

# Procurement Countdown

Fall 1998, No. 113

## IFMP: It's on the Way!

by Connie Howell-Hines, Dryden Flight Research Center

This is the first article in a series on the Integrated Financial Management Project (IFMP). The focus of this article is to provide an overview of the changes that will occur in the procurement process. The IFM system will provide a standardized, integrated, end-to-end system for budget, accounting, procurement, time and attendance, and travel. Implementation at each of the centers will occur in phases: DFRC and MSFC June 1, 1999; GSFC and Headquarters October 1, 1999; JSC, KSC, and SSC March 1, 2000; and ARC, LaRC, and LeRC June 1, 2000.

The procurement process will still begin with a requirement, initiation, and commitment of funds, solicitation, award, administration, and closeout. The tools used to accomplish these functions will

change with the IFM system. Performance Purchasing is the procurement module of the KPMG software.

Purchase requests (PRs) will be electronically initiated, routed,



and approved via the Web. PR initiators will be responsible for generating the PR with complete line item and financial data. Authorized individuals will be able to make changes during routing and approval.

Once the procurement office has accepted the PR, the synopsis, if required, can be created and posted. Synopses will be generated outside of Performance Purchasing using the NASA Acquisition Internet Service (NAIS) Electronic Posting System (EPS). A solicitation number and contract line items will be generated within Performance Purchasing. An integrated third party software tool will be used to prepare the solicitation document. The third party software will be used to generate all documents, modifications, forms, and leadtimes/milestones. Bid/proposal price information can be manually input into the system.

When the evaluation is completed, a contract number will be created in Performance

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## Highlights...

Deidre A. Lee has left NASA. Read the editorial on page 2.

Read about KSC's experience with ISO 9001, starting on page 2.

NASA's Minority Business Awards honored contractors nominated by Procurement offices. They are discussed on page 3.

A fascinating look at a breakthrough contract for buying data begins on page 4.

Steve Parker's rotational assignment at Headquarters has ended. See what he has to say about it in the second of his two-part on page 6.

IDIQ contracts for construction arrived at KSC this year. Check out what happened on page 7.

Did you know there are two kinds of Past Performance Evaluations? Read about FAR 42.15 evaluations on page 11.

The Adarand-Pena case has changed the way government thinks about small businesses. The story begins on page 12.

A second IFMP article rounds out this issue on page 13.

# Editorial: The Changing of the Guard

by Susie Marucci, Editor of the *Procurement Countdown*

On August 6, it was with mixed feelings that the people in the Office of Procurement saw Dee Lee walk out the door for the last time. Everyone was glad for the new opportunity she would have and for the good she would do for Procurement everywhere as Administrator at OFPP. Still, she had been so good for NASA, had implemented so many great initiatives, had been so willing to try new things, that it was not without a pang of regret that we watched her leave.

When Dee left, Tom Luedtke, the Deputy Associate Administrator, was named as Acting Associate Administrator, while a search is on for Dee's replacement. If people at Headquarters and in the field don't feel the sudden stress that often comes with the boss leaving, it is because of Tom. If they are aware of new things

coming down the pike that seem to have Dee's fingerprints, that's also because of Tom.

For five years, Tom Luedtke has been the Deputy Associate Administrator for Procurement. He and Dee worked very well together. They were remarkably in tune with their visions for the future. They shared a strong picture for NASA's Procurement. That is why new initiatives don't feel alien and the world hasn't shaken since Dee left.

In his five years as Deputy, Tom created several of the initiatives that NASA is using today including the Award Fee initiative and the Cost Control Initiative. He spearheaded NASA's Electronic Commerce Initiative, the Performance Based Contracting Initiative, and the Ombudsman Initiative.

Before being chosen as the Deputy AA, he was the Director of the Contract Pricing and Finance Division, the old Code HC.

Today, Tom sits in the big chair. For how long, we don't know. The vacancy announcement for the Associate Administrator position has already opened and closed. That means a decision could be made by Thanksgiving or in two years. It's hard to tell.

One thing is sure. For however long we have Tom Luedtke at the helm, he'll bring the same common sense, the same knowledge of NASA Procurement, and the same skill at creating initiatives that he has brought into the Front Office for the past five years.

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## KSC Takes Major Step Forward with ISO 9001 Certification

On August 11, Kennedy Space Center formally received recognition of ISO 9001 certification from Mr. Dalton Lyon who is the Atlanta Regional Office Director for Det Norske Veritas, KSC's registrar. This achievement capped a three-year effort begun in March 1995. KSC's approach was process-based and incorporated extensive flow charting in the development of key procedures. KSC was assisted in their approach by consultant Gordon Gray McPhail of Charter International.

This method of preparing for certification received favorable

comment at a national meeting of quality professionals in central Florida just as the Center was preparing for its final assessment. It was not a popular approach because it involved an overhaul of KSC's documentation system at a time when resources were already stretched and the Space Flight Operations Contract was in the midst of transition to JSC. However, KSC's Center Director, Roy Bridges, breathed new life into the effort and held its course steady through delayed preassessment and then final assessment the week of May 11.

The following are significant to note concerning this achievement:

1. All of KSC's key processes and all of its facilities, including those at Patrick Air Force Base, Cape Canaveral Air Station, and at Vandenberg Air Force Base are covered by this certification.
2. The entire business system at KSC was reworked using a simplified documentation process that encourages continual improvement.

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## People on the Move

### Kennedy Space Center:

The Procurement Office is home to six new contracts professionals. They are David Culp from JSC; Jeanne Burkhart, Joe Fasula, and Donna Rafferty from GSFC; and Jane Reutter and Tom Tokmenko from LeRC. They are all settling in to KSC's routine, learning the local lingo, and with the possible exception of David getting use to the humidity. Also on board recently are Elizabeth Minor, who replaced retiree Anita Nesbit, and Ember Smith who comes from the EO office and will help with our Central Industry Assistance Office (CIAO), Small and Small Disadvantaged Business activities. Gladys Escobar was named employee of the quarter in August. Gladys is secretary to the Chief of the Mission Support Office, Ms. Carol Farran. This office administers the KSC portion of the Space Flight Operations Contract. Recommended to management by employees of the Procurement Office, this unique award also carries with it the admiration of each of the recipients' peers. Joy Colston, secretary to KSC's Procurement Officer, Jim Hattaway, is Kennedy Space Center's Secretary of the Year. Colston was recognized by the Center Director in an annual awards ceremony held earlier this year. Colston was also recently selected as a

## Minority Business Awards Honor Contractors

On September 23, the front office of the Office of Procurement was filled with Procurement Officers. No, it wasn't the Procurement Officers' Conference. Procurement Officers from both coasts, and some in between, stopped by the office before heading to the real reason for their visit. They came for the yearly NASA Minority Business and Advocates Award Ceremony. The ceremony, which was carried live on NASA TV, honored the outstanding minority contractors of the year. Some of the organizations and people who won awards were:

Symtech Corporation of Alexandria, VA, was nominated by Ames Research Center, and chosen as NASA's Minority Contractor of the Year for its work putting real time data from Lunar Prospector on the Internet.

Dynamac Corporation of Rockville, MD, was nominated by Kennedy Space Center, and was chosen as the Women-Owned Small Business of the Year award. This is the first time the category was included in the awards. The company provides technical support for Kennedy's biological research and environmental monitoring programs, among other program.

Stanford Mu Corporation of Harbor City, CA, was nominated by Lockheed Martin Astronautics of Denver, and chosen as the Minority Subcontractor awardee. The company created pressure components for the Cassini and other spacecraft.

Two of Procurement's own received awards. Jim Bradford from MSFC was nominated by Lamont Hames of the Office of Small and Disadvantaged Business. Bradford was given the Procurement Leadership Award for his "extraordinary leadership and advocacy in support of NASA's Small and Disadvantaged Business Utilization in the Procurement arena." JSC's Wayne Thomas received an exceptional achievement medal for his work in fostering contracting with small disadvantaged businesses. He was nominated by the JSC Business Management Directorate.

For several years now, NASA has worked to increase the level and quality of participation by small, disadvantaged, minority, and women contractors. The high caliber of the nominees and those who won the awards show the hard work has paid off.



Documentation Specialists in the Checkout & Launch Control System Office. So she will shortly be leaving Procurement. In the words of Jim Hattaway, "She will be truly missed."

The list of **People on the Move** only includes those names that were submitted to the *Procurement Countdown*. If you know people who should be listed in this column, contact your Center *Procurement Countdown* point of contact, or send the names to the editor, Susie Marucci, on (202) 358-1896, or e-mail at [susie.marucci@hq.nasa.gov](mailto:susie.marucci@hq.nasa.gov).

# First Attempt at a Data Buy: SeaWiFS Project

by Mary Cleave, SeaWiFS Project Manager for the Development and Early Operations, and Lynne Hoppel, SeaWiFS Contracting Officer, Goddard Space Flight Center

For the first time in history, the people of Earth are getting back dramatic data about their planet, the oceans, and the Earth's changing biology. The Sea-viewing Wide Field-of-View Sensor (SeaWiFS) Project is tasked with producing regular global biospheric data for the first time in history. This is our first regular measurement of all the plants on the planet. Because plants remove Carbon Dioxide from the atmosphere, these data are extremely important to our understanding of how Carbon Dioxide is removed from the atmosphere. The build-up of Carbon Dioxide in the atmosphere may be contributing to global warming, which increases the significance of these data. In a different way, SeaWiFS made history, in its procurement aspects as much as its data return.

## Results Oriented

On March 29, 1991, a contract was awarded for only "the results" of a mission. This effort may have very well been NASA's pioneer in Commercialized mission procurements, as we know them today. By only purchasing the results of the mission, NASA could eliminate much of the usual documentation required to support the mission development. The advantage of this to NASA is reflected in cost savings. In our surveillance role, we participated in all the major reviews using contractor internal documentation. NASA actively followed all activities making comment, but not direction (insight not oversight).

This new way of doing business for NASA came about from Congressional legislation requiring NASA to foster and encourage the market place and to obtain results rather than our typical method of obtaining title to a spacecraft and instrument. GSFC, in response, issued a solicitation to purchase ocean



color data sets to support research from a privately built satellite rather than building, launching, and controlling a satellite. The original schedule provided for data to be delivered in 1993. Due to development problems, the data delivery was delayed until 1997.

## Big Changes

Utilizing this approach allowed NASA to save money by not having to pay for all of the contractor's costs and allowing the contractor to commercialize the data. Through the commercialization of ocean color data, additional contractor investment could be recovered and additional profit earned from operational and foreign data sales. Furthermore, GSFC also believed this financial incentive would promote competition.

Orbital Sciences Corp. (OSC) was awarded a contract on a fixed price basis from a

competitive solicitation. OSC was to provide the instrument to return the required data, build the SeaSTAR spacecraft, provide launch, and provide tracking and control services. All performance functions of the mission were the responsibility of OSC. The fixed price of the contract was \$43,520,000, significantly less than that of equivalent projects completed on cost-plus-fee contracts.

Avoiding changes to the original contract specifications controlled the government's cost. There was one significant change required to fix a stray light problem with the instrument. Although the instrument was optimized for Ocean imaging, this change allowed the instrument to produce good land imagery as well.

Progress payments were related to the contractor's development, testing, and launch of the spacecraft and instrument. Although NASA is only procuring data, it was unrealistic to believe that any company would build a spacecraft and instrument without any funding until the data is actually being produced. Therefore, GSFC provided progress payments to assist the contractor in its ultimate milestone of providing data.

## Lessons Learned

1. Form an Acquisition Team consisting of key technical expertise (science as well as engineering) and procurement

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# Summary of SeaWiFS Data Buy Contract Lessons Learned

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representatives well in advance of the formal solicitation process. Release to industry the statement of work/data specifications prior to issuance of a formal solicitation. Consider and evaluate all comments made by industry to refine the specification/statement of work. Know exactly what you want and define exactly what you want before you buy it. Review the Agency's needs and identify the services and outputs required from the contractor. Review the needs of other potential government customers to assure their requirements are considered as well.

2. A data-buy contract, if structured correctly, and with an appropriate contractor, can produce results at considerable cost savings. Much of the savings will be the result of carefully planning the level of government surveillance. Ensure that only those essential government approvals are specified. Failure to do so can result in unnecessarily increased contract costs. Require insight activities that allow government representatives to attend contractor meetings, tests, and reviews and obtain specific documents for review or any other activity on the contract.

3. Past performance should be an extremely important evaluation factor in the selection process. If there are no offers received demonstrating clear and convincing ability to meet mission objectives during

the solicitation process, then pull back the requirement and figure out what is wrong with it. A contractor's past performance record is a key indicator for predicting future performance under the mission.

4. Compare closely the cost information provided in the government's in-house cost estimate when evaluating fixed price proposals. NASA has enough experience and historical data to estimate the cost for such an undertaking. Perform a cost realism assessment on proposals to minimize future risks to the parties. Require the offeror's to identify outside financial commitments sufficient to cover at least half of the money required for them to break even. Also, this approach should prevent NASA from making an excessive initial cash outlay.

5. Balance well the liquidating of progress payments to delivery/performance incentives during development and the early operations phase. In the contract with OSC, GSFC liquidated more than 80% of the fixed price prior to launch. The percent of the contract expended with each milestone really defines the amount of leverage you have during contract administration activities and for incentivizing performance/delivery.

6. Define in the contract substantial penalties for late performance/delivery. The definitions of standard performance, maximum positive and negative performance incentives, and the units of measurement must be well defined. Care must

be taken to ensure that the incentive structure reflects both the value to the government of the various performance levels and a meaningful incentive to the contractor. Performance incentives should be challenging yet reasonably attainable.

7. Teamwork among government personnel becomes essential as contract administrative functions must be closely coordinated and tracked with project personnel. It is extremely important that the government timely exercises all rights specified in the contract.

8. Completely and accurately define delivery/performance milestones in the contract. Remember any or all ambiguities will be in favor of the contractor. A Quality Assurance Plan corresponding to the standards and measures of contractor performance is needed to determine if performance meets contract requirements.

9. Define the test program carefully. Under contract with OSC, thermal testing failed twice, and the spacecraft was rebuilt each time.

A fixed price type contract is not appropriate for high-risk research and development efforts.

We learned these lessons on the job. It wasn't always easy, but it was worth it. SeaWiFS is making history, bringing new information into the hands of scientists. This data will change the way we view and use our oceans and our world. It also put new data into the hands of procurement professionals, showing how a "results only" contract can successfully work.

# So You Want to Go to Headquarters?

by Steve Parker, Kennedy Space Center

## Part 2 — Being Here

### The Honeymoon

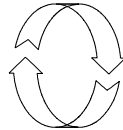
I arrived at NASA Headquarters in Mid-April, full of vim and vigor, ready to tackle any and all challenges assigned to me. It took me two weeks to learn my way around both Headquarters and DC. I was assured that challenging tasks would come my way, and as the saying goes, “Be careful what you ask for . . .” It didn’t take long before I was knee deep in issues like the Year 2000 problem.

I was hardly an expert on Y2K before arriving at Headquarters. I had managed to avoid getting too knowledgeable about Y2K because I felt it really wouldn’t affect me, and someone else would take care of it. Right? All of a sudden, TAG - I’m it. I’m the NASA Y2K policy wonk. I spent a lot of time doing research, learning all about the Y2K problem, causes, risks, and program goals and getting to know the NASA CIO Y2K Program Manager. Along the way, I got to meet nice people in the Headquarters Legal Office and the IG’s Office.

I’m still not an expert, but I know enough to scare me. The Y2K problem is really quite simple, but the magnitude of IT applications and their interdependence in this information age makes the issue an ominous one. Some free advice to all of you is to keep lots of cash on hand prior to December 31, 1999.

### Those wacky DAR council people

Early in my tour of duty at HQ, I was invited to attend a meeting of the DAR council as an observer. These are the people who eat, sleep, live, and breathe the procurement regulations we work under. There is nothing more exciting than watching a room full of lawyers and procurement policy wonks arguing cases to change the rules and regs. I got lucky and attended on a day when they discussed changes to FAR Part 12, the Commercial Contracting regs, which affect us all to some



degree. Some of the DOD components were arguing for a change to permit the use of a hybrid time-and-materials type contract under the Commercial Item procedures. The NASA powers-that-be seem opposed to this change, but to me, as a Contracting Officer, it sounded like a neat tool to add to our toolbox.

### Al Gore, Stand up comedian

After a staff meeting one day, I was tagged to attend the government-wide SES awards ceremony. I personally would rather have a root canal than watch a bunch of SES’ers pat each other on the back and share their good fortunes.

The first half of the event was as mundane as watching mud dry, but the keynote speaker

was a guy named Al Gore. Mr. Gore began with a fusillade of self-deprecating one-liners, comparing the plight of the lowly civil servant, in the eyes of the public, with that of the Vice President of the United States. He ended by energizing the crowd to continue pushing for reforms, a la the Government Performance and Results Act (GPRA). I rate Mr. Gore as a pretty good comedian and speaker ... I wonder what his day job is?

### Living in DC

Half the fun of having a rotational assignment at NASA Headquarters is just being in DC. The city is very seductive with all its charms, from the rich history of colonial times, the great museums of art and culture, the incredible variety of restaurants and bars, the endless parade of special events, and of course the soap opera of power and politics.

My personal favorite experiences include the 4<sup>th</sup> of July Fireworks on the Mall, Stanley Cup Playoff Hockey (Go Red Wings!), biking the Mt. Vernon Trail, walking the Chesapeake Bay Bridge, driving through Shenandoah National Park on Skyline Drive, listening to a lecture by former NASA Test Pilot Bill Dana (currently chief engineer at Dryden) on flying the X-15, playing on the Code H/Z softball team, and being on the waterfront in Annapolis. I was fortunate that my spouse joined

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# KSC'S Multiple Award IDIQ Construction Contracts

by Jack Massey, Kennedy Space Center

The Kennedy Space Center Procurement Office recently expanded its multiple award contracting program to include a venture into the construction of facilities arena. In June of this year, Kennedy awarded four multiple award Indefinite Delivery/Indefinite Quantity (IDIQ) contracts covering general construction projects involving the construction, modification, repair, and rehabilitation of Kennedy Space Center facilities.

This success oriented innovation was designed to provide Kennedy with a specific capability to respond to and complete mission critical



facilities construction requirements in a timely and efficient manner. The program builds on successes experienced under a similar ground support equipment fabrication test program which was the subject of a Fall 1997 *Countdown* issue.

The Kennedy awards establish a cadre of highly qualified and motivated general

construction contractors who will work in concert with the government to bring selected construction projects to satisfactory completion with a minimum expenditure of resources. Representatives of the selected contractors attend partnering workshops with their NASA counterparts and are expected to partner with the government to eliminate to the maximum practicable extent any adversarial relationships. Additionally, they are expected to work in concert to accomplish those activities necessary for expedited award and timely project completion.

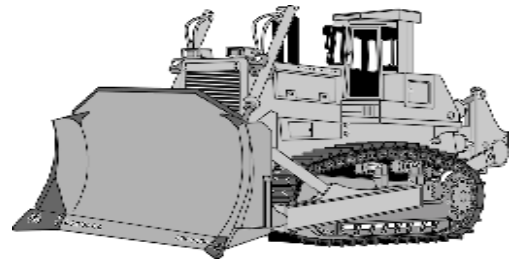
The focus of the program is a management commitment by both the government and the contractors to mutually reduce efforts, costs, and schedule impacts wherever it may be practicable to do so. Under the program, the selected contractors compete among themselves for fixed price delivery orders for individual projects.

In addition to price competitiveness, the competition for each delivery order also includes consideration of performance factors such as timely performance, business relations, and customer satisfaction. A contractor with unsatisfactory performance in any of these areas may be excluded from competing for some or all future orders until the performance problems are rectified.

## Why We Did It

The classical acquisition methodology in the mundane, non-glamorous world of facilities construction is firm-fixed price

sealed bidding with award to the lowest price responsive responsible offeror. Notwithstanding the significant improvements in full and open competition acquisition cycle times that have occurred as a direct result of



applying MidRange initiatives to the construction acquisition process, the current minimum cycle time required to comply with mandatory activities such as synopsis and the minimum period between solicitation issuance and receipt of offers has, at best, failed to endear the procurement office to its customers.

In the past there have been occasions in which we have not been able to adequately support our Shuttle and Payload customers because of the time required to award and subsequently complete critical construction projects. In the commercial arena, normal business practice dictates that vendors with whom a company does business either provide that company with the level of technical and administrative performance which is expected, or very quickly find themselves not even considered for additional business. By moving our contracting methodology closer to the commercial norm, we will emulate some of

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# IDIQ Construction Contracts

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the efficiencies inherent in that approach.

In the face of decreasing resources within both the procurement and technical communities at Kennedy, we are sorely challenged to find new and more efficient methods of maintaining a capability to respond to and complete mission critical requirements in a timely and efficient manner; multiple award construction contracting is one tool towards that end.

## How We Did It

The MidRange buying team for this program was staffed with members representing both the general and construction administration/management interests of both the procurement office and



our primary facilities construction customer. The team was charged with making a best value selection of the firms considered to be those firms most likely to provide the best combination of reasonable competitive pricing and reduced administrative expense.

Four firms were selected to receive contracts. Each IDIQ contract has a one-year performance period plus two one-year options to extend performance.

Each contract has a \$10,000 minimum value for the initial year. The maximum value of each contract for the initial year is \$2,000,000, and the maximum value of each option year is \$4,000,000. The total maximum value of each IDIQ contract is \$10,000,000. For projects selected to be awarded under the IDIQ contracts, delivery orders will be issued under the procedures at FAR Part 16.

A draft solicitation and model contract delineating the program were issued for industry comment prior to release of the final solicitation. In view of the intense local interest, comments received were unexpectedly few and surprisingly positive in nature.

Several expressions of interest essentially stated that the program reflected in the solicitation was straightforward and similar to the way that business was conducted in the private sector. More surprising were contractor statements affirming that some form of fixed price best value selection is the way that many of the contractors would generally prefer to do business as opposed to the classical low bid method.

## Post-Award Industry And Customer Reaction

Post-award reaction from industry was also unexpectedly positive in view of the intense pre-award competition and post-award interest. Notwithstanding fourteen, yes fourteen, debriefings provided, no protests were filed. The majority of firms

debriefed remained affirmative about the program and the best value selection process even if chagrined at not being among the group of firms selected for contract award.

An unexpected indirect



result of the program has been the incidental impact of the program on the way the general contractor community views performance. While no metrics are available to measure the extent of the influence, program implementation has brought with it some noticeable change in the general attitude with which at least some contractors now view the relative importance of their level of performance and, correspondingly, the manner in which they currently approach their contract administration activities.

The several orders now placed under the program indicate that the speed and efficiency with which delivery orders can be competitively placed will be primarily a function of the complexity and completeness of the individual technical package, and not one of the acquisition process itself.

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# IFMP on the Way!

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Purchasing and the document will be prepared using the third-party software. The obligation occurs in Performance Purchasing when the document is awarded and is transferred to Performance Accounting. Receiving and acceptance will be matched to the invoice and to the award document for payment processing. After contract completion, closeout processing occurs outside the system. The document status is changed to closed after receiving the required documentation.

## Changes to the Process

During business processing reengineering, several procurement breakthroughs were identified. As part of the reengineering process, the procurement team developed the following vision statement:

*NASA's reengineered procurement process will provide an efficient, standardized means for acquiring supplies and services in a timely manner. The process will include a fully automated system integrated with other business processes and will satisfy our customer needs 100% of the time.*

The system will provide an on-line, end-to-end procurement system that is integrated with other business systems. It will generate electronic purchase requests. Routing of documents will be determined by the system.

Another breakthrough was to reduce the number of

approvals by electronic processing of documents, defaulting of data fields, and automating verification of information. Approvals should also occur online through the system. Default information should be automatically populated to the on-screen fields whenever possible. Another automated feature will be closeout for certain transactions. Small purchases will automatically be closed based on matching that occurs within the system. The team is attempting to expand



the automated closeout feature to commercial type contracts.

Increased use of credit card purchasing and a standardized Agency process was another of the reengineering breakthroughs. The credit card process is one of the areas that will be standardized under the IFM system. There will be an Agencywide credit card process used by all the centers. There are other areas that will be standardized under the IFM system including small purchase terms and conditions and leadtimes/milestones.

Much of the information within the system has been configured at the Agency level. All the centers will be limited to the information contained in these Agency level tables.

Any changes to these tables will have to be approved and input at the central location. There will be Center points of contact to process the changes. Some changes to the NFS will also be necessary. The contract numbering scheme will change as each Center implements the IFM system. Agency reporting will change from the current NF507 to Federal Procurement Data System Reporting (FPDS) SF279/281 and Federal Assistance Award Data System (FAADS) reporting.

## Training

Training courses are being developed at the Agency level. Prior to implementation at each Center, training will be provided on the system. Procurement users will receive training to familiarize them on the procurement module from initiation of the funds to final closeout. Training will also be provided to procurement users on processing travel orders, travel vouchers, and time and attendance information. Travel and time and attendance training will be implemented in phases. Most procurement users will probably not be part of the initial training in these areas. Each Center has a training coordinator who will be responsible for working with the contractor during the establishment, scheduling, and conduct of the training courses.

An important feature of the training will be the familiarization of how the system works and the operation of the procurement software. It will also be necessary to become familiar with the

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terminology used by the commercial software. Training will also occur on changes that are unique to NASA business processes such as, the financial classification structure, the contract numbering scheme, and the document generation system.

## Data Conversion

One of the key points of the IFMP is that it is an integrated system. This integration requires that multiple databases be combined into a single Agency database. This has significant consequences in the procurement area. Prior to implementation at each Center, the existing procurement data at each of the centers will be converted into Performance Purchasing. Much of the information that will be shared between procurement and accounting is currently in separate databases. This information needs to be reconciled

between the separate databases to ensure that the correct information is collected prior to conversion.

One of the areas that will be used by procurement, accounting, and travel is an Agency vendor file. Each Center currently has multiple vendor files. Under IFMP, a single vendor file will be created and shared by all the centers. NASA has adopted the DoD Contractor and Government Entity (CAGE) code system to use as a means to populate NASA's vendor file.

At conversion, each record to be converted must have a valid CAGE code associated with it. A change was recently made to the Acquisition Management System (AMS) to incorporate the CAGE codes. All centers should be requesting vendor CAGE codes and inputting the information into their current systems. The procurement process team is

developing a change to the NFS and an Agency provision to provide guidance in this area.

An article on data cleanup has recently been posted at the following URL: [http://ifmp.nasa.gov/news/dc\\_page1.html](http://ifmp.nasa.gov/news/dc_page1.html). A separate article on data cleanup is also contained in this issue of the *Procurement Countdown* on page 14.

## IFMP Information

The IFMP team has established a homepage that contains information on the project. There are numerous documents posted including briefing charts and contract requirements. The IFMP URL is: <http://ifmp.nasa.gov>. Each Center also has an IFMP website.

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# ISO 9001

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3. KSC received notice of only seven minor nonconformities in its final assessment, the lowest number of findings among NASA centers that have received certification to date.

Recently individuals in KSC's Procurement Office received certificates of appreciation for the special efforts that

they contributed to the Procurement Office's ISO 9000 readiness. Their efforts ranged from preparing and reviewing flow diagrams to giving classes on ISO fundamentals and performing internal audits of other KSC directorates. These people were: Bryce Collins, Dennis Eaton, Andy Haugevik, Cheryl Hurst,

Dan Lewis, Gloria Marsh, Jack Massey, Mike McCarty, Joyce McDowell, Steve Parker, Bob Pirkle, Dave Reeves, Laura Rochester, Jacqueline Simon, and Shelly Whittiker.

Congratulations to them all!

# Using Past Performance Evaluations to Improve Future Performance: FAR 42.15 Evaluations

by Paul Brundage, Headquarters Contract Management Division

Evaluating performance is a tricky business. It is also a vital one. Honest, valuable feedback gives contractors the needed information to correct any problems. Ideally, it makes for a better relationship between the government and industry. To get closer to that ideal, NASA recently instituted its Past Performance Evaluations (FAR 42.15)

On August 11, 1998, NASA published its final rule in the Federal Register regarding our implementation of FAR 42.15, i.e., past performance evaluations (see FR Vol. 63, No. 154, pgs. 42756-42757). This article will explore NASA's general philosophy for these evaluations, cover some points about the mechanics of performing them, and indicate the direction NASA is taking on an Agencywide database.

Probably the most difficult thing about these new past performance evaluations is their name. FAR Part 15 past performance evaluations have been around for quite some time. They occur before award. FAR Part 15 evaluations are done as an evaluation of a contractor's performance on relevant contracts to determine if award of a pending contract is warranted. The FAR Part 15 evaluations often involve more than one contract.

In contrast, past performance evaluations under FAR 42.15 are always of one contract and occur after award, even after the goods or services

have been delivered. While this evaluation could later be used as part of a FAR Part 15 evaluation for another contract award, the immediate purpose—see “philosophy” below—is to promote communication.

So, we urge you to make a distinction when discussing or performing past performance evaluations. While identical in name and similar in other regards, the use and purpose of a FAR 42.15 evaluation is decidedly different from those done under FAR Part 15. Please identify at the outset the one you are about, e.g., “I am referencing a past performance evaluation under FAR 42.15.” This would be especially helpful for contractors who have contracts with NASA but are bidding on current contracts. They could potentially have both kinds of past performance evaluations going on, referring to work on different contracts, at the same time. By differentiating which kind of past performance evaluations you are referring to, confusion can be reduced or eliminated.

## Philosophy

At NASA, FAR 42.15 evaluations concern communications about the quality, timeliness, cost/price, and other aspects of the contractor's performance. NASA's regulation states that these evaluations are subjective in nature. The communications will involve the transfer or exchange of information, including some that is judgmental. Contracting officers are interested in performance. They also take into

account the contractor's efforts to make performance happen despite unforeseen difficulties, e.g., the company persevered and delivered two days late despite unusual weather that was expected to delay delivery a week and which might have constituted an excusable delay. Communicating to contractors how they might improve performance and learning from them how the government might help them to improve performance are the essence of our evaluations under FAR 42.15.

## Mechanics

Evaluations must be recorded on the NF 1680, and this form can be created, completed, routed, and stored electronically. It has numerous features such as spell checking and even yellow “sticky notes.” Contractors who are interested in looking at the form (they do not fill it out) can also go to the website at ARC to download the Informed Filler software and the NF 1680 at <http://servermpo.arc.nasa.gov:80/NEF/NEFProjects.html>.

The one-page form is easy to use. Only a sentence or two is needed to support the rating for each attribute of performance. During discussions, Contracting Officers should expand on the rationale and flesh out details which will give contractors a better understanding about current performance and its future improvement.

*(continued on page 16)*

# A Supreme Court Decision Changes the Procurement Game

by Chris Jedrey, Headquarters Contract Management Division

The federal acquisition community has been long waiting for the FAR's new regulations as a result of the *Adarand* Supreme Court decision. The Supreme Court, in its June 1995 decision in the case of *Adarand Constructors, Inc. v. Peña*, stated that federal programs which make race or ethnicity a factor in decision making are subject to a standard of "strict scrutiny." Under this standard, such programs (1) must serve a compelling government interest and (2) must be narrowly tailored to further that interest.

In rendering its decision, however, the Supreme Court did not find any specific federal agency program or any statute authorizing such program to be unconstitutional – nor did the Court indicate that programs involving racial classifications could never satisfy strict scrutiny. (The Supreme Court remanded *Adarand* to the U.S. District Court for the District of Colorado which subsequently found that the Dept. of Transportation program in question failed to pass strict scrutiny.)

In May 1996, the Department of Justice (DOJ) published in the Federal Register for public comment a proposal for the reform of affirmative action in federal procurement, designed to ensure compliance with the "strict scrutiny" standard. The DOJ concept contains essentially four elements. They are:

(1) *Benchmarks* – The Department of Commerce (DOC), in consultation with GSA and SBA, will establish "bench-

marks" for each 2-digit SIC Major Group. These benchmarks will represent the level of minority contracting one would *reasonably expect* to find in an industry absent discrimination or its effects and will provide the



basis for comparison with *actual* minority participation in contracting in these industries. The purpose of comparing the actual utilization of minority firms against the benchmark is to determine when the effects of discrimination have been overcome and minority-owned firms can compete equally without the use of race-conscious programs.

(2) *Mechanisms for Increasing Minority Opportunity* – Mechanisms to increase minority opportunities include: a price evaluation adjustment for SDBs; a non-price SDB participation evaluation credit; and monetary SDB subcontracting incentives (such as award fee and an incentive type similar to that found in FAR 52.219-10). The price evaluation adjustment involves adjusting upward by a specific percentage factor the bids/offers from other than SDBs (with certain exceptions). This adjustment is used for evaluation purposes. The non-price evaluation credit is somewhat similar to the practice frequently used in

NASA acquisitions. The extent of proposed participation by SDBs in the performance of the contract – including teaming arrangements, joint ventures, and subcontracting – will be evaluated.

(3) *Interaction Between Benchmarks and Mechanisms* – Where the use of available tools, such as race-neutral outreach activities, result in minority participation *below* the benchmark in any given industry (i.e., 2-digit SIC Major Group), the DOC will authorize federal procuring agencies to use prescribed mechanisms in acquisitions in that industry. Where minority participation is *above* the industry benchmark, the DOC may authorize the reduction or elimination of mechanisms after analyzing the projected effect of such action

(4) *SDB Eligibility and Certification* – While a firm's representation as an SDB will be acceptable for statistical purposes, in order to receive a *benefit* under one of the mechanisms listed above, a firm will have to be *certified* as an SDB. Each firm seeking such certification will have to obtain, from an outside source approved by SBA, a certificate of "ownership and control." A firm must then receive a certification, based on SBA guidelines, that the individual(s) who owns and controls the concern is (are) socially and economically disadvantaged.

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## Summary of FAC 97-06—Price Evaluation Adjustment

Effective October 1, 1998

This rule provides coverage pertaining to the use of one procurement mechanism benefiting SDBs, namely a price evaluation adjustment.

Subpart 19.2 has been revised to recognize DOC's responsibility to determine the benchmarks which are used to identify the Major SIC Groups (2 digit) for which SDB procurement mechanisms are applicable. DOC also determines the applicable factors (percentages) to be used in the price evaluation adjustment.

A new FAR 19.304 and 19.305 have been added. FAR 19.304 provides instruction on verifying that SDBs have been certified by SBA and also provides a website (<http://www.sba.gov>) for that purpose (SBA certifications generally last 3 years). FAR 19.305 provides information on actions relating to the protest of an SDB's status.

Subpart 19.11 provides guidance on use of the price evaluation adjustment for SDBs. FAR 19.1102 states that this price adjustment mechanism shall be used in full and open procurements, when authorized by the

DOC in a Major SIC group, but not small business set-asides, 8(a) set-asides or simplified acquisitions. In full and open competitions the DOC factor (percentage) is required to be applied to all non-SDB offers with certain exceptions listed in FAR 19.1103.

The SIC Major Groups and applicable percentage (it is 10% for FY 1999) was issued to the centers on August 13, 1998. The SIC Major Group table of eligible industries for SDB procurement mechanisms is as follows.

## Summary of FAC 97-07—Other SDB Mechanisms

Effective January 1, 1999

This FAC provides for two mechanisms to benefit SDBs. They are a source selection evaluation factor or subfactor for planned SDB participation (19.1202) and monetary subcontracting incentives (19.1203). Additionally, the FAR will require that past performance of offerors in complying with targets for SDB participation and subcontracting plan goals be evaluated whenever past performance is evaluated (15.304(b)(4) and 15.305(a)(2)(v)).

FAR 19.1202 fully describes the SDB evaluation factor or subfactor. It should be noted that an SDB offeror (who is proposing to be the prime contractor) may not

receive both the price evaluation adjustment and credit in the evaluation factor or subfactor. Only one of these two mechanisms may be used and the offeror must decide. The contract clause at 52.219-23 provides for a waiver of the price evaluation adjustment. This mechanism is used in competitive negotiated acquisitions in a DOC authorized Major SIC group (see FY 1999 Authorized SDB Procurement Mechanisms Chart) expected to exceed \$500,000 (\$1,000,000 for construction). There are limited exceptions that are cited at FAR 19.1202-2(b).

FAR 19.1203 allows the Contracting Officer to provide for monetary incentives to

encourage increased SDB subcontracting opportunities in the SIC Major Groups as determined by DOC (see FY 1999 Authorized SDB Procurement Mechanisms Chart). A contract clause at 52.219-26 has been added to provide for a monetary incentive (authorized between 0 and 10 percent), when a prime contractor's actual SDB subcontracting dollars exceed the SDB target dollars. Note that this incentive clause is separate and distinct from the establishment, monitoring, and enforcement of the subcontracting plan. In lieu of this incentive clause, the Contracting Officer may include an award fee provision.

# Getting Ready for Integrated Financial Management: The Importance of Data Cleanup

by Connie Howell-Hines, Dryden Flight Research Center

The Integrated Financial Management (IFM) system will contain information that we rely on everyday. But it isn't just procurement and finance information; it's also budget, time and attendance, and travel data. Getting ready for implementation of this data system is a critical process for every Center. There are many steps in preparing for operational readiness including testing the software, configuring the system, training the workforce, and converting the data from the current systems. This last step, data conversion, will determine the data that reside within the IFM system. The data conversion rules are being defined and finalized at this time.

While data conversion is the final step prior to operational implementation, it is important to begin preparing the data to be converted long before that date. The data conversion process consists of clean up, conversion, and validation of the converted data. Because there are large amounts of data that will be converted, this article will focus on the area of data cleanup.

In many cases, data that currently reside in separate databases will be merged into one file in the Performance Series software. For example, purchase requests may currently be in the procurement and finance systems, but the information may not be electronically linked between the two systems. Another example would be the vendor information. The existing vendor file information from

procurement and finance at each Center will be merged into a single Agency vendor file. This data will then be shared among the functional areas of procurement, finance, and travel under the IFM system.



Data cleanup is a continuous process. As changes are made to contracts, purchase orders, grants, and cooperative agreements, the data in the current systems are changed. These changes occur throughout the life of the contract and can result in erroneous data being added to the existing data system. Prior to data conversion, cutoff dates will be established and no additional data will be input into the current systems. Cleanup of data continues until the final data conversion for IFMP. Once the data are converted, the IFM system will be the current data system and all the data remaining in the old systems will be historical data. Those databases will be the location for any data that were not converted and will become "read only" systems. No processing will be possible and no changes will be made to those systems.

Data cleanup is a necessary part of the conversion process because it will help to ensure that only valid data are brought over into the new system. First, each Center should have a plan that will enable the Center to best meet its implementation schedule. There are several important points to consider for data cleanup. Data cleanup must occur internally within the procurement office between the official record (i.e., contract file) and the data in the procurement system. The system information must match the official file record.

The data that are common between the finance and procurement systems should be analyzed and discrepancies resolved. The reconciliation between finance and procurement should include obligations, contract values, completion dates, and status (open, inactive, and closed). It is important that both the procurement and finance offices agree on the status of all documents because closed documents may not be converted. Data cleanup will also help to reduce the amount of unliquidated obligations and number of overage closeouts. This area receives high visibility from Headquarters.

Data that are shared between the Center and Headquarters must be reconciled. The data that are a part of the Financial and Contractual System (FACS) data must also

*(continued on page 15)*

# Rotation

(continued from page 6)

me for about half the duration of my assignment, and we will share these memories forever.

## The Center of it All, Interacting with NASA Centers

Being at NASA Headquarters puts you at the center of the Agency's procurement process. In addition to the exposure I got in Code H, I met and talked with many people from other NASA centers.

People on rotational assignments are often asked to participate on procurement management surveys. In my case, I got to spend two weeks in toasty northern Alabama and learned about the history of Marshall Space Flight Center. Paging through mounds of dusty contract files is every bit as exciting as waiting for a Greyhound bus in Dayton, Ohio. But getting out, meeting people, and talking about how they accomplish their work is very rewarding. I met or interacted with people at other centers on various assignments.

## A Toast to Dee

All summer long I knew our esteemed leader, Dee Lee would be going to OFPP. The big question was when. I attended her confirmation hearing and noticed the Senators had a lot of confidence in her. She has a frenetic, infectious personality, and I'm grateful for the brief opportunity to work with her and get to know her. NASA will miss her leadership, but hopefully

OFPP's gain will benefit us too. Remarkably, Dee escaped NASA HQ 3 days ahead of me. Best of luck Dee!

## Escape

As I write this, it's mid-August and time to flee DC. This summer has zipped by. I'll return to Florida just in time for the hurricane season and the last 3 months of summer. This experience has been very rewarding and has changed my outlook on NASA procurement and the Agency as a whole. A big thank-you goes out to Jim Hattaway and Anne Guenther, my bosses at KSC and Code HC respectively, for making it happen. I hope my little essays have helped shed light on rotational assignments. I highly recommend the program for anyone looking for a challenge and change of pace.

## Data Clean Up

(continued from page 13)

be reconciled with Headquarters. This information will be part of data conversion.

A key point in preparing for data conversion is to keep the data aligned between the procurement file and the procurement and finance systems after it is updated. The finance and procurement offices must be responsible in keeping the data clean as actions are processed. It will be each contracting official's responsibility to ensure that the data that are converted are valid and accurate.

# IDIQ

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Metrics for the delivery orders placed to date clearly demonstrate that even orders for projects in excess of \$1,000,000 can be thoroughly competed and placed all within a few weeks. For affected projects, this represents a significant and substantial improvement in procurement lead time. The program, set up to support critical construction activities for the KSC Facilities Directorate, our primary customer, has become so relatively desirable that the Directorate, in conjunction with the program Contracting Officer, must exercise diligent program management effort to insure that planned reserve capacity is not drained because of pressure from internal customers to use the IDIQ program to the exclusion of other acquisition avenues such as full and open competition cycles or set-aside activities.

Currently, Kennedy is aggressively pursuing activities targeted to ultimately result in the award of groups of similar multiple award contracts in specialized areas of construction. A new MidRange team is currently being formed and is working towards a goal of multiple IDIQ construction contract awards in the areas of electrical, mechanical, and fire-alarm systems.

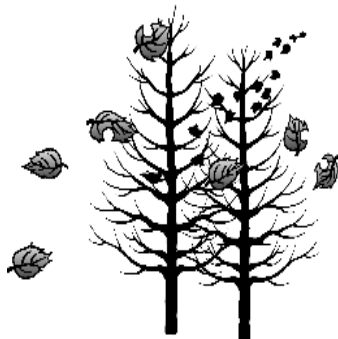
# Adarand

(continued from page 12)

The wait for the new FAR rules ended the last day of June, 1998. On June 30, FAC 97-06 was published in the Federal Register as an interim rule. This FAC provides for the DOC benchmarks that determine which procurement mechanisms federal agencies may use for small disadvantaged business (SDB). The mechanism allowed by FAC 97-06 is a 0%-10% price evaluation adjustment to aid SDBs (DOC has determined that 10% is the percentage for FY 1999). This FAC is effective for all solicitations issued on or after October 1, 1998. The following day, on July 1, 1998, a second FAC, 97-07, was issued as an

interim rule. It provides for two more SDB procurement mechanisms—a source selection evaluation factor or subfactor and subcontracting incentives (including award fee). This FAC is effective for all solicitations issued on or after January 1, 1999. Both FACs, discussed on page 13, are clear and relatively straight forward but a summary of the two FACs might be useful.

These new FACs promise to provide some much needed clarity in the face of the changes created by the Adarand decision. But the changes are just starting and we'll have to see, as other court cases occur, how clear this issue becomes.



# Past Performance

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## The NASA Database

While investigations on capturing NASA's FAR 42.15 evaluations in a central database have occurred, the best means for accomplishing this remains unclear. At this point, several of the centers have embarked upon their own investigations. To ensure the optimal course of action is chosen, Headquarters intends to submit the question to the NAIS team for a formal analysis and recommendation as part of our FY 99 requirements. The technical and contracting acumen of that group should show us the best way to proceed.

The new rule is being implemented to increase the communication between contractor and government. By increasing communication we increase the likelihood that the government will get the goods and services it needs of high quality, in a timely fashion. That is always the goal we strive for.

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## Procurement Countdown

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