS-covered firms and for major changes to existing disclosures; it is optional until 1999 for minor changes. By the beginning of their first fiscal year starting in 1999, all CAS-covered firms must file a complete disclosure on the new form.

NASA's ADI

(continued from page 8)

some individuals outside the procurement profession.

Participation in these courses is strongly recommended, while other aspects of the ADI, such as rotational assignments, mentoring, and professional association involvement are purely voluntary activities. Nevertheless, individuals must take responsibility for their own career progression and development.

Supervisors can provide career guidance and opportunities for career growth, but individuals must take charge of planning their own careers. Individuals are encouraged to pursue other career development opportunities outside of the normal ADI program, including requesting different on-the-job assignments or increasingly difficult assignments and seeking outside education beyond NASA's training program.

The task that now faces the Agency is how to meet the Center demands for course offerings. With this amount of support, there is no doubt that the NASA procurement workforce will be prepared to meet the challenges that face them as procurement becomes increasingly complex.

Property

(continued from page 15)

Federal Register asking for public comment on changes to the NASA Form 1018 Property Financial Report. One set of comments came in from an industry association, but many centers also responded. The working group responsible for the 1018 revisions has gone over each comment - and there were many helpful ones - and made further changes as a result. A final rule is now being prepared and should be published in August. The new form can then be used for the 1996 reporting period, which ends on September 30. What we have tried to accomplish with these changes is to make the reporting process

simpler and more straightforward. Financial data on contractor-held property has been an issue for the past couple of years during audit of the NASA financial statements, so some of the changes were directed at those issues. Also, the Financial Accounting Standards Advisory Board is about to issue a new standard on accounting for property, plant and equipment, and we have tried where possible to take those forthcoming changes into consideration.

Anyone wanting further information should contact me, Larry Pendleton, on 202-358-0487, or by e-mail on lpendlet@proc.hq.nasa.gov.

Information Technology

(continued from page 10)

The draft of FAR 39.102-2 states that agencies "should, to the maximum extent practicable, use modular contracting for acquisition of a major system...."

Modular contracting involves acquiring a system in functional, stand-alone increments that are mutually compatible. When modular contracting is used, the contract for each increment "should" be awarded and the supply or service delivered within 180 days and 18 months, respectively, of solicitation release.

The FAR change will be issued as an interim rule, meaning it is effective upon publication. The need for NASA supplementation is currently under review. Copies of the FIRMR may be recycled or retained as dusty props for aging contracting officers lecturing bored entry level personnel on the fondly-recalled horrors of pre-1996 procurement.

Procurement Countdown

Procurement Countdown is published by NASA's Office of Procurement.

Editor.....Susie Marucci
(202) 358-1896
susie.marucci@hq.nasa.gov