

COMPETITIVE SOURCING

POST COMPETITION ACCOUNTABILITY GUIDEBOOK

***FOR OPERATING AGENCIES THAT DESIRE TO
USE IT TO DOCUMENT THEIR FINDINGS***

Version 1

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INTRODUCTION

The objective of post competition accountability is to ensure that the competitive sourcing process is achieving savings and performance improvements. Post competition accountability provides transparency into the competitive sourcing process by tracking and documenting: (1) the process, (2) cost savings, and (3) performance improvements. The underlying principle of the recommendations in this guidebook is that the winner of the competition, whether government or private sector, should be held to the same standards.

Purpose of the Guidebook

The purpose of this guidebook is to provide general recommendations for implementing post competition accountability. This guidebook is written to be a user-friendly desk reference book presenting post competition accountability in five phases that correspond with the competitive sourcing process. The chapters are organized according to the five phases. Each chapter contains an overview of the phase, a description of the key tasks associated with that phase, a task checklist for easy reference, and related frequently asked questions. Accompanying chapters are helpful hints along with web-links to more detailed information. The tasks and recommendations listed in this guidebook are not exhaustive, and you should consult appropriate legal and regulatory references as needed.

Background

Competitive sourcing is often viewed by both the private sector and the government as being an unfair and biased process. The private sector believes that when the government's most efficient organization (MEO) wins the competition, the government goes back to business as usual and there are no realized savings or performance improvements. On the other hand, the government's MEO believes that when a private sector provider wins the competition, the private sector has often "bought in" with a low ball bid resulting in subsequent contract modifications that make performance of the function as or more expensive than if the government's MEO were performing the function. Both the private sector and the government believe that the process is skewed to favor the other.

The private sector and the government also complained that competitions were not conducted uniformly by federal agencies. In addition, the private sector complained that when the agency provider was selected as the winner, it was not held accountable to the same standards of performance as a private sector winner was under a contract. In 2001, Congress addressed these concerns by convening the Commercial Activities Panel made up of representatives from federal agencies, federal labor unions, and the private sector to study the competitive sourcing process. At the conclusion of the study, the panel unanimously agreed to and recommended ten sourcing principles. The tenth principle was the importance of accountability of sourcing decisions.

QUICK LINK

See OMB Circular No. A-76 (Revised), *Performance of Commercial Activities*, May 29, 2003.

http://www.whitehouse.gov/omb/circulars/a076/a76_incl_tech_correction.html.

In May 2003, OMB issued a revised OMB Circular No. A-76 that standardized the competition process and strengthened post competition accountability by:

- Centralizing agency oversight for the competitions;

- Appointing five competition officials who are held accountable for the timely and proper conduct of competitions through the use of annual performance evaluations;
- Applying the proven procedures in the FAR to the competition process;
- Holding public sector service providers to the same performance standards as those imposed on private sector providers through the MEO letter of obligation; and
- Requiring that the performance of service providers, both public and private, be tracked to ensure that proposed cost savings and performance improvements are realized.

POST COMPETITION ACCOUNTABILITY OVERVIEW

“Post competition accountability” was officially established in the OMB Circular No. A-76 (Revised) on May 29, 2003 to ensure implementation of performance improvements and cost savings resulting from competition. The OMB Circular No. A-76 identifies six areas under post competition accountability:

1. Posting best practices and lessons learned to the SHARE A-76! website;
2. Tracking execution of competitions from date of public announcement through completion of the last performance period;
3. Submitting a Competitive Sourcing Quarterly Report to OMB that details in-progress and completed competitions;
4. Monitoring performance of the winner of the competition;
5. Exercising option year performance periods and follow-on competitions; and
6. Terminating the selected service provider for poor performance.

QUICK LINK

See OMB Circular No. A-76 (Revised), *Performance of Commercial Activities*, May 29, 2003.

http://www.whitehouse.gov/omb/circulars/a076/a76_incl_tech_correction.html.

In addition to the requirements in the OMB Circular No. A-76, Section 647(b) of the Transportation, Treasury, and Independent Agency Appropriations Act, FY 2004 (Division F of the Consolidated Appropriations Act, P.L. 108-199) establishes a government-wide reporting requirement for competitive sourcing. Each executive agency must inform Congress annually about its competitive sourcing efforts for the prior fiscal year. The Information required includes: the number of competitions, the number of federal employees studied under competitions, incremental costs, savings, the number of federal employees to be studied in the coming fiscal year, and a discussion of how the agency aligns competitive sourcing decisions with its strategic workforce plan.

OMB has taken two actions to maximize the value of the Section 647 reporting requirement. First, OMB developed guidelines for agencies to use in preparing their reports. Second, OMB prepares an annual report that summarizes the information submitted by agencies tracked under the President’s Management Agenda.

OMB's annual reporting guidelines are designed to ensure consistent and clear reporting. The guidance provides an Excel template for agencies to complete and describes how agencies should calculate incremental costs and estimated savings. Although Section 647 calls only for summary information, OMB's guidance further requires agency reports to include information on each underlying competition. The additional detail on each competition is intended to give members of Congress and taxpayers better insight into the basis of the aggregate figures called for by Section 647. The Excel template is known as the Competitive Sourcing Report workbook and consists of five worksheets. As an example, the "Savings and Performance Update" worksheet required agencies to complete the following fields:

647

QUICK LINK

See OMB Memorandum M-06-01, *Report to Congress on FY2005 Competitive Sourcing Efforts* (October 7, 2005) for the latest annual guidance and accompanying Excel template.
<http://www.whitehouse.gov/omb/memoranda/index.html#2006>

- Agency
- Bureau
- Function Competed
- Type of Competition
- Total Estimated Savings (As reported to Congress in past 647 reports)
- Total Performance Period (in years)
- Actual Phase-In Completion Date (Mo/Yr)
- Actual Accrued Savings FY 2002
- Actual Accrued Savings FY 2003
- Actual Accrued Savings FY 2004
- Actual Accrued Savings FY 2005
- Total Actual Accrued Savings
- Period Over Which Actual Savings Accrued (In Years)
- Savings Methodology: Calculation/ Proxy
- Quantifiable Description of Improvements in Service or Performance (if appropriate)

This guidebook presents post competition accountability in five phases that correspond with the competitive sourcing process and it addresses both the OMB Circular No. A-76 and the Section 647 requirements. Based on the name, "post competition accountability," it is easy to make the mistake of waiting until the competition is over to begin the necessary actions. This guidebook will show that **effective** post competition accountability begins at the **start** of the competitive sourcing process and should be integrated as a part of good management practices.

The five phases in implementing post-competition accountability are:

- Phase I:** Conducting the Competition
- Phase II:** Implementing the Performance Decision
- Phase III:** Monitoring Performance
- Phase IV:** Post Competition Review
- Phase V:** Independent Verification and Validation

The recommendations in this guidebook focus on **three fundamental concepts**:

1. Post competition accountability is administered the same for the private sector provider, the public reimbursable provider, and the agency provider;
2. Post competition accountability is the same for both streamlined and standard competitions; and
3. Post competition accountability should be integrated as a part of good management practices.

PHASE I: CONDUCTING THE COMPETITION

Overview

Effective post-competition accountability begins during preliminary planning with establishing baseline measure of cost and performance, establishing the competition file, and tracking key milestones and data. By starting early in the process, post-competition accountability is easily integrated into the competition process. The tasks outlined in this section of the guidebook ensure that data is available to meet OMB requirements and to form the foundation for good management practices.

Description of Key Tasks

Task I-1. Establish baseline measures of cost

The OMB Circular A-76 requires that agencies “determine the activity’s baseline costs as performed by the incumbent service provider”¹ during preliminary planning. To enable accurate calculation of savings resulting from competition for post competition accountability, it is recommended that two baseline measures of cost be established:

1. **Baseline cost estimate (BCE)** based on annual costs using the costing methodology in the OMB Circular No. A-76 and prepared in the COMPARE software
2. **Actual baseline costs (ABC)** based on annual actual costs incurred

The importance of establishing two types of baseline cost is to ensure management has the information it needs to:

- Assess whether the private sector or the agency is the most cost effective provider of services during the competition process, and
- Assess whether the projected annual cost or performance savings resulting from competition have been realized

The BCE using OMB Circular Nr. A-76 methodology in COMPARE is used to determine the economic savings resulting from the competition. The OMB Circular A-76 cost comparison methodology compares the estimated **total** cost to the government for performing the services by the agency with the **total** cost to the government for contracting out the services. For purposes of the competition, the agency cost estimate includes indirect costs that are not budgeted by the agency for the organization but are incurred by the government for operating this organization. These costs include: twelve percent overhead for indirect support, casualty insurance premiums for materials, supplies and government furnished equipment, and personnel liability insurance premiums. In addition, the personnel costs are estimated using an average step and a standard fringe-benefit factor. To accurately represent the total cost to the government for performing the work with a private sector provider, the private sector provider has its offer price adjusted to include the cost of contract administration, one-time conversion costs, gain from disposal or transfer of assets, and federal income taxes.

¹ OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003. Attachment B, A. 4.

The cost elements used in establishing the BCE in COMPARE should always correspond with the solicitation requirements. This means that the estimate should not include the cost of government furnished property or other wash costs. It may be necessary to adjust the baseline cost estimated in COMPARE during preliminary planning as the competition progresses and when the solicitation is finalized to ensure an “apples-to-apples” comparison.

See OMB Circular No. A-76, Attachment C: Calculating Public-Private Competition Costs for a complete understanding of the costing methodology and its impact on calculating competition savings.

The actual baseline costs should include **ALL** current actual costs for the organization’s function under competition for use in comparing to the actual costs based on the winner of the competition. The agency may develop this baseline using actual costs or may use the Total Cost of Input. This guidebook does not intend to prescribe a cost methodology for agencies when estimating their actual costs, but suggests a generally accepted method of determining or estimating costs that can be consistently applied throughout this process and can be used for determining actual savings. The agency should coordinate with their Financial Management Office to determine the best way to develop the Actual Baseline Cost.

QUICK LINK

See OMB Circular No. A-76 (Revised), *Performance of Commercial Activities*, May 29, 2003.
http://www.whitehouse.gov/omb/circulars/a076/a76_incl_tech_correction.html.

As a general rule, the Actual Baseline Cost should correspond to the manner in which the function was originally performed during the year that the public announcement was made. This baseline cost should include:

- Actual cost of direct labor (not authorized) based on actual grade, step, and fringe benefits of the current staffing;
- Actual cost of indirect labor that is paid for directly by the Agency;
- Actual cost of materials, supplies, facilities, equipment, travel, etc.; and
- Actual costs of Agency overhead rates as applicable.

NOTE: The baselines should include the staffing plan that corresponds to the determination of personnel costs.

NOTE: For indirect costs or working capital fund apportionments for indirect costs, the agency will have to identify how to apply those costs in establishing the baseline.

NOTE: Actual cost information is often difficult to obtain for government activities that are a part of a larger organization. In these cases, the baseline costs for materials, supplies, facilities, equipment may have to be estimated.

NOTE: If the baseline cost (BCE or Actual Baseline Cost) is constructed during preliminary planning, it may need to be adjusted if the scope of the competition changed during the development of the performance work statement (PWS) or during the acquisition process. Task II-4 provides insight into how to review the baseline and adjust as necessary.

NOTE: In determining your baseline, see OMB’s latest guidelines for 647 reporting for calculating savings.

QUICK LINK

See OMB Memorandum M-06-01, *Report to Congress on FY2005 Competitive Sourcing Efforts* (October 7, 2005) for the latest annual guidance and accompanying Excel template.
<http://www.whitehouse.gov/omb/memoranda/index.html#2006>

Task I-2. Establish baseline measures of performance

To accurately identify and document improvements in performance or service to meet Section 647 reporting requirements, the agency should establish baseline measures of performance for the organization under competition. These baseline measures can include:

- Number of FTE by grade performing the work
- Hours of overtime worked
- Workload
- Customer satisfaction ratings
- Performance metrics; i.e., units of output, time standards, etc.

NOTE: For those organizations that do not currently track performance information, this performance baseline could be constructed during the development of the performance work statement (PWS).

NOTE: For those organizations that currently track performance information, this performance information should be aligned with the PWS when establishing the baseline. This will facilitate an accurate comparison of the “as is” performance.

Task I-3. Ensure the Agency Tender Official is an officially designated position in the organization that will continue to be responsible for MEO performance after the performance decision

During preliminary planning when competition officials are determined, the agency should consider that the Agency Tender Official (ATO) signs the most efficient organization (MEO) letter of obligation (LOO) on behalf of the government’s MEO. The position of ATO should continue to remain responsible for the MEO performance after the performance decision.

A full discussion of the MEO LOO can be found in *Phase II: Implementing the Performance Decision*.

Task I-4. Reserve funding for competition

The agency should reserve sufficient funding to support a performance decision to the government’s MEO according to the Actual Baseline Cost developed in Task I-1. This process should be similar to the contracting process of committing funds against a purchase request for services. This will ensure the government has sufficient funding to implement the government’s MEO in accordance with the phase-in schedule. In addition, during development of the MEO the ATO may need to identify additional funds to support any proposed capital investments that are part of the MEO strategy and will be implemented during the performance of the MEO LOO.

NOTE: At this time, the program office should be planning for funding the residual organization as well. The residual organization is the part of the organization that will be performing the inherently governmental tasks that cannot be performed by contractor or MEO. The residual organization will also include quality assurance evaluators (QAEs) to monitor the contract.

NOTE: At this time, the agency should also begin the process to “fence funding” by establishing a separate cost code/center for a performance decision to the government’s MEO.

Task I-5. Establish and maintain the competition file
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OMB Circular No. A-76 requires that agencies establish and maintain a competition file to “retain the documents created for the standard competition. This competition file shall be included in the government contract files in accordance with FAR Subpart 4.8, regardless of the performance decision.”² FAR Subpart 4.8 prescribes the requirements for establishing, maintaining, and disposing of contract files. The OMB Circular No. A-76 expands this requirement to cover the establishment of competition files.

In general, FAR Subpart 4.8 states the contract, or competition files in this case, provide documentation that is “sufficient to create a complete history of the transaction for the purpose of—

- (1) Providing a complete background as a basis for informed decisions at each step of the acquisition process;
- (2) Supporting actions taken;
- (3) Providing information for reviews and investigations; and
- (4) Furnishing essential facts in the event of litigation or congressional inquiries.”³

It is a best practice to maintain documents related to the competition starting in preliminary planning and continuing through the end of the last performance period. Specifically, these documents will support program management, OMB reporting requirements, contests, and GAO protests. It is recommended that, at a minimum, the documents shown in Table I-1 be maintained in the competition file:

Table I-1: Competition File Documents

TRACKING MILESTONE	COMPETITION FILE DOCUMENTS
Public announcement (This section includes preliminary planning requirements up to public announcement)	<ul style="list-style-type: none"> • FAIR Act Inventory baseline establishing function and original number of FTE under competition • Baseline cost estimate • Actual baseline cost • Baseline measures of performance • Appointment letters for competition officials • Public announcement in FEDBIZOPS
Solicitation Issued	<ul style="list-style-type: none"> • All documents posted for potential offerors (synopsis, sources sought, draft PWS, questions and answers, participants in Industry Day, etc. • Adjustments to the baseline measures of cost and performance necessitated by changes in the scope of the competition during the acquisition process • Independent Government Estimate, if required • Evidence of availability of funds for both contractor and for government’s MEO • Records of small business participation • Agency determination to provide or not provide government-furnished property • Justification for type of contract and acquisition strategy • Copy of solicitation and all amendments
Solicitation Closing	<ul style="list-style-type: none"> • A copy of each offer (see the FAR.803 for specifics on maintaining files on unsuccessful offerors) • A copy of the agency tender

² OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003. Attachment B, D.3.c.

³ Federal Acquisition Regulation, Subpart 4.8—Government Contract Files, 4.801 General.

TRACKING MILESTONE	COMPETITION FILE DOCUMENTS
Performance Decision (Includes source selection)	<ul style="list-style-type: none"> • Record of any negotiations • Justification for source selection/performance decision • Required approvals for award and evidence of legal review • Certified SLCF or SCF • Performance decision announcement in FedBizOps • Signed contract, fee-for-service agreement, or MEO LOO • Notice to unsuccessful offerors • Contest documentation • GAO protest documentation
Phase-In Start Date	<ul style="list-style-type: none"> • Record of actual phase-in start date
Phase-In Completion	<ul style="list-style-type: none"> • Record of service provider staffing at phase-in completion and start of full performance
Performance Period(s)	<ul style="list-style-type: none"> • Bills, invoices, vouchers, and supporting documentation for contractor or fee-for-service agreement • Documentation of actual costs for MEO LOO • Quality assurance records • Property administration records • Record of workload measures and/or scope of work • All contract, fee-for-service agreement, or MEO LOO modifications • Justification for modifications • Documentation regarding termination actions • Post-competition review findings

The agency will need to determine who is responsible for maintaining this comprehensive competition file since the information is needed by the program office for managing the program, the Competitive Sourcing Office for reporting to OMB, and the contracting officer for administering the contract, fee-for-service agreement, or MEO LOO. In keeping with the principles of building in good management practices into this process, it is recommended that the program office maintain the comprehensive competition file; however, the contracting officer will need to maintain those documents associated with administering the contract or MEO LOO.

NOTE: It is a best practice to maintain similar documentation for the streamlined competitions to aid in program management and fulfilling OMB reporting requirements. In addition, post competition accountability should also document the private-private competition that results from a streamlined competition award decision to the private sector. The resulting private sector contract will need to be tracked to ensure that cost savings and/or performance improvements have been realized.

NOTE: In a performance decision to the government in a streamlined competition where there was no MEO, the current organization will continue performance and no actual savings are realized. However, some agencies are tracking the difference between the private sector offer and the current organization cost and stating this difference is a "cost avoidance." For management purposes, cost avoidance has no real meaning and can be confusing. It is recommended that cost avoidance is not tracked, the clear outcome of the streamlined competition to the current organization supports the government is doing the job for a competitive cost. However, the current organization should be tracked and monitored to ensure that it is meeting the cost and performance standards established during the streamlined competition.

Task I-6. Upon public announcement, enter competition into the tracking database.

The OMB Circular A-76 requires that agencies maintain a tracking database that:

- Assigns a unique tracking number to each streamlined and standard competition,
- Includes data fields as defined on the OMB web site at www.omb.gov to meet the Section 647 reporting requirements,
- Tracks each streamlined and standard competition as events occur (real-time) from the date of public announcement through either completion of the last performance period or cancellation of the competition, and
- Retains historical records of streamlined and standard competitions after the last performance period has been completed.⁴

QUICK LINK

See OMB Memorandum M-06-01, *Report to Congress on FY2005 Competitive Sourcing Efforts* (October 7, 2005) for the latest annual guidance and accompanying Excel template. <http://www.whitehouse.gov/omb/memoranda/index.html#2006>

To facilitate data collection for the 647 report, it is recommended that agencies track the items required for that report on an on-going basis. Table I-2 provides recommended milestones to track and the corresponding data required by OMB for the 647 report.⁵

Table I-2: Tracking Milestones and Data Required by OMB

TRACKING MILESTONE	DATA REQUIRED BY OMB
Public announcement	<ul style="list-style-type: none"> • <i>Unique tracking number</i> • Competition Start Date (Day/Month/Year) • Agency • Bureau • Primary Activity Code, Secondary Activity Code, Additional Activity Code • Location (State) • Number of FTE in Competition
Solicitation Issued	<ul style="list-style-type: none"> • <i>Solicitation Issue/Release Date</i> • Source Selection Strategy Used
Solicitation Closing	<ul style="list-style-type: none"> • <i>Solicitation Closing Date</i> • Number of Bids Received
Performance Decision	<ul style="list-style-type: none"> • Competition End Date (Day/Month/Year) • Length of Competition (Days) • Winning Provider • Expected Phase In Completion Date (Day/Month/Year) • Baseline Costs • Cost of Winning Offer/Tender Performance Period #1 • Cost of Winning Offer/Tender Performance Period #2 • Cost of Winning Offer/Tender Performance Period #3 • Cost of Winning Offer/Tender Performance Period #4 • Cost of Winning Offer/Tender Performance Period #5 • Total Cost of Winning Offer/Tender • Incremental Cost of Conducting Study by Fiscal Year (FY03, FY04, FY05) • Total Incremental Cost of Conducting Study

⁴ OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003. Attachment B, E.2.

⁵ These data fields correspond to the Excel Tracking Sheet file (m06-01_fy05_647_sheets.xls) sheets W.1 and W.2 [need accurate reference]

TRACKING MILESTONE	DATA REQUIRED BY OMB
	<ul style="list-style-type: none"> • Estimated Savings • Period of Estimated Savings (Performance Period—in years) • Annualized Savings • Actual savings (if available) • Savings Methodology: Calculation/Proxy • Quantifiable Description of Improvement in Service or Performance (if appropriate)
Phase-In Start Date	<ul style="list-style-type: none"> • Phase-In Start Date
Phase-In Completion	<ul style="list-style-type: none"> • Actual Phase-In completion Date
Performance Period(s)	<ul style="list-style-type: none"> • Actual Cost of Winning Offer/Tender Performance Period #1 • Actual Cost of Winning Offer/Tender Performance Period #2 • <i>Actual Cost of Winning Offer/Tender Performance Period #3</i> • <i>Actual Cost of Winning Offer/Tender Performance Period #4</i> • <i>Actual Cost of Winning Offer/Tender Performance Period #5</i>

As you can see, the requirements for the database are similar to those in the competition file. For easy reference, see Appendix D which provides a combined table showing the tracking milestones, competition file documents, and data required by OMB.

Task I-7. Update the tracking database as significant milestones occur

Refer to Tasks I-5 and I-6 for a list of significant milestones that should be tracked.

Task I-8. Ensure the solicitation contains data collection and reporting requirements that will facilitate post competition accountability

To ensure that data required for post competition accountability is readily available, the agency should consider requiring the service provider to collect and report on cost and performance data. These requirements can easily be included in the solicitation in Section C: Performance Work Statement and/or the Contract Data Requirements Listing (CDRL) defining what reports shall be required as part of the contract or MEO LOO performance deliverables. This will ensure that mechanisms are built into the service provider's process that will allow for proper monitoring and review of all requirements, such as:

- Providing auditable data for regular, recurring, and ad-hoc reports;
- Providing visibility into costs and operations for government officials making management decisions; and
- Allowing for trend analysis of cost and performance data.

Specifically, the solicitation (Section C: Performance Work Statement) should require the service provider to track key workload. This will facilitate management of the activity by the government, inform the post competition review, and provide data to substantiate any necessary changes to the contract or MEO LOO due to changing workload.

The OMB Circular No. A-76 requires that the agency tender respond to the requirements stated in the solicitation. In addition to the requirements of the solicitation, the agency tender must include the following documents:

- An MEO (the MEO staffing plan);
- A certified agency cost estimate (prepared in COMPARE);
- An MEO quality control plan (MEO QCP);
- An MEO phase-in plan; and
- Copies of any existing awarded MEO subcontracts.

As a best practice, it is recommended that the solicitation (Section L: Instructions to Offerors) require all offerors provide a staffing plan, quality control plan, and a phase-in plan. This will facilitate both the source selection process and the post competition review process for a private sector provider.

Task I-9. Ensure the quality assurance surveillance plan contains data collection and reporting requirements that will facilitate post competition accountability

The quality assurance surveillance plan (QASP) should consider post competition accountability when establishing procedures for monitoring the performance of the service provider. The quality assurance evaluator is the Contracting Officer's Technical Representative (COTR), ultimately responsible to the CO for ensuring performance is met in accordance with the performance standards in the PWS and PRS. It is the prime responsibility of the CO to ensure the COTR is properly certified and trained for the job, and conducts performance reviews per the QASP as required. All QA files should be documented and maintained by the CO as required per the FAR.

Task I-10. The MEO Team should consider building in procedures to track costs and performance into their MEO.

Depending on the type of contract, the solicitation may require the service provider to establish a tracking system for costs and to report those costs to the government. In those cases where this is not required, it is recommended as a best practice that the MEO team develop procedures for tracking cost and performance on an on-going basis as part of their MEO. This can be as simple as an Excel workbook or it can be a more elaborate system tied into the agency's financial management system. This simple task can ensure that the MEO can monitor its own cost and performance and make necessary adjustments to ensure that they are fulfilling the requirements of the MEO LOO.

Checklist of Key Tasks

PHASE I: CONDUCTING THE COMPETITION KEY TASKS	RESPONSIBILITY	√
I-1. Establish baseline measures of cost	Program Office	
I-2. Establish baseline measures of performance	Program Office	
I-3. Ensure ATO is an officially designated position in the organization and will continue to be responsible for MEO performance after the performance decision	Program Office	
I-4. Reserve funding for competition	Program Office	
I-5. Establish and maintain the competition file	Office of Competitive Sourcing Contracting Officer	
I-6. Upon public announcement, enter competition into the tracking data base	Office of Competitive Sourcing	
I-7. Update the tracking data base as significant milestones occur	Office of Competitive Sourcing	
I-8. Ensure the solicitation contains data collection and reporting requirements that will facilitate post competition accountability	PWS Team Lead Contracting Officer	
I-9. Ensure the quality assurance surveillance plan contains data collection and reporting requirements that will facilitate post competition accountability	PWS Team Lead Contracting Officer	
I-10. The MEO Team should consider building in procedures to track costs and performance into their MEO	Agency Tender Official	

Frequently Asked Questions

Reserved for

PHASE II: IMPLEMENTING THE PERFORMANCE DECISION

Overview

After the competition winner has been determined, the agency's most important task is to establish an enforceable agreement with the service provider. This document, whether a contract, MEO letter of obligation (LOO) or fee-for-service agreement, formalizes the accountability of the service provider for meeting the cost and performance standards agreed to in the competition process. The tasks outlined in this section of the guidebook provide guidelines for establishing this agreement, as well as meeting OMB requirements for competition milestone and data tracking.

Please note that this guidebook is not designed to cover the many tasks necessary to ensure a smooth transition, such as personnel actions, major operation changes in systems and processes and ensuring the right of first refusal clause is followed. It is designed to cover only those tasks that are part of post-competition accountability.

Description of Key Tasks

Task II-1. For a private sector source, award the contract

The circular states that "the [contracting officer] shall award the contract in accordance with the FAR."⁶ The type of contract will determine various processes, procedures and actions that are utilized by the contracting officer and his/her quality assurance staff to ensure that terms, conditions, performance, and costs requirements are strictly adhered to as stipulated in the contract (contract includes solicitation sections A-J.)

Task II-2. For an agency provider, establish the MEO letter of obligation

The OMB Circular No. A-76 states "The [contracting officer] shall establish an MEO letter of obligation with an official responsible for performance of the MEO."⁷ Essentially, the purpose of the MEO letter of obligation is to create a formal agreement between the agency and the MEO similar to the contract between the agency and the private sector.

The MEO LOO is essentially a Memorandum of Agreement and should be treated as such. The contracting officer or other authorized agency official shall establish an MEO LOO, which is an agreement under the FAR, with an official responsible for performance of the MEO. The contracting officer or other authorized agency official shall incorporate the PWS, PRS, Quality Control Requirements, Agency clauses, and other terms and conditions as needed. To establish a methodology for discrepancy reporting, the contracting officer or other authorized agency official who signs the MEO LOO shall ensure that the appropriate inspection and acceptance clauses are included per the solicitation.

⁶ OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003. Attachment B,D 6,f,(1).

⁷ OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003. Attachment B D, 6,f (1)(a).

Task II-3. For a public reimbursable source, develop a fee-for-service agreement

The contracting officer or other authorized Agency official shall develop a fee-for-service agreement with the public reimbursable source. The contracting officer or other authorized agency official shall incorporate appropriate portions of the solicitation and public reimbursable tender into the fee-for-service agreement and distribute the agreement to the appropriate individuals.”⁸

Task II-4. Review the baseline measures of cost; adjust as necessary

Review the baseline measures of cost to ensure that they correspond to the scope of the PWS that was included in the contract, MEO LOO, or fee-for-service agreement.

Task II-5. Establish a budget plan for the MEO

The agency cost estimate prepared in COMPARE using the OMB Circular No. A-76 methodology is not suitable for management to use in effectively managing the MEO. The program office working with the ATO must establish a budget plan for the MEO that directly correlates to the agency cost estimate submitted as part of the winning agency tender. This budget will provide the program office and the ATO some realistic numbers for managing the program and will provide an actual cost that can be compared to the Actual Baseline Cost for determining actual realized cost savings. For ease of comparison, the budget should be established using similar methodology to establishing the actual baseline costs. This budget should include:

- Actual cost of labor based on actual grade, step, and fringe benefits for implemented MEO staffing (this should include the cost of save grade and save pay)
- Actual cost of indirect labor that is paid for directly by the agency SP.
- Actual cost of materials, supplies, facilities, equipment, travel, etc. (
- Actual costs of agency overhead rates as applicable

By calculating the actual cost for the MEO as implemented, agency officials should be able to structure a budget from funds reserved for the competition. If in doubt as to what costs should be included in establishing your budget, contact your CFO or budget officer.

NOTE: This budget should include phase-in costs.

NOTE: During the competition process, the MEO team will prepare the agency cost estimate in COMPARE. COMPARE will generate the streamlined competition form (SLCF) or the standard competition form (SCF). It is important to understand that the cost figures estimated in COMPARE and shown on the competition form are not suitable for use as a budgeting and planning guide. The OMB Circular No. A-76 cost comparison methodology compares the **total** cost to the government for performing the services by the agency with the **total** cost to the government for contracting out the services; and, therefore, the actual agency funding necessary for performing this service may not be accurately reflected for the following reasons:

- Personnel costs are estimated at a GS Step 5 level (WG at a Step 4). The degree to which the actual personnel in the MEO deviate above or below these levels will increase or

⁸ OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003. Attachment B, D, 6,f,(2).

decrease your actual personnel costs. In actual performance, employees that have been downgraded may be entitled to save grade or save pay, which will be a true cost to the agency.

- Personnel costs are estimated using a standard fringe benefit factor. This factor may not accurately reflect actual fringe benefits being paid by your agency.
- Personnel costs subject to an economic price adjustment are not inflated after the first performance period. This will understate actual personnel costs in the out years.
- Projected inflation may differ from actual salary escalation resulting in an increase or decrease in personnel costs.
- A 12% overhead factor is applied to personnel costs. This is an imputed cost to the government and will not be a direct cost for budgeting purposes.
- Liability and casualty insurance is applied to personnel costs and equipment. This is an imputed cost to the government and will not be a direct cost for budgeting purposes.
- Government-furnished property and services that are considered a common or "wash" cost and are not included in the cost comparison. However, the agency will still have to budget funding for maintaining and replacing the property and providing these services.

See Appendix E: Comparison of Proposed/Estimated Costs vs. Actual Cost Worksheets for considerations for translating the standard competition form in COMPARE to a meaningful budget document.

Task II-6. Brief implementation procedures (Post Award Conference)

The contracting officer or other authorized agency official shall hold a post award conference for the purpose of thoroughly briefing all parties involved in contract or MEO LOO implementation as to the specific requirements of the contract, MEO LOO, or fee-for service agreement.

Task II-7. Update the tracking database as significant milestones occur

See *Phase I: Conducting The Competition, Task I-4. Establish and maintain the competition file and Task 1-5. Upon public announcement, enter competition into the tracking database* for a list of competition milestones and the documents required for the competition file and to meet OMB reporting requirements. For easy reference, Appendix D provides a combined table showing the tracking milestones, competition file documents and data required by OMB.

Task II-8. Prepare lessons learned for posting to SHARE A76!

The Office of Competitive Sourcing shall coordinate with the PWS Team Leader, Contracting Officer, and the Agency Tender Official to collect best practices and lessons learned for posting to SHARE A-76! The agency is required to maintain the accuracy and currency of their agency's information, including links, on SHARE A-76!

QUICK LINK

To SHARE A76! Web site
<http://sharea76.fedworx.org/inst/sharea76.nsf/CONTDEFLOOK/HOME-INDEX>.

Checklist of Key Tasks

PHASE II: IMPLEMENTING THE PERFORMANCE DECISION KEY TASKS	RESPONSIBILITY	√
II-1. For a private sector source, award the contract	Contracting Officer	
II-2. For an agency tender provider, establish the MEO letter of obligation	Contracting Officer	
II-3. For a public reimbursable source, develop a fee-for-service agreement	Contracting Officer	
II-4. Review the baseline measures of cost; adjust as necessary	Contracting Officer Program Office	
II-5. Establish a budget plan for the MEO	Program Office Contracting Officer	
II-6. Brief implementation procedures (post award conference)	Contracting Officer	
II-7. Update the tracking database as significant milestones occur	Office of Competitive Sourcing	
II-8. Prepare lessons learned for posting to SHARE A76!	PWS Team Leader Agency Tender Official Contracting Officer Office of Competitive Sourcing	

PHASE II: IMPLEMENTING THE PERFORMANCE DECISION FREQUENTLY ASKED QUESTIONS	
Q: Are there differences in agency implementation responsibilities between standard and streamlined competitions?	A: No. Post-competition implementation responsibilities are generally the same for both a streamlined and standard competition.
Q: What are the elements of a good phase-in plan?	A: A good phase-in plan includes a detailed plan of actions and milestones that provides a realistic schedule for ensuring that resources are available when required (i.e., personnel, facilities, equipment, training, etc.). A good phase-in plan should also include a communications plan.
Q: How long should an agency have to complete transition?	A: The length of transition depends on the complexity of the competition (i.e., number of impacted employees, number of activities or functions, complexity of functions and activities, number of locations, union collective bargaining agreements, reduction-in-force rules, etc.).
Q: What is a transition plan?	<p>A: The transition plan, or more specifically the employee transition plan (ETP), focuses on the human resource actions necessary to transition to the winner of the competition. The ETP must consider two scenarios: (1) MEO win and (2) private sector win.</p> <p>(1) MEO Win. The ETP will focus on the transition of employees to the newly defined position descriptions proposed by the MEO and any training requirements to enable employees to successfully execute new job requirements. The ETP will also consider VERA/VSIP options, placement, reduction-in-force, and outplacement actions if all current employees will not be included in the MEO.</p> <p>(2) Private sector win. The ETP will include the coordination of Right of First Refusal for current employees to potentially be hired by the successful private sector. The ETP will also consider VERA/VSIP options, placement, reduction-in-force, and outplacement actions for current employees.</p>
Q: What is the purpose of a LOO?	A: The purpose of the Most Efficient Organization Letter of Obligation (MEO LOO) is to create an enforceable agreement between the agency and the government's most efficient organization similar to a contract between the agency and the private sector. The intent of OMB Circular No. A-76 in establishing the MEO LOO is to ensure that both the government's MEO and the private sector are held to the same standards of performance.
Q: What are the main elements of a LOO?	A: A document stating the terms and conditions of the agreement between the contracting officer or other authorized agency official and the agency tender official (ATO) who has authority to commit resources and funds. The document incorporates the applicable sections of the solicitation (Sections A-J) and the agency tender.
Q: What rules or agreements govern or otherwise effect how LOO operates?	A: The FAR, the Code of Federal Regulations, OMB Circular No. A-76, collective bargaining agreements, and agency policies and procedures govern the management of the LOO..

PHASE II: IMPLEMENTING THE PERFORMANCE DECISION FREQUENTLY ASKED QUESTIONS	
Q: Who signs the LOO on behalf of Government and MEO/SP?	A: The LOO should be signed by the contracting officer or other authorized agency official and the agency tender official (ATO).
Q: Should HR Sign LOO?	A: No. The role of HR is to support management with human resource issues and not to act on behalf of the government.
Q: Should Union Rep sign LOO?	A: No. The union representatives represent employees and do not act on behalf of the government.
Q: Are there examples of LOO?	A: Examples of the MEO LOO for both streamlined and standard competitions can be found at the SHARE A-76I, Defense Acquisition University, and specific agency websites. http://sharea76.fedworx.org/inst/sharea76.nsf/CONTDEFLOO K/HOME-INDEX

PHASE III: MONITORING PERFORMANCE

Overview

Regardless of who wins the A76 competition, the agency is required to monitor performance for all performance periods whether by contract, fee-for service agreement or by MEO LOO. The OMB Circular No. A-76 specifically requires the agency to:

- “(1) monitor performance for all performance periods stated in the solicitation;
- (2) implement the quality assurance surveillance plan;
- (3) retain the solicitation and any other documentation from the streamlined or standard competition as part of the competition file;
- (4) maintain the currency of the contract file, consistent with FAR Subpart 4.8, for contracts, MEO letters of obligation, and fee-for-service agreements;
- (5) record the actual cost of performance by performance period; and
- (6) monitor, collect, and report performance information, consistent with FAR Subpart 42.15, for purposes of past performance evaluation in a follow-on streamlined or standard competition. To record the actual cost of performance for a specific performance period, the agency shall adjust actual costs for scope, inflation, and wage rate adjustments made during a specific performance period. The agency shall compare the actual costs to the costs recorded on SCF Lines 6 and 7 when the performance decision was made.”⁹

This tasks outlined in this section of the guidebook ensure that the agency can meet the OMB requirements.

Description of Key Tasks:

Task III-1. Review actual cost of performance and record for each performance period

The objective of this task is to confirm that the actual cost of performance is within the proposed agency cost estimate (developed in COMPARE) for the government’s MEO and the proposed cost/price proposal for the private sector service provider. The contracting officer or other authorized agency official should compare the service providers proposed costs against the actual costs of performance. OMB requires that this information be recorded on an annual basis, but as part of monitoring the contract, MEO LOO, or fee-for-service agreement, this should probably be performed on a quarterly basis at a minimum.

This process is very straight forward for a private sector provider operating under a contract. The contracting officer can use the service provider’s invoices to determine actual costs and compare them to the proposed cost. Depending on the type of contract, the service provider will provide invoices that give the contracting officer varied visibility into the service provider’s costs. For example, in a fixed price contract, the service provider may provide only a total monthly cost; whereas, in a cost plus fee contract, the service provider will be required to itemize all costs. In addition to invoices, the solicitation can require the service provider to collect and report on cost data. To ensure that the program office and the contracting officer have the cost data that they need to make this comparison (and to manage the program), it is recommended in *Phase I: Conducting the Competition*, Task I-8

⁹ OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003; Attachment B. E.4.

that while developing the solicitation the contracting officer stipulate the service provider collect and report on cost data that will make this comparison as easy and meaningful as possible.

NOTE: These same principles would apply for the fee-for-service agreement.

For the governments MEO operating under an MEO LOO, this comparison is not as easy. It is difficult to directly compare the costs proposed using COMPARE to the actual costs of performance. To make this easier, in *Phase II: Implementing the Performance Decision*, it is recommended in Task II-5 that the program office and the ATO establish a budget plan for the MEO or public reimbursable using actual costs. Using this budget, the contracting officer or other authorized agency official can compare actual costs to this budget. Since the MEO typically does not invoice the government for services, the contracting officer or other authorized official should require a reporting of actual costs on a monthly or quarterly basis—this requirement can be established in the MEO LOO.

Refer to Appendix D: Comparison of Proposed/Estimated vs. Actual Cost for a checklist of steps in reviewing the cost of performance, as well as, the Excel Spreadsheet template provided.

NOTE: This is not a comparison of actual costs to the baseline measures of costs to determine realized savings. This comparison will be conducted on an annual basis as part of *Phase IV: Post Competition Review*.

Task III-2. Implement the quality assurance surveillance plan

To ensure the contracting officer or other authorized agency official is able to assess the performance in terms of quality, the procedures set forth in the quality assurance surveillance plan should be implemented. The requirement for performing quality assurance is the same for contract, fee-for-service agreement, and MEO LOO. The program office will need to ensure that funding, personnel are made available to perform as QAEs.

Task III-3. Track changes to the contract, fee-for-service agreement, or MEO LOO

As required, the contracting officer or other authorized agency official shall modify the contract, MEO LOO, or fee for service agreement, for changes in the scope of work or volume of work that increase or decrease the cost of performance.

Task III-4. As necessary, terminate the contract

If the contracting officer or other authorized agency official determines that the contractor has failed to perform to the extent that a termination for default is justified the contracting officer shall issue a notice of termination under FAR Part 49.

Task III-5. If necessary, terminate the MEO letter of obligation

If the contracting officer or other authorized agency official determines that the contractor has failed to perform the requirements of the MEO LOO to the extent that a termination for default is necessary, then the contracting officer or other authorized agency official shall issue a notice of termination that would be consistent with FAR Part 49. The intent of being consistent with FAR is not to follow it exactly, but to follow the basic premise of reasonable notification of discrepancies that must be

corrected, resolved and improved upon, and if not would otherwise result in the need to terminate the MEO LOO. The termination shall be approved by the CSO and justification must be in writing.

Task III-6. If necessary, terminate the fee-for-service agreement

If the contracting officer or other authorized agency official determines that the contractor has failed to perform the requirements of the fee for service agreement to the extent that a termination for default is necessary, then the contracting officer or other authorized agency official shall issue a notice of termination that would be consistent with FAR Part 49. The intent of being consistent with FAR is not to follow it exactly, but to follow the basic premise of reasonable notification of discrepancies that must be corrected, resolved and improved upon, and if not would otherwise result in the need to terminate the fee for service agreement. The termination shall be approved by the CSO and justification must be in writing.

Task III-7. Provide information for OMB Competitive Sourcing Quarterly report

The OMB Circular No. A-76 requires that an agency shall submit a Competitive Sourcing Quarterly Report to OMB, by the end of each fiscal quarter (December, March, June, September), that includes the following (1) in-progress streamlined and standard competitions (i.e., competitions with start dates and pending performance decisions); and (2) completed streamlined and standard competitions (i.e., competitions with performance decisions). The required format for these reports can be found on the OMB web site at www.omb.gov.

Checklist of Key Tasks

PHASE III: MONITORING PERFORMANCE KEY TASKS	RESPONSIBILITY	√
III-1. Review actual cost of performance and record for each performance period	Contracting Officer	
III-2. Implement the quality assurance surveillance plan	Program Office	
III-3. Track changes to the contract, MEO LOO, or Fee for service agreement	Contracting Officer	
III-4. As necessary, terminate the contract	Contracting Officer	
III-5. If necessary, terminate the MEO letter of obligation	Contracting Officer	
III-6. If necessary, terminate the fee-for-service agreement	Contracting Officer	
III-7. Provide information for OMB Competitive Sourcing Quarterly report	Office of Competitive Sourcing	

Frequently Asked Questions

PHASE III: MONITORING PERFORMANCE FREQUENTLY ASKED QUESTIONS	
Q: Who can modify the LOO?	A: The contracting officer or other authorized agency official can unilaterally or bilaterally modify an agreement. If bilaterally, it must be with consent of the agency tender official (ATO).
Q: Under what circumstances can the LOO be modified?	A: The MEO LOO can be modified under the same circumstances that would typically occur with a contract under the FAR (i.e., change in scope of work, increase or decrease in amount of work, funding issues, etc.).
Q: How is the LOO modified?	A: The MEO LOO can be modified in writing and must enumerate the changes to the original agreement.
Q: What are the limitations on the extent to which a LOO may be modified?	A: There are no specific limitations to the extent that the MEO LOO can be modified provided funds are available in accordance with FAR 43.105. The agency should use discretion and modifications should be governed by the guidance in the FAR Part 43 and should always consider the best interest of the government.
Q. What is entailed in evaluating performance under a LOO?	A: Similar to evaluating performance under a contract, the MEO must meet the performance standards established in the MEO LOO. The agency will monitor the MEO performance according to the procedures established in the PWS, PRS, and QASP.
Q: What reporting obligations does the circular impose associated with evaluating performance?	A: See paragraph E-4 of the circular. Agencies must adhere to the PWS, PRS, QASP, FAR, terms and conditions specified in the MEO LOO.
Q: What additional guidance is available to assist the agency in monitoring performance and measuring results?	A: The PWS, PRS, and QASP requirements should provide guidance for performance monitoring. Additional guidance is in FAR 42.15.
Q: Who is responsible for evaluating performance under the LOO?	A: Similar to contracts, the program office is ultimately responsible for evaluating service provider performance under the MEO LOO through the contracting officer's technical representative (COTR) and the quality assurance evaluators (QAEs), if employed. The contracting officer is responsible for documenting the findings of the COTR and the QAEs in the competition file.
Q: What options are available to the agency to address performance shortfalls?	A: The MEO LOO is established with the intent to be an enforceable agreement. Other performance guidance includes that addressed under FAR Parts 17, 33, 42, and 49.
Q: What are the main differences that an agency needs to keep in mind when administering a contract vs. letter of obligation?	A: The major difference would be in the funding of the contract and the MEO LOO (i.e., obligation of funds vs. fencing/reserving of a part of a budget). The MEO LOO administration should mirror contract administration as closely

PHASE III: MONITORING PERFORMANCE FREQUENTLY ASKED QUESTIONS	
	as possible. Terminations and other drastic administration actions will require an agency process and coordination with management.
Q: What must be done to ensure the QASP is implemented?	A. The agency must ensure that the recommended procedures in the QASP are implemented; this primarily includes establishing and funding government personnel that will be quality assurance evaluators, such as the COTR, and establishing any workload or performance tracking systems that may be necessary to measure performance. The cost of quality assurance monitoring should be planned for in designing the residual organization, which is usually done at the end of PWS development. Steps must be taken to ensure the QASP is consistent with the proposed solution and Quality Control Plan. This may require a rewrite of the QASP based on the selected Service Provider's proposal. COTR and QAE's must be identified, qualified and sufficiently trained. Performance should be monitored through the QASP and a tool similar to MS Project.
Q. Is performance of individual employees evaluated separately from performance of MEO as a whole?	A. Yes. Employees are evaluated individually by their supervisors. The MEO's performance is measured through its ability to meet performance standards established in the PWS.
Q. Should individual personnel problems be taken into account when evaluating the overall performance of the MEO?	A. No. It is the responsibility of management to ensure that personnel are performing sufficiently so that the MEO can meet its performance standards. If personnel are not performing sufficiently, then the supervisor should contact HR/LMR to discuss options to resolve performance problems.
Q. How should personnel issues of individual employees be handled?	A. Personnel issues should be handled in accordance with normal OPM and agency procedures.
Q. What officials have responsibility in these circumstances (e.g., the immediate supervisor, the HRA, the CO)?	A. The immediate supervisor is responsible for evaluating and rating individual employee performance.
Q. What involvement does the employee union play?	A. The union or other employee representative's involvement is usually defined in bargaining unit agreements. The union ensures that specific aspects of the collective bargaining agreement (CBA) are upheld, if applicable, and that appropriate representation is provided to all employees in matters that affect their employee rights under the CBA with the agency.

PHASE IV: POST COMPETITION REVIEW

Overview

The post-competition review provides the program office, in collaboration with the contracting officer and the Office of Competitive Sourcing, the opportunity to verify and validate the savings and performance improvements resulting from completed competitions. In accordance with the Office of Management and Budget October 7, 2005 memorandum (M-06-01) for the heads of executive departments and agencies, federal agencies are required to report achieved savings and/or quantifiable performance improvements on completed competitions (commonly referred to as 647 reporting). The OMB Circular A-76 requires that the Competitive Sourcing Official (CSO) identify savings resulting from completed streamlined and standard competitions and, essentially, factor in those savings into the agency's budget. The purpose of the post-competition review is to give the program office and the CSO confidence that the projected savings or performance improvements that are being reported are being realized.

QUICK LINK

See OMB Memorandum M-06-01, *Report to Congress on FY2005 Competitive Sourcing Efforts* (October 7, 2005) for the latest annual guidance and accompanying Excel template. <http://www.whitehouse.gov/omb/memoranda/index.html#2006>

This post-competition review becomes particularly important to the program office when OMB is suggesting that the projected savings from competition that are being reported are either taken from the budget or reprogrammed for other uses. In other words, the program office needs to understand exactly what savings are being reported and whether or not they are actually being realized.

The post-competition review does not take the place of regular ongoing performance monitoring of the selected service provider. The objectives of the post-competition review are to:

- Verify the service provider's technical approach was implemented in accordance with the contract, most efficient organization (MEO) letter of obligation (LOO), or fee-for-service agreement;
- Verify that the service provider is meeting the performance requirements in the contract, MEO LOO, or fee-for-service agreement;
- Validate that actual costs are within the contract, MEO LOO, or fee-for-service agreement price;
- Validate that estimated savings were realized; and
- Validate that anticipated improvements in performance or service were realized.

This phase provides general instructions for planning and coordinating the post-competition review. The suggested tasks in this guidebook are not intended to be restrictive nor serve as a substitute for initiative or judgment, and shall also not overshadow the duties and responsibilities of the program manager, the contracting officer, or the contracting officer's technical representative. The review steps present one method of accomplishing the review objectives. If a particular step is not applicable or appropriate in the judgment of the reviewer, it should be annotated next to the review step or be cross-referenced to a working paper that adequately supports omission of the step.

Description of Key Tasks

The program office, in collaboration with the contracting officer and the Office of Competitive Sourcing plans for and coordinates the post-competition review. Any audit review organization may perform this role, but the action is usually initiated by the program office. However, agencies have discretion on who performs their post-competition review.

Task IV-1. Schedule Post-Competition Review

The program office, in coordination with the contracting officer or other authorized agency official and the Office of Competitive Sourcing should plan to review each competition on an annual basis. It is recommended that the first post competition review occur after twelve months of full performance, excluding the phase-in period.

Task IV-2. Identify the Post-Competition Review Team

The post-competition review team must be a collaborative effort including such members as the Program Manager, Agency Tender Official (ATO), Office of Competitive Sourcing, Contracting Officer, Contracting Officer's Technical Representative, Finance, Accounting, and other Quality Assurance personnel as appropriate.

Task IV-3. Sign non-disclosure agreements

It is important for the Post-Competition Review Team to sign non-disclosure agreements. During the course of the review they will be reviewing the contractors or the MEO's proprietary data.

Task IV-4. Identify and initiate contact with the appropriate program support personnel

The Post Competition Review Team should develop a strategy for how they will complete Tasks IV-5 through IV-10 and contact the appropriate program support personnel to gather the resources necessary to complete their review.

NOTE: If the Post-Competition Review Team deems it necessary to validate savings and performance by talking to employees it suggested they coordinate any employee contact with the employee representative or union official as appropriate.

Task IV-5. Collect existing documentation

Based on the tasks accomplished in Phases I through III, the agency should have substantial information documenting the competition process, cost savings, and performance. The Post-Competition Review Team should begin the review by collecting this existing documentation. The documentation includes:

Existing Documentation	Location
FAIR Act Inventory baseline establishing function and original number of FTE under competition	Competition File
Baseline cost estimate (See Task I-1); this should include a staffing plan	Competition File
Actual baseline costs (See Task I-1); this should include a staffing plan	Competition File
Solicitation [entire document] used by the contracting officer to solicit bids/offers and all amendments	Competition File
Accepted proposal	Competition File
MEO (staffing plan) or private sector staffing plan as in conformance with solicitation requirements and accepted proposal	Competition File
Certified Standard or streamlined competition form	Competition File
Accepted cost proposal; for the MEO an agency cost estimate with competition form (SLCF or SCF) and all related worksheets or in the case of private sector contract, a copy of the submitted and accepted cost/price proposal	Competition File
MEO LOO (for studies conducted under OMB Circular A-76, 29 May 2003) or a copy of the private sector contract award documents (SF26, SF33, and SF1449 with Sections B through J attached)	Competition File
All contract, fee-for-service, or MEO LOO modifications; justification for modifications	Competition File
Record of actual phase-in start date; record of service provider staffing at phase-in completion and start of full performance	Competition File
Record of workload measures and/or scope of work	Competition File/ Program Office
Property administration records	Competition File
Bills, invoices, vouchers, and supporting documentation for contractor or fee-for-service agreement	Competition File
A comparison of the personnel by grade and step as originally proposed for the MEO estimated in the ACE (using COMPARE) to the personnel assigned (MEO Staffing Chart) during the performance periods with explanations for any differences. In the case of private sector service provider, a comparison of the submitted and accepted staffing plans.	Competition File
Quality Assurance Surveillance Plan (QASP) and other documents	Competition File
Quality Control Plan which was submitted and accepted for both the MEO or private sector provider	Competition File
Residual organization staffing plan	Program Office

Existing Documentation	Location
Documentation pertaining to workload, and quantities of products and or services produced during the period of performance	Competition File
Documentation of inspections performed by COTR and QAE(s) showing quality and timeliness of products and services during the performance period as noted in the Quality Assurance Surveillance Plan (QASP) to be used in conjunction with the MEO or Commercial Contract's QCP	Competition File
Documentation of customer service levels or customer complaints	Competition File
Prior post-competition reviews, if any	Competition File
Documentation of labor, material and other specifically attributable costs during the period of performance compliant with financial management regulations	Competition File
Documentation showing that the Office of Competitive Sourcing database has been updated and is current	Office of Competitive Sourcing
Documentation substantiating the data provided to OMB in the 647 report	Office of Competitive Sourcing

Appendix F: Data Collection Review Checklist contains this list in a convenient checklist format.

Task IV-6. Verify service provider's technical approach was implemented in accordance with the contract, MEO LOO, or fee-for-service agreement.

The Post-Competition Review Team should:

- Compare the service provider's accepted proposal to their staffing at phase-in completion.
- Compare the service provider's accepted proposal to their current staffing levels, roles and responsibilities, and standard operating procedures to validate that they are implementing the technical approach in accordance with the contract, MEO LOO, or fee-for-service agreement.

Task IV-7. Verify that the service provider is meeting the performance requirements in the contract, MEO LOO, or fee-for-service agreement

The Post-Competition Review Team should:

- Develop a checklist using the PRS and review each of the performance standards and compare to documented actual performance metrics; where there is no performance documentation, the Post-Competition Review Team will need to conduct quality assurance reviews
- If the PRS is not sufficient to determine performance, identify performance requirements and standards in the PWS and compare to documented performance metrics; where there is no performance documentation, the Post-Competition Review Team will need to conduct quality assurance reviews

- Review projected workload to current workload. Note any accompanying impact on numbers and types of FTE
- Review customer satisfaction ratings against established standards. Assess the validity of the data, and random sample customer feedback to verify ratings if necessary

Task IV-8. Validate that actual costs are within the contract, MEO LOO, or fee-for-service agreement price

The Post Competition Review Team should:

- Collect actual costs of performance for one year. This can be accomplished with the Program Office and the Financial Management Office. The actual costs should include all costs associated with performance of the work.
- Compare the service provider's accepted cost proposal or agency cost estimate to the cost of actual performance; in the case of the agency provider, the cost of actual performance should be compared to the budget established for the MEO in Task II-5. See Appendix E for guidance in comparing cost estimates prepared in COMPARE to actual agency costs.

Task IV-9. Validate that estimated savings were realized

In many competitions that report savings, savings are not actually realized because costs are just shifted from the function or area under competition to the residual organization or to other areas of the agency. For the CSO or the Program Office to report savings to OMB, they must be certain that they are real. Validating that actual costs are within the contract, MEO LOO or fee-for-services agreement is only the first part of validating that estimated savings were realized. In addition, the Post Competition Review Team should:

- Compare the actual baseline cost (established in Task 1-1) to the first year of full performance cost. Unlike the comparison in Task IV-8, this comparison should also include those costs that were common costs for the competition but are required for the performance of the work. This comparison should identify if actual savings have been realized or if costs have just been shifted in the organization.
- Review the employee transition plan to identify what actually happened to all the employees. Determine if the employees displaced from competition moved to the residual organization?
- Cost the residual organization using the same methodology used to develop actual baseline costs. Assess if the residual organization *plus* the actual baseline costs represents a cost savings from the original organization. Often this can be assessed from basic information about personnel, without needing a great deal of data collection or analysis.

Task IV-10. Validate that anticipated improvements in performance or service were realized

The Post Competition Review Team should:

- Verify the documentation of inspections performed by the COTR and QAE to ensure that the service provider has met the standards outlined in the PWS
- Compare service provider performance with baseline measures of performance (Task I-2)

Checklist of Key Tasks

PHASE IV: POST COMPETITON REVIEW KEY TASKS	RESPONSIBILITY	√
IV-1. Schedule post competition review	Office of Competitive Sourcing Program Office	
IV-2. Identify the post competition review team	Program Office	
IV-3. Sign non-disclosure agreements	Post Competition Review Team	
IV-4. Identify and initiate contact with the appropriate program support personnel	Post Competition Review Team	
IV-5. Collect existing documentation	Post Competition Review Team	
IV-6. Verify service provider's technical approach was implemented in accordance with the contract MEO LOO, or fee-for-service	Post Competition Review Team	
IV-7. Verify that the service provider is meeting the performance requirements in the contract, MEO LOO, or fee-for-service agreement	Post Competition Review Team	
IV-8. Validate that actual costs are within the contract, MEO LOO, or fee-for-service agreement price	Post Competition Review Team	
IV-9. Validate that estimated savings were realized	Post Competition Review Team	
IV-10. Validate that anticipated improvements in performance or service were realized	Post Competition Review Team	

Frequently Asked Questions

PHASE IV: POST COMPETITON REVIEW FREQUENTLY ASKED QUESTIONS	
Q: What if any steps must be taken beyond those set forth in the FAR for awards made pursuant to public private competitions?	A: Circular A-76 requires the performance of post-competition reviews (i.e., meaning an internal agency review) that verifies that the performance improvements and cost savings identified as a result of the competition are realized. This review is performed annually regardless of whether the competition was won by an MEO or other service provider.

PHASE V: INDEPENDENT VERIFICATION AND VALIDATION

Overview

The independent verification and validation (IV&V) is essentially the same as the post-competition review except that instead of being performed by the program office, the review is performed by an independent party. The purpose of the independent verification and validation is to give the Competitive Sourcing Official (CSO) and the Office of Management and Budget (OMB) confidence that the projected savings or performance improvements that are being reported are being realized.

Description of Key Tasks

The Office of Competitive Sourcing plans for and coordinates the IV&V. Any audit review organization may perform this role, but the action is usually initiated by the Office of Competitive Sourcing. However, agencies have discretion on who performs their IV&V.

The key tasks are almost identical to the tasks in *Phase IV: Post Competition Review*; however, instead of being performed by a team within the program office, the IV&V is performed by an outside independent party.

Task V-1. Schedule Post-Competition Review

The Office of Competitive Sourcing should identify competitions for IV&V on a random sample basis. It is recommended that competitions be considered for IV&V only after twelve months of full performance, excluding the phase-in period.

Task V-2. Identify the IV&V Team

The Office of Competitive Sourcing will identify the IV&V Team ensuring that the members are independent of the Program Office, Office of Competitive Sourcing, Contracting Officer, Contracting Officer's Technical Representative, Agency Tender Official, and the MEO employees.

Task V-3. Sign non-disclosure agreements

See Task IV-3.

Task V-4. Identify and initiate contact with the appropriate program support personnel

See Task IV-4.

Task V-5. Collect existing documentation

See Task IV-5.

Task V-6. Verify service provider's technical approach was implemented in accordance with the contract, MEO LOO, or fee-for-service agreement.

See Task IV-6.

Task V-7. Verify that the service provider is meeting the performance requirements in the contract, MEO LOO, or fee-for-service agreement

See Task IV-7.

Task V-8. Validate that actual costs are within the contract, MEO LOO, or fee-for-service agreement price

See Task IV-8.

Task V-9. Validate that estimated savings were realized

See Task IV-9.

Task V-10. Validate that anticipated improvements in performance or service were realized

See Task IV-10

Checklist of Key Tasks

PHASE V: INDEPENDENT COMPETITION REVIEW KEY TASKS	RESPONSIBILITY	√
V-1. Schedule post competition review	Office of Competitive Sourcing	
V-2. Identify the IV&V Team	Office of Competitive Sourcing	
V-3. Sign non-disclosure agreements	Independent Competition Review Team	
V-4. Identify and initiate contact with the appropriate program support personnel	Independent Competition Review Team	
V-5. Collect existing documentation	Independent Competition Review Team	
V-6. Verify service provider's technical approach was implemented in accordance with the contract MEO LOO, or fee-for-service	Independent Competition Review Team	
V-7. Verify performance standard in PRS are consistent with the current QASP	Independent Competition Review Team	
V-8. Evaluate the documentation of actual workload to determine deviations from projected workload	Independent Competition Review Team	
V-9. Determine the total cost of operation to the Agency	Independent Competition Review Team	

APPENDIX A: GLOSSARY OF TERMS AND DEFINITIONS

TERM	DEFINITION
Activity	A specific task or grouping of tasks that provides a specialized capability, service or product based on a recurring government requirement. Depending on the grouping of tasks, an activity may be an entire function or may be a part of a function. An activity may be inherently governmental or commercial in nature.*
Actual Baseline Cost	The current actual cost of an organization
Adversely Affected Employees	Federal civilian employees serving competitive or excepted service appointments in Tenure Groups I, II, or III, who are identified for release from their competitive level by an agency, in accordance with 5 C.F.R. Part 351 and 5 U.S.C. Chapter 35, as a direct result of a performance decision resulting from a streamlined or standard competition.*
Agency Cost Estimate	The part of the agency tender in a standard competition that includes the agency's cost proposal and represents the full cost of agency performance of the commercial activity, based on the requirements in the solicitation and the costing policy in Attachment C. The agency cost estimate for a streamlined competition is developed in accordance with Attachments B and C.* For competitions completed prior to the revised OMB Circular A-76, the agency cost estimate is referred to as the "in House Cost Estimate."
Agency Performance	Performance of a commercial or inherently governmental activity with government personnel. Often referred to as "in-house performance."*
Agency Source	A service provider staffed by government personnel.*
Agency Tender	The agency management plan submitted in response to a solicitation for a standard competition. The agency tender includes an MEO, agency cost estimate, MEO quality control plan, MEO phase-in plan, and copies of any MEO subcontracts (with the private sector providers' proprietary information redacted). The agency tender is prepared in accordance with Attachment B and the solicitation requirements.*
Agency Tender Official (ATO)	An inherently governmental agency official with decision-making authority who is responsible for the agency tender and represents the agency tender during source selection.*
Appointment Letter	A letter drafted by the Competitive Sourcing Official appointing competition officials for Standard Competitions.
Baseline Cost Estimate	The current actual cost of an organization using OMB Circular No. A-76 methodology in COMPARE.
Commercial Activity	A recurring service that could be performed by the private sector. This recurring service is an agency requirement that is funded and controlled through a contract, fee-for-service agreement, or performance by government personnel. Commercial activities may be found within, or throughout, organizations that perform inherently governmental activities or classified work.*
Common Costs	Specific costs identified in the solicitation that will be incurred by the government regardless of the provider (private sector, public reimbursable, or agency). Common costs are sometimes referred to as wash costs. Examples of common costs include government-furnished property, security clearances, and joint inventories.*
COMPARE	The windows-based A-76 costing software that incorporates the costing procedures of this circular. Agencies must use COMPARE to calculate and document the costs on the SLCF for a streamlined competition or the SCF for a standard competition. The software is available through the SHARE A-76! web site at http://emissary.acq.osd.mil/inst/share.nsf/ .*

TERM	DEFINITION
Competition	A formal evaluation of sources to provide a commercial activity that uses pre-established rules (e.g., the FAR, this circular). Competitions between private sector sources are performed in accordance with the FAR. Competitions between agency, private sector, and public reimbursable sources are performed in accordance with the FAR and this circular. The term “competition,” as used in this circular includes streamlined and standard competitions performed in accordance with this circular, and FAR-based competitions for agency-performed activities, contracted services, new requirements, expansions of existing work, and activities performed under fee-for-service agreement. The term also includes cost comparisons, streamlined cost comparisons, and direct conversions performed under previous versions of OMB Circular A-76.*
Competition File	The documents used in a standard competition in addition to the government contract files required by FAR Subpart 4.8. Agencies maintain this file regardless of the source selected to perform the activity.*
Competition Officials	The agency officials appointed before a standard competition is announced. These individuals perform key roles and have essential responsibilities for the successful completion of the standard competition. Competition officials are the agency tender official, contracting officer, source selection authority, human resource advisor, and PWS team leader.*
Competitive Sourcing Official (CSO)	An inherently governmental agency official responsible for the implementation of this circular within the agency.*
Component	An organizational grouping within an agency, such as a bureau, center, military service, or field activity.*
Contracting Officer (CO)	An inherently governmental agency official who participates on the PWS team, and is responsible for the issuance of the solicitation and the source selection evaluation methodology. The CO awards the contract and issues the MEO letter of obligation or fee-for-service agreement resulting from a streamlined or standard competition. The CO and the SSA may be the same individual.*
Contracting Officer Technical Representative	An official who monitors the cost and schedule of a task order and provides the Contracting Officer with technical information.
Employee Transition Plan	A written plan developed by the HRA for the potential transition of the agency's civilian employees to an MEO, or to private sector or public reimbursable performance. This plan is developed early in the streamlined or standard competition process, based on the incumbent government organization, to identify projected employee impacts and the time needed to accommodate such impacts, depending on the potential outcomes of the competition. The employee transition plan differs from a phase-in plan, which is developed by prospective providers responding to a solicitation.*
End Date	The end date for a streamlined or standard competition is the date that all SCF certifications are completed, signifying an agency's performance decision.*
FAIR Act Inventory	A listing of all commercial activities performed by Federal employees
FedBizOpps.gov	The website where the government electronically advertises solicitations or requirements.*
Federal Acquisition Regulations (FAR)	The policies and procedures that govern the acquisition of goods and services by all executive agencies.
Fee-for-Service Agreement	A formal agreement between agencies, in which one agency provides a service (a commercial activity) for a fee paid by another agency. The agency providing the service is referred to in this circular as a public reimbursable source.*

TERM	DEFINITION
Full-Time Equivalent (FTE)	The staffing of Federal civilian employee positions, expressed in terms of annual productive work hours (1,776) rather than annual available hours that includes non-productive hours (2,080 hours). FTEs may reflect civilian positions that are not necessarily staffed at the time of public announcement and staffing of FTE positions may fluctuate during a streamlined or standard competition. The staffing and threshold FTE requirements stated in this circular reflect the workload performed by these FTE positions, not the workload performed by actual government personnel. FTEs do not include military personnel, uniformed services, or contract support.*
Government Furnished Property (GFP)	Facilities, equipment, material, supplies, or other services provided by the government for use by all prospective providers in the solicitation. Costs for GFP included in a solicitation are considered common costs. Replacement costs, insurance, maintenance and repair costs for GFP may or may not be government-furnished, depending on the provisions in the solicitation.*
Government Personnel	Civilian employees, foreign national employees, temporary employees, term employees, non-appropriated fund employees, and uniformed services personnel employed by an agency to perform activities.*
Human Resource Advisor (HRA)	An inherently governmental agency official who is a human resource expert and is responsible for performing human resource-related actions to assist the ATO in developing the agency tender.*
Incumbent Service Provider	The source (i.e., agency, private sector, or public reimbursable source) providing the service when a public announcement is made of the streamlined or standard competition.*
Inherently Governmental Activities	An activity that is so intimately related to the public interest as to mandate performance by government personnel as provided by Attachment A.*
MEO Letter of Obligation	A formal agreement that an agency implements when a standard or streamlined competition results in agency performance (e.g., MEO).*
MEO Subcontracts	Contracts between an agency and the private sector that are included in the agency tender or fee-for service agreements with a public reimbursable source that are included in the agency tender. In addition to the cost of MEO subcontracts, agency or public reimbursable cost estimates must include support costs associated with MEO subcontracts such as government-furnished property, and contract administration, inspection, and surveillance.*
MEO Team	A group of individuals, comprised of technical and functional experts, formed to assist the ATO in developing the agency tender.*
Most Efficient Organization (MEO)	The staffing plan of the agency tender, developed to represent the agency's most efficient and cost-effective organization. An MEO is required for a standard competition and may include a mix of government personnel and MEO subcontracts.*
Offer	A private sector source's formal response to a request for proposals or invitation for bid. The term "offeror" refers to the specific source rather than the response.*
Performance Decision	The outcome of a streamlined or standard competition, based on SLCF or SCF certifications.*
Performance Requirements Summary	A PRS is a synopsis of the scope of work and output performance measurements
Performance Standards	Verifiable, measurable levels of service in terms of quantity, quality, timeliness, location, and work units. Performance standards are used in a performance-based PWS to (1) assess (i.e., inspect and accept) the work during a period of performance; (2) provide a common output-related basis for preparing private sector offers and public tenders; and (3) compare the offers and tenders to the PWS. The requiring activity's acceptable levels of service are normally stated in the PWS. The solicitation includes performance standards.*

TERM	DEFINITION
Performance Work Statement (PWS)	A statement in the solicitation that identifies the technical, functional, and performance characteristics of the agency's requirements. The PWS is performance-based and describes the agency's needs (the "what"), not specific methods for meeting those needs (the "how"). The PWS identifies essential outcomes to be achieved, specifies the agency's required performance standards, and specifies the location, units, quality and timeliness of the work.*
Phase-in Plan	A prospective provider's plan to replace the incumbent provider(s) that is submitted in response to the solicitation. The phase-in plan is implemented in the first performance period and includes details on minimizing disruption, adverse personnel impacts, and start-up requirements. The phase-in plan is different from the employee transition plan developed by the HRA.*
Prospective Providers	Private sector, public reimbursable, and agency sources that may submit responses (offers or tenders) in response to an agency's solicitation.*
Provider	An agency, private sector, or public reimbursable source that is performing, or will perform, a commercial activity; sometimes referred to as a service provider.*
Public Announcement	An agency's formal declaration that the agency has made a (1) decision to perform a streamlined or standard competition, or (2) performance decision in a streamlined or standard competition. The CO makes these announcements via <i>FedBizOpps.gov</i> .*
Public Reimbursable Source	A service provider from a federal agency that could perform a commercial activity for another federal agency on a fee-for-service or reimbursable basis by using either civilian employees or federal contracts with the private sector.*
Public Reimbursable Tender	A federal agency's formal response to another federal agency's solicitation for offers or tenders. The public reimbursable tender is developed in accordance with this circular and includes a cost estimate, prepared in accordance with Attachment C.*
PWS Team	A group of individuals, comprised of technical and functional experts, formed to develop the PWS and quality assurance surveillance plan, and to assist the CO in developing the solicitation.*
Quality Assurance Evaluator (QAE)	A Federal employee who evaluates the administration of contractor provided services
Quality Assurance Surveillance	The government's monitoring of a service provider's performance in accordance with the quality assurance surveillance plan and the performance requirements identified in the solicitation.*
Quality Assurance Surveillance Plan	The government's inspection plan. The quality assurance surveillance plan documents methods used to measure performance of the service provider against the requirements in the PWS. The agency relies on the service provider to monitor daily performance using their own quality control plan, but retains the right to inspect all services. When the agency makes a performance decision, the agency re-evaluates and modifies the existing quality assurance surveillance plan, based upon the selected provider and the selected provider's accepted quality control plan.*
Quality Control Plan	A self-inspection plan that is included in all offers and tenders. The quality control plan describes the internal staffing and procedures that the prospective provider will use to meet the quality, quantity, timeliness, responsiveness, customer satisfaction, and other service delivery requirements in the PWS.*
Representatives of Directly Affected Employees	In the case of directly affected employees represented by a labor organization accorded exclusive recognition under 5 U.S.C. § 7111, a representative is an individual designated by that labor organization to represent its interests. In the case of directly affected employees not represented by a labor organization under 5 U.S.C. § 7111, a representative is an individual appointed by directly affected employees as their representative.*

TERM	DEFINITION
Residual Organization	An organization that performs inherently governmental work not defined in the PWS
Resources	Funding allocated for contracts, manpower, facilities, material, or equipment to perform agency requirements.*
SHARE A-76!	The Department of Defense A-76 knowledge management system used to share knowledge, information, and experience about public-private competitions. This public site contains A-76-related guidance, sample documents, best practices, tools, and links to other A-76 websites and sources for A-76-related information. Users may post best practices used in public-private competitions, research A-76 through the use of search engines, and submit internet links to add to the available links in SHARE A-76! The web site address is http://emissary.acq.osd.mil/inst/share.nsf/ .*
Solicitation Closing Date	The due date for delivery of private sector offers, public reimbursable tenders, and the agency tender, as stated in the solicitation.*
Source	One of three specific categories of service providers (i.e., agency, private sector, or public reimbursable) that can perform a commercial activity for an agency.*
Source Selection Authority (SSA)	A competition official with decision-making authority who is responsible for source selection as required by the FAR and this circular. The SSA and CO may be the same individual.*
Source Selection Evaluation Board (SSEB)	The team or board appointed by the SSA to assist in a negotiated acquisition.*
Standard Competition Form (SCF).	The agency form that documents and certifies all costs calculated in the standard competition.*
Start Date	The start date for a streamlined or standard competition is the date that the agency makes a formal public announcement of the agency's decision to perform a streamlined or standard competition.*
Streamlined Competition Form (SLCF)	The agency form that documents and certifies all costs calculated in the streamlined competition, in accordance with Attachment C.*

APPENDIX B: REFERENCES

OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003

OMB Circular A-94 "Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs"
October 1992

5 CFR (Code of Federal Regulations) Part 550 – Pay Administration (General)

Federal Acquisition Regulation (FAR)

Federal Accounting Standards, particularly the Statement of Recommended Accounting Standards
NR.4

APPENDIX C: SUMMARY OF KEY TASKS

PHASE I: CONDUCTING THE COMPETITION KEY TASKS	RESPONSIBILITY	√
I-1. Establish baseline measures of cost	Program Office	
I-2. Establish baseline measures of performance	Program Office	
I-3. Ensure ATO is an officially designated position in the organization and will continue to be responsible for MEO performance after the performance decision	Program Office	
I-4. Reserve funding for competition	Program Office	
I-5. Establish and maintain the competition file	Office of Competitive Sourcing Contracting Officer	
I-6. Upon public announcement, enter competition into the tracking data base	Office of Competitive Sourcing	
I-7. Update the tracking data base as significant milestones occur	Office of Competitive Sourcing	
I-8. Ensure the solicitation contains data collection and reporting requirements that will facilitate post competition accountability	PWS Team Lead Contracting Officer	
I-9. Ensure the quality assurance surveillance plan contains data collection and reporting requirements that will facilitate post competition accountability	PWS Team Lead Contracting Officer	
I-10. The MEO Team should consider building in procedures to track costs and performance into their MEO	Agency Tender Official	
PHASE II: IMPLEMENTING THE PERFORMANCE DECISION KEY TASKS	RESPONSIBILITY	√
II-1. For a private sector source, award the contract	Contracting Officer	
II-2. For an agency tender provider, establish the MEO letter of obligation	Contracting Officer	
II-3. For a public reimbursable source, develop a fee-for-service agreement	Contracting Officer	
II-4. Review the baseline measures of cost; adjust as necessary	Contracting Officer Program Office	
II-5. Establish a budget plan for the MEO	Program Office Contracting Officer	
II-6. Brief implementation procedures (post award conference)	Contracting Officer	
II-7. Update the tracking database as significant milestones occur	Office of Competitive Sourcing	

II-8. Prepare lessons learned for posting to SHARE A76!	PWS Team Leader Agency Tender Official Contracting Officer Office of Competitive Sourcing	
PHASE III: MONITORING PERFORMANCE KEY TASKS	RESPONSIBILITY	√
III-1. Review actual cost of performance and record for each performance period	Contracting Officer	
III-2. Implement the quality assurance surveillance plan	Program Office	
III-3. Track changes to the contract, MEO LOO, or Fee for service agreement	Contracting Officer	
III-4. As necessary, terminate the contract	Contracting Officer	
III-5. If necessary, terminate the MEO letter of obligation	Contracting Officer	
III-6. If necessary, terminate the fee-for-service agreement	Contracting Officer	
III-7. Provide information for OMB Competitive Sourcing Quarterly report	Office of Competitive Sourcing	
PHASE IV: POST COMPETITON REVIEW KEY TASKS	RESPONSIBILITY	√
IV-1. Schedule post competition review	Office of Competitive Sourcing Program Office	
IV-2. Identify the post competition review team	Program Office	
IV-3. Sign non-disclosure agreements	Post Competition Review Team	
IV-4. Identify and initiate contact with the appropriate program support personnel	Post Competition Review Team	
IV-5. Collect existing documentation	Post Competition Review Team	
IV-6. Verify service provider's technical approach was implemented in accordance with the contract MEO LOO, or fee-for-service	Post Competition Review Team	
IV-7. Verify that the service provider is meeting the performance requirements in the contract, MEO LOO, or fee-for-service agreement	Post Competition Review Team	
IV-8. Validate that actual costs are within the contract, MEO LOO, or fee-for-service agreement price	Post Competition Review Team	
IV-9. Validate that estimated savings were realized	Post Competition Review Team	

IV-10. Validate that anticipated improvements in performance or service were realized	Post Competition Review Team	
PHASE V: INDEPENDENT VERIFICATION AND VALIDATION OF PERFORMANCE KEY TASKS	RESPONSIBILITY	√
V-1. Schedule post competition review	Office of Competitive Sourcing	
V-2. Identify the post competition review team	Office of Competitive Sourcing	
V-3. Sign non-disclosure agreements	Independent Competition Review Team	
V-4. Identify and initiate contact with the appropriate program support personnel	Independent Competition Review Team	
V-5. Collect existing documentation	Independent Competition Review Team	
V-6. Verify service provider's technical approach was implemented in accordance with the contract MEO LOO, or fee-for-service	Independent Competition Review Team	
V-7. Verify performance standard in PRS are consistent with the current QASP	Independent Competition Review Team	
V-8. Evaluate the documentation of actual workload to determine deviations from projected workload	Independent Competition Review Team	
V-9. Determine the total cost of operation to the Agency	Independent Competition Review Team	

**APPENDIX D: SUMMARY OF TRACKING MILESTONES, COMPETITION FILE DOCUMENTS,
AND DATA REQUIRED BY OMB**

TRACKING MILESTONE	COMPETITION FILE DOCUMENTS	DATA REQUIRED BY OMB
<p>Public announcement</p> <p>(This section includes preliminary planning requirements up to public announcement)</p>	<ul style="list-style-type: none"> • FAIR Act Inventory baseline establishing function and original number of FTE under competition • Baseline cost estimate • Actual baseline cost • Baseline measures of performance • Appointment letters for competition officials • Public announcement in FedBizOps 	<ul style="list-style-type: none"> • <i>Unique tracking number</i> • Competition Start Date (Day/Month/Year) • Agency • Bureau • Primary Activity Code, Secondary Activity Code, Additional Activity Code • Location (State) • Number of FTE in Competition
<p>Solicitation Issued</p>	<ul style="list-style-type: none"> • All documents posted for potential offerors (synopsis, sources sought, draft PWS, questions and answers, participants in Industry Day, etc. • Adjustments to the baseline measures of cost and performance necessitated by changes in the scope of the competition during the acquisition process • Independent Government Estimate, if required • Evidence of availability of funds for both contractor and for government's MEO • Records of small business participation • Agency determination to provide or not provide government-furnished property • Justification for type of contract and acquisition strategy • Copy of solicitation and all amendments • 	<ul style="list-style-type: none"> • <i>Solicitation Issue/Release Date</i> • Source Selection Strategy Used
<p>Solicitation Closing</p>	<ul style="list-style-type: none"> • A copy of each offer (see the FAR.803 for specifics on maintaining files on unsuccessful offerors) • A copy of the agency tender 	<ul style="list-style-type: none"> • <i>Solicitation Closing Date</i> • Number of Bids Received
<p>Performance Decision</p>	<ul style="list-style-type: none"> • Record of any negotiations • Justification for source selection/performance decision 	<ul style="list-style-type: none"> • Competition End Date (Day/Month/Year) • Length of Competition (Days)

TRACKING MILESTONE	COMPETITION FILE DOCUMENTS	DATA REQUIRED BY OMB
(Includes source selection)	<ul style="list-style-type: none"> • Required approvals for award and evidence of legal review • Certified SLCF or SCF • Performance decision announcement in FedBizOps • Signed contract, fee-for-service agreement, or MEO LOO • Notice to unsuccessful offerors 	<ul style="list-style-type: none"> • Winning Provider • Expected Phase In Completion Date (Day/Month/Year) • Baseline Costs • Cost of Winning Offer/Tender Performance Period #1 • Cost of Winning Offer/Tender Performance Period #2 • Cost of Winning Offer/Tender Performance Period #3 • Cost of Winning Offer/Tender Performance Period #4 • Cost of Winning Offer/Tender Performance Period #5 • Total Cost of Winning Offer/Tender • Incremental Cost of Conducting Study by Fiscal Year (FY03, FY04, FY05) • Total Incremental Cost of Conducting Study • Estimated Savings • Period of Estimated Savings (Performance Period—in years) • Annualized Savings • Actual savings (if available) • Savings Methodology: Calculation/Proxy • Quantifiable Description of Improvement in Service or Performance (if appropriate)
Phase-In Start Date	<ul style="list-style-type: none"> • Record of actual phase-in start date 	<ul style="list-style-type: none"> • <i>Phase-In Start Date</i>
Phase-In Completion	<ul style="list-style-type: none"> • Record of service provider staffing at phase-in completion and start of full performance 	<ul style="list-style-type: none"> • Actual Phase-In completion Date
Performance Period(s)	<ul style="list-style-type: none"> • Bills, invoices, vouchers, and supporting documentation for contractor or fee-for-service agreement • Documentation of actual costs for MEO LOO • Quality assurance records • Property administration records • Record of workload measures and/or scope of work • All contract, fee-for-service agreement, or MEO LOO modifications • Justification for modifications • Documentation regarding termination actions 	<ul style="list-style-type: none"> • <i>Actual Cost of Winning Offer/Tender Performance Period #1</i> • <i>Actual Cost of Winning Offer/Tender Performance Period #2</i> • <i>Actual Cost of Winning Offer/Tender Performance Period #3</i> • <i>Actual Cost of Winning Offer/Tender Performance Period #4</i> • <i>Actual Cost of Winning Offer/Tender Performance Period #5</i>

APPENDIX E: COMPARISON OF PROPOSED/ESTIMATED VS. ACTUAL COST WORKSHEET

The objectives of Task III-1 is to confirm that actual costs of performance are within the proposed agency cost estimate (developed in COMPARE) for the government’s MEO and the proposed cost/price proposal for the private sector service provider. This also evaluates the validity of validity of assumptions used in developing actual costs, and the adequacy of supporting documentation.

Cost Review Step	Comp Date	Reviewer Comments and Work Paper References
<p>(1) Provide a worksheet that compares current actual costs against estimated costs for Line 1 (Personnel), Line 2 (Material/Supplies), and Line 3 (OSAC) of the agency cost estimate using COMPARE. Review COMPARE documentation and printouts.</p> <p>For Line 1: Use the estimated Line 1 costs you’re your CCF/SLCF/SCF and the actual salary including overtime, other pay and actual fringe.</p> <p>For Line 2: Use the material and supply cost estimates from your CCF/SLCF/SCF and the actual material and supply costs.</p> <p>For Line 3: Use the other specifically attributable cost estimates from your CCF/SLCF/SCF and the actual costs. Provide an explanation for all differences.</p>		 <p>Microsoft Excel Worksheet</p> <p>The embedded spreadsheet is to be used as a template. Please update spreadsheet with data comparing actual costs to estimated costs. Additional worksheets may be added, if they contain pertinent information.</p>
<p>Line 1: Personnel Costs. This line includes all direct and supervisory labor costs for accomplishing the workload requirements specified in the PWS. These costs include salaries, wages, and other entitlements.</p>		
<p>(2) Verify personnel cost estimates are taken from the CCF/SLCF.</p>		
<p>(3) Ensure that all actual direct labor and supervision costs necessary to accomplish the requirements of the PWS are included. If agency actual costs include a mix of agency labor and subcontracts, ensure that labor costs are included for contract administration and inspections. Compare actual and estimated costs.</p>		

Cost Review Step	Comp Date	Reviewer Comments and Work Paper References
(4) Compare estimated Line 1 personnel costs from the agency cost estimate with actual salaries. For the actual costs, evaluate the adequacy of supporting documentation.		
(5) Evaluate the actual overtime costs and estimated overtime costs.		
(6) Adjust estimated costs for scope, inflation, and wage rate adjustments made during a specific POP. This is applicable to Lines 2 and 3 also.		
Line 2: Material & Supply Costs. This line includes all material and supply costs, such as raw materials, parts, subassemblies, components, and office supplies, required by the function/business unit under competition.		
(7) Verify material and supply cost estimates are taken from the CCF/SLCF/SCF.		
(8) Review the PWS and solicitation documents to determine which materials should be included in the actual cost. Exclude GFM. Compare actual and estimated costs.		
Line 3: Other Specifically Attributable Costs. This line includes all costs, except personnel and material related costs, which are 100 percent attributable to the function/business unit under competition.		
(9) Verify estimates for other specifically attributable costs are taken from the CCF/SLCF/SCF.		
(10) Rent. Verify that actual rental costs are included for property estimated in the CCF/SLCF. Compare actual and estimated costs.		
(11) Utilities. Review the solicitation for fuel, steam, electricity, telephone, water, and sewage services. Compare actual and estimated costs.		
(12) Travel. Compare the estimated versus actual costs of personnel travel.		
(13) Subcontract Costs. Compare the estimated subcontract support costs in the agency cost estimate to actual subcontract support costs.		

Agency Cost Estimate to Budget Comparison. The following table *Agency Cost Estimate to Budget Comparison* delineates the differences between the Agency Cost Estimate compiled in COMPARE and an actual budget for an organization.

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
Line 1: Personnel	<p>This includes the cost of direct labor and supervision, including quality control personnel. It also includes indirect support of the MEO. These activities include but are not limited to the counseling and appraisal of the most senior MEO positions, the approval of leave slips, and bonus determinations. This indirect support must be included on Line 1.</p>	
Number of FTE	<p>The number of FTE is based on:</p> <ul style="list-style-type: none"> • 1776 productive hours per year for full-time, part-time, and temporary positions • 2007 productive hours for intermittent positions • 1818 productive hours for military positions <p>Indirect personnel costs that are included for support over and above the direct personnel in the organization: this includes:</p> <ul style="list-style-type: none"> • Circular No. A-76 requires the agency to include labor costs for MEO Program Supervision. • Circular No. A-76 requires the agency to include labor costs for MEO administration and inspection. These costs include, but are not limited to, monitoring performance and compliance with the MEO letter of obligation for all performance periods. • Circular No. A-76 also requires that costs for human resources, contract administration for MEO subcontracts, and information technology support be included in Line 1. 	<p>Changes in training requirements may impact number of available productive hours per FTE</p> <p>Changes in workload volumes or scope of work may impact number of FTE needed to perform the work</p> <p>Indirect personnel that are included for costing purposes may not be included in establishing the budget because the cost of these personnel may be in another budget. It will be important to still track these costs even if they are not in the actual MEO budget.</p>
Salaries and Wages	<p>GS annual salary are estimated at a Step 5 WG wages are estimated at a Step 4</p> <p>Salaries and wages are also estimated using locality pay factors</p> <p>Information Technology positions require a special rate</p>	<p>Actual salaries and wages may differ from those estimated for the Agency Cost Estimate performance periods. The degree to which the actual personnel in your MEO deviate above or below these step levels will increase or decrease your actual personnel costs. A cursory review of current personnel records will reveal these cost discrepancies.</p> <p>Any save pay or save grade that may be applied to downgraded positions is not included; this will be a cost to the agency.</p> <p>Any change in location of personnel may affect personnel costs.</p>

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
Other Entitlements	This section includes all applicable cost of civilian pay entitlements for each civilian position in the cost estimate. These costs factors are usually identified by the HRA. A few of the "Other Entitlement" categories are listed below.	
Other entitlements: Environmental Differential Pay	FWS employees shall be paid an environmental differential when exposed to a working condition or hazard that falls within one of the categories approved by the Office of Personnel Management and as described under 5 CFR Part 532.511 . EDP is included as part of an FWS employees' basic pay rate.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other entitlements: Night Shift Differential for FWS Employees	FWS employees receive shift differential at the rate of 7.5 percent of their hourly rate for non-overtime work when a majority of scheduled hours occur between 3 p.m. and midnight; or 10 percent of their hourly rate for non-overtime work when the majority of scheduled hours occur between 11 p.m. and 8 a.m.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other Pay	Other Pay includes premium pay that does not earn fringe benefits other than Medicare.	
Other Pay: Sunday Premium	Other Pay includes premium pay that does not earn fringe benefits other than Medicare.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other Pay: Night Differential for GS Positions	Other Pay includes premium pay that does not earn fringe benefits other than Medicare.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other Pay: Hazardous Duty Pay for GS positions	This entitlement (as determined by the human resource office in accordance with 5 CFR Part 550.901-907) involves additional pay to GS employees for the performance of hazardous duty or duty involving physical hardship. The amount of HDP is determined by multiplying the percentage rate authorized for the exposure, found in Appendix A, 5 CFR Part 550, Subpart I, by the employee's hourly rate of pay.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other Pay: Overtime	Regular overtime work means overtime work that is scheduled prior to the beginning of an employee's regularly scheduled administrative workweek. Regular overtime is authorized for full-time, part-time, and intermittent GS employees. For each GS employee whose rate of pay does not exceed the minimum applicable rate for a GS-10, the overtime hourly rate is one and one-half times the employee's hourly rate of pay.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
Other Pay: Holiday Pay	An employee who performs work on a holiday designated by Federal statute is entitled to pay at the rate of basic pay plus premium pay at a rate equal to the rate of basic pay, for that holiday work which is not in excess of the scheduled tour of duty or overtime work as defined by 5 USC Part 5542. An employee who performs overtime work on a Sunday or a designated holiday is entitled to pay for that overtime work.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other Pay: Cash Awards		This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Fringe Benefits	<p>Fringe Benefit factor is 32.85 percent of annual salary. COMPARE automatically computes the fringe benefits using the standard fringe benefit rates for each type of position. Full- and part-time permanent –32.85% Temporary and intermittent –7.65%</p> <p>24.00% Social Security and Thrift Savings 5.70% Insurance and Health Benefits 1.45% Medicare 1.70% miscellaneous fringe benefit</p>	The fringe benefit factor may not accurately reflect actual fringe benefits being paid by the agency. These percentages are standard factors calculated by OMB.
Economic Price Adjustment	Positions subject to an EPA are inflated using inflation factors applicable to (and through) the first performance period only. Labor cost escalations will be reimbursed by the Government and are not included in a contractor's offer because these positions possess skills the Department of Labor (DOL) has determined are covered by a contract covered by the Service Contract Act (SCA) (refer to FAR 22.10, Service Contract Act of 1965, as amended). The objective is to ensure that the Government does not inflate costs for skills that a contractor has been told not to escalate beyond the first performance period.	<p>Personnel costs subject to an economic price adjustment are not inflated after the first performance period, therefore, these personnel costs will be underestimated in all performance periods after Phase-in.</p> <p>As a result of Economic Price Adjustment actual costs are UNDERESTIMATED.</p>
**Liability insurance	.07 % of Line 1: Personnel Costs	Liability and casualty insurance is applied to personnel costs and equipment; this is an imputed cost to the government and will not be a direct cost for budgeting purposes.
**Inflation	Inflation is estimated automatically by COMPARE based on the most recent pay category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation.

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
Line 2: Material and Supplies	This section includes the cost of all materials required by the Agency Tender but are not allocated as GFP. Material and Supply cost are accounted for in each performance period.	If these costs are government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractors price. However, the agency will still have to budget for these costs.
M&S not requiring an EPA	These Material and Supplies are inflated using the non-pay category inflation factors	
M&S requiring an EPA	Materials and supplies subject to an EPA are inflated using inflation factors applicable to (and through) the first performance period only. Cost escalations will be reimbursed by the Government and are not included in a contractor's offer.	<p>This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE</p> <p>Material and Supply costs subject to an economic price adjustment are not inflated after the first performance period, therefore, these costs will be underestimated in all other performance periods.</p> <p>It is important to remember that the Economic Price Adjustment causes actual costs to be UNDERESTIMATED.</p>
**Casualty Insurance	Casualty insurance is automatically calculated by .005 times the net book value of the Government's equipment and/or facilities (non-GFE/GFF), plus the average value of materials and supplies (assuming a one-month stockage value).	Casualty insurance is an imputed cost
**Inflation	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation
Line 3: Other specifically Attributable	This line includes all costs not included in Line 1: Personnel or Line 2: Material and Supply that are necessary to perform the requirements specified in the PWS according to the MEO's approach	If these costs are government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractors price. However, the agency will still have to budget for these costs.

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
<p>Line 3a: Capital Facilities and Equipment</p>	<p>Capital Equipment and Facilities Costs are estimated by calculating an annual depreciation [(Acquisition cost minus residual value) divided by useful life] and applying this depreciation equally throughout the performance periods</p> <p>The cost of capital is defined as an imputed charge on the Government's investment in capital assets necessary for the commercial activity to provide the product or service. COMPARE automatically computes the cost of capital based on records created by the analyst for Capital Equipment Assets and Capital Facility Assets. For new assets the appropriate cost of capital rate (refer to Appendix 5) is applied against the acquisition costs of the asset (includes transportation, installation and any modification costs that it may take to place the asset into operation). For existing assets, the cost of capital rate is applied to any costs associated with moving, reinstalling, modifying, etc. the existing asset to accommodate MEO requirements.</p>	<p>Capital facilities and equipment are depreciated over all the performance periods, but for budgeting purposes, the government will likely have to budget for the total cost of the item.</p> <p>In the case of capital facilities, the government may not actually be paying for facilities in their budget.</p>
<p>**Casualty Insurance</p>	<p>.005 times the net book value of the Government's equipment and/or facilities (non-GFE/GFF), plus the average value of materials and supplies (assuming a one-month stockage value). This is automatically calculated in COMPARE.</p>	<p>This is an imputed cost and may not be reflected in the budgeting and financial process</p>
<p>**Inflation</p>	<p>Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison</p>	<p>Actual inflation may vary from the projected inflation</p>
<p>Line 3b: Minor Items</p>	<p>Include the cost of any minor items not provided as GFP. A minor item is defined as an item costing less than \$5,000 and not immediately consumed by the MEO. This includes items such as overhead projectors, office equipment, tools, chairs, desks, cabinets, etc. COMPARE automatically charges the in-house offeror with 10% of the minor item replacement cost which occurs for new minor items or existing minor items. The Agency Cost Estimate is not charged for the full purchase price of a newly purchased minor item (this methodology essentially assumes a useful life of 10 years).</p>	<p>If these costs are government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractors price. However, the agency will still have to budget for these costs.</p>

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
**Casualty Insurance	.005 times the net book value of the Government's equipment and/or facilities (non-GFE/GFF), plus the average value of materials and supplies (assuming a one-month stock value). The cost of casualty insurance shall be added at the insurance rate against the acquisition cost for each performance period on Line 3.	
**Inflation	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation
Line 3c: Rental Costs	Rent is incurred for the use, operation and maintenance of land, building space, plant and machinery, and other applicable items, by the activity that is undergoing a cost comparison. The rental cost estimate is only inflated	If these costs are government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractors price. However, the agency will still have to budget for these costs. This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
**Inflation	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation
Line 3d: Travel Costs	This section includes the cost of travel not provided as Government furnished	If these costs are government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractors price. However, the agency will still have to budget for these costs.
MEO Travel		This cost estimate could translate directly into a budget number. However, if assumptions that form the basis of the cost estimate are no longer applicable, the actual costs could differ from the estimated costs. The estimate would then need to be revised for use in the budget process.
**Inflation	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
Line 3e: MEO Subcontract Costs	Sub-contract costs include the contract price of each contract, cost of any related material equipment or facilities not included as government furnished, the escalated price through all performance periods, and all applicable taxes.	If these costs are government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractors price. However, the agency will still have to budget for these costs. This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
**Inflation	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation
Line 3f: Utilities Costs	This category includes charges for electricity, telephone, water and sewage services, etc., which are not furnished to the contract/ISSA offeror by the Government, but are needed for in-house performance of the CA. Utilities are inflated with their own unique inflation factors	If these costs are government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractors price. However, the agency will still have to budget for these costs. This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
**Inflation	Inflation is estimated automatically by COMPARE based on the most recent utility category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation
Line 3g: Other Attributable Costs	Other costs include all costs of operation that are not included on the other sections of line 3.	If these costs are government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractors price. However, the agency will still have to budget for these costs.
Plug costs	These costs are identified in the solicitation section B	
**Inflation	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation
Line 4: Overhead	This overhead cost reflects the cost to the government of management and support costs that are not 100% attributable to the MEO but a generally associated with recurring management or support.. Overhead costs are estimated using a standard overhead factor of 12% of Line 1: Personnel Costs. This cost is automatically calculated in COMPARE.	This overhead cost is an imputed cost to the government and will not be a direct cost for budgeting purposes.
Line 5: Additional Costs	This cost element includes costs not otherwise properly	This cost estimate could translate directly into a budget number

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
	classified in Lines 1 through 4 and reflects those additional costs resulting from unusual or special circumstances that may be encountered in a cost comparison.	since it is based on estimates created outside of COMPARE.
**Inflation	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation

APPENDIX F: POST COMPETITION REVIEW DATA COLLECTION CHECKLIST

Based on the tasks accomplished in Phases I through III, the agency should have substantial information documenting the competition process, cost savings, and performance. The Post Competition Review Team should begin the review by collecting this existing documentation. The following table provides a checklist:

Existing Documentation	Location	√
FAIR Act Inventory baseline establishing function and original number of FTE under competition	Competition File	
Baseline cost estimate (See Task I-1); this should include a staffing plan	Competition File	
Actual baseline costs (See Task I-1); this should include a staffing plan	Competition File	
Solicitation [entire document] used by the contracting officer to solicit bids/offers and all amendments	Competition File	
Accepted proposal	Competition File	
MEO (staffing plan) or private sector staffing plan as in conformance with solicitation requirements and accepted proposal	Competition File	
Certified Standard or streamlined competition form	Competition File	
Accepted cost proposal; for the MEO an agency cost estimate with competition form (SLCF or SCF) and all related worksheets or in the case of private sector contract, a copy of the submitted and accepted cost/price proposal	Competition File	
MEO LOO (for studies conducted under OMB Circular A-76, 29 May 2003) or a copy of the private sector contract award documents (SF26, SF33, and SF1449 with Sections B through J attached)	Competition File	
All contract, fee-for-service, or MEO LOO modifications; justification for modifications	Competition File	
Record of actual phase-in start date; record of service provider staffing at phase-in completion and start of full performance	Competition File	
Record of workload measures and/or scope of work	Competition File/ Program Office	
Property administration records	Competition File	
Bills, invoices, vouchers, and supporting documentation for contractor or fee-for-service agreement	Competition File	
A comparison of the personnel by grade and step as originally proposed for the MEO estimated in the ACE (using COMPARE) to the personnel assigned (MEO Staffing Chart) during the performance periods with explanations for any differences. In the case of private sector service provider, a comparison of the	Competition File	

Existing Documentation	Location	√
submitted and accepted staffing plans.		
Quality Assurance Surveillance Plan (QASP) and other documents	Competition File	
Quality Control Plan which was submitted and accepted for both the MEO or private sector provider	Competition File	
Residual organization staffing plan	Program Office	
Documentation pertaining to workload, and quantities of products and or services produced during the period of performance	Competition File	
Documentation of inspections performed by COTR and QAE(s) showing quality and timeliness of products and services during the performance period as noted in the Quality Assurance Surveillance Plan (QASP) to be used in conjunction with the MEO or Commercial Contract's QCP	Competition File	
Documentation of customer service levels or customer complaints	Competition File	
Prior post-competition reviews, if any	Competition File	
Documentation of labor, material and other specifically attributable costs during the period of performance compliant with financial management regulations	Competition File	
Documentation showing that the Office of Competitive Sourcing database has been updated and is current	Office of Competitive Sourcing	
Documentation substantiating the data provided to OMB in the 647 report	Office of Competitive Sourcing	