



**Internal
Revenue
Service**

IRS OFFICE OF COMPETITIVE SOURCING

A-76 Project Management Guidelines

A-76 PROJECT MANAGEMENT GUIDELINES

IRS Guide to Competitive Sourcing

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Introduction

How To Use This Guidebook

This guidebook, along with training and contractor support, provides the information necessary for the IRS Competitive Sourcing Project Manager and the team leads to perform the four phases of the IRS Competitive Sourcing Process: the Business Case Analysis (BCA), Preliminary Planning, Acquisition, and Implementation. The guidebook is divided into two sections -- the guidebook itself and the appendices.

The guidebook explains “what” Competitive Sourcing is and has chapters to describe each of its four phases, as well as chapters on streamlined competitions and managing a study. The appendices describe “how” to accomplish the tasks required for the four phases of the IRS Competitive Sourcing Process and study management. [Appendix 7](#) provides a glossary of IRS Competitive Sourcing terms and acronyms.

This introduction provides a high level overview of competitive sourcing.

A-76 Competitive Sourcing Overview

The term “A-76” refers to the Office of Management and Budget (OMB) Circular A-76; a regulation that “...establishes Federal policy regarding the performance of commercial activities.” Commercial activities are activities currently performed by Federal employees that could be performed by the private sector. Government agencies determine which of their activities are commercial activities by preparing the yearly Federal Activities Inventory Reform (FAIR) Act Inventory. (More information about the FAIR Act Inventory is provided below.)

A-76 requires a competition between the Government and the private sector to determine who can provide the lowest price that will be a technically acceptable solution in meeting the requirements of the solicitation to perform the commercial activities.

Brief History of A-76

Competitive Sourcing is a process that compares private sector and Government bids to determine the most cost effective way to “buy” services. The framework for conducting these competitions is the OMB Circular A-76. Originating in the 1950s as a means to keep the Government from competing with the private sector, OMB Circular A-76

prescribes an approach for a “make-or-buy” process that compares private sector and Government bids for commercial services.

The terms “competitive sourcing” and “A-76 study” are often used interchangeably. This process is sometimes mistakenly referred to as “outsourcing” or “contracting-out.” Competitive sourcing is different than outsourcing in that outsourcing is the contracting of a commercial activity without a public-private competition.

In the competitive sourcing process, there is no assumption that the private sector will win the competition. The goal of a public-private competition is to ensure that the best value is delivered to the American taxpayer. In the past 20 years, the Government has won 50 percent of the competitions. More recently in the last few years, the Government has won approximately 60 percent of its public-private competitions. Historically, Government savings has been 30 percent; recent savings experience is more than 40 percent.

The President’s Management Agenda

Competitive Sourcing is one of the five government-wide goals of the President’s Management Agenda designed “to improve Federal management and deliver results that matter to the American people.”

President Bush has strongly reiterated his commitment to make the Federal Government more efficient and compete at least half of the Federal jobs considered commercial activities.

The Government should be market-based—We should not be afraid of competition, innovation, and choice. I will open Government to the discipline of competition.

George W. Bush

Key memoranda and policy changes concerning competitive sourcing include:

February 14, 2001

OMB memorandum to expand A-76 competitions and produce a more accurate Federal Activities Inventory Reform (FAIR) Act inventory analysis

March 9, 2001

OMB memorandum directed all federal agencies to complete public private or direct conversion competitions (A-76) on not less than 5% of commercial in nature positions listed in FAIR Act job lists in FY 2002

April 3, 2001

OMB memorandum reminded agencies of the June 30th deadline to submit commercial activities lists (FAIR Act inventory). This memorandum also requested agencies to submit a separate inventory identifying all inherently governmental positions within agencies

June 2001

OMB directed agencies to compete at least an additional 10% of "commercial in nature" positions in 2003

August 2001

The President's FY 02 agenda establishes Competitive Sourcing as one of the Administration's top five management initiatives

May 29, 2003

OMB Circular A-76 (Revised) published to establish federal policy for the competition of commercial activities

Federal Activities Inventory Reform (FAIR) Act Inventory

To determine which Government activities are commercial, agencies prepare the annual FAIR Act Inventory. Agencies are required to annually provide to OMB their FAIR Act Inventory, which categorizes their activities as either commercial activities or inherently governmental functions.

Commercial Activity

A commercial activity is a recurring service that could be obtained from a private sector source. **All commercial activities are subject to competitive sourcing yet may not actually be competed.**

Inherently Governmental

An inherently governmental activity is one that is so intimately related to the public interest as to mandate performance only by Federal employees. **Inherently governmental activities are not subject to competitive sourcing.** Functions that satisfy the inherently governmental criteria are not in competition with commercial sources and are not generally available from the commercial sector.

More information regarding the FAIR Act Inventory and be found at:

- OMB Circular A-76 (revised May 29, 2003), Attachment A
- Federal Acquisition Council, Manager's Guide to Competitive Sourcing

A-76 is a Management Tool

Competition provides an opportunity for managers to:

- Streamline their organizations
- Implement best business practices
- Increase productivity
- Enhance quality
- Improve efficiency of operations
- Lower operational costs

The A-76 process focuses on:

- Achieving Government/customer requirements
- Streamlining organizational structures
- Improving work processes and procedures
- Achieving defined and achievable outcomes

The IRS Four-Phase Competitive Sourcing Process

The IRS competitive sourcing process consists of four phases: *Business Case Analysis (BCA)*, *Preliminary Planning*, *Acquisition*, and *Implementation*. The *BCA* phase (discussed in [Chapter 2](#)) entails a five-step process to determine which business units to put through the competitive sourcing process and which study option to choose (standard or streamlined). In the *Preliminary Planning* phase (discussed in [Chapter 4](#)), the Performance Work Statement (PWS) is prepared and the development of the solicitation begins. The *Acquisition* phase (discussed in [Chapter 5](#)) includes completion of the solicitation, public announcement of the competition, development of the agency tender (the Government agency's response to the solicitation), technical evaluation of the proposals, and the contract award. The *Implementation* phase (discussed in [Chapter 6](#)) covers the time from contract award to contract start.

Study Process Overview

Competitive Sourcing Study Options

Once the *BCA* Phase is complete and the activities to be competed have been chosen, then the study option can be determined. There are two types of competitions available: standard and streamlined. Standard competitions are applicable for any number of commercial-activity FTE, require a PWS and Agency Tender, and must be completed in 12 months (an extension may be offered for more complex studies). A streamlined competition can be performed when there are less than 65 FTE and must be completed in 90 days (a 45-day extension may be granted by the Competitive Sourcing Official [CSO] for a total of 135 days). The IRS typically does not perform streamlined competitions. It is IRS's philosophy to conduct agency-wide studies as opposed to studying small functions. Streamlined competitions are discussed in Chapter 3.

In a standard competition, there must be a cost differential of 10 percent or \$10 million less than the Government agency's bid in order to win the competition. In a streamline

competition, the costs of the in-house organization are compared with an estimate of the cost for the work to be performed by an outside contractor.

Standard Competition Output Documents

There are six major output documents in the standard competition. The documents developed in the Preliminary Planning Phase explain “what” the function(s) are that are being competed.

Preliminary Planning Phase documents include:

1. Performance Work Statement (PWS)
2. Performance Requirements Summary (PRS)/Quality Assurance Surveillance Plan (QASP)

Note: Since the PWS is the major document of the Preliminary Planning Phase, the team preparing the Preliminary Planning documents is called the PWS team.

The Acquisition Phase Agency Tender documents respond to the Preliminary Phase documents telling “how” the Government agency will perform the requirements. The Agency Tender establishes the method of operation necessary to establish the MEO to satisfy the requirements of the PWS.

The Acquisition Phase documents are called the Agency Tender and include:

3. Most Efficient Organization (MEO)
4. Agency Cost Estimate
5. Quality Control Plan
6. Phase-In Plan

Note: The team preparing the Acquisition Phase documents (Agency Tender) is called the MEO team.

Key Players in the IRS Competitive Sourcing Process

The key players in the IRS competitive sourcing process are listed below. [Appendix 1](#) provides how key officials are appointed. Roles and Responsibilities for the key players can be found in [Appendix 6](#). [Appendix 12](#) provides responsibilities listed by task.

Keys to a Successful A-76 Study

Some general lessons learned for a successful study include:

- Implement strong project management
- Provide team building/training
- Ensure leadership and management commitment to project success
- Set realistic timelines and milestones and keep them
- Establish clear roles and responsibilities
- Implement a well organized approach
- Take ownership of process/results
- Focus on achieving a fair competition
- Focus on achieving requirements of customers...the PWS is performance based
- Know and think like your competition
- Benchmark (internal and external) for process improvements
- Focus on responding to the requirements of the solicitation
- Maintain continuous effective communications
- Determine your data requirements before collecting data
- Maintain active involvement and support
- Encourage early and continuous HR involvement...also involve other functional experts early (safety, security, environment, General Counsel, etc.)
- Be sensitive to union issues and allow active union involvement
- Provide leadership updates with employees at least monthly

- Challenge the conventional – ask “why?” and “why not?”
- Escalate issues to leadership early

Chapter 1

A-76 Study Management

A-76 Study Management Defined

Management of an A-76 Cost Comparison Study requires a similar set of core competencies found in most other project or study endeavors: planning, organizing, guiding, and monitoring of resources. In addition to these competencies, the study manager, known as the Project Manager and/or ATO, is responsible for the configuration, quality, and production of one or more deliverables. The Project Manager oversees the BCA (if assigned), Preliminary Planning, and Implementation phases of the IRS competitive sourcing process. The Agency Tender Official (ATO) oversees the agency tender of the Acquisition Phase. In an A-76 study, deliverables translate into the development and submission of a Performance Work Statement (PWS) and Quality Assurance Surveillance Plan (QASP) on the Preliminary Planning side of the A-76 firewall, and an Agency Tender/MEO on the Acquisition of the firewall.

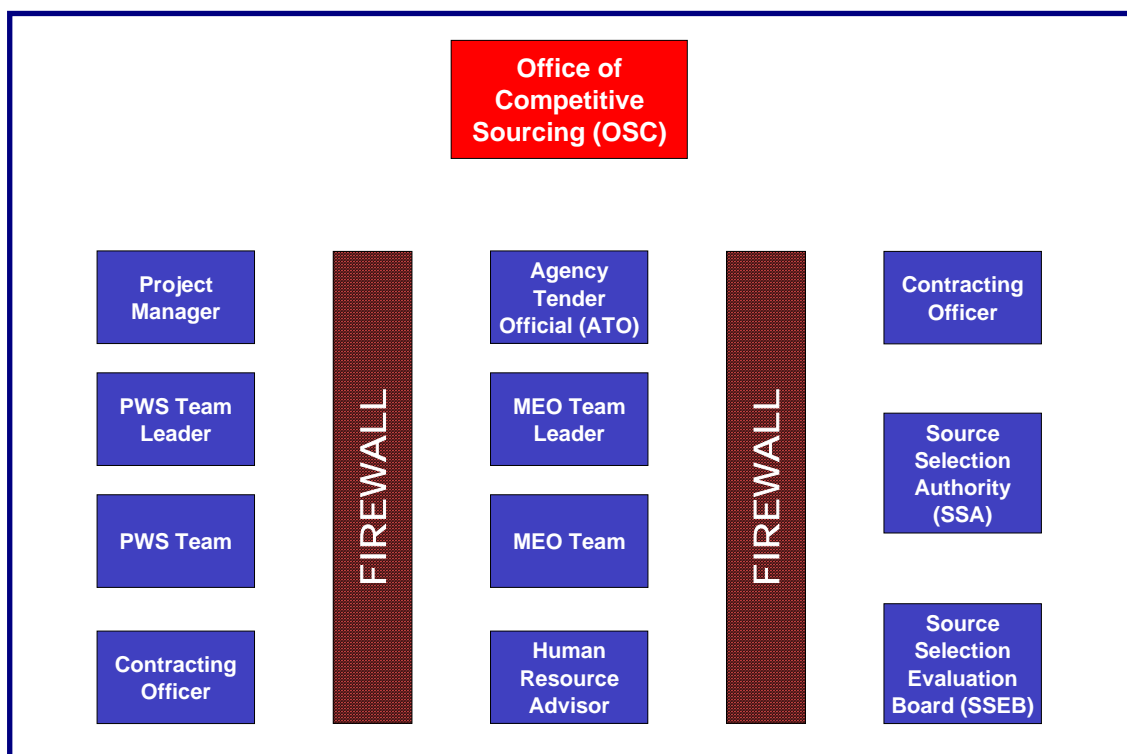
Firewall Relationships

A firewall must be maintained between the PWS team, the MEO team and Procurement and Source Selection members to ensure no conflict of interest occurs and no unfair advantage is possible. The “firewall” precludes the same individuals from serving on both the PWS and MEO teams. Additionally, when consultants are used to prepare a PWS and Agency Tender, sufficient measures must be taken to avoid potential conflicts of interest or the appearance of such conflicts in accordance with FAR Part 9 and the recent Jones/Hill Government Accounting Office (GAO) decision.

Because the OCS oversees the whole A-76 study process, it is informed of issues on both sides of the firewall but only at a high-level. Participants of the A-76 study are required to sign non-disclosure statements (See [Appendix 9](#)). IRS Employee participants on the

PWS and Agency Tender teams are required to receive and sign a receipt for the Notice to Employees (See [Appendix 15](#)). Other documents providing information to the employee or require employee signature are discussed in the appropriate phase chapters of this guidebook.

Firewall Relationships



Project Manager and ATO Role

The management of project risks (the issues and changes that challenge the timely and successful completion of the study) is also the responsibility of the Project Manager and ATO. If professional consulting services are obtained to assist with the conduct of a study, the Project Manager and ATO, along with the Contracting Officer Technical Representative (COTR), will serve as the primary contact for “assuring” the work performed by the consultant team. The details of the Project Manager and ATO’s roles and responsibilities are contained within the respective sections of this guidebook that address specific components of an A-76 study and in [Appendix 6](#), Competition Key Players Roles & Responsibilities.

Project Manager and ATO Characteristics

Project Managers and ATOs are typically chosen because of their demonstrated breadth and depth of knowledge, and experience in the functional area(s) under study. Just as important in selecting a Project Manager or ATO, is that he or she should be skilled in working with teams, leveraging relationships that impact the study (e.g., stakeholders, Human Resources, Legal, Consultant Team, Contracting Office, etc.), and in having basic knowledge of the use of tools and techniques that will aid in accomplishing the leadership role. Since a Project Manager or ATO may come from either a functional or management role, it is important to note some of the differing characteristics between these backgrounds when selecting a Project Manager or ATO.

| Functional Managers | Program/Project Managers |
|---|--|
| Are specialists | May be generalists with wide experience and knowledge |
| Function as a technical supervisor | Coordinate teams of specialists |
| Are skilled at analytical approaches | Have technical expertise and are skilled at synthesis and systems approaches |
| Maintain line control over team members | Have project authority, but not line control over project team members |

Although an A-76 Project Manager and ATO can be identified from either set of management tracks, the selection of the Project Manager and ATO with the right background and skill set is critical to the success of the study.

Project Manager/ATO and the Study Team

A study team is formed at the onset of an announced study to produce a definite set of deliverables depending on which side of the A-76 firewall is being worked. The responsibility and authority of the Project Manager/ATO, who are also the hierarchal head of the team members, is straightforward in that he or she will task the team members on requirements to complete the study. However, complexity lies in the team structure in that some team members are assigned only temporarily or part time to the study and they continue to report to their assigned supervisors. An example of a full and part time mix of participants from both the A-76 Team and Advisory Team are illustrated below:

| A-76 TEAM MEMBERS | | ADVISORY TEAM MEMBERS | |
|----------------------|-----------|--------------------------|-----------|
| Functional Managers | Part Time | Communications & Liaison | Part Time |
| PWS & MEO Team Leads | Full Time | Legal Counsel | Part Time |

| | | | |
|--|---------------------|---|-----------|
| Functional Experts | Full Time | Safety | Part Time |
| Management Analysts | Full Time/Part Time | Security | Part Time |
| Financial Analysts | Part Time | Customers/Stakeholders | Part Time |
| Embedded Communications Representative | Part Time | Embedded Financial Representative | Part Time |
| Human Resource Advisor (MEO) | Part Time | Strategic Human Resources / Labor Relations | Part Time |
| Contracting Officer (PWS) Representative | Full Time | | |
| Union Representative | Full Time | | |

Project Managers and ATOs must be able to work the delicate balance of full accountability for meeting deliverable requirements in accordance with the A-76 process, but with somewhat limited authority over team participants.

Kickoff Meetings

Kickoff meetings are performed for team members of each phase of a competition: BCA, PWS, MEO, and Implementation. Kickoff meetings provide an opportunity to introduce team members, team build, and start initial schedule discussions. Agenda information for kickoff meetings is provided in [Appendix 8](#).

Notification Requirements: Employees’ Participation on Study Teams

The IRS OCS requires that employees who participate on PWS or Agency Tender (MEO) teams be provided and sign a “Notice to Employees” form. This notice provides employees with general information about their participation in the development of the PWS or MEO, their rights as stated in the applicable regulatory guidance, and the possible impact of their participating beyond predetermined limits.

As members of the PWS or MEO teams, employees may work on and support the development of various study elements up to a predetermined exit milestone. Program Managers monitor the participation of team members to ensure they do not become personally or substantially involved in developing the PWS or MEO.

Exit Milestones: The exit milestone for PWS team members is before the final resolution of the Q&As. The MEO exit milestone is before the MEO final decision. Before the PWS and MEO reach their exit milestones, Program Managers/ATOs will provide “Exit Point Notification” memos to team members. The Exit Point Notification memo informs PWS

or MEO members that participation on the team after the exit milestone would result in relinquishing their Right of First Refusal or may restrict their post-government employment opportunities.

Templates for Notice to Employees and Exit Point Notification memo are provided in [Appendix 15](#) and [16](#) respectively.

Project Manager/ATO and the Project Scope

In the study management role, the Project Manager/ATO facilitates the team building process and collaborates with study and advisory team members and stakeholders to create and execute the Plan of Action and Milestones (POA&M). The Project Manager/ATO has primary responsibility for developing and executing the plan. In its most basic definition, the POA&M is a study plan that sets out the study approach, work steps, and schedule; assigns responsibilities; and allocates resources (e.g., budget and time) necessary to successfully accomplish the study. The POA&M presents how the study will comply with the requirements of the OMB Circular A-76, as well as meeting the parameters of IRS’ mandated requirements for schedule, cost, and quality.

Project Manager/ATO and Study Monitoring and Control

The Project Manager/ATO uses the POA&M as the basis for monitoring and controlling the study. This is essential for being able to manage the study within the constraints of budget, time, and resources; managing changes that will occur; and in managing communications and expectations. In conducting an A-76 study, project monitoring takes a number of forms, including: informal monitoring; monitoring of the study plan and resources; study status reporting; and status meetings.

| Forms of Study Monitoring | Examples of Team Lead Requirements |
|---------------------------|--|
| Informal monitoring | Entails “walking the study” on a daily basis: ad hoc meetings with team members; observing data collection and deliverable preparation; communicating with functional managers under study, stakeholders, advisory staff, etc. |

| Forms of Study Monitoring | Examples of Team Lead Requirements |
|--|---|
| Monitoring of the study plan and resources | Requires continuous maintenance of the work plan and resources: updating the plan to reflect modifications based on previous status report; development of new proactive strategies being implemented; task organizing to meet resource constraints, etc. |
| Study status reporting | Status reports will be provided to the IRS Office of Competitive Sourcing biweekly. The format for the status report is contained at Appendix 3 . |
| Status meetings | The Team Lead will also act as the liaison between the team and the IRS Office of Competitive Sourcing. He or she will continually monitor the progress of the study and report project status during scheduled CSCG meetings. The format for the CSCG input is contained in Appendix 5 . |

Study control is also the responsibility of the Project Manager/ATO. The Project Manager/ATO is responsible for identifying study conditions that have the potential to spin the study out of control. An out of control condition is one that causes the study to exceed schedule or budget. It is essential for the Project Manager/ATO to give these conditions his or her immediate attention in order to determine and correct the underlying reasons for these conditions and to ensure that the study stays on track.

Risk Assessment in Study Management

Study problems usually manifest themselves well after a study is underway. However, the basis for most problems occurs early in the study-planning phase, such as incomplete timelines, failure to put someone in charge of completing tasks, insufficient resources, etc.

| <p align="center">Risk Assessment <i>(Tips for Avoiding Problems In Study Management)</i></p> |
|---|
| <p>Invest time upfront in training and understanding the A-76 process. A-76 is a highly regulated process that will have a tremendous impact on the current workforce regardless of whether it wins or loses the competition – it is essential for the study team to know the rules behind the process in order to effectively compete with the private sector.</p> |
| <p>Carefully define and communicate the study objectives, scope and deliverables. This will save time and reduce frustration in the later stages of the study. For example, careful definition of data collection requirements will likely enable one data collection effort rather than multiple efforts that are distracting to the workforce’s ongoing work.</p> |
| <p>Be flexible. The POA&M is a tool that contains the “expected” route of the study. Make adjustments as necessary and use the plan and related expectations as the basis for explaining how any changes to the plan will affect the study.</p> |

Effective study management is as critical as the tasks and milestones in the study. It keeps the study team's efforts focused and aligned.

Communicate formally and informally with the stakeholders, Office of Competitive Sourcing, and team members so that risks and problems are identified and resolved as early as possible.

Managing the Budget

Budget Overview

Embedded Budget Organization

Budget Documents

DRIP

RAC

ROC

Information on how to prepare a Budget Request is provided in Appendix 4.

Communications

Communicating with the Office of Competitive Sourcing

Study and MEO Competitive Sourcing Coordination Group (CSCG) Meetings

Competitive Sourcing Coordination Group (CSCG) meetings are held monthly with a purpose of having all the studies' team leads (BCA, PWS, Implementation, and MEO) provide a high-level update of their studies' progress. To maintain the firewall, MEOs have a separate meeting from the BCA, PWS, and Implementation CSCG (Study) meeting.

The purpose of the meetings is to provide the OCS with information on the studies progress, such as adherence to the schedule, interactions with support organizations (HR, MITS, etc.), challenges, and lessons learned. Since NTEU attends both the Study and the MEO meetings, it is important that the information provided be maintained at a high-level so as to not breach any rules of disclosure. Other topics include "Progress," "Upcoming Events," "Issues," and "Lessons Learned."

Procedures for providing input to the Study and MEO CSCG decks, deck templates, and a list of usual meeting attendees are provided in [Appendix 5](#).

Biweekly A-76 Project Status Review Meeting

The Office of Competitive Sourcing (OCS) is responsible for planning, directing, advising, monitoring/tracking, and evaluating the performance of competitive sourcing projects within IRS. Consistent with sound program management principles, it is essential that this office perform periodic progress reviews of ongoing A-76 cost comparison projects. These project review meetings will afford both the OCS and the A-76 project leads the opportunity to exchange information, and discuss and resolve issues.

The basic areas for review/update for these meetings are:

- I. Executive Summary of Significant Events
- II. Issues & Risks
- III. Master Schedule
- IV. Budgeted vs. Actual Project Costs
- V. Summary of Lessons Learned
- VI. Team Members

The biweekly A-76 project progress review meetings will commence once the SRC decision is rendered to conduct a BCA or A-76 Study. All biweekly meetings will be annotated on the project lead's project plan. There is a separate biweekly meeting for each study and each phase of each study that is in progress (BCA, PWS, MEO, Implementation).

As indicated in its title, biweekly meetings are generally scheduled to meet every two weeks. It is anticipated that the meetings will be approximately one hour in duration, and the OCS will coordinate the schedule, logistical requirements (to include teleconference number), and provide notification to all attendees via e-mail.

Regular attendees of the meetings will be: Team Leads and team members (as necessary), consultant support, Procurement, and OCS. However, representatives from Strategic Human Resources, General Legal Services, and Communications & Liaison are encouraged to attend and have an open invitation to all the meetings. [Appendix 3](#) has a more exhaustive attendee list and provides the procedures and template to create the Biweekly Status Report document.

Communicating with Employees and the Public

Embedded Communications and Liaison Personnel

NTEU Communications

It is very important to achieve timely, informative and coordinated communications related to the startup, periodic status, and results of competitive sourcing initiatives. This is especially critical for Business Case Analysis (BCA) / feasibility studies and A-76 project initiation. NTEU review is required prior to using any study survey or data collection forms with bargaining unit employees. All bargaining unit employees' participation to work on the study teams must be requested through NTEU. [Appendix 10](#) defines the procedure to accomplish these communications.

BCA Communication and Review with Functional Executive Leadership

See [Chapter 2](#) and [Appendix 2](#).

Study Project Schedules

The OCS creates a study project schedule for each study early in the BCA Phase of the study with inputs provided by the BCA team lead and financial, communications, SHR/HR, and acquisition representatives. The tasks listed in the study schedules are at a higher level than the POA&M. Since OCS uses project schedules for oversight purposes, the monitoring level of the POA&M is not necessary.

Each study project schedule is linked to one consolidated MSProject file referred to as the "Master Schedule" which includes the schedules for all studies. OCS maintains the Master Schedule with updates to the project schedules provided in biweekly meetings. Templates and guidelines for study project schedule dates/durations are provided in [Appendix 11](#).

Records Management

IRS is required under 36 CFR, Chapter XII, NARA Regulations in Code of Federal Regulations Part 1220-1238 to archive any documents that are considered to be "official records." Once a study phase (BCA, PWS, MEO, and Implementation) is complete, Team Leads for each of the study phases are responsible for compiling the official records and sending them to the OCS. Once a study is completed, OCS will forward all of the study's records (all phases) to the IRS Headquarters Record Manager for processing.

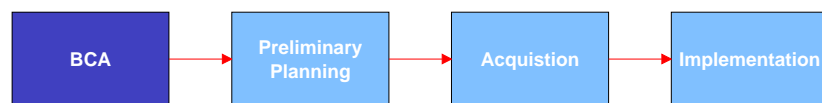
An official record is any decision vehicle and any documents/files that backup a decision vehicle. This would include any hard copy of documents used by the team, including Biweekly Meeting decks, interview notes, or data collection documents. Electronic documents may be put on a floppy disc or CD.

IRS interprets a record to be "...any recorded information relating to the work of an office, regardless of who created it, how it was created or received, or what medium it is recorded on. Most of us associate records with paper documents, such as letters, forms, directives, or printed reports. However, a record can also be a photograph, map, videotape, microfiche, sound recording, computer tape, diskette, e-mail or anything else that retains information that can be retrieved for use at a later time."

For complete information on how to send official study documents to OCS, see [Appendix 14](#).

Training Requirements

See [Appendix 13](#) for training requirements for Project Managers and ATOs.



Chapter 2

Business Case Analysis (BCA) Phase

The IRS BCA Phase Process

A three-step competitive sourcing lifecycle process has led to the decision to conduct an A-76 study.

Step 1: From the information provided in the FAIR Act Inventory, business units are identified and **Nominated** for evaluation for the competitive sourcing process for the next fiscal year.

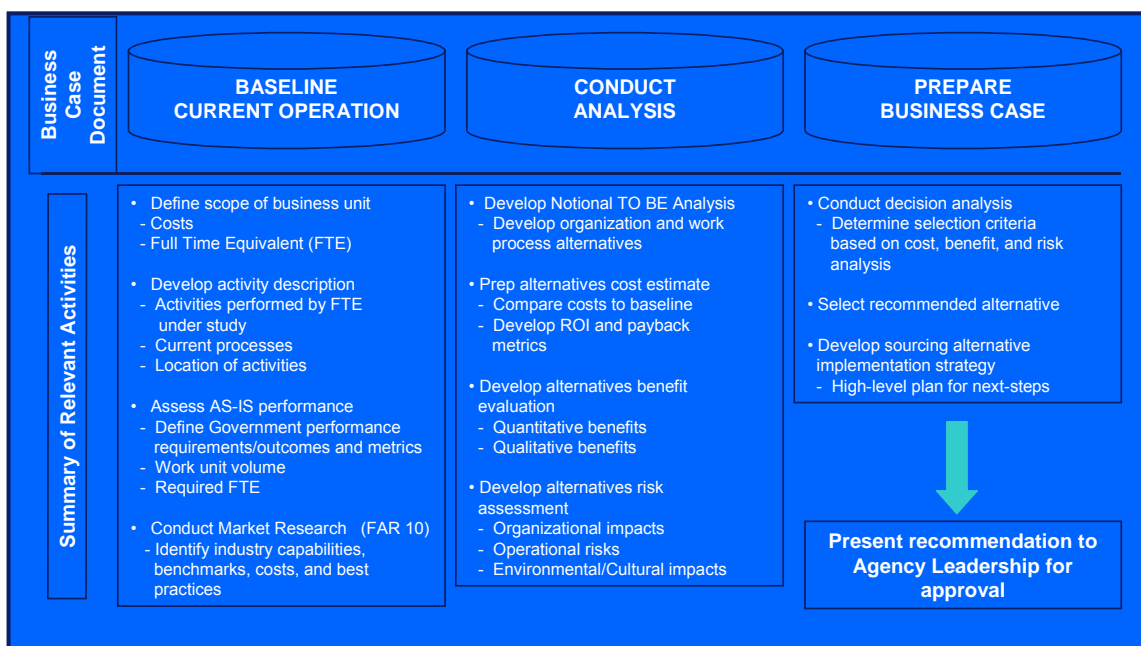
Step 2: The Evaluating step involves conducting a **Business Case Analysis (BCA)** to determine the feasibility of competing nominated business units for competitive sourcing (the business case analysis considers non-competitive and competitive sourcing strategies).

Step 3: In the **Selecting** step, IRS leadership selects which business units will be committed to competitive sourcing or withdrawn based on the results of business case analysis.

The Office of Competitive Sourcing (OCS) and senior management perform steps 1 and 3. This chapter will cover the BCA portion, step 2, of the BCA Phase Process.

The BCA Process

Business Case Analysis data has been useful in determining the feasibility of conducting an A-76 study, but the MEO team must focus on the requirements of the solicitation.



The three main phases of the BCA are conducting a baseline assessment, conducting an analysis of alternatives to the baseline, and conducting a decision analysis.

The baseline assessment is the phase resulting in definition of the scope of the study. The scope of the study must be agreed to before moving forward with conducting the analysis. If the scope is not well defined before analyzing alternatives, a cause and effect occurs resulting in a “do loop,” a continuous iterative process that creates confusion and delays the study. The key outputs from the baseline assessment are total costs, total FTE (grade, series, and activities), and total workload.

The analysis phase of the BCA process is the phase resulting in definition of the market place and the Notional in-house organization. The market research conducted to inform the decision analysis involves a vendor analysis. The process analysis conducted to inform the decision analysis involves a notional restructuring of the in-house organization to determine whether the in-house organization is operating efficiently and is competitive.

The decision analysis is the phase resulting in a Go/No Go decision to move forward with a study, how to group the functions and FTE to achieve the most results from

undergoing a competition, and the estimated investment and savings driven by the decision to compete.

Key Players

There are several key players that impact the BCA, through an integrated relationship, to ensure successful completion of a BCA. Several of the key players are included below:

- Strategy and Resources Committee (SRC)
- Program Manager (if assigned)
- BCA Team Lead
- BCA Team
- Office of Competitive Sourcing (OCS)
- Procurement Office
- Communications Team
- Human Capital Office

Analyze the Subject Business Unit

The several steps in analyzing a business unit are listed below.

Determine Scope

This step involves finalizing the scope of analysis for the BCA study, which will drive all future BCA activities. An outline of the scope is initially released through the BCA Announcement and is finalized based on specific functional lines of business through this step.

Group Activities

Activities are grouped according to their functional relatedness or interdependency to enable a thorough analysis based strictly on clear functional lines. It is imperative not to narrow the group of activities too much to isolate the activities from potential efficiency improvement or to maintain too large of a group of activities to limit the feasibility of competition.

Determine Workload Data and Systems

Once a scope is defined and activities are grouped based on lucid functionality lines of business, the BCA Team must identify the representative workload data for those activities and the systems by which the data can be extracted. Systems may include manual or electronic data repositories.

Determine Baseline Costs

It is necessary to capture the full lifecycle (typically five to ten years) cost associated with the identified scope and workload. Full lifecycle costs are collected to account for year-to-year deviations in cost and to formulate a baseline by which other alternatives can be compared and estimated efficiency improvements can be measured.

Determine Type of Competition

The BCA Team has an array of competitive sourcing options on which to base a recommendation. In addition to a No Compete option (if estimated that the activity is currently at an optimum efficiency level), the BCA team may also recommend a Streamlined Competition for all or part of the activity or a Standard Competition for all or part of the activity. However, parsing the activity into subcomponents must be justified, which is typically the case only if the activity has been initially defined in a way that precludes the market from a viable competition.

Develop Preliminary Schedules

Once the recommendation is finalized, a preliminary schedule must be established for moving forward, if necessary. Whether implementing improvements that were not great enough to warrant competition or moving ahead with either a Streamlined or Standard Competition, a schedule must be formulated to move the project forward.

Determine Roles and Responsibilities of Participants

Typical participant roles and responsibilities are listed below.

- Strategy and Resources Committee (SRC) - Chaired by the Deputy Commissioner for Operations Support, the SRC makes the Compete/No compete decision or other related decisions.
- BCA Team – IRS team and support contractor formulate to carry out the BCA methodology and to make a Compete/No compete recommendation to the SRC.

- Office of Competitive Sourcing (OCS) – Carries out the IRS Competitive Sourcing Program and provides guidance and oversight to BCA projects through monthly CSCG and Biweekly status meetings.
- Procurement Office - Assists BCA Project Managers with management of the BCA support contract and works with the BCA Team to complete a market analysis, including releasing the Request for Information (RFI) on FedBizOpps and coordinating RFI responses.
- Communications Team - Comprised of communication experts and members of the BCA Team, this group develops and supports a continuous communication process including interacting with NTEU when appropriate.
- Human Capital Office – Comprised of human resource experts that are in constant communication with OCS and Communicators to ensure guidance regarding IRS employees is provided and followed.

Select BCA Participants

Once the FAIR Act Inventory is available, the OCS and the Business Units begin planning for a feasibility study (BCA) to review and identify whether listed functional areas would result in efficiencies if competed. Recommendations for feasibility study are made by the Business Units to the OCS after the FAIR Act Inventory is prepared and approved by OMB.

Recommendations for IRS BCA Team Leads are made by the Business Units to the OCS. The IRS BCA Team Lead participates in selection of IRS BCA team and in selection of the consultant support contractor. IRS BCA team members should have skill sets that are analytical, which is further described in [Chapter 1: A-76 Study Management](#).

Communication Requirements

Communication with the OCS

CSCG Meetings

Project Managers and BCA Team Leads are required to attend CSCG meetings. For more information on CSCG meetings, see “Communication with the OCS” in [Chapter 1](#) and [Appendix 5](#).

Biweekly Meetings

Project Managers and BCA Team Leads are required to attend biweekly meetings. For more information on biweekly meetings, see “Communication with the OCS” in [Chapter 1](#) and [Appendix 3](#).

Kickoff Meeting

Once the BCA team has been selected, a kickoff meeting is held. The kickoff meeting provides an opportunity to introduce the team members, team build, and start initial schedule discussions. For a sample kickoff meeting agenda, see [Appendix 8](#).

Communicating with Employees

As the BCA process is carried out, the IRS has a responsibility to inform and educate employees regarding the intent of the BCA, its status, and its potential impact on employees. Several modes of communication can be utilized. These include, but may not be limited to, development of a BCA website, recurring Fact Sheets, and frequent stakeholder briefings. In addition, an effective communication strategy includes distribution of information as well as mechanisms for employees to express concerns and ask questions about the BCA.

BCA Communication and Review with Functional Executive Leadership

Communication, briefings, and review with functional executive leadership must occur at one or two key points during the development of the BCA. The agreement of executive leadership, up to and including Division Commissioners and Chiefs, is necessary before presentation to the SRC to avoid confusion and conflict. All stakeholders should be in agreement as to the findings and recommendations put before the committee. Periodic reviews allow senior management to voice concerns and issues on competitive sourcing alternatives prior to a final decision. For more information on BCA communication with executive leadership, see [Appendix 2](#).

Records Management

Once the BCA is complete, the BCA Team Lead is responsible for compiling the official records for the BCA phase and sending them to the OCS. Once a study is completed, OCS will forward all of the study’s records (all phases) to the IRS Headquarters Record Manager for processing.

See [Appendix 14](#) for complete information on preparing and sending official study documents to OCS.

Training Requirements

To provide the BCA team with the requisite knowledge and skills to develop the BCA, the BCA Team attends Competitive Sourcing and BCA training early in the process. This training outlines Competitive Sourcing (both at the Federal and IRS level), the BCA process, its intended outcome, and potential pitfalls that the team may encounter throughout the BCA process, including issue resolution options.

[Appendix 13](#) includes a Training Table with details regarding BCA Training Requirements.

Budget/Financial Requirements

The IRS BCA Team Lead is responsible for planning, requesting, and tracking the budget for their project training and travel. The IRS BCA Team Lead is also responsible for managing the contract support contract and approving invoices. The CSO is the programmatic interface to procurement for all budget requirements and issues. The IRS BCA Team Lead must provide the CSO with funding needs on a continual basis. See [Appendix 4](#) for Budget Request procedures.

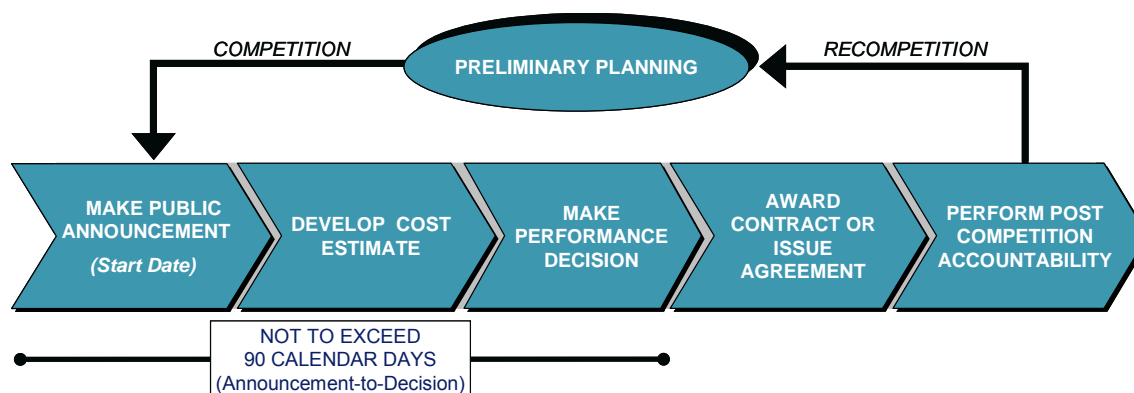
Contract Support and Administration Requirements

The IRS BCA Team Lead is responsible for managing the contract support including working with the contract officers for modifications and deliverables. A formal request to the contract officers for modifications to the contract is required.

Chapter 3

Streamlined Competition

Since the IRS does not typically perform streamlined competitions, this chapter will provide a quick overview of the process for general understanding. Further information on streamlined competitions may be found in OMB Circular A-76, Revised May 29, 2003.



Overview

The streamlined competition differs from the standard competition in that development of a PWS / solicitation is not required. There is no requirement to develop an MEO, but an agency may choose to develop one under the revised Circular, if it will increase the competitiveness of the organization.

The streamlined competition requires calculating several of the same costs that appear in the standard competition including:

- Personnel (including benefits, overtime, and locality pay)
- Material and Supply Costs
- Other Specifically Attributable Costs Automatically calculated at 12 percent
- Total Cost of Agency Performance

Once the personnel costs are established, the agency determines an estimated contractor cost for the same work. This cost is determined using documented market research or by soliciting cost proposals or public reimbursable costs.

The performance decision must be made within 90 calendar days from the public announcement. The Competitive Sourcing Official (CSO) may grant a time limit waiver to extend the competition 45 calendar days, if an MEO is developed or a solicitation is issued for private sector offers.

Streamline Competition Versus Standard Competition

The basic difference between the streamline and standard competitions are listed in the table below.

| Streamlined Competition | Standard Competition |
|--|---|
| PWS / solicitation is NOT required | PWS / solicitation is required |
| MEO is NOT required (though encouraged) | MEO is required |
| Must be completed in 90 calendar days (excluding waiver) | Must be completed in 12 months (excluding waiver) |

Communication Requirements

Communication with the OCS

CSCG Meetings

Project Managers for Streamlined Competitions are required to attend CSCG meetings. For more information on CSCG meetings, see “Communication with the OCS” in [Chapter 1](#) and [Appendix 5](#).

Biweekly Meetings

Project Managers for Streamlined Competitions are required to attend biweekly meetings. For more information on biweekly meetings, see “Communication with the OCS” in [Chapter 1](#) and [Appendix 3](#).

Kickoff Meeting

Once a Streamlined Competition team has been selected, a kickoff meeting is held. The kickoff meeting provides an opportunity to introduce the team members, team build, and start initial schedule discussions. For a sample kickoff meeting agenda, see [Appendix 8](#).

Records Management

Once the Streamlined Competition is complete, the Streamlined Project Manager is responsible for compiling the official records for the Streamlined Competition and sending them to the OCS. The OCS will forward all of the competition’s records to the IRS Headquarters Record Manager for processing.

See [Appendix 14](#) for complete information on preparing and sending official study documents to OCS.

Training Requirements

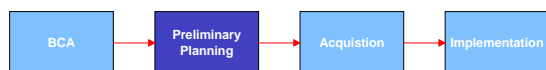
[Appendix 13](#) includes a Training Table with details regarding Streamlined Competition Training Requirements.

Budget/Financial Requirements

The Project Manager for a Streamlined Competition is responsible for planning, requesting, and tracking the budget for the competition training and travel. The Project Manager is also responsible for managing the support contract and approving invoices. The CSO is the programmatic interface to procurement for all budget requirements and issues. The Project Manager must provide the CSO with funding needs on a continual basis. See [Appendix 4](#) for Budget Request procedures.

Contract Support and Administration Requirements

The Project Manager is responsible for managing the contract support including working with the contract officers for modifications and deliverables. A formal request to contract officers for modifications to the contract is required.



Chapter 4

Preliminary Planning Phase

Developing / Issuing the Solicitation

Performance Work Statement (PWS)

Section C of the Solicitation is the PWS. The PWS is a deliverable document that accurately describes the essential and technical requirements for items, materials, and services, including the standards used to determine whether the requirements are met. It states “what” is to be done, not “how” it will be done. It must be performance-based and comprehensive to ensure all Government requirements are met. Government, contractors, and Inter-governmental Support Agreements (ISSAs) will calculate cost estimates on the requirements identified in the PWS. The PWS must contain sufficient information to allow bidders to prepare a responsive proposal. The PWS is performance/objective-based. It includes performance requirements that will measure how the service provider meets the requirement.

Section C Format

Typical format for Section C of the Solicitation include:

- C-1 General Information
- C-2 Definitions
- C-3 Government-Furnished Items and Services

- C-4 Service Provider Furnished Items and Services
- C-5 Requirements
- C-6 Reference

Section C-1: General Information

Example Topics to be included in C-1 are listed in the table below.

| C-1 Example Topics | |
|---|--|
| Scope of Work | Vehicle Operator Licenses |
| Hours of Operation | Quality Control Plan Requirement |
| Accreditation Requirements, License Requirements, etc. | Compliance Requirements (e.g. OSHA, Environmental, Safety, etc.) |
| Requirement for Technical Library | Performance Evaluation Meetings |
| Transition Period (Phase-In and Phase-Out) | Fire Protection |
| Service Provider Administration (e.g., Meetings, Correspondence, Reports) | Personnel Requirements (Program Manager, Security, Training, etc.) |
| Contingencies (e.g., Strike, Weather) | Key Control |
| Physical Security | Insurance |
| Permits | Warranty Program |

Section C-2: Definitions and Acronyms

Section C-2 of the solicitation contains a listing of definitions and acronyms that will be observed in the solicitation.

Section C-3: Government-Furnished Property

Government-Furnished Property includes property and services that the Government will provide to the service provider. Example topics for Government-Furnished Property are listed in the table below.

| Government-Furnished Property | Examples | |
|--------------------------------|---|--|
| Government-Provided Facilities | Facility Listing | |
| Government-Provided Materials | Supplies | |
| Government-Provided Equipment | Vehicles Equipment | |
| Government-Provided Services | Utilities Telephone/Internet/LAN Services | Pest Control Grounds Maintenance Refuse Collection |

| | | |
|--|---------------------------|-------------------|
| | Custodial Database Access | Fire and Security |
|--|---------------------------|-------------------|

Section C-4: Service Provider Furnished Property and Services

The service provider furnishes all equipment, materials, or services necessary to operate under the contract except for those items or services specified in Section C-3 as Government-furnished.

Section C-5: Specific Tasks

As the heart of the PWS, Section C-5 is designed to communicate the requirements to potential service providers in a clear and understandable manner. It contains the specific tasks that the service provider is required to perform including outputs, outcomes, and quality control requirements.

Section C-6: Applicable Publications and Forms

Section C-6 contains applicable documents, specifications, manuals, regulations, etc., governing the requirements of the PWS.

Appendix J: Technical Exhibits

Appendix J includes all the technical exhibits necessary for the solicitation. Sample exhibits for Appendix J are listed in the table below.

| Technical Exhibit Examples | |
|----------------------------|--|
| Exhibit Number | Exhibit Document |
| TE-1 | Performance Requirement Summary |
| TE-2 | Workload |
| TE-3 | Maps and work area layouts |
| TE-4 | Required reports |
| TE-5 | Government-Furnished Items: Facilities, Leased Property, Equipment, Vehicles, Materials and Supplies |

A Discussion on Support Agreements

Historically, the requirement documents developed in support of Government acquisition efforts (often referred to as Statements of Work, Performance Work Statements, Performance Requirements Documents, etc) would include a section outlining any Support Agreements that the Service Provider or Most Efficient Organization (MEO) would continue to support.

Support Agreements come in many forms, Interservice Support Agreements, Intraservice Support Agreements, Memorandums of Understanding between organizations, and so on. These agreements outline the level of support provided to a specific organization and identify who would provide the support. They can be very brief or very detailed, depending on the requirements of the support. For example, an agreement to provide support for deployments may detail the number of personnel required, the necessary skills of the personnel, types of equipment, and even the length of time for the support.

This is important information when developing a PWS. A service provider or MEO is not going to be aware of these agreements unless they are listed as task descriptors or the workload section of the PWS, or listed in a Support Agreement appendix. Unfortunately, there are no set guidelines on when or where to list Support Agreements; however, below are a couple of examples on how it can be approached.

If the task descriptors are specific enough to describe the support required in the Support Agreement, then you will only need to ensure the workload includes the support. For example, if the activity under study is Vehicle Maintenance, and the Support Agreement says Vehicle Maintenance will maintain all vehicles listed in the PWS, then it's only necessary to ensure the workload projections include that support and the vehicles to be supported are listed in Government Assigned Property. In this case, it would not be necessary to list the Support Agreement in a separate appendix.

If the task descriptors aren't detailed enough to explain the necessary support, and you're not sure if the workload accounts for the support, then you would list the Support Agreement in an appendix of the PWS.

If all else fails, list all Support Agreements. Below is an example of a table for this purpose.

| Number | Description |
|----------|--|
| XXXXXXXX | The purpose of this agreement is to outline the responsibilities for maintenance of vehicles between |

| |
|--------------------|
| XXXXXX and XXXXXX. |
|--------------------|

In summary, this is just a brief overview of Support Agreements and their part of the PWS.

A Discussion on Government Furnished Property And Government Property Assigned for Operations or Maintenance

Disclaimer: The subject of Government Furnished Property (GFP) is extensive -- this section will address only a few of the issues. For further reading on GFP as it relates to A-76, please reference OMBC A-76, *Performance of Commercial Activities* (Revised May 29, 2003). If you have the time and enough coffee, you can also read the Federal Acquisition Regulation (FAR), parts 51 (specifically 51.101), and all of part 45.

The sole basis for the PWS is to describe the services to be performed. It must be descriptive enough to allow potential contractors and the MEO (hereafter both parties will only be referred to as "service provider" or "SP") to submit an accurate bid to accomplish the requirements. A detailed listing of the property to be provided is an integral part of the description. Although there are a myriad of issues surrounding the provision of GFP, this paper will focus on two of the core issues; how to classify it according to its purpose, and how to treat it in terms of liability for repair and replacement.

ISSUE 1:

Typically, the Government will provide items with two distinct purposes. First, they can provide items for the sole use of the SP. Second, they can provide items that the SP will be required to maintain or operate but that they do not control and will not be responsible for. Typically, two separate appendices are set up for these lists.

Although the lines between them can be obscure, there are some specific distinctions. An item of property will be considered GFP if: 1) it will be used solely by the SP, 2) the SP will have the option of using it or providing his own, and 3) usually, the SP has responsibility to repair, replace, etc.

An item will be considered provided, but not GFP if: 1) the SP will be required to operate or maintain it or 2) if it is a shared asset. The service provider probably will not be responsible for repair, replacement, etc., at his own cost.

Perhaps a few examples would help clarify:

Scenario: The small computer repair shop is being outsourced. They will be responsible for all the PCs on the installation. A desktop PC within the small computer shop would be considered GFP (used solely by the SP; however, he could use his own if he chooses, etc.). On the other hand, a desktop PC in another workcenter would fall into the 2nd category (the SP will be responsible for repairing and replacing it, but he won't have it to use in his assigned work area for day-to-day operations, and he doesn't have the option of using his own).

Scenario: The Directorate of Public Works is being outsourced. They are responsible for the upkeep of all the buildings on an installation. The Government is going to provide a building for the service provider to work out of. That building is considered GFP (it will be provided for the service provider's sole use, but he doesn't have to use it). All other buildings on the installation would be considered in the latter category (the SP has to maintain all of them).

Scenario: The Radar Operations Unit is being outsourced. They are the only one who will operate the radars, and they will be responsible for repairing them as well. GFP? No, the other. The SP does not have the option of using his own. Also, the Government doesn't want to relinquish control of such a high-dollar-value asset.

This brings up a good point. A contract can be worded to say anything. Therefore, the Government can specify anything they desire in terms of what is GFP and what is not, and how each will be treated in terms of risk, cost, etc.

Now, how to document the information for each area. Because the service provider will normally have full control of GFP assets, this section is more detailed than the other. It should list the item's name, model #, serial #, stock #, location, quantity, etc. Again, enough information to let them know what they're getting. If you were told the Government would be giving you a 1974 Ford pick-up that just barely ran, you'd probably just bring your own (or plan for a replacement really soon). However, if they told you they would give you a 1999 Ford pick-up, you'd use theirs. Not all of the categories above will be used for all items. For instance, for a filing cabinet, you could just say "four-drawer filing cabinet - 3 each", but for a vehicle you'd want to say "1992 Ford F-150, good condition, registration # 92B-1456." Normally, we provide separate tables for each type of GFP, so the column headings are standardized.

For non GFP items, less detail is needed. Serial #, stock #, and specifics like that usually aren't needed. If the SP will be doing vehicle maintenance for the

Government, then saying "1992 Ford F-150 - 4 each, good condition" would probably be sufficient. For buildings, you could just give them access to the installation facilities files.

ISSUE 2:

Factors to consider are risk, cost, and functional concerns. Some of these factors bleed over into one another, but all have to be considered.

- Risk: If you make the service provider responsible for maintenance, they cannot claim that a non-working item forced them to non-comply with the terms of the contract. But, if you agree to provide parts or repairs, and you're late with the part or the repair, the SP has grounds for non-compliance with tasks related to that piece of equipment. For instance, suppose you provide computers that the government remains responsible for repairing or replacing, and one of them breaks down. The SP calls in the trouble and it takes you two days to get it fixed. Any task that relies on that computer does not have to be accomplished until the repairs are complete. If, however, the SP was made responsible for the repairs, he'd have no excuse.

- Cost: If you already have an item on hand, it's typically cheaper to retain that item than to dispose of it and force the service provider to supply their own. Thus, the cost is higher regardless of who wins. However, if another workcenter (not under study) needs the item, it might be prudent to let them have it, and let the service provider for the function under study to obtain one on their own. Also, if they are fully responsible, they'll typically keep costs down, but it may be at the expense of the quality of the maintenance (that is, they may buy cheap parts). If you supply the parts or repairs, the equipment will be maintained well, but then the service provider has no incentive to keep costs down.

- Functional concerns: If an item is critical to the mission, perhaps you don't want to risk a service provider using substitute parts, so you might provide the item and its repair parts as GFP, regardless of the risk or cost impacts. Also, some items may interface with other items in areas not under study, which would drive their mandatory use.

Some thinking to avoid:

- *Just because an item is old and you think the service provider won't want it, you decide not to provide it. Or perhaps an item is in non-working condition. As long as the condition of the equipment is made clear, err on the side of providing it, and let the service provider decide if they want it. Again, the SP does not have to accept all offered*

GFP. Their job is to review the list of GFP, determine what they need to accomplish the job, reject any un-needed GFP, and procure needed items that are not provided.

- *All items of GFP must be treated the same.* Not true. Items can SP maintained & SP replaced, SP maintained & Govt. replaced, or Govt. maintained and Govt. replaced. You can have some in each category based on the factors discussed above.

Summary: The decision as to whether to provide an item as GFP should be based on analyses of risk, economic factors, and functional concerns. The parties involved in the decision are the functional representatives, contracting officials, the PWS Team, and financial officials.

One Final Note: It is OMB policy (not mandatory though) to provide to the SP all equipment that is required in performance of the contract, as long as the equipment is already on hand and no other workcenter requires it. This applies to ADPE, equipment, etc.

A Discussion on the Glossary

The Glossary is used to identify acronyms and definitions of words or phrases that are used in the PWS. Many times, people who are providing information for the PWS will include a list of acronyms and definitions that are used in their work activity, i.e., acronyms and definitions applicable to their mission. For the most part, these do not need to be included in the Glossary of the PWS because in many instances, these acronyms and definitions will be spelled out in a publication that is included in the Compliance Documents or Reference Documents sections. The purpose of the Glossary is to assist the reader of the PWS, therefore only acronyms and terms used within the PWS should be included.

Acronyms

Determining which acronyms to include in the Glossary is simple. If it is used anywhere in the PWS or its appendices, it must be included. When an acronym is used in the PWS, it must be spelled out the first time it is used. For example, in Technical Task Descriptors, the terms "Performance Work Statement (PWS)" and "in accordance with (IAW)" might be used for the first time:

Perform requirements within the Performance Work Statement (PWS) in accordance with (IAW) the most current version of the referenced compliance documents.

From this point forward, it is not necessary to spell out "Performance Requirements Document" or "in accordance with." PWS and IAW are acceptable.

Typically, a thorough acronym check is not completed until right before delivery of the first draft and then again before delivery of any subsequent drafts and the PWS final delivery.

Definitions

There are a number of standard definitions included in the Glossary that simply define a basic PWS term. For example:

Performance Standard. *A characteristic of an output of a work process that can be measured.*

Aside from the standard definitions, there are instances where mission-specific definitions must be included. These definitions include those required to further illustrate something that is stated in other sections of the PWS. If, for instance, Technical Task Descriptors states, "Community Events must be coordinated," then the definition of exactly what a Community Event is needs to be included in the Glossary.

Community Events. Any scheduled activity designed to enhance the quality of life for military, civilian, and family members. Examples include, but are not limited to, fun runs, bingo, basketball tournaments, and golf outings.

This lets the MEO or contractor know exactly what kind of event must be coordinated. They can then refer to the Workload section to find out how many Community Events are expected in a given year. As a general rule, any term used in the PWS that could potentially be confusing or misleading should be clearly defined in the definition portion of the PWS.

A Discussion on Technical Task Descriptors

In the past, the Government PWS's were often times very lengthy and listed every task in great detail. In most cases, they were so specific they described "how to do the work" and not "what services were to be performed." This type of overly-prescriptive document stifled creativity and didn't always provide the Government with the best services for the least cost. In time, it led to a whole new acquisition philosophy called Performance Based Contracting.

The birth of this new philosophy can be found in the Federal Acquisition Streamlining Act (FASA) of 1994. This act was passed by Congress to make Government acquisitions simpler, faster, and less laborious for all parties concerned. Its central premise is that the commercial industry already provides to the private sector most of the goods and services that the Government needs (the Yellow Pages serves as a good reminder of this). Moreover, free market incentives mandate that these vendors keep current with the state-of-the-art to continually ensure their products are most competitive (eg, better,

cheaper, higher quality, etc). Thus, the emphasis under FASA is that the Government focus on “what” it needs in terms of results and “outcomes” rather than tell the contractor how the job must get done.

- Indeed, to the maximum extent possible, commercial standards, practices, terms, and conditions should be used in describing services and performance requirements in the PWS.

Technical Task Descriptors are nothing more than a list of services to be performed written in paragraph form. At first glance, it may seem very vague and unspecific about the requested services, and to a degree, that may be true. However, this section must not be looked at in isolation. Indeed, for one to truly understand the services to be provided, all of the PWS sections must be read in their entirety and viewed as a whole. Only then, will one have a clear understanding of the required services, performance standards, workload, Government-furnished property, compliance documents, etc. (a discussion of the work breakdown structure (WBS) and how it is used to link all of the PWS sections together follows this paragraph). Below is an example of the Technical Task Descriptors for a typical Transportation activity:

3. Transportation

3.1. Vehicle Maintenance. Provide vehicle maintenance services to meet scheduled and unscheduled maintenance on all vehicles at XXXXX. Provide complete vehicle auto body repair and paint services. Provide towing services...

3.2. Passenger Transportation. Provide passenger transportation services...

Notice the numbering. It begins with "3." for Transportation. The major services under Transportation, Vehicle Maintenance and Passenger Transportation, are numbered "3.1." and "3.2." respectively. This numbering in this section of the PWS is referred to as the WBS. The WBS becomes very important as you progress in the competitive sourcing study because all other exhibits are referenced back to the WBS. Using the example above, a contractor or Most Efficient Organization (MEO) is able to read the technical task descriptor for Vehicle Maintenance, and using the WBS (3.1.), they should be able to look at each exhibit and find out the workload, Government furnished equipment, compliance documents, reference documents, and so on associated with Vehicle Maintenance. Each of those documents will have a WBS column, which would show 3.1. This tracking back to the WBS continues into the Agency Tender/MEO. The Agency Tender/MEO should be able to validate measured man-hours back to each Technical Task Descriptor in the WBS.

When writing Technical Task Descriptors, to ensure that disagreements do not occur in interpretation of a statement in the PWS, you must be certain that no ambiguous language is used. If legal disagreements result from the use of unclear language, the

courts generally rule against the party who prepared the contract. Below are a few tips to use when writing the Technical Task Descriptors.

- You should be careful of the terminology you use and how you use it. You should use the same words and phrases throughout the PWS to signify the same concepts/meanings. Several important examples of this include, but are not limited to:

References to important technical terms or items must be consistent throughout the document.

References to particular sections of the PWS must be consistent.

Define all important terms and concepts within the document and adhere to that specific definition throughout the PWS.

- Acronyms (abbreviations) are used to simplify and shorten technical and functional terms used throughout the PWS. However, you must understand that not all parties reviewing this document will be as familiar with these terms as the individuals who are preparing it. This is especially true of prospective contractors who utilize the PWS as the basis for preparing their bid. Therefore, the first time you use an acronym, show it in parenthesis immediately after the spelled out word or phrase it represents. This will ensure that no one misunderstands what the acronym means. After this first instance, you can continue to utilize the acronym without further reference to the spelled out term it describes. Acronyms should also be located in the Glossary, Abbreviation, and Acronyms section of the PWS.
- You must never use the terms “any,” “either,” “and/or,” and “etc” when writing the PWS. These words are not specific enough for PWS requirements and imply to the bidder/offeror that a choice exists on which requirements must be met. For the same reasons, you should not use pronouns. They are not sufficiently precise and lead to misunderstandings on PWS requirements.
- The PWS should be written in terms that are common or familiar to industry. For example, in the military, the office that ships household goods is referred to as “Traffic Management.” Instead of having a WBS titled Traffic Management, consider “Movement of Household Goods.”

- Unless absolutely required, which is very rare, avoid using the term 24 hours per day/7 days per week in the PWS. When you do this, you’re telling the contractor that you want him to operate the function 24/7. However, the contractor may be able to accomplish the workload with personnel on days and perhaps stand-by at night. Instead of saying 24 hours per day/7 days per week in the Technical Task Descriptor, show the workload by each shift in the Workload section of the PWS. Then, the contractor or MEO can decide if they need to run three shifts to meet the PWS requirements. Remember, convey what you want, not how to do it. Never lose sight of the fact that whatever applies to the contractor applies to the MEO!

Reviewing thus far, we know that this section conveys to the SP what we want accomplished. The next step is to let the SP know what quality standards we will expect. We do this by using performance standards. A performance standard could be an industry standard, a government standard, a benchmark achieved by another organization, a standard used by an organization that won their MEO, or even a local standard. In a perfect world, you would go out to your customers and find out what their expectations are; however, study timelines don’t always permit this luxury. Also, remember that standards should be realistic and achievable. If you choose a standard higher than what is actually achieved today, you stand a chance of driving up contract costs. That’s okay, if you’re willing to pay the price. An example of this may be the industry standard of maintaining a vehicle in-commission rate of 90%, when the government standard may only be 70%. It is not necessary to have a performance standard for every Technical Task Descriptor. In our Transportation example, you may decide there is only one meaningful indicator that let’s you know whether or not the contractor is doing a good job. If you’re having trouble determining a good indicator, put yourself in your activity supervisor’s shoes and ask yourself this question; what is the one thing that could get you in hot water with the boss faster than anything else? When you answer that question, you’ve just determined the single most important performance standard.

Some typical performance standards for a Transportation function would be:

| WBS | Services Required | Performance Standard |
|-----|-----------------------|---|
| 3.1 | Scheduled Maintenance | No vehicles overdue for scheduled maintenance at any time. |
| 3.1 | Delayed Hours (Parts) | Do not exceed the Command goal of 200 hours monthly. |
| 3.1 | Vehicle Return Rate | No more than 40% of total work orders written on vehicles repaired in the last 12-months. |
| 3.1 | Vehicle Maintenance | Release 60% of vehicles back to the customer |

| | | |
|-----|----------------------------------|---|
| | Turnaround Rate (Monthly) | within 24 hours and the remaining 40% within 48 hours. |
| 3.1 | Vehicle In Commission Rate (VIC) | Maintain a vehicle in-commission rate (VIC) rate of 95% or above monthly. |

A Discussion on Workload

Even though each and every PWS section is important and should be looked at collectively, besides the Technical Task Descriptors, perhaps the next most important section is Workload. The Technical Task Descriptors and Workload sections are very tightly related to each other. However, unlike Technical Task Descriptors, Workload should be very specific and must provide a projection of exactly what and how much work is to be performed. Using a Transportation example, it may not be enough to tell the SP how many vehicles they should expect to repair each month. You may want to break it down into greater detail. For example, you may want to show the number of repairs by vehicle type. If the activity operates on a 24 hour per day operation, you should let the Service Provider (SP) know how much work to expect during each shift. Your Technical Task Descriptor may only be a few pages, but your Workload may be considerably longer. If you're having difficulty deciding how much workload to include, put yourself in the shoes of the contractor. What if you worked for the contractor and your boss came to you and said they were going to bid on this contract, and he or she wants you to run the Vehicle Maintenance activity? Of course, the boss also wants you to tell them how many workers you're going to need. To start with, you would probably have several questions for your boss like: what type of vehicles have to be repaired, how are the repairs stratified throughout the day, what is the average age of the vehicles, how much of the maintenance is scheduled/unscheduled, and so on. As a special note, don't let the term workload fool you. Workload can also just be informational data. For example, the number of vehicles supported, the number of buildings, the number of personnel supported, the number of computer users on the network, the number of counties supported, and so on. Another important point to remember is that the Most Efficient Organization (MEO) team can only use the workload data in the PWS. If you don't provide enough detail, it's going to be difficult for them to determine the minimum amount of staffing required. If that happens, it increases the chances of an appeal if the MEO wins. Too much workload is usually not a problem, as long as the information in one area doesn't conflict with another.

It would be very difficult not to start with historical workload, then move to projected. It may seem like extra effort, but there's no way around it.

Start with historical data for several reasons:

- It's usually readily available.
- It's easily understood by functionals on the PWS team.
- It is sometimes an accurate predictor of future workload.
- When it's not, it provides a basis for making changes.

Projected workload must be used for one reason only:

- We must give the SP an accurate description of the volume of workload they'll be expected to perform.

Historical workload is good enough to include in the PWS if the function has fairly stable work requirements (grass cutting, for example, doesn't usually vary too much). Also, if you know changes will probably occur, but you have no way of knowing what the changes will be, you can stick with historical. For instance, painting buildings.

Infrastructure changes may occur, but you never know when; however, it is important to remember that most changes can be predicted based on trends. Another example is ceremonies. You may think that changes can't be predicted, because you have to support anything that comes up. However, looking at the historical data for the last few years may show a gradual increase or decrease in the number of ceremonies supported (eg, 5% decrease or increase each year). If that's the case, extrapolate.

So, how do you show predicted workload? Answer: in any way that makes sense. Below are a few examples:

- If you expect a 5% decrease each year, then you project from historical to the first contract year. That gives you the data to populate the table. Then, simply include a note for that item that says, "Expect a 5% decrease each year."
- If you expect a one-time increase of 500 items a month when a new system comes on line, then put a note for that item that says just that.
- If a one-time decrease will occur after a specific date, say "workload will decrease by 23 items per month after Oct 2004 due to xxx going away."

Below is an example of a PWS workload table for Vehicle Maintenance:

| WBS | PROCESS | QUANTITY/FREQUENCY |
|------|---|---|
| 3.1. | Process scheduled maintenance vehicle repair request. | 221/Month |
| 3.1. | Process unscheduled maintenance vehicle repair request. Unscheduled repair requests received between 0730 and 1530 Unscheduled repair requests received between 1530 and 2330 Unscheduled repair requests received between 2330 and 0730 | 126/Month 78/Month 35/Month 13/Month |
| 3.1. | Provide vehicle-painting services. Note: expect the number of vehicles painting requests to drop to 20/Month starting July 2003 due to loss of 180 older vehicles (see section J4 for details) | 33/Month |

Quality Assurance Surveillance Plan (QASP)

The QASP is a document that provides a planned process for Quality Assurance Evaluators (QAEs) to accomplish surveillance of the service provider's actual performance and compare that performance against the predetermined quality and quantity requirements to determine conformity with established performance standards. The QASP describes methods of inspection, required reports, and resources to be used, including estimated work hours.

The QASP identifies:

- Key performance indicators
- Information or data sources
- Method of surveillance
- Performance measures for organization control and quality measures
- Estimated man-hours and manpower resources to be used

QAEs provide oversight of service provider outputs to ensure that the performance thresholds of QASP are met.

[Click here for the PWS and QASP Familiarization Guide.](#)

Communication Requirements

Communication with the OCS

CSCG Meetings

Project Managers and PWS Team Leads are required to attend CSCG meetings. For more information on CSCG meetings, see "Communication with the OCS" in [Chapter 1](#) and [Appendix 5](#).

Biweekly Meetings

Project Managers and PWS Team Leads are required to attend biweekly meetings. For more information on biweekly meetings, see "Communication with the OCS" in [Chapter 1](#) and [Appendix 3](#).

Kickoff Meeting

Once the PWS team has been selected, a kickoff meeting is held. The kickoff meeting provides an opportunity to introduce the team members, team build, and start initial schedule discussions. For a sample kickoff meeting agenda, see [Appendix 8](#).

Records Management

Once the PWS is complete, the PWS Team Lead is responsible for compiling the official records for the PWS phase and sending them to the OCS. Once a study is completed, OCS will forward all of the study's records (all phases) to the IRS Headquarters Record Manager for processing.

See [Appendix 14](#) for complete information on preparing and sending official study documents to OCS.

Training Requirements

See [Appendix 13](#) for training requirements for Project Managers and PWS team members.

Budget/Financial Requirements

The PWS Team Lead is responsible for planning, requesting, and tracking the budget for the PWS project training and travel. The PWS Team Lead is also responsible for managing the support contract and approving invoices. The CSO is the programmatic interface to procurement for all budget requirements and issues. The PWS Team Lead must provide the CSO with funding needs on a continual basis. See [Appendix 4](#) for Budget Request procedures.

Contract Support and Administration Requirements

The PWS Team Lead is responsible for managing the contract support including working with the contract officers for modifications and deliverables. A formal request to the contract officers for modifications to the contract is required.



Chapter 5

Acquisition Phase

The Acquisition Phase includes the Agency Tender development and the solicitation issuance up to the award date.

Agency Tender

The Agency Tender is the Government's bid on the solicitation and establishes the method of operation necessary to establish the Most Efficient Organization (MEO) to satisfy the requirements of the PWS. It is organized into four separate and distinct documents: the Most Efficient Organization (MEO), the Phase-In Plan, the Quality Control Plan (QCP), and the Agency Cost Estimate.

The Agency Tender:

- Represents the technical approach and resources to be expended by the MEO in meeting the requirements of the PWS
- Is prepared in accordance with the requirements specified in the solicitation and depicts the requirements specified in the MEO
- Advocates the MEO as the preferred service provider, capable of achieving the PWS in a manner equal to, or better than, any commercial enterprise

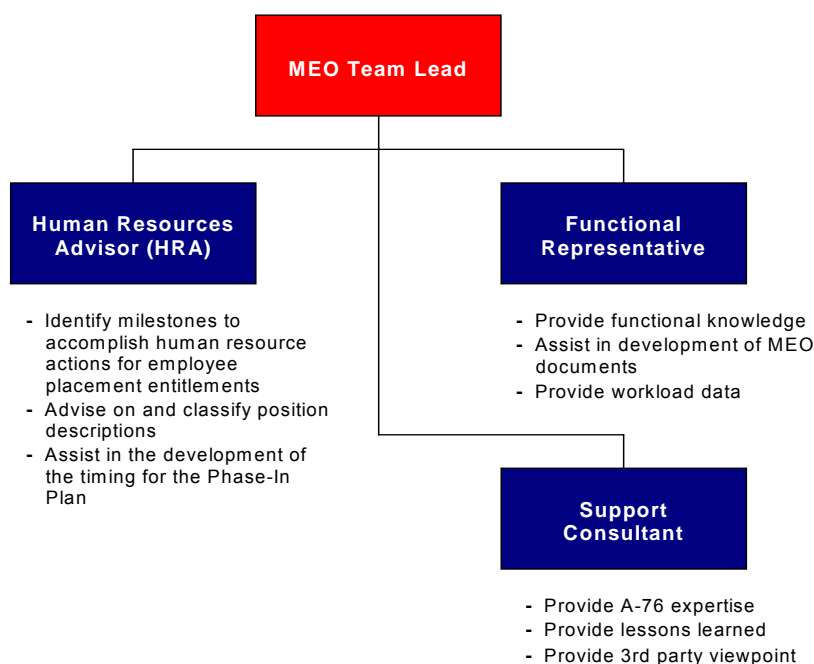
Most Efficient Organization (MEO)

The objective of the MEO is to find new, innovative, and creative ways to provide the required services in a cost effective manner.

The MEO:

- Establishes a new organizational design/structure
- Identifies resources which best meet the requirements of the Performance Work Statement (PWS)
- Describes the performance plan
- Discusses operating procedures
- Responds to the requirements sections (L and M) of the solicitation and details manpower utilization, policies and procedures, key personnel, quality control, and process improvements.
- Clearly states the MEO's strategy for performing the work in the PWS
- Includes process improvements and their impact on the functions being studied

The MEO is the product of various management analyses:



The MEO identifies essential requirements to be performed and determines performance factors, organizational structure, staffing requirements, and operating procedures using minimum resources to achieve the most efficient in-house performance of the commercial activity. The MEO must adequately describe how the existing organization will transform itself, through process and organizational change, to become capable of executing the PWS in an efficient and effective manner.

There is a firewall between the MEO Team and the PWS Team to prevent the appearance of a conflict of interest. (See [Chapter 1](#) for more information on the firewall.)

Information on how to develop the MEO document is provided in the MEO training courses.

Agency Cost Estimate

The Agency Cost Estimate includes the agency's cost proposal and represents the full cost of the agency's performance of the commercial activity based on the requirements in the solicitation and the costing policy found in the Circular.

At a minimum, the Agency Cost Estimate:

- Estimates the cost of personnel, materials and supplies, training, vehicles, and other costs necessary to perform the functions identified in the PWS using win.COMPARE² software
- Is based on a thorough analysis of historical costs which are then adjusted for the current MEO requirements
- Includes the costs for transitioning from the present organization to the new requirements of the MEO

Phase-In Plan

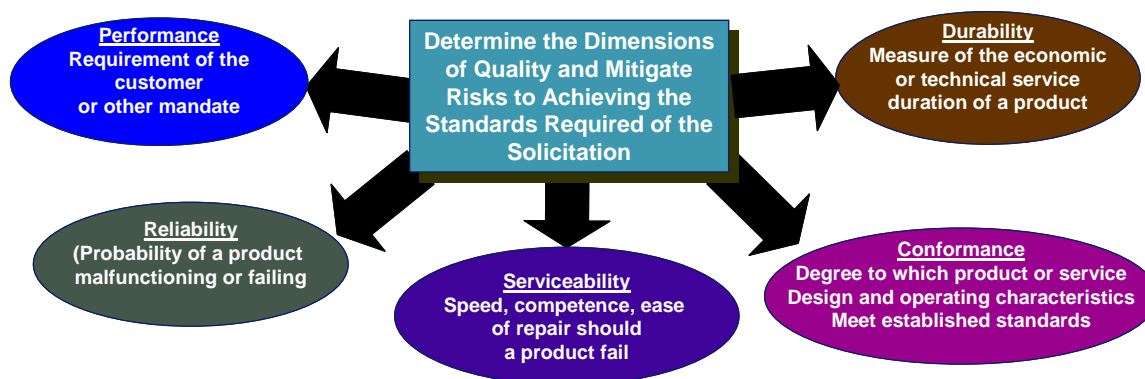
The Phase-In Plan is a written plan detailing the transition from the Government's current operational organizational structure to either the MEO or a contractor scenario.

The Phase-In Plan:

- Is designed to minimize disruption and adverse impacts
- Identifies capitalization and startup requirements
- Includes major milestones that allow for necessary actions regarding personnel, materials and supplies, equipment, facilities, sub-contracts, leases, environmental issues, safety and security, etc., to be accomplished

Quality Control Plan (QCP)

The QCP is a self-inspection plan. All offerors and tenders are required to submit a QCP when responding to a solicitation.



The QCP outlines a self-inspection plan that complies with the PWS and describes the internal staffing and procedures that will be used by the prospective offeror to meet the quality, quantity, timeliness, responsiveness, customer satisfaction, and other aspects of service delivery as required by the PWS. To guarantee satisfactory performance, the QCP is included in all prospective private sector offers and public tenders.

MEO/AT and Phase-In Relationship

MEO/AT
HOW you will meet the requirements of the solicitation.

- Staffing and Skills
- Organization and Process Changes
- Equipment, Materials, Supplies, and Facilities
- Training

Phase-In Plan
 The **WAY** you will implement your MEO. *

- Implement Changes
- RIF/Recruitment/Right of First Refusal
- Equipment, Materials, Supplies, and Facilities Transfer
- Conduct Training
- Residual Organization and Contract Administration

* or the **WAY** the contractor will assume operations

Communication Requirements

Communication with the OCS

CSCG Meetings

ATOs and MEO Team Leads are required to attend the MEO CSCG meetings. For more information on CSCG meetings, see “Communication with the OCS” in [Chapter 1](#) and [Appendix 5](#).

Biweekly Meetings

ATOs and MEO Team Leads are required to attend biweekly meetings. For more information on biweekly meetings, see “Communication with the OCS” in [Chapter 1](#) and [Appendix 3](#).

Kickoff Meeting

Once the MEO team has been selected, a kickoff meeting is held. The kickoff meeting provides an opportunity to introduce the team members, team build, and start initial schedule discussions. For a sample kickoff meeting agenda, see [Appendix 8](#).

Records Management

Once the MEO is complete, the MEO Team Lead is responsible for compiling the official records for the MEO phase and sending them to the OCS. Once a study is completed, OCS will forward all of the study’s records (all phases) to the IRS Headquarters Record Manager for processing.

See [Appendix 14](#) for complete information on preparing and sending official study documents to OCS.

Training Requirements

See [Appendix 13](#) for training requirements for ATOs and MEO team members.

Budget/Financial Requirements

The MEO Team Lead is responsible for planning, requesting, and tracking the budget for the MEO project training and travel. The PWS Team Lead is also responsible for managing

the support contract and approving invoices. The CSO is the programmatic interface to procurement for all budget requirements and issues. The MEO Team Lead must provide the CSO with funding needs on a continual basis. See [Appendix 4](#) for Budget Request procedures.

Contract Support and Administration Requirements

The MEO Team Lead is responsible for managing the contract support including working with the contract officers for modifications and deliverables. A formal request to the contract officers for modifications to the contract is required.

Chapter 6

Implementation Phase

The Implementation Team Lead

The PWS Team Lead serves as the Implementation Team Lead and assists in implementing the performance decision per Circular A-76.

Post Competition Accountability

Post competition accountability starts with complying with all the solicitation requirements. The following solicitation requirements feed the post accountability process:

- Designated solicitation closing date,
- Developed compliance matrix for source selection,
- Designated performance periods,
- Itemized government-furnished property,
- Detailed incentive and award fee plan,
- Detailed phase-in plan,
- Quarterly quality control plan
- Clear-cut Quality Assurance Surveillance Plan (QASP)
- Complete competition file

The performance decision evaluates and makes a performance decision based on the Agency Tender Offer and the vendors' bids, using the aforementioned requirements as the framework for a fair and equitable decision. The process for performance decision is as follows:

- Certification
- End Date of Competition
- Public Announcement of Performance Decision
- Debriefing
- Release of Certified Standard Competition Form
- Release of Agency and Public Reimbursable Tenders
- Implementing the Performance Decision
 - Awarding the Contract and the Right of First Refusal
 - Issuing the Letter of Obligation to the MEO Official
 - The Letter commits the in-house winner to performing tasks represented in the Statement of Work (SOW) and maintaining costs at the original bid level.
 - The Contracting Officer (CO) who conducted the Study issues the Letter.
 - The Letter should include appropriate language from the SOW and Agency Tender.
 - The Letter is the internal Government equivalent of a contract.
 - Issuing the Fee-For-Service Agreement to a Public Reimbursable Provider

Post competition accountability starts with one of the three actions: Awarding the Contract and the Right of First Refusal, Issuing the Letter of Obligation to the MEO Official, or Issuing the Fee-For-Service Agreement to a Public Reimbursable Provider.

Implementing the performance decision (the contract) follows the FAR requirements, which contract for an amount of work, a price, and a performance level. Monitoring the quality aspects of a contract, the cost and the amount of work produced is the key to implementation.

A system and process to conduct execution tracking of streamlined and standard competitions requires designated responsible parties and accurate data. Putting in place the system to execute tracking of competitions (performance management) requires the following actions to be employed:

- Execute contracting duties (CO, COTR and QAEs)

- Monitoring performance for continued completion of and compliance with requirements
- Implementation of the QASP
- Promotion of continuous process improvement
- Tracking and analysis of performance and cost to enable decision making for option years. Assemble a team and develop a plan to prepare for decision to execute option years
- Develop a Competitive Sourcing Quarterly Report (Agency and OMB), which presents the results of the quality assurance evaluations conducted per the QASP
- Maintain currency of contract file
- Record the actual cost of performance and maintain records for post award monitoring

Best Practices and Lessons Learned

- Put a system in place for tracking, some lessons learned are:
 - Develop a centralized place for performance data. Lessons learned on how to do this are using the metrics from the QASP and using a database or analytical software to manipulate data (i.e., MS Excel).
 - Once data is collected and placed into the system, any metrics that indicate non-compliance are reported to the CO.
 - Use the procurement office's standard practices for performance issues on contracts (e.g., typically a performance letter requiring the vendor to develop and execute a plan to fix the performance problem by a given date).
- Performance analysis must consider both absolute completion rates and percentage of work completed for relevant tasks.
- Performance analysis is based on actual costs. The win.COMPARE² software uses Step 5 as the criteria for conducting the cost comparison, however, the actual cost of the ATO may not exactly match the COMPARE total cost (it may be higher or lower). The ATO cannot exceed the COMPARE total cost, unless a documented accurate depiction of how, what and why workload increased from the SOW or how "save pay" causes a different salary amount using the MEO staffing plan.
- The ATO is obligated to account for workload changes, up or down.

Option Years of Performance and Follow-on Competition

The solicitation will specify the period of performance for the contract. At the end of the period of performance, the contract will be re-competed.

Terminations

Terminations are based on failure to perform. As aforementioned in the best practices and lessons learned section; notification, termination, and temporary remedies are authorized and tracked by the procurement officers according to the FAR. This applies to both contractors and the MEO.

Terminations based on reasons other than failure to perform are rare. The typical approach is to not exercise the option years of performance.

Communication Requirements

Communication with the OCS

CSCG Meetings

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Biweekly Meetings

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Kickoff Meeting

Once the Implementation team has been selected, a kickoff meeting is held. The kickoff meeting provides an opportunity to introduce the team members, team build, and start initial schedule discussions. For a sample kickoff meeting agenda, see [Appendix 8](#).

Training Requirements

See [Appendix 13](#) for training requirements for Project Managers, Implementation Team Leads and members.

Appointment of Competition Officials

A-76 Circular Requirement

Per the A-76 Circular (revised May 29, 2003), the CSO shall appoint competition officials for each standard competition, and, as appropriate, may appoint competition officials for streamlined competitions. The CO and SSA are jointly appointed by the CSO and the Director of Procurement.

Competition Officials Requiring Appointment Letters

Agency Tender Official (ATO)

Contracting Officer (CO)

Performance Work Statement (PWS) Team Leader

Human Resources Advisor (HRA)

Source Selection Authority (SSA)

Most Efficient Organization (MEO) Team Leader

Appointment Letter Templates

Appointment letter templates for each competition official requiring appointment follow:

Agency Tender Official (ATO) Letter

MEMORANDUM FOR

FROM: Raymona L. Stickell
IRS Competitive Sourcing Official (CSO)

SUBJECT: Agency Tender Official for

As the IRS Competitive Sourcing Official, I confirm your appointment as the Agency Tender Official (ATO) for the standard competition. As the ATO, you are designated as an inherently governmental agency official with decision-making authority.

Your primary responsibilities include:

- complying with OMB Circular A-76 (revised May 29, 2003); http://www.whitehouse.gov/omb/circulars/a076/a76_rev2003.pdf
- developing, certifying, and representing the Agency Tender;
- being a directly interested party.

The following requirements are not applicable since the Competitive Sourcing study began prior to the issuance of the Revised OMB Circular A-76:

- designating the Most Efficient Organization (MEO) Team
- providing the necessary resources and training to prepare a competitive agency tender

As the ATO, you must be independent from the following competition officials:

- Contracting Officer (CO)
- Source Selection Authority (SSA)
- Source Selection Evaluation Board (SSEB)
- Performance Work Statement (PWS) Team

2

Please sign attached documents and return to Patty Hartford, Rm. 7314, Main IR Bldg. If you have any questions regarding this appointment, please contact Jim Bersch at (202) 622-2767 or via email at Jim.R.Bersch@irs.gov.

Attachments

Notice to Employees

Non-Disclosure

Business Case Analysis (BCA) Communication and Review with Functional Executive Leadership

Purpose

Communication, briefings, and review with functional executive leadership must occur at one or two key points during the development of the Business Case Analysis (BCA). The agreement of executive leadership, up to and including Division Commissioners and Chiefs, is necessary before presentation to the Services Support & Modernization Committee (SS&MC) to avoid confusion and conflict. All stakeholders should be in agreement as to the findings and recommendations put before the committee. Periodic reviews allow senior management to voice concerns and issues on competitive sourcing alternatives prior to a final decision.

Procedure

Project Managers (PM) will ensure periodic briefings are held at key points with functional management to review the progress and process of the BCA. The specific timing of the briefings will be determined and organized by the PM. At least one meeting will be held with the Deputy or Division Commissioner or Chief to explain and review the BCA prior to a date being set for the SS&MC meeting. Issues, concerns, and questions will be resolved with senior leadership prior to the SS&MC meeting.

In the case where feasibility studies cut across operating divisions or functions, the same procedure applies. It is incumbent upon the PM to arrange joint or individual briefing sessions with the Deputy or Division Commissioner or Chief of the affected operations prior to requesting the SS&MC meeting be arranged. The PM will ensure that all issues, concerns and questions raised by one function are discussed with all functions involved in the study.

Biweekly BCA / A-76 Project Status Review Meeting

Purpose

The Office of Competitive Sourcing (OCS) Office (CSO) is responsible for planning, directing, advising, monitoring / tracking and evaluating the performance of competitive sourcing projects within IRS. Consistent with sound program management principles, it is essential that this office perform periodic progress reviews of ongoing BCA and A-76 Cost Comparison projects. These project review meetings will afford both the OCS and the A-76 project leaders the opportunity to exchange information, and discuss, and resolve issues.

Procedure

The Biweekly BCA / A-76 project progress review meetings will commence once the Project Teams (BCA, PWS, AT, Implementation) are formed. All Biweekly meetings will be annotated on the project leader's project plan. Biweekly meetings are typically scheduled to meet every two weeks.

Logistics

It is anticipated that the meetings will be approximately one hour in duration, and the Office of Competitive Sourcing will coordinate the schedule, logistical requirements (to include teleconference number), and provide notification to all attendees via e-mail. Regular attendees will be: Project Manager / Project Team Leader and team members (as necessary), Office of Procurement, and Office of Competitive Sourcing. However, representatives from Strategic Human Resources, General Legal Services, Communications & Liaison, and support consultants are encouraged to attend and have an open invitation to all the meetings. See the table below for a more exhaustive attendee list.

The Biweekly Competitive Sourcing Study Status Report

The Biweekly Competitive Sourcing Study Status Report is prepared by the individual BCA / Study team leaders and is distributed 24 hours prior to the meeting to the attendees (listed below).

Meeting Attendees

| Attendees | Meetings | | | |
|--|--------------|-----|-----|-------------|
| | R = Required | | | I = Invited |
| | BCA | PWS | MEO | *Imp |
| CSO | | | | |
| Project Managers | R | R | R | R |
| Team Leaders | R | R | R | R |
| GLS Representative | | I | | |
| Strategic HR | | | R | R |
| Embedded HR Representative | | | R | R |
| Labor Relations Representative | | | R | R |
| C&L Representative | I | I | I | I |
| Embedded Communication Representatives | R | R | R | R |
| Embedded Financial Representative | | | | |
| Project Procurement Representatives | R | R | R | R |
| Team Members (as necessary) | I | I | I | I |
| Support Consultant | ** | ** | ** | ** |
| Small Business Consultant | I | I | | |
| HRA | R | R | R | R |
| CFO | I | I | I | I |

*Implementation

** May be either Required or Invited at the discretion of the Project Manager

Biweekly Report Content

The areas for review / update for these meetings are listed below.

- Executive Summary of Significant Events (major events, actions, risk, or schedule slippages)
- Issues and Risk (issues and risks that will impact the schedule or project accomplishment' recommended solutions, associated impacts)

- Master Schedule (update subtask dates)
- Budgeted vs. Actual Project Costs (provide paid out amounts, additional funding needed)
- Summary of Lessons Learned
- Team Members (list all team members)

A Biweekly Report template is attached.

Biweekly
competitive Sourcing study
status report

(Project and Phase)



**Internal
Revenue
Service**

(Period of the report)

I. EXECUTIVE SUMMARY OF SIGNIFICANT EVENTS

- *[The executive summary is to provide a summary of the major events, actions, risk, or schedule slippages.]*

II. ISSUES AND RISK

- *[Provide all issues and risk that are associated with the project that will have an impact on the schedule or with the accomplishment of the project. Provide a recommended solution to resolving the issue or risk and the impacts associated.]*

III. MASTER SCHEDULE

- *[Provide updated status of items on the MASTER schedule that have occurred or are in progress for the reporting period.]*
- *[Provide upcoming items that will be accomplished in the next 2 reporting periods that have to be accomplished.]*

IV. BUDGETED VS. ACTUAL PROJECT COSTS

- *[Provide a table that list the cost items (BPA contract cost, travel cost, etc., the amounts paid out and the balances.)*
- *[Identify any additional funding that will be required in the next two reporting periods.]*

V. SUMMARY OF LESSONS LEARNED/BEST PRACTICES

- *[List any lessons learned. They will be included in the lessons learned database.]*

VI. TEAM MEMBERS

- *[List team members.]*

Budget Request

Heading 2 Staffing Budget Request

Body Text

Heading 3 Travel Dollars

· Indent 1

· Indent 1

Body Text Indent

Study and MEO Competitive Sourcing Coordination Group (CSCG) Meetings

Purpose

CSCG meetings are scheduled once a month to provide a high-level update to senior leadership (OSC) as to the progress of the studies. There are two kinds of CSCG Meetings: Study and MEO.

Study CSCG Meeting

MEO CSCG Meeting

For the Study CSCG Meeting, BCA, PWS, and Implementation Team Leads provide input for their study's section of the meeting's briefing document (also known as "brief" or "deck") through their Project Manager. For the MEO CSCG, the MEO Team Lead provides his/her input through the Agency Tender Official (ATO). Since management and NTEU attends the both the Study and MEO CSCG meetings, it is best to focus input on the high level, overall BCA/PWS/ MEO/Implementation process -- adherence to the schedule, interactions with support organizations (HR, MITS, etc.), challenges, and lessons learned. (To learn more about the "firewall," see Chapter 1 of the Guidebook.)

Note: Information that may be sensitive to firewall issues or pending results or outcomes should not be discussed at CSCG meetings. These issues are best discussed during the Biweekly Meetings.

Although not a rigid format, the headings for CSCG discussion include "Progress," "Upcoming Events," "Issues," and "Lessons Learned." The CSCG input is at a higher/condensed level than the Biweekly Meeting input. Study and MEO CSCG deck templates are attached.

The input for the "Communications" section of the briefing deck is provided by the Communications representatives for each study through the Chief Communications and Liaison Office. (The project teams do not provide input to this section.)

Attendees

Usual attendees for Study and MEO CSCG meetings are listed in the table below.

| CSCG Meeting Attendees List | Study CSCG Meetings | MEO CSCG Meetings |
|--|---------------------|-------------------|
| Office of Competitive Sourcing (OCS) | ✓ | ✓ |
| Project Manager | ✓ | |
| BCA Team Leads | ✓ | |
| PWS Team Leads | ✓ | |
| Implementation Team Leads | ✓ | |
| Agency Tender Official (ATO) | | ✓ |
| MEO Team Leads | | ✓ |
| CFO | ✓ | ✓ |
| GLS Representative | ✓ | ✓ |
| Strategic HR Representative | ✓ | ✓ |
| Embedded HR Representative | ✓ | ✓ |
| Labor Relations Representative | ✓ | ✓ |
| C&L Representatives | ✓ | ✓ |
| Embedded Communication Representatives | ✓ | ✓ |
| Embedded Financial Representatives | ✓ | ✓ |
| Procurement Representatives | ✓ | ✓ |
| NTEU Representative | ✓ | ✓ |
| Small Business Specialist | ✓ | ✓ |

Study CSCG Meeting Procedure

Request for Input

The CSCG Meeting Coordinator sends out a request for input via e-mail to all Project Managers, BCA Team Leads, PWS Team Leads, Implementation Team Leads, business unit competitive sourcing offices, and Implementation Team Leads, and Communication Representatives approximately 10-12 days before the Study CSCG meeting.

Providing Input

1. BCA, PWS, and Implementation Team Leads provide their inputs to their Project Manager.
 - a. Input is provided for the "BCA/CS STUDY PROJECT STATUS" section (See attached template).

Note: CSCG inputs should be limited to one page in length, no more than the executive biweekly summary.

- b. The previous month's brief is provided in the request-for-input email and may be used as a template for the current month's input. All new information to be used as input should be put in red font. Using the red font makes it obvious as to what information is to be included in the new brief. Only information that is in red will be included in the new brief.
 - c. The "NEXT STEPS" section should be reviewed and any necessary changes / deletions / additions to the Briefings Schedule dates should be provided.
 - d. Once the input is complete, the team leads then provide their input to their Project Manager for review.
2. The Project Manager consolidates the input from the BCA, PWS, and Implementation Team Leads and sends the consolidated final input to the CSCG Meeting Coordinator by the due date designated in the request-for-input email.

Note: If a Project Manager has not yet been assigned to a study, the BCA Team Lead follows the same procedures provided above except that the input will be sent directly to the CSCG Meeting Coordinator.

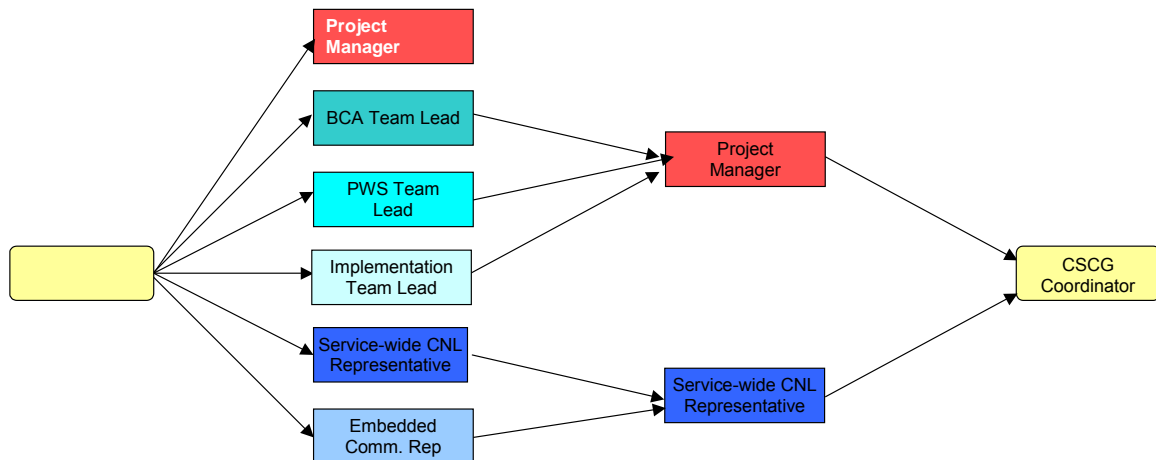
Note: MEO CSCG Meeting input is provided the same as the steps above except that the MEO Lead sends his/her inputs to the ATO for review. The ATO, after review, sends the MEO input and to the CSCG Meeting Coordinator.

Communications Input

1. Embedded Communications Representatives for each study team provide their input for the section titled “COMMUNICATION PLANNING AND COMPETITIVE SOURCING PROGRAM OFFICE ACTIVITIES” following the same procedures as the BCA, PWS, MEO, and Implementation Team Leaders listed above. Embedded Communications Representatives provide their monthly inputs to the Chief of Communications service wide CNL Representative for review.
2. The Chief of Communications service wide CNL Representative reviews and consolidates the input from the Embedded Communications Representatives and sends the input to the CSCG Meeting Coordinator by the due date designated in the request-for-input email.

The input procedure is illustrated in the graphics below. The “Study Competitive Sourcing Coordination Group (CSCG) Status Report” and the “MEO Competitive Sourcing Coordination Group (CSCG) Status Report” templates are provided below.

The Study CSCG Meeting Input Process

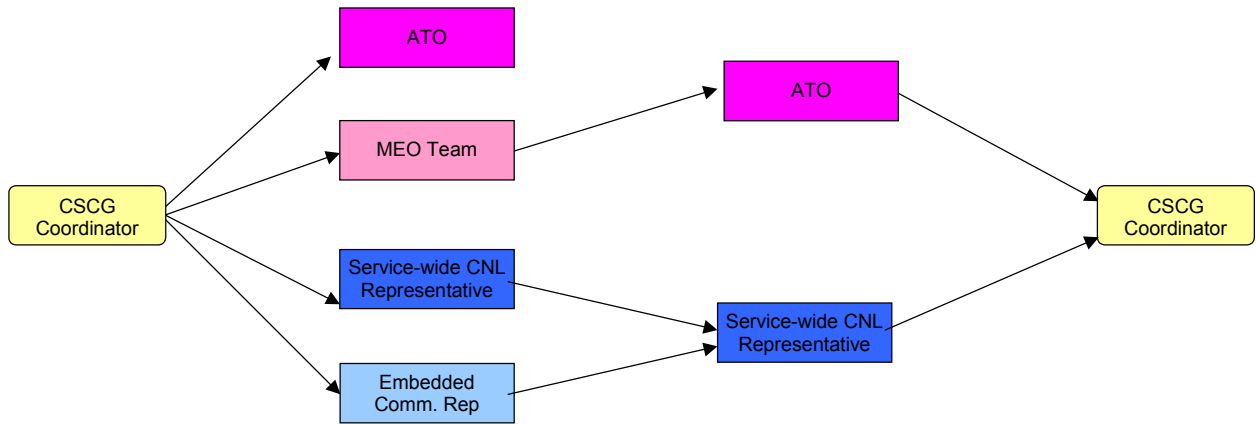


1. The CSCG Coordinator sends out email requesting input for the CSCG briefing deck.

2. The BCA, PWS, and Implementation Team Leads send their inputs to their Project Manager. The Embedded Communications Rep sends his/her input to the Service-wide CNL Representative.

3. The Project Manager reviews/ consolidates the BCA, PWS and Implementation information and sends it to the CSCG Coordinator. The Service-wide CNL Representative sends a consolidation of all Communication information to the CSCG Coordinator.

The MEO CSCG Meeting Input Process



1. The CSCG Coordinator sends out email requesting input for the CSCG briefing deck.

2. The MEO Team Lead sends his/her input to his/her ATO. The Embedded Communications Rep sends his/her input to the Service-wide CNL Representative.

3. The ATO reviews the input sends it to the CSCG Coordinator. The Service-wide CNL Representative sends a consolidation of all Communication information to the CSCG Coordinator.

STUDY/MEO COMPETITIVE
SOURCING COORDINATION
GROUP (cscg)
status report



**Internal
Revenue
Service**

[Meeting Date]

TABLE OF CONTENTS

- I. OPENING REMARKS
- II. MASTER SCHEDULE
- III. COMMUNICATION PLANNING AND COMPETITIVE SOURCING PROGRAM OFFICE ACTIVITIES
- IV. BCA/CS STUDY PROJECT STATUS
 - Area Distribution Centers *
 - Mailrooms *
 - Seat Management
 - Campus Operations
 - Building Delegations
 - Warehouse and Transportation
 - Files
 - Transaction Processing Centers
 - ADC Toll Free Telephone
 - Tax Law Telephone
 - Learning and Education
- V. NEXT STEPS
- VI. WRAP UP/DISCUSSION

* Project falls under previous OMB Circular No. A-76. All other projects are working under OMB Circular No. A-76 dated 5/29/03.

- I. OPENING REMARKS
- II. MASTER SCHEDULE

**III. COMMUNICATION PLANNING AND COMPETITIVE SOURCING
PROGRAM OFFICE ACTIVITIES**

IV. BCA/CS STUDY PROJECT STATUS

Seat Management

Campus Operations

Area Distribution Centers

Agency-Wide Shared Services

Files Activities

Transaction Processing Centers

Tax Law Telephone

Toll Free Telephone

Learning & Education

V. NEXT STEPS

VI. WRAP UP/DISCUSSION

[Project Name] Project Status [example]**Progress:** [provide project progress in general terms]

- *[provide project progress in general terms]*
-
-
-
-

Upcoming Events:

- *[list upcoming events]*
-
-

Issues:

- *[list issues of importance that have arisen since the last meeting or update on issues that were presented at previous meetings]*
-
-

Lessons Learned

- *[list Lessons Learned since the last meeting]*
-
-

Competition Key Players Roles & Responsibilities

Click on the key player titles below to see their roles and responsibilities. [A key player organization chart](#) is on the last page of this appendix.

[Administrative Contracting Officer \(ACO\)](#)

[Agency Tender Official \(ATO\)](#)

[BCA Team Lead](#)

[Chief Financial Officer \(CFO\)](#)

[Communications & Liaison \(C&L\) Representative](#)

[Competitive Sourcing Official \(CSO\)](#)

[Contracting Officer \(CO\)](#)

[Contracting Officer's Technical Representative \(COTR\)](#)

[Embedded Communications Representative](#)

[Embedded Financial Representative](#)

[Government Legal Services \(GLS\) Representative](#)

[Human Capital Officer \(HCO\) Representative](#)

[Human Resource Advisor \(HRA\)](#)

[Implementation Team Lead](#)

[Labor Relations Representative](#)

[MEO Team Lead](#)

[NTEU Representative](#)

[Office of Competitive Sourcing \(OCS\)](#)

[Project Manager](#)

[PWS Team Lead](#)

[Quality Assurance Evaluator \(QAE\)](#)

[Small Business Specialist](#)

[Source Selection Authority \(SSA\)](#)

[Competitive Sourcing Official \(CSO\)](#)

[Agency Tender Official \(ATO\)](#)

[BCA Team Lead](#)

[PWS Team Lead](#)

[Strategic HR Representative](#)

[Human Resource Advisor \(HRA\)](#)

[Labor Relations Representative](#)

C&L Representative

Source Selection Authority (SSA)

Embedded Communication Representative

Embedded Financial Representative

NTEU Representative

Contracting Officer's Technical Representative (COTR)

Administrative Contracting Officer (ACO)

Administrative Contracting Officer (ACO)

- *[to be provided]*
-
-
-
-
-
-

Agency Tender Official (ATO)

- *Is an inherently governmental agency official with decision-making authority*
- *Complies with OMB Circular A-76 (revised May 29, 2003)*
- *Is independent of the following competition officials:*
 - *Contracting Officer (CO)*
 - *Source Selection Authority (SSA)*
 - *Source Selection Evaluation Board (SSEB)*
 - *Performance Work Statement (PWS) Team*
- *Develops, certifies, and represents the Agency Tender*
- *Designates the MEO Team after Public Announcement*
- *Provides the necessary resources and training to prepare a competitive agency tender*
- *Is a directly interested party*
- *Shall not participate in any manner on the SSEB*
- *Shall not participate in any manner in determining GFP*

BCA Team Lead

- *Conducts a high-level BCA resulting in a “compete/no compete” recommendation and a competitive sourcing strategy (if applicable)*
- *Defines scope of functions/positions under study*
- *Conducts market analysis*

- *Coordinates data gathering and analysis*
- *Conducts cost analysis and ROI*
- *Performs risk/benefits analysis*
- *Develops competitive sourcing strategy*
- *Provides Bi-Weekly and CSCG meetings status inputs*
- *Provides all official documents to OCS at the completion of the BCA*

Chief Financial Officer (CFO)

- *[to be provided]*
-
-
-
-

Communication & Liaison (C&L) Representative

- *[to be provided] Lead communicator (facilitates communication planning, implementation and measurement) on OCS program-wide issues*
- *Collaborates with embedded communicators to ensure project-level messages are disseminated IRS-wide, when necessary*
- *Attendance optional at project-level BCA, PWS, MEO and Implementation meetings*
- *Collects input from embedded communicators for inclusion in monthly CSCG deck*
- *Hosts regular communicators' conference calls, usually a day ahead of the CSCG meeting*
- *Ensures NTEU review of communication plans and documents*
- *Provides communication training and information on best practices*
- *Primary contact between OCS and C&L Division*

Competitive Sourcing Official (CSO)

- *Implements the circular*

- *May delegate in writing specified responsibilities to senior-level officials in the agency or agency components*
- *Requires written OMB approval to deviate from the circular*
- *May (as provided in OMB Circular A-76 [revised May 29, 2003] Attachment A) exempt a commercial activity performed by government personnel from performance by the private sector*
- *Shall identify savings resulting from completed streamlined and standard competitions*
- *Justifies in writing any designation of government personnel performing inherently governmental activities*
- *Appoints competition officials for each standard competition, and as appropriate, for streamlined competitions*
- *Holds competition officials accountable (through annual performance evaluations) for the timely and proper conduct of streamlined or standard competitions*
- *May approve, in writing, the cancellation of a streamline or standard competition*
- *Identifies in Solicitation whether the acquisition procedures will be sealed bid or negotiated*
- *If negotiated procedures are used, identifies in the Solicitation the type of source selection process (i.e., lowest price technically acceptable, phased evaluation, tradeoff)*
- *Obtains prior written approval from OMB to use performance periods that exceed five years (excluding phase-in period)*
- *Identifies common costs in the Solicitation*

Contracting Officer (CO)

- *Is an inherently governmental agency official*
- *Complies with both the FAR and Circular A-76 (revised May 29, 2003)*
- *Is independent of the following competition officials:*
 - *Agency Tender Official (ATO)*
 - *Human Resource Advisor (HRA)*
 - *Most Efficient Organization (MEO) Team*
- *Is a member of the PWS Team*
- *Publishes at FedBizOpps.gov a cancellation notice that includes rationale for a Streamline or Standard Competition Cancellation*

- *Cancels a Solicitation IAW FAR and publish a cancellation notice at FedBizOpps.gov*
- *Is responsible for all releases of the PWS and Solicitation*
- *Is encouraged to post draft PWS or Solicitation*
- *Makes available historical data or other existing information (except information related to the performance or productivity of the incumbent agency organization) that is available to the ATO or MEO Team to all prospective providers*
- *Determines the acquisition strategy IAW FAR Part 7, which may include FAR Parts 6, 14, 15, or 36, in consultation with the PWS Team*
- *Complies with FAR 7.305(c) regarding right of first refusal*
- *Complies with FAR Subpart 22.10 to obtain applicable wage determinations from the DOL*
- *Approves Government-Furnished Property*
- *If Performance Bond is required by a private sector source, obtains prior written approval from CSO*
- *For Incentive Fee contract, requires the private sector offeror to propose a target cost and target profit of fee; includes the target cost and target profit or fee on SCF Line 7*
- *For solicitations with an award fee for all prospective providers (including AT), determines if procedures are in place permitting an agency tender to receive such an award fee*
- *Includes a separate CLIN for a Phase-In Plan*
- *Includes in the Solicitation a requirement for prospective providers to include a QCP in offers and tenders*

Contracting Officer’s Technical Representative COTR

- *[to be provided]*
-
-
-
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-
-

Embedded Communication Representative

- *[to be provided] Lead communicator (facilitates communication planning, implementation and measurement) for project(s) impacting one or more IRS business units*
- *Responsible for communicating periodic project updates to impacted employees and managers*
- *Attendance required at project-level BCA, PWS, MEO and Implementation meetings*
- *Provides input for monthly CSCG deck*
- *Participates in communicators' conference calls*
- *Ensures NTEU review of communication plans and documents*
- *Provides communication training and information on best practices*
- *Primary contact between OCS and business unit or division communication office*

Embedded Financial Representative

- *[to be provided]*
-
-
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Government Legal Services (GLS) Representative

- *[to be provided]*
-
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-
-

Human Capital Officer (HCO) Representative

- *[to be provided]*
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Human Resource Advisor (HRA)

- *Is an inherently governmental agency official and a human resource expert*
- *Complies with Circular A-76 (revised May 29, 2003)*
- *Is independent of the following competition officials:*
 - *Contracting Officer (CO)*
 - *Performance Work Statement (PWS) Team*
 - *Source Selection Authority (SSA)*
 - *Source Selection Evaluation Board (SSEB)*
- *Participates on the Most Efficient Organization (MEO) Team*
- *Provides guidance and ensuring compliance with employee and labor-relations requirements*
- *Assists the ATO and MEO Team in developing the agency tender*
- *Notifies directly affected employees and their representatives of a Streamline or Standard Competition Cancellations*
- *Notifies directly affected employees and their representatives of Solicitation Cancellations*

- Shall not participate in any manner on the SSEB

Implementation Team Leader

- *May be same person as PWS Team Leader*
- *Assists in implementing the performance decision*
- *Provides all official documents to OCS at the completion of the Implementation*
-
-

Labor Relations Representative

- *[to be provided]*
-
-
-
-
-
-

Agency TenderMEO Team Lead (still need clarification if the Agency Team lead is the same as the ATO)

- *Is an inherently governmental agency official*
- *Complies with both the FAR and Circular A-76 (revised May 29, 2003)*
- *Is independent of the following competition officials:*
 - *PWS Team Lead*
 - *PWS Team*
- *Develops, certifies, and represents the Agency Tender*
- *Designates the MEO Team after Public Announcement*
- *Provides the necessary resources and training to prepare a competitive agency tender*

- *Is a directly interested party*
- *Shall not participate in any manner on the SSEB*
- *Shall not participate in any manner in determining Government-Furnished Property*
- *Provides all official documents to OCS at the completion of the MEO*

NTEU Representative

- *[to be provided]*
-
-
-
-
-

Office of Competitive Sourcing (OCS)

- *[to be provided]*
-
-
-
-
-

Project Manager (for specific functional competitive sourcing initiatives)

- *Operates at a high level to avoid any potential competitive sourcing firewall conflict of interest issues*
- *Acts as overall senior functional manager for all phases of the competitive sourcing process (BCA, Preliminary Planning, Acquisition, Implementation)*
- *Oversees and coordinates the efforts of the BCA, PWS, Agency Tender, and Implementation teams for a functional competitive sourcing initiative*

- *Acts as the single point of contact for all phases of a functional area competitive sourcing initiative*
- *Coordinates all inputs for CSCG meetings*
- *Maintains historical records/results from subordinate teams*
- *Ensures that subordinate teams comply with the OMB/IRS competitive sourcing policies and procedures*
- *Responsible for briefing applicable functional senior leadership on progress of individual teams*

PWS Team Lead

- *Is an inherently governmental agency official*
- *Complies with both the FAR and Circular A-76 (revised May 29, 2003)*
- *Is independent of the following competition officials:*
 - *Agency Tender Official (ATO)*
 - *Human Resource Advisor (HRA)*
 - *Most Efficient Organization (MEO) Team*
- *Develops the PWS and Quality Assurance Surveillance Plan (QASP)*
- *Determines Government Furnished Property (GFP)*
- *Assists the CO in developing the Solicitation*
- *Assists in implementing the Performance Decision*
- *After Public Announcement, appoints the PWS Team*
- *Provides all official documents to OCS at the completion of the PWS*
-

Quality Assurance Evaluator (QAE)

- *[to be provided]*
-
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-

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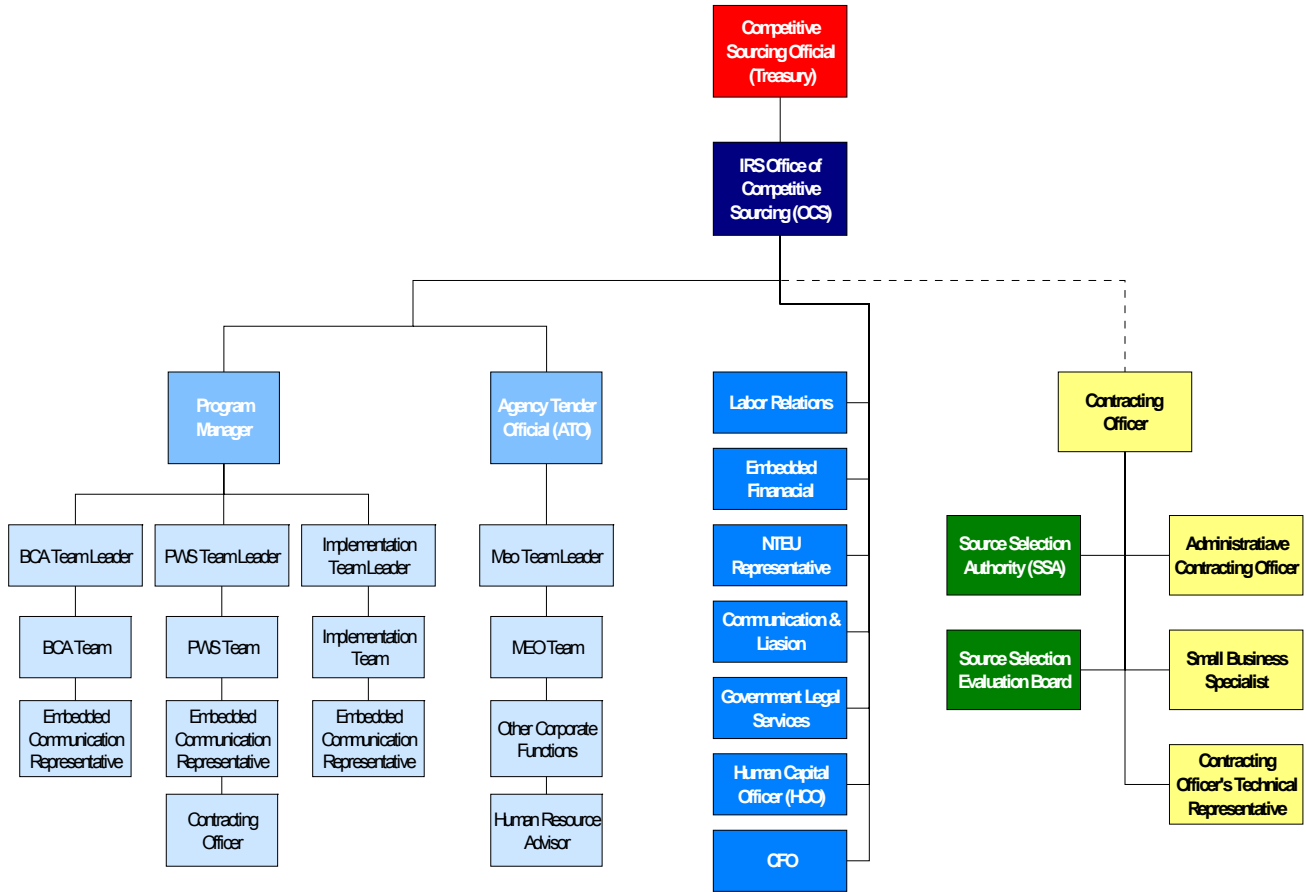
Small Business Specialist

- *[to be provided]*
-
-
-
-
-

Source Selection Authority (SSA)

- *Is an inherently governmental agency official appointed in accordance with Federal Acquisition Regulation (FAR) Part 15.303*
- *After public announcement, appoints members of the SSEB in accordance with FAR Subpart 15.303*
- Ensures that the SSEB complies with the source selection requirements of the FAR and Circular A-76 (revised May 29, 2003)

Competition Key Players



Glossary and Acronyms

Acronyms

| | |
|--------|--|
| ATO | Agency Tender Official |
| BCA | Business Case Analysis |
| CDRL | Contract Data Requirements List |
| C.F.R. | Code of Federal Regulations |
| CLIN | Contract Line Item Number |
| CO | Contracting Officer |
| COR | Contracting Officer Representative |
| COTR | Contracting Officer's Technical Representative |
| CSCG | Competitive Sourcing Coordination Group |
| CSO | Competitive Sourcing Official or Competitive Sourcing Office |
| FAIR | Federal Activities Inventory Reform |
| FAR | Federal Acquisition Regulation |
| FICA | Federal Insurance Contribution Act |
| FTE | Full-Time Equivalent |
| FWS | Federal Wage System |
| GAO | General Accounting Office |
| GFP | Government-Furnished Property |
| GS | General Schedule |
| ISSA | Inter-governmental Support Agreement |
| HRA | Human Resource Advisor |
| MEO | Most Efficient Organization |
| OMB | Office of Management and Budget |
| OPM | Office of Personnel Management |

| | |
|--------|--|
| POA&M | Plan of Action & Milestones |
| PRS | Performance Requirements Summary |
| PWS | Performance Work Statement |
| QAE | Quality Assurance Evaluator |
| QASP | Quality Assurance Surveillance Plan |
| QCP | Quality Control Plan |
| RFI | Request for Interest |
| SCA | Service Contract Act |
| SCF | Standard Competition Form |
| SLCF | Streamlined Competition Form |
| SS&MC | Services Support & Modernization Committee |
| SSA | Source Selection Authority |
| SSEB | Source Selection Evaluation Board |
| U.S.C. | United States Code |
| VERA | Voluntary Early Retirement Authority |
| VSIP | Voluntary Separation Incentive Pay |

Glossary of Terms

A-76:

A-76 Study:

Activity: A specific task or grouping of tasks that provides a specialized capability, service or product based on a recurring government requirement. Depending on the grouping of tasks, an activity may be an entire function or may be a part of a function. An activity may be inherently governmental or commercial in nature.

Adversely Affected Employees: Federal civilian employees serving on competitive or excepted service appointments in Tenure Groups I, II, or III who are identified for release from their competitive level by an agency, in accordance with 5 C.F.R. Part 351

and 5 U.S.C. Chapter 35, as a direct result of a performance decision resulting from a streamlined or standard competition.

Agency Cost Estimate: The part of the Agency Tender in a standard competition that includes the agency's cost proposal and represents the full cost of agency performance of the commercial activity, based on the requirements in Section L of the solicitation and in accordance with the costing policy in Attachment C of Circular A-76 (revised May 29, 2003). The Agency Cost Estimate for a streamlined competition is developed in accordance with Attachments B and C of Circular A-76 (revised May 29, 2003).

Agency Performance: Performance of a commercial or inherently governmental activity with government personnel. Often referred to as "in-house performance."

Agency Source: A service provider staffed by government personnel.

Agency Tender: The Agency management plan submitted in response to a solicitation for a standard competition. The Agency Tender includes a most efficient organization (MEO), agency cost estimate, MEO quality control plan, MEO phase-in plan, and copies of any MEO subcontracts (with the private sector providers' proprietary information redacted). The Agency Tender is prepared in accordance Attachment B and the solicitation requirements.

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

Annualize: The calculation method to convert a cost to an annual basis. The calculation converts a cost for a performance period that is less than one full year into an annual cost to correctly reflect the cost in a government cost estimate. This calculation is performed by first dividing the cost in the performance period by the number of days in the performance period to determine the corresponding daily cost and then multiplying the daily cost by 365.25 days to determine the annualized cost. To account for leap years, 365.25 is the average number of days in a year.

Basic Pay: Basic pay for GS employees is a position's annual salary plus any other applicable civilian employee pay entitlements. Basic pay for FWS employees is a position's annual wages including shift differential pay and environmental pay, plus any other applicable civilian employee pay entitlements. Examples of other civilian employee pay entitlements include, but are not limited to, night differential pay for FWS employees, environmental differential pay, and premium pay (for civilian employee fire fighters and law enforcement officers).

BCA Team Lead:

Capital Improvement: An expenditure for a physical improvement to an existing capital asset such as additions and major alterations that are intended to improve performance or increase useful life.

Civilian Employee: An individual who works for a federal agency on an appointment without time limitation who is paid from appropriated funds, which includes working capital funds. A foreign national employee, temporary employee, term employee, non-appropriated fund employee, or uniformed personnel is not included in this definition.

Commercial Activity: A recurring service that could be performed by the private sector. This recurring service is an agency requirement that is funded and controlled through a contract, fee-for-service agreement, or performance by government personnel. Commercial activities may be found within, or throughout, organizations that perform inherently governmental activities or classified work.

Common Costs: Specific costs identified in the solicitation that will be incurred by the government regardless of the provider (private sector, public reimbursable, or agency). Common costs are sometimes referred to as washouts. Examples of common costs include government-furnished property, security clearances, and joint inventories.

Communications Representative - C&L: The lead communicator facilitates communication planning, implementation, and measurement on OCS program-wide issues.

Communications Representative - Embedded: The lead communicator facilitates communication planning, implementation, and measurement for project(s) impacting one or more IRS business units.

COMPARE: The windows-based A-76 costing software that incorporates the costing procedures required by Circular A-76. Agencies must use COMPARE to calculate and document the costs on the SLCF (for a streamlined competition) or SCF (for a standard competition). The software is available through the SHARE A-76! Website at <http://emissary.acq.osd.mil/inst/share.nsf/>.

COMPARE Version Control Log: The document that describes each of the changes made in a particular version of the COMPARE software. This document includes a brief description of the change, the area of the software program affected by the change, and the impact the change has on the SCF/SLCF and/or documentation.

COMPARE User's Guide: A detailed guidebook for actual users of COMPARE that includes an in-depth explanation of the use and features of the COMPARE software program.

COMPARE Tables: A specific set of master tables incorporated into the COMPARE costing software that includes all of the approved standard cost factors and rates used to calculate the SCF/SLCF costs.

Competition: A formal evaluation of sources to provide a commercial activity that uses pre-established rules (e.g., FAR, OMB Circular A-76). Competitions between private sector sources are performed in accordance with the FAR. Competitions between agency, private sector, and public reimbursable sources are performed in accordance with the FAR and OMB Circular A-76. The term "competition," as used in OMB Circular A-76, includes streamlined and standard competitions performed in accordance with OMB Circular A-76, and FAR-based competitions agency-performed activities, contract services, new requirements, expansions of existing work, and activities performed under fee-for-service agreement. The term also includes cost comparisons, streamlined cost comparisons, and direct conversions performed under previous versions of OMB Circular A-76.

Competition File: The documents used in a standard competition in addition to the government contract files required by FAR Subpart 4.8. Agencies maintain this file regardless of the source selected to perform the activity.

Competition Officials: The agency official appointed before a Standard Competition is announced. These individuals perform key roles and have essential responsibilities for the successful completion of the Standard. Competition officials are the Agency Tender Official, Contracting Officer, Source Selection Authority, Human Resource Advisor, and PWS Team Lead.

Competitive Sourcing Coordination Group (CSCG):

Competitive Sourcing Official (CSO): An inherently governmental agency official responsible for the implementation of OMB Circular A-76 within the agency.

Component: An organizational grouping within an agency, such as a bureau, center, military service, or field activity.

Contracting Officer (CO): An inherently governmental agency official who participates on the PWS team and is responsible for the issuance of the solicitation and

the source selection evaluation methodology. The CO awards the contract, issues the MEO letter of obligation or fee-for-service agreement resulting from a streamlined or standard competition. The CO and the SSA may be the same individual.

Contracting Officer's Technical Representative:

Conversion From Contract: A change in the performance of a commercial activity from a private sector provider to agency performance.

Conversion To Contract: A change in the performance of a commercial activity from agency performance to a private sector provider.

CSCG Meeting Coordinator: The person responsible for collecting input and preparing the CSCG meeting deck and making changes to the master schedule.

Depreciation: The decline in the value of a capital asset. Depreciation represents a cost of ownership and the consumption of an asset's useful life.

Direct Labor: Manpower resources dedicated to performing the requirements of the solicitation and labor for supervision and management-related support to the tender (e.g., MEO) such as labor for quality control.

Directly Affected Employees: Civilian employees whose work is being competed in a streamlined or standard competition.

Directly Affected Government Personnel: Government personnel whose work is being competed in a streamlined or standard competition.

Directly Interested Party: The Agency Tender Official who submitted the agency tender; a single individual appointed by a majority of directly affected employees as their agent; a private sector offeror; or the official who certifies the public reimbursable tender.

Divestiture: An agency's decision to eliminate a government requirement for a commercial activity. No service contract or fee-for-service agreement exists between the agency and the private sector after a divestiture. By divesting of a commercial activity, an agency elects not to control the activity and cedes ownership and control of the activity's associated assets (e.g., equipment, facilities, property) and resources (agency manpower and budgeting for the activity). The agency has no role in the financial support, management, regulation, or oversight of a divested activity. Moving, transferring, or converting a commercial activity from government performance to private sector or public reimbursable performance is not a divestiture.

Embedded Financial Representative:

Employee Transition Plan: A written plan developed by the HRA for the potential transition of the agency's civilian employees to an MEO, or to private sector or public reimbursable performance. This plan is developed early in the streamlined or standard competition process, based on the incumbent government organization, to identify projected employee impacts and the time needed to accommodate such impacts, depending on the potential outcomes of the competition. The employee transition plan differs from a phase-in plan, which is developed by prospective providers responding to a solicitation.

End Date: The end date for a streamlined or standard competition is the date that all SCF certifications are completed, signifying an agency's performance decision.

Exit Point Notification Memo: A memo provided to IRS employee PWS and MEO members informing them of the exit milestone date for their team. Employees must exit from team by the milestone date in order to maintain their Right of First Refusal.

Expansion: An increase in the operating cost of an existing commercial activity based on modernization, replacement, upgrade, or increased workload. An expansion of an existing commercial activity is an increase of 30 percent or more in the activity's operating costs (including the cost of FTEs) or total capital investment.

FedBizOpps.gov: The website where the government electronically advertises solicitations or requirements.

Federal Activities Inventory Reform (FAIR) Act:

Fee-for-Service Agreement: A formal agreement between agencies in which one agency provides a service (a commercial activity) for a fee paid by another agency. The agency providing the service is referred to in OMB Circular A-76 as a public reimbursable source.

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 performance 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.

Foreign National Employee: An employee that is not a United States citizen who is employed by the United States Government and works outside the United States, its territories or possessions, under a system in which an Executive Agency is the official employer of the foreign national employee and assumes responsibility for all administration and management functions associated with the employee's employment.

Full-Time Equivalent (FTE): The staffing of federal civilian employee positions, expressed in terms of annual productive work hours (1,776) rather than annual available hours that include non-productive hours (2,080 hours). FTEs may reflect civilian positions that are not necessarily staffed at the time of public announcement and staffing of FTE positions may fluctuate during a streamlined or standard competition. The staffing and threshold FTE requirements stated in OMB Circular A-76 reflect the workload performed by these FTE positions, not the workload performed by actual government personnel. FTEs do not include military personnel, uniformed services, or contract support.

Function Code: The numerical code used to categorize an agency's commercial and inherently governmental activities for inventory reporting purposes.

Government Furnished Property (GFP): Facilities, equipment, material, supplies, or other services provided by the government for use by all prospective providers in the solicitation. Costs for GFP included in a solicitation are considered common costs. Replacement costs, insurance, maintenance and repair costs for GFP may or may not be government-furnished, depending on the provisions in the solicitation.

Government Personnel: Civilian employees, foreign national employees, temporary employees, term employees, non-appropriated fund employees, and uniformed services personnel employed by an agency to perform activities.

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

Implementation Lead:

Incumbent Service Provider: The source (i.e., agency, private sector, or public reimbursable source) providing the service when a public announcement is made of the streamlined or standard competition.

Information Technology: Any equipment or interconnected system(s) or subsystem(s) of equipment used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency. For purposes of this definition, equipment is used by an agency if the equipment is used directly by the agency, or is used by a contractor under a contract with the agency that requires (1) its use or (2) to a significant extent, its use in the performance of a service or the furnishing of a product. The term “information technology” includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources, and does not include any equipment that is acquired by a contractor incidental to a contract; or contains imbedded information technology that is used as an integral part of the product, but the principal function of which is not the acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For example, heating ventilation, and air conditioning equipment, such as thermostats or temperature control devices, and medical equipment where information technology is integral to its operation, are not information technology.

Inherently Governmental Agency Officials:

Inherently Governmental Activities: An activity that is so intimately related to the public interest as to mandate performance by Government personnel as provided by Attachment A of OMB Circular A-76.

Interested Parties: For purposes of challenging the contents of an agency’s commercial activities inventory pursuant to the Federal Activities Inventory Reform (FAIR) Act, an interested party is (1) a private sector source that is an actual or prospective offeror for a contract or other form of agreement to perform the activity and has a direct economic interest in performing the activity that would be adversely affected by a determination not to procure the performance of the activity from a private sector source; (2) a representative of any business or professional association that includes within its membership private sector sources referred to in (1) above; (3) an officer or employee of an organization within an executive agency that is an actual or prospective offeror to perform the activity; (4) the head of any labor organization referred to in section 7103(a)(4) of title 5, United States Code, that includes within its membership officers or employees of an organization referred to in paragraph (3).

Inventory: A list of government personnel, by location, function, and position, performing either commercial activities or inherently governmental activities.

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

MEO Subcontracts: Contracts between an agency and the private sector that are included in the agency tender or fee-for-service agreements with a public reimbursable source that are included in the agency tender. In addition to the cost of MEO subcontracts, agency or public reimbursable cost estimates must include support costs associated with MEO subcontracts such as government-furnished property, and contract administration, inspection, and surveillance.

MEO Team: A group of individuals, comprised of technical and functional experts, formed to assist the ATO in developing the agency tender.

Military Personnel: Officers [as defined in 10 U.S.C. § 101(b)(1)] and enlisted members [as defined in 10 U.S.C. § 101(b)(6)] of the military services (defined as the Army, Navy, Air Force, and Marine Corps).

Most Efficient Organization (MEO): The staffing plan of the agency tender developed to represent the agency's most efficient and cost-effective organization. An MEO is required for a standard competition and may include a mix of government personnel and MEO subcontracts.

New Requirement: An agency's newly established need for a commercial product or service that is not performed by (1) the agency with government personnel; (2) a fee-for-service agreement with a public reimbursable source; or (3) a contract with the private sector. An activity that is performed by the agency and is reengineered, reorganized, modernized, upgraded, expanded, or changed to become more efficient, but still essentially provides the same service, is not considered a new requirement. New ways of performing existing work are not new requirements.

Non-Pay Categories of Costs: Costs in a cost estimate that are not related to pay. Non-pay categories of costs include, but are not limited to, materials, supplies, equipment, facilities, capital assets, and minor items and the inflation for these costs.

Notice to Employees: A form provided to IRS employee PWS and MEO members before they start their participation on the teams.

Offer: A private source's formal response to a request for proposals or invitation for bid. The term "offeror" refers to the specific source rather than the response.

Office of Competitive Sourcing (OCS):

Overhead: Overhead includes two major categories of cost, operations overhead and general and administrative overhead. Operations overhead includes costs that are not

100 percent attributable to the activity being competed but are generally associated with the recurring management or support of the activity. General and administrative overhead includes salaries, equipment, space, and other tasks related to headquarters management, accounting, personnel, legal support, data processing management, and similar common services performed external to the activity, but in support of the activity being completed. A standard 12 percent overhead factor is an estimated federal agency overhead factor that is calculated in agency and public reimbursable cost estimates for streamlined and standard competitions.

Past Performance: An indicator that may be used in the source selection process to evaluate a prospective provider's previous performance on work comparable to that being competed, for the purpose of predicting the quality of future performance relative to other offers or public reimbursable tenders. FAR 42.1501 describes the information used to evaluate past performance, and FAR 15.305(a)(2) provides guidance for the consideration of past performance in the source selection process.

Pay Categories of Cost: Costs in a cost estimate associated with the payroll for government personnel, including inflation.

Performance Decision: The outcome of a streamlined or standard competition, based on SLCF or SCF certifications.

Performance Standards: Verifiable, measurable levels of service in terms of quantity, quality, timeliness, location, and work units. Performance standards are used in a performance-based PWS to (1) assess (i.e., inspect and accept) the work during a period of performance; (2) provide a common output-related basis for preparing private sector offers and public tenders; and (3) compare the offers and tenders to the PWS. The requiring activity's acceptable levels of service are normally stated in the PWS. The solicitation includes performance standards.

Performance Work Statement (PWS): A statement in the solicitation that identifies the technical, functional and performance characteristics of the agency's requirements. The PWS is performance-based and describes the agency's needs (the "what"), not specific methods for meeting those needs (the "how"). The PWS identifies essential outcomes to be achieved, specifies the agency's required performance standards, and specifies the location, units, quality and timeliness of the work.

Performance Work Statement (PWS) Lead:

Phase-in Plan: A prospective provider's plan to replace the incumbent provider(s) that is submitted in response to the solicitation. The phase-in plan is implemented in the first performance period and includes details on minimizing disruption, adverse

personnel impacts, and start-up requirements. The phase-in plan is different from the employee transition plan developed by the HRA.

Privatization: A federal agency decision to change a government-owned and government-operated commercial activity or enterprise to private sector control and ownership. When privatizing, the agency eliminates associated assets and resources (manpower for and funding of the requirement). Since there is no government ownership and control, no service contract or fee-for-service agreement exists between the agency and the private sector after an agency privatizes a commercial activity or enterprise. Moving work from agency performance with government personnel to private sector performance where the agency still funds the activity is not privatization.

Project Communications Representative:

Project Labor Relations Representative:

Project Manager:

Project Procurement Representative:

Prospective Providers: Private sector, public reimbursable, and agency sources that may submit responses (offers or tenders) in response to an agency's solicitation.

Provider: An agency, private sector, or public reimbursable source that is performing, or will perform, a commercial activity; sometimes referred to as a service provider.

Public Announcement: An agency's formal declaration that the agency has made a (1) decision to perform a streamlined or standard competition, or (2) performance decision in a streamlined or standard competition. The CO makes these announcements via *FedBizOpps.gov*.

Public Reimbursable Source: A service provider from a federal agency that could perform a commercial activity for another federal agency on a fee-for-service or reimbursable basis by using either civilian employees or federal contracts with the private sector.

Public Reimbursable Tender: A federal agency's formal response to another federal agency's solicitation for offers or tenders. The public reimbursable tender is developed in accordance with OMB Circular A-76 and includes a cost estimate, prepared in accordance with Attachment C of OMB Circular A-76.

PWS Team: A group of individuals comprised of technical and functional experts, formed to develop the PWS, QASP, and to assist the CO in developing the solicitation.

Quality Assurance Surveillance: The government's monitoring of a service provider's performance in accordance with the Quality Assurance Surveillance Plan (QASP) and the performance requirements identified in the solicitation.

Quality Assurance Surveillance Plan (QASP): The government's inspection plan. The QASP documents methods used to measure performance of the service provider against the requirements in the PWS. The agency relies the service provider to monitor daily performance using their own Quality Control Plan (QCP), but retains the right to inspect all services. When the agency makes a performance decision, the agency re-evaluates and modifies the existing QASP, based upon the selected provider and the selected provider's accepted QCP.

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

Representatives of Directly Affected Employees: In the case of directly affected employees represented by a labor organization accorded exclusive recognition under 5 U.S.C § 7111, a representative is an individual designated by that labor organization to represent its interests. In the case of directly affected employees not represented by a labor organization under 5 U.S.C. § 7111, a representative is an individual appointed by directly affected employees as their representative.

Request for Interest:

Residual Value: The estimated value of a capital asset at the end of its useful life as determined by application of the Useful Life and Disposal Value Cost Factor.

Resources: Funding allocated for contracts, manpower, facilities, material, or equipment to perform agency requirements.

Right of First Refusal: As stated in the Federal Acquisition Regulation (FAR) 52.207-3.: The Right of First Refusal of Employment : "The contractor shall give government employees who have been or will be adversely affected or separated as a result of award of this contract the right of first refusal for employment openings under the contract in positions for which they are qualified."

Segregable Expansion: An increase to an existing commercial activity that can be separately completed.

Services Support & Modernization Committee (SS&MC):

SHARE A-76!: The Department of Defense A-76 knowledge management system used to share knowledge, information, and experience about public-private competitions. This public site contains A-76-related guidance, sample documents, best practices, tools, and links to other A-76 websites and sources for a-76-related information. Users may post best practices used in public-private competitions, research A-76 through the use of search engines, and submit Internet links to add to the available links in SHARE A-76! The website address is <http://emissary.acq.osd.mil/inst/share.nsf/>.

Solicitation:

Solicitation Closing Date: The due date for delivery of private sector offers, public reimbursable tenders, and the agency tender, as stated in the solicitation.

Source: One of three specific categories of service providers (i.e., agency, private sector, or public reimbursable) that can perform a commercial activity for an agency.

Source Selection Authority (SSA): A competition official with decision-making authority who is responsible for source selection as required by the FAR and this circular. The SSA and CO may be the same individual.

Source Selection Evaluation Board (SSEB): The team or board appointed by the SSA to assist in a negotiated acquisition.

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

Start Date: The start date for a streamlined or standard competition is the date that the agency makes a formal public announcement of the agency's decision to perform a streamlined or standard competition.

Streamlined Competition Form (SLCF): The agency form that documents and certifies all costs calculated in the streamlined competition, in accordance with Attachment C of OMB Circular A-76.

Uniformed Services: Members of the armed forces (i.e., Army, Navy, Air Force, Marine Corps, and Coast Guard) and other uniformed services (e.g., National Oceanic and Atmospheric Administration, Public Health Service).

Useful Life: The estimated period of economic usefulness of a capital asset.

WinCOMPARE²:

Kick-Off Meetings

Purpose

Kick-Off Meetings will be conducted for each of the IRS Competitive Sourcing Phases: BCA, Preliminary Planning, Acquisition, and Implementation. The purpose of the meetings is to introduce the team members, provide a team building opportunity, and start initial schedule discussions.

Agenda

Introduce Players

- Indent 1

- Indent 1

Body Text Indent

Presentation by CSO

- Indent 1

- Indent 1

Body Text Indent

Presentation by Procurement

- Indent 1

- Indent 1

Presentation by Support Contractor

- Indent 1

- Indent 1

Presentation by Human Resources

- Indent 1
- Indent 1

Review of Schedule

- Indent 1
 - Indent 1
- Body Text Indent

INTERNAL REVENUE SERVICE (IRS)

EMPLOYEE NON-DISCLOSURE AGREEMENT FOR PARTICIPATION IN

A COMPETITIVE SOURCING/A-76 COMPETITION

1. In the course of participating as a team member in support of a Competitive Sourcing/A-76 Competition, I may be given access to or entrusted with sensitive government data. Such data may be identified as Proprietary as stated in 41 U.S.C. Section 423, subject to the Procurement Integrity Act restrictive legend as stated in FAR 52.215-1(e), or may be identified as Source Selection Information as stated in FAR 3.104.3.¹ Such data may be associated with the development of the Government's Management Plan for a given competitive sourcing project. These data include all data, information and software, regardless of the medium, e.g. electronic or paper, and/or format in which the data exist, and includes data that are derived from Source Selection and/or Proprietary Data (collectively referred to herein as "the data").
2. As a condition to receiving access to the data, I agree not to discuss with, disclose, release, reproduce or otherwise provide or make available the data, or any portion thereof, to any other government or non-government employee, person, or organization unless that other employee, person, or organization has signed a non-disclosure statement authorized by the Management Plan Project Manager. Furthermore, I agree to adhere to all safeguards established for the data and to use the data solely for the purpose of performing my role in support of the Management Plan while under this non-disclosure requirement. If I have any questions about the non-disclosure, I shall present those questions to the Management Plan Project Manager.
3. I agree that my obligation to not use, discuss, disclose, release, reproduce, or otherwise provide or make available the procurement data or information will extend until the information is made publicly available. This means that upon a tentative decision, all employees will be freed of the non-disclosure requirements for publicly disclosed information

¹ "Contractor bid or proposal information" means any of the following information submitted to a Federal agency as part of or in connection with a bid or proposal to enter into a Federal agency procurement contract, if that information has not been previously made available to the public or disclosed publicly:

- (1) Cost or pricing data (as defined by 10 U.S.C. 2306a(h)) with respect to procurements subject to that section, and section 304A(h) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 254b(h)), with respect to procurements subject to that section.
- (2) Indirect costs and direct labor rates.
- (3) Proprietary information about manufacturing processes, operations, or techniques marked by the contractor in accordance with applicable law or regulation.
- (4) Information marked by the contractor as "contractor bid or proposal information" in accordance with applicable law or regulation.
- (5) Information marked in accordance with 52.215-1(e).

and data except for such proprietary or procurement-sensitive information that cannot be released or disclosed by Federal statute, law, or regulation.

- 4. I understand that any other use, disclosure, release or reproduction of the data is unauthorized and may result in disciplinary actions. I freely and willingly sign this document, fully understanding its contents.

Employee Acknowledgement:

PRINTED NAME: _____

POSITION/TITLE: _____

SIGNATURE: _____ DATE: _____

PROJECT MANAGER: _____ DATE: _____

NTEU Communications Procedure

Purpose

It is very important to achieve timely, informative and coordinated communications related to the startup, periodic status, and results of competitive sourcing initiatives. This is especially critical for Business Case Analysis (BCA) / feasibility studies and A-76 project initiation. NTEU review is required prior to using any study survey or data collection forms with bargaining unit employees. All bargaining unit employees' participation to work on the study teams must be requested through NTEU. This document defines the procedure to accomplish these communications.

Procedure

The end-to-end communications procedure will normally involve six discrete steps as shown in the attached timeline graphic:

Startup Decision

IRS management will make two kinds of start decisions:

1. A decision to initiate a Business Case Analysis (BCA) / feasibility study of a candidate project, or
2. A decision to initiate development of an A-76 type project based on management approval of a preceding Business Case Analysis (BCA) / feasibility study.

Communications Package and Data Collection Form Preparation

Based on a favorable decision in (1) above, IRS embedded communications staff will lead the preparation of a communications package (e.g., voice mail, email, fact sheet) or data collection form working in collaboration with the relevant project manager(s), labor relations specialist, Headquarters C&L, impacted operational manager(s), study team leaders. The Director, Competitive Sourcing will approve the package and forward it to NTEU.

NTEU Concurrence on Communication Package/ Data Collection Form

The NTEU will review the communication package or data collection form and provide concurrence or suggested changes. When communications packages are approved by NTEU (normally within 10 calendar days of submission), functional leadership / embedded communications will disseminate the information. 7114 meetings will be required at specific activities.

Bargaining Unit Employee Study Participation

Bargaining unit employee participation on an A-76 PWS or Agency Tender team must be requested through NTEU. A request form is attached to this document.

BOD/FD's Forward Messages to Managers

Following NTEU concurrence on the communications package, appropriate messages are forwarded to affected field managers.

Local Management Plans Communications

Local management, in consultation with the NTEU representative will start the five-day clock for a 7114 meeting or set a mutually agreed date for a communications event.

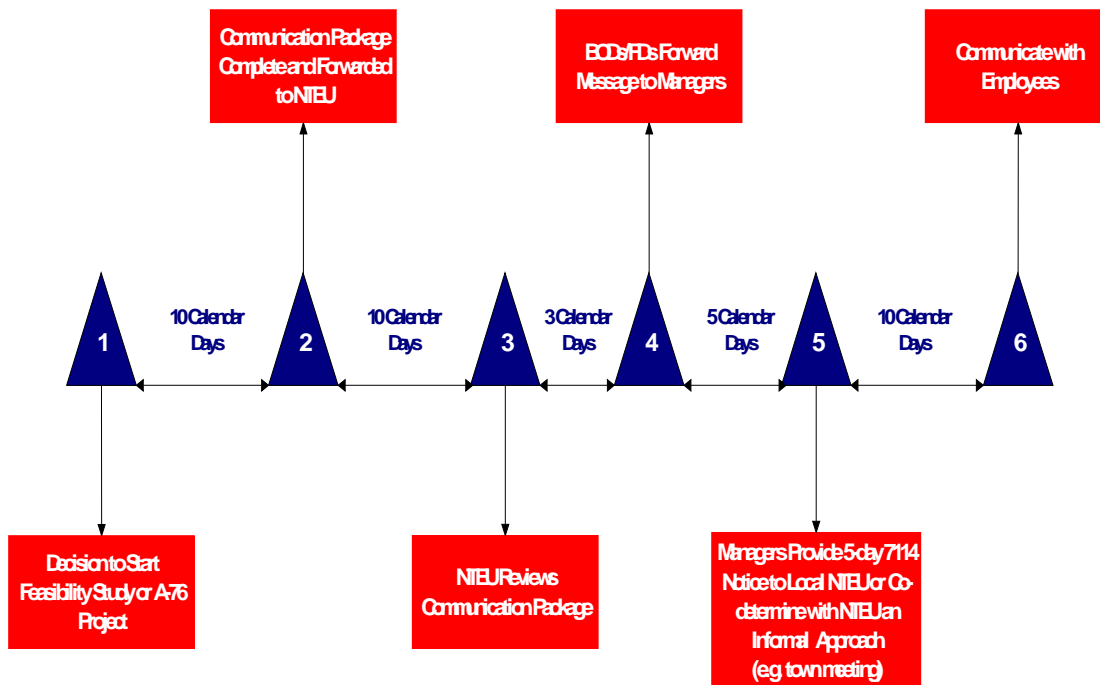
Communications With Employees

7114 meetings will be held at various junctures within the process; however, other types of communications such as emails, VMS, newsletters, and Websites etc., should also be used. Management officials may contact the National Office Workforce Relations Division at 202-622-8644 for guidance regarding 7114 meetings and working with NTEU.

Service wide Communications

Service wide communications will immediately follow BOD / FD communication.

COMPETITIVE SOURCING COMMUNICATION TIMELINE



Project Schedules

Purpose

A well-defined schedule enables the Project Manager and Office of Competitive Sourcing (OCS) to monitor and evaluate the status of how effectively BCAs, A-76 Studies, and Implementations are progressing in relation to planned milestones and to quickly determine corrective measures that must be taken where warranted to prevent or minimize study slippage or degradation.

Procedure

Project schedules are created and maintained by the OCS using MSProject software and are posted on the OCS website. Each study schedule is created in a separate file at the start of the BCA and is linked to a consolidated master schedule that includes schedules for all studies. The schedule includes milestones from BCA start to Implementation finish. Project Managers and Team Leads can access their schedule on the OCS website in a read-only capacity. Schedule changes are discussed at Biweekly Status meetings and must be approved by the OCS. Once approved, OCS will make the changes to the schedule.

Schedule Guidelines

Timeline guidelines for the IRS A-76 Study Process are attached and provide general guidance for setting up the milestone dates.

| SCHEDULE GUIDELINES | | | | |
|---------------------|-----------------------------------|--|--------|------------|
| ID | | START | FINISH | **DURATION |
| | STANDARD COMPETITION | | | |
| 1 | BCA PHASE | | | |
| 2 | ◆ BCA Start | | | 0 |
| 3 | BCA BPA Support | After BCA Start | | 45 |
| 4 | BCA Kickoff | After BPA Support | | 5 |
| 5 | BCA 75% Complete | Measured from BCA Start | | 1 |
| 6 | ◆ Study Decision | 6 months after BCA Kickoff | | 0 |
| 7 | PRELIMINARY PLANNING PHASE | | | |
| 8 | Identify Key Personnel | BCA 75% Complete | | 1 |
| 9 | ◆ PWS Team Knowledge Transfer | 45 days before Study Decision | | 0 |
| 10 | ◆ Small Business Involvement | After PWS Team Knowledge Transfer | | 1 |
| 11 | RFI | 10 days before BCA 75% Complete | | 1 |
| 12 | Acquisition Plan | After BCA 75% Complete | | 1 |
| 13 | PWS | | | |
| 14 | PWS BPA Support | After both of the following: 1) 5 days after Study Decision; and 2) PWS Team Knowledge Transfer | | 45 |
| 15 | PWS Kickoff | After both of the following: 1) PWS BPA Support + 5 days; and 2) PWS Training | | 2 |
| 16 | ◆ First Draft | 45 days after PWS Kickoff | | 0 |
| 17 | ◆ Second Draft | 26 days after First Draft | | 0 |
| 18 | ◆ Draft RFP | 5 days after Second Draft | | 0 |
| 19 | ◆ PWS Final | 1 month after Draft RFP | | 0 |
| 20 | Training | | | |
| 21 | Overview Training | After both of the following: 1) 15 days before Study Decision; and 2) BCA BPA Support | | 2 |
| 22 | PWS Training | After both of the following: 1) 10 days after PWS BPA Support start date; and 2) Overview Training | | 5 |
| 23 | MEO Training | 10 days after MEO BPA Support | | 4 |
| 24 | IRO | 10 days after ATO/IRO Support | | 2 |
| 25 | Post MEO | After both of the following: 1) 10 days after Implementation BPA Support; and 2) MEO Training | | 5 |

| SCHEDULE GUIDELINES | | | | |
|---------------------|---|---|-------|------------|
| ID | | START | FINSH | **DURATION |
| 26 | Financial | | | |
| 27 | Quarterly Financial Review Add five quarters to the schedule | At the first Monday of each quarter (Jan, April, July, October) | | |
| 28 | Quarter | | | 1 |
| 29 | Quarter | | | 1 |
| 30 | Quarter | | | 1 |
| 31 | Quarter | | | 1 |
| 32 | Quarter | | | 1 |
| 33 | Funding Request to Identify Unfunded Amount | Study Decision | | 1 |
| 34 | Revise Funding to Reflect Decision | After Signing SCF-Performance Decision | | 1 |
| 35 | Strategic Assessment | Study Decision | | 1 |
| 36 | Fence Budget Dollars | Study Decision | | 1 |
| 37 | Communications | | | |
| 38 | BCA 7114 Meeting | 1 month days before BCA Kickoff | | 1 |
| 39 | Compete/No-Compete Decision 7114 Meeting | Same Day as BCA Study Decision Date | | 1 |
| 40 | Contract Award 7114 Meeting | Same Day as Award Announcement | | 1 |
| 41 | SHR/HR | | | |
| 42 | Identification of Affected Employees | After Study Decision | | 5 |
| 43 | HR/LR Pre-Planning | After both of the following: 1) Two months after Study Decision; and 2) Identification of Affected Employees | | 10 |
| 44 | RIF Pre-Planning | After HR/LR Pre-Planning | | 90 |
| 45 | HR/LR Implementation Planning | After both 1) One month after MEO Kickoff ; and 2) RIF Pre-Planning | | 1 |
| 46 | RIF Preparation | After HR/LR Implementation Planning | | 10 |
| 47 | Article 19 NTEU RIF Notice | After Signing SCF-Performance Decision | | 1 |
| 48 | RIF Notices | After all of the following: 1) 2 months before Off Rolls; 2) RIF Preparation; and 3) Article 19 NTEU RIF Notice | | 10 |
| 49 | ◆ Off Rolls | 6 months after Signing SCF-Performance Decision | | 0 |

| SCHEDULE GUIDELINES | | | | |
|---------------------|---------------------------------------|---|--------|------------|
| ID | | START | FINISH | **DURATION |
| 50 | ACQUISITION PHASE | | | |
| 51 | MEO | | | |
| 52 | MEO BPA Support | After PWS Kickoff | | 45 |
| 53 | MEO Kickoff | After both of the following: 1) MEO Training; and 2) 15 days before Draft RFP | | 2 |
| 54 | ATO/IRO | | | |
| 55 | ATO/IRO Support | After MEO Kickoff | | 45 |
| 56 | ATO/IRO Kickoff | After all of the following: 1) 5 days after ATO/IRO Support; 2) One month before Responses Due; and 3) IRO Training | | 2 |
| 57 | Solicitation | | | |
| 58 | ◆ Issue Solicitation | After PWS Final | | 0 |
| 59 | ◆ Issue FedBizOpps Notice | After Solicitation is Issued | | 0 |
| 60 | ◆ Responses Due | 2 months after Solicitation is Issued | | 0 |
| 61 | Technical Evaluation | 5 days after Responses are due | | 67 |
| 62 | ◆ Sign SCF - Performance Decision | 2 months after Technical Evaluation | | 0 |
| 63 | Award Announcement | After Sign SCF - Performance Decision | | 1 |
| 64 | ◆ Issue FedBizOpps Notice | After both of the following: 1) Signing SCF-Performance Decision; and 2) Issuing FedBizOpps Notice | | 0 |
| 65 | Communications - Congressional Notice | After Issue FedBizOpps Notice | | |
| 66 | Award Date | After Issue FedBizOpps Notice | | |
| 67 | IMPLEMENTATION PHASE | | | |
| 68 | Contingency Management Plan | After BCA 75% Complete | | 1 |
| 69 | Implementation BPA Support | 2 months after Solicitation is Issued | | 45 |
| 70 | Implementation Support Kickoff | After both of the following: 1) 5 days after Implementation BPA Support; and 2) Post MEO | | 2 |
| 71 | ◆ Contract Administration (Off Rolls) | After both of the following: 1) 6 months after Signing SCF-Performance Decision and 2) Off Rolls | | 0 |

** - Estimated Time (in days) that the step would take

| Responsibilities by Task | |
|--|---|
| TASK | PARTICIPANT(S) |
| ADMINISTRATIVE | |
| 1. CSCG Meetings (for more information, see Appendix 5) | |
| a. Provide input for the CSCG deck to the PM | BCA, PWS, MEO, Implementation Team Leads |
| b. Consolidate Team leads' input for the deck and provide it to the CSCG Coordinator | Project Manager |
| c. Attend CSCG Meetings | BCA, PWS, MEO Team Leads and Project Manager, CSO |
| 2. Biweekly Meetings (for more information, see Appendix 3) | |
| a. Provide input for the biweekly deck to the PM | BCA, PWS, MEO, Implementation Team Leads |
| b. Consolidate Team leads' input and prepare the deck | Project Manager |
| c. Attend Biweekly Meetings | BCA, PWS, MEO, Implementation Team Leads and Project Manager, CSO |
| 3. Master Schedule (for more information, see Appendix 11) | |
| a. Submit changes to the Master Schedule for approval via the Biweekly Meeting deck | BCA, PWS, MEO Team Leads and Project Manager |
| b. Approve changes to the Master Schedule | CSO |
| c. Maintain document control for the Master Schedule (changes, deletions, additions, etc.) | CSCG Coordinator |
| 4. Records Management (for more information, see Appendix 14) | |
| a. Provide all official documents to OCS at the completion of the BCA | BCA Team Lead |
| b. Provide all official documents to OCS at the completion of the PWS | PWS Team Lead |
| c. Provide all official documents to OCS at the completion of the MEO | MEO Team Lead |
| d. Provide all official documents to OCS at the completion of the Implementation Phase | Implementation Team Lead |
| 5. Kickoff Meetings – a kickoff meeting is done for each segment of the project process (BCA, PWS, MEO, Implementation) | |
| a. Prepare and agenda and hold a kickoff meeting at the beginning of the BCA | BCA Team Lead |

| | |
|---|--------------------------|
| b. Prepare and agenda and hold a kickoff meeting at the beginning of the PWS | PWS Team Lead |
| c. Prepare and agenda and hold a kickoff meeting at the beginning of the MEO | MEO Team Lead |
| d. Prepare and agenda and hold a kickoff meeting at the beginning of the Implementation B88Phase | Implementation Team Lead |
| 5. Grouping – group activities into business units | Agency |
| 6. Type of Competition – determine streamlined or standard competition | Agency |
| 7. Schedule – develop preliminary competition schedule | Agency |
| 8. Role & Responsibilities – determine R&Rs and participant availability | Agency |
| 9. Competition Officials – appoint competition officials in writing and hold them accountable for timely and proper conduct of streamlined or standard competitions through annual performance evaluations | CSO |
| B. BCA Activities | |
| 1. Workload Data & Systems – assess the availability of workload data and establish data collection systems | BCA Team |
| 2. Baseline Costs – determine activity’s baseline cost | BCA Team |
| 3. Prepare BCA Schedule | BCA Team Lead |
| 4. Provides all official documents to OCS at the completion of the BCA | BCA Team Lead |
| C. PUBLIC ANNOUNCEMENTS | |
| 1. Start Date (Public Announcement Date) – Announce at local level and via <i>FedBizOpps.gov</i> for each competition | Agency |
| 2. End Date (Performance Decision Date) – Announce performance decision at local level and via <i>FedBizOpps.gov</i> for each competition | Agency |
| 3. Cancellations | |
| a. Streamlined or Standard Competition | |
| <input type="checkbox"/> May approve in writing | CSO |
| <input type="checkbox"/> Publish cancellation notice | CO |
| <input type="checkbox"/> Notify directly affected employees and their representatives | HRO |
| b. Solicitation | |
| <input type="checkbox"/> Cancel solicitation | CO |
| <input type="checkbox"/> Publish cancellation notice at <i>FedBizOpps.gov</i> | CO |
| <input type="checkbox"/> Notify directly affected employees and their representatives of the | HRA |

| | |
|---|-----------------|
| cancellation | |
| D. STREAMLINED COMPETITION PROCEDURES | |
| 1. Streamlined Competition Form (SLCF) | |
| a. Cost of Agency Performance – calculate and certify costs of performing the activity | Agency |
| b. Cost of Private Sector/Public Reimbursable Performance – determine an estimated contract price for performing the activity with a private sector source | Agency |
| c. Adjusted Cost Estimate – calculate and certify costs for SLCF Lines 8, 12, 13,17, 18 | Agency |
| d. Cost Estimate Firewalls – ensure that individuals preparing the agency cost estimate and private sector/public reimbursable cost estimate shall maintain the firewall | Agency |
| 2. Time Limit – time limit waiver for the streamline competition | CSO |
| 3. Performance Decision in a Streamlined Competition | |
| a. SLCF Certifications – requires 3 certifications by different individuals | Agency |
| b. SLCF Review – allow incumbent service providers to review the SCLF prior to public announcement of a performance decision consistent with integrity, ethics, etc. | Agency |
| c. Public Announcement – make formal public announcement (at the local level and via <i>FedBizOpps.gov</i> of the performance decision | Agency |
| d. Implementing the Streamlined Performance Decision – | Agency |
| (1) Private Sector or Public Reimbursable Performance Decision – issue a solicitation to determine a private sector or public reimbursable service provider | CO |
| (2) Agency Performance Decision – execute a letter of obligation with an official responsible for performing the commercial activity | CO |
| E. STANDARD COMPETITION PROCEDURES | |
| 1. Time Limit – time limit waiver for standard competition | CSO |
| 2. Team Designations, Responsibilities, and Restrictions | |
| a. BCA Team - appoint team members | Project Manager |
| b. PWS Team - appoint team members | Project Manager |
| c. MEO Team – appoint team members | ATO |

| | |
|--|---------------------------|
| after public announcement | |
| d. SSEB - appoint team members after public announcement | SSA |
| 3. Solicitation and QASP | |
| a. Solicitation – comply with FAR to prevent an unfair competitive advantage | Agency |
| (1) Review and Release of Information – releases of the PWS and solicitation, including drafts | CO |
| (2) FAR Provisions – in consultation with the PWS Team, determine acquisition strategy; right of first refusal; wage determinations | CO |
| (3) Acquisition Process and Source Selection Provisions – identify in solicitation whether acquisition procedures will be sealed bid or negotiated; identify the type of source selection process for negotiated procedures | CO |
| (4) Solicitation Provisions Unique to Agency Tender | Agency |
| (5) Solicitation Closing Date – same for offers and tenders | Agency |
| (6) Compliance Matrix – to decrease the complexity of performing source selections, a cross-reference compliance matrix may be included | CO |
| (7) Performance Periods – written approval from OMB to use performance periods that exceed five years | CSO |
| (8) Government-Furnished Property – determination to provide GFP | PWS Team/ approved by CSO |
| (9) Common Costs - identify common costs in the solicitation | CO |
| (10) Performance Bond - approval and cost issues | CO, CSO |
| (11) Incentive Fee | CO |
| (12) Award Fee | CSO |
| (13) Phase-in Plan | CO |
| (14) Quality Control Plan - include in solicitation a requirement for prospective providers to include a QCP | CO |
| b. QASP – develop | PWS Team |
| c. Competition File – retain documents | Agency |
| 4. Agency Tender, Private Sector Offers, and Public Reimbursable Tenders | |
| a. Agency Tender | |
| (1) Developing the Agency Tender | |
| (a) MEO | ATO |
| | ATO |

| | | |
|--|---|---------------------------|
| Estimate | (b) Agency Cost | ATO |
| Plan | (c) Quality Control | ATO |
| | (d) Phase-in Plan | ATO |
| Agency Tender | (2) Submission of the | ATO |
| Tender | (3) Changes to the Agency | ATO, CO |
| | (4) Procurement Sensitivity | Agency |
| | b. Private Offers | --- |
| | c. Public Reimbursable Tenders | --- |
| | d. No Satisfactory Private Sector or Public Reimbursable Source | |
| | (1) Determine Reasons | CO |
| | (2) Required Action | CSO |
| Solicitation | (a) Revise the | CO |
| Agency Tender | (b) Implement the | CSO, CO, SSA, Agency, HRA |
| 5. Source Selection Process and Performance Decision | | Agency |
| a. Sealed Bid Acquisition | | CO |
| b. Negotiated Acquisition | | |
| (1) Lowest Price Technically Acceptable Source Selection | | CO, SSA |
| (2) Phased Evaluation Source Selection Process | | Agency, SSA |
| | (a) Phase One | CO, SSA |
| | (b) Phase Two | CO, SSA |
| (3) Tradeoff Source Selection Process | | SSA, CO |
| (a) Low Cost Performance Decision | | SSA |
| (b) Other Than Low Cost Performance Decision | | SSA |
| c. Special Considerations | | |
| (1) Evaluation of Private Sector Offers, Public Reimbursable Tenders, and Agency Tender | | CO, SSA, SSEB |
| (2) Exchanges with Private Sector, Public Reimbursable, and Agency Sources | | CO, ATO |
| Tender | (3) Deficiencies in an Offer or | CO, ATO, CSO, SSA |
| | (4) Price Analysis and Cost Realism of Private Sector Cost Proposals, Public Reimbursable Cost Estimates and Agency Cost Estimates | |

| | |
|---|-------------|
| (a) General | CO, SSA |
| (b) Agency and Public Reimbursable Cost Estimates | CO |
| (c) Conversion Differential | CO |
| (d) SCF Overview | CO |
| 6. Performance Decision in a Standard Competition | |
| a. Certification | SSA, CO |
| b. End Date | --- |
| c. Public Announcement of the Performance Decision | Agency |
| d. Debriefing | SSA, CO |
| e. Release of the Certified SCF and Tenders | Agency |
| f. Implementing a Performance Decision | Agency |
| (1) Private Sector Provider | |
| (a) Awarding the Contract | CO |
| (b) Right of First Refusal | CO, HRA |
| (2) Public Reimbursable Provider | CO |
| (3) Agency Provider | CO, ATO |
| F. POST COMPETITION ACCOUNTABILITY FOR STREAMLINED AND STANDARD COMPETITIONS | |
| 1. Best Practices and Lessons Learned | Agency |
| 2. Execution Tracking of Streamlined and Standard Competitions | Agency |
| 3. Competitive Sourcing Quarterly Report | Agency |
| 4. Monitoring Performance | Agency |
| 5. Option Years of Performance and Follow-on Competition | |
| a. Option Years of Performance - determinations and approvals | CO |
| b. Follow-on Competition | CO, CSO |
| 6. Terminations | |
| a. Terminations Based on Failure to Perform | |
| (1) Notification | CO |
| (2) Termination | CO, Agency |
| (3) Temporary Remedies | Agency |
| b. Terminations Based on Reasons Other Than Failure to Perform | Agency, CSO |

| | |
|-----------------------------|-------------|
| G. CONTESTS | |
| 1. Standard Competitions | Agency |
| 2. Streamlined Competitions | Not Allowed |

Training

Training Courses

| | A-76 Overview | PWS | MEO | Post MEO | IRO Training |
|------------------------------|------------------|-----|-----|----------|-----------------|
| Project Managers | X | X | | X | |
| ATOs | X | | X | | |
| BCA Team | X | | | | |
| PWS Team | X | X | | | |
| MEO Team | X | | X | | |
| Implementation Team | X | | | X | |
| TIGTA | X | | | | X |
| Streamlined Competition Team | | | | | |

Records Management

Purpose

The purpose of this appendix is to explain how to prepare and send official documents from each phase of the study process to the Office of Competitive Sourcing (OSC) to be archived.

See the Records Management section in Chapter 1 for the IRS definition of “official documents.”

Responsible Party(s)

BCA Team Lead

MEO Team Lead

PWS Team Lead

Implementation Team Lead

Process Steps

- **Collect Official Documents:** At the end of each study phase (BCA, Preliminary Planning, Acquisition, and Implementation) Team Leads for each of the study phases collect the official documents for their phase in either hard or soft copy form.
- **Order Archival Boxes:** Call the OSC to place an order for archival boxes and shipping boxes.
 - OSC will need to know how many boxes you will need. If your files/folders will fit in four archival boxes, you will need to order four *archival boxes* and four *shipping boxes*.
 - OSC will need to know the address of where you want your boxes delivered.
- **Organize the Records:** Place files/documents into folders. The tab of each folder should contain the subject title and date range (as applicable).
- **Pack the Boxes:** Place the folders into the *archival boxes* as instructed below.
 - Always pack folders upright in the boxes. Never lay them flat.

- Letter-size folders must face the front of the box.
- Legal-size folders must face the left side of the box.
- Always allow at least an inch of space in the box for ease of reference.
- DO NOT number or mark the outside of the *archival boxes*.
- **List Box Contents:** Develop a list of contents for each box (see attached template).
 - The box listing will contain a folder-by-folder description of the contents. A box list template is attached to this appendix. Do not fill in a Box Number on the template. A Box Number will be provided by OSC.
- **Original Box Listing:** Place the original box listing for each box inside the archival box.
- **Copies of Box Listing:** Make 2 copies of each box listing - one to keep for your files and the other for the OCS.
- **Prepare Boxes for Shipping:** Place the archival box inside a shipping box.
 - Fold over the top flaps of the archival box – do not tape the archival closed.
 - Place the archival box inside a shipping box.
 - Put the OSC’s copy of the box listing inside the shipping box.
 - Tape the shipping box closed.
 - Write the shipping address on the shipping box using a black felt-tip pen.
 - The shipping address is:

Office of Competitive Sourcing
Internal Revenue Service
1111 Constitution Avenue, NW
Room 7314
Washington, D.C. 20224

- **Schedule Box Delivery:** Call the ERC to schedule pick up and delivery of the boxes to the OSC.

Additional Information

For additional information on records management and document retention for A-76 studies, please contact Patty Hartford at the Office of Competitive Sourcing at (202) 927-7550.

For more information on records management visit the IRS Records Management Program website at www.hq.irs.gov/programs/RecordsMgmt/HQRecordsMgmt1.htm.

Note: All A-76 study records are to be sent to the OSC using the procedure document above. When all phases of the study are complete, the OSC prepares the files for archive and forwards them to the Washington National Records Center.

Notice to Employees: Participation in Cost Comparison Study

IRS Requirement

Program Managers are required to see that all employees participating on the PWS or MEO teams receive and acknowledge receipt of the attached template before they participate on the teams.

Templates

A template for each employee participating on the PWS or MEO Teams is attached.

NOTICE TO EMPLOYEES

Subject: Participation in Cost Comparison Study

1. The purpose of this notice is to inform you of the unique circumstances inherent to your participation in the development of the Performance Work Statement (PWS) and the **Agency Tender**.² This notice will give you general information about your participation, your rights as stated in the applicable regulatory guidance, and the possible impact of participating beyond predetermined limits.
2. Your participation in the development of the PWS and the Management Plan Agency Tender is essential to the success and quality of the cost comparison study. To understand how the IRS is protecting your rights under the A-76 cost comparison study process, you need to understand the following definitions:

Right of First Refusal of Employment (Nov 1991):

- (a) The Contractor shall give Government employees who have been or will be adversely affected or separated as a result of award of this contract the right of first refusal for employment openings under the contract in positions for which they are qualified, if that employment is consistent with post-Government employment conflict of interest standards.
- (b) Within 10 days after contract award, the Contracting Officer will provide to the Contractor a list of all Government employees who have been or will be adversely affected or separated as a result of award of this contract.
- (c) The Contractor shall report to the Contracting Officer the names of individuals identified on the list who are hired within 90 days after contract performance begins. This report shall be forwarded within 120 days after contract performance begins. (FAR 52.207-3)

"Participating personally" means participating directly, and includes the direct and active supervision of a subordinate's participation in the matter. (FAR 3.104-1 Procurement Integrity Definitions)

"Participating substantially" means that the official's involvement is of significance to the matter. Substantial participation requires more than official responsibility, knowledge,

² Includes the Most Efficient Organization (MEO), the **Agency Cost Estimate**, the **Quality Control Plan** and the **Phase-In Plan**.

perfunctory involvement, or involvement on an administrative or peripheral issue. Participation may be substantial even though it is not determinative of the outcome of a particular matter. A finding of substantiality should be based not only on the effort devoted to a matter, but also on the importance of the effort. While a series of peripheral involvements may be insubstantial, the single act of approving or participating in a critical step may be substantial. However, the review of procurement documents solely to determine compliance with regulatory, administrative, or budgetary procedures does not constitute substantial participation in procurement. (FAR 3.104-1 Procurement Integrity Definitions)

Post-employment restrictions are covered by 18 U.S.C. 207 and 5 CFR parts 2637 and 2641, that prohibit certain activities by former Government employees, including representation of a contractor before the Government in relation to any contract or other particular matter involving specific parties on which the former employee participated personally and substantially while employed by the Government.

3. As a member of the PWS or Management Plan Most Efficient Organization (MEO) team, you may work on and support the development of various study elements up to a predetermined exit milestone. The team leaders will monitor your participation to ensure you do not become personally or substantially involved in developing the PWS. When the project reaches a pre-determined milestone, you will be notified that your further participation would result in relinquishing your Right of First Refusal or may restrict your post-government employment opportunities.
4. If you elect to continue as a member of the PWS or the Management Plan MEO development teams after being notified of reaching the pre-determined exit milestone, your status will change and you will be considered a "procurement official," i.e., you will be personally and substantially participating in the project, jeopardizing your right of first refusal.

Employee Acknowledgement:

I acknowledge that I have received and read this notice and that I fully understand my rights and limitations as a participant on the Performance Work Statement (PWS) or Management Plan MEO development teams. I also understand that once my participation becomes personal or substantial in nature, these same rights and limitations may be impacted in a direct or adverse manner.

(Employee Name/Title)

(Signature)

(Date)

Exit Point Notification

Procedure

All employees working on PWS and MEO teams must be provided with an Exit Point Notification memo 25 days before the exit milestone (see number 9 below). The Project Manager is responsible for providing an Exit Point Notification memo to employees working on the PWS team members and making sure they are returned. ATOs do the same for MEO team members.

Exit Point Notification Memo Template

A memo template is attached.

Instructions:

Fill in the appropriated information inside the brackets [] highlighted in yellow. Be sure to delete the brackets and highlighting from the final memo.

| | For PWS: | For MEO: |
|-------|--|--|
| 1 | Enter the Project Manager's name | Enter the ATO's name |
| 2 | Enter the name/title of the competitive sourcing study | Enter the name/title of the competitive sourcing study |
| 3 | Enter the employee's name | Enter the employee's name |
| 4 | Enter the either PWS | Enter the either MEO |
| 5 | Enter the date of the memo | Enter the date of the memo |
| 6 | Enter the support contractor's name | Enter the support contractor's name |
| 7 | Enter the either Performance Work Statement | Enter the either Most Efficient Organization |
| 8 | Enter PWS | Enter MEO |
| 9 | Enter exit milestone date: request for comment date | Enter exit milestone date: before final MEO |
| 10 | Enter PWS | Enter MEO |
| 11 | Enter date 10 days before number 9 date | Enter date 10 days before number 9 date |
| 12 | Enter fax number | Enter fax number |
| 13 | Enter Project Manager's name | Enter ATO's name |
| 14-15 | Enter address | Enter address |

FROM: [1-Program Manager's Name], Program Manager
[2-Competitive Sourcing Study Title]

TO: [3-Employee's Name], [4-PWS or MEO] Team

SUBJECT: Exit Point Notification

DATE: [5-Insert Date]

We have now reached the point where together with [6-enter name of support contractor], we will complete the [7-Performance Work Statement or Most Efficient Organization]. We could not have reached this point without your hard work and applied expertise.

What this means is that we have reached the optional "exit point" for employees, Bargaining Unit and Non-Bargaining Unit alike, in the development of our [8-PWS or MEO].

As defined in the attached document, if you choose to continue your participation on the team, your status may change to that of a "procurement official" as you will be participating "personally and substantially" in the project. Your further participation may result in your relinquishing your Right of First Refusal for employment openings in positions for which you are qualified. You will recall that you signed a copy of the attachment that spells out the situation in more detail.

Please indicate with an X in one of the parentheses that effective on or about [9-enter RFI date] you will () or will NOT () continue as a member of the [10-PWS or MEO] Team, and sign below. Please return this memo to me signed no later than COB [11-enter RFI date]. You may FAX the signed statement to (name) or, and mail the original to me at:

FAX: [12- fax number]

OR

IRS

[13-Project Manager's or ATO's Name]

[14- address]

[15-city, state, zip]

(Print Employee Name/Title)

[16-(Project Manager or ATO Signature)]

(Employee Signature)

(Date)

Heading 1

Heading 2

Body text

Heading 2

body text

Heading 3

body text indent

Furnishing Government Property

Acquisition policies and procedures with respect to Government property are set forth in Part 45 of the Federal Acquisition Regulation (FAR) and Department/Agency supplements thereto. While Government Contracting Officers (COs) are ultimately responsible for all decisions with respect to Government property, it is still important that we, as Consultants, have a basic understanding of the FAR policies and procedures with respect to Government property to properly facilitate requirements definition. This paper and the attached “Summary of Government Property Policies and Procedures” are presented to aid in that basic understanding.

Government property is defined as all property owned by or leased to the Government or acquired by the Government under the terms of the contract and it includes both Government-furnished property and contractor-acquired property. Property (both real and personal) is composed of five categories: facilities, material, special tooling, special test equipment, and agency-peculiar property (refer to attached “Summary” for definitions). These categories are important to note because the FAR Part 45 policies and procedures differ by category of property (e.g., exceptions to policy concerning furnishing property, contractor management of the property, contractor care maintenance and use, etc.). In the requirements definition phase, property is further classified as “Government-Furnished” and “Assigned for Operations, Maintenance, and Engineering” to clearly distinguish between property that is furnished to facilitate fulfilling the service requirements (e.g., tools for vehicle maintenance, etc.) and that property which is the object of the service required (e.g., maintenance of vehicle fleet, etc.).

Contractors, according to the policy set forth in FAR Part 45, are ordinarily required to furnish all property necessary to perform Government contracts. There are, however, a number of exceptions to this policy for each of the five categories of equipment (refer to attached “Summary” for exceptions) and it is important to note that Department/Agency supplements to the FAR may further permit/restrict furnishing property to contractors (e.g., Air Force FAR Supplement (AFFARS) 5345.304-90 permits furnishing military unique types of motor vehicles but limits furnishing commercially available motor vehicles, etc.). The exceptions to the policy on providing property to contractors provide a great deal of leeway, which might explain that notwithstanding the policy, property (excluding consumable material) is routinely furnished under service contracts. Perhaps this is because furnishing Government property facilitates transition and performance, promotes socio-

economic participation and enhances competition, and ultimately reduces the cost of performance to the Government. Ultimately, however, the Contracting Officer will be responsible for making this decision. Our responsibility in this matter, as part of the requirements definition, is to present the Contracting Officer with an accurate categorized inventory of Government property presently utilized to perform the services so that this decision can be made.

Assuming Contracting Officer approval to furnish Government property, FAR Part 45 states that as a general rule, use is on a rent-free basis provided the property is used in support of U.S. Government contracts. The decision by the Contracting Officer to charge a rental fee for use of Government property in exclusive support of a Government service contract, given the aforementioned rent-free rule, should be rare and will require, as part of our requirements definition, that rent-free and rental fee Government-furnished property be clearly segregated and identified. With respect to the rentals fees themselves, the Contracting Officer must follow the requirements of FAR 45.403 and FAR Clause 52.245-9 which establish rules and guidelines for the appropriate fee(s) and prescribe the procedures that must be followed by the Contracting Officer to ensure rental fees are collected.

Regardless of whether property is furnished on a rent-free or rental fee basis, it is important to know what the Government and contractor responsibilities are with respect to Government-furnished property, as this will impact requirements definition. Using FAR Clause 52.245-2, Government Property (Fixed-Price Contracts) and FAR Part 45.5 as a baseline, the Government has an obligation to provide the Government-furnished property (to include any related data and information requested by the contractor and reasonably required for the intended use of the property) identified in the requirements document which is suitable for its intended use (except property furnished "As Is") and to do so by the date(s) specified in the contract. The Government is liable (through an "equitable adjustment" to the contract) for failure to fulfill either one of these requirements and with respect to condition of the equipment, may find themselves facing significant additional costs in having the contractor repair, modify, return, or otherwise dispose of equipment not fit for its intended use. If the Contracting Officer determines it appropriate, property may be furnished "As Is" in which case the Contracting Officer would include in the solicitation/contract FAR Clause 52.245-19, Government Property Furnished "As Is" under which the costs of any required repairs/modification would be born by the contractor (offerors must be provided an opportunity to inspect the

property prior to submitting their offers). While neither approach avoids the costs of repairing or modifying unsuitable property, the “As Is” approach and associated costs are at least in a competitive environment. Our requirements definition responsibilities with respect to property furnished “As Is” would be to clearly segregate/identify that property furnished “As Is” from that property subject to the aforementioned FAR 52.245-2 clause. While this should not affect requirements definition, it is also important to note that under the FAR Clause 52.245-2, the Government has the unilateral right to decrease or substitute furnished property, however, decreases and substitutions are subject to an equitable adjustment to the contract.

Having addressed the Government’s responsibility under FAR Part 45.5 and the FAR 52.245-2 clause, it’s now time to focus on the contractor’s responsibilities with particular attention to those issues affecting requirements definition. The contractor is responsible and accountable for furnished property and must establish and maintain a program/system for its use, maintenance, repair, protection, and preservation. Unless the Contracting Officer limits risk of loss, the contractor is liable for shortages, loss, damage, or destruction of Government property. The contractor is not, however, responsible for reasonable wear and tear or for property properly consumed in performing the contract but is responsible for disclosing and reporting the need for major repair, replacement, and other capital rehabilitation work for Government property in its possession or control. Thus, we can conclude that beyond the costs associated with preventive maintenance (refer to attached “Summary”) the Government is responsible for the costs associated with repair and replacement of Government-furnished property unless the Contracting Officer states otherwise in the solicitation/contract. Again, our responsibility during requirements definition would be to clearly identify that property for which the Contracting Officer limits risk of loss and that property for which the contractor is responsible for the cost of repair and replacement. FAR Part 45.5 and the FAR 52.245-2 clause also state that the contractor’s property control records shall constitute the Government’s official property records unless an exception has been authorized by the Contracting Officer and the FAR Clause 52.245-1, Property Records has been included in the solicitation/contract. If an exception to the property control records has not been made, it is very important to note the basic and category-specific information (refer to the attached “Summary”) the contractor must maintain in the records as much of this must be provided by the Government, i.e., requirements definition (e.g., Name, Description, National Stock Number (if available), Unit Price, Unit of Measure, Federal Supply Code, Federal Supply Classification, Original Manufacturer’s Model or Part Number, Serial Number,

Government Identification/Tag Number, etc.). In addition to reporting on Government-furnished property annually, a contractor is required to periodically physically inventory Government property in its possession or control and must establish inventory type, frequency, and procedures. Should the Department/Agency have specific inventory requirements (e.g., bi-annual physical inventories, etc.), the Contracting Officer should identify them in the solicitation/contract to ensure the contractor incorporates the requirements into their property control program/system.

Essentially, once we have clearly identified all property (facilities, material, special tooling, special test equipment, and agency-peculiar equipment) presently used to perform the services, the requirements document can not be finalized until the Contracting Officer determines (1) which, if any, property will be furnished to facilitate performance, (2) which of the furnished property will be "As Is," (3) which of the furnished property will be provided rent-free (the rule) and which will be provided on a rental basis (the exception) to include appropriate charges, (4) who will maintain the Government's official property records for furnished property, (5) who will be responsible for risk of loss, and (6) who will be responsible for repair and replacement of furnished property. Once these key decision points are made, the requirements document (with respect to Government-furnished property) can be finalized by clearly delineating Government and contractor responsibilities.

Summary of Government Property Policies and Procedures

Federal Acquisition Regulation (FAR) Part 45

- **Policy.** Contractors are ordinarily required to furnish all property (real and personal property, including facilities, material, special tooling, special test equipment, and agency-peculiar property) necessary to perform Government contracts. However, if property is provided, agencies shall:

- Eliminate to maximum practical extent any competitive advantage that might arise from using such property;
 - Require contractors to use Government property to the maximum practical extent in performing Government contracts;
 - Permit the property to be used only when authorized;
 - Charge appropriate rentals when the property is authorized for use on other than a rental-free basis (As a general rule, use of Government property in support of U.S. Government contracts is on a rent-free basis);
 - Require contractors to be responsible and accountable for, and keep the Government's official records of Government property in their possession or control;
 - Require contractors to review and provide justification for retaining Government property not currently in use; and
 - Ensure maximum practical reutilization of contractor inventory within the Government.
- **Policy Exceptions.**
 - **Facilities.** Facilities may be provided to a contractor when one of the following exceptions applies:
 - The actual or estimated cumulative acquisition cost of the facilities provided by the contracting activity to the contractor at one plant or general location does not exceed \$1,000,000;
 - The number of items of plant equipment provided is ten or fewer;
 - The contract performance period is twelve months or less;
 - The contract is for construction;
 - The contract is for services and the facilities are to be used in connection with the operation of a Government-owned plant or installation; or

- The contract is for work within an establishment or installation operated by the Government.
- **Material.** Agencies should provide material to a contractor when necessary to achieve significant economy, standardization, or expedited production, or when it is otherwise in the Government's interest. Solicitations shall specify material that the Government will furnish in sufficient detail (to include requisitioning procedures) to enable offerors to evaluate it accurately.
- **Motor Vehicles.** Agencies may provide contractors with motor vehicles only when:
 - The number of vehicles required for use by contractor personnel is predictable and expected to remain fairly constant;
 - The proposed contract will bear the entire cost of the vehicle program;
 - The motor vehicles will not be used on any contract other than that for which the vehicles were provided, unless approved by the appropriate department or agency official;
 - Prospective contractors do not have or would not be expected to have an existing and continuing capability for providing the vehicles from their own resources; and
 - Substantial savings are expected.
- **Special Tooling and Special Test Equipment.** The Contracting Officer shall offer existing Government special tooling and special test equipment to prospective contractors for use in Government work if it will not disrupt programs of equal or higher priority, and it is otherwise advantageous to the Government. Contracts authorizing the furnishing of existing special tooling shall contain a description of the special tooling,

the terms and conditions of shipment, and the terms covering the cost of adapting and installing the tooling.

- **Agency-Peculiar Property.** May be furnished to contractors when necessary for use as a standard or model, for testing the contractor's end item where suitable commercial equipment is not available, to establish equipment compatibility, or for other reasons that the contracting officer determines to be in the Government's interest. In addition to the appropriate Government Property clause, Contracting officers shall provide special instructions for security, liability, maintenance, and/or property control, when agency-peculiar property requires special handling or safeguards.

- **Definitions.**
 - **Contractor-Acquired Property.** Property acquired or otherwise provided by the contractor for performing a contract and to which the Government has title
 - **Government-Furnished Property.** Property in the possession of, or directly acquired by, the Government and subsequently made available to the contractor.
 - **Government Property.** All property owned by or leased to the Government or acquired by the Government under the terms of the contract. It includes both Government-furnished property and contractor-acquired property.
 - **Plant Equipment.** Personal property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or for any administrative or general plant purpose. It does not include special tooling or special test equipment.
 - **Property.** All property, both real and personal. It includes facilities, material, special tooling, special test equipment, and agency-peculiar property.
 - **Real Property.** Land and rights in land, ground improvements, utility distribution systems, and buildings and other structures. It does not include foundations and other work necessary for installing special tooling, special test equipment, or plant equipment.
 - **Special Test Equipment.** Either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing a contract. It consists of items or assemblies of equipment including standard or general purpose items or components that are interconnected and interdependent so as to become a new

functional entity for special testing purposes. It does not include material, special tooling, facilities (except foundations and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing purposes.

- **Special Tooling.** Jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of these items, and replacement of these items, which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services. It does not include material, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items.
- **Agency-Peculiar Property.** Government-owned personal property that is peculiar to the mission of one agency (*e.g.*, military or space property). It excludes Government material, special test equipment, special tooling, and facilities.
- **Facilities.** Property used for production, maintenance, research, development, or testing. It includes plant equipment and real property. It does not include material, special test equipment, special tooling, or agency-peculiar property.
- **Material.** Property that may be incorporated into or attached to a deliverable end item or that may be consumed or expended in performing a contract. It includes assemblies, components, parts, raw and processed materials, and small tools and supplies that may be consumed in normal use in performing a contract.

- **Government Production and Research Property.** Government-owned facilities, Government-owned special test equipment, and special tooling to which the Government has title or the right to acquire title.

- **Providing Government Property to Contractors.**
 - **Providing Government Property “As Is.”**
 - The contracting officer may provide Government production and research property on an "as is" basis for performing fixed-price, time-and-material, and labor-hour contracts. It may also be furnished under a facilities contract, in which case the contract shall state that the contractor will not be reimbursed for transporting, installing, modifying, repairing, or otherwise making the property ready for use.
 - When the property is provided under other than a facilities contract, the solicitation shall state that—
 - Offerors may inspect the property before submitting offers and the conditions under which it may be inspected;
 - The property is offered in its current condition, f.o.b. present location (provide specific locations);
 - Offerors must satisfy themselves that the property is suitable for their use;
 - The successful offeror shall bear the cost of transporting, installing, modifying, repairing, or otherwise making the property suitable for use; and
 - Evaluations will be made in accordance with Subpart 45.2 to eliminate any competitive advantage resulting from using the property.
 - **Contractor Use and Rental of Government Property.**
 - **Policy.** In performing Government contracts or subcontracts, Government production and research property in the possession of contractors or subcontractors shall be used to the greatest possible extent, provided that a competitive advantage is not conferred on the contractor

or its subcontractors. Prior approval of the contracting officer having cognizance of Government production and research property is required for any use, whether Government or non-Government, to ensure that the Government receives adequate consideration. Government use is defined as use in support of U.S. Government contracts and non-Government use is all other use (including direct commercial sales to domestic and foreign customers). As a general rule, Government use is on a rent-free basis. Non-Government use is on a rental basis. When Government production and research property is no longer required for the performance of Government contracts or subcontracts, it shall not continue to be made available to a contractor for non-Government use.

- **Authorizing Use.** Contracting officers who believe it to be in the Government's interest for a prospective contractor or subcontractor to use existing Government production and research property shall authorize such use in the contract. The contracting officer shall confirm the availability of the property before authorizing its use on either a rental or rent-free basis.
- **Rental--Use and Charges.**
 - Rent shall be computed in accordance with the clause at 52.245-9, Use and Charges. If the agency head or designee determines it to be in the Government's interest, rent for classes of production and research property other than plant equipment identified in item (ii) of Table I of the clause at 52.245-9, Use and Charges, may be charged on the basis of use rather than the rental period, or on some other equitable basis. In such cases, the clause at 52.245-9, Use and Charges, shall be appropriately modified.
 - The contracting officer shall ensure the collection of any rent due the Government from the contractor.

- **Management of Government Property in the Possession of Contractors**
 - **Contractor Responsibility**
 - The contractor is directly responsible and accountable for all Government property in accordance with the requirements of the contract. This includes Government property in the possession or control of a subcontractor.
 - The contractor shall establish and maintain a system to control, protect, preserve, and maintain all Government property.
 - The property control system shall be in writing unless the property administrator (Contracting Officer or authorized representative) determines that maintaining a written system is unnecessary.
 - The system shall be reviewed and, if satisfactory, approved in writing by the property administrator.
 - The contractor shall maintain and make available the records and account for all Government property until relieved of that responsibility.
 - The contractor shall furnish all necessary data to substantiate any request for relief from responsibility.
 - The contractor shall promptly report all Government property in excess of the amounts needed to complete full performance under the contracts providing it or authorizing its use.
 - If overages, shortages, or damages are discovered upon receipt of Government-furnished property, the contractor shall provide a statement of the condition and apparent causes to the property administrator and to other activities specified in the approved

property control system. Only that quantity of property actually received will be recorded on the official records.

○ **Contractor Liability.**

- Subject to the terms of the contract and the circumstances surrounding the particular case, the contractor may be liable for shortages, loss, damages, or destruction of Government property. The contractor may also be liable when the use or consumption of Government property unreasonably exceeds the allowances provided for by the contract, the bill of material, or other appropriate criteria.
- The contractor shall investigate and report to the property administrator all cases of loss, damage, or destruction of Government property in its possession or control as soon as the facts become known or when requested by the property administrator. A report shall be furnished when completed and accepted products or end items are lost, damaged, or destroyed while in the contractor's possession or control.

○ **Records and Reports of Government Property.**

- The contractor's property control records shall constitute the Government's official property records unless an exception has been authorized. The contractor shall establish and maintain adequate control records for all Government property, including property provided to and in the possession or control of a subcontractor.
 - The contractor's property control system shall contain a system or technique to locate any item of Government property within a reasonable period of time.
- **Basic Information.**

- The contractor's property control records shall provide the following basic information for every item of Government property in the contractor's possession, regardless of value:
 - The name, description, and National Stock Number (if furnished by the Government or available in the property control system).
 - Quantity received (or fabricated), issued, and on hand.
 - Unit price (and unit of measure).
 - Contract number or equivalent code designation.
 - Location (if summary records are authorized this may be a “general location” provided the contractor can locate the property within a reasonable period of time).
 - Disposition.
 - Posting reference and date of transaction.
- **Records of Pricing Information.** The contractor's property control system shall contain the unit price for each item of Government property. The Government shall determine and furnish the unit price of Government-furnished property.
- **Records of Material.** Maintain stock records (i.e., perpetual inventory record) which shows by nomenclature the quantities of each item received and issued and the balance on hand, and maintain custodial records (i.e., memoranda of any kind, such as requisitions, issue hand receipt, tool checks, and stock record books, used to control items) for tool crib items, guard force items, protective clothing, and other items issued to individuals for use in their work.

- **Records of Special Tooling and Special Test Equipment**
(including any general purpose test equipment incorporated as components in such a manner that removal and reuse may be feasible and economical). Records shall include the identification number and item on which used in addition to the basic information set forth above. In addition, identify and report by retention category (e.g., assembly tooling or critical tooling for spares and replacements) when required by the contract.
- **Records of Plant Equipment** (to include attached accessory and auxiliary equipment). Unless summary records are authorized, the contractor shall, maintain individual item records for each item of plant equipment which shall contain in addition to the basic information set forth above, the following information regardless of the value of the equipment:
 - Federal Supply Code.
 - Federal Supply Classification.
 - Original manufacturer's model or part number.
 - Serial number and year built (required for unit cost of \$5,000 or more, when available)
 - Government identification/tag number (required for unit cost of \$5,000 or more)
 - Acquisition and disposition document references and dates (required for unit cost of \$5,000 or more)
- **Records of Real Property.**
 - Maintain an itemized record of the description, location, acquisition cost, and disposition of all Government real property (including unimproved real property); all alterations, all construction work, and sites connected with

such alteration and construction, acquired by purchase, lease, or otherwise. These records, including maps, drawings, plans, specifications, and supplementary data where necessary, shall:

- Be complete;
 - Show the original cost of the property and improvements and the cost of any changes and additions; and
 - Be appropriately indexed.
- Costs incurred by the contractor or the Government for new construction, including erection, installation, or assembly of Government real property in possession of the contractor, shall be capitalized in the official Government real property records and financial accounts maintained by the contractor for the Government.
 - Costs incurred for additions, expansions, extensions, conversions, alterations, and improvements, including applicable portions of capital maintenance, that increase the value, life, utility, capability, or serviceability of Government real property shall be capitalized.
 - Costs incurred for portable buildings or facilities specifically constructed for tests that involve destruction of the facility shall not be capitalized in the Government real property records or financial accounts.
 - Costs incurred for maintenance, repair, or rearrangement to maintain the Government real property in good physical condition, utility, capacity, or serviceability shall be charged

to expense, and the real property records shall not be affected.

- When Government-owned real property is sold, transferred, donated, destroyed by fire or other cause, abandoned-in-place, or condemned, the financial accounts shall be reduced by the presently recorded cost and the real property records annotated with a supporting statement, including pertinent facts.
- **Records of Scrap or Salvage.** Maintain records of all scrap or salvage generated. These records shall conform to the contractor's established system of scrap and salvage control approved by the property administrator. The contractor's property control system shall provide the following information:
 - Contract number, if practical, or equivalent code designation from which the scrap or salvage derived.
 - Nomenclature or description of salvable items or classification (material content) of scrap.
 - Quantity on hand.
 - Posting reference and date of transaction.
 - Disposition.
- **Records of Related Data and Information.** Maintain property control and accountability, in accordance with sound business practice, of manufacturing or assembly drawings; installation, operation, repair, or maintenance instructions; and other similar information furnished to the contractor by the Government or generated or acquired by the contractor under the contract and for which title vests in the Government.

- **Reports of Government Property.** The contractor's property control system shall provide annually the total acquisition cost of Government property for which the contractor is accountable under each contract with each agency, including Government property at subcontractor plants and alternate locations. The following classifications (property classifications may be varied to meet individual agency needs) shall be reported (as directed by the Contracting Officer):
 - Land and rights therein.
 - Other real property, including utility distribution systems, buildings, structures, and improvements thereto.
 - Plant equipment.
 - Special tooling.
 - Special test equipment.
 - Material.
 - Agency peculiar property.
- **Identification.**
 - Upon receipt of Government property, the contractor shall promptly—
 - Identify the property in accordance with agency regulations;
 - Mark the property in accordance with this section; and
 - Record the property in its property control records.
 - Identification of Government Ownership.

- Except for the following, all Government property shall be marked with an indication of Government-ownership:
 - Items issued to individuals for use in their work (*e.g.*, protective clothing or tool crib tools) where adequate physical control is maintained over the items.
 - Property of a bulk type, or where its general nature of packing or handling precludes adequate marking.
 - Material that is commingled.
 - Where the property administrator agrees that marking is impractical
- Exempted items shall be entered and described on the accountable property records.
- **Serial Number.**
 - In addition to marking with an indication of Government ownership, the following property shall be marked with a serial number in accordance with procedures approved by the property administrator
 - Special tooling.
 - Special test equipment.
 - Components of special test equipment that have an acquisition cost of \$5,000 or more and are incorporated in a manner that makes removal and reutilization feasible and economical.
 - Plant equipment.

- Accessory or auxiliary equipment associated with a specific item of plant equipment that is recorded on the property records, if necessary to assure return with the associated basic item.
 - Record assigned numbers on all applicable documents pertaining to the property control system.
 - If the property is included in a standard agency registration system, the contractor may use the property's registration number as the serial number. The contractor should obtain the registration number through the property administrator from the owning agency.
- The markings shall be (1) securely affixed to the property, (2) legible, and (3) conspicuous. Examples of appropriate markings are bar coding, decals, and stamping. If marking will damage the property or is otherwise impractical, the contractor shall promptly notify the property administrator and ask for the item to be exempted. Markings shall be removed or obliterated when Government property is sold, scrapped, or donated.
- **Physical Inventories.** The contractor shall periodically physically inventory all Government property (except materials issued from stock for manufacturing, research, design, or other services required by the contract) in its possession or control and shall cause subcontractors to do likewise. The contractor, with the approval of the property administrator, shall establish the type, frequency, and procedures. These may include electronic reading, recording and reporting or other means of reporting the existence and location of the property and reconciling the records. Type and frequency of inventory should be based on the contractor's established practices,

the type and use of the Government property involved, or the amount of Government property involved and its monetary value, and the reliability of the contractor's property control system. Type and frequency of physical inventories normally will not vary between contracts being performed by the contractor, but may vary with the types of property being controlled. Personnel who perform the physical inventory shall not be the same individuals who maintain the property records or have custody of the property unless the contractor's operation is too small to do otherwise.

- **Termination or Completion.**

- Immediately upon termination or completion of a contract, the contractor shall perform and cause each subcontractor to perform a physical inventory, adequate for disposal purposes, of all Government property applicable to the contract, unless the requirement is waived.
- The requirement for physical inventory at the completion of a contract may be waived by the property administrator when the property is authorized for use on a follow-on contract; provided, that:
 - Experience has established the adequacy of property controls and an acceptable degree of inventory discrepancies; and
 - The contractor provides a statement indicating that record balances have been transferred in lieu of preparing a formal inventory list and that the contractor accepts responsibility and

accountability for those balances under the terms of the follow-on contract.

- **Reporting Results of Inventories.** The contractor shall, as a minimum, submit the following to the property administrator promptly after completing the physical inventory:
 - A listing that identifies all discrepancies disclosed by a physical inventory.
 - A signed statement that physical inventory of all or certain classes of Government property was completed on a given date and that the official property records were found to be in agreement except for discrepancies reported.
- **Quantitative and Monetary Control.** When requested by the contracting officer, the contractor's reports of results of physical inventory shall be prepared on a quantitative and monetary basis and segregated by categories of property.
- **Care Maintenance, and Use.** The contractor shall be responsible for the proper care, maintenance, and use of Government property in its possession or control from the time of receipt until properly relieved of responsibility, in accordance with sound industrial practice and the terms of the contract. The removal of Government property to storage, or its contemplated transfer, does not relieve the contractor of these responsibilities.
 - **Contractor's Maintenance Program.**
 - Consistent with the terms of the contract, the contractor's maintenance program shall provide for —

- Disclosure of need for and the performance of preventive maintenance;
 - Disclosure and reporting of need for capital rehabilitation; and
 - Recording of work accomplished under the program.
- Preventive maintenance is maintenance performed on a regularly scheduled basis to prevent the occurrence of defects and to detect and correct minor defects before they result in serious consequences. An effective preventive maintenance program shall include at least—
 - Inspection of buildings at periodic intervals to assure detection of deterioration and the need for repairs;
 - Inspection of plant equipment at periodic intervals to assure detection of maladjustment, wear, or impending breakdown;
 - Regular lubrication of bearings and moving parts in accordance with a lubrication plan;
 - Adjustments for wear, repair, or replacement of worn or damaged parts and the elimination of causes of deterioration;
 - Removal of sludge, chips, and cutting oils from equipment that will not be used for a period of time;
 - Taking necessary precautions to prevent deterioration caused by contamination, corrosion, and other substances; and
 - Proper storage and preservation of accessories and special tools furnished with an item of plant equipment but not regularly used with it.

- The contractor's maintenance program shall provide for disclosing and reporting the need for major repair, replacement, and other capital rehabilitation work for Government property in its possession or control.
- The contractor shall keep records of maintenance actions performed and any deficiencies in the Government property discovered as a result of inspections.
- **Use of Government Property.**
 - The contractor's procedures shall be in writing and adequate –
 - To assure that Government property will be used only for those purposes authorized in the contract and that any required approvals will be obtained, and
 - To provide a basis for determining and allocating rental charges.
 - With respect to plant equipment with an acquisition value of \$5,000 or more, the procedures, as a minimum, shall –
 - Establish a minimum level of use below which an analysis of need shall be made and retention justified, except for inactive plants and equipment retained for mobilization (the use level may be established for individual items or families of items, depending upon circumstances of use);
 - Provide for recording authorized and actual use consistent with the established use levels;
 - Require periodic analyses of production needs for plant equipment utilization based upon known requirements; and

- Provide for prompt reporting to the contracting officer of all plant equipment for which retention is not justified.

- **Standard (Fixed-Price) Government Property Clause Requirements.**
 - **Government-Furnished Property.**
 - The Government shall deliver to the Contractor the Government-furnished property described in the Schedule or specifications together with any related data and information that the Contractor may request and is reasonably required for the intended use of the property.
 - The delivery or performance dates for the contract are based upon the expectation that Government-furnished property suitable for use (except for property furnished "as is") will be delivered to the Contractor at the times stated in the Schedule or, if not so stated, in sufficient time to enable the Contractor to meet the contract's delivery or performance dates.
 - If Government-furnished property is received by the Contractor in a condition not suitable for the intended use, the Contractor shall, upon receipt of it, notify the Contracting Officer, detailing the facts, and, as directed by the Contracting Officer and at Government expense, either repair, modify, return, or otherwise dispose of the property. After completing the directed action and upon written request of the Contractor, the Contracting Officer shall make an equitable adjustment.
 - If Government-furnished property is not delivered to the Contractor by the required time, the Contracting Officer shall, upon the Contractor's timely written request, make a determination of the delay, if any, caused the Contractor and shall make an equitable adjustment.
 - **Changes in Government-Furnished Property.**

- The Contracting Officer may, by written notice, (i) decrease the Government-furnished property provided or to be provided under the contract, or (ii) substitute other Government-furnished property for the property to be provided by the Government, or to be acquired by the Contractor for the Government, under the contract. The Contractor shall promptly take such action as the Contracting Officer may direct regarding the removal, shipment, or disposal of the property covered by such notice.
- Upon the Contractor's written request, the Contracting Officer shall make an equitable adjustment to the contract, if the Government has agreed in the Schedule to make the property available for performing the contract and there is any —
 - Decrease or substitution in this property; or
 - Withdrawal of authority to use this property, if provided under any other contract or lease.
- **Title in Government Property.**
 - The Government shall retain title to all Government-furnished property.
 - All Government-furnished property and all property acquired by the Contractor, title to which vests in the Government under this paragraph (collectively referred to as "Government property"), are subject to the provisions of the clause. However, special tooling accountable to the contract is subject to the provisions of the Special Tooling clause and is not subject to the provisions of this clause. Title to Government property shall not be affected by its incorporation into or attachment to any property not owned by the Government, nor shall Government property become a fixture or

lose its identity as personal property by being attached to any real property.

- Title to each item of facilities and special test equipment acquired by the Contractor for the Government under the contract shall pass to and vest in the Government when its use in performing the contract commences or when the Government has paid for it, whichever is earlier, whether or not title previously vested in the Government.
- If the contract contains a provision directing the Contractor to purchase material for which the Government will reimburse the Contractor as a direct item of cost under the contract—
 - Title to material purchased from a vendor shall pass to and vest in the Government upon the vendor's delivery of such material; and
 - Title to all other material shall pass to and vest in the Government upon—
 - Issuance of the material for use in contract performance;
 - Commencement of processing of the material or its use in contract performance; or
 - Reimbursement of the cost of the material by the Government, whichever occurs first.
- **Use of Government Property.**
 - The Government property shall be used only for performing the contract, unless otherwise provided in the contract or approved by the Contracting Officer.
- **Property Administration.**

- The Contractor shall be responsible and accountable for all Government property provided under the contract and shall comply with Federal Acquisition Regulation (FAR) Subpart 45.5, as in effect on the date of the contract.
 - The Contractor shall establish and maintain a program for the use, maintenance, repair, protection, and preservation of Government property in accordance with sound industrial practice and the applicable provisions of Subpart 45.5 of the FAR.
 - If damage occurs to Government property, the risk of which has been assumed by the Government under the contract, the Government shall replace the items or the Contractor shall make such repairs as the Government directs. However, if the Contractor cannot effect such repairs within the time required, the Contractor shall dispose of the property as directed by the Contracting Officer. When any property for which the Government is responsible is replaced or repaired, the Contracting Officer shall make an equitable adjustment.
 - The Contractor represents that the contract price does not include any amount for repairs or replacement for which the Government is responsible. Repair or replacement of property for which the Contractor is responsible shall be accomplished by the Contractor at its own expense.
- **Access.**
 - The Government and all its designees shall have access at all reasonable times to the premises in which any Government property is located for the purpose of inspecting the Government property.
 - **Risk of Loss.**

- Unless otherwise provided in the contract, the Contractor assumes the risk of, and shall be responsible for, any loss or destruction of, or damage to, Government property upon its delivery to the Contractor or upon passage of title to the Government.. However, the Contractor is not responsible for reasonable wear and tear to Government property or for Government property properly consumed in performing the contract.
- **Equitable Adjustment.**
 - When the clause specifies an equitable adjustment, it shall be made to any affected contract provision in accordance with the procedures of the Changes clause. When appropriate, the Contracting Officer may initiate an equitable adjustment in favor of the Government. The right to an equitable adjustment shall be the Contractor's exclusive remedy. The Government shall not be liable to suit for breach of contract for –
 - Any delay in delivery of Government-furnished property;
 - Delivery of Government-furnished property in a condition not suitable for its intended use;
 - A decrease in or substitution of Government-furnished property; or
 - Failure to repair or replace Government property for which the Government is responsible.
- **Final Accounting and Disposition of Government Property.**
 - Upon completing the contract, or at such earlier dates as may be fixed by the Contracting Officer, the Contractor shall submit, in a form acceptable to the Contracting Officer, inventory schedules covering all items of Government property (including any resulting scrap) not consumed in performing the contract or delivered to the

Government. The Contractor shall prepare for shipment, deliver f.o.b. origin, or dispose of the Government property as may be directed or authorized by the Contracting Officer. The net proceeds of any such disposal shall be credited to the contract price or shall be paid to the Government as the Contracting Officer directs.

- **Abandonment and Restoration of Contractor's Premises.**
 - Unless otherwise provided, the Government—
 - May abandon any Government property in place, at which time all obligations of the Government regarding such abandoned property shall cease; and
 - Has no obligation to restore or rehabilitate the Contractor's premises under any circumstances (*e.g.*, abandonment, disposition upon completion of need, or upon contract completion). However, if the Government-furnished property (listed in the Schedule or specifications) is withdrawn or is unsuitable for the intended use, or if other Government property is substituted, then equitable adjustment may properly include restoration or rehabilitation costs.
- **Communications.**
 - All communications under the clause shall be in writing.
- **Overseas Contracts.**
 - If the contract is to be performed outside of the United States of America, its territories, or possessions, the words "Government" and "Government-furnished" (wherever they appear in this clause) shall be construed as "United States Government" and "United States Government-furnished," respectively.

An Executive Summary of the ISO 9000 Standards

Introduction

The focus of this paper is to provide a high level overview of the ISO 9000 standards. Much has been recently written about this compendium. A background on the history and development of ISO 9000, the different standards that comprise the series, the major clauses, and the ISO registration process will be highlighted.

Background

ISO 9000 is a series of international standards for quality management systems. The standards are generic and can be adapted to a wide variety of organizations and businesses. ISO 9000 establishes the organizational structure and processes for assuring that products and/or services meet a consistent and agreed upon level of quality. The accepted pronunciation is “ISO”, which is derived from the Greek *isos* (meaning equal), and not “I.S.O.”

There are five standards in the ISO 9000 series. Two of these are guideline standards (ISO 9000 and 9004). The other three are compliance standards (ISO 9001, 9002, and 9003). When an organization or company advertises it is “ISO 9000 registered,” or “certified,” it is referring to one of these three compliance standards. In this case a more accurate description by the organization would be to state “Our *quality system* is registered to ISO 9001 (or 9002, 9003).”

The ISO 9000 series was developed by the International Organization for Standardization (I.O.S.) in the early 1980s. I.O.S. is headquartered in Geneva, Switzerland. Over 90 countries are represented in the organization. I.O.S. forms technical committees, or “TCs”, to propose and draft the international standards. Over 175 technical committees are in existence. TC 176 is responsible for writing and revising the ISO 9000 quality standards. Over 630 subcommittees and 1,830 working groups support the technical committees.

Much of the work of I.O.S. is regulatory in nature. Product safety, liability and design issues form the major thrust of its efforts. In this sense, I.O.S. is similar to Underwriter’s Laboratories, or UL, in the United States. The organization puts its “ISO stamp” on consumer products and engineering materials (e.g., valves, boilers, and motors). Over 8,100 international standards and technical reports have been developed

and published. ISO 9000 is the quality standard, ISO 14000 deals to environmental compliance, etc. An ISO 20000 safety standard has been drafted, but not approved.

The series was originally released in 1987. TC 176 reviews the standards on a five-year cycle (approximate). In 1994, ISO 9000 was revised somewhat to clarify language and interpretation. The most important change at this time, however, was to align the numbering and titles of the clauses for the three compliance standards: ISO 9001, ISO 9002, and ISO 9003. The series is scheduled for revision again in 2000.

ISO 9000 became popular with the much anticipated formation of the European Community (EC) in 1992. The EC initially adopted ISO 9000 as its quality standard in 1987. Among other reasons, the EC was seeking uniformity across its borders, the Euromark currency being a notable example. ISO 9000 represents a universally recognized management system.

Companies that do business in Europe tend to view ISO 9000 as a cost of doing business, almost as a license. This is why many U.S. companies are actively seeking ISO 9000 registration. While other countries are slowly adopting the standard, the United States appears to have taken the lead. Surprisingly, Japan maintained a “wait and see” attitude until the past few years. Industry analysts concluded that quality systems in Japan represented “best practices” and exceeded the requirements of ISO 9000 in many instances.

Another recent trend in the United States is the surge in ISO 9000 interest among “nontraditional” organizations. More services related businesses (e.g., insurance companies, financial firms, colleges and universities) have sought registration. These companies usually view ISO 9000 registration as a competitive marketing advantage.

The ISO 9000 Series

ISO 9000 traces its roots back to the U.S. military in the 1950s. ISO 9000 is related to the various military standards (Mil Stds) for quality assurance in procurement, materiel design and production, and storage that were in effect at that time. The standards *describe* (not prescribe) the *minimum requirements* (20 clauses) for a quality management system. Generally, these clauses, or elements, represent a common sense approach for most organizations.

As to the different standards, the following descriptions briefly outline and summarize the rationale and purpose for each.

ISO 9000 (1994) Quality Management and Quality Assurance Standards - Guidelines for Their Selection and Use

This provides an overview of the compendium and helps a company decide which compliance standard, or model, to choose (i.e., ISO 9001, 9002, or 9003). A company must decide how much of its business it wants under the ISO “umbrella”. This is not always easy. Cost versus benefits must be weighed.

ISO 9000 also describes quality concepts and provides definitions for terms used in the series.

ISO 9001 (1994) Quality system-model for quality assurance in design, development, production, installation and servicing

This model is appropriate for “cradle-to-grave” firms. Companies that seek ISO 9001 certification typically design and develop new products, build or produce them, and then install and service them afterwards.

In order to maintain generic applicability, the standard broadly defines products to include “hardware, software, processed materials, and services.”

ISO 9001 is the most rigorous of the three compliance standards, or models. All of the requirements of the clauses must be addressed within the quality system of the organization.

ISO 9002 (1994) Quality system-model for quality assurance in production, installation and servicing

Firms that seek 9002 usually manufacture or provide a product to established specifications or requirements.

ISO 9002 is commonly used in processed materials industries, i.e., chemicals, plastics, metals, where custom products are not typically offered. The organization produces and markets a standard product line, for example: “Chemical X at Y purity” or “Widget X at Y performance rating”, etc.

ISO 9002 is slightly less rigorous than 9001. Two of the 20 clauses, or elements, do not apply to the company: (4.4) design control and (4.19) servicing.

ISO 9003 (1993) Quality Systems - Model for quality assurance in final inspection and test

This standard is nearly obsolete in its use. Because of its narrow focus and applicability, very few companies seek 9003 registration.

ISO 9003 is limited to organizations conforming to specified final inspection and test requirements. Roughly half of the 20 elements apply, but some of these only partially.

Companies that register to 9003 are frequently testing laboratories or distribution/ repackaging firms. When required to be certified, however, many laboratories opt for a laboratory accreditation system, such as ISO Guide 25 through A2LA, in lieu of ISO 9003.

ISO 9004 (1994) Quality Management and Quality System Elements - Guidelines

ISO 9004 provides further insight into the three models. It helps the company develop and implement an internal quality system or evaluate its existing system for compliance to ISO 9000.

Major Clauses

The ISO 9000 clauses, or elements, are numbered from 4.1 to 4.20. These clauses are written to address every possible business function that may affect product quality. Typically these include raw material purchasing, order entry, contracts with suppliers and customers, engineering design, lab testing, production, packaging and storage, delivery, and servicing.

The clauses are listed by number and title. A short synopsis of the purpose, goal, and common interpretation follows each element. This is presented in a question style format, much the same as an ISO auditor would use (but not nearly as thorough) during an assessment visit.

4.1 Management Responsibility

Is there a written quality policy that is implemented at all levels of the organization? Is responsibility and authority for quality clearly defined and does management play an active role in ensuring quality? Has management allotted adequate resources and provided sufficient training to personnel involved in verifying quality (inspection and testing)? Do independent personnel perform quality audits? Has a quality management representative with clearly defined

responsibilities and authority been appointed? Does management review the quality system on a regular basis and monitor it for effectiveness?

4.2 Quality System

Are the organizational quality systems complete and documented? Does the company have a Quality Manual, and is it followed in practice? Does the Quality Manual outline, or describe, the structure of the documentation used in the quality system? Are quality plans developed for products not covered in the Quality Manual? Are inspection and testing techniques adequate? Are quality records prepared and retained?

4.3 Contract Review

Does the organization have written procedures for contract review? Do these procedures address accepted tenders and orders as well as amendments to orders? Are records of contract review maintained, and are customers actively involved in the process?

4.4 Design Control

Are responsibilities and authorities as to product design and development documented? Is production involved in the design process? Are engineering documents and drawings reviewed and checked? Is a documented change control system in place? Are sampling and inspection systems planned for and discussed with the customer?

4.5 Document and Data Control

Are documented procedures in place to govern the control of documents and data that relate to this standard? Has a master list of documents been developed? Are obsolete documents removed or otherwise handled to prevent unintentional use? How are changes to documents and data handled? Has authority for review and approval been defined and authorized?

4.6 Purchasing

Does the organization select its suppliers or subcontractors on the basis of quality performance? Are documented procedures in place to ensure that purchased materials conform to specified requirements? Are records of acceptable subcontractors maintained? Do purchasing documents contain data that clearly specifies requirements for purchased materials?

4.7 Control of Customer-Supplied Product

Are documented procedures in place for verification, inspection, and storage of materials supplied by the customer for incorporation into the product? Are records maintained for any customer-supplied product that is lost, damaged, or otherwise deemed unsuitable for use?

4.8 Product Identification and Traceability

Does the organization have documented procedures, where appropriate, to identify the product during all stages of production, delivery, and installation? When required, does unique identification apply to batches, individual product, runs or lots, etc.?

4.9 Process Control

Are documented procedures in place, where necessary, to ensure product quality in all phases of production, installation, and servicing? Have employees been adequately trained, and do they possess the skill and/or experience to do the job? Has the organization provided an adequate working environment and does it monitor suitable process parameters? Are records of processes, equipment, and personnel maintained?

4.10 Inspection and Testing

Does the organization have documented procedures in place to verify that the specified requirements for the product have been met? Do the procedures address verification of received or incoming product, in-process product, and final product? Are records of inspection and test maintained?

4.11 Control of Inspection, Measuring, and Test Equipment

Does the organization have documented procedures in place to control, calibrate, and maintain inspection, measuring, and test equipment? Have test hardware and/or software been checked to verify adequacy? Are calibrations traceable to a known standard or benchmark? Is measurement uncertainty and capability known and documented? Are records of calibration/ verification activities on inspection, measuring, and test equipment maintained?

4.12 Inspection and Test Status

Is the inspection and test status of product identified by suitable means throughout the production, installation, and servicing processes? Are quality plans and/or documented procedures in place to ensure all required inspections and tests are completed?

4.13 Control of Nonconforming Product

Are documented procedures in place to ensure that nonconforming products are not used inadvertently? Does the organization address rework and/or concessionary usage? Are records maintained that describe the nature of the nonconformance and disposition of the product?

4.14 Corrective and Preventive Action

Does the organization have documented procedures in place to implement corrective and preventive actions? Are these actions taken to eliminate nonconformances in a manner that is appropriate or commensurate with the anticipated risk? Do these procedures address resolution of customer complaints? Are records of corrective and preventive actions maintained?

4.15 Handling, Storage, Packaging, Preservation, and Delivery

Does the organization have documented procedures for product handling, storage, packaging, preservation, and delivery? Are methods in place to protect the product and prevent deterioration? Has a system for product labeling been implemented? When agreed to contractually, are methods for product preservation extended to include delivery to the customer?

4.16 Control of Quality Records

Does the organization have documented procedures for identification, collection, indexing, access, filing, storage, maintenance and disposal of all quality records pertaining to this standard? Have record retention times been defined? Are records stored in such a manner as to minimize damage or loss? When agreed to contractually, are records made available to customers?

4.17 Internal Quality Audits

Does the organization have documented procedures in place to plan and implement internal quality audits on a regular basis? Do the audits verify implementation and effectiveness of the quality system for the organization? Are audits conducted by trained auditors independent of the activity being audited? Are follow-up audit activities done to verify that corrective actions have

been implemented and are effective? Are records of internal audits and corrective actions maintained?

4.18 Training

Does the organization have documented procedures in place to provide for the training needs of all workers performing activities that affect quality? Are personnel qualified on the basis of education, training, and/or experience?

4.19 Servicing

Does the organization have documented procedures in place for performing, verifying, and reporting that servicing meets specified requirements?

4.20 Statistical Techniques

Are appropriate statistical tools selected and used to verify process capability and product characteristics? Are basic statistical concepts understood throughout the organization, where appropriate?

As evident, the thrust of the standard is establishment, implementation, and maintenance of documented procedures for all activities affecting quality. Basically, this is done in a stepwise manner. First, the organization writes a quality manual as an overview of its system. The quality manual usually mirrors the ISO standard and takes the theme of "This is what we do..."

Next, to support the quality manual, a series of more detailed procedures and instructions are written for the tasks that are critical to the quality mission. Typically this step poses problems for many organizations. The tendency is to err on the side of too much documentation, instead of not enough. Many workers are proud of their work and feel their jobs and procedures are valuable. Justifiably so, but without a little planning upfront to determine what tasks are absolutely essential to quality, too much unnecessary work may be done.

The Registration Process

The path to registration usually proceeds as follows. Management commitment to ISO 9000 registration and its value must drive the process. Once this is obtained, a steering committee is usually formed to define responsibilities and authorities and develop a plan of action. This team reviews the existing organization and selects the appropriate ISO standard for its quality system.

Next, key personnel are trained on the standard. The organization then writes and implements its Quality Manual and procedures to cover the requirements of the selected model. Internal auditors are trained and a full-scale audit is conducted. The organization develops a corrective action for findings generated during the internal audit. Any “gaps”, or nonconformances, must be resolved before the “real audit”.

The ISO “Rule of Thumb” is usually followed by the organization in preparing for an ISO 9000 registration. Basically, it states:

“Say What You Do, Do What You Say, and Prove It”

An independent observer (any internal or external auditor) must confirm that the documentation covers the requirements of the standard. Workers are then observed to verify that tasks are done as written in the procedures. Finally, ample evidence (records) that critical ISO tasks have been done per the established procedures must be available for examination.

The organization selects an accredited registrar, or third-party auditor. Registrars are independent firms that are hired by the company to do ISO audits. IOS and national agencies regulate these auditors. In the U.S., ANSI/ASQ (American National Standards Institute/ American Society for Quality) have oversight responsibilities. Registrars include large well-known companies as Underwriters and Lloyds of London, along with many smaller, specialized shops.

The registrar verifies that the Quality Manual is in compliance with the selected ISO standard. Then, the organization schedules an initial assessment audit (i.e., the “real audit”) with the registrar. Depending on the size of the organization, this usually takes 1 or 2 auditors about 2 -3 days to complete.

The registrar conducts the audit and reports its findings back to the organization. If the company “passes” the initial audit, i.e., no major findings or nonconformances, it is granted a certificate. Minor findings, such as an occasional missing record or incomplete procedure, are cited by the audit team and must be addressed by the corrective action process. As a rule, unless minor findings fit a pattern, they will not preclude an organization from obtaining a certificate.

Typically, from the start of its ISO effort to now, the company will have 12 to 18 months invested. However, the ISO registration process is just beginning. It is not a “once-in-a-lifetime” effort. Periodic reassessments must be done by the registrar (typically every 6 months) and a full-scale reaudit is conducted on a 3-year cycle.

The costs for the initial audit are usually in the range of \$10K to \$15K for small businesses. Larger organizations may pay in excess of \$30K for certification. Periodic visits, as a rule, fall in the \$3K to \$5K bracket, depending on the number of auditors, days, and travel costs.

The Path Forward

About 6,000 new ISO 9000 certificates were issued last year in the United States to bring the total to over 18,000. Growth has been increasing exponentially the last five years. Many registered companies are requiring their suppliers to be ISO 9000 compliant.

Firms that have developed ISO 9000 quality systems cite improved operating efficiencies and new market opportunities as the key benefits. Streamlined processes, elimination of redundant paperwork and documentation, reduced losses, and a continuous improvement work environment all contribute to efficiency gains.

Other ISO standards have been slow to gain acceptance in the United States. The value of ISO 14000 (environmental) and ISO 20000 (safety) series is questioned by some because of the plethora of regulations (EPA, OSHA, CFR) already mandated in this country.

The automotive industry has adopted ISO 9001 as a component of its QS-9000 standard. This standard may be thought of as “ISO Plus.” The QS-9000 series has additional requirements for statistical process control, continuous improvement, parts approval, and advanced quality planning among others. In a downward thrust similar to that of ISO certified businesses, automotive companies are requiring their suppliers to be QS 9000 compliant.

In conclusion, with the global market now a reality, international trade is becoming a strong contributor to profitability. Successful entry into this marketplace is often dependent on the ability of an organization to provide products and services with reliable quality. ISO 9000 certification is a means for organizations to demonstrate a commitment to quality in a widely accepted manner. Companies that are ISO compliant thus enjoy distinct competitive advantages over those that are not.

Suggested Reading on ISO 9000

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