

Procurement Team

- Program Group
- Contracts Group
- Audit Group



Program Group

- Program Managers
- Technical Personnel
- Program Manager's Technical Representative



Contracts Group

- Contracting Officer
- Contracting Officer's Representative (COR)
- Contract Administration Office
- Price Analyst



Methods of Soliciting Contracts

- Sealed Bid (FAR Part 14)
- Negotiation (FAR Part 15)



Sealed Bid

- Award based on lowest price submitted by a qualified supplier. (FAR Part 14)
- Sealed bid can be used if:
 - Time permits
 - Award is based on price & price-related factors
 - Not necessary to conduct discussions
 - Expect more than one bid

Negotiation

- Awards are based on price & other technical factors
- If sealed bid procedures are ***not*** used, then contract is negotiated



Contract Types - General Comments

- Items to be delivered or services to be performed
- R&D
- Construction
- Facilities



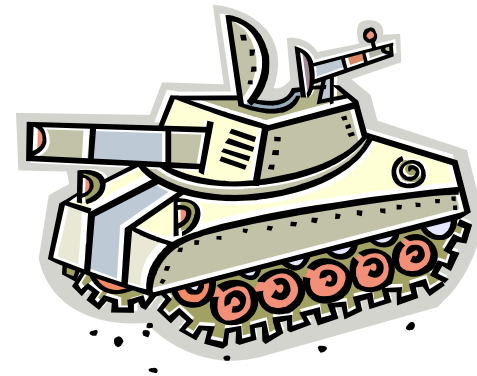
Contract Classifications

- Fixed-Price
- Cost-Reimbursement



Firm-Fixed-Price (FFP) (FAR 16.202)

- Costs are not subject to adjustment based on actual costs
- Contractor accepts full responsibility for profit/loss
- Used when there is adequate competition & realistic estimates can be prepared



Fixed-Price Incentive (FPI) (FAR 16.204 & 403)

- Establishes targets based on cost
- Profit is adjusted based on actual cost performance
- Gov't/contractor share in over/under runs
- Actuals < Targets = More Profit



Other Fixed-Price



- FP Redetermination (**FAR 16.205 & 206**)
- FP with Economic Price Adjustment (**FAR 16.203**)
- FP Level-of-Effort (**FAR 16.207**)

Cost-Plus-Fixed-Fee (CPFF) (FAR 16.306)



- Contractor reimbursed for allowable costs plus a negotiated **fixed** fee
- For efforts that would provide financial risks for contractors
- Minimum incentive to control costs

Cost-Plus-Incentive-Fee (CPIF) (FAR 16.304 & 405)

- Similar to FPI
- Has targets and share ratios
- Uses a minimum and maximum fee



Cost-Plus-Award-Fee (CPAF) **(FAR 16.305 & 405)**

- Contractor reimbursed for allowable incurred costs
- Two part fee:
 - Fixed amount
 - Award amount
- Award fee not subject to Disputes clause

Cost Contract (FAR 16.302)

- Allowable costs are reimbursed
- No fee or profit
- Used mainly for R&D, especially nonprofit educational institutions or other nonprofits



Cost-Sharing (FAR 16.303)



- No fee
- Government reimburses for a predetermined portion of costs
- Used when contractor expects future benefits

Other

- Letter Contract (**FAR 16.603**)
- Indefinite-Delivery Contracts (**FAR 16.5**)
- Basic Ordering Agreements (BOA) (**FAR 16.703**)



Time-and-Material (T&M) **(FAR 16.601)**

- Acquires supplies or services based on:
 - Direct labor hours using loaded labor rates
 - Materials, at cost
- Rates are fixed, hours are not fixed

T&M Example

Senior Scientist	\$50 per Hour
Overhead	80%
G&A	10%
Profit	15%
Materials	\$100,000
Proposed Loaded Rate?	\$113.85 / Hour



Labor-Hour (FAR 16.602)

Same as T&M contract except
that there are no material costs

Audit Rights

(FAR 52.215-2)

. . . shall have the ***right to examine and audit all records and other evidence*** sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract.

Audit Rights

(FAR 52.215-2)

This right or examination shall include ***inspection at all reasonable times*** of the Contract's plants, or parts of them, engaged in performing this contract.

Audit Rights

(FAR 52.215-2)

Availability

Until 3 years after final payment under this contract or for any shorter period specified in Subpart 4.7 . . .

