

AWARD/CONTRACT	1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350) ▶	RATING	PAGE 1	OF 59	PAGES
2. CONTRACT (Proc. Inst. Ident.) NO. TIRNO-99-D-00001	3. EFFECTIVE DATE DEC 9 1998	4. REQUISITION/PURCHASE REQUEST/PROJECT NO.			
5. ISSUED BY Internal Revenue Service Office of Tax Systems Acquisition 6009 Oxon Hill Road, 7 th Floor Oxon Hill, MD 20745	CODE	6. ADMINISTERED BY (If other than Item 6)	CODE		

7. NAME AND ADDRESS OF CONTRACTOR (No. street, county, state and ZIP Code) Computer Sciences Corporation 304 West Route 38, Box N Moorestown, NJ 08057	8. DELIVERY F.O.B. Destination <input type="checkbox"/> FOB ORIGIN <input type="checkbox"/> OTHER (See below)
DUNS No. 61-279-9734	9. DISCOUNT FOR PROMPT PAYMENT Net 30
CODE	FACILITY CODE
10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN:	ITEM Section G.1.1

11. SHIP TO/MARK FOR As specified in the Task Order	12. PAYMENT WILL BE MADE BY Internal Revenue Service Administrative Service Center Accounts Payable Section
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13. AUTHORITY FOR USING OTHER FULL AND OPEN COMPETITION: <input type="checkbox"/> 10 U.S.C. 2304(c) () <input type="checkbox"/> 41 U.S.C. 253(c) ()	14. ACCOUNTING AND APPROPRIATION DATA
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15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT

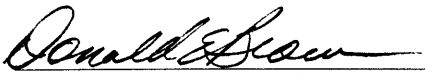
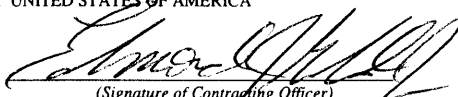
15G. TOTAL AMOUNT OF CONTRACT ▶	\$
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CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. <input type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return ___ copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)	18. <input type="checkbox"/> AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____, including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.
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19A. NAME AND TITLE OF SIGNER (Type or print) Donald Brown Vice President, IRS Program Executive	20A. NAME OF CONTRACTING OFFICER Edmond J. Golden, Jr.
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19B. NAME OF CONTRACTOR  (Signature of person authorized to sign)	19C. DATE SIGNED 10/14/98	20B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	20C. DATE SIGNED DEC - 9 1998
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Part I - The Schedule

Section B - Supplies or Services and Prices/Costs

B.1 CONTRACT TYPE

This is an Indefinite Delivery/Indefinite Quantity (IDIQ) type contract under which Cost Reimbursement, Time and Materials (T&M), Fixed Price, and Performance Based Task Orders may be issued. Various factors will influence the task order type such as project life cycle, degree of risk, and types of requirements. Each requirement and cost/pricing arrangement will be negotiated on a task order by task order basis.

B.2 MINIMUM AND MAXIMUM DOLLAR VALUE OF TASK ORDERS

During the term of this contract, the Government shall issue, as a minimum, a task order(s) valued at \$1,000,000. The cumulative value of task orders issued under the contract shall not exceed the cumulative Modernization appropriation authority.

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Section C – Description/Specifications/Work Statement

SECTION C: DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

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C.1.0 BACKGROUND

Context for Modernization

The Internal Revenue Service (IRS) originally developed its corporate data base systems in the late 1950's and 1960's to capture, store and process tax return, information return and payment information. These systems were developed largely on mainframe platforms, which provided for the requisite performance, capacity and security. All of these aspects were critically needed by the IRS given the massive volume of data to be processed within narrow timeframes. These systems became known as the “Master Files.”

As the volume of data mushroomed over the succeeding decades and as Federal statutes evolved concerning the privacy and non-disclosure of confidential taxpayer information, the IRS experienced greater difficulty in managing the data. The difficulty was increased with the increased demand for data on-line to resolve taxpayer account issues, facilitate examination and collection, as well as provide for improved taxpayer service.

Through Tax Systems Modernization in the 1980's and early 1990's, effort focused on delivering taxpayer services and compliance functionality together with limited on-line access to taxpayer account information. These objectives were achieved through the development of stand alone “stovepiped” systems with stand alone data bases utilizing the principles of distributed computer processing, an approach to computing en vogue during the late 1980's and 1990's.

While the modernized stovepiped systems provided on-line access to limited taxpayer account information, the IRS experienced increasing difficulties synchronizing disparate stand alone systems and data bases and expended significant funds to develop and operate stand alone systems with duplicative functionality, infrastructures and telecommunications. Minimal progress was made in replacing the “Master File” systems. Overall, the IRS computing environment evolved into an extraordinarily complex array of legacy and stand alone modernized systems with respect to both connectivity and interoperability between the mainframe platforms and the plethora of distributed systems.

It is the complexity and breadth of the legacy and stovepiped operational systems that limit the extent to which the IRS could develop a set of specifications for Modernized systems that would form the basis of a “solution” based procurement. Any Modernization effort that involves legacy systems interfaces and/or access to and use of taxpayer data creates extensive complexity that could only be reasonably addressed after the PRIME contract is awarded and the public/private sector partnership is formed.

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Modernization Blueprint

The IRS prepared the Modernization Blueprint, which included Modernization Business Requirements, a Functional and Technical Architecture as well as a Sequencing Plan to migrate from today's environment to the target architecture. The Blueprint, which was developed in accordance with Systems Life Cycle requirements, was submitted to Congress on May 15, 1997, and made available to other stakeholders, including the technology industry, on the same date.

Since May 15, 1997, the IRS has solicited feedback from all affected stakeholders. In summary, comments consistently reaffirm the architectural framework and the Modernization priorities set forth in the Sequencing Plan.

While industry uniformly validated the Modernization framework, each of the offerors correctly observed that additional detailed specifications must be formulated to enable the IRS to either develop or acquire systems. The additional specifications identified as Modernization Blueprint Level III and IV, for the most part, must be developed by the public/private sector partnership pursuant to the PRIME contract award. Neither the IRS, lacking sufficient technical management capacity, nor the PRIME, lacking knowledge of the tax codes, policies and procedures or the legacy systems, could, independent of each other, effectuate Modernization.

Organizational Modernization

Commissioner Charles O. Rossotti proposed in testimony before the Senate Finance Committee an Organizational Modernization concept that would enable the IRS to “. . . organize around the needs of our customers, the Taxpayers.” and in a manner which “. . . simply reflects the structure of the U.S. economy.” The proposal would reorganize the IRS business operations “. . . into four units, each charged with end-to-end responsibility for serving a particular group of taxpayers with similar needs”.

The Modernization of IRS, therefore, would be driven by the business reorganization and the application of commercial best practices, and enabled by Modernized Systems to be developed within the architectural framework of the Modernization Blueprint.

C.2.0 SCOPE OF WORK

The scope of this statement of work encompasses support for the modernization of the IRS. The prime contractor (henceforth referred to as the PRIME) will join the IRS/ISC/FFRDC lead engineers, architects, and business representatives responsible for providing overall planning and strategic direction and evolving the Modernization Blueprint. The IRS together with the ISC, the FFRDC and the PRIME will assume responsibility for developing business requirements.

The PRIME will assume lead responsibility for validating the business requirements, undertaking business process reengineering efforts, preparing business cases, developing alternative engineering

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solutions, as well as developing, integrating, testing and deploying the modernized systems together with business user training and other support functions.

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The PRIME will develop and select the “best value” solutions from a range of competitively derived alternatives, each of which considers:

- ◆ Optimizing commercial best practices
- ◆ Using commercial-off-the-shelf software
- ◆ Accelerating time to market
- ◆ Quantifying Systems Performance
- ◆ Minimizing Cost
- ◆ Validating Feasibility

The PRIME will use its established commercial methodologies and those of its partners to manage the contract and modernization efforts.

The PRIME will be responsible for the development, integration, test and deployment of the modernized systems in the IRS environment that will: accelerate their time to market; minimize cost to the IRS; and ensure achievement of performance metrics.

C.3.0 MODERNIZATION APPROACH

The following paragraphs comprise the Modernization Approach:

- Program Management
- Procurement Administration
- Robust PRIME Functions
- Technical Approach
- Contract Management

C.3.1 PROGRAM MANAGEMENT

The PRIME will assume full responsibility for Program Management, under the direction of the IRS, to provide the comprehensive systems life cycle and program management functions. The PRIME will implement a Program Management Approach, which provides a comprehensive program management/ and systems life cycle plan. Major features of the PRIME’s PMA will include:

- ◆ *Business processes* based on the PRIME’s commercial CatalystSM methodology
- ◆ An *organization* equipped to dedicate skilled resources to perform assigned tasks and provide a stable, mature program management process framework
- ◆ A *performance management process* that plans, tracks, and controls work in progress and a *performance management system* that measures solution performance against business case expectations
- ◆ An *information technology* (IT) infrastructure that provides timely performance information to Alliance and IRS personnel
- ◆ A *culture* that embraces the values of customer satisfaction, teamwork, and results.

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C.3.1.1 Enterprise Life Cycle

The PRIME will develop an Enterprise Life Cycle (ELC), based on the IRS SLC, which uses the PRIME's commercial best practices to enhance the Requirements Management (RM), Investment Decision Management (IDM), and Systems Development Operations Management (SDOM) processes. The PRIME will create a strategic planning and management (SPM) Phase in the ELC.

In developing the ELC, the PRIME will:

- ◆ Implement processes and/or technology that support the IRS vision and strategic priorities
- ◆ Bring commercial best practices and resources to bear throughout the process
- ◆ Implement processes across functional and organizational boundaries to achieve efficiency and economies of scale
- ◆ Ensure competition and provide a streamlined evaluation and selection process
- ◆ Provide a choice of solutions to the IRS while minimizing steps taken and creating a shortened decision-making process to accelerate delivery

The PRIME will modify the IRS SLC. Modifications will reflect:

- ◆ Explicit recognition of the IRS strategic planning and management as a tightly coupled activity with RM that drives the SLC
- ◆ Explicit recognition of organizational change activities that must accompany IT solution development to enable successful business change in the IRS enterprise
- ◆ Reorganization of SDOM sub-process elements to align with CatalystSM, which specifically supports business process reengineering and accelerated IT solution implementation
- ◆ Explicit competitive acquisition of best-value business solutions as part of the SDOM

The PRIME will implement a robust and COTS-based IT approach for supporting all program management activities across all phases of the enterprise life cycle.

C.3.1.2 Development Strategies

The PRIME will develop strategies to complement and execute the systems life cycle processes and practices currently under development by the IRS and ISC.

The PRIME and its team will consider multiple development strategies when developing business solutions. These strategies will evaluate:

- ◆ Import “Drop-In” Solutions – this strategy consists of importing a complete set of business and technical solutions from a successful application in the public or private sector
- ◆ COTS Package Solutions – this strategy streamlines the package selection process by making use of industry experts and a lab approach to test and apply the package solution
- ◆ COTS Component Solutions – this strategy integrates individual off-the-shelf components into an overall framework

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- ◆ Reengineered Legacy Asset – this strategy re-uses legacy system components that have been reengineered for modernized systems, such as wrapping existing algorithms in a graphical user interface (GUI) front end
- ◆ Custom Development – this strategy combines detailed business process designs with the development of applications and data to support those business processes

C.3.1.3 SDOM Development

The PRIME will develop the SDOM element as well as selected elements of Requirements Management (e.g., Business Process Reengineering Approaches, application of COTS products, commercial expertise) and Investment Decision Management (e.g., business case modeling).

The PRIME will use the SDOM element presented in the SLC overview and enrich it with the PRIME’s commercially proven methodologies.

C.3.1.3.1 The Systems Development and Operations Management Element

The PRIME will provide SLC Components including the requisite organizational units, processes, practices, reporting systems and the proprietary capabilities (e.g., automated tools). The PRIME will provide a Work Breakdown Structure to Develop the SDOM component of the SLC in the IRS environment.

The PRIME will provide the Resources required for development including key project management and staff, a Project organization plan; and IRS and/or ISC resources.

C.3.1.3.2 Integration and Deployment of the ELC

The PRIME will integrate and prepare for deployment the PRIME’s Enterprise Life Cycle. This will be done in a single, fully rationalized framework as a precondition to Modernization.

The PRIME will use a commercially based delivery methodology focused on accelerated delivery of solutions to the field. The PRIME’s methodology will include features for accelerated delivery.

The PRIME will enhance the requirement management and investment decision management elements of the SLC with the PRIME’s commercial methodology.

C.3.1.3.3 Enhancing the RM and IDM Elements

The PRIME will enhance and integrate the IRS/ISC Requirements Management and Investment Decision Management development efforts with the PRIME’s SDOM element.

The PRIME will compare the existing RM and IDM elements to the PRIME’s commercial practices and make recommendations for improvement. The PRIME will consider a number of factors including the following:

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- ◆ Overall enterprise strategic priorities and organizational culture, including risk tolerance for high-stakes initiatives, urgency of results, authority over impacted areas, and fit of organizational capabilities with required implementation skills
- ◆ Overall affordability of IT initiatives and methods for funding projects, including methods of allocating costs against business area budgets, and minimum return on investment hurdle rates
- ◆ Relative importance of different business processes within business segments and the degree of ongoing or new automation investment, given differing degrees of relative process importance to strategic or operational performance goals
- ◆ Matching of implementation methods and business change objectives to the style and values of affected stakeholders to ensure that business results are realized once systems are installed
- ◆ Conformance of application and technical implications of new initiatives to architectural standards as part of an overall IT governance process.

C.3.1.4 Integration of the SPM, RM, IDM, and SDOM to Create the Enterprise Life Cycle

The PRIME will provide the required organizational units, processes, practices, reporting systems, proprietary capabilities (e.g., automated tools) and other required components that will comprise the Program Management Approach.

C.3.1.5 Deployment of the Program Management Policies

The PRIME will integrate the Requirements Management, Investment Decision Management and the Systems Development and Operations Management elements of the ELC and through this framework deploy the program management policies, practices and processes for PRIME and the IRS.

C.3.1.6 Program Organization

The PRIME will deliver a Project Organization Plan, identifying key project management and staff as well as IRS and/or ISC required resources.

C.3.2 PROCUREMENT ADMINISTRATION

The PRIME will assume full responsibility for procurement administration, designed to select the best solution from competing, alternative business solutions. As part of its procurement administration role, the PRIME will:

- ◆ Not compete for business solution task orders
- ◆ Provide IRS full access to competition activities
- ◆ Establish level playing field competition for all competitors
- ◆ Provide quick response to business needs
- ◆ Promote maximum use of imported solutions derived from best practices in industry and government

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- ◆ Use performance-based contracting for solution implementation work, including the contract between the PRIME and the IRS and for subcontracts between the PRIME and its lower-tier subcontractors

C.3.2.1 Competition Derived “Best Value” Business Solutions

The PRIME will implement an approach and process for competition derived “best value” business solutions.

C.3.2.1.1 Competition Management Approach

The PRIME will recommend best value business solutions that reflect the development and evaluation of competing alternatives. While it may be feasible to derive alternatives from a single PRIME integrated product team, unless the PRIME provides evidence to the contrary, alternative solutions will be developed through company centric competition. Where competition is used to derive solutions, the PRIME will not compete for business solution development work.

The PRIME will provide commercially experienced technical and consulting staff, using best-value selection criteria to perform evaluations of competitively derived business solutions.

The competition process will be open. The PRIME will assume participation by the IRS, including ISC and FFRDC personnel, as appropriate. The PRIME will provide full access to the IRS for all competition-related information as the procurement process moves forward.

The PRIME will structure the competition management process to promote maximum use of imported solutions derived from best practices in industry and government and will focus on meeting the IRS goals of accelerating time to market, minimizing cost, and achieving performance metrics. The PRIME will structure procurement requirements that state business needs and objectives and are not overly restrictive in terms of detailed requirements.

C.3.2.1.2 Competition Management Process

After receipt of the task order to prepare multiple alternative solutions, the PRIME will initiate the competition management process, which is composed of four major sub-processes, including:

- ◆ Request For Solution (RFS) preparation and distribution
- ◆ Solution definition
- ◆ Solution evaluation
- ◆ Work initiation

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C.3.2.2 Alternative Business Solutions Derived From Commercial Expertise

The PRIME will propose solutions derived from commercial best practices and COTS products. The PRIME will use commercial core competencies to reengineer current IRS business practices, regardless of the particular COTS solutions.

The PRIME will maintain a team composed of complementary and overlapping skills to provide IRS with a meaningful choice for acquiring business solutions.

C.3.2.3 Ensuring “Level Playing Field” Competition

The PRIME will, on an equal and equitable basis, make available documentation and access to both IRS and contractor personnel from all companies developing competitive business solutions alternatives.

The PRIME will provide an open and collaborative environment that fosters the generation of multiple, competitive business solution alternatives. The PRIME will establish, at a minimum, the following mechanisms for the competition process:

- ◆ Expedited solution reviews and feedback processes where PRIME will facilitate discussions among a bidder, PRIME, and the IRS to expedite the review of the evolving solution and to provide feedback to the bidder
- ◆ Established rules of engagement that will describe the interaction among all parties
- ◆ Published lists to ensure all bidders are aware of documentation and related procurement information available
- ◆ Reading rooms established at a PRIME facility for all common documents.

C.3.2.4 Minimizing Contractor “Handoffs”

The PRIME will develop “best value” business solutions and undertake systems development, testing, integration and deployment in a manner so as to ensure continuity of key management and technical personnel through the systems life cycle.

C.3.2.5 Commodity Acquisition

PRIME will acquire commodities through an administered price competition. The government reserves the right to substitute equivalent commodities acquired from other government contracts.

The PRIME will use a Government-approved procurement system that meets all of the requirements for federal contracting. Procurement practices, including policies and procedures, will be documented and available to IRS for review.

The PRIME will ensure maximum use of small, small disadvantaged, and women-owned small business for commodity acquisition.

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C.3.3 ROBUST PRIME FUNCTIONS

The PRIME will assume total responsibility and be singularly accountable for performance of the contract. Specific areas where the PRIME will have lead performance responsibility include:

- ◆ Modernization infrastructure
- ◆ Horizontal integration
- ◆ Compliance with the Modernization Blueprint Architecture and Standards
- ◆ Contractor operations and maintenance

C.3.3.1 Modernization Infrastructure

The PRIME will assume full responsibility for Modernization Infrastructure to maintain the architecture and standards set forth in the Modernization Blueprint. The PRIME will develop the Modernization data engine and transition bridges necessary to interface to legacy systems. The PRIME will be responsible for partitioning the infrastructure at the corporate, regional and end user levels, the phased development and rollout of the infrastructure, enterprise-wide requirements, performance requirements and security requirements.

As part of its responsibility for the modernization infrastructure the PRIME will:

- ◆ Maintain the architecture and standards for modernization set forth in the Modernization Blueprint
- ◆ Lead all efforts associated with design, implementation, deployment, and support for infrastructure systems and capabilities

C.3.3.2 Horizontal Integration

The PRIME will assume full responsibility for horizontal integration of business solutions to include the integration of business solutions into the legacy environment as well as the evolving modernized environment.

C.3.3.3 Compliance with the Modernization Blueprint Architecture and Standards

The PRIME will provide business solutions that are compliant with the Modernization Blueprint Architecture and Standards. Although the Blueprint is a living document, the PRIME will propose business solutions that comply with the evolving architecture and standards.

The PRIME, supported by its partners will participate with the IRS in determining strategic direction for, and evolutionary changes to, the Modernization and Sequencing Plans. While the IRS is responsible for overall content, the PRIME will maintain the Modernization Blueprint Architecture and Standards.

The PRIME will ensure that requirements for and information about, relevant portions of architecture and standards are included as key information in the competitive alternative solution development

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process. The PRIME will disseminate this information through written documentation and facilitated meetings that take place during the competition process. As part of the solution evaluation process, the PRIME will review and ensure compliance with the Modernization Blueprint Architecture and Standards.

Additionally, the PRIME will maintain consistency and compliance with the Modernization Blueprint Architecture and Standards for all infrastructure modernization efforts.

C.3.3.4 Contractor Operations and Maintenance

The PRIME will provide post production systems operation and maintenance (O&M) support that will enable the IRS to leverage the PRIME's expertise and procurement flexibility (e.g., technology refreshment strategies) with the aim of enhancing the Modernized environment in a post production environment.

The PRIME will provide O&M skills, expertise, and best practices to facilitate the transition of O&M responsibilities to the IRS workforce.

The PRIME will offer alternate approaches to O&M, such as:

- ◆ Provide O&M services for the initial period after deployment of a new business solution while responsibility is transferred to IRS staff
- ◆ Provide long-term support if desired by IRS.
- ◆ Provide technology refreshment to keep the modernized business solutions up to date

C.3.4 TECHNICAL APPROACH

The PRIME will use the technical approaches identified in their PRIME contract proposal as a point of departure to continue the evolution of the Modernization Blueprint pursuant to the formation of the partnership.

C.3.4.1 Competing Priorities

The PRIME will develop a strategic approach for managing multiple competing priorities, specifically the need to “get on” with Modernization yet deferring major systems development until the IRS possesses the requisite capabilities to partner with the private sector.

The PRIME will implement approaches and strategies that will facilitate proceeding with modernization, such as:

- ◆ Providing critical capability building interventions that would allow the IRS to develop the skills to manage a program with the size and complexity of IRS Modernization
- ◆ Importing proven solutions and focusing on solutions with measurable results, that will allow the PRIME and the IRS to jump start modernization

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- ◆ Linking the PRIME’s organizational development strategy directly to the ELC to ensure the organization builds the partnering management skills it needs throughout the development process

C.3.4.2 Parallel Development

The PRIME will analyze, recommend and plan the development of the Modernization Blueprint “data engine” while simultaneously undertaking the requisite and related business process reengineering efforts.

C.3.4.3 Incremental Modernization

The PRIME will plan incremental modernization from a business end user perspective insofar as the migration will be implemented in a manner that minimizes program disruption and facilitates business acceptance through innovative management strategies that would include rigorous end user procedures and training. Modernization is dependent on migrating from today’s legacy environment to the target architecture. In Modernization, the PRIME will address significant data management issues including, but not limited to, data administration, data conversion, data synchronization and performance testing.

The PRIME’s technical approach will be based on incremental modernization by exploiting the benefits of the new organizational structure, maintaining an enterprise focus, and designing the infrastructure to facilitate parallel development.

C.3.4.4 Modernization Driven by the Application of Commercial Best Practices

The PRIME will provide extensive commercial sector consulting capabilities insofar as the IRS principal business enterprises are analogous to a variety of private sector business operations.

The PRIME will provide specialized commercial resources with broad complementary and overlapping skills in each of the critical business operations areas, including but not limited to BPR, organization change management, business requirements, and systems integration.

C.3.4.5 Effectuating the Modernization

The PRIME will implement technical strategies and concepts that support the Modernization Blueprint in the context for Modernization. These strategies include:

- ◆ Modernization of the IRS Driven by the Business Reorganization
- ◆ Organizational Development Strategy
- ◆ Modernization Development Strategy
- ◆ Defining Business and Engineering Alternatives and Approaches
- ◆ Applications
- ◆ Modernization Data Engine
- ◆ Standards-Based Infrastructure
- ◆ Integration, Testing, and Deployment

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C.3.4.5.1 Modernization of the IRS Driven by the Business Reorganization

The PRIME will apply commercial best practices to modernize IRS systems within the architectural framework of the Modernization Blueprint.

In consideration of the IRS's vision to restructure the service around four principal business units focused on meeting the needs of specific taxpayer segments, the PRIME will:

- ◆ Evaluate the unique needs of each business unit and develop the corresponding taxpayer value propositions
- ◆ Supplement the Modernization Blueprint with an organizational layer
- ◆ Enhance the Modernization Blueprint with commercial best practices
- ◆ Create a unified business/technology vision for the IRS
- ◆ Leverage the PRIME's commercial experience in organizational modernization
- ◆ Provide a modernization path forward in the absence of the restructured organization

C.3.4.5.2 Organizational Development Strategy

The PRIME will engage and energize the workforce, as well as mitigate any adverse workforce impacts that could result from Modernization. In addition to considering organizational changes, the PRIME will identify future needed job competencies stemming from Modernization and develop strategies enabling the workforce to evolve the necessary competencies to perform successfully in the future Modernized IRS.

The PRIME will provide an organizational development (OD) strategy that is with the proposed ELC to develop the conditions and capabilities within the IRS to mitigate the risks of large-scale business change, and to accelerate the delivery and acceptance of modernized business solutions.

C.3.4.5.3 Modernization Development Strategy

The PRIME will implement a Modernization development strategy to reflect competing priorities as well as the commitment to Incremental Modernization and to Parallel Development that would enable highly coordinated multi-tasking in a dynamic technology and operations environment (e.g., legacy systems changes, technology initiatives in progress).

C.3.4.5.3.1 Strategies for Managing Competing Priorities

The PRIME will consider multiple strategies to manage competing priorities. These strategies will include:

- ◆ Import proven solutions from the private sector
- ◆ Selectively deploy incrementally focused solutions
- ◆ Focus on quickly providing measurable results to build stakeholder confidence in the IRS/PRIME partnership
- ◆ Incrementally supply PRIME's mature processes to augment key IRS system life cycle activities

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C.3.4.5.3.2 Strategies for Managing Parallel Development

The PRIME will employ multiple strategies to manage parallel development. These strategies will include:

- ◆ Evaluate benefits of the new IRS organizational structure to minimize complex interdependencies
- ◆ Never lose sight of the overall enterprise goals and objectives
- ◆ Design the infrastructure to facilitate parallel development
- ◆ Segment activities into “clear” and “conflict” areas
- ◆ Employ strong release coordination and configuration management

C.3.4.5.3.3 Strategies for Incremental Delivery

The PRIME will propose multiple strategies to incrementally deliver functionality to reduce technical complexity, speed time to market, and produce demonstrable and measurable results. These strategies will include:

- ◆ Use business unit and COTS package boundaries to define increments
- ◆ Align technical increments with business objectives
- ◆ Sequence Pilot solutions based on natural ordering
- ◆ Manage planned and unplanned disruptions

C.3.4.5.3.4 Strategies for Managing Complex Data Migration

The PRIME will use multiple strategies to manage complex data migration from legacy to modernized solutions. These strategies will include:

- ◆ Experienced data specialists in BPR and organizational change activities
- ◆ Incrementally develop and deploy data engine functionality
- ◆ Evolve a data warehouse based on the decision support needs of each business unit
- ◆ Control and manage data conversion

C.3.4.5.3.5 Implement Strategies to Ensure User Acceptance

The PRIME will assess multiple strategies to ensure user acceptance of deployed solutions. These strategies will include:

- ◆ Use a Solution Demonstration Lab approach to narrow the expectation gap between users and developers
- ◆ Properly time BPR with technology deployment
- ◆ Directly align technical and business success criteria
- ◆ Involve all stakeholders
- ◆ Train end users so expected benefits are realized

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C.3.4.5.3.6 Solution Demonstration Labs

The solution demonstration labs implemented by the PRIME will be focused on:

- ◆ Holistic perspective – Creating an environment to import, design and test a business process prototype based upon commercial best practices, process redesign, or reengineering
- ◆ Demand pull – Demonstrating or providing real results that confirm the IRS business case and generate excitement to galvanize the organization to change
- ◆ Reduction of time from concept to market – Quickly delivering business results to the IRS
- ◆ Learning focused – Reinforcing the IRS employee skills required for successful improvement such as creativity, trial and error, learning, vision, communication, leadership, and teamwork
- ◆ Technology enabled – Supporting and encouraging a new paradigm of systems implementation through the use of new technologies, tools, techniques, and methodologies
- ◆ Change agents – Developing IRS front-line and middle management personnel who will later lead the implementation and rollout.

C.3.4.5.4 Defining Business and Engineering Alternatives and Approaches

The PRIME will apply proven business process reengineering strategies and approaches which reflect the organizational modernization outlined in Commissioner Rossotti's January 28, 1998 testimony before the Senate Finance Committee.

The PRIME will consider the following Critical Success Factors in defining business and engineering alternatives and approaches:

- ◆ Start with process
- ◆ Focus on the most leveraged processes
- ◆ Empower IRS business and IS cross-functional teams
- ◆ Overcome the propensity to customize everything
- ◆ Use prototyping to allow business and engineering solutions to evolve
- ◆ Incorporate commercial and Federal best practices in a sustainable way
- ◆ Secure and maintain executive and key stakeholder alignment
- ◆ Anticipate and proactively manage the stress points

C.3.4.5.5 Applications

The PRIME will include the appropriate application of COTS products and custom software and the partitioning of applications corporately, regionally, and locally to achieve the enterprise-wide Modernization objectives.

The PRIME will meet the common and unique needs of IRS business units by employing a wide range of solutions ranging from fully imported drop-in solutions to complete custom development. The PRIME will segment the types of approaches into solution categories to help categorize applications to define solution types and derive alternative solutions. These solution categories consider:

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- ◆ Drop-in solutions provide complete business and technical solutions imported from public/private sector. They include all associated practices and processes. Example: Import of a commercially available debt collection system used by other tax agencies.
- ◆ COTS package solutions provide an integrated technology suite, often accompanied by some degree of process. Example: Implementation of PeopleSoft Financials for business unit financial management and reporting.
- ◆ COTS component solutions use individual technology components that require integration. Example: Import of an Input Accel document imaging and data capture system.
- ◆ Reengineered legacy asset involves reuse and reengineering of legacy systems. Example: Tax computation algorithms, re-wrapped and reengineered for modernized systems.
- ◆ Custom developed solutions require complete life cycle design, code, and test. Example: Development of data synchronization routines for a transition bridge.

C.3.4.5.6 Modernization Data Engine

The PRIME will implement the modernized environment with a flexible and agile data model that will meet the unique requirements of each business unit and support the systematic and safe migration of legacy data to the Modernization Data Engine.

C.3.4.5.6.1 Early Involvement of Data Specialists

The PRIME will provide early involvement of data specialists during business process reengineering (BPR). The PRIME data specialists will contribute substantially to realizing and sustaining the objectives for change by providing:

- ◆ Professional experience with related business change
- ◆ Logical and consistent methods for identifying entities, relationships, and information requirements
- ◆ Tools that document ideas to facilitate discussion and support information technology (IT) planning.
- ◆ C.3.4.5.6.2 Evolution of a Flexible and Agile Logical Data Model

The PRIME, with the IRS, will refine the logical data model by providing data specialists armed with COTS software tools and established methods for centralized management of data. The PRIME will provide data specialists who will complement the skills of the IRS IT staff by providing:

- ◆ Expertise in defining standards for data analysis practices
- ◆ Experience implementing repeatable data analysis methods
- ◆ Assistance in the reestablishment of data ownership
- ◆ Skills required to institute change

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C.3.4.5.6.3 Incremental Establishment of the Physical Modernization Data Engine

The PRIME will provide incremental modernization to evolve the physical design and implementation of the Modernization Data Engine over time. The PRIME will address evolving states of the Modernization Data Engine, including:

- ◆ Initial introduction of modernized applications
- ◆ Integration of legacy applications with the Modernization Data Engine
- ◆ Full transitional support for modernization

C.3.4.5.6.4 Data Warehouse

The PRIME will provide data warehousing and associated technologies that will be key enablers for the discovery and enforcement activities associated with the taxpayer life cycle.

The PRIME will provide and use a Data Warehousing Design Guide in support of IRS efforts. The PRIME will use the Data Warehousing Design Guide to:

- ◆ Provide a “jump start” to projects, giving a well-formulated platform from which to begin discussion
- ◆ Shorten schedule times for projects through the reuse of architectural work already completed.
- ◆ Increase the quality of the overall product, based on lessons learned from numerous projects in the PRIME’s experience

C.3.4.5.6.5 Controlled Data Migration and Conversion

The PRIME will develop a migration plan that provides detailed strategies, costs, and schedules for the transition of data through sequential steps. The PRIME will consider sequential, sometimes iterative process steps that include:

- ◆ Analysis – from existing sources
- ◆ Planning – determine the order of step processing depending upon environments
- ◆ Extraction – move relevant data from the source to a transformation/cleansing platform
- ◆ Scrubbing – clean erroneous data
- ◆ Transformation – perform the transformation
- ◆ Cleanup – verify the transformed data
- ◆ Population –move the transformed data to the target platform(s)

The PRIME will perform an ongoing verification or audit during each of the steps identified above.

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C.3.4.5.6.6 Performance-Based Design and Test

The PRIME will implement an approach for performance-based design and test by “engineering” performance into the system. The PRIME’s overall performance engineering approach for risk identification and reduction will focus on the entire ELC.

The PRIME will use its existing benchmarking tool set to facilitate the rapid development of stress and scalability testing by emulating the workload of a proposed application within the target systems architecture.

C.3.4.5.7 Standards-Based Infrastructure

The PRIME will establish a standards-based technical infrastructure that embraces the centralized concepts of the Modernization Blueprint and provides a solid foundation for the deployment of both common and unique business solutions.

The PRIME will be singularly responsible and accountable for the design, deployment, and support of the modernized infrastructure, which consists of hardware and software that provide an environment for application execution and management plus a set of common, enterprise-wide services.

The PRIME will implement a strategy for establishing the infrastructure. The strategy will consider the following key elements:

- ◆ Structure for growth and change
- ◆ Use of COTS components
- ◆ Traceability of infrastructure requirements to business unit needs
- ◆ Phased development and rollout of infrastructure
- ◆ Ensure infrastructure performance
- ◆ Ensure infrastructure security
- ◆ Migration of legacy infrastructure

C.3.4.5.8 Integration, Testing, and Deployment (IT&D)

The PRIME will implement a comprehensive integration, testing and deployment strategy to ensure the functionality, performance and applicability of the modernized technologies.

The PRIME will implement a strategy that will permit integrating, testing, and deploying concurrently developed business solutions in the legacy and evolving modernization environments. This strategy will:

- ◆ Accelerate the delivery of business solutions
- ◆ Ensure successful modernization rollout
- ◆ Gain employee buy-in while modernization is in progress

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Section C – Description/Specifications/Work Statement

The PRIME will develop a Test and Evaluation Master Plan (TEMP) during the analysis phase of the modernization effort to address functionality, performance, interface, network, and security defined in the system requirements. The TEMP will include:

- ◆ Functional and performance tests to determine if current needs are satisfied and to predict future throughput requirements
- ◆ Regression and confidence tests to effectively incorporate tax law changes into modernization solutions.

C.3.5 CONTRACT MANAGEMENT

The PRIME will implement a contract management approach which focuses on managing the tasking processes for multiple suppliers detailed to a number of parallel initiatives.

The PRIME will receive task orders from the IRS for a variety of initiatives and purposes, such as to initiate a solution development activity for a particular business need, to implement a business solution, or to request participation with the IRS . The PRIME will be responsible for receiving and processing all task orders received from IRS.

C.4.0 SPECIALIZED TECHNICAL PERSONNEL

The Prime will make the personnel listed in Section J, Attachment 1, available for future Task Orders subject to clause H.1.

C.5.0 REPORTS

The PRIME will implement regular program communications and status reporting including, but not limited to:

- ◆ Quarterly Joint Program Management Reviews (JPMR)
- ◆ Monthly Task Management Reviews
- ◆ Program Issue and Change Management Meeting

The PRIME will conduct a JPMR each quarter to review and assess overall program performance against strategic goals and objectives. The PRIME will produce an agenda for each JPMR in advance of the scheduled meeting. The agenda will be strategic in nature, covering program-level accomplishments, EVM, and Balanced Scorecard performance results; program risk issues; and issues or recommendations requiring executive-level attention. Attendees for the JPMR will include IRS business area and IT executives, IRS GPMO representatives, the PRIME's senior management, and selected program stakeholders.

The PRIME will conduct monthly task status reviews. These reviews will be tactical in nature, targeted toward specific performance issues for each release. At each review the PRIME will review technical, cost, and schedules status; risk management issues; and contractual issues and will identify areas of

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programmatic concern. Attendees for the monthly task status review will include IRS Chief Information Officer (CIO)/GPMO and appropriate staff, the PRIME's Program Executive, and staffs.

The PRIME will conduct biweekly meetings to address program-level new and pending issues or contract changes. Participants include representatives from the PRIME PMO, IRS CIO/GPMO, technical staffs, and contract managers as needed. Attendees at these meetings will include representatives from the PRIME's program management organization, IRS CIO/GPMO, technical staffs, and contract managers as needed.

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Section D - Packaging and Marking

* IR1052-96-077 PREPARATION FOR DELIVERY

(a) The Contractor's best commercial practice is required for delivery to all delivery points. The use of asbestos, excelsior, or shredded paper (all types including waxed paper, computer paper, and similar hydroscopic or non-neutral material) is prohibited.

(b) The Contractor shall notify the Point of Contact at each delivery point at least two business days prior to the anticipated date of delivery.

(c) The Points of Contact at each delivery point will be identified in the individual Task Orders.

* IR1052-96-083 MARKING OF SHIPMENTS

(a) The Contractor shall mark all shipments in accordance with best commercial practices.

(b) The Contractor shall mark each container with the following information:

- (1) IRS Contract Number and Title/Task Order Number,
- (2) Delivery Address,
- (3) Point of Contact (including Name and Telephone Number)
- (4) Sequential Container Number, and
- (5) Identification of Container Contents.

* IR1052-96-094 UNPACKING AND CLEAN-UP

As specified in individual Task Orders the Contractor shall be responsible for the in-transit storage, crating, uncrating, on-site handling and rehandling, and site clean-up and debris removal for all equipment ordered under the terms and conditions of this contract. The Government will provide temporary storage if possible, and if requested to do so by the Contractor.

* Clauses preceded with an asterisk (*) apply to all task orders

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Section E - Inspection and Acceptance

E.1 CLAUSES INCORPORATED BY REFERENCE:

This contract incorporates the following clauses by reference with the same force and effect as if they were given in full text. These clauses will be incorporated as applicable in individual task orders.

52.246-2	INSPECTION OF SUPPLIES--FIXED-PRICE (AUG 1996)
52.246-2	INSPECTION OF SUPPLIES--FIXED-PRICE (AUG 1996)-- ALTERNATE I (JUL 1985)
52.246-3	INSPECTION OF SUPPLIES--COST-REIMBURSEMENT (APR 1984)
52.246-4	INSPECTION OF SERVICES--FIXED-PRICE (AUG 1996)
52.246-5	INSPECTION OF SERVICES--COST-REIMBURSEMENT (APR 1984)
52.246-6	INSPECTION--TIME-AND-MATERIAL AND LABOR-HOUR (JAN 1986)
52.246-16	RESPONSIBILITY FOR SUPPLIES (APR 1984)

E.2 ACCEPTANCE

Government acceptance will occur after successful completion of the piloting of deployed systems. Successful completion is the resolution of all Priority 1 and 2 problem reports.

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Section F - Deliveries or Performance

F.1 CONTRACT TERM

The term of this contract is from the date of contract award until the latest completion date of the Principal Task Order or September 30, 1999, whichever is later. The ordering period will not exceed fifteen years. Unless otherwise authorized by the Contracting Officer, upon the expiration of all Principal Task Orders the contract expires.

F.2 CLAUSES INCORPORATED BY REFERENCE:

This contract incorporates the following clauses by reference with the same force and effect as if they were given in full text. Clauses preceded by an (*) apply to all task orders. Individual task orders will also list other applicable clauses.

52.211-11	LIQUIDATED DAMAGES--SUPPLIES, SERVICES, OR RESEARCH AND DEVELOPMENT (APR 1984)
52.242-15	STOP-WORK ORDER (AUG 1989)
52.242-15	STOP-WORK ORDER (AUG 1989)--ALTERNATE I (APR 1984)
* 52.242-17	GOVERNMENT DELAY OF WORK (APR 1984)
52.247-1	COMMERCIAL BILL OF LADING NOTATIONS (APR 1984)
* 52.247-35	F.O.B. DESTINATION, WITHIN CONSIGNEE'S PREMISES (APR 1984)
52.247-67	SUBMISSION OF COMMERCIAL TRANSPORTATION BILLS TO THE GENERAL SERVICES ADMINISTRATION FOR AUDIT (JUN 1997)

IR1052-96-050 ALTERATIONS AND ATTACHMENTS

Government Alterations

Upon 30 days written notice, the Government may make alterations or install attachments to the Contractor's equipment, provided that such action will not create a safety hazard. The Government shall assume full liability for any damages and/or degradation in equipment performance attributable directly to such alteration or attachment.

Maintenance Charges (if applicable)

If alterations made by the Government increase the cost of maintenance, the Contractor shall propose, and shall enter into negotiations with the Government to establish, revised maintenance charges for each installation. Equitable adjustment, if any, shall be in accordance with the clauses of this contract entitled "Changes - Fixed Price, Changes -Cost

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Section F - Deliveries or Performance

Reimbursement and Changes - Time and Materials or Labor Hours". Any disagreement concerning such revised charges shall be subject to the clause entitled, "Disputes".

Reprogramming

Any reprogramming agreed to by the Contractor which is required to accommodate such alterations and/or attachments will be accomplished at the Government's expense.

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Section G - Contract Administration Data

G.1 PAYMENT - VOUCHER/INVOICE REQUIREMENTS

G.1.1. PRESENTATION

In conjunction with the applicable Federal Acquisition Regulation (FAR) payment clauses specified in this contract, the contractor shall submit billings no more than once a month. Reimbursement for costs for actual work and services rendered under a given task order will be on a provisional basis. The Contractor shall request payment by submitting Standard Forms (SFs) 1034, "Public Vouchers for Purchases and Services Other Than Personal" and 1035, "Continuation Sheet", if applicable. The contractor shall submit separate vouchers for cost and fee. All original vouchers shall be sent to the following address:

Internal Revenue Service, Administrative Services Center
Accounts Payable Section
Post Office Box 508
Beckley, WV 25802

Three copies (clearly marked "information copy only") shall be submitted to the following addressees:

Internal Revenue Service
Systems Modernization Branch (M:P:T:D)
Attn.: Contracting Officer
6009 Oxon Hill Road
Oxon Hill, MD 20745
1 copy - SFs 1034 and 1035 (with supporting documentation)

Contracting Officer's Technical Representatives (COTRs)
Addresses to be specified in each task order
1 copy - SF 1035 only

Standard Forms (SFs) 1034 and 1035 are available from the Superintendent of Documents, Government Printing Office, Washington, DC 20402.

Vouchers submitted to the Contracting Officer shall be accompanied by detailed cost data sufficient to support all amounts claimed. Submittal of 1034's/1035's with proper detailed supporting documentation as described herein will be considered an adequate basis for the Contracting Officer to judge whether or not the amounts claimed are allowable, allocable, and reasonable. Upon request, the Contractor shall furnish any other supporting documentation deemed necessary by the Contracting Officer to complete processing of any vouchers.

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All information will be filled in as specified on the form, in addition instructions set forth below shall be followed:

G.1.2 SF 1034 REQUIREMENTS

(a) Voucher No.: The first voucher submitted will begin with the number "1" and the next voucher submitted will be number "2" and so forth, throughout the life of the contract. Each voucher shall reference the applicable Task Order number.

(b) Article or Services: Show a synopsis of the articles delivered and/or services completed. There is no need to go into detail on this form provided adequate supporting documentation as described below is provided. Also show in this block the total number of payments requested including this request for payment.

(c) The Contractor must include the Employer Identification Number (for other entities) on each voucher submitted for payment under this contract. This information is required to comply with requirements to file Internal Revenue Service Information Returns pursuant to the Internal Revenue Code.

Vouchers received that do not include the required information will be returned to the Contractor without payment. (Note: This information should be entered in the address block on the voucher).

G.1.3 SF 1035 REQUIREMENTS (If applicable)

A SF 1035 shall be submitted in support of the SF 1034 for each cost reimbursement task order. On the SF 1035, the following additional supporting documentation is required:

(a) Title of Project: List the full title of the project being performed under the contract.

(b) COTR: Include name and address from the task order including office code and phone number.

(c) Contract Amount: Insert the total estimated cost of the contract or task order, as applicable, exclusive of fee.

(d) Fixed/Base/Award/Incentive Fee: Insert total award or incentive fee for the task order, as applicable.

(e) Billing Period: Insert the beginning and ending dates of the period during which costs were incurred and for which reimbursement is claimed.

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(f) Direct Costs: Insert the major cost elements as follows:

- (1) Direct Labor: This consists of salaries and wages paid (or accrued) under the contract (for the voucher periods of performance). Direct Labor shall be presented in the following format:

Name of Individual	Labor Category	Labor Hours Accrued this Period	Hourly Rate	Cumulative Hours to Date
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- (2) Fringe Benefits: This represents fringe benefits applicable to direct labor. When applicable, provide the equation (rate and base) used to derive the billed fringe benefits cost. Fringe benefits included in the direct labor rate or in an indirect cost pool should not be identified here.
- (3) Direct Equipment: List only those items of equipment for which reimbursement is requested. Identify each item costing more than \$200 and having a life expectancy of more than one year. The following information shall be included (when applicable): (a) the item number for the specific piece of equipment; (b) the unit and, if applicable, extended price; (c) the vendor's name; (d) and the applicable vendor invoice number. Further itemization of vouchers/invoices shall only be required for items having specific limitations set forth in the contract.
- (4) Software: Separately identify any claimed costs for licensing agreements and software maintenance. The following information shall be included (when applicable):
 - (a) the associated software;
 - (b) the length of the agreement; and
 - (c) a brief statement of the maintenance effort(s) performed.
- (5) Materials, Supplies, or Other Expendable Items: These are consumable materials, supplies, and equipment other than that described in (3) above.
- (6) Overtime Premium: This is remuneration in excess of the basic hourly rate (if provided for by FAR 52.222-2, "Payment for Overtime Premiums" under a given task order).
- (7) Travel: Domestic travel is travel within the U.S., its territories, possessions, and Canada. It shall be billed separately from foreign travel. All costs associated with each trip must be presented in the following format:

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Dates of Departure and Return	Place of Origination and Destination	No. of Travelers	Purpose	Transportation Costs	Car Rental Cost	Per Diem (Food & Lodging)	Other (Parking, Cab Fare, etc.)
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(8) Subcontracts: Include separate detailed breakdown of all costs paid to subcontractors/consultants during the billing period. (If a cost type subcontract is executed, cost detail associated with that subcontract approximating that required herein must be submitted).

(9) Other: List all Other Direct Costs and dollar amounts individually.

(g) Indirect Costs - Overhead: Include any formulas (rate and base) used to derive the billed overhead costs.

(h) Fixed/Base/Award/Incentive Fee (FOR FEE VOUCHERS ONLY) If the contract/task order provides for fee, it must be claimed as provided for by the task order. Include the formula or method of computation. The Contractor may bill for base or fixed fee, based on performance, only up to 85% of total base fee.

(i) Amount Billed for Current Period: Provide totals for each of the major cost elements, any adjustments, and a grand total for the period.

(j) Cumulative Amount from Inception Through the Date of Current Billing: Provide the cumulative amounts billed for the major cost elements and adjusted amounts claimed during this contract. In addition, provide a trackable record of questioned costs (running account from the first billing through the current billing date).

(Adjustments are amounts previously billed that have been suspended or disallowed).

G.2 METHOD OF PAYMENT

G.2.1 FEDLINE/ACH

Payments under this contract will be made by IRS either by check or electronic funds transfer (through the Treasury Fedline Payment System (FEDLINE) or the Automated Clearing House (ACH)), at the option of the Government. After award, but no later than 14 days before a voucher is submitted, the Contractor shall designate a financial institution for receipt of electronic funds transfer payments in accordance with the requirements of FAR 52.232-33, and shall complete and submit Standard Form (SF) 3881 to the address identified at contract award.

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Contractor failure to properly designate a financial institution or to provide appropriate payee bank account information may delay payments of amounts otherwise properly due.

G.2.2 Payment Date

The date which appears on the check issued in payment or the date of payment by electronic funds transfer shall be considered to be the date that payment is made.

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Section H - Special Contract Requirements

H.1 KEY PERSONNEL

- (a) The following identifies those key personnel that are deemed necessary for the successful completion of contractual requirements:

<u>Key Personnel</u>	<u>Assignment Area</u>
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- (b) The contractor agrees that during the first year of the contract performance period no program-level key personnel substitution will be permitted unless such substitutions are necessitated by an individual's sudden illness, death or termination of employment. In any of these events, the contractor shall promptly notify the Contracting Officer providing the information required in paragraph (c). After the initial year, any proposed key personnel substitution must be submitted, in writing, at least thirty days in advance of the proposed substitution to the Contracting Officer.
- (c) All requests for key personnel substitutions must provide a detailed explanation of the circumstances necessitating the proposed substitution, a complete resume for the proposed substitute, and any other information requested by the Contracting Officer needed to approve or disapprove the proposed substitution. All proposed substitutions must possess capabilities that are equal to, or higher than the capabilities of the person to be replaced. The Contracting Officer will evaluate the request and promptly notify the contractor of the resulting approval or disapproval.

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Section H - Special Contract Requirements

- (d) If the Government determines that certain personnel are key to successful completion of a task order, they will be designated as "Key Personnel" in the task order.
- (e) The personnel named in Section J - Attachment 1 are committed to be available for future tasks. To the extent that they become unavailable, their substitution shall be subject to the same terms as paragraph (c). Approved substitutions to these personnel will not require a contract modification.

H.2 PRINCIPAL PARTNERS

The Principal Partner(s) referred to in this contract is/are:

Northrop Grumman

H.3. SUBCONTRACTING

All tier subcontracts which exceed one million dollars are subject to prior consent by the Contracting Officer. FAR 52.244-2 identifies the information required to be submitted. Any personal services or consultant arrangements related to this contract work shall be submitted for prior approval to the Contracting Officer regardless of dollar value.

H.4. TRANSFER OF TASKS TO THE PRIME

In the event that the IRS decides to transfer the responsibility of performing a task from another IRS contractor to the PRIME, the IRS will negotiate this transfer with both contractors.

H.5. AUTHORIZATION TO ISSUE TASK/DELIVERY ORDERS UNDER IRS CONTRACTS

The PRIME contractor is authorized, at its option, to issue task/delivery orders under the following IRS contracts subject to their terms and conditions:

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Contract	Contract Number
Service Center Support Systems (SCSS)	TIRNO-95-D-00048
Treasury Information Processing Support Services(TIPSS)	TIRNO-94-D-00089
TIPSS	TIRNO-94-D-00090
TIPSS	TIRNO-95-D-00057
TIPSS	TIRNO-95-D-00058
TIPSS	TIRNO-95-D-00059
TIPSS	TIRNO-95-D-00060
TIPSS	TIRNO-95-D-00061
TIPSS	TIRNO-95-D-00062
TIPSS	TIRNO-95-D-00063
TIPSS	TIRNO-95-D-00064
TIPSS	TIRNO-95-D-00065
TIPSS	TIRNO-95-D-00066
TIPSS	TIRNO-95-D-00067
TIPSS	TIRNO-95-D-00068

H.6. COMMODITIES

All commodities acquired under this contract shall be subject to price competition unless otherwise approved by the Contracting Officer.

H.7. SMALL BUSINESS SUBCONTRACTING APPROACH

The PRIME Contractor commits to achieve Small Business program goals of the IRS. The base for the contractor's subcontracting goal excludes first tier subcontracting dollars to the principal partner but includes second tier subcontracting dollars of a principal partner. The contractor will submit and negotiate a small business subcontracting plan for each applicable task order.

The Contractor will implement and manage the Small Business Subcontracting program, including the following elements:

- (a) A Small Business Advocate will be placed within the Program Management Office for the duration of the program;

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- (b) The Contractor will implement a Small Business web site to provide information about the Contractor's Small Business Subcontracting activities, including information on current and future Small Business Subcontracting opportunities; and,
- (c) The Contractor will participate in Government and Contractor sponsored Vendor outreach programs.

H.8. TASK ORDER CLOSE-OUT

It is the intention of the IRS to perform closeout procedures on an individual task order basis. The contractor agrees to perform those internal functions necessary to support this process in a timely manner. Task order close-out will occur as soon as possible after task order performance has concluded.

H.9. CONTRACTOR ABILITY TO SUBSTITUTE

It is the contractor's responsibility to ensure that all items offered under a task order are available for the systems life. This clause acknowledges that from time to time some of the contracted for item(s) may not be readily available or permanently go out of production. Based on the authority of this clause the contractor may request a one time or permanent substitution of one or more items. Such requests must be made in writing to the contracting officer, with a copy going to the project officer. The following conditions must be met:

- (a) The functional and technical characteristics of the substitute item(s) are equal to or better than the item(s) it is to substitute;
- (b) The price of the substitute item(s) is equal to or less than the cost of the item(s) it is to substitute but no greater than the current market price;
- (c) The Contractor provides sufficient detailed information to substantiate that (a) and (b) above are met; and
- (d) The substitute items(s) must be approved in writing by the Contracting Officer. The fact that the Contractor has requested a substitution shall not extend the required delivery time of any items. Upon acceptance of a substitution the Government may or may not grant a day for day extension to the delivery schedule for the time the Government took to approve the substitution. No extension shall be granted in the case of disapproved proposed substitution.

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H.10. SYSTEM/SERVICE IMPROVEMENTS

During the performance of task orders under this contract, the Government may solicit, and the Contractor is encouraged to independently propose, improvements to the system, services, or other contract requirements. These improvements, which must be within the general scope of the contract, may be proposed for technology enhancement, technology renewal, to save money, to satisfy increased requirements, or for any other purpose which presents system or service advantage to the Government. A proposal made under this clause must improve a component (including any hardware, software, communications or other item), product, price, or service. Improvement may include the substitution of an item originally proposed with another item that exceeds the requirements of the initial contract specifications and the capabilities of the item originally proposed. However, improvement does not include substitutions where the item proposed is no longer available. These substitutions would be proposed under the Contractor Ability to Substitute Clause. Improvements to the components must satisfy a functional requirement stated in the contract. The Contractor shall offer system or service improvements in a manner that permits adoption of the proposal in the smallest feasible part.

At a minimum, any proposal submitted by the Contractor pursuant to this clause shall include the following information:

- (a) A statement to the effect that the proposal is being submitted pursuant to this clause;
- (b) A detailed technical description of the proposed changes;
- (c) A detailed comparison between the existing contract requirements and the proposed changes, including the advantages and disadvantages of each;
- (d) An itemized list of each contract requirement, including any delivery schedules or completion dates, that would, in the contractor opinion, be effected by the proposed change;
- (e) An estimate of any changes (increases or decreases) to the contract's price, including any related costs, such as operation;
- (f) An estimate of the date by which the Government should accept the proposal in order to receive maximum benefits;
- (g) The date until which the proposal is valid. (This date must provide reasonable time for the Government to review the proposal); and

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- (h) The proposal shall include, where required, SF 1411 and 1448 data detailing cost and/or prices required to perform the change.

While the Government retains all discretion in determining whether to reject a system or service improvement proposal, to be accepted by the Government, the item or items addressed in the proposal must, as determined by the Government:

- (a) Provide the Government with advantages in performance over the existing system or related services or otherwise offer a measurable improvement in the installed system or related service at the point in time of offering;
- (b) Meet or exceed the specifications of the existing contract and the then-current equipment or service;
- (a) Pass all original performance testing, including benchmark or performance evaluation;
- (d) Conform to the federal, national, and international standards specified in the contract, as revised through the point in time of offering; and,
- (e) Represent the most advantageous alternative to the Government, as compared to, among other things, maintenance of the status quo or acquiring similar items from other commercial sources or the Government. Such a determination will include a consideration of whether the proposal represents the lowest overall cost to the Government, price and other factors considered, such as in-house costs and workload cost benefits.

The contractor may withdraw, in whole or in part, any improvement proposal which is not accepted by the Government within the specified time for acceptance.

The Contracting Officer shall accept or reject any improvement proposal by giving the contractor written notice of such acceptance or rejection.

If the proposal is accepted, the Contracting Officer shall issue a task order modification to incorporate any contract changes into the task order, including any increases or decreases to the task order price. If the modification increases or decreases the task order price or cost, such adjustment shall be made in accordance with the appropriate "Changes" clause of the contract.

However, the task order modification shall state that it is entered into under the authority of this clause.

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Unless and until the contract is modified in writing to incorporate any changes resulting from the Government's acceptance of an improvement proposal, the Contractor shall continue to perform in accordance with the contractor's existing terms and conditions.

The Contracting Officer's decision to accept or reject any improvement proposal shall be final and shall not be subject to the terms of the "Disputes" clause of the contract.

The contractor is requested to identify specifically any information contained in its improvement proposal which it considers confidential and/or proprietary and which it prefers not to disclose outside of the Government. The contractor's identification of information as confidential and/or proprietary is for informational purposes only and shall not be binding on the Government. The contractor is advised that such information may be subject to the Freedom of Information Act (5 U.S.C. 552).

H.11 INTELLECTUAL PROPERTY RIGHTS

The Government requires an unusual degree of flexibility in the intellectual property rights it receives pursuant to this contract to obtain the maximum benefit from modernized systems, including but not limited to the ability to integrate or interconnect not only with other federal agencies, but also with state and local governments, foreign countries, and international organizations for purposes such as joint or cooperative tax administration. The rights below apply to all task orders or delivery orders unless greater or lesser rights are negotiated and specified in the individual task order or delivery order.

The Government's limited and unlimited rights under FAR 52.227-14 are expanded to include for the Government the right to issue sublicenses to state or local governments and their instrumentalities, foreign governments, and international organizations. The Government's limited rights include use by the Government, other Government contractors for the preparation of their proposals or the performance of their contracts, and evaluation by nongovernment evaluators.

No modification to data shall be considered a "minor modification" and the Government shall be provided with unlimited rights to such modifications. For purposes of the preceding sentence, the term "modification" means those modifications that are developed for the purpose of performing this contract, whether or not they are later commercialized. The term does not include those modifications developed independent of contract performance that are issued, or offered, to all users of the underlying product from time to time as part of the normal life of the underlying product.

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All items delivered pursuant to FAR 52.227-12 or FAR 52.227-14 must bear the appropriate notices and the contractor shall cause them to be affixed prior to delivery. The Government will not execute any licensing agreements that vary, or are inconsistent with, this contract or Federal law.

H.12. SOFTWARE MAINTENANCE

If software maintenance is ordered as part of the individual task order or delivery order, the Contractor shall provide, with its proposal, a detailed plan for software maintenance that includes, at a minimum, the requirements detailed below. The Contractor shall propose a plan for testing new releases, versions, changes, modifications, improvements, and updates; maintaining a qualified staff to handle all software support and maintenance requirements; providing procedures for the distribution of new releases, versions, changes, modifications, improvements, or updates to software or its documentation; and problem escalation procedures.

If directed by the IRS the Contractor shall support all software delivered pursuant to the provisions of the contract for the life of the contract, including all renewals thereof. The Contractor's maintenance obligations include the maintenance of new releases, versions, changes, modifications, improvements, and updates delivered pursuant to the provisions of the contract for the life of the contract, including all renewals thereof. Software support and maintenance shall consist of the correction of errors and providing all release, versions, changes, modifications, improvements, and updates to the software and its documentation introduced during the life of the contract, including all renewals thereof, regardless of whether they are produced by the Contractor, its subcontractor or supplier, or the software author.

The Government shall be provided with full documentation of all releases, versions, changes, modifications, improvements, and updates to the software and its documentation provided under this contract. The Government reserves the right to accept or reject releases, versions, changes, modifications, improvements, and updates. If accepted, the Contractor shall maintain the software and its documentation thus altered. If rejected, the Contractor shall continue to maintain the software and its documentation then being provided under the contract. The Government shall be able to accept or reject any further releases, versions, changes, modifications, improvements, or updates to the software and its documentation. The Government thus reserves the right to "skip" a release, version, change, modification, improvement, or update.

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H.13. SECURITY REQUIREMENTS - MINIMUM BACKGROUND INVESTIGATIONS
(MBI)

The Contractor shall recognize and accept the requirement of OMB Circular A-71 for the Internal Revenue Service (IRS) to exercise security measures of automated data processing, computer systems, and access to the data and facilities. Contractor personnel participating in the design, operation, or maintenance of IRS computer systems or having access to data in an IRS computer system are subject to a Minimum Background Investigation (MBI) conducted by the IRS Internal Security Division.

In accordance with Internal Revenue Manual 0736, the Contractor shall provide the Contracting Officer with the names of the individuals who will be providing support for the contract utilizing Standard Form (SF) 85, Questionnaire for Public Trust Positions (original and two copies); Authority for Release of Information Treasury Directive Form (TD F) 62-94.1 (6 signed copies); and Police Directive Form (PD) - 70, Metropolitan Police Record Check (if applicable). In addition, the Contractor must include a cover memorandum with the following information: Contract Number, Name of COTR, phone number and mailing address, and company name. The Contracting Officer, or a designated representative, will transmit this information to Inspection upon receipt.

The Contractor shall furnish appropriate documentation to the Contracting Officer or designated representative for those Contractor employees involved in support under this contract who have been granted a security clearance by the Defense Industrial Security Clearance Office (DISCO). Evidence of individual clearances granted by DISCO will be accepted by the IRS in lieu of the required MBI. However, a Fingerprint Document (FD) - 258, Fingerprint card will be required for those individuals along with a memorandum listing the following information: Name and Job Title, Social Security Number, Citizenship, Date and Place of Birth, Security Clearance Level, Contract Number and Job, Length of Contract Employment, Date and Place Clearance Granted, and Federal Supply Code (FSC)/Cage Code.

Within five (5) calendar days after contract award, new hires, or substitution of personnel, the Contractor shall provide the Contracting Officer or designated representative with a list of names of all applicable Contractor employees who, under the terms of this contract are subject to the MBI. Upon receipt of these names, the Contracting Officer shall forward to the Contractor for completion by each applicable Contractor employee, all required forms.

The investigative documents shall be completed by the applicable Contractor employees and given to the Contracting Officer or designated representative within five (5) workdays from the Contractor's receipt of the forms. Costs associated with MBIs are the responsibility of the Government and will not be allowed as a billable item under the contract.

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The applicable Contractor employees are subject to approval by the Contracting Officer. Applicable Contractor employees who have MBIs which reveal any of the following may be unacceptable under this contract:

- (a) conviction of a felony, crime of violence, or serious misdemeanor.
- (b) a record of arrests for continuing offenses.

The Contractor shall be required to remove immediately any Contractor employee if the Government determines that the individual is unacceptable under this contract due to security reasons resulting from the background investigations.

New hires and substitute personnel are subject to the MBI requirement.

H.14. SOFTWARE ACQUISITION CAPABILITY MATURITY MODEL (SA-CMM) LEVEL 3

The Contractor shall have Software Engineering Institute (SEI) Software Acquisition Capability Maturity Model (SA-CMM) Level 3 Certification by July 1, 1999.

The contractor shall submit final findings Software Capability Evaluation (SCE) demonstrating compliance with the following SA-CMM Level 3 Key Process Areas (KPs):

- Software Acquisition Planning;
- Solicitation;
- Requirements Development and Management;
- Contract Tracking and Oversight;
- Project Management;
- Transition to Support;
- Evaluation;
- Process Definition and Maintenance;
- Project Performance Management;
- Contract Performance Management;
- Acquisition Risk Management; and
- Training Program.

Evaluations must be performed by qualified, independent and experienced evaluators. Given the limited number of SA-CMM experienced evaluators, the evaluation team(s) may be comprised primarily of SW-CMM qualified, independent and experienced evaluators, provided that each team includes at least one SA-CMM qualified, independent and experienced evaluator. The evaluation process must comply with the Software Engineering Institute (SEI) SCE methodology

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version 3.0. An organizational chart must be submitted detailing size and structure of the organization as well as the size and location of SCE projects within that organization. An onsite interview schedule detailing names, roles and organizational affiliations of individuals interviewed must be submitted. Names, and titles of responsible managers, address, phone number, organizational affiliation and credentials of the external evaluation team must be submitted.

IRS will verify the SCE data within ten working days of receipt. A letter will be sent to the PRIME contractor regarding verification results, including deficiencies, if any. Updated SCE data may be submitted by the PRIME to address deficiencies.

H.15. PERIODIC PRIME VALIDATION AND IRS VERIFICATION OF SW-CMM AND SA-CMM LEVEL 3

PRIME Validation

After Level 3 compliance has been verified, at 18 month intervals or at the discretion of the IRS, the PRIME contractor must submit one or more final findings SCE reports for itself and, as applicable, for its subcontractors. The evaluation results must clearly demonstrate that all IRS software development and software acquisition tasking for Modernization is being monitored and is being performed at a CMM Level 3.

IRS Verification

IRS will verify the SCE data. A letter will be sent to the PRIME contractor regarding verification results, including deficiencies, if any. Updated SCE data must be submitted by the PRIME to address deficiencies. Deficiencies must be addressed within six months of notification from the IRS. Persistent deficiencies in SCE data may impact future tasking or contractor payments. At its discretion, the IRS may require one or more SCE's.

H.16. PRIME VALIDATION OF SUBCONTRACTOR CAPABILITIES

The PRIME must provide an independent validation that ensures each subcontractor performs at a CMM Level 3 capability as a condition of the subcontractor's participation with Modernization. If the subcontractor will be using their own tools and processes, the subcontractor organization must have an independently performed Level 3 SCE that is validated by the PRIME.

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H.17. TERMINATION

In the event the IRS elects to discontinue its contract relationship with the PRIME Contractor, the IRS shall terminate this contract. In this event, the IRS may replace the PRIME Contractor by negotiating a sole source arrangement with a Principal Partner identified in clause H.2 (Principal Partners) or conduct a competition.

In the event that the IRS were to conclude that the PRIME contractor was failing to perform adequately, the IRS may terminate the relevant task order(s). In this event, the IRS may contract directly with one or more of the PRIME contractor's principal partners or another contractor to assume responsibility for one or more major functions heretofore performed by the PRIME contractor (e.g., Program Management, Procurement Administration).

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I.1 REPRESENTATIONS AND CERTIFICATIONS

The Contractor's Representations and Certifications dated June 1, 1998 are hereby incorporated by reference.

I.2 CONTRACT CLAUSES INCORPORATED BY REFERENCE

This contract incorporates the following clauses by reference with the same force and effect as if they were given in full text.

Clauses preceded by an asterisk (*) apply to all task orders. Individual task orders will also list other applicable clauses.

FEDERAL ACQUISITION REGULATION CLAUSES:

- * 52.202-1 DEFINITIONS (OCT 1995)
- * 52.203-3 GRATUITIES (APR 1984)
- * 52.203-5 COVENANT AGAINST CONTINGENT FEES (APR 1984)
- * 52.203-6 RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (JUL 1995)
- * 52.203-7 ANTI-KICKBACK PROCEDURES (JUL 1995)
- * 52.203-8 CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
- * 52.203-10 PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
- * 52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (JUN 1997)
- * 52.204-4 PRINTING/COPYING DOUBLE-SIDED ON RECYCLED PAPER (JUN 1996)
- 52.207-3 RIGHT OF FIRST REFUSAL OF EMPLOYMENT (NOV 1991)
- * 52.209-6 PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (JUL 1995)
- * 52.211-5 MATERIAL REQUIREMENTS (OCT 1997)
- 52.215-2 AUDIT AND RECORDS--NEGOTIATION (AUG 1996)
- 52.215-10 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (OCT 1997)
- 52.215-11 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA--MODIFICATIONS (OCT 1997)
- 52.215-12 SUBCONTRACTOR COST OR PRICING DATA (OCT 1997)
- 52.215-13 SUBCONTRACTOR COST OR PRICING DATA--MODIFICATIONS (OCT 1997)
- 52.215-14 INTEGRITY OF UNIT PRICES (OCT 1997)

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52.215-15	TERMINATION OF DEFINED BENEFIT PENSION PLANS (OCT 1997)
52.215-18	REVERSION OR ADJUSTMENT OF PLANS FOR POST RETIREMENT BENEFITS OTHER THAN PENSIONS (PRB)(OCT 1997)
52.215-19	NOTIFICATION OF OWNERSHIP CHANGES (OCT 1997)
52.216-7	ALLOWABLE COST AND PAYMENT (MAR 1997)
52.216-8	FIXED FEE (MAR 1997)
52.216-10	INCENTIVE FEE (MAR 1997)
52.216-12	COST-SHARING CONTRACT--NO FEE (APR 1984)
52.216-16	INCENTIVE PRICE REVISION--FIRM TARGET (FEB 1997)
52.216-17	INCENTIVE PRICE REVISION--SUCCESSIVE TARGETS (FEB 1997)
52.216-17	INCENTIVE PRICE REVISION--SUCCESSIVE TARGETS (FEB 1997)--ALTERNATE I (APR 1984)
52.217-8	OPTION TO EXTEND SERVICES (AUG 1989)
* 52.219-8	UTILIZATION OF SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS CONCERNS (JUN 1997)
* 52.219-9	SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (AUG 1996)--ALTERNATE II (MAR 1996)
52.219-16	LIQUIDATED DAMAGES--SUBCONTRACTING PLAN (OCT 1995)
52.222-2	PAYMENT FOR OVERTIME PREMIUMS (JUL 1990)
* 52.222-3	CONVICT LABOR (AUG 1996)
* 52.222-20	WALSH-HEALEY PUBLIC CONTRACTS ACT (DEC 1996)
* 52.222-26	EQUAL OPPORTUNITY (APR 1984)
* 52.222-28	EQUAL OPPORTUNITY PREAWARD CLEARANCE OF SUBCONTRACTS (APR 1984)
* 52.222-35	AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS (APR 1984)
* 52.222-36	AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS (APR 1984)
* 52.222-37	EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (APR 1998)
* 52.223-2	CLEAN AIR AND WATER (APR 1984)
* 52.223-5	POLLUTION PREVENTION AND RIGHT-TO-KNOW INFORMATION (APR 1998)
* 52.223-6	DRUG-FREE WORKPLACE (JAN 1997)
* 52.223-14	TOXIC CHEMICAL RELEASE REPORTING (OCT 1996)
* 52.224-1	PRIVACY ACT NOTIFICATION (APR 1984)
* 52.224-2	PRIVACY ACT (APR 1984)
* 52.225-9	BUY AMERICAN ACT--TRADE AGREEMENTS--BALANCE OF PAYMENTS PROGRAM (JAN 1996)

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- * 52.225-11 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES
(OCT 1996)
- * 52.227-1 AUTHORIZATION AND CONSENT (JUL 1995)
- * 52.227-2 NOTICE AND ASSISTANCE REGARDING PATENT AND
COPYRIGHT INFRINGEMENT (AUG 1996)
- * 52.227-3 PATENT INDEMNITY (APR 1984)
- * 52.227-9 REFUND OF ROYALTIES (APR 1984)
- 52.227-12 PATENT RIGHTS--RETENTION BY CONTRACTOR (LONG FORM)
(JAN 1997)--ALTERNATIVE II (JUN 1989)
- * 52.227-13 PATENT RIGHTS--ACQUISITION BY THE GOVERNMENT
(JAN 1997)
- 52.227-14 RIGHTS IN DATA--GENERAL (JUN 1987)
- 52.227-14 RIGHTS IN DATA--GENERAL (JUN 1987)--ALTERNATE II
(JUN 1987)
- 52.227-14 RIGHTS IN DATA--GENERAL (JUN 1987)--ALTERNATE III
(JUN 1987)
- 52.227-14 RIGHTS IN DATA--GENERAL (JUN 1987)--ALTERNATE V
(JUN 1987)
- * 52.227-16 ADDITIONAL DATA REQUIREMENTS (JUN 1987)
- * 52.227-17 RIGHTS IN DATA-SPECIAL WORKS (JUN 1987)
- * 52.227-19 COMMERCIAL COMPUTER SOFTWARE-RESTRICTED RIGHTS
(JUN 1987)
- * 52.228-5 INSURANCE-WORK ON A GOVERNMENT INSTALLATION
(JAN 1997)
- * 52.228-7 INSURANCE--LIABILITY TO THIRD PERSONS (MAR 1996)
- 52.229-3 FEDERAL, STATE, AND LOCAL TAXES (JAN 1991)
- 52.229-5 TAXES--CONTRACTS PERFORMED IN U.S. POSSESSIONS OR
PUERTO RICO (APR 1984)
- 52.230-2 COST ACCOUNTING STANDARDS (APR 1998)
- 52.230-6 ADMINISTRATION OF COST ACCOUNTING STANDARDS
(APR 1996)
- 52.232-1 PAYMENTS (APR 1984)
- 52.232-7 PAYMENTS UNDER TIME-AND-MATERIALS AND LABOR-HOUR
CONTRACTS (FEB 1997)
- * 52.232-8 DISCOUNTS FOR PROMPT PAYMENT (APR 1989)
- * 52.232-9 LIMITATION ON WITHHOLDING OF PAYMENTS
(APR 1984)
- 52.232-16 PROGRESS PAYMENTS (JUL 1991)
- * 52.232-17 INTEREST (JUN 1996)
- * 52.232-18 AVAILABILITY OF FUNDS (APR 1984)
- 52.232-20 LIMITATION OF COST (APR 1984)
- 52.232-22 LIMITATION OF FUNDS (APR 1984)

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* 52.232-23	ASSIGNMENT OF CLAIMS (JAN 1986)
* 52.232-25	PROMPT PAYMENT (JUN 1997)
52.232-32	PERFORMANCE-BASED PAYMENTS (MAY 1997)
* 52.232-33	MANDATORY INFORMATION FOR ELECTRONIC FUNDS TRANSFER PAYMENT (AUG 1996)
* 52.233-1	DISPUTES (OCT 1995)--ALTERNATE I (DEC 1991)
52.233-3	PROTEST AFTER AWARD (AUG 1996)
52.233-3	PROTEST AFTER AWARD (AUG 1996)--ALTERNATE I (JUN 1985)
* 52.239-1	PRIVACY OR SECURITY SAFEGUARDS (AUG 1996)
52.242-1	NOTICE OF INTENT TO DISALLOW COSTS (APR 1984)
52.242-3	PENALTIES FOR UNALLOWABLE COSTS (OCT 1995)
52.242-4	CERTIFICATION OF FINAL INDIRECT COSTS (JAN 1997)
* 52.242-13	BANKRUPTCY (JUL 1995)
52.243-1	CHANGES--FIXED-PRICE (AUG 1987)
52.243-1	CHANGES--FIXED-PRICE (AUG 1987)--ALTERNATE II (APR 1984)
52.243-2	CHANGES--COST-REIMBURSEMENT (AUG 1987)
52.243-2	CHANGES--COST-REIMBURSEMENT (AUG 1987)-- ALTERNATE II (APR 1984)
52.243-3	CHANGES--TIME-AND-MATERIALS OR LABOR-HOURS (AUG 1987)
* 52.243-7	NOTIFICATION OF CHANGES (APR 1984); FILL-INS EQUAL
52.244-1	SUBCONTRACTS (FIXED-PRICE CONTRACTS) (FEB 1995)
52.244-2	SUBCONTRACTS (COST-REIMBURSEMENT AND LETTER CONTRACTS) (FEB 1997)
52.244-3	SUBCONTRACTS (TIME-AND-MATERIALS AND LABOR-HOUR CONTRACTS) (APR 1985)
* 52.244-5	COMPETITION IN SUBCONTRACTING (DEC 1996)
* 52.244-6	SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (OCT 1995)
52.245-2	GOVERNMENT PROPERTY (FIXED-PRICE CONTRACTS) (DEC 1989)
52.245-5	GOVERNMENT PROPERTY (COST-REIMBURSEMENT, TIME-AND-MATERIAL, OR LABOR-HOUR CONTRACTS)(JAN 1986)
* 52.245-19	GOVERNMENT PROPERTY FURNISHED "AS IS" (APR 1984)
52.246-18	WARRANTY OF SUPPLIES OF A COMPLEX NATURE (APR 1984)
52.246-19	WARRANTY OF SYSTEMS AND EQUIPMENT UNDER PERFORMANCE SPECIFICATIONS OR DESIGN CRITERIA (DEC 1989)
52.246-20	WARRANTY OF SERVICES (APR 1984)

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* 52.246-23	LIMITATION OF LIABILITY (FEB 1997)
52.246-24	LIMITATION OF LIABILITY--HIGH-VALUE ITEMS(FEB 1997)
52.246-24	LIMITATION OF LIABILITY--HIGH-VALUE ITEMS(FEB 1997)-- ALTERNATE I (APR 1984)
52.246-25	LIMITATION OF LIABILITY--SERVICES (FEB 1997)
52.248-1	VALUE ENGINEERING (MAR 1989)
52.249-2	TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED-PRICE) (SEP 1996)
52.249-6	TERMINATION (COST-REIMBURSEMENT) (SEP 1996)
52.249-6	TERMINATION (COST-REIMBURSEMENT) (SEP 1996)-- ALTERNATE IV (SEP 1996)
52.249-8	DEFAULT (FIXED-PRICE SUPPLY AND SERVICE) (APR 1984)
52.249-14	EXCUSABLE DELAYS (APR 1984)
* 52.251-1	GOVERNMENT SUPPLY SOURCES (APR 1984)
* 52.253-1	COMPUTER GENERATED FORMS (JAN 1991)

IRS Clauses:

IR1052-96-004 DOCUMENTATION, ESCROW, AND CODE
DELIVERABLES

(a) With the initial delivery of the system's/item's software package, the Contractor shall provide to the Contracting Officer complete, accurate, and current source code material for all customer source code software. For the purpose of this clause, "source code material" means source code and source code listings, provided in computer-sensible form and on media capable of being used as input to the *(system name(s) to be inserted on a Task Order by Task Order basis)* for compilation; related documentation; and any commentary necessary for a software engineer to understand the source code, all indexed and organized by the Contractor for ease of use. For the purposes of this clause, "customer source code software" is defined as every item of software that is either proposed for use or delivered under this contract, or both, if the Contractor has provided the software item's source code or source code listing to another customer incident to a sale of the software item.

(b) ESCROW REQUIREMENTS

(1) To ensure adequate performance, and for the benefit of the Government, the Government insists upon adequate performance of the *(software application(s) name(s) to be inserted on a Task Order by Task Order basis)* and requires procedures to ensure that its current and future operations are successful and as

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free from operating errors as possible. The Contractor shall assign a copy of the source code material to an independent Contractor for all software that is either proposed for delivery or delivered under this contract, or both, unless such has already been provided directly to the Government as customer source code software. The Contractor shall ensure that its subcontractors, by way of flow-down provisions or otherwise, are informed of this requirement and shall comply with these terms.

(2) The independent Contractor shall hereafter be referred to as the "Escrowee," and the agreement under which assignment is made shall hereafter be referred to as the "Agreement." As used in this clause, the terms "escrow" and "escrowee" are used for purposes of convenient reference only and are not intended to define the rights, duties, and obligations of the parties. The Escrowee shall be an institution or entity that routinely engages in the practice of holding software source code for the benefit of third-parties licensed to use the related object code or software programs. The Escrowee shall be financially and operationally independent of the Contractor, including the Contractor's parent company, subcontractors, subsidiaries, and affiliates.

(3) Within ten calendar days from the Contractor's first delivery of software to the Government, or within ten calendar days from the delivery of changed or updated software to the Government, the Contractor shall deliver to the Escrowee one copy of the related source code material. The Contractor warrants that the source code material delivered to the Escrowee will be complete, accurate, and current.

(c) ESCROW AGREEMENT

The contractor shall provide to the Government a tripartite Agreement, signed by officials of the Contractor and the Escrowee authorized to make such commitments, and with a signature block prepared for a Contracting Officer of the United States. The Agreement, all undertakings of which will be borne at the expense of the Contractor, shall provide, as a minimum:

(1) that the paramount purpose of the Agreement is to ensure the adequate performance of the *(software application(s) name(s) to be inserted on a Task Order by Task Order basis)* for the benefit of the United States;

(2) that within ten calendar days from the Contractor's first delivery of software to the Government, or within ten calendar days from the delivery of changed or updated software to the Government, the Contractor shall assign and deliver to the Escrowee one copy of the related source code material unless the source code material is to be made available to the Government directly;

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(3) that the Contractor warrants to the Escrowee that the source code material developed to its complete, accurate, and current;

(4) that the Escrowee will not use the source code and, except upon a condition of default or in audit as described below, will reveal it to no other person or entity;

(5) that the Escrowee will destroy the source code material upon notification from the Government that the related software is no longer in use, provide a certificate of destruction to the Government, and that under no condition will the source code material be returned to the Contractor;

(6) that the Contractor will provide to the Escrowee and the Government monthly reports detailing the changes made to the software provided to the Government (negative reports are required), and these reports shall be so detailed as to give the information necessary to verify that the source code material delivered to the Escrowee and the software delivered to the Government are consistent;

(7) that the Government is authorized to audit (but not copy) four (4) times per year, the source code material and reports, by sampling, at the location of the Escrowee to verify that the source code material is current;

(8) that the Escrowee shall surrender to the Government source code material in its possession for software that is determined by the Contracting Officer to be operating beneath the standard of performance set forth in this Contract, and for which the Contractor has been determined to be in default by the Contracting Officer and notified of a partial or total termination for default; such surrender to be made within ten calendar days of the Contracting Officer's written request, provided the request states that use of the source code material is necessary to return the software to an acceptable level of performance and attaches documentation sufficient to establish the other conditions set forth in this paragraph (g);

(9) that the Government, as a result of audit, or after delivery upon a condition of default and notwithstanding its legal and equitable title in the copy of source code material thus delivered, will use the source code only to perfect operation of the related software and will disclose it to no other person or entity, except as is necessary to perfect operation of the related software, and then only upon conditions of non-disclosure for any other purpose to third-parties;

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(10) that the Agreement is not intended to establish a right or benefit in any successor in interest to the licensor unless specifically approved by the Government;

(11) that while conditions for surrender of the source code material from the Escrowee to the Government may be established by reference to conditions of performance under the *(system name(s) to be inserted on a Task Order by Task Order basis)* being acquired or developed, the obligations of the Escrowee to the Government under the Agreement will survive any termination, cancellation, or repudiation of the *(system name(s) to be inserted on a Task Order by Task Order basis)* being acquired or developed; and,

(12) that the terms of the Agreement are not intended to provide the Government with a copyright in the software or to interfere with the rights in data established under the *(system(s) name(s) to be inserted on a Task Order by Task Order basis)* being acquired or developed.

(d) ESCROW WAIVER

The requirement to assign and deliver source code material to an independent Contractor under an "Escrow Agreement" may be waived, whether in whole or in part, at the discretion of the Contracting Officer upon the written request of the contractor. Specific items for which waiver is granted shall expressly be identified in this contract.

"In granting a request for waiver, in whole or part, the Contracting Officer may consider any fact found relevant to exercising informed discretion, including, but not limited to, any or all of the following:

(1) the extent of the offeror's (and its subcontractor's) experience in supporting and maintaining software on projects of similar or larger scope and dollar value;

(2) the sufficiency and quality of the Contractor's past performance and that of its subcontractors; and

(3) the market strength and influence of the Contractor, its subcontractors, and any involved software suppliers."

(e) DISPUTES

A dispute between the Contractor and the Government relating to the obligations of the parties to the "Escrow Agreement" shall be resolved in accordance with the Disputes clause of this contract.

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IR1052-96-015 ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO LEASE
OF ADPE

Period of Lease

The Government may discontinue lease and use of equipment upon 30 days written notice to the Contractor. The Government may discontinue lease and use of equipment on shorter notice than specified above when agreed to by the Contractor. However, the Government may extend the original discontinuance date upon written notice to the Contractor, provided such notice is furnished at least 15 days prior to the original discontinuance date.

Terms of Use

The Government will have unlimited use of all equipment, and is entitled to operate all equipment at any time, for any period of time, at the convenience of the Government (exclusive of time required for preventive and remedial maintenance).

Application of Lease and Maintenance Charges

Lease and maintenance charges shall apply beginning on the first day of the successful performance period. Equipment lease/maintenance charges shall not accrue under the following:

- (a) Unsuccessful periods of the acceptance test;
- (b) Periods of suspension in the test schedule awaiting mechanical replacement(s).

Title

Title to equipment, accessories, and devices leased under this contract shall remain with the Contractor. All devices and accessories furnished by the Contractor, except those purchased by the Government, shall accompany the equipment when returned to the Contractor.

Contractor Rights to Substitute

It is the contractor's responsibility to ensure that all items offered under this contract are available for the systems life of (*number of months to be specified in individual Task Order(s)*). This clause acknowledges that from time to time some of the contracted for equipment may not be readily available or permanently go out of production. Based on the authority of this clause the contractor may request a one time or permanent substitution of one or more contract line items. Such requests must be made in writing to

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the contracting officer, with a copy going to the project officer. The following conditions must be met:

A. The functional and technical characteristics of the substitute equipment are equal to or better than the equipment it is to replace;

B. The price of the substitute equipment is equal to or less than the cost of the equipment it is to replace; and,

C. The Contractor provides sufficient detailed information to substantiate that A and B above are met.

D. The replacement item(s) must be approved in writing by the Contracting Officer.

The fact that the Contractor has requested a replacement shall not extend the required delivery time of any items. Upon acceptance of a replacement the Government may grant a day for day extension to the delivery schedule for the time the Government took to approve the replacement. No extension shall be granted in the case of disapproved proposed replacements.

Equipment Replacement

If leased equipment becomes inoperative due to equipment failure, and the total number of inoperative hours exceeds 24 hours during each of three (3) consecutive calendar months, the Contractor shall, within seven (7) calendar days of notification by the Government:

(a) Provide on-site backup equipment, in good operating condition, at no additional cost while the defective equipment is being repaired; or

(b) Provide on-site technical support personnel, at no additional cost, in order to repair the equipment, and restore the equipment to the required effectiveness level within the five (5) work days noted above; or

(c) Replace the malfunctioning equipment with a functionally equivalent or superior equipment in good operating condition at no additional cost to the Government. If the malfunctioning equipment is leased, the accrued purchase option credits, if any, shall be transferred to the replacement equipment.

IR1052-96-029

CERTIFICATE OF MAINTAINABILITY

At such time as the services of the Contractor are terminated, expire contractually or are otherwise not extended, or upon request by the Contracting Officer at any time, the Contractor shall issue, within five (5) working days, a "Certificate of Maintainability" for any or all equipment acquired and maintained under this contract.

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The certificate shall state that preventive maintenance in accordance with the specifications of the Original Equipment Manufacturer (OEM) has been performed and that the equipment is performing in accordance with the OEM's specifications such that the OEM (or the OEM's successor in interest) would commit that it would assume maintenance of the equipment without billing any one-time charges (including but not limited to repair or inspection charges) if such maintenance were assumed effective the day after the Contractor's performance ceases. The Contractor is responsible for bearing all costs associated with obtaining such certification at no separate charge to the Government.

Should the Contractor fail to issue the required Certificate of Maintainability in accordance with this clause, or should any equipment fail to perform in accordance with the certification, the Contractor shall be liable to the Government for any reasonable costs incurred by the Government for the purpose of bringing the equipment up to the required OEM maintenance level.

If equipment is acquired under this contract, without maintenance of such equipment being concurrently acquired under the contract, the Contractor shall issue a Certificate of Maintainability for such equipment at the time of delivery for each piece of equipment. The certificate shall state that the equipment is in such condition that the OEM (or the OEM's successor in interest) would commit that it would assume maintenance of the equipment without billing any charges to the Government. All charges required to obtain the requisite performance of the equipment, up to the later of the time the equipment is accepted by the Government or the warranty expires, shall be borne by the Contractor. The time the equipment is accepted by the Government is the date that the Government determines that the equipment has passed acceptance testing, not the effective date of acceptance. The fact that the equipment may have been acquired with a warranty does not relieve the Contractor of its obligations under this clause.

* IR1052-96-070 NEWS RELEASES/COMMERCIAL ADVERTISING

Under no circumstances shall the Contractor, or anyone acting on behalf of the Contractor, refer to the equipment or services furnished pursuant to the provisions of this contract in any news release, external briefings or commercial advertising, or in connection with any news release or commercial advertising, without first obtaining explicit written consent to do so from the Contracting Officer. Should any reference to such equipment or services appear in any news release or commercial advertising issued by or on behalf of the Contractor without such consent first being so obtained, the Government shall consider institution of all remedies available under the provisions of this contract.

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* IR1052-96-106 COPYRIGHT INDEMNITY

Those provisions as set forth in FAR 52.227-3 "Patent Indemnity" will apply to indemnification of any copyright infringement. For the purposes of this paragraph, the provisions of this clause are incorporated herein by reference, and insofar as the word "patent" appears, the word copyright shall be substituted therefor, if applicable.

* IR1052-96-115 ADVERTISING OF AWARD

The Contractor agrees not to refer to awards in commercial advertising in such a manner as to state or imply that the product or service provided is endorsed or preferred by the Federal Government or is considered by the Government to be superior to other products or services.

IRSAP1052.224-9000(a) DISCLOSURE OF INFORMATION –SAFEGUARDS (JAN 1998)

In performance of this contract, the contractor agrees to comply and assume responsibility for compliance by his/her employees with the following requirements:

(1) All work shall be performed under the supervision of the contractor or the contractor's responsible employees.

(2) Any return or return information made available shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Inspection by or disclosure to anyone other than an officer or employee of the contractor shall require prior written approval of the Internal Revenue Service. Requests to make such inspections or disclosures should be addressed to the IRS Contracting Officer.

(3) Should a person (contractor or subcontractor) or one of his/her employees make any unauthorized inspection(s) or disclosure(s) of confidential tax information, the terms of the Default clause (FAR 52.249-8), incorporated herein by reference, may be invoked, and the person (contractor or subcontractor) will be considered to be in breach of this contract.

Individual Task Order(s) will specify any additional safeguards.

IRSAP1052.224-9000(c) DISCLOSURE OF INFORMATION -SAFEGUARDS (JAN 1998)

In performance of this contract, the contractor agrees to comply with and assume responsibility for compliance by his/her employees with the following requirements:

(1) All work shall be performed under the supervision of the contractor or the contractor's responsible employees.

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(2) Any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Inspection by or disclosure to anyone other than an officer or employee of the contractor shall require prior written approval of the Internal Revenue Service. Requests to make such inspections or disclosures should be addressed to the IRS Contracting Officer.

(3) All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output shall be given the same level of protection as required for the source material.

(4) The contractor certifies that the data processed during the performance of this contract shall be completely purged from all data storage components of his/her computer facility and no output will be retained by the contractor at the time the IRS work is completed. If immediate purging of all data storage components is not possible, the contractor certifies that any IRS data remaining in any storage component will be safeguarded to prevent unauthorized inspection or disclosure.

(5) Any spoilage or any intermediate hard copy printout which may result during the processing of IRS data shall be given to the IRS Contracting Officer or his/her designee. When this is not possible, the contractor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts and shall provide the IRS Contracting Officer or his/her designee with a statement containing the date of destruction, description of material destroyed, and the method used.

(6) No work involving information furnished under this contract will be subcontracted without the specific approval of the IRS Contracting Officer.

(7) All computer systems processing, storing and transmitting tax data must meet or exceed computer access protection controls - (C2). To meet C2 requirements, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance and documentation. All security features must be available (object reuse, audit trails, identification\authentication, and discretionary access control) and activated to protect against unauthorized use of and access to tax information.

(8) Should a person (contractor or subcontractor) or one of his/her employees make any unauthorized inspection(s) or disclosure(s) of confidential tax information, the terms of the Default clause (FAR 52.249-8), incorporated herein by reference, may be invoked, and the person (contractor or subcontractor) will be considered to be in breach of this contract.

Individual Task Order(s) will specify any additional safeguards.

* IRSAP 1052.224-9000(d) DISCLOSURE OF "OFFICIAL USE ONLY" INFORMATION SAFEGUARDS (JAN 1998)

Any Treasury Department Information made available or to which access is provided, and which is marked or should be marked "Official Use Only", shall be used only for the purpose of

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carrying out the provisions of this contract and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Disclosure to anyone other than an officer or employee of the contractor or subcontractor at any tier shall require prior written approval of the IRS. Requests to make such disclosure should be addressed to the IRS Contracting Officer.

* IRSAP 1052.224-9001(a) DISCLOSURE OF INFORMATION-CRIMINAL/CIVIL SANCTIONS (JAN 1998)

(1) Each officer or employee of any person (contractor or subcontractor) at any tier to whom returns or return information is or may be disclosed shall be notified in writing by the person (contractor or subcontractor) that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000 or imprisonment for as long as five years, or both, together with the costs of prosecution. Such person (contractor or subcontractor) shall also notify each such officer and employee that any such unauthorized future disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 with respect to each instance of unauthorized disclosure plus in the case of willful disclosure or a disclosure which is the result of gross negligence, punitive damages, plus the cost of the action. These penalties are prescribed by IRC Sections 7213 and 7431 and set forth at 26 CFR 301.6103(n).

(2) Each officer or employee of any person (contractor or subcontractor) to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract and that inspection of any such returns or return information for a purpose or to an extent not authorized herein constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000.00 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. Such person (contractor or subcontractor) shall also notify each such officer and employee that any such unauthorized inspection of returns or return information may also result in an award of civil damages against the officer or employee in an amount equal to the sum of the greater of \$1,000.00 for each act of unauthorized inspection with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection plus in the case of a willful inspection or an inspection which is the result of gross negligence, punitive damages, plus the costs of the action. The penalties are prescribed by IRC Sections 7213A and 7431.

(3) Additionally, it is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(I)(1), which is made applicable to contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a contractor, who by virtue of his/her

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employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is so prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

* IRSAP 1052.224-9001(b) DISCLOSURE OF INFORMATION – OFFICIAL USE ONLY (JAN 1998)

Each officer or employee of the contractor or subcontractor at any tier to whom "Official Use Only" information may be made available or disclosed shall be notified in writing by the contractor that "Official Use Only" information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such "Official Use Only" information, by any means, for a purpose or to an extent unauthorized herein, may subject the offender to criminal sanctions imposed by 18 U.S.C. Sections 641 and 3571. Section 641 of 18 U.S.C. provides, in pertinent part, that whoever knowingly converts to his use or the use of another, or without authority sells, conveys, or disposes of any record of the United States or whoever receives the same with the intent to convert it to his use or gain, knowing it to have been converted, shall be guilty of a crime punishable by a fine or imprisoned up to ten years or both.

* IRSAP 1052.224-9002 DISCLOSURE OF INFORMATION--INSPECTION (JAN 1998)

The Internal Revenue Service shall have the right to send its officers and employees into the offices and plants of the contractor for inspection of the facilities and operations provided for the performance of any work under this contract. On the basis of such inspection, the Contracting Officer may require specific measures in cases where the contractor is found to be noncompliant with contract safeguards.

* IRSAP 1052.239-9002 YEAR 2000 WARRANTY – COMMERCIAL SUPPLY PRODUCTS (JUL 1997)

The contractor warrants that each hardware, software, and firmware product delivered under this contract and listed below shall be able to accurately process date data (including, but not limited to, calculating, comparing and sequencing) from, into, and between the twentieth and twenty-first centuries, including leap year calculations, when used in accordance with the product documentation provided by the contractor, provided that all listed products (e.g. hardware, software, firmware) used in combination with such listed product properly exchange date data with it. If the contract requires that specific listed products must perform as a system in accordance with the foregoing warranty, then that warranty shall apply to those listed products as a system. The duration of this warranty and the remedies available to the Government for breach

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of this warranty shall be as defined in, and subject to, the terms and limitations of the contractors standard commercial warranty or warranties contained in this contract, provided that notwithstanding any provision to the contrary in such commercial warranty or warranties, the remedies available to the Government under this warranty shall include repair or replacement of any listed product whose non-compliance is discovered and made known to the contractor in writing within the time period consistent with this contracts Inspection clause(s). Nothing in this warranty shall be construed to limit any rights or remedies the Government may otherwise have under this contract with respect to defects other than Year 2000 performance.

* IRSAP 1052.239-9003 YEAR 2000 WARRANTY - NON-COMMERCIAL SUPPLY ITEMS (JUL 1997)

The contractor warrants that each non-commercial item of hardware, software, and firmware delivered under this contract and listed below shall be able to accurately process date data (including, but not limited to, calculating, comparing and sequencing) from, into, and between the twentieth and twenty-first centuries, including leap year calculations, when used in accordance with the item documentation provided by the contractor, provided that all listed items (e.g. hardware, software, firmware) used in combination with such listed item properly exchange date data with it. If the contract requires that specific listed items must perform as a system in accordance with the foregoing warranty, then that warranty shall apply to those listed items as a system. The duration of this warranty and the remedies available to the Government for breach of this warranty shall be as defined in, and subject to, the terms and limitations of any general warranty provision(s) of this contract, provided that notwithstanding any provision to the contrary in such warranty provision(s), or in the absence of any such warranty provision(s), the remedies available to the Government under this warranty shall include repair or replacement of any listed item whose non-compliance is discovered and made known to the contractor in writing within the time period consistent with this contracts Inspection clause(s). Nothing in this warranty shall be construed to limit any rights or remedies the Government may otherwise have under this contract with respect to defects other than Year 2000 performance.

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Part III – List of Documents, Exhibits and Other Attachments
Section J – List of Attachments

Attachment 1 Specialized Technical Resources