

**U.S. DEPARTMENT OF ENERGY**



***COMPETITIVE SOURCING PROGRAM***

***POST-COMPETITION ACCOUNTABILITY  
HANDBOOK***

**August 2006**

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## **Executive Summary**

This document provides information on the actions required to implement a competitive sourcing performance decision within the Department of Energy (DOE) in accordance with Office of Management and Budget (OMB) Circular A-76, dated May 2003. It addresses Post-Competition Accountability from the user perspective. A major catalyst for creating this handbook was to standardize the Post-Competition Accountability processes and provide a library of the templates and tools for use by individuals and organizations assigned Post-Competition accountability responsibilities.

Section 1, Post-Competition Accountability, discusses the management and accountability issues that should be addressed to operate under a contract or Letter Of Obligation (LOO). Specifically, this Section addresses performance management, cost tracking, modifying the contract or LOO, monitoring Service Provider performance, and recordkeeping.

Section 2, Contract/LOO Extension and Closeout, describes the process to be followed to obtain option years, extensions, and contract/LOO closeout.

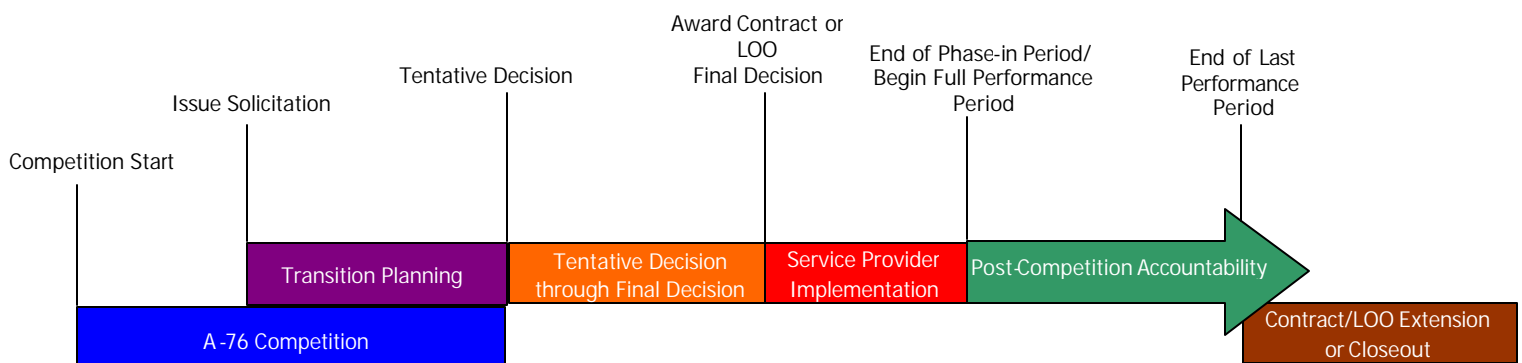
This handbook is a work in progress, and will be updated as regulatory, environmental, and management factors change. In addition, updates to the handbook are anticipated as additional experience with Post-Competition Accountability within DOE and other agencies is obtained.

## Introduction

This document provides DOE users with information regarding Post-Competition accountability activities resulting from a public/private competition conducted under OMB Circular A-76 and other applicable regulations such as the Federal Acquisition Regulation (FAR). The two Sections of this document are summarized as follows and depicted graphically below:

- **Post-Competition Accountability** begins at the end of the Phase-In period and the start of the first period of full performance. It concludes at the end of the last performance period in the contract or LOO.
- **Contract/LOO Extension or Closeout** includes initiation of re-competition activities during the second-to-last performance period in the solicitation and closeout activities during the month following the end of the last performance period.

The timelines for the competition and the above Transition and Post-Competition Accountability phases are depicted graphically as follows:



The following are the major players and organizations in DOE's Post-Competition Accountability process:

- **Competitive Sourcing Executive Steering Committee (CSESG)** – The CSESG is chaired by the Deputy Secretary. Membership includes the Under Secretary for Energy, and Environment, the Under Secretary for Nuclear Security (NNSA), the Under Secretary for Science, the Director of the Office of Management, and the Chief Financial Officer. The CSESG is responsible for providing strategic oversight of the Competition and the Transition and Post-Competition Accountability processes.
- **Competitive Sourcing Official (CSO)** – OMB Circular A-76 requires each federal agency to appoint a CSO who is responsible for implementing the Circular. In DOE, the Director of the Office of Management is the CSO
- **Office of Competitive Sourcing / A-76 (OCS)** – The OCS is responsible for providing policy guidance and assistance with issues related to competition execution, transition and Post-

Competition accountability. The OCS is also responsible for competitive sourcing reporting outside of the Department and day-to-day operation of the program.

- Functional Team Official (FTO) – The FTO is normally a Senior Executive Service (SES) member from the competed function’s organization, appointed by the CSO to oversee the A-76 competition.
- Functional Manager – The Functional Manager is appointed by the senior DOE functional official and is responsible for Post-Competition Accountability.
- Transition Team – The Transition Team is a group appointed by the FTO to perform transition planning until the Residual Organization (RO) is implemented. It normally includes the Contracting Officer (CO) and representatives from the Performance Work Statement (PWS) Team, Office of the Chief Financial Officer (OCFO) and Human Resources Office (HRO).
- Residual Organization (RO) – The RO is an organization developed by the Transition Team and approved by CSO to perform functions excluded from the competition and to provide formal oversight of the selected Service Provider during Phase-In and Post-Competition. (When the Service Provider is the MEO and a single individual performs RO duties, that individual is referred to as the MEO Monitor. The MEO Monitor performs duties similar to a Contracting Officer’s Representative when the Service Provider is a contractor.)
- Contracting Officer – The CO is an individual assigned from the Office of Procurement to support the Federal Acquisition Regulation (FAR) activities related to the execution of the competition and Post-Competition accountability activities.
- Office of the Chief Financial Officer (OCFO) – The OCFO provides representatives to support the Transition Team and RO with transition and Post-Competition accountability issues related to budget, accounting and financial operations.
- Human Resources Office (HRO) – The HRO provides representatives to support the Transition Team and RO with transition and Post-Competition accountability issues related to human resources.

While each Section of this document addresses the primary actions required for that phase, it is important to note that each competition is different and subsequent transition, implementation and accountability actions may require adjustments. If an action is not described in this handbook, it does not mean that it should not be considered. Actions taken that are not described in this handbook should be documented, and may be added to the handbook at a later date.

**References:**

- Office of Management and Budget (OMB) Circular A-76, Performance of Commercial Activities, May 29, 2003
- DOE *Competitive Sourcing Program Operating Guidelines*, June 1, 2004
- Draft DOE *Competitive Sourcing Human Resources Guidebook (HRG)*
- Federal Acquisition Regulation (FAR)
- Department of Energy Acquisition Regulation (DEAR)

## 1. Post-Competition Accountability



### A. Overview

After the implementation of the new Service Provider, Post-Competition Accountability should begin. Post-Competition Accountability is required by OMB Circular A-76 in order for an agency to monitor the performance of the new Service Provider (contractor or MEO).

Before award of the contract or MEO LOO, the senior DOE functional official (typically an Assistant Secretary or Office Director) should designate the Functional Manager and, in the case of an MEO Service Provider, the individual who will sign the LOO. The Functional Manager should be a Senior Executive Service member who has authority for delivery of services by the Service Provider and who either is in the chain of command or has functional oversight. The Functional Manager in coordination with OCS should be responsible for Post-Competition Accountability.

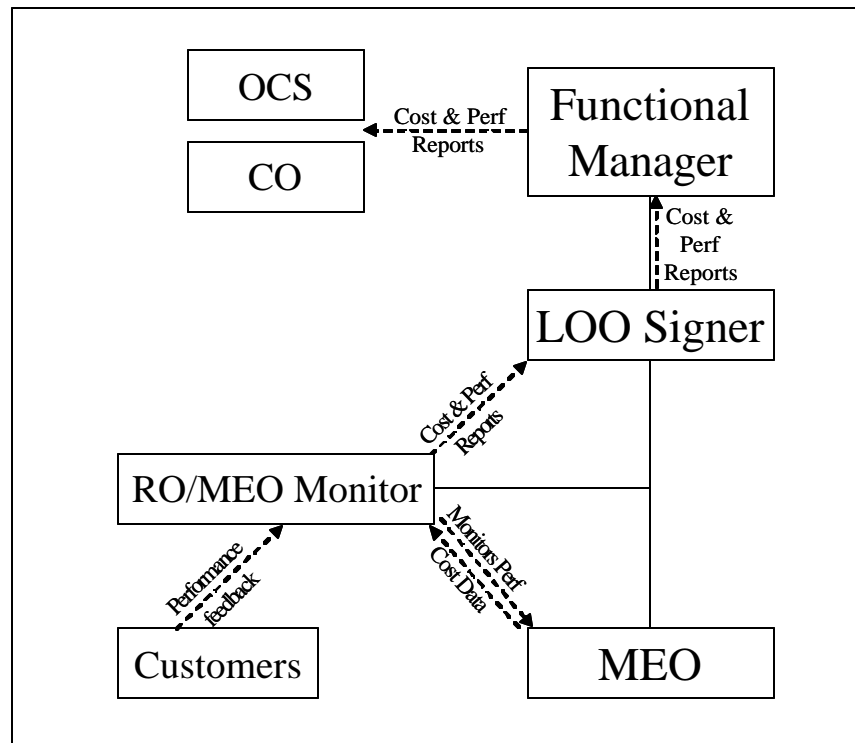
The Functional Manager may be the FTO who was responsible for the A-76 competition. If not, it is important that the FTO thoroughly inform the Functional Manager of the Post-Competition Accountability issues and challenges that the Functional Manager will face.

The RO (or MEO Monitor), in coordination with the CO, should perform the following actions to monitor the cost and performance of the Service Provider selected as a result of an A-76 competition Performance Decision:

- Monitor performance for all performance periods stated in the solicitation;
- Implement the quality assurance surveillance plan (QASP);
- Retain the solicitation and any other documentation from the competition as part of the competition file;
- Maintain the currency of the contract file, consistent with Federal Acquisition Regulation (FAR) Subpart 4.8, for the contract or LOO;
- Record the actual cost of performance by performance period; and

- Monitor, collect, and report performance information, consistent with FAR Subpart 42.15 FAR (Subpart 42.15 requires interim evaluations of the service provider's performance, with the content, format, and frequency of the performance evaluations to be determined by the agency.)

The following figure illustrates the relationships and flow of reporting information among the organizations involved in Post-Competition Accountability when the Service Provider is the MEO:



The following section discusses (1) performance requirements under the LOO, (2) Implementing the QASP, (3) Updating the LOO/Modifying the Contract, (4) Tracking Costs, and (5) Monitoring Performance.

Appendix A-1 provides Post-Competition Accountability Responsibilities and Appendix A-2 provides the MEO Independent Validation and Verification (IV&V) Objectives, Procedures, and Worksheets.

### 1) Performance Management

The Service Provider is responsible for performing all work described in the PWS, as addressed in its proposal. Successful performance has two aspects: cost and metrics. Documents used to verify successful performance include the PWS, actual expenditures, QASP, and COMPARE cost estimates.



As changes to the scope of work described in the PWS occur, the procedures for documenting and accounting for those changes must be followed. When not properly documented, changes to the scope of work put the Service Provider at risk having performance evaluated as unsuccessful. The following sections provide requirements for the MEO Service Provider to follow. A contractor Service Provider will be evaluated in accordance with the FAR.

**a. Cost Performance**

At the end of each quarter of each performance period, the Service Provider should provide the estimated costs of performance. The RO in coordination with the FTO and OCS will be responsible for taking the actual costs provided by the MEO Service Provider and completing the cost analysis required for upward reporting. Based on a review of both the actual costs and the cost analysis prepared, the RO in concert with the Functional Manager and OCS will determine the level of additional review necessary.

When a Service Provider incurs higher costs than projected without CO approval of those variances, additional review by the RO, Functional Manager and OCS is warranted to determine appropriate action. Documentation of the additional review shall be placed in the CO's contract/LOO file and provided to the signatories of the contract/LOO. The review may determine that justifiable matters, such as changes in scope or differences in wage rates, have resulting higher actual costs. (LOO updates and contract modifications are covered in paragraph 3) below.) In all instances where the review of actual costs or the cost analysis provided illustrates unsuccessful performance, the RO, Functional Manager and OCS should discuss the matter with the Service Provider.

**b. Quality, Quantity, and Timeliness Performance Metrics**

The quality, quantity, and timeliness measures included in the PWS and QASP are expected operating levels for the Service Provider. Any identified deviation from these requirements will be reported by the RO immediately. Remedies will be negotiated on a situation-by-situation basis. Recurring issues with performance not meeting agreed-upon performance standards may result in the Service Provider's performance being terminated for default or a re-competition. Documentation of the additional review should be placed in the CO's contract/LOO file and provided to the signatories of the contract/LOO.

**2) Implementing the QASP**

Regardless of the new Service Provider, the RO should implement the QASP. The Quality Assurance Evaluators (QAEs) within the RO should implement the QASP by:

- Scheduling and performing surveillance (monthly, periodic and random inspections and validation of customer complaints);

- Measuring performance (collecting and analyzing data);
- Documenting performance (surveillance logs, complaint records, and discrepancy reports); and
- Updating the QASP (collection method modification, reduced/increased inspections).

The RO should coordinate with the Functional Manager and CO/COR to obtain any changes/modifications to the LOO or Contract in order to update the QASP as necessary.

### **3) Modifying the LOO/Contract**

#### **a. LOO Modifications**

The Functional Manager, RO and MEO should be prepared to respond to unanticipated changes in workload requirements (increases and decreases in scope and volume) during the life of the LOO that were not originally captured in the PWS. When such changes are identified, the individual who signed the LOO should prepare a proposed LOO modification that reflects the changed conditions and coordinate the proposed LOO modification with the RO, CO, Functional Manager and OCS. If agreement can be reached, the LOO modification will be signed by the original LOO signatories. The CO will retain the modification in the LOO administration file.

Possible changes to the scope include, but are not limited to:

- Expansion to an existing commercial activity
- New requirement
- Output changes to reflect budgetary limitations
- Timing changes based on uncontrollable factor, such as weather events or legal constraints

If the size of the workload change is thirty percent or more in relationship to the total cost of the activity then the CSO must determine if a re-competition of the activity is required with no prejudice to the existing MEO. If it is management's determination that they wish to offer the opportunity for the MEO Service Provider to handle an expansion of work, OMB Circular A-76 provides that a standard or streamlined competition shall be performed to determine whether the MEO or another source should perform the commercial activity.

#### **b. Contract Modifications**

Modifications to a contract should be performed in accordance with the FAR. The CO should be responsible for all contract modifications and maintaining the currency of the contract file. Contract modifications should be coordinated with the RO and Functional Manager.

## 4) Tracking Costs

### a. Tracking MEO Costs

The MEO is expected to operate within the cost estimated identified in its agency tender. However, since agency tender costs are entered into the COMPARE cost modeling tool (as mandated by OMB Circular A-76), it is likely that the funding amount for the MEO will not be equal to the funding projected in COMPARE.

Because of these differences, during the Transition Planning management must develop a budget for the MEO based on the data elements entered into COMPARE, but using cost factors and DOE knowledge to modify the underlying assumptions included in the COMPARE software. For example, if the MEO plans to fill a GS -9 position with a person that was formerly a GS -11 under save grade/save pay, the manager should budget for the GS -11 in their annual budget request, but should report that the GS -9 was advertised and filled as a GS -9, using save grade/save pay, from a competitive sourcing perspective.

For the MEO Service Provider, the important points related to cost management are:

- Personnel
  - The number and location of FTEs in the MEO's offer should be reflected in the COMPARE software, the budget, and in actual expenditures.
  - Positions should be filled at the grade at which they are projected, with the exception being those positions that are filled under save grade/save pay regulations.
  - Some personnel cost differences may occur if the average step of employees varies from the Step 5 that is assumed by COMPARE. Cost over-runs in this area cannot be avoided and will not count against meeting cost targets.
- Materials and Supplies
  - The number, types, and estimated costs for supplies projected in COMPARE should also be realized in actual expenditures. Any overages are assumed to be cost over-runs.
- Other Costs, such as "Other Specifically Attributable Costs" and "Additional" Costs are likely to be unique to each competition, and often do not amount to significant expenditures. Each of these items will be evaluated individually to determine applicability to cost tracking.
- Change to Scope of Work or other requirements
  - It is the shared responsibility of the MEO Team Lead, the RO, the Functional Manager, and the OCS to ensure that any changes to the scope of work are added/removed from the PWS and LOO, as well as both

budgetary numbers and competitive sourcing data elements (i.e. personnel, contracts, supplies, etc., in quantities that can be correlated to COMPARE inputs).

- “Common” Costs
  - Costs included in the solicitation as Government Furnished, such as property, equipment, materials and supplies, and/or contracts, should be tracked outside of the MEO funding, from both a budget and a competitive sourcing perspective.
  - “Common” costs are not accounted for in the MEO’s COMPARE cost estimate, and therefore should remain distinct from the MEO’s funding.
  - From a budget perspective, either a separate cost account code can be created for common costs, or the common costs may be included in the budgeted costs for the RO.

It is recommended that separate cost account codes are established to successfully track and manage MEO costs. Recommended cost categories include: (1) MEO costs; (2) common costs; and (3) RO costs. Only the cost account codes related to the MEO will be used for comparison to the MEO’s projected costs in Line 6 of the COMPARE file.

For management purposes, it is likely that managers will want to estimate and track costs for all three cost categories, as cost savings often develop outside of the MEO over time, especially for studies that centralize previously decentralized functions. However, OMB requires that only the MEO Service Provider’s costs, as projected in the MEO’s COMPARE submission, be reported and tracked.

#### **b. Tracking Contractor Costs**

In accordance with OMB Circular A-76, a contractor Service Provider should also track costs and report this information consistent with FAR Subpart 42.15. The contractor Service Provider should provide the cost information through the RO to the CO using the same process as an MEO Service Provider.

### **5) Monitoring Performance**

Monitoring performance encompasses observing and documenting work performance to ensure it is performed in accordance with the PWS and any modifications to work specification documented throughout the life of the LOO or Contract.

Performance monitoring and evaluation will begin with the signing of the LOO or award of the Contract and end when the LOO/Contract is closed out.

Depending on the size and complexity of the activities included in the competition, the selected Service Provider may utilize Quality Control Evaluators (QCEs) to

perform regular monitoring. The Government will monitor the Service Provider as well, often using QAEs to support performance assessments.

Cost monitoring should occur on a monthly basis for the MEO Service Provider as part of the MEO's budget reconciliation process to ensure that the MEO is on-track to meet requirements. Contractor Service Providers will comply with the terms of the contract.

Monitoring of the Service Provider's work performance will occur based upon the specific metrics established in the PWS.

#### **a. Reporting Requirements for an MEO Service Provider**

At a minimum, data on cost should be analyzed by the MEO Service Provider on a monthly basis and reported by the MEO to the RO, FTO and OCS on a quarterly basis. Reporting on metrics will depend on the frequency of reporting established in the PWS. OCS must provide these reports to OMB; therefore the MEO must provide its reports to the RO, Functional Manager, and OCS in advance of the OMB deadline. Specific reporting requirements and timetable for completion will be developed when final OMB guidance is provided. The RO, Functional Manager, and OCS can review all supporting documentation for MEO costs and performance metrics at any time.

The MEO should anticipate that OCS will conduct an MEO Independent Validation and Verification (IV&V) following the first full period of performance stated in the solicitation. The MEO IV&V is a comprehensive evaluation of all aspects of the MEO's performance, and will include validation and verification of data, review of accomplishments against the PWS, possible customer surveys, and a review of progress against proposed efficiencies in the agency tender.

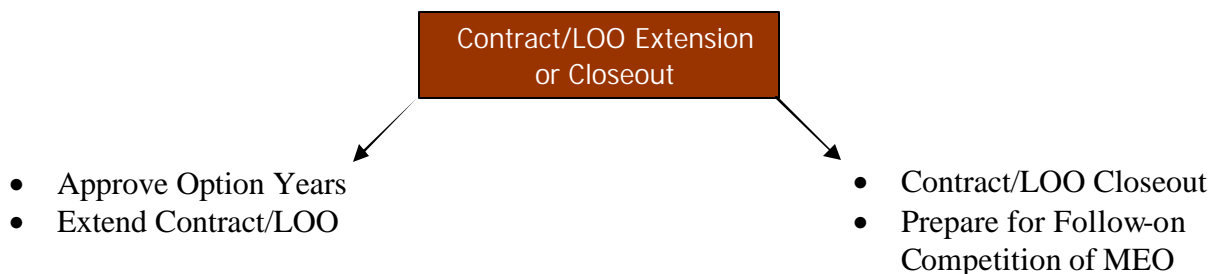
#### **b. Reporting Requirements for a Contractor Service Provider**

The agency is required to monitor, collect and report performance information for each performance period stated in solicitation for contract Performance Decisions as well. The CO in coordination with the RO, Functional Manager, and OCS should conduct Annual Contract Performance Reviews in accordance with the FAR.

### **B. Milestones**

- The first period of full performance begins upon completion of the Phase-In of the Service Provider.
- The Service Provider provides quarterly cost and performance data through the RO and Functional Manager to the OCS within the second week of the following quarter.
- OCS should conduct the MEO IV&V within the first month after the first period of full performance has ended.

## 2. Contract/LOO extension or Close out



### A. Overview

This section discusses the process for granting option years; extending Service Provider performance past the contract/LOO periods of performance; the closeout that may occur after the completion of all periods of performance, at any time at the convenience of the Government, or upon realization of unsuccessful Service Provider performance; and preparation for follow-on competition. This section primarily provides information for LOO extension or closeout. Contract extension or closeout will be in accordance with the FAR.

#### 1) Option Years for Continued Performance

The CO may approve, on an annual basis, continued performance when the Service Provider is meeting its cost and performance metric targets. When continued performance is approved, the CO shall inform the MEO Service Provider in writing. The CO should make all recommendations regarding deficient performance requiring correction or termination to the CSESG through the Functional Manager and CSO.

#### 2) Extension of the Contract/LOO Period of Performance

Once all option years of performance have been exercised, there may be opportunities to extend the MEO Service Provider's performance before another A-76 competition is undertaken (OMB Circular A-76, Attachment B, Paragraph E.5.b). Any extension must be approved, in writing, by the CSESG. Extension options include:

- **Short-term Extension of a Contract/LOO.** If a follow-on A-76 competition is not completed prior to expiration of the current binding agreement, an extension of up to one year may be necessary.
- **Long-term Extension of a LOO for a High Performing Organization (HPO).** If the MEO is a HPO, an extension can be granted for up to three years after the last performance period. Detailed documentation of efficiencies and comparison to similar organizations will be required to facilitate the MEO's business case for an HPO designation. At present, additional information on HPO requirements are

not available. The handbook will be updated as this information becomes available.

### **3) Contract/LOO Closeout**

When the Government anticipates that the Contract/LOO will end, for whatever reason (as described in the sections that follow), the CO should document the action with a final performance evaluation in as much detail as is required for a contract pursuant to FAR 42.15. (OMB Circular A-76, Attachment B, Paragraph E.4.(6)) Note that the closeout of the LOO, whether it is due to the completion of performance periods or a termination, does not directly affect employment. Since the MEO employees are DOE employees, DOE policies for reorganization apply.

#### **a. End of Periods of Performance under the Contract/LOO**

Once all performance periods and any extension of the Contract/LOO have been completed, the files will be closed. At a minimum, completion/closeout involves adding documentation to the competitive sourcing file to include a closeout letter signed by the CO stating that the performance periods are complete, and performance has been acceptable. The closeout letter and documentation collection in accordance with FAR Subpart 42.15 will serve as documentation of past performance for the MEO Service Provider when proposing on new work.

#### **b. Termination for Convenience**

DOE may terminate the Service Provider for reasons other than failure to perform. Reasons may include, but are not limited to, elimination of an agency requirement through divestiture, privatization, reorganization, or restructuring (OMB Circular A-76, Attachment B, Paragraph E.6.b.).

#### **c. Termination for Cause**

DOE may terminate the Service Provider for a failure to perform the work described in the PWS within the cost and performance standards agreed to in the Contract/LOO. Prior to a Termination for Cause, the CO will notify the Service Provider of poor performance through Cure Notices and Show Cause Notices, consistent with FAR Part 49, and will provide copies of such documentation and communication, as appropriate. When the CO determines in coordination with the RO and FTO that poor performance has not been corrected and that ongoing performance justifies termination for default, the CO will issue a notice of termination, consistent with FAR Part 49 (OMB Circular A-76, Attachment B, Paragraph E.6.a.). Before issuing a Cure Notice, Show Cause Notice or termination, the CO will coordinate with the Functional Manager and CSO and obtain approval from the CSESG.

Termination of the MEO Service Provider for cause is separate from poor performance by an individual MEO employee who is not performing their work as required by their position description and their individual performance standards. Performance issue with individual MEO employees will be handled in the same manner as any non-MEO Federal employee.

#### 4) **Preparation for Follow-on Competition of MEO**

Management will anticipate the end of the last performance period for the MEO, as defined by the LOO, to determine whether to conduct another competition or submit an HPO request in a timely manner. Follow-on competitions are discussed in OMB Circular A-76, Attachment B, Paragraph E.5.b.

### **B. Milestones**

- Initiate re-competition activities at least 18 months prior to the end of the last performance period.
- Complete close out activities NLT 30 days after the last day of the last performance period.



## Appendix A-1: Post-Competition Accountability Responsibilities

Office or Position	Post-Competition Responsibilities
CSESG	The CSESG should: <ul style="list-style-type: none"> <li>• Make decisions regarding cure notices, show cause notices, re-competitions, and terminations</li> </ul>
OCS	The OCS should: <ul style="list-style-type: none"> <li>• Provide reliable and consistent guidance and assistance in ensuring successful post-competition actions</li> <li>• Resolve issues in a timely fashion</li> <li>• Conduct MEO Independent Validation and Verification (IV&amp;V) and assist the impacted organization in taking appropriate action as the result of the completed IV&amp;V</li> <li>• Obtain CSESG decision regarding cure notices, show cause notices, re-competitions, and terminations</li> </ul>
Functional Manager	The Functional Manager should: <ul style="list-style-type: none"> <li>• Be responsible for Post-Competition Accountability</li> </ul>
Individual Who Signs the LOO	The individual who signs the LOO should: <ul style="list-style-type: none"> <li>• Oversee MEO service provider performance and ensure compliance with the LOO</li> <li>• Prepare all LOO modifications and coordinate them with the RO, CO, Functional Manager and OCS</li> <li>• Provide quarterly cost and performance information through the Functional Manager to the OCS and the CO</li> <li>• Perform monitoring and reporting actions indicated in Section 4 (Post-Competition Accountability) of this handbook</li> <li>• Ensure records are properly maintained</li> </ul>
COR	The COR should: <ul style="list-style-type: none"> <li>• Oversee contractor Service Provider performance and ensure compliance with the contract</li> <li>• Perform monitoring and reporting actions indicated in Section 4 of this handbook</li> <li>• Ensure records are properly maintained</li> </ul>
CO	The CO should: <ul style="list-style-type: none"> <li>• Oversee contractor Service Provider performance and ensure compliance with the contract in accordance with the FAR</li> <li>• Perform Contract Performance Reviews</li> <li>• Ensure records are properly maintained</li> <li>• Issue cure notices and show cause notices if required</li> </ul>
DOE Procurement Office	The DOE Procurement Office should: <ul style="list-style-type: none"> <li>• Provide guidance and assistance to the CO regarding their post-competition accountability responsibilities</li> </ul>
RO or MEO Monitor	The RO or MEO Monitor should: <ul style="list-style-type: none"> <li>• Ensure that record-keeping is properly performed</li> <li>• Monitor compliance with fiscal requirements.</li> <li>• Ensure Service Provider accomplishment of the requirements and workload as</li> </ul>

<b>Office or Position</b>	<b>Post-Competition Responsibilities</b>
	<p>defined in the PWS.</p> <ul style="list-style-type: none"><li>• Review Service Provider's status reports.</li><li>• Develop policy, procedures, and language to address work requirements not in the current PWS that might be used in a modification or in a re-competition</li><li>• Ensure the Service Provider is providing the appropriate cost and performance information for Post-Competition Accountability requirements.</li><li>• Provide oversight of Service Provider performance to ensure that mission degradation due to unsatisfactory performance by the Service Provider does not occur or is minimized and report observations to the CO and Functional Manager for action.</li><li>• Monitor Service Provider compliance with all quality and timeliness standards.</li><li>• Maintain the competition file to include updated competition documents (PWS, QASP, modifications, etc.).</li></ul>

## Appendix A-2: MEO Independent Validation and Verification (IV&V) Objectives, Procedures, and Worksheets

### MEO IV&V

The OCS should ensure that an MEO IV&V is conducted for each A-76 competition resulting in an MEO Performance Decision. The review should be conducted following the first full period of performance (typically one year following the end of the Phase-In Period).

The goal of the MEO IV&V is to document the performance of the MEO in terms of implementation, performance measurement, and cost against the solicitation, QASP, and the agency tender. The following are the MEO IV&V objectives and analysis required to perform for each objective.

**Objective 1:** Confirm that the MEO has been implemented in accordance with the agency tender including the Phase-In Plan.

- Review of the FTE assigned to the MEO, MEO positions (grade, series, step, etc), MEO organizational structure, and MEO subcontract support.
- Review of Process Improvements implemented.
- Review of mission or scope changes to the LOO.

**Objective 2:** Confirm that the MEO performed the workload during the performance period within the requirements of the PWS in terms of workload, responsiveness, and quality of work.

- Evaluate the MEO workload tracking/data collection process to consider the following factors:
  - Evaluation of the MEO's workload tracking/data collection process
  - Confirmation that the MEO demonstrated performance of all PWS requirements satisfactorily
  - Comparison of the actual workload of the MEO to the workload in the PWS
- Determine if independent inspections of the MEO occurred and the QASP was used to monitor the performance of the MEO.
- Evaluate the Quality Assurance and Surveillance results to determine if the independent inspections were shared with the MEO Program Manager and deficiencies were corrected to avoid repeated errors in the same area.
- Perform a Customer Survey to assess whether the MEO is meeting customer expectations. Determine whether any failure to meet expectations resulted from failure to meet the performance requirements of the PWS or whether the PWS should be modified.
- Validate the quality control process for the MEO to ensure the process measured responsiveness, quality of work and clearly demonstrated that the MEO met or exceeded the critical standards prescribed in the PWS.
- Confirm the MEO quality control processes were modified to detect deficiencies prior to the independent inspection.
- Review change documentation of the PWS and QASP.

**Objective 3:** Confirm actual costs of performance for the MEO were comparable to the anticipated costs estimated in the ACE for the performance period.

- Comparison of the difference in personnel costs between the ACE and actual MEO. If needed, adjust MEO costs for retained/save pay and step differentials.
- Comparison of the MEO actual Material and Supply and Other Specifically Attributable Costs to the ACE Material and Supply and Other Specifically Attributable Costs.

The MEO is responsible for gathering the data required to meet the objectives of the MEO IV&V. This Appendix provides worksheets to assist the MEO in gathering the appropriate data and providing this information through the RO and Functional Manager to the OCS for the MEO IV&V.

When the MEO IV&V is scheduled, the MEO should provide the information required to meet the MEO IV&V objectives and as requested by the OCS. The following are standard milestones for performing the IV&V of a small or mid-sized MEO:

#### ANNUAL MEO IV&V MILESTONES

ACTION TO BE COMPLETED	TIME
1. The MEO provides information requested by the OCS	1 week
2. Review information provided and prepare for the on-site Review	1 week
3. Perform on-site Review	1 week
4. Prepare draft report	1 week
5. Impacted organization, RO, Functional Manager, and OCS review draft report and provide comments	2 weeks
6. Prepare and issue final report	2 weeks
Total	8 weeks

The Final MEO IV&V Report may include a recommendation that the CO issue a cure notice or show cause notice if significant performance or cost deficiencies are found. If the report includes such a recommendation, the OCS may present the recommendation to the CSESG for decision. If deficiencies are not corrected following cure notice and show cause notice, the OCS may recommend to the CSESG that a re-competition be conducted. The OCS and Functional Manager may request, as appropriate, optional, additional IV&Vs covering other performance periods.













## Appendix B: DEFINITIONS

**Agency Tender:** The response to a solicitation in an A-76 competition, submitted by the ATO on behalf of the competed in-house organization. The agency tender includes the proposed MEO, agency cost estimate, MEO quality control plan, MEO phase-in plan, and copies of any MEO subcontracts.

**Agency Tender Official (ATO):** An inherently governmental agency official with decision-making authority who is responsible for the agency tender and represents the agency tender during source selection.

**COMPARE:** The windows-based costing software that incorporates the costing procedures of OMB Circular A-76. The costing software is available on the A-76 Share! Website at <http://www.comparea76.com/frames1.html>

**Contest:** An agency-level protest, as described in FAR Subpart 33.103, filed during an A-76 competition. When a directly interested party believes that an error occurred during the A-76 competition process, that party may submit a contest of the outcome. See OMB Circular A-76, Appendix B, Paragraph F.1.

**Competitive Sourcing Official (CSO):** OMB Circular A-76 requires each federal agency to appoint a CSO who is responsible for implementing the Circular. In DOE, the Director of the Office of Management is the CSO.

**Contracting Officer (CO):** The CO is the only person with the authority to create, modify or terminate a contract; the only official who can obligate the Government through a contract.

**Contracting Officer's Representative (COR):** An individual designated and authorized in writing by the Contracting Officer to perform specific technical or administrative functions.

**Final Performance Decision:** The decision to convert the competed activity to MEO or to contract based on the resolution of all contests and GAO bid protests.

**First period of full performance:** The performance period following the phase-in period when the service provider becomes fully responsible for performing the activity. The first performance period is used to implement the new service provider's phase-in plan; therefore, full performance of the service provider does not occur until the second period, which may be referred to as the base period, full performance, or the first period of full performance. This first period of full performance may be less than or more than 12 months. The first period of full performance is the second performance period (the performance period immediately following phase-in period) regardless of the second performance period's length.

**Government-furnished property (GFP):** Government facilities and equipment on hand, programmed for use by the MEO, and offered to prospective bidders "as is."

**High Performing Organization (HPO):** The term used by OMB to describe an organization that is operating at an optimal level of efficiency. The criteria to determine what constitutes a HPO are to be determined. (Reference: OMB Circular A-76, Attachment B, Paragraph E.5.b)

**Human Resource Advisor (HRA):** An inherently governmental agency official who is a human resource expert and is responsible for performing human resource–related actions to assist the ATO in developing the agency tender. The HRA is appointed by the CSO.

**Human Resource Office (HRO):** Civilian personnel office responsible for performing human resource-related actions to assist in the development of the Transition Plan and the transition implementation of the new Service Provider.

**Inherently Governmental (IG):** IG functions are government functions that are so intimately related to the public interest as to mandate performance by Government employees.

**Independent Validation and Verification (IV&V).** The MEO IV&V is a comprehensive evaluation of all aspects of the MEO’s performance, and will include validation and verification of data, review of accomplishments against the PWS, possible customer surveys, and a review of progress against proposed efficiencies in the agency tender.

**Letter of Obligation (LOO):** A formal agreement that an agency implements when a standard or streamlined competition results in agency performance (MEO).

**Most Efficient Organization (MEO):** The MEO refers to the Government's proposed in-house organization to perform the work specified in the PWS. It is the basis for all Government costs included in the agency cost estimate within the agency tender.

**MEO Monitor:** When the Service Provider is the MEO and a single individual performs RO duties, that individual is referred to as the MEO Monitor. The MEO Monitor performs duties similar to a Contracting Officer’s Representative when the Service Provider is a contractor.

**Office of Management and Budget (OMB):** Federal office that provides guidelines for conducting A-76 studies.

**Phase-In Period:** Period when current operations transfer from the organization to a MEO or contractor operation.

**Phase-In Plan:** The plan included in the agency tender and contractor offers, submitted in response to the solicitation, to replace the current operation. The phase-in plan is implemented in the first performance period and includes details on minimizing disruption, adverse personnel impacts, and start-up requirements.

**Performance Work Statement (PWS):** Describes the work to be performed, in performance-based terms, focusing on results or outputs. The PWS is the basis for Section C of the resulting solicitation and the Government's and contractor proposals for performing the required work.

**Post-Competition Accountability:** The monitoring and reporting of the selected Service Provider's performance by the RO throughout all performance periods stated in the solicitation.

**Protest:** An authorized dispute of a competitive sourcing outcome that is submitted by an interested party to and heard by the GAO in accordance with FAR Subpart 33.104.

**Quality Assurance Evaluator (QAE):** Government personnel in the RO, technically qualified with work experience in the type activities they will conduct, who will perform Quality Assurance and inspect and report Service Provider performance.

**Quality Assurance Surveillance Plan (QASP):** The functions and associated actions performed by the Government to ensure that contract requirements are performed IAW specified standards, and that an appropriate level of PA quality control activities are in place and operational. The QASP also forms the basis for the Post MEO Review.

**Quality Control Plan (QCP):** A self-inspection plan that is included in all offers and tenders. The quality control plan describes the internal staffing and procedures that the prospective provider should use to meet the quality, quantity, timeliness, responsiveness, customer satisfaction, and other service delivery requirements in the PWS.

**Reduction-in-Force (RIF):** Performed to establish personnel baseline force structure, to support execution of the Transition Plan, and identify early Priority Placement Program registrants does not result in separation.

**Request for Proposals (RFP):** The RFP is the solicitation in negotiated acquisitions.

**Right of First Refusal:** Federal employees adversely affected by a decision to convert to contract performance have right of first refusal for 42 AR 5-20 • 23 May 2005 jobs for which they are qualified that are created by the award of the contract. Such adversely affected employees could affect employees outside the activity being competed. The contractor determines the number of available vacancies and if the Federal employee is qualified for the vacancy.

**Residual Organization (RO):** the inherently governmental positions established as a result of a RIF conducted as result of an A-76 Cost Competition. The RO is responsible for monitoring and providing oversight of Service Provider performance.

**Service Provider:** A Government Agency (MEO) or private sector organization (Contractor) selected as a result of an A-76 Cost Competition. The Service Provider should perform the services contained in the PWS.

**Service Provider Implementation:** The phase in which the Transition Team finalizes the Transition Plan and begins the implementation of the new Service Provider. The Service Provider Implementation Phase begins with the award of the contract or LOO and ends at the end of the Phase-In period and start of the first period of full performance in the A-76 solicitation.

**Solicitation:** The formal document containing the PWS, attachments to the PWS such as maps and technical exhibits, and the conditions and terms prospective bidders/offerors must meet for procuring services by contract. (See definition for request for proposal (RFP)).

**Standard Competition Form (SCF):** The agency form that documents and certifies all costs calculated in the standard competition.

**Tentative Performance Decision:** The initial decision, made by the Source Selection Authority based on offers and tenders received in response to an A-76 solicitation, to convert a CA to contract or MEO. The Tentative Performance Decision may differ from the Final Performance Decision because of actions such as public review of the competition, determinations of contractor responsibility, contest decisions, and bid protests to the Government Accountability Office.

**Timeliness:** Delivery of requisitioned supplies to the end user in the quantity and at the time necessary for the end user's purposes, or performance of services at the time necessary for the end user's purposes.

**Transition Team (TT):** A team established by the Government to design the RO and develop the Transition Plan in order to transition the current organization to the selected Service Provider and implement the RO. The Transition Team is established once the solicitation is released and dissolved upon implementation of the RO.

**Transition Plan (TP):** The Government's plan to ensure a successful implementation of the new Service Provider (MEO or Contract) and the Residual Organization.

**Transition Plan Development:** The phase in which the Government establishes the Transition Team and begins the development of the Government's Transition Plan and design of the RO. The Transition Plan Development Phase begins with the issuance of the solicitation and ends with the Tentative Performance Decision.

**Voluntary early retirement authority (VERA):** During the open window period, an employee meeting eligibility requirements may volunteer for early retirement; this is approved and delegated by DOE. In most cases, voluntary separation incentive pay (VSIP) is offered along with VERA.

**Voluntary separation incentive pay (VSIP):** During an open window period, with appropriate authority an employee may volunteer to resign or optionally retire with incentive pay in order to lessen the impact of a RIF. If the employee's request is approved, the employee receives up to \$25,000, or severance pay, whichever is less. Incentive pay is paid in a lump-sum amount.

**Appendix C: ACROYMNS**

<b>ATO</b>	Agency Tender Official
<b>CA</b>	Commercial Activities
<b>CO</b>	Contracting Officer
<b>COR</b>	Contracting Officer Representative
<b>CMTS</b>	Competition Management Tracking System
<b>CSESG</b>	Competitive Sourcing Executive Steering Group
<b>CTAP</b>	Career Transition Accountability Program
<b>FAR</b>	Federal Acquisition Regulation
<b>FTO</b>	Functional Team Official
<b>GAO</b>	Government Accountability Office
<b>HRO</b>	Human Resources Office
<b>HPO</b>	High Performing Organization
<b>IG</b>	Inherently Governmental
<b>IV&amp;V</b>	Independent Validation and Verification
<b>LOO</b>	Letter of Obligation
<b>MEO</b>	Most Efficient Organization
<b>OCFO</b>	Office of the Chief Financial Officer
<b>OCS</b>	Office of Competitive Sourcing / A-76
<b>OMB</b>	Office of Management and Budget
<b>PCA</b>	Post-Competition Accountability
<b>POA&amp;M</b>	Plan of Action and Milestones

<b>PWS</b>	Performance Work Statement
<b>QAE</b>	Quality Assurance Evaluator
<b>QASP</b>	Quality Assurance Surveillance Plan
<b>QCP</b>	Quality Control Plan
<b>RFP</b>	Request for Proposals
<b>RIF</b>	Reduction in Force
<b>RO</b>	Residual Organization
<b>SCF</b>	Standard Competition Form
<b>SSA</b>	Source Selection Authority
<b>SSP</b>	Source Selection Process
<b>TP</b>	Transition Plan
<b>TT</b>	Transition Team
<b>VERA</b>	Voluntary Early Retirement Authority
<b>VSIP</b>	Voluntary Separation Incentive Pay