



ADMINISTRATIVE COMMUNICATIONS SYSTEM

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Document Changing: OCFO:2-108, *Contract Monitoring for Program Officials*, dated 09/16/2004

Pen and Ink Changes: The following pen and ink changes have been made.

<i>Page</i>	<i>Section</i>	<i>Changed</i>	<i>To</i>
1-43	Dates	09/16/2004	03/30/2006
1	Superseding Information	Information described above	Information described above
Several	Several	Corrected the link for the OCFO Procedures That Work website throughout	
Several	Several	Corrected links for ACS documents throughout	
Several	Several	Removed references to the ACS document "Contracting for Services" since it was canceled.	



ADMINISTRATIVE
COMMUNICATIONS SYSTEM
U.S. DEPARTMENT OF EDUCATION

DEPARTMENTAL DIRECTIVE

OCFO: 2-108

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Distribution:
All Department of Education employees

Approved by: /s/ 04/15/2004
William J. Leiding
Assistant Secretary for Management

Contract Monitoring For Program Officials

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PLEASE NOTE: Appendices provided are samples only. They are not exclusive and may be modified as needed for the needs of a specific contract or office.

For technical questions regarding this ACS directive, please contact Cynthia Bond via e-mail or on 202-245-6221.

Supersedes ACS Directive OCFO: 2-108, Contract Monitoring for Program Officials, dated 09/16/2004.

I. Purpose

The purpose of this directive is to establish internal U.S. Department of Education (Department) standards and guidelines for the monitoring of contracts by program officials. It is intended as a reference in preparing for and in conducting common day-to-day contract monitoring, and should be used to supplement but not to modify or supplant more formal and detailed standards, such as those found in the Federal Acquisition Regulation (FAR). Any program-specific monitoring guides that might be developed within particular Principal Offices would supplement but not supersede this directive. Other ACS documents referred to within this ACS directive are:

- OCFO:2-107; Acquisition Planning; and
- OM:5-101; Contractor Employee Personnel Security Screenings.

II. Policy

The policy of the Department is: (a) to monitor every contract to the extent appropriate to provide assurance that the contractor performs the work called for in the contract; and (b) to develop a clear record of accountability for performance.

III. Authorization

The issuance of internal agency guidance on acquisition is authorized by the FAR, 48 CFR 1.301(a)(2). The FAR can be found at <http://www.arnet.gov/>.

IV. Applicability

- A. This Directive applies to all Department program offices and other boards, commissions, and councils under the management/control of the Department that sponsor contracts. It is intended primarily for the program officials (i.e., contracting officer's representatives (CORs) and program managers) in those offices responsible for monitoring individual contracts.
- B. This Directive also applies to contracting officers (COs) and contract specialists/administrators. However, this directive will address monitoring primarily from the perspective of the COR.
- C. This Directive is not intended to address all monitoring situations that may arise during contract performance or to suggest all possible actions for dealing with the situations that are discussed. Indeed, given the uniqueness of each contract, it is acknowledged that CORs and COs often must follow their own good judgment whenever situations arise which are not directly addressed herein. Monitoring questions that cannot be answered in this directive or in the contract itself should be referred to the CO.

- D. This Directive delineates the Department's policy on the general approach to monitoring contracts. It is intended to supplement the specific needs of each contract, such as the Quality Assurance Surveillance Plan (QASP) of a Performance-Based Service Contract.

V. Definitions

- A. **Acceptance** – The act by which the Government agrees to ownership of specific deliverables as partial or complete performance of a contract.
- B. **Administrative Change (Action)** - A unilateral contract change, in writing, that does not affect the substantive rights of the parties (e.g. a change to the paying office or the appropriation data).
- C. **Consideration** - In contracting, something of value which is exchanged between the parties. In simplest terms, the contract value is the consideration due the contractor in exchange for the work the contractor performs.
- D. **Contract** – A mutually binding legal relationship obligating the seller to furnish the supplies or services and the buyer to pay for them. Contracts includes awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which a contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements (FAR 2.1).
- E. **Contract Administration** – Formal actions taken by the Government (primarily the CO) during the life of a contract to ensure that all commitments of the contractor and the Government are met and that the contract is modified as necessary to meet the Government's needs and to protect the Government's interest. Such actions include the review and approval of incurred costs, subcontracts, invoices, and deliverables, and the issuance of modifications.
- F. **Contract Monitoring** – The observation and analysis by the Government (primarily the COR) of a contractor's performance during the life of the contract to assess whether the contractor is meeting all requirements of the contract.
- G. **Contract Specialist/ Administrator** – The CO's designated representative in the contracting office who acts on behalf of the CO in most of the day-to-day administration of a contract. For the purposes of this directive, the term CO is used interchangeably to refer either to the CO or the Contract Specialist/ Administrator. However, only the CO holds the Government warrant.
- H. **Contracting Office** – Office of the Chief Financial Officer (OCFO), Contracts and Acquisitions Management (CAM).
- I. **Contracting Officer (CO)** – The Government's exclusive agent as party to a contract – the contractor is the other party – and therefore the only person with the

authority to enter into, administer, and terminate contracts and make related determinations and findings. The CO responsible for a particular contract is named in the contract.

- J. **Contracting Officer's Representative (COR)** – The program office representative responsible for monitoring the programmatic or technical aspects of a contract and making recommendations to the CO for necessary contract administration actions. The COR responsible for a particular contract is named in the contract ¹. The COR is designated by, and works directly for, the CO on all matters dealing with the contract(s) to which the COR is designated.
- K. **Contracting Officer's Representative (COR) Appointment Memorandum** - A memorandum sent by the CO appointing a COR to a specific contract. The appointment memorandum reminds the COR of his or her responsibilities and limitations in the monitoring process.
- L. **Contractor** – An entity in private industry that enters into contracts with the Government to provide goods or services, in which both parties promise to perform in a manner prescribed in the contract. By common usage and as used in this directive, “contractor” refers to the prime contractor as distinct from any possible subcontractors.
- M. **Deliverable** – A good or service to be provided by a contractor as specified in the contract.
- N. **Education Department Acquisition Regulation (EDAR)** –The Department’s regulation of acquisition policies and procedures implementing and supplementing the FAR. EDAR is codified as Chapter 34 of Title 48, Code of Federal Regulations, or (CFR). References in this directive to EDAR provisions refer to their location within 48 CFR Chapter 34.
- O. **Federal Acquisition Regulation (FAR)** – Primary regulation for all Federal Executive agencies in their acquisition of goods and services. The FAR (Chapter 1 of Title 48, CFR), together with agency supplementing regulations (EDAR) applies to all awards based on solicitations issued on or after April 1, 1984. References in this directive to FAR provisions refer to their location within 48 CFR Chapter 1.
- P. **Government Property** - All property owned by or leased to the Government or acquired by the Government under the terms of the contract. [FAR 45.101] It

¹ The term “COR” is coming into common usage Government-wide to refer to the program official, previously known in the Department as a "Contracting Officer's Technical Representative" (COTR) or the “project officer,” responsible for technical monitoring of a contract. In addition to the post-award responsibilities described in this directive, the COR may also be responsible for work statement development and the technical review of proposals. In this case, the COR would actually be the point of contact, since the official designation as COR does not occur until the contract is awarded.

includes both Government-furnished property and contractor-acquired property. FAR Part 45 contains detailed guidance on the policies and procedures relating to Government property.

- Q. **Goods** - Commodities or items of all types, excepting services, said items usually being involved in trade or commerce.
- R. **Inspection** – The examination of deliverables, both goods and services, produced under a contract to determine whether they conform to the contract’s requirements or specifications.
- S. **Modification** – A written alteration of a contract’s provisions that is specifically authorized by the FAR and does not alter the substance of the provision or clause. Contract modifications are either *unilateral* or *bilateral* (see FAR 43.103).
- T. **OCFO Procedures That Work Website** - An online library on the Department's intranet site, connectED, that provides convenient access for ED staff to easily understandable, useful standard operating procedures to assist in carrying out the financial functions of the Department.
- U. **Performance-Based Service Contract(ing) (PBSC)** -- An acquisition method that focuses on desired outcomes rather than on the process to be used to achieve them. This is a preferred methodology when it is appropriate and requires slightly different monitoring strategies, since the contractor's fee structure may be based on measurable results.
- V. **Performance Work Statement (PWS)** – Defines a service requirement in terms of outputs and the level of quality or standard to be the acceptable performance of those outputs.
- W. **Principal Office (PO)** – A major organizational component in the Department headed by a principal officer.
- X. **Principal Officer** – An Assistant Secretary or equivalent and is the official in charge of an organizational component designated as a Principal Office.
- Y. **Program Office** – As used in this directive, this term refers broadly to a PO or any sub-organization within it where contractual requirements originate and where contracts are monitored from a technical or programmatic perspective.
- Z. **Program Manager** – As used in this directive, this term refers to the person in a PO with over-all supervisory responsibility for monitoring the programmatic or technical aspects of all contracts within the program. (The exact title and organizational placement of this official varies from one PO to another.)
- AA. **Quality Assurance Surveillance Plan (QASP)** – A Government developed and applied document used to make sure that systematic quality assurance methods are used in administration of the PBSC. The QASP details how and when the

Government will survey, observe, test, sample, evaluate, and document contractor performance according to the PWS. The Government's QASP and the contractor's Quality Control Plan (QCP) work together to ensure project performance standards are met.

- BB. **Service Contract** - One that calls directly for a contractor's time and effort rather than for a concrete end product. A service contract can be either personal or non-personal and can also cover services performed by either professional or nonprofessional whether on an individual or organizational basis.
- CC. **Statement of Objectives (SOO)** - A solicitation document where the Government describes the top-level objectives which offerors are required to support. It is used in solicitations instead of a Government written Statement of Work (SOW) to maximize the flexibility afforded offerors to propose innovative/cost effective approaches.
- DD. **Statement of Work (SOW)** - The portion of a contract that describes the actual work, tasks, or specifications to be performed by the contractor.
- EE. **Technical Direction** – An interpretation of Statement of Work requirements provided by a representative of the Contracting Officer. Representatives of the Contracting Officer have no authority to alter the Statement of Work. The Statement of Work can only be altered through use of a contract modification signed by the Contracting Officer.
- FF. **Task Order Contracts** - A contract for services that does not procure or specify a firm quantity but provides for the issuance of orders for the performance of tasks during the period of contract. FAR 16.5 contains special rules for task order contracts.

VI. Responsibilities

A. Principal Officer

In partnership with the Secretary, establishes Department program strategic goals and objectives.

B. Program Manager (PM)

1. Monitors all contracts within the program from a programmatic perspective to ensure that contractor results align with program goals.
2. Ensures that effective and cooperative relations and communications are maintained among the program manager, the CORs and the contracting officer/ contracts specialist for all monitoring and administration matters, particularly in the sharing of monitoring information and in the review of reports, deliverables, invoices, and other administrative matters.

3. Ensures that security requirements for contractors are adhered to in accordance with ACS Directive OM:5-101, Contractor Employee Personnel Security Screenings.
 4. Ensures that CORs have all appropriate security clearances for any contracts they are assigned to monitor. Security clearances are documented and on file.
- C. Contracting Officer (CO)
1. Serves as the single official responsible for the over-all monitoring and administration of contracts, and as such is responsible for ensuring that both parties to a contract (the Government and the contractor) perform as agreed to in the contract and that the Government does not unreasonably interfere with or delay a contractor in its performance of a contract. Ensures that contract administrative reports are updated as contracts mature and COR's change.
 2. Ensures that a COR is designated for each contract.
 3. Issues to the COR for each contract a memorandum outlining the COR's basic contract monitoring responsibilities and limitations, and explains this information to the extent judged appropriate. COR appointment letters are issued not later than seven (7) days from the date of contract award.
 4. Provides monitoring information, including the above referenced COR appointment memo, to the COR no later than seven (7) days from the date of contract award so that the COR is made aware of all information bearing on the technical or programmatic monitoring of the contract.
 5. Advises and confers with the COR concerning any administrative actions that may be needed to ensure contractor performance in accordance with the contract.
 6. Ensures that effective and cooperative relations and communications are maintained among the CO/CS, the program manager and CORs for all monitoring and administration matters, particularly in the sharing of monitoring information and in the review, as appropriate, of reports, deliverables, invoices, and other administrative actions.
 7. Ensures proper payments are made and contract record accurately reflects payment history.
 8. With the recommendation of the COR, approves/rejects all invoices for payment received from the contractor.
 9. Maintains an official contract file with sufficient documentation to constitute a complete history of the transaction (FAR 4.801).

10. Reviews and ensures that post-contract contractor performance evaluations are received, and that a copy is sent to the contractor for comment. Upon receipt of comment(s) from the contractor, the report and comment documents are filed. Performs contractor performance evaluations with input from the COR and the contractor.

D. Contract Specialist

Performs the duties similar to that of contracting officer except that a contract specialist is not a warranted official and therefore, is not authorized to do the following:

1. Award contracts/ modifications and obligate funds;
2. Appoint COR;
3. Authorize contract payments;
4. Accept/reject deliverables;
5. Terminate contracts;
6. Resolve protests/disputes.

E. Contracting Officer's Representative (COR)

1. Ensures receipt of appointment memorandum from CO by no later than seven (7) days from the date of award. Reads, signs and returns one copy of the original memorandum to the CO for inclusion in the official contract file within ten (10) days of receipt of the memorandum.
2. Monitors individual contracts to assure a contractor's technical performance is in accordance with the contract.
3. Provides technical direction to contractors as necessary and appropriate, depending on the type and terms of the contract. The individual named in the contract as the COR is the sole person (other than the CO) with the authority to provide technical direction.
4. Maintains regular written communication with the CO concerning all aspects of contractor performance, including, but not limited to, providing monitoring information, advice, and requests for formal administrative action to the CO in a timely manner. Such communication may be informal, such as by electronic mail, but must be in writing so that a written record is available.

5. Reviews and makes timely recommendations to the CO as to the approval, disapproval, or other action to take concerning a contractor's submission of (or failure to submit) payment requests, deliverables, interim or final progress and financial reports, or any other requirements of the contract. Maintains a record/summary of payments to date to ensure that short-term progress is viewed as part of the whole to help monitor payment expenditures against total obligations.
 6. Immediately reports contractor performance problems to the CO/CS.
 7. Maintains current COR certification in accordance with program requirements. Details may be found on the OCFO/CAM website on connectED.
 8. Maintain copy of signed and dated COR appointment memorandum in COR files.
 9. Ensures that security requirements for contractors are adhered to in accordance with ACS Directive OM:5-101, Contractor Employee Personnel Security Screenings.
- F. Contractor
1. Proceeds diligently in meeting the terms and conditions of a contract, its SOW, and all applicable Federal statutes and regulations. Meets deadlines and provides status reports on program.
 2. Ends the duty to proceed only:
 - a. When the contract is completed;
 - b. When the contract is terminated by the Government (although if the termination is only partial, the contractor must diligently proceed with the part of the work that is not terminated);
 - c. When the Government commits a sufficiently gross and material breach of its duties and obligations under the contract ¹;
 - d. When it is impossible to perform (such as when there is a temporary unavailability of materials essential to the contract); or
 - e. In certain contracts, when there is an exhaustion of funds.

VII. Requirements

¹ A breach by the Government of such a magnitude as to excuse a contractor from proceeding diligently is very rare.

A. The Importance of an Effective COR/CO Relationship

1. CORs and COs must rely heavily on each other in the monitoring process, and should develop a cooperative working relationship from contract planning through contract close-out. Should the COR and/or CO feel that their relationship is less than effective, they should make an active effort to improve it or arrange reassignments of work to arrive at an effective team.
2. When a COR sends a draft SOW to the CO for review, and provides revisions as necessary, he or she assists the CO in ensuring that all technical elements of the requirement are included. In reviewing a draft work statement, the CO assists the COR in ensuring that the requirement's language is clear, specific, free from ambiguity, and consistent with standard contract terminology.
3. To ensure continuity, it is strongly recommended that the persons serving as CO and COR in SOW development and contract negotiation phases be the same persons who are later responsible for administering and monitoring a given award. Where this is not possible, it is essential that the CO and COR assigned to monitoring and administering the contract clearly understand the contract requirements and be able to provide guidance to the contractor throughout the life of the contract. Refer to the ACS directive OCFO:2-107 Acquisition Planning for more information.
4. The CO relies heavily on the COR to collect monitoring information and in make related analyses and recommendations for administrative action. This information and analysis must be fully documented and reported promptly to the CO to protect the Government's interests, and to ensure that the program office will have the facts necessary to make informed decisions about the contract and the program in general.
5. The CO must be available to assist and guide the COR throughout the monitoring and administration process. For example, a CO can provide assistance in mediating conflicts or interpreting contract requirements.
6. The process of approving a contractor's invoices for payment must be carried out carefully and quickly to protect the Government's interests and ensure that the contractor is dealt with fairly. Refer to the OCFO Procedures that Work website – Processing Invoices/Vouchers for Payment for more information.

B. Standards of Conduct and Conflicts of Interest

1. Extensive statutes, rules, and regulations exist concerning standards of conduct for Government employees. Persons involved directly or indirectly with procurement must make a special effort to become familiar

with these requirements, and scrupulously avoid any misconduct or action that might have even the appearance of misconduct.

2. Rules of conduct and prohibitions against conflicts of interest applicable to Government employees are found in (but are not limited to) the Standards of Ethical Conduct for Executive Branch Employees, the conflict of interest statutes 18 U.S.C. 203-207 (5 CFR 2635), and Part 3 of the FAR.
3. Examples of prohibited behavior include:
 - a. Accepting bribes;
 - b. Receiving certain gifts;
 - c. Having financial or other conflicts of interests (including discussions of employment) with a current or prospective contractor;
 - d. Using Government information for personal gain of the employee or another;
 - e. Disclosing information outside official channels;
 - f. Pursuing certain outside activities or dual employment; and,
 - g. Accepting employment with a contractor and then dealing with the Government in a manner that violates the prohibitions of 18 U.S.C. 207.
4. Employees with questions as to the propriety of any actual or contemplated action in the context of these rules and regulations should immediately consult the Designated Agency Ethics Official or his or her designee in the Department's Office of the General Counsel (OGC), as well as the CO.
5. In the event of a conflict, it is important to disclose the apparent conflict to the CO so that a legal and contractually valid result may be achieved.

C. COR Appointment Memorandum

1. After a contract is awarded but no later than seven (7) days, the CO sends a memorandum appointing the COR to the contract. The memorandum reminds the COR of his or her responsibilities and limitations in the monitoring process. A sample memorandum is shown as Appendix A.
2. As judged appropriate by the CO or COR, especially in cases of complex contracts or inexperienced CORs, the CO will discuss these responsibilities and limitations with the COR. The CO is encouraged to

initiate such discussions for all contracts to ensure the greatest possible sharing of information and understanding.

D. Purpose of Contract Monitoring

1. Contract monitoring is conducted by the Government to ensure that the contractor performs according to the specific promises and agreements that make up the contract.
2. Elements of a contractor's performance of importance to the Government:
 - a. Contractor Performance Outcomes and Specifications – Deliverables provided by the contractor must meet the specifications called for in the contract.
 - b. Timeliness – Deliverables must be provided on or before the exact due dates cited in the contract.
 - c. Quality – Deliverables must conform to the quality called for in the contract.
 - d. Cost Control – The contractor in cost-reimbursement contracts is to stay within the limit of funds specified in the contract and must expend funds in an efficient and well-managed manner. (Under fixed price contracts, the risk of overruns and wasteful spending is on the contractor since the Government has agreed to pay the full dollar amount of the contract (and no more) so long as the contractor produces the items or services as agreed.)

E. Assessing Risk

1. "Risk" as used in this directive means the potential inability of the Department to achieve the overall program objectives within defined cost, schedule, and technical constraints.

There are two components of risk: a) the probability or likelihood of the Department failing to achieve a particular outcome; and b) the consequences or impact of failing to achieve that outcome. The Government generally attempts to shift the majority of the risk from itself to the Contractor.

2. An approach to examining the potential risk of the program's objectives includes planning for risk and assessing the risk events and risk areas to determine the potential impact and its causes. In determining the degree of risk, the program manager should consider whether the program objectives are of national significance; are critical to the Department's mission performance and accountability; or create a susceptibility to fraud, waste, and abuse. When a program manager and COR have identified and

analyzed the potential risks, control measures can be defined and implemented in order to ensure a favorable outcome.

3. After assessing the risk of the program objectives, the program manager, the COR and the CO must further assess the degree of risk when considering contracting out for services in support of the program objective(s):
 - a. The type of contract contemplated. A non-fixed price contract has the government assuming the majority of the cost risk. An example of this is a cost-reimbursement type contract, which provides for payment to the contractor based on best efforts with no real incentive for cost control;
 - b. The dollar value of the contract. Usually, a higher dollar value tends to involve greater risk;
 - c. A contract with poorly defined objectives, unclear acceptance criteria, or contract requirements that are constantly changing;
 - d. A contractor with no performance history, or an unreliable and/or unstable performance history or financial condition;
 - e. A contractor with multiple subcontractors. The risk of the subcontractor(s) increases to the success of contract performance, the more significant the role of the prime contractor in managing subcontractor(s) performance; thus, the greater the risk;
 - f. The degree of interrelatedness with other contracts or projects (e.g., when two or more prime contractors are working on different aspects of the same project); and
 - g. Newly incorporated organizations or emerging organizations.
4. In a performance-based environment, the Government must define its expectations as clearly as possible. When this is accomplished, the contract risk is mitigated by shifting the responsibility for successful performance to the contractor.
5. Whatever the risk level, adequate contract monitoring is essential. The type of schedule monitoring and performance impacts the risk of a contract, as does the level of program management.

F. Preparing for Contract Monitoring

1. A major portion of a contract is the Government's SOW/PWS, which if poorly written can inhibit effective contractor performance or the monitoring of it. It is essential that the SOW/PWS identify in clear,

specific, and complete terms just what are the Government's expectations and desired results. Every SOW/PWS should be largely results-based. It should answer such basic questions as:

- a. What needs to be done?
 - b. When (and sometimes where) should it be done?
 - c. What should be the outputs/results?
 - d. How will the outputs/results be measured?
 - e. How (in limited cases) is the job to be accomplished?
3. SOWs/PWS must be legally enforceable – For this reason, draft SOWs/PWS are routinely reviewed by experienced COs (and sometimes by legal counsel) to ensure that their language is legally sufficient and free from obvious errors or opportunities for misinterpretation.
 4. There is a direct relationship between a contract's type and the nature and degree of contract monitoring to be applied by a COR. For example, cost-type contracts normally require more monitoring than do fixed-price ones. Appendix B summarizes the general characteristics of the types of contracts commonly used at the Department. Appendix C compares in simplified form the two major types of contracts (fixed-price and cost-reimbursement) issued by the Department and suggests some of the monitoring implications of each.
 5. Characteristics of a contract that could call for more than an average amount of monitoring include [refer to VII. (E), Assessing Risk]:
 - a. The technical complexity of the project;
 - b. The dollar value of the contract;
 - c. The degree of interrelatedness with other contracts or projects (e.g., when two or more prime contractors are working on different aspects of the same project); and,
 - d. The degree of critical subcontracting (e.g., data collection).
 6. Characteristics of a contractor that might call for increased monitoring include [refer to VII. (E), Assessing Risk]:
 - a. Newly incorporated organizations or emerging organizations;
 - b. Firms with a history of performance or management problems;

- c. Organizations without contract experience (such as many Local Education Agencies and non-profit organizations).
7. The COR should read the full contract, particularly if he or she was not involved during the entire pre-award process. If, after one or two readings of the contract, the COR does not understand all that is in it or the monitoring responsibilities relative to it, the COR should consult the program manager or CO.
8. In performance-based service contracts, the COR should pay particular attention to the QASP, which lays out in some detail how the contractor's performance is to be monitored. The QASP should include information concerning what will be measured, how it will be measured, and how often it will be measured. It may also include specific amounts available for fee bonuses for superior performance and possible deductions for failure to meet established quality standards. It is important that the CO and COR abide by the plan outlined in the QASP in order to remain within the terms of the contract.
9. The COR should be familiar with the standard provisions found in most contracts, especially those which relate to the COR's role in monitoring and contract administration. Appendix D lists some of the most common provisions as well as where they can be found in a contract.
10. The COR should review and become familiar with the contractor's plans for performing under the contract. Such plans can generally be found in the contractor's proposal, although in some cases (such as task orders) the contract may call for the submission of work plans during the course of the contract. The COR should review the contract for provisions calling for the submission of plans during the contract, and be prepared to ensure that the contractor complies with all such provisions.
11. In some cases, reviewing contractor work plans would facilitate the COR's monitoring effort but the contract does not require the contractor to submit plans in sufficient detail or in a timely enough manner. The COR should consult with the CO about the possibility of adding the needed requirement(s) to the contract. The desirability of such a change must be weighed against the additional contract costs.
12. A contractor must not only perform within the scope of the contract, but must perform in the time period(s) specified within the contract. CORs should prepare for their own use an action plan detailing all key steps in the contractor's planned work so that they can more readily detect and act upon exceptions as soon as they occur.
13. CORs should also leave room in their action plans to note the specific monitoring activities they plan to use for tracking each milestone, and to note comments once milestones are reached.

14. The COR must be the delivery/receipt point for all contract deliverables and progress reports.
15. During the life of a contract, a COR will be asked by the CO to review the contractor's payment requests and to recommend approval or disapproval of payment. This payment process provides the Government with valuable monitoring information on how well the contractor is doing in meeting its performance responsibilities. CORs are required to keep a record/summary of payments to-date to ensure that short-term progress is viewed as a part of the whole and to help payment expenditures monitor against total obligations.

G. Conducting Effective Contract Monitoring

This section establishes post-award monitoring procedures for CORs. It should be noted that monitoring actions – their order, as well as which ones to use – may vary markedly from one contract to another. CORs are urged to review each contract carefully and consult with their program manager and CO as to the applicability of particular monitoring actions for a given contract. For more information on post-award acquisition processes, refer to the *OCFO Procedures that Work* website.

1. Conduct Post-Award Orientation as Necessary

The contractor can reasonably be expected, through involvement in the solicitation process, to have become familiar with the contract's terms and conditions. There may, however, be cases when post-award orientation might be helpful. Some of the factors that make post-award orientation advisable for reviewing the terms of the contract and the contractor's work plans include:

- a. The technical complexity of the contract task(s);
- b. The complexity of the contractor's organization;
- c. The urgency of the contractor's delivery schedule;
- d. The contract type and its dollar value;
- e. The relationship of the contract's program to other programs or critical needs;
- f. The nature and extent of any pre-award surveys to determine the contractor's responsibility; or
- g. The contractor's past performance.

In addition to a letter transmitting the contract, COs may, if necessary, issue a post-award orientation letter to remind contractors of their performance responsibilities and other technicalities of the contract.

The CO is the only official who may convene such conferences (i.e., post-award orientations). A COR who believes that a conference is desirable should contact the CO. Because of the costs involved in organizing such conferences, they should be used sparingly, particularly for out-of-town contractors. Instead of a face-to-face conference, other forms of communication can be utilized, including conference calls and video teleconference calls (VTCs). Once a decision has been made by the CO to hold a conference, the CO is responsible for making all plans, developing an agenda, and conducting the conference. The CO should consult the COR on how the technical issues should be addressed in the conference. Conferences normally include, at a minimum, the CO, COR and the contractor.

2. Select a Monitoring Method(s)

Several monitoring methods are available to a COR for collecting information about a contractor's progress. Commonly used methods include reviewing performance and financial reports, reviewing or inspecting deliverables, reviewing invoices, placing telephone calls, using electronic mail, and making site visits, and reviewing audit reports. The method(s) selected should provide reasonable assurance that the contractor is performing as required. Reference paragraphs (a) through (g) below for more detail.

The choice of monitoring methods and the rigor with which to apply them will depend on such factors as: the type and amount of monitoring information sought; the terms and conditions of the contract, including the QASP; the experience or track record of the contractor; the monitoring policies specific to one's PO; problems which arise during the life of the contract; and the resources (such as travel funds) available for monitoring, since the cost of monitoring should not exceed the anticipated benefits. CORs should consult their program manager and CO with any questions as to which monitoring procedures to apply.

Regardless of which method is used, monitoring generally involves finding the answers to a common set of questions. Appendix E is a checklist of some of the questions one might ask when monitoring. This checklist is provided as a starting point, and could be modified in any number of ways to suit one's information needs. Not all questions may be answerable with any one monitoring technique, nor may all questions be applicable for all contracts. CORs should experiment with this list and amend it in whichever manner best suits a particular contract and monitoring method.

a. Monitoring Using Performance Reports

Contracts should require the contractor to submit routine reports of progress. In other cases, reports may be required as deliverables. The following guidance on using reports for monitoring can be applied in either case.

i. Enforce the Contract's Reporting Requirement

Contracts for services should require the contractor to submit periodic reports of performance. It is through these reports that the COR gains most of the information needed to review the status of the contractor's work. The COR should check the contract for reporting requirements, what the reports must cover, and when they must be submitted.

If a contract contains no (or perhaps insufficient) reporting requirements and the COR feels that certain reports are needed, the COR should discuss the matter with his or her program manager and CO to assess whether the monitoring information to be gained is worth the additional cost of such a requirement. However, this should be an exception. Reporting requirements should be identified as early as the SOW/PWS development stage.

The COR should become familiar with what the contractor is required to address in each report, such as: The number and names of persons working on the project; the facilities devoted to the work; the number of days expended; the direction of the work; and the contractor's latest data, observations, problems encountered, predictions, and plans for the next reporting period.

The COR must do his or her part to enforce a contract's reporting requirements. If the contractor is late in delivering a report, the COR should contact the CO immediately to arrange corrective action.

ii. Understand and Evaluate the Performance Reports

The COR must read promptly all progress reports submitted by the contractor. Failure to read the reports negates their considerable value in keeping the Government up to date.

If a report's language is vague or unclear, the COR should ask the contractor for clarification. The contractor may be trying to 'gloss over' a problem. If the technical content of the report lies outside the COR's expertise, a technical

specialist within the Department should be called in to interpret the report.

The COR must make a written evaluation of each report. Depending on the type of contract and relative importance of the report, the evaluation might be either rigorous or reasonably informal. For example, the evaluation of a progress report should compare required versus actual performance, whereas the evaluation of an occasional report detailing technical rather than performance issues might simply note that it was read and found to disclose no problems.

iii. Determine the Reliability of Performance Reports

From time to time, a COR should validate other monitoring efforts by obtaining supporting evidence to determine the reliability of contractor reports. Verification procedures, including site visits and audits, will vary from contract to contract and should be arranged between COR and CO.

b. Monitoring Using Financial Reports

Cost-reimbursement contracts require the contractor to submit periodic financial reports by which to demonstrate progress and spending patterns for projecting total costs. A COR's review of these reports should follow the guidance set forth in Section VII. F.2 (a) of this Directive for reviewing performance reports.

The COR should immediately notify the CO if, after evaluating a contractor's financial reports, the COR has reason to suspect that the contractor:

- i. is mismanaging or being wasteful of Government funds (costs charged under cost-reimbursement contracts must be reasonable, allowable, and allocable to the scope of work);
- ii. will not be able to meet all objectives of the contract without exceeding the original contract amount; or
- iii. is incurring costs at a considerably slower pace than had been anticipated.

c. Monitoring Through Inspection of Deliverables

Monitoring must measure a contractor's progress in producing deliverables. Some deliverables may be due during the course of a contract; others at a contract's close. Section M.1 of this Directive

discusses in detail the process for inspecting deliverables and either accepting or rejecting them depending on how well they meet the requirements of the contract.

d. Monitoring Through Review of Invoices

There are many varieties of payment provisions that might be incorporated into contracts depending on the nature of the work and other factors. It is the responsibility of the COR to become familiar with the payment provisions applicable to each contract he or she must monitor, and to understand that there is a necessary relationship between a contract's SOW and the provisions for payment for that work.

The COR should review periodic financial reports to provide the necessary background and detail when assessing costs claimed under individual invoices.

The COR must review invoices individually and collectively as part of the responsibility to monitor the contractor's progress in performing under the contract. To facilitate this review, the COR maintains record/summary of cumulative costs against which to chart definable portions of the project as well as the project's costs as a whole.

Under fixed-price or indefinite delivery contracts, the COR must ensure that invoices reflect the agreed-upon price for completed and accepted work. The contractor cannot bill for any amounts other than those stated unless the CO modifies the contract.

Under indefinite delivery contracts, the COR must monitor the level of work billed to ensure that the units ordered do not exceed the technical and monetary amounts in the contract.

If there are progress payments authorized under a fixed-price contract, the COR must ensure that the amounts billed accurately reflect the terms of the contract and the percentage of work completed or delivered to date.

e. Monitoring Through Telephone or Electronic Mail Contacts

Telephone calls which need to be documented and on file and e-mail offer the COR a convenient and economical way to make routine contact or to ask the contractor about progress and problems. The frequency with which routine, non-problem telephone or e-mail contacts are made will depend on such factors as those cited in Section VII. F. (2) of this Directive.

Telephone contacts should not be used for providing technical direction. Technical direction must always be issued in writing. E-mail provides a quick and convenient way to provide written direction and allows for printed copies to be included in the file.

All telephone contacts should be documented. There may, however, be some routine, informal contacts that need not be documented. The COR is responsible for making this determination and documenting all conversations judged relevant to the contractor's performance and the Government's monitoring and administration of the contract. A sample monitoring documentation form is provided as Appendix F.

If any information about a contractor's performance difficulties is exchanged, documentation of this information must be shared with the CO.

Since telephone calls tend to be rather informal, there is a danger that a COR might make a casual remark which could be interpreted by the contractor as calling for new work. Although CORs are always prohibited from directing or encouraging contractor work outside the scope of the contract, caution against such behavior is particularly needed when making phone calls.

f. **Monitoring Through Site Visits**

Site visits may be advisable for particularly complex contracts, for those known to be experiencing performance difficulties, or for any contract where it would be good to demonstrate the Government's interest or concern for successful performance. The decision as to whether a site visit is necessary should be made in consultation with one's program manager and CO. Since site visits may involve more than one Government official (e.g., the COR program officer manager, or CO), the parties involved should agree upon a team leader whenever the CO does not participate.

Before making a site visit, the team leader must complete all plans for the trip including discussing visit goals with program office staff and the CO, setting an agenda based on the monitoring objectives to be achieved, and notifying the contractor in writing of visit dates, purpose, and topics to be addressed. Written notice to the contractor should be confirmed by telephone. A sample checklist for use in preparing for and conducting a typical site visit is provided in Appendix G.

The site visit should begin with an entrance interview with contractor personnel and conclude with an exit interview. The COR or team leader must document both of these meetings as well

as all findings during the course of the visit, and must share this information with the CO.

After the site visit, the COR or team leader must prepare a trip report to include, at a minimum, all findings having a bearing on the Government's interests in the contract, and all consequent recommendations for action which the Government should consider. This report must be shared with, and preferably should be discussed with, the CO.

g. Monitoring Through the Use of Audit Reports

The kind of audits most familiar to the Department's CORs and COs are those conducted by the Department's Office of Inspector General (OIG) or by the General Accounting Office (GAO). Such audits include: the allowability and allocability of costs charged by a contractor to the Government; the contractor's compliance with applicable laws and regulations; the economy and efficiency with which a contractor's costs are incurred and managed; and the contractor organization's accounting system.

Audit reports can often be of value to a COR in the monitoring process since they may provide information which may be relevant to current or proposed contracts. These reports are intended to advise COs, CORs, and program managers in a variety of post-award and pre-award situations. Some audits are conducted routinely whenever a certain type and size of contract is involved.

In other cases, a COR, CO, or other Government official might request an audit when there is suspected mismanagement, fraud, or abuse which, if confirmed, would affect the Government's administration of a contract. In such an instance, the COR should contact the CO to discuss a possible request for an audit.

Existing audit reports, even those a few years old, may provide useful information for a COR in the monitoring process. One source is Audit Services, OIG, where records are kept of all recent audit reports of which the OIG is aware.

3. Filing of Reports and Performing Contractor Performance Evaluations

Most reports required of a contractor must be sent both to the COR and the CO. For those reports sent only to the COR the COR must determine whether they should be shared with the CO, and then send the CO a copy whenever appropriate. For example, there may be some voluminous and highly detailed reports sent to the COR which need not be shared with the CO. By the time a contract is awarded, the CO and COR should work out a common set of expectations on the sharing of all required reports.

All evaluations of reports made by the COR must be sent to the CO. At a minimum, the COR for each contract must, in coordination with the CO, conduct an annual evaluation of the contractor's performance. Information on specific procedures for the annual evaluation may be found at the [OCFO Procedures that Work website - Performing Contractor Performance Evaluations on connectED](#).

The CO will act upon reports and evaluations of them in an appropriate manner, inform the COR of that action, and ensure that all reports and evaluations are entered in the official file.

The COR must ensure that copies of reports and the evaluations made of them are entered in the program office file.

4. Reporting Deficiencies or other Problems

If a report is deficient or if it directly or indirectly indicates that the contractor is having performance difficulties, the COR must bring this matter to the immediate attention of the CO so that prompt action can be taken.

H. Providing Technical Direction

1. Technical direction is issued to the contractor in writing. In most cases, it is the COR who is responsible for providing technical direction. This responsibility is a key element of the COR's role in the contract monitoring process. Technical direction may be issued with or without a Technical Direction clause, depending on the contract. The COR should consult the CO if there is any question as to the applicability or use of technical direction for a particular contract.
2. Technical direction should be kept to a minimum under any type of contract. The Government entered into a contract with a contractor to provide goods or services and the contractor is expected to work within the contract's specifications to complete that job. Any attempt by the Government to issue technical direction without a sound reason for doing so is likely to cause problems or claims for equitable adjustment.
3. Technical direction should be particularly avoided under firm fixed -price contracts, where contractors are to be free from any Government interference (so that they can minimize costs of performance and maximize profits).
4. Technical direction must not go so far as to involve management of the contractor's personnel, since to do so would constitute an illegal "personal services" relationship.

5. Technical direction must not call for the contractor to perform outside the contract's scope of work.
6. Technical direction must not have the effect of making decisions reserved to the CO.
7. All instances of technical direction must be made in writing and on file, and a copy must be sent to the CO so that the CO can be prepared to intercede at the earliest moment in any situation that might lead to a dispute between the Government and the contractor.
8. If as a result of the technical direction provided by the COR the contractor indicates to the COR that the technical direction imposes work that is outside the scope of the contract, the COR should immediately refer the matter to the CO.

I. Initiating Changes to a Contract

Few contracts go to completion without some type of change or modification. The COR should anticipate the likely need for modifications and be prepared to deal with a variety of situations which seem to call for a formal change to the contract. Only a CO can issue modifications to the contract. A modification can be accomplished in accordance with a contract provision or by mutual agreement between the Government and the contractor.

Specific procedures on issuing contract modifications may be found at the [OCFO Procedures that Work website - Modifying a Contract on connectED](#).

J. Monitoring Task Order Contracts

1. A task order contract sets parameters for the basic type and cost of work to be performed over the course of the performance period, and establishes the mechanism by which the CO may direct the contractor to complete discrete tasks. Subsequently, each task order must set forth the task order type, the specific description of the work to be performed, and the period of performance.
2. Task order contracts and the resultant task orders require special monitoring by the COR and CO.
3. Each task order should be treated as a separate contract and should be monitored according to the guidance in this Directive.
4. Because the structure of a task order contract can provide something of a disincentive for a contractor to finish a task at the lowest possible cost, each task order requirement must be written as specifically as possible, and each order must be monitored closely to ensure completion at the lowest possible cost. A disincentive can occur primarily because, once the

task order contract has been competed and awarded based on an estimated volume of units (“labor hours,” supplies, etc.) for task order requirements yet to be determined, each individual task order is issued noncompetitively. In such an environment, a contractor might be inclined to encourage as many task orders and units as possible, since with each the contractor stands to gain profit and overhead.

5. The relative flexibility built into the structure of a task order, such as to allow tasks in several subsets of a work area, should not be used to circumvent the competitive procurement process. The COR should not attempt to issue task orders outside the scope of the contract as a convenience to avoid having to subject the requirement to competition.
6. The COR should be aware that the flexibility of task order contracts may also result in overtaxing the ability of the contractor to provide consistently high-quality and timely work products. It is essential that task order contracts be monitored closely to ensure that a task order contractor gives all the Government’s requirements due weight and attention.

K. Documenting All Significant Actions and Conversations

1. The purpose of detailed record-keeping is to build a complete history of each project so that information is not lost or forgotten, and so that others – e.g., one’s supervisor, a new COR assigned to the project, an auditor or perhaps a court of law – can get a clear picture of what has occurred during the life of the contract. (If a dispute occurs, it could be several years between the event and its resolution. The COR and the program office file could be called upon at a very late date.) Files and records should be maintained in an orderly fashion with an index noting documents contained in files.
2. The COR should document every significant action taken or conversation held in the course of monitoring or administering a contract. The judgment of what is significant is left to the COR although too much documentation is usually better than not enough.
3. Any monitoring action or conversation, which discloses that the contractor is either failing to perform as required or is failing to make sufficient progress, must be documented. (See Section XII.A.) The COR must not be tempted to protect a contractor by looking the other way in the face of known irregularities.
4. When the COR judges actions or conversations worthy of documentation, such documentation must be placed in the program office contract file, and a copy must be sent to the CO for entry into the official file.
5. Within the preceding general rule, the COR may exercise some discretion as to what information must be shared with the CO. For example, if a

COR has a telephone conversation with a contractor and learns simply that performance is proceeding without any problems, the COR probably need not share this information with the CO since it would have no immediate impact on the CO's administration of the contract. When in doubt, however, the COR should send information related to the monitoring of a contract to the CO.

6. Any substantive instruction or recommendation made by the CO to the COR must also be made a part of the official file. Such documentation is necessary to prevent confusion concerning "apparent authority" (see Section VII.B.2) and guard against misunderstandings among the CO, COR and contractor.
7. Prescribed format for documenting monitoring activities is contained in Appendix G. Principal Officers may use their discretion in setting up additional forms or guidelines for use in their PO.

L. Reviewing Subcontracting Plans

1. In all contracts, the contractor may be required under the FAR 44 in the Subcontracts clause to obtain the CO's consent before entering into subcontracts of certain types. CORs should be aware of this requirement and be prepared to review the subcontracting plans from a technical viewpoint to assist the CO in assessing, among other things, the proper qualifications of proposed subcontractors.
2. Aside from the rights afforded by the Subcontracts clause, the COR may properly question the contractor concerning the qualifications of potential or actual subcontractors, or inspect a subcontractor's plant and the contract work being performed there.

M. Administering Government Property

When Government property is provided under a contract, the COR is responsible for advising or assisting the CO in:

1. Determining the necessity for providing Government property.
2. Determining the kind and quantity of property required and the period of use.
3. Ensuring proper utilization and disposition of the property.

The COR must not take action to provide the contractor with property without informing and involving the CO.

N. Performing Inspections, Recommending Acceptance, and Reviewing Payment Requests

1. Inspection of Deliverables

The contractor may be required to send deliverables either to the COR or to the CO. For deliverables sent to the COR, the COR generally is responsible for conducting the inspection and for recommending acceptance to the CO.

The type and extent of inspection needed will vary from one contract to another. For example:

- a. Inspection of several deliverables, such as the provision of interpreting service or the operation of a parking garage, may be a simple matter of periodic observation of the service combined with a final assessment.
- b. Inspection of material or supply deliverables, such as copying paper or calculators, may involve an initial visual inspection of the deliverables plus a follow-up assessment of the deliverables' performance.
- c. Inspection of computer hardware and software may involve an initial visual inspection plus a rigorous set of tests to assure the deliverables' performance.

2. Acceptance of Deliverables

Only a CO can formally accept or reject deliverables. However, with respect to deliverables which the contractor must send directly to the COR, the COR will recommend acceptance or rejection to be furnished in writing to the CO.

3. Rejecting a Deliverable

Should a deliverable be judged unacceptable by the COR it is the CO's responsibility to take formal action to "reject" the deliverable or to take any other action. Formal action includes notification to the contractor in writing and the rejection of deliverable payment (if deliverable is tied to a contract payment).

4. Review and Approval of Payment Requests

The Department complies fully with the requirements of the Prompt Payment Act, 5 CFR 1315, which calls for payment within 30 days of the satisfactory receipt of goods or services.

The CO must be prepared to withhold payment if monitoring information shows that the contractor has not demonstrated agreed-upon delivery or progress. On the other hand, the contractor is entitled to prompt payment

if performance is satisfactory and the CO receives a valid invoice. The COR and CO must work cooperatively to assure that both scrutiny and promptness occur with the processing of each invoice.

The CO is responsible for approving a contractor's invoices for payment, but usually after review and advice from the COR in conjunction with the CO's own analysis) concerning the contents of the invoice/voucher and the contractor's performance relative to what is being billed. (In fixed-price contracts, deliverables must have been inspected and found acceptable, and in cost-type contracts performance must have been judged satisfactory.)

Specific procedures for review and approval of payments may be found at the [OCFO Procedures that Work website – Processing Invoices/Vouchers for Payment on connectED](#).

O. Reporting Contractor Performance Problems

1. Deficient contractor performance is any inexcusable failure by the contractor to perform as called for in the contract. Examples include:
 - a. Failure to make such satisfactory progress as to endanger contract performance;
 - b. Failure to submit required reports on time;
 - c. Failure to submit deliverables on time; and,
 - d. Failure to submit reports or deliverables as specified (quantity, quality, etc.).
2. If a contractor is not performing under the terms of the contract, it is important that the contractor be held responsible for the unsatisfactory performance. A COR who believes that a contractor has failed (or may be expected to fail) to perform under a contract must notify the CO promptly so that swift, positive, and firm steps can be taken to protect the Government's interests. If a COR fails to initiate corrective action in the face of known performance deficiencies, such inaction could be judged to constitute a waiver of the Government's right later to demand remedy by the contractor. For example, a COR should not state or imply that an already late deliverable still should be submitted, since such action could have the effect of extending the delivery schedule or negating the Government's rights to terminate for default.
3. In contacting the CO, the COR must convey the specific nature of the performance problem and should be prepared to discuss the type of action to be taken by the Government.

4. Notwithstanding the need to involve the CO in cases of unsatisfactory performance, the COR has some latitude in acting on his or her own in response to certain irregularities. For example, the COR might call the contractor to clarify minor errors, ambiguities, or typos in a report.
5. Specific procedures for addressing contractor performance problems, and handling disputes and contract terminations may be found at the OCFO Procedures that Work website - Handling Disputes on connectED.

P. Performing Contract Close-Out

1. Every contract must undergo a final examination before it can be considered officially closed. The CO has overall responsibility for contract close-out, and specifically must assure that:
 - a. All deliverables are received, inspected, and accepted;
 - b. All required audits are performed;
 - c. All Government-furnished property is disposed of properly; and
 - d. Final payment to the contractor is made.
2. The COR is responsible for preparing a final written assessment of contractor performance and sending it to the CO before the contract can be closed. The report must address whether all reports and deliverables have been submitted and whether they conform to the contract's requirements. The COR may be called upon to provide information or other support for the CO in the CO's closeout responsibilities.
3. The COR is responsible for ensuring that all accesses to Government facilities and systems are retrieved from the contractor.
4. The COR is responsible for submitting the program office file to CO.
5. Specific procedures for closing out contracts may be found at the OCFO Procedures that Work website - Closing Out Contract Files on connectED.

Q. Contract Information Filing System

1. The Government's record for a contract is maintained primarily in two places: In the program office, and in the contracting office.
2. The program office file, maintained by the COR, should contain all information needed by the COR to carry out his or her contract monitoring and managing responsibilities. Appendix H presents a sample checklist of the documents to be maintained by the COR in the program office contract file.

3. The file maintained by the CO is the Government's "official file" and must contain all information having even the slightest bearing on the obligations of the two parties to the contract and their performance against those obligations.

R. Sharing Contract Monitoring Information

1. CORs and COs should consult with other CORs and COs to determine if information relevant to their own monitoring efforts has already been gathered under other awards – active or expired – to that contractor. Although quality of performance under one contract may have little bearing on other contracts, information concerning such factors as poor management practices or fraud is generally pertinent to all awards (or potential awards) to that contractor. The Department enters contractor performance information in the Department of Defense Past Performance Information Retrieval System (PPIRS). PPIRS is a web-enabled application that allows the retrieval of contractor past performance information. It is also a central warehouse used to retrieve performance assessment reports received from other federal report card collection systems. PPIRS' purpose is to assist federal acquisition officials in purchasing goods and services that represent the best value for the Government.
2. CORs and program managers should attempt to share monitoring responsibilities, especially when costly site visits are needed. For example, a COR might be asked to visit several contractors in the same city, or to investigate a single contractor's performance under several Department contracts. Arrangements for such sharing of monitoring responsibility could be made within a single PO, or between POs with the agreement of both POs.

Appendix A: Sample Memorandum Delegating Authority from CO to COR

DATE:

TO:

FROM: Contracting Officer

RE: **Appointment of Contracting Officer's Representative**

You are hereby appointed Contracting Officer's Representative (COR) for the Department of Education Contract No. _____. Dated _____. General Departmental standards and guidelines for CORs may be found in ACS Directive OCFO:2-108, "Contract Monitoring for Program Officials". However, to be officially designated as a certified COR, you are required to complete the mandatory COR Certification Program by (provide time frame).

The curriculum consists of several courses sponsored by Contracts and Acquisitions Management (CAM). For further information, please contact CAM at (202) xxx-xxxx or by email at ocfoaskcontractsandpurchasing@ed.gov.

As a COR, **you do not have authority** to: solicit proposals; modify or change the terms of the contract (such as obligated cost or price, delivery, or scope of work); issue instructions to start or stop work; or approve any action which would result in additional charges to the Government. These are the responsibilities of the Contracting Officer (CO).

Your specific responsibilities as a COR are listed below:

1. Monitor the contractor's performance to ensure compliance with the technical requirements of the contract including inspection and testing of deliverables and evaluation of reports. Recommend final acceptance or rejection to the CO.
2. Review progress and financial reports, invoices, vouchers, and recommend approval or disapproval by the CO. In cost-reimbursement contracts exceeding \$100,000 estimated value, verify conformance with the clause "Payment for Overtime Premiums".
3. Notify the CO if the contractor's performance is not proceeding satisfactorily or if problems are anticipated. Prompt notification is necessary so that the CO can act to protect the Government's rights under the contract.
4. Recommend in writing, changes to the SOW and period of performance necessary to accomplish the objective of the contract.

5. For contractor initiated changes, direct the contractor to submit a written description that includes the effect of the changes on contract terms and conditions. Review the submission and send it to the CO with your recommendation.
6. Keep the CO informed of all communications with the contractor in order to prevent possible misunderstandings or situations that could become the basis for future claims against the Government. In all communications with the contractor, be careful to provide only information, not direction. Only the requirements written in the contract can be asked of the contractor. If additional requirements seem necessary, discuss them with the CO, but do not try to enforce them unless the CO modifies the contract in writing.
7. When site visits are conducted, compare actual accomplishments with scheduled and report performance. Under cost reimbursement type contracts, compare the number of employees charged to the contract with the number actually performing work under the contract and be alert to changes in technical performance that may affect the financial status, personnel, or other elements of performance.
8. At the completion of the contract, advise the CO as to the receipt of all items, services and reports required under the contract, and the compliance with all contract provisions. Also, recommend a disposition of any Government-furnished property in the possession of the contractor, and verify the usage of any Government-owned consumables furnished under the contract.
9. Prepare a written evaluation of the contractor's performance within 45 days after completion of any contract in accordance with the guidelines provided at the OCFO Procedures that Work website on connectED.
10. Within ten days of receipt of this memorandum, the COR shall read, sign and return the original memorandum to the CO for inclusion in the official contract file within CAM. The COR shall retain a copy of the signed and dated memo in his/her file.

ACKNOWLEDGED:

Contracting Officer's Representative Date

Contracting Officer Date

Cc: Contractor, Contract File

Appendix B: Comparison of the Types of Contracts Most Commonly Used in the Department

Type of Contract	Characteristics of Contract Type	Goods or Services Normally Acquired
Fixed-Price	Original contract price cannot be changed unless a provision for price adjustment is included in the contract. The contractor is entitled to payment of the fixed price only if the product delivered or service performed meets the contract's specification or SOW.	Supplies (standard commercial items); services for which statement of work has few unknowns.
Cost-Reimbursement	The cost to the Government varies according to the contractor's actual costs. The negotiated cost of the contract may not be exceeded by the contractor without the CO's permission. The contractor is generally entitled to recover actual costs regardless of progress made toward fulfilling the SOW. Increased monitoring by the Government is necessary.	Research and Development (R&D) services; studies or services where uncertainties in contract performance do not permit accurate cost estimates.
Time and materials (TM)	Cost to the Government is based on specific fixed hourly rates and material at cost. Ceiling prices are established which the contractor exceeds at his or her own risk. As with cost-reimbursement contracts, these contracts require increased contract administration by the Government.	Property or services where the extent or duration of work cannot accurately be forecast; engineering and design services.
Labor-hour	A variation of the TM contract, but with no materials supplied by the contractor.	Same as with TM contracts.
Firm fixed price level of effort term	Cost to the Government is based on effort expended rather than results achieved. Contract describes scope of work in general terms, obligating contractor to devote a specified level of effort over a stated period of time for a fixed dollar amount.	Used only when work cannot be clearly defined, e.g., study of a specific R&D area.

Appendix C: Comparison of Fixed-Price Contracts to Cost Reimbursement Contracts

	Firm Fixed Price	Cost-Reimbursement
What do these contracts typically buy?	Supplies (standard commercial items); services for which the SOO has few unknowns	Research and development services, or studies where uncertainties in contract performance do not permit accurate cost estimating.
Are the Government's specifications precise or imprecise?	Precise	Often imprecise
On which party rests the burden for ensuring satisfactory performance?	Contractor	Government
On which party rests the burden for cost control?	Contractor	Government
How is interim contractor performance measured, such as in the approval of payment?	Delivery of product called for	Satisfactory effort
How is final contractor performance measured?	Delivery of product called for	Satisfactory effort

Appendix D: Listing of Selected Contract Provisions Commonly Used During Contract Monitoring and Contract Administration

Name of Contract Provision	FAR Reference	EDAR Reference
Limitation of Cost	32.704 52.232-20	
Changes	43.2 52.243-1...7	
Key Personnel		3452.243-71
Withholding of Contract Payments		3452.242-79
Excusable delays	49.505(d) 52.249-14	
Disputes	33 52.233-1	3433.203
Terminations (various)	49.5 49.6 52.249-2 52.249-5 52.249-6 52.249-8 52.249-9	
Subcontracting (various)	44 52.244-1...5	
Inspection and Acceptance (various)	52.246-2 52.246-4...9	
Publication and Publicity		3452.227-2
Paperwork Reduction Act		3452.227-3

Appendix E: Checklist of Questions to Consider when Monitoring

Monitoring Area	Questions to Consider When Monitoring
Timeliness	Are reports, deliverables, or other required actions completed or submitted on or before prescribed due dates?
Specifications and quality of deliverables	<p>Are deliverables (or samples thereof) of the exact item or service called for in the Government's specification?</p> <p>Are deliverables of the exact quality called for?</p> <p>Do reports address all subjects as required?</p> <p>Do reports site, or even indirectly suggest, problems concerning performance or cost?</p>
Cost (cost-type contracts only)	<p>Is spending on schedule?</p> <p>Does it appear that the contract can be completed without an overrun?</p> <p>Are contract expenditures made properly and efficiently?</p> <p>Does the contractor appear to have an adequate management control system?</p>
Key personnel	<p>Are key personnel performing under the contract to the extent agreed to?</p> <p>Has the contractor notified the Government of any changes to key personnel?</p>
Government action in instances of deficient contractor performance	If the answer to any of the preceding questions was "NO," has the Department CO been notified so that prompt corrective action can be taken?

Appendix F: Sample Monitoring Documentation Form

Name of COR: _____

Date: _____

Type of Monitoring Action	<input type="checkbox"/> Phone Call – Initiated by COR	<input type="checkbox"/> Site Visit **
	<input type="checkbox"/> Phone Call – Initiated by Contractor	<input type="checkbox"/> Technical Direction
	<input type="checkbox"/> Review of Financial Report	<input type="checkbox"/> Other:
	<input type="checkbox"/> Review of Performance Report	

Contractor: _____ Contract No.: _____

Performance Period Involved: _____

Contractor Official(s) Contacted: _____

Finding(s): _____

Recommendations: _____

Distribution:	<input type="checkbox"/> Contracting Officer	<input type="checkbox"/> Program Manager
	<input type="checkbox"/> Program Office Contract File	<input type="checkbox"/> Other:

** For on-site visits, use this form as cover sheet for trip report/checklist

Appendix G: Checklist for Preparing for and Conducting Site Visits

The following checklist identifies questions to be considered by a COR before, during, and after making most site visits. Depending on the contract, the contractor and the relative site visits experience of the COR it may be advisable to expand or otherwise revise this list. Questions are grouped in the chronology of pre-on-site visit preparation, on-site procedures, and post-visit actions.

Pre-Visit Preparation: Discuss within ED the Monitoring for the Trip

- ___ Have the COR, the Program Manager, and the CO been involved in pre-visit discussions?
- ___ Have broad and specific monitoring goals for the visit been identified? For example, all on-site visit plans should consider the following:
- ___ Is the contractor performing all necessary steps of the contract (or any unnecessary steps)?
- ___ Are there any known contractor problems to be addressed (such as with task milestones or changes to key personnel)?
- ___ Are opportunities for cost-savings being missed? (This is particularly appropriate for cost-type contracts, although for fixed-price contracts it is relevant for any future contracts.)
- ___ Has the contract been carefully checked to review specific performance standards? In particular, have the contractor's work plans been reviewed to determine the stage of progress to be observed during the on-site visit?
- ___ Have current audits or other program offices that have granted awards to the contractor been consulted for information of possible value (and/or to see if any problems pending under those awards could be reviewed on the proposed on-site visit)?
- ___ Have other less-expensive monitoring methods been considered?
- ___ Has the composition of the on-site visit team been carefully evaluated, including who should take the lead? (Keep in mind that the CO is often able, travel funds permitting, to join the site visit team and can contribute specialized expertise to the monitoring process.)

Pre-On-site Visit Preparation: **Notify the Contractor of Department Plans for the Trip**

- ___ Has the contractor been notified in advance (normally in writing)?
- ___ Has contractor notification included an itinerary, the names of Department staff to be involved, the broad goals of the visit, any specific project areas to be reviewed, and the contractor staff to be interviewed?

On-Site Visit Procedures: **Conduct an Entrance Interview**

- ___ Has a meeting of all key Department and contractor personnel been held?
- ___ Have all attendees signed in?
- ___ At the meeting, have the broad goals of the visit and the finer points of the itinerary been discussed, and have questions been raised or solicited to assure that all parties understand each other?
- ___ Have the results of the meeting been documented (as necessary) for the file?

On-Site Visit Procedures: **Review the Project Activities**

- ___ Have the contractor's project director and key staff been interviewed to get their assessment of project progress, successes, problems, etc.?
- ___ Has the project site been toured to review project activities? For example, some specific questions to ask include the following:
 - ___ Are all required tasks being performed?
 - ___ Is the contractor performing diligently and not "cutting corners"?
 - ___ Has work in progress reached the stage called for in the contractor's work plan and SOW?
 - ___ Are staff assigned to the project accounted for on site?
 - ___ Is the work environment suitable for maximum project effectiveness?
 - ___ Are the interrelationships of the contractor's team appropriate (to assure, for example, that proper supervision is being provided)?
 - ___ Are the general qualifications of the contractor's key personnel suitable for the work being performed?

___ Is the top management of the contractor's organization sufficiently involved in the project to assure its success?

___ Are available deliverables or samples thereof of the proper quality?

___ Is any Government-owned or supplied property at proper levels of usage and condition?

*** On-Site Visit Procedures: Review the Contractor's Management Systems**

___ Has the contractor's general management system (for the overall organization and its major departments or divisions) been reviewed to determine whether it meets basic management guidelines? For example, are there written policies and procedures for:

___ Setting organizational objectives (such as in mission/function statements, or statements of roles and responsibilities)?

___ Planning (such as long-range, annual, and project-specific)?

___ Organizing people and work (such as in formal organization charts and systems of training and performance measurement)?

___ Controlling (such as through formal policies and procedures, forms and files, standards of performance, budgets, protective controls, and reporting)?

___ Have the contractor's personnel and payroll systems been reviewed to determine whether they meet basic management guidelines? For example:

___ Are there written personnel policies and compensation standards?

___ Are time and attendance records kept for all staff charged to the contract?

___ Does the time and attendance record system have the capacity to account for staff who split their time between the contract and other contractor projects?

___ Has the contractor's purchasing system been reviewed to determine whether it meets basic management guidelines? For example, does it have:

___ Written procedures and standards, such as for assuring competitive bidding, the avoidance of conflicts of interest, and adequate subcontract administration?

___ A planning system to assure management control?

* The items in this section are business or management oriented, and are more appropriately reviewed by COs or auditors. They should be considered optional for CORs. If attempted, CORs should probably obtain pre-visit guidance from the CO or an auditor.

- ___ A funds commitment process capable of tracking all goods or services procured with contract funds?
- ___ Has the contractor's inventory control system been reviewed to determine whether it meets basic management guidelines? For example, does contractor inventory records:
 - ___ Account for all property under the contract, and include adequate maintenance and insurance (where applicable)?
 - ___ Match the Government's records of property assigned to the contract (as verified by visual inspection while reviewing the project site)?

On-Site Visit Procedures: Conduct an Exit Interview

- ___ Has a meeting with the same personnel who participated in the entrance interview been held?
- ___ At the meeting, have site visit findings been reviewed against established goals for the visit, and have questions been raised as appropriate to clarify issues and information? (Note: It is best to restrict or refrain completely from discussions at this time concerning any possible action the Department might recommend or take unilaterally as a result of the site visit findings.)

Post-On-site Visit Actions: Document Site Visit Activities, Findings, and Recommendations

- ___ Have Department-wide or other standard monitoring forms been used as a starting point or cover sheet?
- ___ Has a written report been prepared on the site visit's findings, including specific identification of weaknesses (if any) and recommendations?
- ___ Has the full site visit monitoring report been entered into the contract file maintained in the program office?
- ___ Has a copy of the site visit monitoring report been sent to the CO for the CO's review and for entry into the official contract file?
- ___ In the case of routine (no problem) findings, has a copy of the monitoring report been sent to the contractor for its information and files?

- ___ In the case of problem findings, has care been taken to withhold a copy of the monitoring report from the contractor until after the COR and CO agree on their analysis of the problems and the Department's plan for addressing them? (It is generally inappropriate to share with the contractor draft reports of problem findings or a suggestion of the Government's possible actions. The contractor should be sent a copy of the report (or a summary of it) only after the Department has determined a definite course of action.)

Post-On-site Visit Action: **Meet with CO to Discuss Problems**

- ___ In cases where problems have been found, have the COR and CO met to discuss the findings and any possible actions?

Post-On-site Visit Action: **Take Action as Appropriate**

- ___ In cases where problems have been found, has the COR followed up on the problems to ensure that the CO and/or COR have taken appropriate corrective action?

Appendix H: Checklist for Setting up and Maintaining a Program Office Contract File

Effective Date: _____

Amount of Award: _____

Contract No. _____

Contractor	
Contractor's Contract Administrator	Telephone Number
Contracting Officer/ Contract Specialist	Telephone Number
COR	Telephone Number

Date COR Appt. memo received from OCFO/CAM _____

Date Appt. memo signed and dated and returned to OCFO/CAM _____

Tab	File Contents
A	Statement of Need and Basis
B	Statement of Work, or Specification
C	Requirements Analysis, including Government Cost Estimate
D	Administrative Approvals and Clearances
E	Funds Authorization (PAR, ED Form 20) (copy)
F	Solicitation, including amendments
G	List of Offerors
H	Technical Evaluation Report, including individual evaluations of panel members (copies)
I	Successful Proposal
J	Questions and/or Negotiation Points (copy)
K	Cost Analysis by Contracting Officer's Representative (COR) (if applicable)
L	Contract
M	Modifications to Contract (including copies of supporting requests and approvals)
N	Task Orders (including copies of supporting requests and approvals)
O	Reports and Deliverables
P	Receiving Reports
Q	Invoices (copies)
R	General Correspondence, including conference notes
S	Monitoring Documentation, including site visit reports and telephone logs
T	Contracting Officer's Representative (COR) Memorandum