

Naval Air Systems Command  
and  
Department of Defense  
Office of the Inspector General

Chief Financial Officers  
Multiple Award Contract  
CFO MAC  
Post Award Conference

30 March 2005

# Agenda

- Welcome/Introductions/Administrative Comments/Disclaimer/Program Review – Eugene Reardon
- Section 352 Requirements – Paul Granetto
- Successful Offeror Debriefing Feedback/CFO MAC Basic Contract Overview/CFO MAC Benefits/CFO MAC Structure – Adrienne Somerville
- CFO MAC Task Order Implementation Guidelines/Task Order Requirements Process/Timeline – Jacqueline Jones
- Task Order RFP Package/Special Contract Requirements – Adrienne Somerville
- 30 Minute Break

# Agenda (cont.)

- Small Business Office – Estella Balmaceda
- Security Clearance DD 254 – Joyce Foca
- Independence – David Vincent
- Organizational Conflict of Interest – Mitzi Phalen
- Lunch
- Questions & Answers
- Closing Remarks
- Information Exchange and Team Opportunities

# Disclaimer

The information we share today reflects current intentions of the Naval Air Systems Command and Department of Defense Office of Inspector General (DoD OIG) contract and task order processes. Nothing said here today will alter the terms and conditions of the contract or the terms of the RFP's for the Task Orders.

# The Way Forward

Where are we going?

DoD OIG committment



Potential Hurdles

Expected Outcomes

# Section 352 Requirements

- Definition of Section 352
- Current Status
- Program Impact

# Successful Offeror Debriefing Feedback

- 49 Proposals Submitted;
- 20 Total Contract Awards for Tasks 1 & 2:
  - Task 1 - 14 awards
  - Task 2 - 12 awards

## **Task 1 (Assessment of DoD Financial Management Systems):**

LOT 1 - HUBZone/8(a)/SDVOSB - 4 Awards

LOT 2 - Small Businesses - 2 Awards

LOT 3 - Large Businesses - 8 Awards

## **Task 2 (CFO Audit):**

LOT 1 - HUBZone/8(a)/SDVOSB - 3 Awards

LOT 2 - Small Businesses - 3 Awards

LOT 3 - Large Businesses - 6 Awards

# Chief Financial Officers Act

## Multiple Award Contract Overview

- Three year base ordering period of performance.
- Task Orders for specific effort will be issued on an individual basis using a competitive or non competitive source selection process.
- The DOD OIG, Small Business Office and PCO may agree to unilaterally compete a specific task order within a specific lot.



# CFO MAC Benefits to NAVAIR

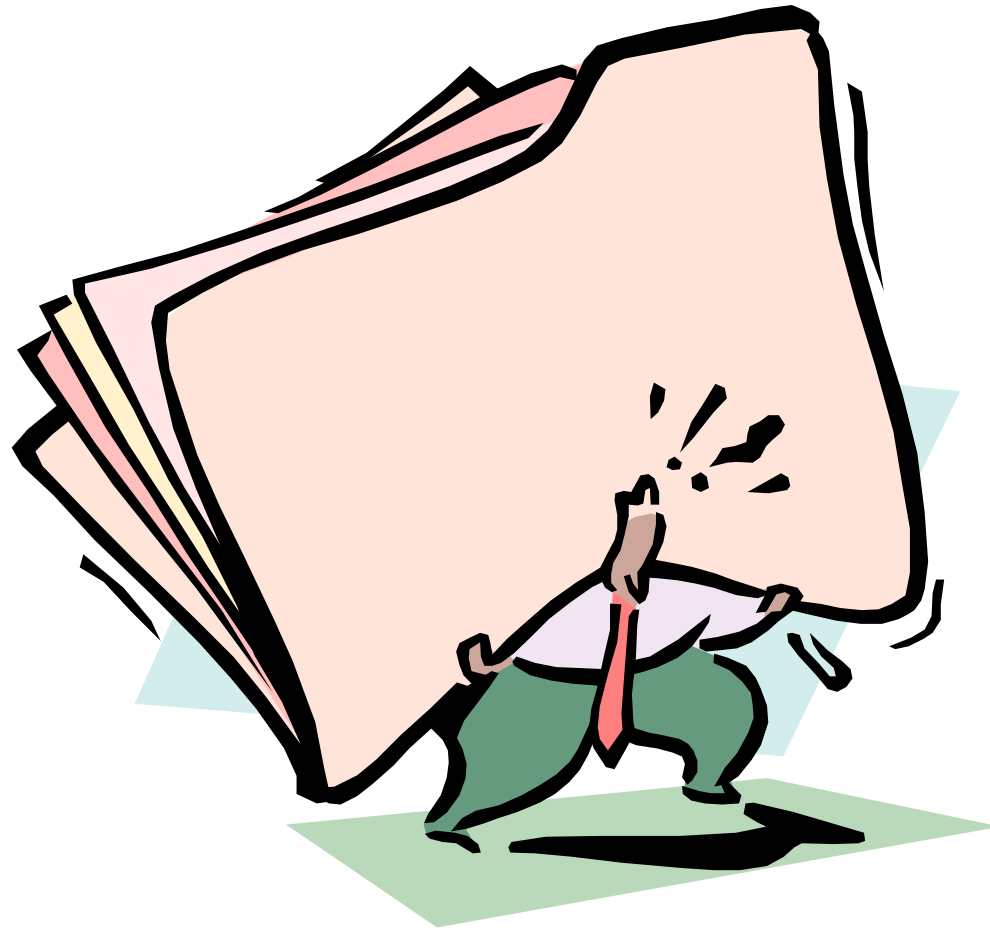
## Streamlines Business Process

- Decrease Cycle time for prep and execution
- Saves labor resources across the team
- Allows for smaller proposal submissions
- Reduces evaluation procedures
- Supports workforce shaping initiative and Individual Work Plan (IWP) tracking tool

# CFO MAC Contract Structure

- Variety of Contract Types will be supported:
  - Firm Fixed Price (most preferred)
  - Time and Material
  - Cost Plus Award Fee
  - Cost Plus Incentive Fee
  - Cost Plus Fixed Fee

# CFO MAC Task Order Implementation Guidelines



# Task Order Implementation Guidelines

- NAVAIR's Standard requirements process will be used.
- Task orders are scaled by need and can be for a base and option ordering periods.
- Task Orders will be competed among MAC offerors within a lot initially.
- Contracting Officer Representatives will be assigned at the task order level.

# Task Order Implementation Guidelines

- DOD OIG, Small Business Office and the PCO will determine the most appropriate selection criteria (e.g. evaluation factors).
- Small Business (DD 2579) and Security Offices (DD 254) will review task order requirements.
- Streamlined proposal submission.
- Seeking to maximize the use of streamlined electronic proposal submissions.

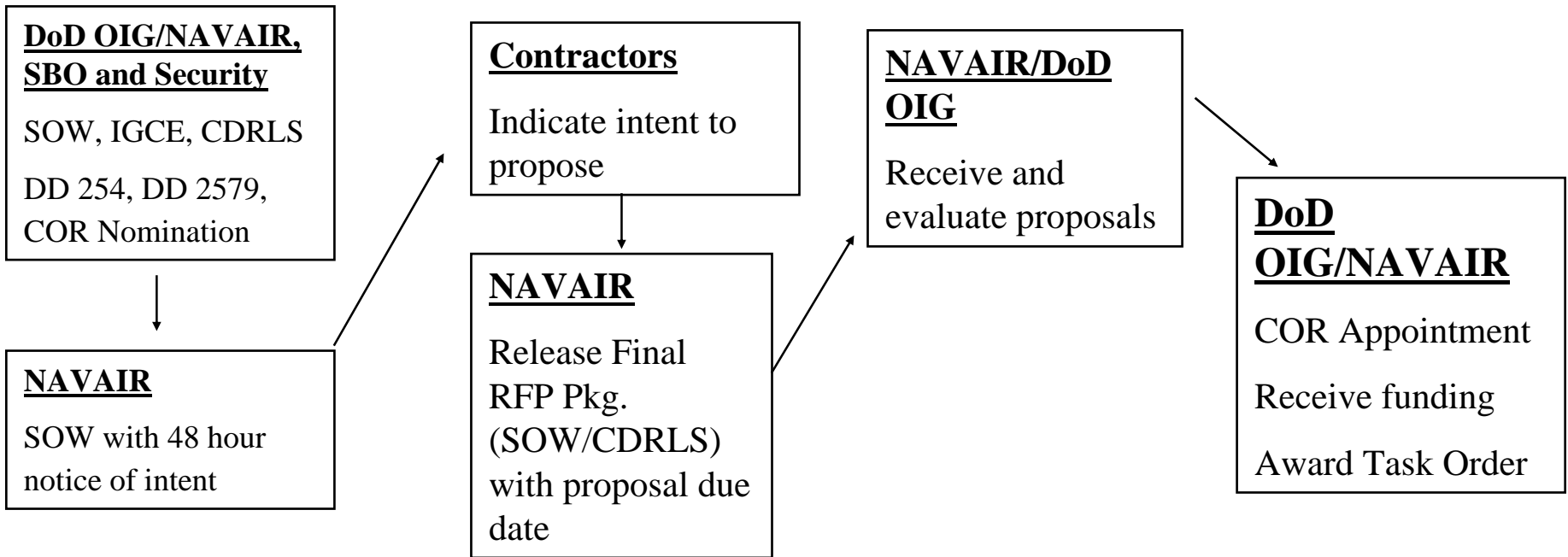
# Task Order Implementation Guidelines

- Prior to soliciting task orders awardees have forty-eight (48) hours indicating their intent to submit or not to submit.
- If the PCO receives reasonable assurance that two (2) or more companies in Lot I (HUBZone, SDVOSB or 8(a)) will submit a proposal, at the discretion of the PCO the work may be reserved for Lot I. The RFP will not be opened to Lot II (Small Business) or Lot III (Unrestricted). If it appears that only one company from Lot I will propose, the same cascading approach will be used for Lot II.
- Based upon the consensus of the DoD OIG, PCO and NAVAIR Small Business Office a specific task order may be competed in specific lot without using the cascading approach.

# Task Order Implementation Guidelines

- Prime contractors for Lots I and II are required to perform at least 25% of the proposed task order effort.
- Per DOD directive, seeking to use more PBSW with measurable metrics.
- Use of Performance Questionnaires and CPARS for Past Performance assessments.
- Existing IT GovWorks contracts will provide bridge support until CFO MAC task orders are issued.

# Task Order Requirements Process





# CFO MAC Requirements Timeline

## Actions:

## Days:

DoD OIG prepares requirements w/NAVAIR	60 Days
Release RFP & Receive Proposals	14-45 Days
Evaluate & Award	14-45 Days

# Task Orders RFP Structure



# Task Orders RFP Package

- (1) Transmittal Letter (with proposal due date)
- (2) Draft Section B (CLIN identification)
- (3) Section C – I (Checklist)
- (4) Section J with Attachments
  - SOW(s)
  - CDRLs
  - DD 254 (“For bidding purposes only”)
- (5) Streamline Sections L- Instructions & M – Task Order Evaluation
- (6) DD Form 1707

# Section L – Proposal Instructions

- **Two (2) Volumes to Submit**
  - Volume I Section 1: Offer Information
    - Section 2: Price/Cost Supporting Information
  - Volume II: Offeror Capabilities Information/Past Performance
- **Proposal instructions will indicate page limitations and evaluation criteria**
- **The PCO will arrange Base access for RFP Deliveries**

# Section L – Proposal Instructions

- The Government will consider any proposal that takes exception to any term or condition of this RFP, proposes additional terms or conditions, or otherwise fails to manifest your unconditional assent to a term or condition of the RFP, to be unacceptable, unless the solicitation expressly permits the submission of an alternate proposal with regard to a specific term or condition. Any failure to manifest unconditional assent to the terms and conditions of this RFP will constitute a deficiency. The only way to correct a deficiency would be through discussions (see FAR 15.306(d)).

# Section L – Proposal Instructions

- The Government *intends* to award **without** Discussions
- Therefore:
  - Do **not** submit an offer that takes exception to any term/condition of this RFP, proposes additional terms/conditions, or omits any required information **without** first consulting with the Contracting Officer.

# Section M – Evaluation for Award

- “Potential” Evaluation Factors listed in Descending order of Importance

1. Offeror Capabilities

- » Understanding of the Work

- » Implementation Plan

- » Personnel Resources

- » Relevant Corporate Experience

2. Past Performance

3. Price/Cost

# Volume I

## Section 1: Offer Information

- Submit Original paper copy and e-mail one electronic format copy in Microsoft Windows 2000 compatible format.
- Consists of:
  - Letter of Offer to Government with statement of validity for 90 days.
  - Completed Section B of RFP (Supplies or Services & Prices/Costs)
  - Compliance with Task Order Procedures H-5 Clause
  - Acknowledgement of any/all RFP amendments by signature on each applicable SF 30
  - Submission of any appropriate reps/certs or other required contract compliance outlined in the RFP



# Volume I

## Section 2: Price/Cost Information

- Submit an Original paper copy and e-mail one electronic copy.
  - » Electronic submissions must be compatible with Microsoft Windows 2000 format.
  - » Electronic version must be functional (with formulas, not read-only)
  - » Microsoft Excel 97 (or higher) compatible
  - » No viruses, locked cells, or password protections!
  - » Standard spreadsheets will be provided

# Volume I

## Section 2: Price/Cost Information

Please adhere to Task Order RFP. Not to Exceed (NTE) limitations will be provided for ODCs (Travel and Material) in most requirements. Suggested Labor Category hours may be provided for ease of determining work scope. Fixed Price and Time and Materials Contracts will be found fair and reasonable based on price analysis.

# Volume I

## Section 2: Price/Cost Information

- Cost Reimbursement Task Orders will require a cost realism determination of the cost elements to determine if your company has a realistic understanding of the statement of work in relation to proposed cost. Cost contracts will require NAVAIR to do a Price Analysis and Cost Realism Analysis.
- NAVAIR may require other than cost or pricing data. The information required will be tailored to comply with the requirement of FAR table 15.2.

# Volume II

## Offeror Capabilities Information

- Submit Original, two (2) paper copies and one e-mail electronic copy in Microsoft Windows 2000 compatible format.

# Volume II

## Offer Capability Information

### ■ **Understanding of the Work**

- The Government will evaluate the extent of Offeror's understanding of the work based on the responses or presentations required by Section L. The Government will evaluate the clarity, completeness and realism of the responses.

# Volume II

## Offer Capability Information

### ■ **Implementation Plan for the SOW**

- The Government will evaluate the Offeror's implementation plan based on the narrative required by Section L. The Government will evaluate the clarity, completeness and realism of the response.

# Volume II

## Offer Capability Information

### ■ **Relevant Corporate Experience**

- The Government will evaluate the extent and relevancy of the corporate experience in performing the kind of work that will be required under the prospective task order for competition and the extent of the Offeror's ability to cope with the uncertainties and difficulties associated with the same or similar work.

# Volume II

## Offer Capability Information

### ■ **Personnel Resources (Staffing)**

- The Government will evaluate the extent that proposed personnel meet or exceed the specific experience and specialized qualifications of their respective labor category in terms of their work experience, education, and whether they are presently employed by the prime or by a subcontractor or whether they are proposed under a letter of intent.



# Volume II

## Past Performance

- **In accordance with DFARS 16.505-70(d)(4)**
  - The contracting officer should consider past performance on earlier orders, under the contract, including quality, timeliness, and cost control.

# Special Contract Requirements



# Substitution of Team Members

- The Contractor agrees that a partial basis for award was the list of team members (companies) proposed.
- The Contractor may not add or delete any team member from the team without a prior contract modification signed by the Procuring Contracting Officer.
- The Contractor must meet or exceed the small business subcontracting requirements regardless of team changes.
- Requests to add or delete team members will come from the Prime Contractor and will be evaluated by the Office of Inspector General and the Procuring Contracting Officer.

# Substitution of Team Members

- Prime contractor's must submit the following to the Procuring Contracting Officer:
  - Statement of the request to add or replace a team member, and the basis of the request
  - Teaming Agreement
  - Specific benefits to the Government, if this request is authorized
  - Revised List of Team members

# Substitution of Team Members

- Prime contractor's must submit the following to the Procuring Contracting Officer:
  - Description of services to be subcontracted to the proposed subcontractor
  - Proposed subcontractor's Corporate Experience as related to the Statement of Work
  - Proposed subcontractor's Past Performance
  - Revised Subcontracting Plan incorporating the proposed subcontractor, if prime is a large business

# Fair Opportunity Procedures

- A fair opportunity will be given to all eligible contractors responding to the Task Order Request for Proposal (TORFP), and every contractor that is a party to the lots under which the work falls.

# Fair Opportunity Procedures

- The PCO will approve any and all exceptions to Fair Opportunity Procedures, unless one of the following statutory exceptions apply:
  - The agency's need is of such unusual urgency.
  - Only one awardee is capable of providing due to the unique, highly specialized nature.

# Special Provisions

## ■ Rolling Admissions

The Government reserves the right to review the contracts annually to determine whether it would be appropriate to reissue this solicitation for the purposes of adding additional ID/IQ holders.



# SMALL BUSINESS

Ms. Estella Balmaceda  
Deputy for Small Business  
Naval Air Systems Command



# COMMITMENT to SMALL BUSINESS CONCERNS

The DoD IG and NAVAIR are committed to provide the maximum practicable opportunities in this acquisition to small business concerns at both the prime contract as well as subcontract level.

# SMALL BUSINESS STRATEGY

- The NAVAIR SBO will review task order requirements and process a DD 2579, Small Business Coordination Record, per task order.
- PCO may reserve delivery orders for competition among SB pending outcome of 48 hour Notice of Intent.
- SB subcontracting goals for large businesses determined at the delivery order level.

# SMALL BUSINESS STRATEGY (CON'T)

- Unrestricted Lot III Task Orders that are Award Fee will contain a Small Business Factor in the Award Fee Plan.
- For Task Order competitions in the Unrestricted Lot, there will be an evaluation factor in which contractor's must address their strategy and commitment to use Small Businesses and Small Disadvantaged Business and Historically Black Colleges/Minority Institutions.

# SMALL BUSINESS SUBCONTRACTING

- Small Businesses that did not receive an award may still participate as subcontractors
  - Make sure that your information on the CCR website is current. Need to check both CCR Registration as well as the Dynamic SB Search.
  - Register in the NAVAIR SADBU Website at <http://sadbu.navair.navy.mil>. Click on SubNet. Registration problems should be addressed to Ms. Marge Wilkins at (301) 757-9084.



**Automated Shared Service Industrial Security Team  
(ASSIST)  
Contracting Officer's Security Representatives (COSR)  
DD254 Preparation**

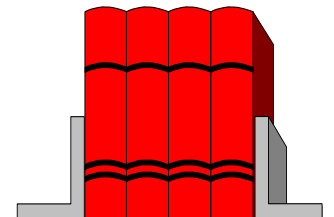
- **Joyce K. Foca**
  - **ASSIST Lead**
  - **301-757-6580**

# **Why Are We Here?**

- ✓ **To ASSIST You!**
- ✓ **To explain how we protect classified and controlled unclassified information given to contractors**
- ✓ **Your security responsibilities**

# Governing Regulations

- ✓ **Executive Orders 12958, 13292 and 12829**
  - ✓ Classified National Security Information
  - ✓ Amended Classified National Security Information
  - ✓ National Industrial Security Program
- ✓ **DOD Directive 5200.1-R**
  - ✓ Information Security Regulation
- ✓ **SECNAV Instructions 5510.36 and 5510.30A**
  - ✓ DON Information, Personnel Security Regulation
- ✓ **NAWCAD Instruction 5510.1A**
  - ✓ Information, Personnel & Industrial Security Program Manual
- ✓ **NAVAIR/NAWCAD/NAWCWD COSR Handbook**
  - ✓ DD254 Preparation Instructions





# *What is Industrial Security and why do we need it?*

- The Industrial Security Program ensures private industry & colleges/universities, while performing on government contracts or conducting research and development, properly protect classified assets in their possession.
  - *11,000 cleared facilities*
  - *11 million classified documents released to industry*
- Classified Contracts impose access/performance limitations

# Definition

A classified contract is:

ANY contract that requires access to classified information in connection with a legitimate U.S. Government requirement at ANY stage:

**Contract solicitation**

**Pre-contract negotiation**

**Contractual relationship**

**I R & D effort**

# Classified Information is:

Information determined to require protection in the interests of our national security.

- Owned by, produced by or for, or under the control of the U.S. Government
- Determined to require protection against unauthorized disclosure
- Is so designated
  - Top Secret, Secret, Confidential



# DD 254

## Contract Security Classification Specification

### ■ DD 254

- **ONLY** authorized means for providing security requirements and classification guidance to a contractor
- “Commanding Officers shall ensure that a DD254 is incorporated into every classified contract.”
  - » A single DD254 may be used to cover a basic ordering agreement or an indefinite delivery contract, except when the individual call, purchase order, or request for services or products requires classification specification different from that provided for the overall contract.”
- Can **ONLY** be signed by a Contracting Officer’s Security Representative (COSR)

# DEPARTMENT OF DEFENSE CONTRACT SECURITY CLASSIFICATION SPECIFICATION

*(The requirements of the DoD National Industrial Security Program  
Operating Manual apply to all security aspects of this effort.)*

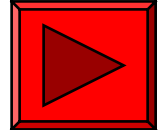
1. CLEARANCE AND SAFEGUARDING

a. FACILITY CLEARANCE REQUIRED

**SECRET**

a. LEVEL OF SAFEGUARDING REQUIRED

**SECRET**



2. THIS SPECIFICATION IS FOR: *(X and complete as applicable)*

3. THIS SPECIFICATION IS: *(X and complete as applicable)*

<b>X</b>	a. PRIME CONTRACT NUMBER  <b>N00421-05-D-0018/0037</b>	<b>X</b>	a. ORIGINAL <i>(Complete date in all cases)</i>  DATE (YYYYMMDD)  <b>20050228</b>
	b. SUBCONTRACT NUMBER		b. REVISED <i>(Supersedes all previous specs)</i> Revision Number  DATE (YYYYMMDD)
	c. SOLICITATION OR OTHER NUMBER	DUE DATE (YYYYMMDD)	c. FINAL <i>(Complete Item 5 in all cases)</i>  DATE (YYYYMMDD)

4. IS THIS A FOLLOW-ON CONTRACT?       YES       NO.      If YES, complete the following:

Classified material received or generated under \_\_\_\_\_ (preceding contract number) is transferred to this follow-on contract.

5. IS THIS A FINAL DD FORM 254?       YES       NO.      If YES, complete the following:

In response to the contractor's request dated \_\_\_\_\_ retention of the identified classified material is authorized for the period of \_\_\_\_\_.

6. CONTRACTOR *(Include Commercial and Government Entity (CAGE) Code)*

a. NAME, ADDRESS, AND ZIP CODE  <b>PRIME CONTRACTOR</b>	b. CAGE CODE	c. COGNIZANT SECURITY OFFICE <i>(Name, Address, and Zip Code)</i>
---	--------------	---

Classified material received or generated under \_\_\_\_\_ (preceding contract number) is transferred to this follow-on contract.

5. IS THIS A FINAL DD FORM 254?

YES

NO.

If YES, complete the following:

In response to the contractor's request dated \_\_\_\_\_ retention of the identified classified material is authorized for the period of \_\_\_\_\_.

6. CONTRACTOR (Include Commercial and Government Entity (CAGE) Code)

a. NAME, ADDRESS, AND ZIP CODE

**PRIME CONTRACTOR**

b. CAGE CODE

c. COGNIZANT SECURITY OFFICE (Name, Address, and Zip Code)

7. SUBCONTRACTOR

a. NAME, ADDRESS, AND ZIP CODE

b. CAGE CODE

c. COGNIZANT SECURITY OFFICE (Name, Address, and Zip Code)

8. ACTUAL PERFORMANCE

a. LOCATION

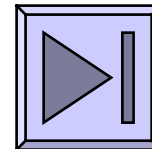
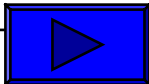
b. CAGE CODE

c. COGNIZANT SECURITY OFFICE (Name, Address, and Zip Code)

9. GENERAL IDENTIFICATION OF THIS PROCUREMENT

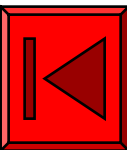
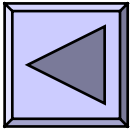
**SERVICES IN SUPPORT OF CHIEF FINANCIAL OFFICER'S ACT  
TPOC:**

10. THIS CONTRACT WILL REQUIRE ACCESS TO:	YES	NO	11. IN PERFORMING THIS CONTRACT, THE CONTRACTOR WILL:	YES	NO
a. COMMUNICATIONS SECURITY (COMSEC) INFORMATION		<input checked="" type="checkbox"/>	a. HAVE ACCESS TO CLASSIFIED INFORMATION ONLY AT ANOTHER CONTRACTOR'S FACILITY OR A GOVERNMENT ACTIVITY		<input checked="" type="checkbox"/>
b. RESTRICTED DATA		<input checked="" type="checkbox"/>	b. RECEIVE CLASSIFIED DOCUMENTS ONLY		<input checked="" type="checkbox"/>
c. CRITICAL NUCLEAR WEAPON DESIGN INFORMATION		<input checked="" type="checkbox"/>	c. RECEIVE AND GENERATE CLASSIFIED MATERIAL	<input checked="" type="checkbox"/>	
d. FORMERLY RESTRICTED DATA		<input checked="" type="checkbox"/>	d. FABRICATE, MODIFY, OR STORE CLASSIFIED HARDWARE		<input checked="" type="checkbox"/>
e. INTELLIGENCE INFORMATION:			e. PERFORM SERVICES ONLY		<input checked="" type="checkbox"/>
(1) SENSITIVE COMPARTMENT INFORMATION (SCI)		<input checked="" type="checkbox"/>	f. HAVE ACCESS TO U.S. CLASSIFIED INFORMATION OUTSIDE THE U.S., PUERTO RICO, U.S. POSSESSIONS AND TRUST TERRITORIES	<input checked="" type="checkbox"/>	
(2) NON-SCI	<input checked="" type="checkbox"/>		g. BE AUTHORIZED TO USE THE SERVICES OF DEFENSE TECHNICAL INFORMATION CENTER (DTIC) OR OTHER SECONDARY DISTRIBUTION CENTER	<input checked="" type="checkbox"/>	
f. SPECIAL ACCESS INFORMATION		<input checked="" type="checkbox"/>	h. REQUIRE A COMSEC ACCOUNT		<input checked="" type="checkbox"/>
g. NATO INFORMATION	<input checked="" type="checkbox"/>		i. HAVE TEMPEST REQUIREMENTS		<input checked="" type="checkbox"/>
h. FOREIGN GOVERNMENT INFORMATION		<input checked="" type="checkbox"/>	j. HAVE OPERATIONS SECURITY (OPSEC) REQUIREMENTS	<input checked="" type="checkbox"/>	
i. LIMITED DISSEMINATION INFORMATION		<input checked="" type="checkbox"/>	k. BE AUTHORIZED TO USE THE DEFENSE COURIER SERVICE		<input checked="" type="checkbox"/>
j. FOR OFFICIAL USE ONLY INFORMATION	<input checked="" type="checkbox"/>		l. OTHER (Specify).		
k. OTHER (Specify)					



# ***WHAT DOES THE DD254 TELL US?***

- Facility Clearance Required (1a) (at contractor's facility)
- Safeguarding Required (1b) (at contractor's facility)
- Contractor Need-to-Know
  - Only way for holder of classified information to determine a contractor's N-T-K
- ACCESS REQUIREMENTS- Item 10 a-k
  - **Can the contractor employees have access to:**
    - » Item 10a:COMSEC (where?)
    - » Item 10b/c/d:
      - Restricted Data (CNWDI/FRD)
    - » Item 10e: Intelligence Information
      - (1)SCI/(2)NON-SCI
    - » Item 10g: NATO-always marked yes
      - Additional info added to item 13
    - » Item 10j: FOUO-always marked yes
      - Additional info added to item 13



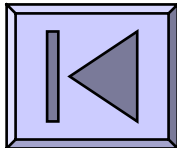


# ***WHAT DOES THE DD254 TELL US?***

## ***(continued)***

### ■ **PERFORMANCE REQUIREMENTS – Item 11 a-k**

- Where will contractor employees have access?



### ■ **ONLY ONE OF THESE ITEMS CAN BE CHECKED YES**

- » **Item 11a: Our activity ONLY**
- » **Item 11b: Their facility (but not expected to generate)**
- » **Item 11c: Our activity and their facility**

- **Will ADP processing take place at the GCA?**
  - » **Will the contractor link electronically to any of our computer systems?**
- **OPSEC Requirements (always checked yes)**
  - » **Different statements in item 13 for access at contractor's facility vice government activities**

Director

X

Through (Specify):

Commanding Officer, NAWCAD/NAS PAO, Unit NASAD, 22268 Cedar Point Road,  
Patuxent River, MD 20670-1154 301-342-7710

to the Directorate for Freedom of Information and Security Review, Office of the Assistant Secretary of Defense (Public Affairs)\* for review.  
\*In the case of non-DoD User Agencies, requests for disclosure shall be submitted to that agency.

13. SECURITY GUIDANCE. The security classification guidance needed for this classified effort is identified below. If any difficulty is encountered in applying this guidance or if any other contributing factor indicates a need for changes in this guidance, the contractor is authorized and encouraged to provide recommended changes; to challenge the guidance or the classification assigned to any information or material furnished or generated under this contract; and to submit any questions for interpretation of this guidance to the official identified below. Pending final decision, the information involved shall be handled and protected at the highest level of classification assigned or recommended. (Fill in as appropriate for the classified effort. Attach, or forward under separate correspondence, any documents/guides/extracts referenced herein. Add additional pages as needed to provide complete guidance.)

**FOR ALL WORK PERFORMED ABOARD NAVAL AIR WARFARE CENTER SITES, THE APPLICABLE INFORMATION SECURITY REGULATIONS WILL BE SECNAVINST 5510.36; 5510.30A AND LOCAL SECURITY INSTRUCTIONS**

**10e(2): Contract requires access to Intelligence data, including the SIPRNET, as certified by the COR via the NAVAIR/NAWCAD Scientific and Technical Intelligence Liaison Officer (STILO). The contractor shall not intentionally access, download, or further disseminate intelligence data without the guidance and permission of the NAVAIR/NAWCAD STILO. Contractor shall comply with the NAWCAD STILO memo of 9 JUN 99 (attached). Written approval of the User Agency Contracting Officer is required prior to subcontracting. A final U.S. Government clearance, at the appropriate level, is required prior to access to Intelligence information**

Reviewed by: \_\_\_\_\_//signed 28 Feb 05//\_\_\_\_\_  
Senior Intelligence Officer: Stephen Hendricks

**10j: For Official Use Only (FOUO) information generated and/or provided under this contract shall be safeguarded and marked as specified in DoD 5400.7-R, Chapters 3 and 4 (attached).**

**10g: There is no valid requirement for NATO access, however inadvertent access may occur because NATO information is available on the SIPRNET. A final U.S. Government clearance, at the appropriate level, is required for access to NATO information. Written approval of the Contracting Officer is required prior to subcontracting.**

**11c: Classified contract performance restrictions will be determined at task order. Security classification guidance will be provided on site by TPOC listed in Block 9 of each task order.  
SEE SUPPLEMENTAL SHEET**

# DD254

## ITEM 13 continued Supplemental Page

- **11j: The contractor shall develop, implement and maintain a facility level OPSEC program to protect classified and sensitive unclassified information to be used at the contractor facility during the performance on this contract. Contract data requirements list (CDRL) and data item description (DID) attached. The OPSEC plan shall be submitted to the NAVAIR within 90 days of contract award for acceptance and approval. Contractor shall mail preliminary draft OPSEC Plan in MS Word 6.0 (or later) on Compact Disc and hard copy to: Commander, Attn: 7.4.3, B463 Unit 10, 22514 McCoy Road, Patuxent River, MD 20670-1457. Final plan due 45 days after Government approval (NAWCAD 7.4.3) of draft. While performing aboard NAVAIR sites, the contractor shall comply with the provision of NAWCADINST 3432.1a; at all other sites, the contractor shall comply with the local command and/or program OPSEC plan.**
- **The contractor shall comply with the requirements of the Information Systems Security Programs as described in NAVAIRWARCENACDIVINST 5239.1. All systems, regardless of the level of data processed, will be accredited in accordance with the above instructions. Contractor will ensure all articles (including graphics) intended for public release or posting on the Internet/World Wide Web sites will be processed through the NAWCAD Public Affairs Office listed in item 12 above before posting.**

16. CERTIFICATION AND SIGNATURE. Security requirements stated herein are complete and adequate for safeguarding the classified information to be released or generated under this classified effort. All questions shall be referred to the official named below.

a. TYPED NAME OF CERTIFYING OFFICIAL	b. TITLE <b>CONTRACTING OFFICER'S SECURITY REPRESENTATIVE (COSR)</b>	c. TELEPHONE <i>(Include Area Code)</i>
<b>BARBARA J. FENWICK</b>		<b>301-342-7003</b>

d. ADDRESS <i>(Include Zip Code)</i> <b>COMMANDING OFFICER</b>	17. REQUIRED DISTRIBUTION	
<b>ATT: 7.4.1, B463, R103</b>	<b>X</b>	a. CONTRACTOR
<b>NAVAL AIR WARFARE CENTER AIRCRAFT DIVISION</b>		b. SUBCONTRACTOR
<b>22514 MC COY ROAD, UNIT 10</b>	<b>X</b>	c. COGNIZANT SECURITY OFFICE FOR PRIME AND SUBCONTRACTOR
<b>PATUXENT RIVER, MD 20670-1457</b>		d. U.S. ACTIVITY RESPONSIBLE FOR OVERSEAS SECURITY ADMINISTRATION
e. SIGNATURE		e. ADMINISTRATIVE CONTRACTING OFFICER
	<b>X</b>	f. OTHERS AS NECESSARY
		<b>COR, COSR</b>

# ***WHAT DOES THE DD254 TELL US?***

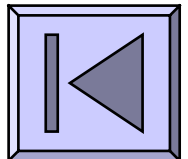
## ***(continued)***

### **Classification guidance for this CONTRACT!**

#### **Item 13:**

- **Applicable security requirements and classification guides needed at contractor facility**
- **Any requirements over/above NISPOM requirements**
- **How to protect FOUO information**
  - » **COSR attaches FOUO guidance**
  - » **OPSEC CDRL & DID**
  - » **Distribution Statements**
- **Only those access/performance requirements imposed on the prime contractor can be imposed on the sub-contractor. (Prime has to have, at least, capability required of subs)**

○ **CAN ONLY BE SIGNED BY A WARRANTED COSR**



# CONTRACTING OFFICER'S SECURITY REPRESENTATIVE (COSR)

## ■ SECNAV 5510.36

- “The Contracting Officer shall designate, in writing, one or more **qualified security specialists** per Subpart 201.602-2 of the Federal Acquisition Regulation (FAR) as Contracting Officer's Representatives. (**Local implementation of this requirement is training by the ASSIST**). The designation shall be for the purpose of signing the Contract Security Classification Specification (DD254)...”

# NAWCAD/WD COSR's

For N00421, N68335, N68936, N00600 UIC's (ONLY)

**Barbara J. Fenwick – 342-7003**

**Mark A. Davis – 342-6045**

**Kelley G. Rhodes – 757-2958 (in training)**

**Joyce K. Foca – 757-6580 (Lead)**

# Distribution Statements

- **ALL** classified and unclassified technical documents shall bear a distribution statement
- **PURPOSE** - Afford protection otherwise not provided by security markings-directs the document's availability for distribution, release and disclosure without additional approvals or authorizations
- **Specific Distribution Statements will be addressed in each task order**



# Distribution Statements

- **A:** Approved for Public Release
- **B:** Distribution authorized to U.S. Government Agencies **ONLY**
- **C:** Distribution authorized to Government Agencies and their contractors
- **D:** Distribution authorized to DOD and DOD Contractors **ONLY**
- **E:** Distribution authorized to DOD components **ONLY**
- **F:** Further dissemination only as directed by originating command
- **X:** U.S. Government Agencies and (those) eligible to obtain export controlled technical data (DD2345)

# Distribution Statements (example)

- Distribution Statement B: Distribution authorized to U.S. Government agencies only; (fill in reason) (fill in date decision was made originally). Other requests for this document shall be referred to (fill in originating command and address).

# What Have You Learned?

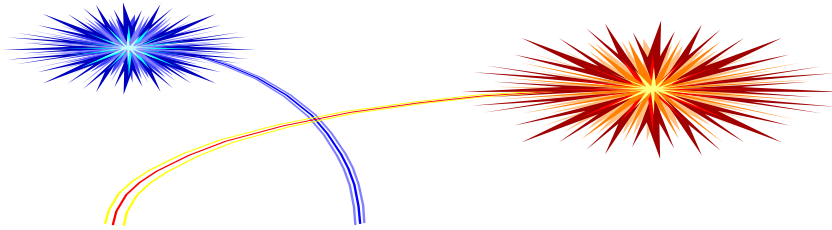
- ✓ You understand how we protect classified and controlled unclassified information
- ✓ You know your security responsibilities
- ✓ You know: **NEVER.....**

**Issue a classified sub-contract**

**without a DD254....when sub-contractor will require access to classified information at any stage (negotiation through performance)**

**And, most importantly,**

- ✓ We are here to **ASSIST You!**

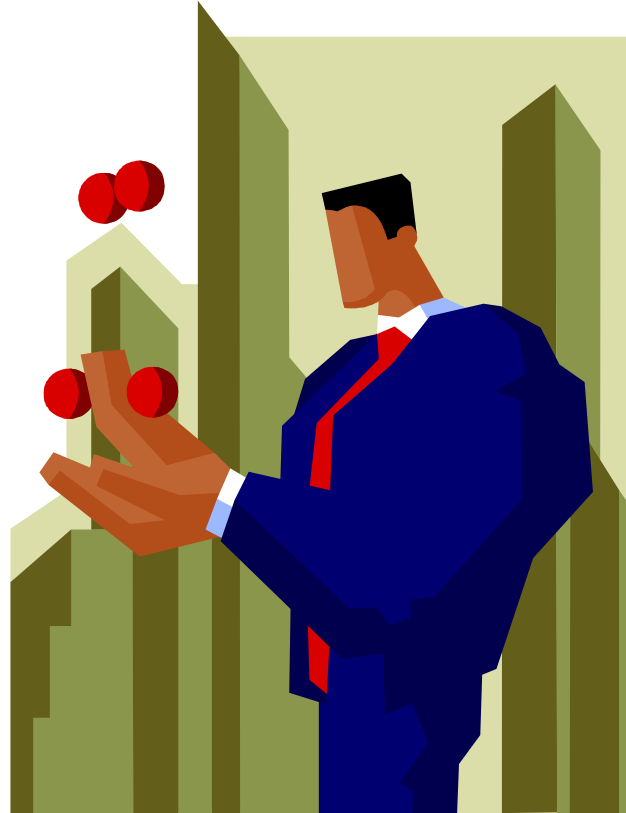


**QUESTIONS?**

# Points Of Contact

- Joyce K. Foca, ASSIST Lead, 757-6580 (CRADA's)
- Barbara J. Fenwick – 342-7003 (CSA's)
- Mark A. Davis – 342-6045
- Kelley G. Rhodes – 757-2958
- Email, [joyce.foca@navy.mil](mailto:joyce.foca@navy.mil)  
[barbara.fenwick@navy.mil](mailto:barbara.fenwick@navy.mil)  
[mark.a.davis@navy.mil](mailto:mark.a.davis@navy.mil)  
[kelley.rhodes@navy.mil](mailto:kelly.rhodes@navy.mil)

# INDEPENDENCE



# GAGAS AMENDMENT 3: INDEPENDENCE

In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, should be free both in fact and appearance from personal, external, and organizational impairments to independence.

# INDEPENDENCE

Pursuant to Government Auditing Standard 3.03 and 3.04 with respect to the component or Agency, financial management system, or line item identified in the individual task order. In this separate statement, the contractor shall address the following items:

- ✓ Explanation of the firm's current internal quality control system, including such items as work paper review procedures, staff independence requirements, and continuing professional education requirements.
- ✓ Results or a copy of the firm's most recent internal inspection report or equivalent and Peer Review.
- ✓ Results or a copy of the firm's most recent internal inspection report prepared by the Public/Company Accounting Oversight Board.
- ✓ Any existing, ongoing, or planned non-audit services in the past 5 years related to the specific component or Agency, financial management system, or line item identified in the task order.
- ✓ Any related lawsuits.
- ✓ Any relationships with the component or Agency that could impair independence.



# INDEPENDENCE (cont.)

Non-CPA firms that do not have an internal inspection report or inspection report prepared by the Public/Company Accounting Oversight Board will need to provide policies and procedures in the following functional areas;

- Independence, integrity and objectivity
- Personnel management (including recruiting and hiring, advancement, professional development and training and assigning personnel to work)
- Audit performance (including supervision and consultation)
- Acceptance and continuance of assignments
- Monitoring programs
- How quality controls have been implemented or will be implemented

# OVERARCHING PRINCIPLES

- Auditors should not perform management functions or make management decisions
- Auditors should not audit their own work or provide nonaudit services in situations where the amounts or services involved are significant/material to the subject matter of the audit.

# LOOKING AHEAD

- New independence standard questions and answers document and other Yellow Book information is available through GAO's website:

[www.gao.gov](http://www.gao.gov)

[www.gao.gov/govaud/ybk01.htm](http://www.gao.gov/govaud/ybk01.htm)

- For technical assistance, contact GAO at:  
[yellowbook@gao.gov](mailto:yellowbook@gao.gov)

# Organizational Conflicts of Interest

Mitzi Phalen

Associate Counsel, AIR/AD



# What is it?

- FAR 2.101 Because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the Government, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

# How can this happen?

- FAR 9.502(c) An organizational conflict of interest may result when factors create an actual or potential conflict of interest on an instant contract, or when the nature of the work to be performed on the instant contract creates an actual or potential conflict of interest on a future acquisition. In the latter case, some restrictions on future activities of the contractor may be required.

# How can this happen?

- FAR 9.502(c) An organizational conflict of interest may result when factors create an actual or potential conflict of interest on an instant contract, or when the nature of the work to be performed on the instant contract creates an actual or potential conflict of interest on a future acquisition. In the latter case, some restrictions on future activities of the contractor may be required.

# How will this be applied to me?

- NAVAIR Clause
  - 5252.209-9510
- OCI Mitigation Plan

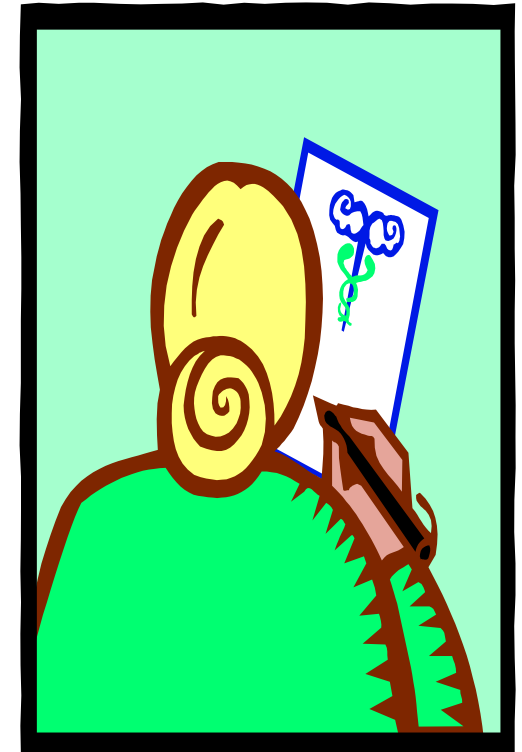


# What does “Legal” say about that?

- GAO case law analyzes the facts and places most OCI's into three categories:
  - Unequal access to information
  - Biased ground rules
  - Impaired objectivity

# Unequal Access to Information

- CSS has access to non-public/proprietary info during performance of contract
- CSS Company gains unfair competitive advantage in a later competition
- Usually resolved via a firewall & NDA's



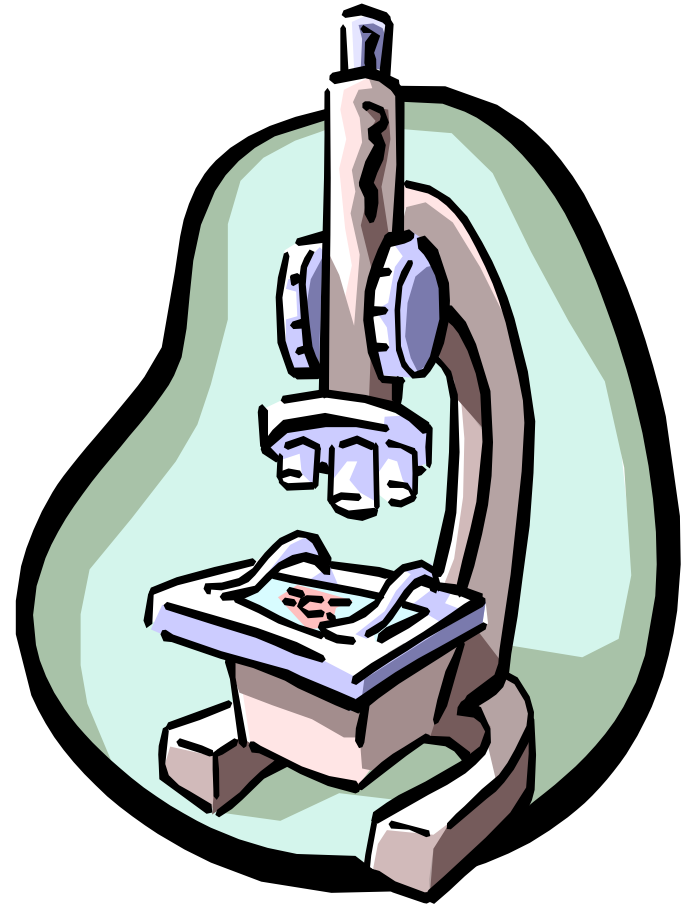
# Biased Ground Rules



- CSS writes the SOW or the specifications
- CSS sets the ground rules for the competition and skews it in favor of their own Company – *intentionally or unintentionally*
- This cannot be resolved by a firewall alone.

# Impaired Objectivity

- CSS evaluates their own Company's performance or proposal for work.
- Ability of the CSS to render impartial advice and comment is undermined by their relationship with their Company.
- This cannot be resolved by firewall.



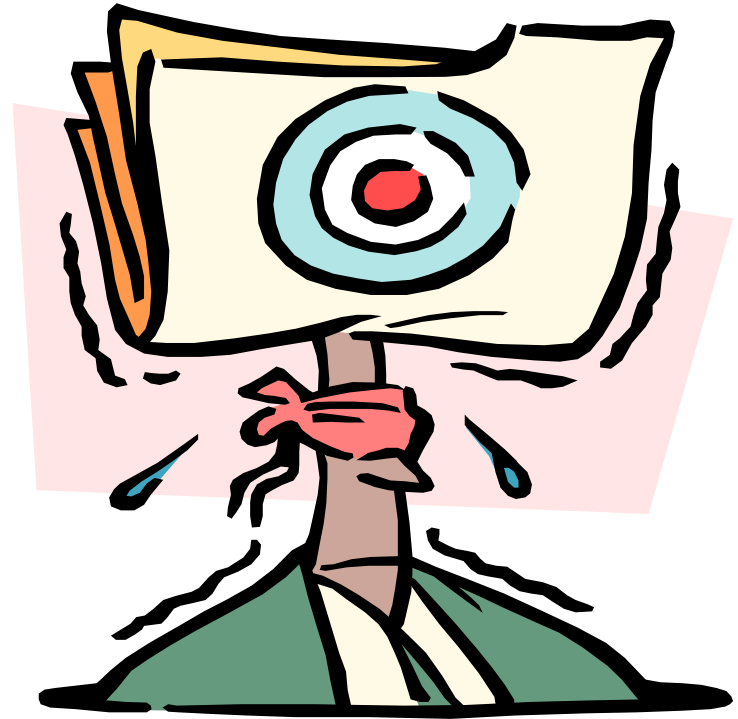
# Does this apply to my Teammates?



- YES.
- There is no basis for distinguishing between a Company and its teammates in the areas of biased ground rules and impaired objectivity

# What is the bottom line?

- If you have an OCI that involves biased ground rules or impaired objectivity that cannot be resolved – you will be barred from future competitions on that work!



# What can I do?

- Identify potential and actual OCI's as soon as possible
- Think about what type of work you want your employees doing that involves competitive procurements
- Work with the Contracting Experts to resolve your issues

# Questions and Answers

?



# Closing Remarks

# Points of Contact

## ■ NAVAIR Contracts

- PCO, Adrienne Somerville (301) 757-9057  
[adrienne.somerville@navy.mil](mailto:adrienne.somerville@navy.mil)
- CS, Krista Hayden (301) 757-9069 [krista.hayden@navy.mil](mailto:krista.hayden@navy.mil)
- CS, Jacqueline Jones (301) 757-9741/(703) 325-5719  
[jacqueline.jones@navy.mil](mailto:jacqueline.jones@navy.mil)/[jmjoness@dodig.osd.mil](mailto:jmjoness@dodig.osd.mil)

## ■ NAVAIR Small Business Office

- Director, Barbara Greely (301) 757-9044  
[barbara.greely@navy.mil](mailto:barbara.greely@navy.mil)
- Deputy, Estella Balmaceda (301) 757-9087  
[estella.balmaceda@navy.mil](mailto:estella.balmaceda@navy.mil)

# Points of Contact

- NAVAIR Security Clearance
  - Joyce Foca (301) 757-6580 [joyce.foca@navy.mil](mailto:joyce.foca@navy.mil)
  
- Office of Inspector General
  - Program Director, David Vincent  
(703) 428-1425 [dvincent@dodig.osd.mil](mailto:dvincent@dodig.osd.mil)
  - Project Manager, Michael Hill  
(703) 325-5675 [mhill@dodig.osd.mil](mailto:mhill@dodig.osd.mil)
  - Project Manager, Michael Perkins  
(703) 325-5672 [mperkins@dodig.osd.mil](mailto:mperkins@dodig.osd.mil)