

MWI 5100.1

REVISION C

EFFECTIVE DATE: May 10, 2003

EXPIRATION DATE: May 10, 2008

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# **MARSHALL WORK INSTRUCTION**

**PS01**

# **PROCUREMENT REQUISITIONERS GUIDE**

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### DOCUMENT HISTORY LOG

Status (Baseline/ Revision/ Canceled)	Document Revision	Effective Date	Description
Baseline		5/14/99	Document converted from MSFC-P06.1-C03 to a Directive. Previous history retained in system as part of canceled or superseded ISO Document files.
Revision	A	8/20/99	Organization codes and titles updated. Updated forms listing at 9.b. Updated S&MA document numbers at paragraph 3 (Applicable Documents) and sections 1.3.1, 1.4.1, 3.3.2.1.5, 3.6.1, 3.6.2, and Appendix D. Updated requirement terminology and referenced document at Appendix D, 7.A. Corrected QMS to MMS at 3.6.5.1. Added "safety" to first sentence at 1.1 of Chapter 1.
Revision	B	8/8/01	Document renumbered to comply with format required by MPG 1410.2. Section 3 revised to delete MM 4000.1 and substitute MWI 4520.1 and MWI 4520.2, where applicable; delete MM 8040.12, MM 9000.1, MWI 1050.1, CM21-011, PS-OWI-16; delete QS01-QE-002 and QS01-QE-006 and substitute QS01-QE-001; add MPD 2800.1, MPG 8040.1, MWI 8040.3, MWI 8715.9; change MMI 1845.1 to MPG 1840.2 and add "MSFC" to title; change MMI 3200.1 to MPG 3200.1; change title of MWI 4530.1 and MWI 5330.1. Section 5, paragraph a. (now 5.2), updated definition of Basic Ordering Agreement; added definition of Collaborative Work Commitment (new 5.12); paragraph k now 5.1; paragraph m. (now 5.14), redefined Information Technology; paragraph o. (now 5.16), redefined Internal Agreement; added definition of Organizational Chief Information Officer (new 5.21). Section 9, added Note. Chapter 1: 1.1 (now CH1.1.1), Deleted "contractor delivery" and "final voucher paid"; 1.1.2 (now CH1.1.3), third bullet, change \$25,000 to \$100,000; fifth bullet, deleted "under the Government Employees' Training Act, (See CM21-011) or" and added "(See MWI 5113.1, "Credit Card Operating Procedures"); CH1.1.4, deleted hardware fabrication BOA, University research BOA, and SEWP II IT; 1.2 (now CH1.2), added "Contract Specialist supporting the requiring function will, upon request, assist and guide the initiator in performing the market research".; 1.3.1 (now CH1.3.3), deleted "Year 2000 compliance requirements, if applicable"; 1.4.1 (now CH1.4.2), added "involving MSFC on-site performance for all proposed contracts in excess of \$1,000,000" to first sentence; added a requirement for submittal of a Safety and Health Plan; 1.4.3 (now CH 1.4.4), changed the process for processing procurement requests for IT services and products requirements to

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			Procurement Office; 1.7.1 (now CH1.7.2), Added "assigned contracts and/or Business Office personnel can assist the initiator in contacting"; CH1.7.2.1, sixth bullet, added: "or involving on-site performance or procurements in excess of \$1,000,000"; Bullet 9, deleted "Program/Project Analyst"; deleted the requirement for documents with original signatures to be forwarded to the Procurement Office concurrently with the APRS submittal; CH1.7.2.2, added requirement for electronic versions of all supporting documents to be submitted to the Procurement Office concurrently with the APRS submittal; 3.1.2 became CH3.1; 3.3.2.1.a. (now CH3.3.3.2), added a statement stressing the importance for post award risk assessment to develop surveillance approach and determining functions that should be delegated; 3.6.5.1 (now CH3.6.5.1), added a sentence regarding the importance of a comprehensive risk assessment of the contract and program immediately following award. Appendix A, Deleted first page of flow diagram and replaced with a new first page. Appendix C, added approval level within the Center Operations Directorate (AD01); changed approval levels within Engineering Directorate. Appendix D, updated references.
Revision	C	5/10/03	Updated URL in footers and corrected grammatical errors. Throughout the document deleted "Procurement" Requests and substituted "Purchase" Requests; deleted "quality records" and substituted "records"; deleted "QS01." and substituted "QS..."; deleted "Commerce Business Daily (CBD)" and substituted "FedBizOpps"; deleted "Initiators" and substituted "Requisitioners"; deleted "APRS" and substituted "SAP"; deleted "Credit" and substituted "Gov't Commercial Purchases"; deleted "Defense Contract Management Command (DCMC)" and substituted "Defense Contract Management Agency (DCMA)"; deleted all reference to MSFC Forms 55 and 404.; changed the title of MWI 5115.1 from "Handling of" to "Processing" Unsolicited Proposals; 3.17, deleted MWI 5100.2 (APRS); 3.18, changed title to MWI 5113.1; 3.27, added MWI 8540.2; 5.3 deleted "CBDnet"; 5.12 added "FedBizOpps"; 5.21 deleted "and other procurement actions"; 5.22 added new Purchase Request (PR) definition and changed "amendment" to "modification;" 5.25 added "SAP" definition. Changed Chapter 1 Instructions Index format and numbering scheme. CH1.1.4 changed "Simplified Acquisition Procedures (SAP)" to "Simplified Acquisition Threshold Purchases (SAT)", and added NRAs and CANs; CH1.2.1 added "Affirmative Procurement Program"; CH1.4.5 deleted; CH1.7.2, CH1.7.2.1, and CH1.7.2.2 reworded to reflect the implementation of SAP; CH1.7.3 reworded to

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			reflect changes to manual purchase requests; CH1.7.4 reworded process; CH1.7.5 deleted; 1.8, 7 <sup>th</sup> bullet, added JAUP, and 11 <sup>th</sup> bullet, clarified technical evaluation for grant awards; CH2.5.2 added reference to MSFC Form 3409; CH3.2.8 redefined contract administration duties of ONR; CH3.3.2 revised information pertaining to COTR appointments; CH3.3.2.1 revised to reflect COTR delegation; Appendix A, deleted first page of flow diagram and replaced with a new first page; Appendix C, deleted PR approval requirements and added release strategies established within SAP, and delete matrix; Appendix D, removed approvals from the table and updated Section 8 on Hazardous Materials to reflect new references; Appendix G, deleted and replaced in its entirety; Appendix J, revised "Procurement Package Checklist";
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## **1. PURPOSE**

This Marshall Work Instruction (MWI) provides guidance on the requisitioner's responsibilities in the acquisition process from initiation of the procurement package through contract award, receipt of the goods and services, and contract completion. This instruction also provides specific instructions to procurement requisitioners on preparing procurement packages for the acquisition of supplies and services and for other contractual actions.

## **2. APPLICABILITY**

This MWI applies to all MSFC organizations.

## **3. APPLICABLE DOCUMENTS** (See Appendix D for additional references)

3.1 Federal Acquisition Regulations (FAR)

3.2 NASA FAR Supplement (NFS)

3.3 NPG 1441.1, "NASA Records Retention Schedules"

3.4 NPG 5600.2, "Statement Of Work (SOW): Guidance for Writing Work Statements"

3.5 NPG 5800.1, "Grant and Cooperative Agreement Handbook"

3.6 MPD 2800.1, "Management of Information Technology Systems and Services at MSFC"

3.7 MPG 1840.2, "MSFC Hazard Communication Program"

3.8 MPG 3200.1, "On-Site Location or Relocation of Contractor or Other Government Agency Personnel at MSFC Installations"

3.9 MPG 5000.1, "Purchasing"

3.10 MPG 8040.1, "Configuration Management, MSFC Programs/Projects"

3.11 MPG 8730.1, "Inspection and Testing"

3.12 MPG 8730.3, "Control of Nonconforming Product"

3.13 MWI 4520.1, "Receiving"

3.14 MWI 4520.2, "Use of the Procurement Discrepancy Tracking

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System (PDTs)"

3.15 MWI 4530.1, "Flight Hardware Support Operations (FHSO) Component Acquisition, Inventory Control, and Kitting Services"

3.16 MWI 5000.1, "Processing NASA Research Announcements (NRAs) and Cooperative Agreement Notices (CANs)"

3.17 MWI 5113.1, "Governmentwide Commercial Purchase Card Operating Procedures"

3.18 MWI 5115.1, "Processing Unsolicited Proposals"

3.19 MWI 5115.2, "Source Evaluation Board/Committee (SEB/C) Process"

3.20 MWI 5116.1, "Evaluation of Contractor Performance under Contracts with Award Fee Provisions"

3.21 MWI 5143.1, "Contract Change Process"

3.22 MWI 5330.1, "Evaluation of Contractors, Suppliers, and Vendors"

3.23 MWI 6000.1, "Procurement Traffic Management and Freight Traffic Actions"

3.24 MWI 7120.1, "Program/Project Quality Plan"

3.25 MWI 7120.2, "Data Requirements Identification/Definition"

3.26 MWI 8040.3, "Deviation and Waiver Process, MSFC Programs/Projects"

3.27 MWI 8540.2, "Affirmative Procurement Program for Environmentally Preferable Products"

3.28 MWI 8715.9, "Occupational Safety Guidelines for MSFC Contractors"

3.29 QS-QA-010, "Quality Trending of Supplier Performance"

3.30 QS-QE-001, "Project Quality Instruction"

3.31 PS-OWI-03, "Procurement Systems and Data Management"

3.32 PS-OWI-04, "Acquisition Leadtimes and Planning"

3.33 PS-OWI-06, "Socioeconomic Programs"

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- 3.34 PS-OWI-07, "Noncompetitive Procurement Documentation"
- 3.35 PS-OWI-08, "Vendor Source List and Past Performance Data"
- 3.36 PS-OWI-09, "Preparation of Solicitations and Contracts"
- 3.37 PS-OWI-10, "Negotiated Procurement Documentation"
- 3.38 PS-OWI-12, "Contract Delegations"
- 3.39 PS-OWI-13, "Transfer of Procurement Files to Close-out"
- 3.40 PS-OWI-15, "Simplified Acquisition Threshold (SAT) Procurement Process"

#### **4. REFERENCES**

Customer Support Representative (CSR) List

#### **5. DEFINITIONS**

5.1 Accounting Operations Office (AOO). The organization responsible for reviewing purchase requests to ensure that proper authorizations and approvals have been obtained and for certifying funds availability.

5.2 Basic Ordering Agreement (BOA). A written instrument of understanding, negotiated between a contracting office and a contractor that contains terms and clauses applying to future orders between the parties during its term; a description, as specific as practicable, of supplies or services to be provided; and methods for pricing, issuing, and delivering future orders under the BOA.

5.3 Collaborative Work Commitment (CWC). Documentation of definition of work to be performed, the resources necessary to accomplish the defined work, and the commitments of the Program/Project Manager, Task Manager, and Supporting Organizations to provide the resources to perform the work.

5.4 Commercial Item. Any item, other than real property, that is of a type customarily used for nongovernmental purposes and that has been sold, leased, or licensed to the general public; has been offered for sale, lease, or license to the general public; or any item that evolved from an item described above through advances in technology or performance.

5.5 Commercial Service. Services of a type offered and sold

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competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions. Does not include services sold based on hourly rates without an established catalog or market price for a specific service performed.

5.6 Contract. A mutually binding legal relationship obligating the seller to furnish the supplies or services and the buyer to pay for them. It includes all types of commitments (excluding grants and cooperative agreements) that obligate the Government to an expenditure of appropriated funds.

5.7 Contract Specialist. A person with specialized training in procurement and knowledgeable of the FAR and NFS who assists the Contracting Officer (CO) in performing his/her responsibilities.

5.8 Contracting Officer (CO). A person, appointed in accordance with the FAR/NFS, with the authority to enter into, administer, change, and/or terminate Government contracts and make related determinations and findings.

5.9 Contracting Officer's Technical Representative (COTR). A qualified Government employee appointed by the CO to act as their technical representatives in managing the technical aspects of a particular contract. The technical organization is responsible for ensuring that the individual they recommend to the CO possesses training, qualifications, and experience commensurate with the duties and responsibilities to be delegated and the nature of the contract.

5.10 Cooperative Agreement. A legal instrument to reflect a relationship between NASA and a recipient whenever the principal purpose is the transfer of a thing of value to the recipient to accomplish a public purpose of support or stimulation authorized by Federal statute. In addition, substantial involvement between NASA and the recipient during performance of the contemplated activity is expected.

5.11 Customer Service Representative (CSR). Contractor personnel responsible for maintaining interface with the organizational element and other property personnel for user supply or equipment requirements and related actions.

5.12 Federal Business Opportunities (FedBizOpps). The official on line listing of Government contracting opportunities that is published online.

5.13 Grant. A legal instrument to reflect a relationship

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between NASA and a recipient whenever the principal purpose of a transaction is to accomplish a public purpose of support or stimulation authorized by Federal statute and substantial involvement of NASA is not expected in carrying out the activity contemplated in the agreement.

5.14 Information Technology (IT). IT includes computer and communications systems, ancillary equipment, software applications, hardware, firmware, networks, and support personnel and services that enable Center personnel to generate, process, store, access, manipulate, and exchange information.

5.15 Requisitioner. The person who prepares or is otherwise responsible for initiating the purchase request. Requisitioners within directorates and offices will be assisted by Procurement (PS) personnel in all phases of the acquisition.

5.16 Justification for Acceptance of Unsolicited Proposal (JAUP). Written justification for accepting unsolicited proposals where a grant or a cooperative agreement will be the procuring instrument (see MWI 5115.1, "Processing Unsolicited Proposals").

5.17 Justification for Other than Full and Open Competition (JOFOC). Written justification for noncompetitive procurements where a contract with a value in excess of \$100,000 will be the procuring instrument (see FAR 6.3).

5.18 Market Research. Collecting and analyzing information about capabilities within the market to satisfy Agency needs.

5.19 NASA Acquisition Internet Service (NAIS). NASA's Electronic Commerce (EC) service, which interconnects all NASA procurement home pages and provides industry immediate access to NASA's business opportunities.

5.20 Organizational Chief Information Officer (OCIO). A representative appointed within each Directorate, Office, and Program/Project Office to define IT requirements, allocate, and manage resources for their organization.

5.21 Procurement Package. The basis for initiating a procurement action, which includes the purchase request and any supporting documentation, which are received either in electronic or written format.

5.22 Purchase Request (PR). An electronic form generated by SAP used to initiate the procurement of supplies and services, recommend changes thereto, and request modifications of existing

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contracts and purchase orders. The PR has a 10 digit Document Control Number (DCN) as an identifier which is generated by SAP.

5.23 Purchase Order. An offer by the Government to buy supplies or services upon specified terms and conditions, using simplified acquisition procedures.

5.24 Recommendation and Determination to Solicit Only One Source (RDSS). Justification for noncompetitive procurements where a purchase order or contract valued at \$100,000 or less will be the procuring instrument

5.25 SAP. A financial software package implemented by the NASA Integrated Financial Management Program (IFMP). SAP is part of the Core Financial Module of IFMP. Core Financial is the IFMP backbone providing management and technical leadership for Agency-wide implementation of standard systems and processes necessary to support NASA's financial management activities. Detailed instructions on how to perform SAP transactions can be found at the Online Quick Reference Website (OLQR) <http://olqr-cf.ifmp.nasa.gov/>.

5.26 Solicitation. Document used to solicit quotes, offers, or proposals (see PS-OWI-09).

5.27 Specification. A description of the technical requirements for a material, product, or service that includes the criteria for determining whether these requirements are met. It establishes the parameters of design, performance, construction, physical characteristics, and terms of acceptance for a specified item.

5.28 Statement of Work (SOW). A document that establishes and defines all technical requirements that the contractor must fulfill during performance of the contract.

5.29 Synopsis. Presolicitation notice published on the NAIS and on FedBizOpps publicizing MSFC's intent to acquire supplies and services. For procurements between \$10,000 and \$25,000, the presolicitation notice will be published on NAIS unless competitive oral solicitation procedures will be used. The FedBizOpps synopsis is required for all actions (both competitive and noncompetitive) above \$25,000 with the exception of those circumstances outlined at FAR 5.202. The primary purpose of the synopsis is to improve small business access to acquisition information and enhance competition by identifying contracting and subcontracting opportunities.

5.30 Work Breakdown Structure (WBS). A tool for organizing,

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defining, and graphically displaying the product or service to be provided as well as the work to be accomplished to achieve the specified result.

## **6. INSTRUCTIONS**

Chapters 1, 2 and 3 describe the required activities of a requisitioner in the initiation of a procurement through contract award, delivery, and acceptance of the product or service and contract close-out.

## **7. NOTES**

None

## **8. SAFETY PRECAUTIONS AND WARNING NOTES**

None

## **9. RECORDS**

9.1 Records. The records are defined in MPG 5000.1, "Purchasing."

9.2 Forms. The blank forms listed below are not records.

DD Form 250/Material Inspection and Receiving Report  
DD Form 1149/Requisition and Invoice/Shipping Document  
NASA Form 1430/Letter of Contract Administration Delegation, General  
NASA Form 1430A/Letter of Contract Administration Delegation, Special Instructions  
NASA Form 1430A/Special Instructions for Property Administration  
NASA Form 1430A/Special Instruction for Plant Clearance  
NASA Form 1634/Contracting Officer Technical Representative (COTR)/Alternate COTR Delegation  
MSFC Form 4186/Technical Evaluation Conference Documentation Form  
MSFC Form Letter 131/Request for Delegation of Contracting Officer's Technical Representative

9.3 Formats. The blank formats listed below are not records.

9.3.1 Sole Source Formats

JOFOC Guide  
JOFOC Guide (Hardware for NASA employee PI)  
RDSS Guide  
Urgent JOFOC Guide

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### 9.3.2 Technical Evaluation Formats

[MidRange Best Value Selection \(BVS\) Technical Evaluation Worksheet](#)  
[MidRange nonBVS Technical Evaluation Worksheet](#)  
[MidRange Sole Source Technical Evaluation Worksheet](#)  
[Request for Technical Evaluation Conference](#)  
[Technical Evaluation of Change Proposal Format](#)

### 9.3.3 Miscellaneous Formats

[Market Research\\*](#)  
[Surveillance Plan](#)  
[Show Cause Notice](#)  
[Cure Notice](#)

\*Note: If market research results in a sole-source procurement, the market research finding should be incorporated into the Sole-Source supporting documentation (RDSS or JOFOC).

## 10. PERSONNEL TRAINING AND CERTIFICATION

COTR Training and Certification

## 11. FLOW DIAGRAMS

See Appendices A, G, and K for flow diagrams.

## 12. CANCELLATION

MWI 5100.1B dated August 8, 2001

Original signed by  
Axel Roth for

A. G. Stephenson  
Director

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Chapter 3 Post Award/Administration Activities

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## CHAPTER 1

### Procurement Initiation Activities.

Procurement initiation entails the activities from identification of a needed product or service through the submission of a completed procurement package to the Procurement Office. Early involvement of Procurement Office personnel is encouraged to assist in the development of the various documents making up a completed procurement package.

CH1.1 Acquisition Planning. Advance planning of procurement activity is essential in order for the Center to meet its procurement, programmatic, safety, and financial commitments. Each initiating organization will be contacted by its respective Procurement support personnel on a semi-annual basis and requested to provide input regarding potential procurement needs. The information provided shall include the following:

- a. Type of procurement (Equipment, R&D, or Services);
- b. Description of requirement;
- c. Estimated dollar value;
- d. Name of requisitioner, organization code, and phone number;
- e. Fiscal year quarter when requirement will be procured;
- f. Number of procurement actions; and
- g. Will requirement be procured commercially or non-commercially?

The PS personnel will then ensure that, in accordance with FAR 5.203(h) and NFS subpart 1807.72, all planned purchase requests over \$100,000 are included in the Center's comprehensive acquisition forecast. The acquisition forecast is a mechanism used by the Procurement Office to alert industry of possible business opportunities. Failure to include items in the Acquisition Forecast will result in delays to the omitted procurement (i.e., Consolidated Contracting Initiative (CCI) mandatory publication requirements which would have been satisfied by the forecast), thus the importance of comprehensive acquisition planning.

CH1.1.1 Once identified in the acquisition forecast, PS personnel will, based on a set of programmatic assumptions, develop detailed procurement schedule baselines showing key

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procurement timelines (such as purchase request package complete, solicitation issued, and contract award). Progress against these schedule baselines will be tracked and reported on a quarterly basis to PS and organization management.

CH1.1.2 When a requirement (product or service) to be purchased has been firmly established, the requisitioner will identify and describe the salient features of the product or service in terms of:

- a. Functions to be performed,
- b. Performance required, and/or
- c. Essential physical characteristics.

At this point, the respective PS personnel are to be contacted and detailed assistance will be provided.

CH1.1.3 Early participation of Procurement Office personnel, from the time the need is first identified, can make the requisitioner's planning job easier and, more importantly, increase the likelihood of program success. The Procurement Office personnel can assist the requisitioner in considering the best procurement approach to use considering the specifics of the requirement. See Appendix G, Purchase Request flow diagram; Appendix H, Procurement Thresholds; and Appendix J, Simplified Acquisitions Overview. Supplies and services may be obtained through various avenues depending upon the specific requirement and include the following:

- Requisitioner purchase card for actions less than \$2,500 (see MWI 5113.1, "Governmentwide Commercial Purchase Card Operating Procedures").
- Institutional Services Contractor (ISC) for supply store stock items and items within the scope of the Flight Hardware Support Operations (FHSO) function. The FHSO stores and maintains Electrical, Electronic, and Electromechanical (EEE) parts, and mechanical parts (e.g., connectors and fasteners), which generally can be anticipated to be used by more than one program. In addition, the FHSO contractor will assist requisitioners in reviewing the Project's Equipment Parts List (EPL) and will procure items within the FHSO scope (i.e., any flight hardware parts where the cost of any one item does not exceed \$2,500 and value of any order does not exceed \$25,000; mechanical and EEE parts when the value does not exceed \$25,000). For mechanical and EEE parts valued between \$25,000 and \$100,000, approval to utilize the FHSO

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function will be made on a case-by-case basis (see MWI 4530.1, "Flight Hardware Support Operations (FHSO) Component Acquisition, Inventory Control, and Kitting Services").

- Program Information Systems Mission Services (PrISMS) contractor for IT requirements less than \$100,000.
- Utilization and Mission Support (UMS) contractor for Mission Operations requirements.
- Employee and Organizational Development Department (CD20) for off-the-shelf training courses (see MWI 5113.1, "Governmentwide Commercial Purchase Card Operating Procedures").
- Outsourcing Desktop Initiative for NASA (ODIN) for desktop computing services.
- Consolidated Space Operations Contract (CSOC) for Space Operations capabilities, including NASA Integrated Services Network (NISN) telecommunications services, and data reduction services.
- Procurement Office for acquisition of all other requirements. In addition, the Procurement Office may be contacted for assistance in procuring items in any of the above categories which are required on an emergency basis.

CH1.1.4 In addition to the procurement avenues mentioned above, there are many avenues available within the Procurement Office for processing a procurement action. Included among those procurement avenues are GSA Federal Supply Schedule (FSS), CCI contracts, Micro-purchases, Simplified Acquisition Threshold (SAT) purchases, MidRange procedures, SEB/C procedures (see MWI 5115.2, "Source Evaluation Board/Committee (SEB/C) Process", and PS-OWI-15), and NASA Research Announcements and Cooperative Agreement Notices (MWI 5000.1).

CH1.2 Market Research. The requisitioner will conduct and document market research. The contract specialist supporting the requiring function will, upon request, assist and guide the requisitioner in performing the market research. Market research is required before soliciting any offers above the SAT and discretionary for solicitations below the SAT. Market research is used to evaluate the potential of the commercial marketplace to meet system performance requirements including how the performance requirements can be reasonably modified to facilitate the use of potential commercial items, components, specifications, standards, processes, technology, and sources. Market research activities play a critical role in requirements definition. The timing, depth, and extent of market research efforts should be in consonance with the value and complexity of the procurement, and the scope of such efforts will vary depending upon the type and amount of information needed to

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support preparation of the solicitation (see market research format). Techniques for conducting Market Research include the following:

- a. Contacting experts for information.
- b. Reviewing commercial catalogs, NASA online supply catalog, appropriate journals, magazines, and other product literature publications.
- c. Issuing a Request For Information (RFI).
- d. Querying databases or other online sources such as <http://www.imart.org/>.
- e. Reviewing the CCI listing.

CH1.2.1 The requisitioner should consult MWI 8540.2, Affirmative Procurement Program for Environmentally Preferable Products to determine if an environmentally preferable product is required for procurements in targeted categories such as construction, landscaping, non-paper office supplies, paper, transportation, vehicles and other miscellaneous items.

CH1.3 Development of the Statement of Work/Specifications. One of the first steps in putting together a PR package is to develop a purchase description for the requirement. A purchase description contains the essential physical characteristics and functions required to meet the Government's minimum needs. Developing a good purchase description is usually the hardest part of putting together the PR package. See Appendix B and NPG 5600.2, "Statement of Work (SOW): Guidance for Writing Work Statements".

CH1.3.1 A purchase description may be an SOW, a specification, or a "brand-name or equal" description. The type of purchase description used depends on the requirement. All purchase descriptions must set forth the minimum salient characteristics that the required product or service must have without unduly restricting competition.

CH1.3.2 The terms SOW and specifications are both expressions used to describe the manner in which a government requirement is stated. The term specification is commonly applied to the description of a product that is being acquired, whereas SOW is used to describe a desired service or effort.

CH1.3.3 Elements of SOW/Specifications. A comprehensive SOW will contain the elements listed below. These elements are not

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intended to be all-inclusive, but they do represent the key items that should be considered when an SOW is being prepared.

- *General SOW/Specifications* -- Most sentences will begin with "The contractor shall..." if referring to the SOW, or "The product shall..." if referring to specifications
- *Contractor tasks* -- What is wanted, not how the work is to be done
- *Contract deliverables* -- Does the product have a shelf life? If so, define the minimum acceptable shelf life.
- *References*
- *Data requirements (see MWI 7120.2), if applicable*
- *Government-furnished property, if applicable*
- *Schedules or period of performance*
- *Quality requirements (see QS-QE-001), if applicable*

CH1.3.4 Types of SOW/Specifications. In developing SOW/specifications, the Government recognizes three basic approaches: design, function, and performance. In order to gain the most accurate description of the government requirements, a combination of types should be used.

- *Design* -- A design SOW/specification contains extremely detailed information on the physical characteristics that the required product must have to meet the Government's need. It may even contain instructions on how to make the product. This type of SOW/specification is the most restrictive, the most difficult to develop, and the least preferred specification.
- *Functional* -- A functional SOW/specification describes requirements in terms of end purpose or final objective rather than the manner in which the work is to be performed. It may include a statement of product quality and, when necessary, will contain those minimum essential physical characteristics to which the product or service must conform in order to satisfy the Government's requirement.
- *Performance* -- A performance SOW/specification is a specialized type of functional specification that describes the performance criteria that a product must meet to fulfill the Government's minimum requirement. This is the least restrictive type and is used when the specific design of a product is less critical than whether it will perform as required. PERFORMANCE SPECIFICATIONS ARE THE MOST PREFERRED TYPE OF SPECIFICATION.

CH1.3.5 "Brand Name or Equal" Description. "Brand name or  
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equal" descriptions are widely used but are actually the least acceptable form of purchase description. This type of purchase description should be a last resort, because if the "or equal" part of the description is not very carefully defined, the procurement will run into unnecessary delays and possibly major problems. The rule of thumb is that the brand name should be given for information only, as an example of an acceptable product line.

CH1.3.5.1 A "brand name or equal" description must contain the following information:

- Identification of an item that has been determined to meet the Government's minimum requirement by reference to manufacturer's name and catalog or model number.
- List of the minimum salient physical, functional, or other characteristics of the product that are essential to meet the Government's need.
- List of all other vendor items, brand name, and catalog or model number, believed to meet the requirements.

CH1.3.5.2 A "brand name or equal" description should be used only when there is a need for a standard commercial item, available off the shelf, for which a complete definition is impractical.

CH1.3.6 Tips on Developing a Purchase Description. ALWAYS be very careful in what is defined as a salient characteristic in the purchase description. Otherwise, either you will get something that does not meet your need or your purchase description will unfairly restrict competition and cost the Government more money. If what you need should perform some specific function, be sure to include that requirement in the specifications.

CH1.4 Required and Special Approvals. The requisitioner shall obtain all required and special approvals in accordance with Appendices C and D. Appendix C contains the Approval Authorities required for the processing of all types of purchase requests at MSFC. Appendix D contains the Special Approval Authorities required for certain purchases, including quality sensitive hardware, and hazardous materials.

CH1.4.1 Each purchase request for materials, supplies, equipment, or turn-ins shall contain the approvals outlined in Appendix C prior to submission to the Property Management Group for cataloging. Cataloging will determine whether the requested item is available from existing inventories and assign the

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appropriate source of supply. Purchase requests for contractual services also must have proper approvals and funds certification prior to submittal to the Procurement Office. The Procurement Office has the overall and final responsibility for verifying that all required approvals have been obtained.

CH1.4.2 Safety and Mission Assurance (S&MA) Requirements. The requisitioner shall coordinate with, and submit work descriptions to, S&MA for all procurements involving MSFC onsite performance, for all proposed contracts in excess of \$1,000,000, for flight hardware, flight software, proto-flight units, qualification units, associated flight support equipment, or other items as specifically set forth in the program/project quality plan to determine the appropriate S&MA requirements including the requirement for submittal of a Safety and Health Plan (see MWI 7120.1, "Program/Project Quality Plan;" MWI 8715.9, "Occupational Safety Guidelines for MSFC Contractors;" QS-QE-001, "Project Quality Instruction;" and MWI 5330.1, "Evaluation of Contractors, Suppliers, and Vendors").

CH1.4.3 Onsite Approval. The requisitioner shall prepare an onsite approval letter (in accordance with MPG 3200.1) for any procurement involving contractors and other Government Agency employees who are permanently assigned (30 days or more) onsite. Included are support contractors, prime or mission contractors, repair and maintenance contractors, subcontractors, and other Government agencies.

CH1.4.4 Purchase Requests for IT Equipment and Software. Existing contracts (ODIN, PrISMS, CSOC) have been established to provide IT services and products to MSFC. In the event a requirement is not available utilizing these existing contracts, a waiver (prepared by the requisitioner) shall be required before the MSFC Procurement Office can process the procurement (see MPD 2800.1). Waivers may be granted by an OCIO.

CH1.4.4.1 IT resources may be acquired, under certain conditions, through use of the Governmentwide Commercial Purchase Card Service (see MWI 5113.1).

CH1.5 Preparation of Sole-Source Documentation.

CH1.5.1 One of the primary goals of public policy and statutory requirements is to encourage full and open competition in all purchases. When supplies and services required by the requesting organization are available from only one responsible source or a limited number of responsible sources, and no other supplies or services will satisfy agency requirements, justifications (based on FAR requirements) shall be prepared and provided to the

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Procurement Office (see PS-OWI-07). Depending on the dollar thresholds, certain sole-source justification formats must be followed:

\$2,501 - \$100,000	RDSS (See RDSS guide)
>\$100,000	JOFOC (See JOFOC guide)

(See Appendix C of this document for initiating office approval levels).

CH1.5.2 The sole-source justification for an action exceeding \$25,000 shall be reviewed by the CO or approving official. Then, in accordance with the FAR and the Competition in Contracting Act (CICA), it will be synopsisized. All actions exceeding \$25,000 must be posted on FedBizOpps and on the NAIS. At the end of the 15-day period, if a response is received, the requiring organization and the CO will determine if more than one source can meet the Government's needs. If so, offers must be solicited using competitive procedures. If not, the procurement may proceed on a sole-source basis.

CH1.5.3 Justifications based on urgency are not required to be synopsisized. NOTE: Urgency based on lack of advanced planning is not an acceptable reason for limiting competition. See Urgent JOFOC guide.

CH1.5.4 Appendix E provides guidance on preparing a JOFOC for hardware requirements when NASA employees are selected as Principal Investigators (PI) under Announcements of Opportunity. See JOFOC Guide (Hardware for NASA Employee PI).

CH1.5.5 For noncompetitive procurement actions resulting from unsolicited proposals (see MWI 5115.1, "Processing Unsolicited Proposals").

CH1.6 Development of Evaluation Criteria. The requisitioner shall develop the evaluation criteria/factors, which are the determinative considerations when evaluating competing offers. The nature of the particular procurement is critical in identifying or establishing the evaluation criteria used. The evaluation criteria are a part of a complete procurement package; however, they are submitted directly to the Procurement Office under separate cover and marked "Sensitive" with the DCN cited. The goal is to ensure equal competition and to provide offerors sufficient information to submit complete offers. There are several evaluation methods available for selecting a contractor during a competitive negotiated procurement.

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CH1.6.1 Lowest Priced, Technically Acceptable. This method involves evaluating an offeror's proposal to determine whether it meets the minimum technical requirements set forth in the solicitation, and awarding the contract to that responsible offeror whose proposal has been evaluated to be technically acceptable and has offered to furnish the product/services at the lowest price. This method is generally used to procure commercial items.

CH1.6.1.1 Discussions with offerors are allowed and are often required; however, award may be made on the basis of initial proposals without conducting discussions if one of the following conditions is met:

- a. Prices are fixed by law or regulation;
- b. Acquisition of the set-aside portion of a partial set-aside; or,
- c. The solicitation notified all offerors that the Government intends to evaluate proposals and make award without discussion, unless the CO determines that discussions (other than communications conducted for the purpose of minor clarification) are considered necessary.

CH1.6.1.2 Discussions may be held if an offeror's proposal is determined to be technically unacceptable but can be made acceptable by identifying technical deficiencies to the offeror and allowing the offeror to correct these deficiencies through submission of a "final proposal revision". However, an unacceptable proposal may be excluded from further consideration if:

- a. It does not represent a reasonable initial effort to address itself to the essential requirements of the solicitation or clearly demonstrates that the offeror does not understand the requirements;
- b. In research and development acquisitions, a substantial design drawback is evident in the proposal, and sufficient correction or improvement to consider the proposal acceptable would require virtually an entirely new technical proposal; or
- c. It contains major technical or business deficiencies, omissions, or out-of-line costs which discussions with the offeror could not reasonably be expected to cure.

CH1.6.2 Best Value Selection (BVS) - MidRange. This method involves the evaluation of the best combination of price and

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qualitative merit of offers. BVS envisions that the requirement will focus on the end result that is to be achieved and will serve as a statement of the Government's baseline requirements. The offeror will be guided in meeting the Government's needs by a separate set of value characteristics, which establish what the Government considers to be valuable in an offer. These value characteristics will be performance based and will permit the selection of the offer which provides best overall value. There is no limit to the number or the type of characteristics that may be specified. The value characteristics will not be assigned weights. See Appendix F for Examples of BVS Value Characteristics.

CH1.6.3 Mission Suitability Evaluation. This method of evaluation is generally for non-commercial item procurements and for those above the MidRange thresholds. For those actions less than the SEC threshold and above the MidRange thresholds, the evaluation will utilize a simplified version of the SEB/C process. The three evaluation factors used in this process are Mission Suitability, Cost/Price, and Past Performance (see MWI 5115.2, "Source Evaluation Board/Committee (SEB/C) Process," for additional information).

CH1.7 Purchase Request (PR) Preparation. The requisitioner shall prepare the purchase request in accordance with the FAR/NFS and applicable Center requirements. Individual purchase requests will vary according to the nature of the action. Appendix G outlines the process flow for submission of purchase requests to the Procurement Office.

CH1.7.1 Requisitioners should coordinate with the Procurement Office by submitting preliminary versions of the documents making up the procurement package as early in the preparation process as possible to ensure completeness and to allow for the efficient processing of the procurement.

CH1.7.1.1 Requisitioners may refer to PS-OWI-04, "Acquisition Leadtimes and Planning". CAUTION: These leadtimes are "baseline standards", which are inherently challenging. Care should be taken when using these schedules for advance procurement planning in conjunction with resource commitment/obligation planning.

CH1.7.2 SAP. Purchase requests should be forwarded to the Procurement Office via SAP. For assistance in using SAP, the requisitioner can contact his/her organization's "super-user", OLQR, or business office personnel.

CH1.7.2.1 Once the purchase request has been entered into SAP, it will be forwarded electronically through the appropriate

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review and approval cycle as previously mapped by the SAP system. Typical offices involved in the review and approval cycle include:

- Appropriate Line Management
- Business Management Office
- Cataloging (if supplies, materials, or equipment)
- Safety and Mission Assurance (for quality sensitive/flight items or involving onsite performance or procurements in excess of \$1,000,000)
- Environmental Engineering Department (for hazardous materials, e.g., chemicals)
- Occupational Medicine and Environmental Health Services (OMEHS) (for radioactive material and lasers)
- Accounting Operations Office (AOO)
- Procurement

CH1.7.2.2 An electronic (MS Word) version of all supporting documents (e.g., JOFOC or RDSS, SOW, Specification) should be forwarded to the Procurement Office either as an attachment to the SAP submittal or concurrently as an attachment to an e-mail message.

CH1.7.3 Manual Purchase Requests. Manual purchase requests will only be accepted in those instances when the SAP system is unavailable for an extended period of time. Manual purchase requests should be prepared in a format previously coordinated with the Contracting Officer and the AOO. Manual purchase requests will need to be entered into the SAP system once it becomes available.

CH1.7.4 Cancel a Purchase Request. If the need arises to stop action on a purchase request prior to award, the requisitioner should cancel the purchase request following the procedures outlined in the OLQR. Prior to canceling the purchase request, the requisitioner shall notify the Procurement Office.

CH1.8 Complete Procurement Package. Requisitioners are responsible for preparing a complete procurement package to describe and facilitate procurement of needed items or services. Procurement packages received by the Procurement Office and determined to be incomplete will be returned to the requisitioner for corrective action (see MWI 5115.1, "Processing Unsolicited Proposals", for content of unsolicited proposal procurement packages). A complete procurement package consists of the following:

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- Purchase Request with the required/special approvals and certified funds
- Approved accounting and appropriation data
- An accurate description of the item or service requested, including SOW and/or specifications; drawings, including revision number, if hardware fabrication; and part numbers, if applicable
- Brief description of the market research results
- Evaluation criteria (e.g., BVS, Mission Suitability) (under separate cover)
- S&MA and other special approvals/requirements
- Suggested vendors or justifications for limiting competition (RDSS, JAUP or JOFOC)
- Special transportation requirements, if applicable (see MWI 6000.1, "Procurement Traffic Management and Freight Traffic Actions")
- Unique proposal instructions/requirements (e.g., surveillance plan (if Performance Based Contract [PBC]))
- Data Requirements (i.e., Data Procurement Document [DPD]), if applicable (see MWI 7120.2)
- Technical evaluation, if a grant is to be awarded

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## CHAPTER 2

### Solicitation and Award Activities.

This chapter describes the requisitioner's roles and responsibilities in the solicitation and award process, which includes the technical evaluation of proposals. The requisitioner will be expected to participate in the development and review of the solicitation, the evaluation process, the discussion process, and to support negotiations, if required. This chapter will primarily address these processes for relatively low dollar competitive procurements. The process for some types of actions that fall under this subject are covered in later chapters of this MWI or in other locations. The process for developing change order documentation and for evaluating change order proposals is described in MWI 5143.1, "Contract Change Process", and Chapter 3, CH3.10. Competitive actions that exceed \$25 million must comply with the SEB/C process covered in MWI 5115.2, "Source Evaluation Board/Committee (SEB/C) Process", while MWI 5000.1, "Processing NASA Research Announcements (NRAs) and Cooperative Agreement Notices (CANs)", covers MSFC-released NRAs and CANs. The subparagraphs below provide more detail on the requisitioner's responsibilities.

CH2.1 Input to Solicitation Preparation. The requisitioner will provide numerous inputs to the solicitation document. Most of those inputs have been described in the paragraphs above. An item that the requisitioner must provide, if required, that is not addressed above is a listing of all Government Furnished Property (GFP), the use of facilities, and services that will be furnished to the contractor. This listing of GFP shall include the nomenclature of each item, a serial number, the estimated value of the item, and the date when the item will be made available to the contractor. If facilities or services will be provided to the contractor, the requisitioner must describe the facility or service, identify when it will be available, and for how long or how often. FAR 45.3 and NFS 1845.3 provides guidance on allowing contractors to use Government property and services.

CH2.2 Solicitation Review. Except for procurements under \$100,000 and some noncompetitive procurements, the requisitioner will usually be asked to review the solicitation prior to its release. MidRange procurements facilitate this process by the use of a buying team. The solicitation is the product of the team and the requisitioner is typically a member of that team. The participation of the requisitioner in SEB/C level procurements and the requisitioner's responsibility for developing and reviewing the solicitation is addressed in MWI 5115.2,

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"Source Evaluation Board/Committee (SEB/C) Process".

CH2.3 Independent Government Cost Estimates. Independent Government cost estimates are required for all procurements and are the responsibility of the requisitioner. For commercial items, a cost estimate is typically the result of market research and is the price offered by identified vendors for the item or service. If the item or service is not a commercial item, the Government estimate is typically either a parametric estimate or a bottoms-up estimate of all tasks required to develop the item or furnish the service. A parametric estimate is usually a bottom line number developed based on historical cost for a similar item. Size, weight, and function are typically used in developing this estimate.

CH2.3.1 Competitive procurements for noncommercial Research and Development (R&D) items and services usually require a more exact Government estimate that is well supported with data and facts. In a competitive procurement, the Government will use its internal estimate to evaluate the contractor's cost proposal. In most cases, this will not be a bottom-line comparison but a bottoms-up comparison of the tasks and resources the Government believes is required to complete the end item or service. The best way to prepare this type estimate is to develop a WBS for the work with the resources required to perform the contract effort. The WBS cost estimate must be developed to the level that the contractor's costs will be evaluated. The requisitioner is responsible for developing this type Government cost estimate, which is done prior to the release of the solicitation to industry.

CH2.3.2 This detail can also be beneficial with noncompetitive procurements that are for higher dollar development and service efforts. An estimate of this detail will better allow the Government to analyze the contractor's cost and negotiate the cost/price for the work.

CH2.3.3 The MSFC SEB/C process described in MWI 5115.2, "Source Evaluation Board/Committee (SEB/C) Process", describes the Government estimate process required for procurements over \$25 million. This process may also be used for smaller dollar procurements when it is appropriate and is believed necessary by the contracting office.

CH2.4 Requisitioner's Input to Solicitation Questions. Requisitioners will provide input to the contracting office on questions asked by potential offerors in response to either a draft or a formal solicitation. This input may be required whether the procurement is competitive or noncompetitive. In

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most instances, the input will involve one of the elements of the solicitation that was supplied by the requisitioner. The responses provided by the requisitioner shall always be coordinated through the contracting office and not provided to or directly discussed with the contractor or contractors.

CH2.4.1 Procurements that fall under the MSFC SEB/C process shall comply with the formal procedures for handling questions addressed in MWI 5115.2, "Source Evaluation Board/Committee (SEB/C) Process".

CH2.5 Technical Evaluation. This paragraph describes the responsibilities of the requisitioner in developing the technical evaluation. The primary focus of this paragraph will be on competitive procurements below the SEB/C threshold. See Appendix H for procurement thresholds and MWI 5115.2, "Source Evaluation Board/Committee (SEB/C) Process", with regard to technical evaluations on SEB/C actions.

CH2.5.1 The cognizant MSFC technical organization for the procurement involved shall provide the expertise and technical support required to evaluate proposals and shall consult with Contract Specialists/COs in providing realistic and reasonable input for prenegotiation positions and subsequent contracts for all MSFC procurements (see PS-OWI-10).

CH2.5.1.1 The Director, Manager, Group Lead, or Team Lead of the MSFC element requesting the procurement action is responsible for:

- The technical evaluation of a proposal.
- Full documentation of the evaluation in accordance with the procedures prescribed herein.
- Providing technical support through membership on the MSFC negotiating team and/or during discussions.

CH2.5.2 Procedures for Technical Evaluations. Contract specialists/COs shall submit a written request for technical evaluation (MSFC Form 3409 may be used for the written request) to the MSFC element initiating the procurement action immediately upon receipt of proposals for new procurement actions. Requests for technical evaluations shall clearly identify the specific element(s) of the proposal to be evaluated and include instructions regarding specifics of supplemental or special information, if required.

CH2.5.2.1 Technical Evaluation Procedures for Competitive Procurements.

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a. Simplified Acquisitions. In competitive actions within the SAT, the evaluation must be made on the basis established in the solicitation. Award is typically based on the lowest priced/technically acceptable submission. Therefore, it is the responsibility of the requisitioner to examine the submissions based on the established criteria, and provide a brief narrative memorandum documenting their determination.

b. MidRange Procurements. Within the MidRange procedures, the Request for Offer (RFO) will specify which evaluation method is to be used. A technical evaluation may be as simple as determining if the product or service offered is technically acceptable, conforms to the RFO, and will be most advantageous to the Government (if there are sufficient acceptable offers to ensure adequate price competition).

(1) When Sealed Offers method is used, the RFO will specify that award will be made to the low, responsive, responsible offeror providing the most advantageous offer considering only price and price-related factors. This method shall be used when:

(a) Time permits the solicitation, submission, and evaluation of sealed offers;

(b) Award will be made on the basis of price and other price-related factors;

(c) Conducting discussions with the offerors is not necessary; and

(d) A reasonable expectation of receiving more than one offer exists.

(2) The Two-Step Competitive Procurement method is used when it is desirable to award to the lowest, responsive, responsible offeror after determining that the initial technical offer, or the revised technical offer, is acceptable. This method is seldom used.

(3) Competitive Negotiated Procurement Not Using Qualitative Criteria (i.e., nonBVS) provides for discussion of all aspects of the offer. Award is based on the technically acceptable offer having the lowest price (if fixed price) or the lowest most probable cost (if cost reimbursable). This evaluation method is the most often used method. The buying team shall review each offer to determine if all required information has been provided. No further evaluation shall be made of any offer that is deemed unacceptable because it does not meet the technical requirement

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of the RFO and is not reasonably susceptible to being made so. Offerors may be contacted for clarification purposes only during the initial evaluation. Offerors determined not to be acceptable shall be notified of their rejection and the reasons therefore and excluded from further consideration. From among the acceptable offers and those susceptible to being made acceptable, the buying team shall rank the offers based on price and exclude any whose price/most probable cost precludes any reasonable chance of being selected for final award. The remaining offers constitute the "finalists" for the contract. Discussions shall be held with each finalist. The discussions are intended to assist the buying team in fully understanding each offer and to assure that all finalists are competing equally on the basis intended. Discussions are not required if there are sufficient acceptable offers to ensure adequate price competition and if further time, effort, and delay to make additional proposals acceptable thereby increasing competition is not in the Government's interest. The procurement team member shall, normally, be the source selection official and the basis for the selection decision shall be apparent upon review of the informal worksheets used in the evaluation process. The source selection official may elect to make selection in lieu of determining finalist provided that it can be demonstrated that selection of an initial offer(s) will result in the lowest price/cost to the Government and discussions with other acceptable offerors are not anticipated to change the outcome of the initial evaluation relative to evaluated price/cost.

(4) Competitive Negotiations Using Qualitative Criteria (i.e., BVS) method seeks to select an offer based on the best combination of price and qualitative merit of the offers submitted and reduce the administrative burden on the offerors and the Government. This evaluation method is used most often for non-commercial R&D actions. BVS takes advantage of the lower complexity of MidRange procurements and predefines the value characteristics which will serve as the discriminators among offers. It eliminates the use of area evaluation factors and the highly structured scoring. The BVS source selection is based on the premise that, if all offers are of approximately equal qualitative merit, award will be made to the offer with the lowest evaluated price (fixed-price contracts) or the lowest most probable cost (cost-type contracts). However, the Government will consider awarding to an offeror with higher qualitative merit if the difference in price is commensurate with added value. Conversely, the Government will consider making award to an offeror whose offer has lower qualitative merit if the price (or cost) differential between it and other offers warrant doing so. Rationale for selection of the successful offeror shall be recorded in a selection statement which succinctly records the

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value characteristics upon which selection was made. Since the value characteristics are expressed in performance terms, the reasons for selection can focus on results to be achieved, rather than the detailed approach the offeror will use. The statement shall also comment on the rationale used to equate cost and qualitative merit. Little or no additional analysis is required when the selected offeror possessed the highest merit and lowest price. When a marginal analysis is made between value characteristics and price (or cost)--in most cases this will be a subjective, integrated assessment of all pertinent factors--specific rationale should be provided to the extent possible.

(5) MidRange technical evaluation worksheets are used to document the evaluation results. As a minimum, those specific elements listed shall be addressed. In addition to the technical evaluation, cost/price analysis is required; however, the extent of analysis is dependent upon the complexity of the particular procurement. MidRange procurements using the BVS evaluation method will require a more in-depth technical evaluation than those of nonBVS procurements.

c. Procurements over the MidRange Threshold but less than SEB/C Threshold. Source evaluation and selection for major negotiated procurements are made through SEB/C that use formal, defined procedures to evaluate proposals and present findings. Typically, evaluations and selections for non-MidRange, non-commercial procurements greater than \$2M per year, but less than \$25M are made using similar, but less formal, evaluation procedures (see MWI 5115.2, "Source Evaluation Board/Committee (SEB/C) Process").

CH2.5.2.2 The evaluation team becomes responsible for evaluating competitive proposals solely on the factors specified in the solicitation. Normally, the team evaluates proposals with respect to the three evaluation factors:

a. Mission Suitability: Reflects how well the offerors can be expected to perform the work from a technical and management perspective.

b. Cost: Reflects what it will probably cost the Government to do business with the offerors.

c. Past Performance: Reflects the amount and quality of previous work accomplished by the offerors comparable to the work to be performed under the procurement being evaluated.

(1) Established Criteria. It is mandatory that proposals be evaluated using the exact same factors, subfactors, weights, and

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criteria established and approved during the solicitation development process and which were included in the RFP.

(2) Scoring and Ranking. The actual procedures that are used to score mission suitability factors and rank proposals vary with the complexity of the product or service being acquired.

(3) Mission Suitability Evaluation. The mission suitability evaluation reviews the offeror's technical and management approach to meeting the Government requirement identified in the solicitation. The requisitioner is responsible for evaluating whether the offeror has the technical capability and management structure to accomplish the work. This shall include an evaluation of the sufficiency and qualification of the proposed resources.

(4) Cost Evaluation. The evaluation of the offeror's cost shall be a comparison of proposed cost to the Government-developed independent cost estimate and not be a comparison of cost to that of another offer. The evaluation should be by WBS element and should identify any understatement or overstatement of resources proposed. The requisitioner is responsible for evaluating direct costs. Shown below is an examination by cost element of how direct cost should be evaluated:

- **Labor Hours:** The evaluator must identify whether the number of labor hours proposed is adequate. If hours should be eliminated or added, the evaluator shall identify the delta number of hours and which WBS element should be adjusted.
- **Labor Skill Mix:** The requisitioner is responsible for verifying the proposed skill mix and recommending adjustments when and where required.
- **Materials, Supplies, Equipment, and Other Direct Cost (ODC):** The technical evaluation should state whether proposed material, supplies, equipment and ODC are appropriate. When exceptions are taken, a recommended adjustment should be provided.
- **Travel:** The requisitioner is responsible for evaluating proposed travel. This shall include the need for the travel, the location of the travel, the duration of the trip, and the number of personnel making the trip.
- **Subcontracts:** The evaluator shall examine subcontracts in the same manner prime contractor costs are evaluated. This shall include evaluating and making recommendations on subcontract cost by direct cost element.

Note: It is not the responsibility of the requisitioner to evaluate other than direct costs. Examples of these types of

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costs are labor rates, overhead, G&A, and travel/per diem rate. Profit/fee is also generally not the responsibility of the requisitioner.

(5) Past Performance Evaluation. The past performance of a potential contractor provides NASA one means of determining the suitability of a contractor for a particular effort. Directly comparable or related effort to the existing procurement should be considered in the evaluation and to a lesser extent past performance that is not comparable but may indicate a contractor's commitment to perform and complete the job. In performing this evaluation, the evaluator should utilize one or more of the past performance data bases and should contact project managers within NASA or other Government agencies in a position to have observed the performance of the offeror and any subcontractors (see PS-OWI-08).

### CH2.5.3 Technical Evaluation Procedures for Noncompetitive Procurements.

CH2.5.3.1 For actions with an estimated value of less than \$2M, contract specialist/COs may elect to use an optional technical evaluation conference for establishment of the technical evaluation position, in which case a request for technical evaluation shall be made consistent with "Request for Technical Evaluation Conference". The results of the technical evaluation conference shall be documented on MSFC Form 4186. If the MidRange procedures are used, then the technical evaluation shall be documented on the appropriate MidRange technical evaluation worksheet.

CH2.5.3.2 In performing an effective technical evaluation on actions with an estimated value greater than \$2M, the evaluator shall examine the proposal in terms of definable elements such as study effort in a particular field or discipline, research of a problem, model shop, computer time, pre-production engineering, design, number of drawings, specifications, production quantities, processing, etc., as related to the SOW to be performed. The evaluation shall assure that the proposal adequately covers the necessary scope, specifications, requirements and tests to accomplish the intent of the initiating procurement action. The evaluation shall include data, comments, or rationale supporting differences between the evaluator's position and the proposal. The documented corroboration of the proposal will be of equal importance.

CH2.5.3.3 The results of the technical evaluation shall be prepared in narrative memorandum form, unless the optional technical evaluation conference approach is chosen, and may be

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supported by charts, graphs, or schedules as considered necessary. As a minimum, those specific elements listed in the request for technical evaluation shall be addressed.

CH2.6 Technical Support during Discussions and Negotiations.

The requisitioner will participate in discussions in the competitive procurement process. The discussion process is intended to allow the Government to better understand the contractor's proposal and capabilities. The requisitioner will provide input to the evaluation process based on the discussions. The MidRange process and SEB/C procedures provide specific details on conducting discussions and the requisitioner's role.

CH2.6.1 In noncompetitive and some competitive procurements, the requisitioner will participate in the fact-finding and negotiation processes. Fact-finding normally takes place prior to the requisitioner completing the technical evaluation and is used to better understand the contractor's proposal and verify that the contractor understands the Government's requirement. Fact-finding shall be conducted by the contracting office.

CH2.6.2 Negotiations are conducted with a contractor after competitive range determination or with a noncompetitive contract. Negotiations are held jointly with the contracting office, with the requisitioner providing support to the contract specialist who leads the negotiation process. Negotiations, much like fact-finding and discussions, are aimed at better understanding the contractor's proposal and obtaining the final proposal revision.

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## CHAPTER 3

### Post Award/Administration Activities.

This chapter describes the aspects of contract administration that are of direct interest to the procurement requisitioner and, if a different person, the COTR.

CH3.1 After contract award, performance must be monitored to ensure the obligations of both parties are fulfilled. Also, since the Government's requirements may change from time to time, the contract document must be maintained, thereby ensuring that the Government's requirements are adequately and accurately described throughout the period of performance of the contract. Collectively, this is known as contract administration, the broad scope of which is evidenced by the fact that the FAR and the NFS list approximately 80 discrete tasks that may need to be performed for any given contract.

#### CH3.2 Definitions Specific to Contract Administration.

CH3.2.1 Contract Administration. All functions that must be performed to ensure that, once a contract has been signed, both parties to the contract fulfill their obligations, as those obligations may change from time to time.

CH3.2.2 Contracting Officer. See Section 5, DEFINITIONS.

CH3.2.2.1 Administrative Contracting Officer (ACO). The CO who administers the contract. NOTE: The Procuring Contracting Officer (PCO), as is often the case at MSFC, may decide not to delegate all contract administration functions to another CO. In this case, there is more than one ACO on a contract; that is, the primary ACO is the MSFC PCO, but a field contract administration support organization with delegated authorities will also have an ACO (i.e., a field ACO) for the particular contract.

CH3.2.2.2 Procuring Contracting Officer. The CO who awards the contract.

CH3.2.2.3 Termination Contracting Officer (TCO). The CO who has the responsibility for terminating a contract, in whole or in part. The MSFC Procurement Officer retains sole TCO authority, but may delegate it on a case-by-case basis.

CH3.2.3 Contracting Officer's Technical Representative. See Section 5, DEFINITIONS.

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CH3.2.4 Corrective Action. An action taken to correct nonconformances and to eliminate the cause of nonconformances to prevent recurrence.

CH3.2.5 Defense Contract Audit Agency (DCAA). The Department of Defense (DOD) Agency that provides contract audit services to NASA. The basic relationship is established at the Agency level. Specific requirements are determined and delegated by NASA on a contract-by-contract basis. Delegated services are performed by DCAA on a reimbursable basis. The amount of service to be provided by DCAA is determined annually for each specific delegation by NASA as part of the annual budget process.

CH3.2.6 Defense Contract Management Agency (DCMA). The DOD agency that provides contract administration services to NASA. The basic relationship is established at the Agency level. Specific requirements are determined and delegated by NASA on a contract-by-contract basis. Delegated services are performed by DCMA on a reimbursable basis. The amount of service to be provided by DCMA is determined annually by NASA for each specific delegation as part of the annual budget process.

CH3.2.7 Delegation. The vehicle by which authority to perform specified contract administration functions is conveyed by the PCO to a competent individual (e.g., the COTR) or organization (e.g., DCMA) (see PS-OWI-12, "Contract Delegations").

CH3.2.8 Office of Naval Research (ONR). Pursuant to NPG 5800.1, "NASA Grant and Cooperative Agreement Handbook", the office to which full administration (including property, but excluding close-out) is delegated for all grants and cooperative agreements with non-profit institutions (see PS-OWI-12, "Contract Delegations").

CH3.2.9 Technical Direction. A directive to the contractor that approves approaches, solutions, designs, or refinements; fills in details or otherwise completes the general description of work or documentation items; shifts emphasis among work areas or tasks; or furnishes similar instruction to the contractor. Technical direction includes requiring studies and pursuit of certain lines of inquiry regarding matters within the general tasks and requirements of the contract.

### CH3.3 Delegations.

CH3.3.1 Unless the contract is transferred to another NASA Center, overall responsibility for contract administration remains with the MSFC PCO. However, it is common for specific contract administration tasks to be delegated by the PCO to other

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organizations or individuals. These delegations are made in writing via the NASA-1430 series of forms (see PS-OWI-12). In particular, our larger supply contracts are often performed at contractor plants (and at subcontractor plants) where DCMA has onsite contract administration offices. In these cases, the PCO usually will delegate various contract administration tasks. NOTE: MSFC often will have a NASA Resident Management Office (RMO) at these sites as well. The RMO, however, is an extension of, and is responsive to, the respective program or project office, or MSFC's S&MA organization, rather than the PCO. The RMO is not delegated contract administration tasks.

CH3.3.2 The CO also often delegates specific contract administration tasks to a Center technical representative when knowledge of the supplies or services being acquired is necessary on an ongoing basis for effective contract administration. This individual is designated as the COTR (see PS-OWI-12). Immediately following the award of a contract the requisitioner shall prepare MSFC Form Letter 131, "Request for Delegation of Contracting Officer's Technical Representative" with a signed copy of the "Individual Certificate for Appointment as Contracting Officer's Technical Representative/Alternate Contracting Officer's Technical Representative" (MSFC 4419), and a copy of the current COTR certificated signed by the Procurement Officer, attached thereto. If evidence of COTR training is not attached, the CO will route the request to PS10/Policy and Information Management Department, for confirmation of training. The COTR is delegated specific contract administration tasks via NASA Form 1634; however, the contract may also delineate some duties, which the COTR may and may not perform. Delegations applicable to cost-plus-award-fee contracts require Procurement Office Director approval prior to distribution, which is evidenced by an approval block and signature on the file copy of each delegation.

CH3.3.2.1 COTR candidates must be identified by their respective institutional, program, or project office. Pursuant to NFS 1842.270(g), individuals must complete COTR training (MSFC course number ADM0022) to be appointed as a COTR. The request for delegation and attached certificate stated in CH 3.3.2 above, as well as COTR training, must be completed before an appointment can be made. If an urgent need arises for the appointment of a COTR and no trained and otherwise qualified individual is available, then a temporary COTR appointment, not to exceed 6 months, may be made. No technical direction may be issued by a COTR when serving under a temporary appointment.

CH3.3.2.2 Pursuant to NFS 1842.270(a), there is only one COTR per contract. However, an alternate COTR may also be appointed

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(in the same manner and with the same requirements and restrictions as the COTR). The alternate COTR may perform his/her duties only in the official absence of the COTR.

CH3.3.2.3 Contract terms and conditions. To be effective, it is imperative that the COTR be familiar with all full-text terms and conditions in the contract and, to the extent practicable, with all terms and conditions incorporated into the contract by reference.

CH3.3.2.4 Communication. In all but the simplest of acquisitions, some form of communication between the contractor and the Government during contract performance is to be expected. In the more complex negotiated procurements, especially those in which a COTR is formally designated, dialogue between the Government and the contractor is virtually continuous. This Government/contractor interchange can be the source of innumerable problems if not handled properly or if the participants do not understand their roles.

CH3.3.2.5 Technical Direction. The technical direction clause, NFS 1852.242-70, when included in the contract, describes the extent of the COTR's contractual authority with respect to the contractor.

CH3.3.2.6 Limitations and Constraints.

a. The COTR is authorized to perform only those functions specifically delegated by the CO. With respect to contractor performance, the COTR is limited to providing technical direction (as the clause's title implies), which includes prioritization of contractor effort and clarification of technical requirements.

b. In very few cases is the COTR authorized to change (add, delete, or modify) any of the contract terms, conditions, or requirements, or to take any action that might appear to effect change. When this is permitted, it will be specifically authorized in the contract and the COTR appointment document. Usually the CO alone has the authority to make changes and they must be made in writing.

c. COTRs do not have the authority to issue any instruction purporting to be technical direction that--

(1) Constitutes an assignment of additional work outside the SOW;

(2) Constitutes a change as defined in the Changes clause;

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(3) Constitutes a basis for any increase or decrease in the total estimated contract cost, the fixed fee (if any), or the time required for contract performance;

(4) Changes any of the expressed terms, conditions, or specifications of the contract; or

(5) Interferes with the contractor's rights to perform the terms and conditions of the contract.

d. All technical direction shall be issued in writing by the COTR.

CH3.3.2.7 Changes. A "change" to the contract has a very specific meaning. What constitutes a "change" depends upon the type of contract, but usually revolves around the technical aspects of the work to be performed (e.g., specifications, SOW, method of shipment or packing, place of delivery). The Changes clause of each contract defines a "change" and the correct manner in which it can be incorporated into the contract (see CH3.10.1.1). While it may seem confusing, there are other reasons for which the contract may be modified (e.g., changing the paying office, changing the name of the contractor, or incorporating a fee determination into a contract with award-fee provisions), but these are not "changes" per se.

a. Avoiding Unauthorized Changes. Avoiding unauthorized changes requires constant thought and vigilance. In some cases, the COTR and contractor personnel interact frequently. Often the encounters are informal discussions rather than official meetings. Most contractor personnel are aware that only the CO can approve a change to the contract. Most also feel, however, that the COTR is the true customer, the person whom they must satisfy to successfully complete the contract. Accordingly, they are usually quite responsive to the perceived desires of the COTR and sensitive to anything and everything he/she says or implies. The COTR must be sensitive to the fact that anything said to contractor personnel, however innocuous it might seem, could possibly be interpreted as a change to the contract.

b. Notification of Changes Clause. Despite our best attempts, however, the contractor may receive direction which constitutes a change, or inadvertent actions on the part of the Government may be construed as a change (see CH3.10.5.3, "Constructive Changes"). Whenever this happens, there is an established procedure for correcting the situation and bringing the contractor's reaction back in line with the contract. This procedure is described in the clause FAR 52.243-7, Notification of Changes. This clause is not always invoked, but it is a good

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control mechanism. COTRs should become familiar with its requirements.

CH3.3.3 Defense Contract Management Agency. The DCMA mission, as its name implies, includes providing effective administration of contracts. Because of its depth of expertise and experience, and the many locations of its field offices, NASA utilizes DCMA to help administer its contracts. In fact, DCMA often plays a major role in the administration of its contracts, especially the larger contracts where performance takes place at the contractor's plant and, in some cases, at major subcontractor plants (see PS-OWI-12).

CH3.3.3.1 Contract Administration Functions.

CH3.3.3.2 The various contract administration functions that can be delegated are listed at FAR 42.302. NFS 1842.202 lists specific contract administration functions that are not normally delegated. Performance of a thorough post-award risk assessment (led by the project office or requisitioner with full participation by Procurement and other supporting functions) is instrumental in developing a comprehensive surveillance approach and determining the functions that should be delegated/retained by NASA.

CH3.3.3.3 Delegated contract administration functions can be grouped by functional areas. DCMA's projected and actual hours expended in support of NASA contracts are reported by these functional areas.

a. Contract Operations (or "C"). This functional area encompasses a miscellaneous set of contract administration tasks not included in any of the other specific functional areas. They are not inconsequential or unimportant; rather, they tend to be rather general administrative requirements aimed at ensuring that the contractor's administrative systems (e.g., insurance system) are functioning properly and that Government policies (i.e., socio-economic programs) are being applied properly. DCMA will be delegated many specific tasks in this area, although the MSFC PCO will retain some and play a direct role in many of those that are delegated.

b. Property Management and Plant Clearance (or "D"). As the name implies, this functional area encompasses personal and real property management. MSFC's property management organization plays a key role in this, too, pursuant to NFS 1845.7205, but the PCO nonetheless often relies heavily on DCMA for in-plant support. The language for the delegation of this functional area is provided by NASA's Logistics Management Office (Code JG).

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c. Financial Services (or "F"). This functional area includes development and negotiation of overhead rates, forward pricing rate agreements (that is, agreed to interim rates for use in pricing proposals), cost or price analysis of proposals, and other financial support. MSFC retains a pricing capability, but often relies on DCMA, when available, to augment our own pricing efforts.

d. Transportation and Packaging (or "T"). This is a relatively narrow functional area that provides onsite review of the contractor's transportation and packaging policies, procedures, and operations, when relevant to the contract (see MWI 6000.1, "Procurement Traffic Management and Freight Traffic Actions").

e. Quality Engineering (or "I") and Quality Assurance (or "Q"). Usually the largest in terms of reimbursable hours, these areas augment MSFC's in-house S&MA capability. The language for the delegation of this functional area is provided by MSFC's QS01/S&MA (see QS-QE-001). These areas are the most important to the COTR.

f. Program and Technical Support (or "P"). This functional area includes technical and engineering oversight and support for the COTR. It often is not used heavily since the MSFC program or project, directly and through an MSFC RMO if available, performs much of this effort itself.

CH3.3.3.4 Post-Award Orientation. A post-award orientation is required by NFS 1842.503 when (a) a contract is expected to exceed \$10,000,000; (b) contract performance is required at or near a NASA installation or NASA-controlled launch site; (c) the delegation will impose an abnormal demand on the resources of the contract administration office receiving the delegation; or (d) complex contract management problems are expected. It may consist of a conference or, in less complex contracts, a letter. It aids both Government and contractor personnel in achieving a clear and mutual understanding of all contract requirements and in identifying and resolving potential problems. An orientation is particularly useful if the acquisition is complex or if the contractor has not had recent experience working on Government contracts. As soon after contract award as possible, the COTR should assess the desirability of holding a post-award orientation and, if appropriate, request that one be convened by the CO.

#### CH3.4 Government Responsibilities.

CH3.4.1 Incremental Funding. If work on a contract is to continue without interruption, the COTR must ensure that the

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necessary funding is provided to the contractor in a timely manner. This process requires careful advance planning and coordination with the program's or project's business manager, AOO, and the CO.

**CH3.4.2 Scheduling Government Activities.** Although all Government contracts require the contractor to provide supplies to, or perform services for, the Government, many contracts also obligate the Government to do, or provide, certain things to enable the contractor to perform. Failure of the Government to fulfill its obligations is just as much a violation of the contract as is the failure of the contractor to perform. The COTR, along with the CO, is responsible for ensuring that all actions the Government is obligated to perform take place at the times and places specified in the contract. Failure to do so may provide the contractor with an excusable delay (see CH3.9.1) and/or entitle the contractor to an equitable adjustment of contract cost and fee.

**CH3.4.3 Government-Furnished Property (GFP).** This is commonly referred to as Government-furnished equipment, but GFE is a subset of GFP since the latter also includes real property.

**CH3.4.3.1 General Policy.** Contractors are expected to furnish all property required to perform Government contracts. There will be exceptions, of course, such as when the property is of a specialized nature suitable only for use on the immediate contract, unless substantial modifications are made. This seems reasonable and straightforward, but is often not as simple as it would seem. The cost of obtaining or building multi-purpose equipment and facilities is generally charged to overhead pools; specialized property and facilities are charged directly to the immediate contract. Contractors are motivated to charge as much as they can directly to the immediate contract, since this will keep costs down on their other contracts (i.e., the amount of overhead spread to other contracts is reduced). Thus, contractors are motivated to classify as much GFP as possible as special purpose. The COTR must assist the CO in preventing this from happening.

**CH3.4.3.2 Government Responsibility.** The Government has an obligation to provide GFP on time and in a condition fit for its intended use. Occasionally, the Government may not be able to do this. This situation may involve any contractor, but is likely to involve onsite contractors more frequently. When this happens, the CO or the contract may authorize the contractor to acquire the non-available items. When it eventuates that the contractor obtains the non-available items, the COTR and the CO must assure that:

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- a. Personal property items have been properly screened through appropriate Government supply or other sources.
- b. Non-availability of these items or services has been certified at appropriate levels.
- c. Contract or contractor files contain this certification.
- d. Appropriate contractual authority exists before the contractor acquires any non-available items or services.

CH3.4.3.3 Government-Furnished Services. For reasons of economy, the Government often provides needed services to the contractor to more efficiently enable contract performance. This is especially true when performance takes place on a Government facility (e.g., onsite utilities and transportation services); however, it could be true on other contracts (e.g., providing Government testing services). Whenever the Government provides services, it generally incurs the same types of responsibilities and the contractor generally has the same kind of remedies as with GFP.

CH3.5 Obtaining Performance.

CH3.5.1 Enforcement. While a contract contains the promises of both parties and sets forth their respective duties and obligations, it does not enforce itself. Thus, if one of the parties does not perform a required duty, there will be no sanction against that party unless the party to which the duty is owed complains. The basis for complaint under a contract is a breach of the contract, which is defined as the nonperformance of any contractual duty of immediate importance.

CH3.5.2 Contract Terms and Conditions. In order to determine if, in fact, satisfactory performance has been obtained by the Government (i.e., no breach of contract), all contracts must spell out exactly what aspects of performance will be inspected, when they will be inspected, against which standards of acceptability they will be measured, by which methods of testing they will be inspected, and by whom they will be inspected. These requirements may be contained in the basic contract or its attachments, in documents incorporated into the contract by reference, or in Government-approved contractor sampling, testing, design and verification, and other similar plans. The contract terms and conditions provide the basis for the Government's quality assurance program and are critical to the Government being able to ascertain if required performance has been obtained.

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CH3.6 Technical Performance. To ensure the Government gets what it pays for, it is necessary to examine the contractor's work, and inspect and test it against the requirements of the specifications. The particular inspections or tests required will vary from relatively simple ones, such as weighing or measuring dimensions, to complex and involved ones requiring many people and sophisticated equipment (see MPG 8730.1, "Inspection and Testing;" MPG 8730.3, "Control of Nonconforming Product;" and MWI 4520.1, "Receiving"). By whatever means it is accomplished, inspection and testing is the key to the Government enforcing the technical requirements of the contract. It is particularly important because the rules of law and contract clauses may, in certain instances, relieve the contractor of liability for defects if they are not challenged prior to their acceptance and use by the Government.

#### CH3.6.1 Inspection.

CH3.6.1.1 The contract's SOW and/or specifications will identify what inspections or tests are to be performed, by whom, and when. Some contract clauses also contain requirements for inspections by the Government. It is critical that the COTR know the exact extent of, and limitations on, Government inspections so they may be planned, scheduled, and conducted effectively and within the legal constraints of the contract.

CH3.6.1.2 The place of inspection or testing should be clearly stated in the contract specifications. If the place is other than at the contractor's facility, the contract should indicate the means by which the items are to be transported to the place and at whose expense. If inspections or tests are to be conducted at the contractor's facility, the Inspection clause requires the contractor to furnish, at no additional cost, all reasonable facilities and assistance for their safe and convenient conduct. This has been interpreted by appeal boards to mean that the Government may use any of the contractor's tools, equipment, or testing devices that the contractor would reasonably be expected to have available to perform on the contract.

CH3.6.1.3 For acquisitions where inspection will be performed upon delivery to MSFC, typically, both non-quality sensitive and quality sensitive items will undergo an initial receiving inspection by the Property Management Group (PMG) (see MWI 4520.1, "Receiving"). If a nonconformance is discovered during this initial receiving inspection, PMG will initiate an Inbound Discrepancy Report (IDR) in the PPTS (see MWI 4520.2), and the CO will update PPTS with the disposition instructions. Upon satisfactory completion of the initial receiving inspection, if

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the item is to be inspected by the responsible S&MA Office, PMG will initiate an Inspection and Acceptance Report (IAR) in the PDS. Upon completion of the receiving inspection and test activities, the S&MA Office will update PDS with the results (see MWI 4520.1, "Receiving", and MPG 8730.1, "Inspection and Testing"). S&MA will evaluate supplier performance by trending nonconformances, which will be used to determine if systemic problems exist and if S&MA should request supplier corrective action through the CO or if follow-up audits of suppliers are necessary (see QS-QA-010). Appendix K is a flow diagram depicting this process. The PDS shall be used for all IDRs and IARs (see QS-QE-001).

CH3.6.1.4 When items are inspected at locations other than MSFC, typically, a Letter of Contract Administration Delegation (NASA Form 1430) exists with either the Defense Contract Management Agency (DCMA) or ONR to allow them to inspect on NASA's behalf. This delegation is done on an individual contract basis. If a nonconformance is discovered during the initial receiving phase, DCMA/ONR will document it accordingly and if they are unable to resolve it locally, they will contact the MSFC Quality Assurance Representative (QAR) and CO for disposition. In the event that a delegation does not exist, the cognizant NASA quality organization will be required to perform inspection and acceptance services at the offsite location.

### CH3.6.2 Rejection.

CH3.6.2.1 Any product that does not conform to contract specifications may be rejected by the Government (see MPG 8730.1, "Inspection and Testing;" MPG 8730.3, "Control of Nonconforming Product;" and MWI 4520.1, "Receiving"). While this fact is indisputable, outright rejection by the Government is not a usual occurrence. When inspections or tests reveal that supplies do not conform to contract specifications, the contractor is normally given the opportunity to correct the defects. The contractor must be given the opportunity to correct any defects if the delivery date has not yet arrived. Even if the delivery date has passed or there is little chance that the corrections can be made by the delivery date, this course of action may still be in the Government's best interest. If the supplies are rejected and the contract terminated for default, the Government will have to go through the acquisition process all over again and undergo the delays associated with that process. It is, therefore, usually prudent to allow the contractor to correct the defects, particularly if they are not major.

CH3.6.2.2 If the contractor is unable to deliver conforming supplies by the delivery date, the Government has one other

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alternative to rejection—namely the nonconforming items may be accepted in return for some consideration, such as a reduction in price. In firm-fixed-price contracts, the contractor bears all costs associated with bringing supplies into conformance. In cost reimbursement contracts, the cost of rework may be reimbursable under the terms of the contract.

CH3.6.2.3 COTRs are major participants in this process since COs may defer to their judgment on what course of action to take. They should be aware of the available options and recommend whatever decision is best for their programs. If the nonconformance is discovered during receiving inspection, PMG will initiate an IDR in the PDTS, and the CO will update PDTS by providing the disposition instructions (see MWI 4520.2). If the nonconformance is discovered during the inspection and test verification, S&MA will update the IAR in PDTS and the CO provide the disposition instructions in PDTS (see MPG 8730.1, "Inspection and Testing", and MPG 8730.3, "Control of Nonconforming Product"). Appendix K is a flow diagram depicting this process. The one course of action they should never take is to ignore the fact that supplies or services do not conform to contract specifications.

CH3.6.2.4 If the nonconformance is detected at a location other than MSFC (e.g., the supplier's facility) before submittal to MSFC, the supplier will document the nonconformance within the supplier's applicable nonconformance system. If the supplier cannot correct the nonconformance to meet the contractual requirements, the supplier will submit the discrepancy for acceptance by MSFC using the applicable contractual Deviation Approval Request (DAR) system and/or process the nonconformance through the contractually authorized Material Review Board (MRB) system. All contract DARs will require CO final approval (see MWI 8040.3, "Deviation and Waiver Process, MSFC Programs/Projects", and QS-QE-001). In the event that MSFC source inspection was not required, a request for inspection by the S&MA Office from the COTR/CO may be required to facilitate processing of the supplier nonconformance.

### CH3.6.3 Acceptance.

CH3.6.3.1 Acceptance is acknowledgment by the Government that supplies or services conform to applicable contract quality and quantity requirements (see MPG 8730.1, "Inspection and Testing", and MWI 4520.1, "Receiving"). Appendix K is a flow diagram depicting this process. Acceptance should not be confused with delivery; work may be accepted before delivery, at the time of delivery, or after delivery, depending on the terms of the contract. Acceptance is usually evidenced by execution of an acceptance certificate such as a DD Form 250, DD Form 1149, or a

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similar document. COTRs are often authorized to perform the acceptance function for supplies and services that do not involve S&MA Office acceptance processing, although that function can be delegated to another agency. Title to supplies passes to the Government upon acceptance regardless of when or where the Government takes physical possession.

CH3.6.3.2 It must be understood that simply passing an inspection or test does not constitute acceptance. Acceptance must be acknowledged by whatever means is specified in the contract.

CH3.6.3.3 The passage of time alone can, in some cases, result in what is known as implied acceptance. If the Government does not consciously reject nonconforming work within a reasonable period of time, it can be judged to have implicitly accepted the work. What is considered a reasonable period of time can vary. Therefore, the COTR must ensure that a contractor is promptly notified if work is being rejected.

CH3.6.3.4 Government Rights after Acceptance. Although acceptance is generally considered conclusive and final, the Government is not without some degree of protection in the event defects are discovered after acceptance. If a nonconformance is discovered after acceptance, the COTR should contact their CSR for assistance in initiating an Inspection Rejection Report (IRR). The CSR will initiate the IRR in PDS (see MWI 4520.2, "Use of the Procurement Discrepancy Tracking System (PDS)"), and the CO will update PDS by providing the disposition instructions. Appendix K is a flow diagram depicting this process. All IRRs shall be initiated and tracked in the PDS, which also contains the information on all IDRs and IARs. The terms of inspection clauses afford the Government remedies after acceptance in the cases of latent defects, fraud, or gross mistakes as amount to fraud. In addition, warranty clauses, which serve to give the Government rights against the contractor after acceptance, can be utilized and are used in commercial item contracts. The COTR should consider these possibilities at the time of development of the solicitation. If the COTR thinks any of these conditions exist at the time of delivery, the situation should be discussed with the CO.

#### CH3.6.4 Warranties.

CH3.6.4.1 A warranty is an agreement by the contractor that it will be liable for meeting the contract specifications for a stated period of time after acceptance. Including a standard FAR warranty clause in a contract affords the Government some protection against defects after acceptance and is particularly

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useful if inspections and tests may not adequately assure the Government that the articles will perform according to the specifications. It should be understood that there is an extra cost associated with a FAR warranty clause. The actual cost is difficult to estimate, but some consideration should be given to the benefits to be derived from a warranty versus its cost prior to including warranty requirements in a contract. It may be more beneficial to accept a standard commercial warranty if one is available. The concern here is that the commercial warranty meets the Government's needs. It should be noted that Government policy favors using commercial clauses. Warranties are categorized as either express or implied. If the Government specifies the design of an item, the contractor's warranty to produce the item in accordance with the specifications and free from defects of material and workmanship is an express warranty. If the Government does not specify the design of an item, the contractor's warranty to produce an item fit for its intended purpose is an implied warranty. If express warranties are included in a contract (except contracts for commercial items), all implied warranties of merchantability and fitness for a particular purpose shall be negated by the use of specific language in the clause. In contracts for commercial items, the standard terms and conditions do not contain express warranties (which are usually warranties in effect for a specified timeframe (e.g., 90 days)), but rather include two implied warranty conditions (i.e., "Implied Warranty of Merchantability" and "Implied Warranty of Fitness for a Particular Purpose"). Implied warranties do not expire in a set amount of time the way express warranties do. If an express warranty is included in the contract, it should provide for the repair or replacement of defective items discovered within a reasonable period of time after acceptance. If a nonconformance is discovered after acceptance, the COTR should contact their CSR for assistance in initiating an IRR. The CSR will initiate the IRR in PDTs and the CO will update PDTs by providing the disposition instructions (see MWI 4520.2, "Use of the Procurement Discrepancy Tracking System (PDTs)"). Appendix K is a flow diagram depicting this process.

CH3.6.4.2 In spite of the additional protection that warranties provide the Government after acceptance, invoking the warranty clause after discovery of defects (but within the period of the warranty) still requires the Government to prove that the defects existed at the time of acceptance. Any alteration of the contract items by the Government after acceptance could serve to invalidate the warranty.

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### CH3.6.5 Monitoring Performance.

CH3.6.5.1 Surveillance Plans. Whenever a COTR is appointed, the COTR is responsible for defining the surveillance approach to be utilized in monitoring contractor performance. A comprehensive risk assessment of the contract and program immediately following award (and updated as appropriate during the life of the contract) is essential in determining the optimal approach to contract surveillance and the appropriate levels of insight/oversight. A type of surveillance approach, or plan, is the award fee evaluation plan with its structured performance reviews and the use of specifically designated technical monitors (see MWI 5116.1, "Evaluation of Contractor Performance Under Contracts with Award Fee Provisions"). For non-complex commercial item contracts, the surveillance approach normally consists of the standard contract "Inspection" clauses. Surveillance plans or otherwise documented approaches to performing contract surveillance should be prepared for all major service contracts and performance-based supply contracts (see surveillance plan format). COTRs should note that the Marshall Management System designates the S&MA Office to perform inspection activities associated with flight hardware unless otherwise delegated by S&MA.

CH3.6.5.2 Corrective Action. Regardless of the formality of the surveillance approach, the COTR is responsible for promptly reporting to the CO and, as appropriate, the S&MA Office, the occurrence of any systemic problem involving a potential violation of an ISO standard and the need for performing corrective action. Upon notification, the COTR and the CO are responsible for obtaining a corrective action plan from the contractor, which provides:

- a. Description of the problem.
- b. Determination of the root cause of the problem.
- c. Action required to correct the problem.
- d. Prevention of recurrences.
- e. Completion schedule for the action.

CH3.6.5.3 The COTR will monitor the contractor's progress in implementing the corrective action plan and will verify its completion and overall effectiveness. The COTR will coordinate these activities with the MSFC S&MA Office.

### CH3.6.5.4 Performance Evaluations of Work Subject to Award Fee

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Provisions. Performance evaluations of work performed under contracts with award fee provisions serve the purpose of surveillance plans. Performance evaluations are discussed in MWI 5116.1, "Evaluation of Contractor Performance Under Contracts with Award Fee Provisions".

CH3.7 Schedule Performance. A common occurrence of breach of contract involves the failure of a contractor to deliver supplies or services by the contractual delivery date. COTRs must be aware of the actions the Government can and should take in the event schedule delays occur. Prompt and proper action is necessary when a schedule is breached in order to ensure that the Government's rights under the contract are not forfeited. (In our discussions here, we are assuming that the Government was in no way responsible, in whole or in part, for the breach of contract).

CH3.7.1 Alternatives When Schedule Is Breached. When a schedule delay occurs, various courses of action are available to the Government. The COTR must consult with the CO to determine which course is the most appropriate.

CH3.7.1.1 The Government can accept the late items, extend the contract delivery schedule, establish new delivery dates, or take no action. Taking no action will effectively waive the Government's rights to cite the delay as cause for a default termination.

CH3.7.1.2 The Government can accept the late items, extend the contract delivery schedule by establishing new delivery dates, and obtain some consideration from the contractor in return. This action excuses the delay and waives the Government's right to initiate a default termination.

CH3.7.1.3 The CO can issue a formal "Show Cause Notice" advising the contractor that the Government is considering terminating the contract for default and requesting the contractor to advise within 10 days of any facts relating to the delinquency which could show that its causes were beyond the contractor's control, and without fault or negligence on the contractor's part (see show cause notice format).

CH3.7.1.4 The Government can terminate the contract (see CH3.11).

CH3.7.2 Alternatives Prior to Breach. Preventing a breach of contract from occurring is preferable to recovering from the impact of one. COTRs should be aware of the status of their contracts at all times, and should be able to anticipate problems before or as they develop. If a COTR sees a potentially serious problem developing which could result in a decision to terminate

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the contract, he/she should notify the CO promptly. In order to protect the Government's interests, the CO will issue a formal notice to the contractor known as a "Cure Notice" which advises that the Government is aware of a problem which could endanger performance of the contract and gives the contractor 10 days to cure the problem or else the Government may terminate the contract for default. Ideally, this action will solve the problem and preclude the necessity for time-consuming termination action (see cure notice format).

### CH3.7.3 Liquidated Damages.

CH3.7.3.1 If, before a contract is awarded, the Government knows that the time of delivery or performance under the contract will be such an important factor that the Government may reasonably expect to suffer damage if the delivery or performance is delinquent, and the extent or amount of such damage would be difficult or impossible to ascertain or prove, a Liquidated Damages clause may be included in the contract. A Liquidated Damages clause requires a contractor who fails to deliver on time to pay a predetermined daily sum to the Government until delivery is made or, if the contractor is terminated for default, to pay a daily sum until the time the Government obtains the required items from another source.

CH3.7.3.2 A Liquidated Damages clause is a powerful incentive for contractors to meet scheduled delivery dates. There are some risks to the Government associated with its use, which should be carefully assessed prior to its use. First, the clause might inhibit full and open competition because some fully qualified potential offerors might simply be unwilling to take the financial risk. Another concern is the burden placed on the contract administration organization (including COTRs) to ensure that no action or inaction on the part of the Government occurs, which could impact the contractor's ability to meet the delivery schedule.

### CH3.8 Cost Performance on Cost Reimbursement Contracts.

CH3.8.1 Monitoring Costs. In cost reimbursement contracts, the Government bears a much greater share of the risk of performance than the contractor; therefore, it should be obvious that considerable management attention should be placed on monitoring these types of contracts. Cost monitoring is usually one of the responsibilities delegated to a COTR.

CH3.8.1.1 The terms of cost reimbursement contracts normally require the contractor to provide periodic (usually monthly) summaries of the costs that have been incurred in performance of

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the contract, both during the reporting period and cumulatively since contract award. In all probability, the contractor's proposal provided information as to how the proposed costs were to be incurred in achieving contract milestones. A simple comparison of these two documents, coupled with periodic meetings with the contractor, should enable the COTR to determine if costs are reasonable and consistent with technical progress on the contract. The COTR will be required to review fee vouchers submitted by the contractor for reasonableness based upon the contractor's performance.

CH3.8.1.2 Fully funded cost reimbursement contracts contain a Limitation of Cost clause which requires the contractor to notify the CO in writing when the costs expected to be incurred in the next 60 days, when added to all costs previously incurred, will exceed 75% of the estimated costs specified in the contract, or the total costs will be greater or substantially less than had been previously estimated. This notification is designed to give the Government a reasonable amount of time to decide if funds beyond the contract amount are to be added to the contract for continued performance, if an overrun is projected, or to adjust the contract requirements to match projected expenditures.

CH3.8.1.3 If a cost reimbursement contract is not fully funded, it will contain a Limitation of Funds clause. In these contracts, funds are provided on an incremental basis, and an estimated period of performance for the funds provided is contained in the contract. In addition to the 60-day notice mentioned above, the Limitation of Funds clause provides that the contractor shall notify the CO whenever it has reason to believe that the costs it expects to incur under the contract in the next 60 days, plus already incurred costs, will exceed 75% of the total amount of funds currently allotted to the contract.

### CH3.8.2 Alternatives When Cost Ceiling is Approached or Reached.

CH3.8.2.1 The face value of a cost reimbursement contract represents the agreed-upon estimated costs that will be incurred in performance of the terms of the contract and is commonly referred to as the contract "ceiling". The contractor is not obligated to incur costs greater than the ceiling, nor is the Government obligated (or authorized) to pay more than the ceiling. However, the Government may increase the ceiling if it determines it to be in its best interest and necessary to achieve the contract goals.

CH3.8.2.2 If the cost monitoring process reveals that cost is outrunning performance, the COTR should initiate action as soon as the situation is discovered. If, after conversation with the

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contractor, it reaches the point where the COTR believes that performance under the contract might be jeopardized, the CO should be consulted and the following alternatives, or a combination thereof, considered:

- a. If the contract ceiling has not been reached, the Government can authorize additional funding provided funding is available or can be obtained. This course of action is risky because it usually just postpones the problem rather than solving it. Sometimes, however, it serves to buy the Government time to explore other alternatives.
- b. The Government can negotiate a change to the contract which reduces the work effort to a level that can be achieved within the available funding. While this may appear to solve the immediate problem, certain program goals will be left unattained.
- c. The Government can issue a cure notice and a show cause notice and, if performance does not improve, terminate the contract.

**CH3.9 Contractor Defenses and Remedies.** The methods by which the Government ensures that technical, schedule, and cost performance is obtained from contractors and what actions the Government can take if performance is not obtained is not one-sided. COTRs should be aware of the recourse available to contractors when performance problems arise.

**CH3.9.1 Excusable Delays.**

**CH3.9.1.1** The Government recognizes that there can be instances where contractors have genuine excuses for delays in performance for which they should not be subject to termination for default. Most contracts contain a standard Excusable Delays clause which provides that the contractor will not be considered in default because of any failure resulting from causes beyond its control and without the fault or negligence of the contractor or subcontractors. The clause cites nine examples of such causes:

- a. Acts of God or of the public enemy,
- b. Acts of the Government in either its sovereign or contractual capacity,
- c. Fires,
- d. Floods,
- e. Epidemics,

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- f. Quarantine restrictions,
- g. Strikes,
- h. Freight embargoes, and
- i. Unusually severe weather.

CH3.9.1.2 COTRs must be sensitive to the fact that acts of the Government can result in an excusable delay. When contractors find themselves in delay situations, it is only natural that they attempt to find someone other than themselves to blame, and that could well be the COTR. As cautioned earlier, COTRs must ensure that their words or actions do not implicitly or explicitly give a contractor the right to a claim of an excusable delay.

CH3.9.2 Claims. A claim is a written demand by a party to a contract seeking payment of a sum of money, the adjustment or interpretation of contract terms, or some other relief. Claims are discussed in detail below in CH.3.12 Disputes. For now, the COTR should be aware that one of the remedies available to an aggrieved contractor is to file a claim with the CO. Many contract clauses contain language which requires or permits the CO to make adjustments to the terms of the contract. The Changes, Suspension of Work, Differing Site Conditions, and Variation in Estimated Quantity clauses are examples. Many claims result from the manner in which inspections, testing, acceptance, and rejection are handled by the Government, which simply reinforces the need for COTRs to conduct all transactions related to those matters with the utmost of care, professionalism, and sensitivity to the terms of the contract.

CH3.10 Contract Modifications. During the life of a contract, any of its terms and conditions may have to be altered for any number of reasons. To be valid, alterations to a contract must be made in writing by the CO. Written alterations to a contract are referred to as modifications (see MWI 5143.1, "Contract Change Process").

CH3.10.1 Modifications Pursuant to Contract Clauses. Many standard clauses can be included in Government contracts that contain language that authorizes the CO to modify certain terms or conditions by issuing a contract modification. The permissive language of these clauses not only gives the CO the authority to make the modification, but also serves to advise the contractor in advance what aspects of the contract will be subject to modification if the necessity arises. Examples of clauses that authorize modifications include the Incentive Price Revision—Firm

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Target clause for a fixed price-incentive (firm target) contract which specifies the conditions and procedures for determining and making price revisions; Government-Furnished Property clauses provides for an equitable adjustment in the price and/or delivery schedule if the contractor suffers damage because Government property is delivered late or is defective; Inspection clauses provide for an equitable price adjustment if the Government accepts nonconforming supplies; and a Tax clause provides for a price adjustment if certain taxes included in the contract are either increased or decreased.

CH3.10.1.1 The most powerful and useful clause contained in most Government contracts (excluding contracts for commercial items/services) to facilitate making modifications is the Changes clause. The standard Changes clause for fixed-price supply contracts, for example, authorizes the CO to issue unilateral (without the contractor's consent) modifications (called change orders) to the specifications, place of delivery or performance, or method of shipping or packing. The contractor is legally required to comply with all change orders. However, if the change order causes an increase or decrease in the cost of, or the time required for performance of any part of the work under the contract, whether or not mentioned directly in the change order, the CO is required to make an equitable adjustment in the contract price, delivery schedule, or both. If the CO and the contractor are unable to reach agreement on an equitable adjustment, the CO makes a determination as to the adjustment. If the contractor does not agree with the determination, the matter is resolved in accordance with the Disputes clause, which is discussed below.

CH3.10.2 Other Contract Modifications. Although many types of modifications can be anticipated and covered by appropriate contract clauses, it is sometimes necessary to modify some aspect of a contract due to an unanticipated situation. For example, the Government may discover that it can furnish as GFP an item the contractor was to make or buy, or the Government may determine that it wants the contractor to perform a particular test that was not specified in the contract as awarded. A written bilateral modification is used in this case, and would provide that mutually agreeable consideration be received by both parties. In the first example, the Government would be entitled to a price reduction, and in the second example the contractor would be entitled to a price adjustment and possibly a schedule adjustment.

CH3.10.3 The Concept of Contract Scope. The Government's authority to modify a contract is not unlimited, particularly with regard to requiring the contractor to perform additional

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work. Any additional work required must be within the scope of the contract. In simple terms this means the additional work must be generally related to the work envisioned in the original contract. If the additional work contemplated is beyond the scope of the contract, a new procurement must be processed. A common situation where this problem arises concerns the desire for an increased quantity of items. Even though the items may be exactly the same as ones being manufactured under the current contract, a modification to that contract to increase the quantity would be beyond the scope of the contract and, therefore, not permissible (assuming the contract did not contain an option for an additional quantity or otherwise permit changes to the quantity). Another example would be if a contract were awarded for the design (and only the design) of an automated information system, it could not be later considered to be within scope and to have the contractor provide and install hardware.

CH3.10.3.1 Whether or not additional effort is within or outside the scope of a contract is often not clear cut. Therefore, COTRs should discuss all proposed changes with the CO to obtain a determination.

CH3.10.4 Processing Contract Modifications. Modifications to contracts should be minimized since they can have significant ramifications for the entire acquisition. If changes are necessary, it is important that they be planned, reviewed, and executed systematically and with caution (see MWI 5143.1, "Contract Change Process").

CH3.10.4.1 Proposals.

a. The contractor's claim for equitable adjustment of contract cost and fee arising from change orders (or any other reason justifying an equitable adjustment) must be supported by a proposal. The proposal is evaluated in essentially the same manner as the proposal(s) for award of the basic contract, except that, by definition, it is a noncompetitive proposal. Also, there is usually only a cost proposal since the technical requirements and approach were determined before the contract modification effecting the change was issued.

b. When an equitable adjustment is contemplated or proposed, its effect on cost, delivery, and other factors should be evaluated carefully. The timing of a change is important since, as a general rule, it is less expensive to make a change earlier in a process than after it is well underway if the change is to apply to all work. It may be less expensive to establish a cut-off point for a change and have all subsequent items produced to the new specification, but not rework those items already produced or

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at an advanced stage of production. However, the effect of this would have to be considered.

CH3.10.4.2 Technical Evaluation of Cost Proposals. The CO will task the cognizant institutional, program, or project office to evaluate cost proposals for equitable adjustment. The resulting technical evaluation report (see technical evaluation of change proposal format) will be used by the CO to develop negotiation objectives to settle (or definitize) the proposal.

CH3.10.4.3 Reviewing Proposed Changes. For some contracts, a formal change review board is established to review and approve all proposed technical changes. This is most common in complex production contracts and those where the configuration of the end product(s) must be closely controlled.

CH3.10.4.4 Executing Modifications. When a determination has been made that a modification will be made to a contract, the requiring activity usually must prepare a PR or similar document to formally request that the CO make the modification. Then the CO normally will process the modification in one of two ways:

- a. The formal modification is issued in writing to the contractor, after which an equitable adjustment is negotiated; or
- b. The equitable adjustment is negotiated first and then the formal modification is issued.

The latter is the preferred approach (see MWI 5143.1, "Contract Change Process").

CH3.10.5 Unauthorized Changes. The single most common problem that the Government encounters with the administration of its contracts is that of unauthorized changes. Only a CO is authorized to issue modifications to a contract. COTRs must guard against taking any action, verbal or written, intended or unintended, that may be interpreted by a contractor as an authorization to alter the terms of the contract. Unauthorized changes may turn out to be legally binding, sometimes to the Government's embarrassment and dismay. Most occurrences usually fall into the following categories:

CH3.10.5.1 Waivers and Deviations. The requirement that all changes to a contract be effected by a properly executed modification and that the Government give or receive consideration for all changes is not avoided by calling the action a waiver or deviation. Doing so implies that the change is so minor as to not be worthy of an official modification. COTRs and other individuals involved with contract administration

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can be tempted to waive a contractual requirement or authorize a deviation from contract specifications without fully considering the ramifications of their actions. If the contractor is relieved from a part of its responsibilities, the Government is entitled to receive something in return. In addition, a series of seemingly minor actions can rapidly snowball into a major problem. The Government can (and usually should) waive contract requirements that prove to be unnecessary or authorize deviations from specifications when appropriate, but such actions should be taken only through the official modification process or through a formal Configuration Control Board authorized in the contract (see MPG 8040.1).

CH3.10.5.2 Extra Work. Unauthorized requests for the contractor to perform extra work will usually result in problems. The Government's interests are not served if a contractor performs extra work as the result of an unofficial request from a COTR and, after its completion, files a claim for an increase in price. Claims for additional work are particularly difficult to resolve because of the problem of distinguishing between voluntary actions by the contractor and extra work directed by the Government. The Government could reap the benefit of the former at no additional cost, whereas the latter would incur an obligation.

CH3.10.5.3 Constructive Changes.

a. Changes to a contract can occur through unauthorized action or inaction of Government representatives, frequently without their being aware of the effect of their conduct. Any action by a Government representative that is not a formal modification, but which has the effect of requiring the contractor to perform work different from that prescribed in the original contract, constitutes a constructive change and permits relief to the contractor. Examples of a constructive change include a COTR directing a contractor to deviate from a specification; or a CO, attempting to clarify an issue for a contractor, providing information that later turns out to be incorrect.

b. The action on the part of the Government that eventually results in a constructive change may have taken place prior to contract award. The following are examples of situations where the Government has been found to have made constructive changes even though its improper action took place before contract award:

(1) Specifications or contract provisions that are literally impossible to perform because they contain conflicting requirements or require work beyond the state-of-the-art;

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(2) Specifications or contract provisions that are worded in general terms, are unclear, or are open to more than one interpretation; and,

(3) Drawings that contain errors, omissions, inaccuracies, or inconsistencies.

c. Suggestions offered by technical personnel do not constitute constructive changes, but great care must be exercised to ensure that a suggestion is not misconstrued as being a directive. Constructive changes often consist of letters, telegrams, reports, or other documents directing, in substance, that additional work be performed, but without ever using the words "modify" or "change".

CH3.11 Terminations. The vast majority of Government contracts run their normal courses with both parties fulfilling their obligations. In some cases, however, it becomes necessary to end the relationship prior to completion of the contract by the process known as termination.

CH3.11.1 COTR's Role. In most cases, the first indication of the possible need to terminate a contract originates with technical personnel. They are usually the first to realize that the need for the supplies or services no longer exists, that the contractor's performance has become unsatisfactory, or that some other situation has developed that warrants termination of a contract. The COTR must understand the conditions under which contracts can be terminated, the thoughts that should go into making a termination decision, and the procedures for making terminations, so sound recommendations can be made to the CO when terminations become necessary.

CH3.11.2 Decisions to Terminate.

CH3.11.2.1 The most obvious situation that can lead to a termination is one where the supplies or services being acquired are no longer needed. The Government is under no obligation to buy something it no longer requires, and it normally should terminate any and all contracts for the product or service as soon as that fact is known. When noncompliance or nonperformance on the part of the contractor is the cause of a termination situation, the decision to terminate is more complex.

CH3.11.2.2 Funding constraints can force the Government into a termination situation. Although agencies cannot award a contract unless the proper funding arrangements have been made, sometimes unexpected funding shortfalls appear after award, and there is no alternative but to terminate. The key in this situation is for

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the COTR to recognize this situation and to take action as early as possible to ensure that enough funding will remain to allow for an orderly termination. If the funding shortfall is expected to be temporary (i.e., funding will probably be made available, but later than anticipated), the CO should be consulted to see if arrangements could be made with the contractor to work around the problem.

CH3.11.3 Scope of Terminations. In making termination decisions, recognize that terminations may be either partial or complete. If a contract is completely terminated, all work is stopped. A partial termination ends only a portion of the work remaining on the contract.

CH3.11.4 Types of Terminations. Terminations fall into one of two categories: terminations for default and terminations for the convenience of the Government. The obligations of the Government differ for each type of termination, and the COTR is often involved in the discussions and negotiations which determine those obligations.

CH3.11.4.1 Default.

a. There are a variety of situations that could lead to a contractor being considered in default. Assuming that the contractor's poor performance has been adequately and properly substantiated (including the issuance of "Show Cause Notices"), the situation has been discussed with the CO and legal counsel, and a firm decision to terminate for default has been made, the CO will issue a termination notice in accordance with the Termination clause of the contract. The Government must then determine what, if anything, it owes the contractor.

b. Under fixed-price contracts, the contractor is not entitled to be reimbursed for work performed prior to the termination which has not yet been accepted by the Government, and the Government is entitled to repayment of any unliquidated advance or progress payments applicable to such work. The Government may, at its election, require the contractor to deliver any completed or partially completed work, for which the Government would then be obligated to pay a reasonable price. The contractor is also obliged, if directed by the CO, to protect and preserve any property in which the Government has an interest, and is entitled to compensation for any expenses in so doing. Last, but not least, if the Government subsequently repurchases the same or similar supplies or services called for by the terminated contract from another contractor, the terminated contractor would be held liable for the excess costs of reprocurement, if any.

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c. Under a cost reimbursement-type contract, the contractor is entitled to all normally allowable and allocable costs incurred up to termination and, if fee was included in the contract, to a pro rata portion of the fee based on work accepted by the Government. Costs associated with protecting, preserving, or returning items in which the Government has an interest are allowable. The contractor is not, however, liable for excess repurchase costs and is not entitled to anticipated fee.

#### CH3.11.4.2 Convenience.

a. All terminations not made for default are, by definition, for the convenience of the Government. Terminations for convenience involve no wrongful acts on the part of the contractor. Accordingly, the terms of the contract settlement are more favorable for terminations for convenience.

b. Under a fixed-price contract, the contractor is entitled to compensation for the costs incurred up to the time of termination and a reasonable profit on those costs. In effect, when a fixed-price contract is terminated, it becomes, for all practical purposes, a cost reimbursement-type contract. The contractor submits a termination settlement proposal which is reviewed by the CO and, usually, the COTR, and terms of the settlement are negotiated. Reasonable costs incurred by the contractor in processing the settlement are allowable, but no fee on such costs is payable.

c. Under cost-reimbursement contracts, the contractor is entitled to all allowable and allocable costs incurred up to the termination and to a percentage of the fee equal to the percentage of completion of the work contemplated under the contract. Costs associated with protecting, preserving, or returning items in which the Government has an interest are allowable, as are all reasonable costs associated with the preparation of the settlement proposal. Once again, the CO, with the advice of the COTR, will negotiate a termination settlement mutually agreeable with the terminated contractor.

CH3.12 Disputes. When, despite their best efforts, the CO and the contractor cannot agree to an equitable adjustment, the CO is authorized to make a unilateral settlement. The vehicle for this is a Contracting Officer's Decision. In such a situation, the contractor has the right to dispute the decision by submitting a claim against the Government. Because of their technical knowledge and their close involvement with a contract, COTRs are usually involved in the settlement of disputes, and their input often forms the basis of the Government's position during the

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entire disputes process.

CH3.13 Contract Close-Out. Ideally, a contract will run its normal course without being terminated or tied up in lengthy litigation resulting from a dispute. All that remains is for the contract to be officially closed-out. Some of the close-out burden falls on the COTR. The close-out of cost reimbursement-type contracts can take considerably longer than fixed-price contracts since the Government usually conducts an audit of the contractor's records to ensure that all costs incurred in performance of the contract were allowable and allocable. This audit takes place after settling all overhead rates, which can sometimes take several years after the contract's period of performance ends. A small percentage of the contractor's fee is usually withheld pending successful completion of the audit. COTRs may be called upon to comment on the reasonableness of or the necessity for certain items of cost (see PS-OWI-13).

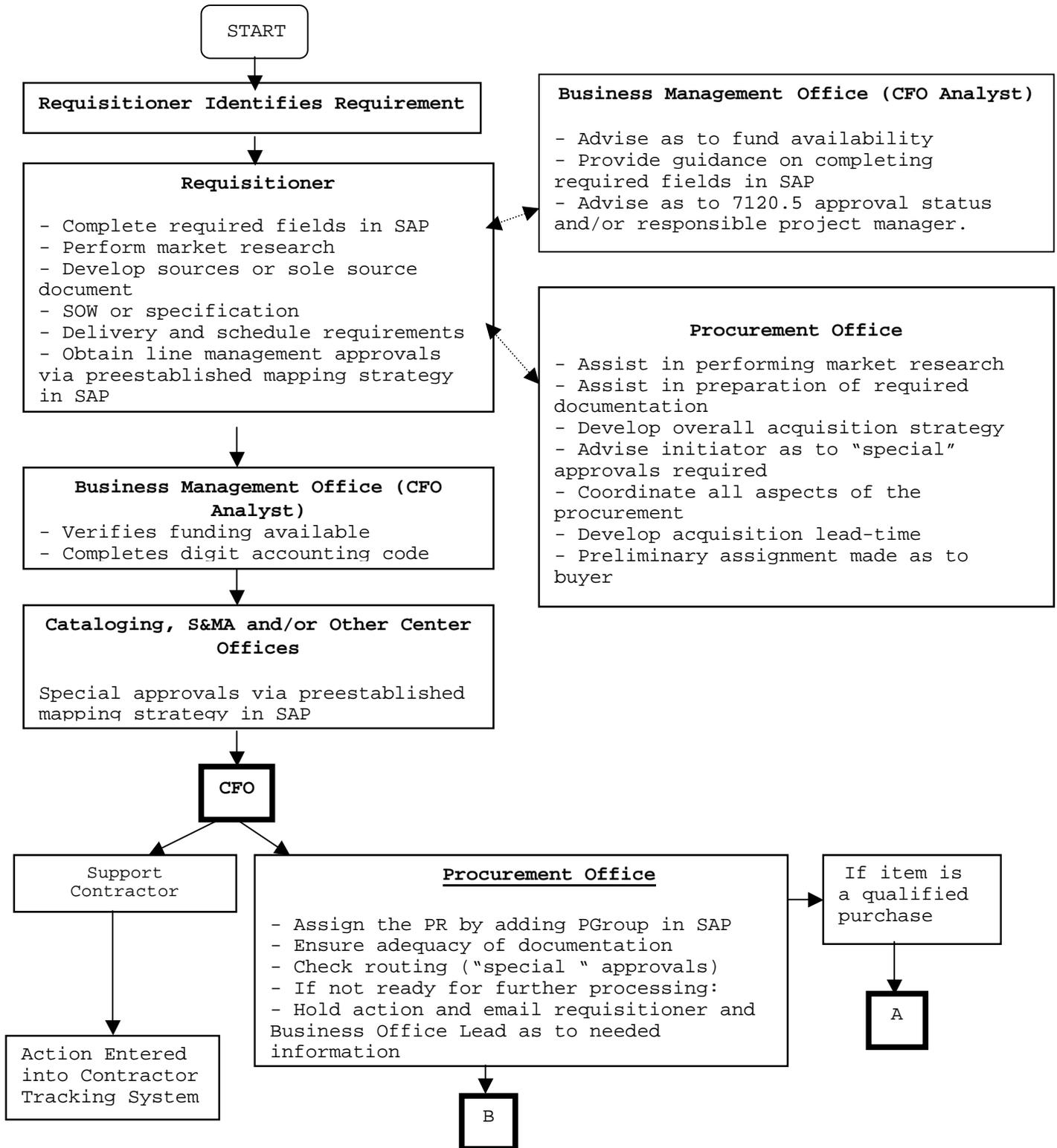
#### CH3.13.1 The COTR's Role.

CH3.13.1.1 The COTR must ensure that the completion of all contractor performance has been documented, that all appropriate acceptance documents have been properly prepared and submitted, and that all Government property or information provided to the contractor has been properly dispositioned. The COTR must provide a certificate of completion to the CO when these actions have been completed.

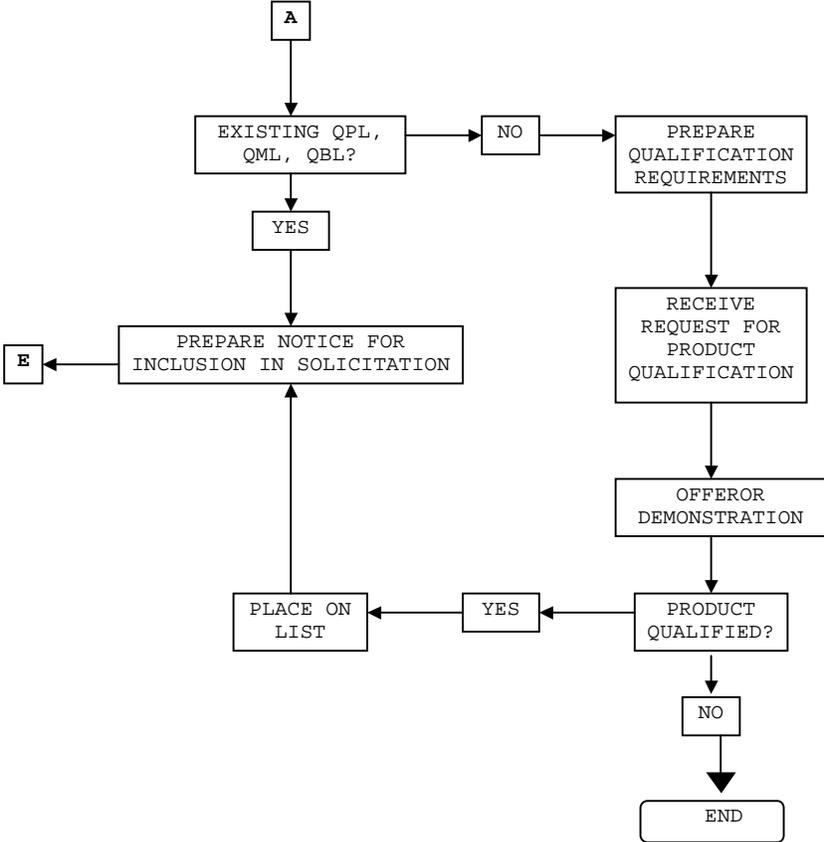
CH3.13.1.2 The COTR shall complete a survey, which documents the contractor's performance on the contract. This survey will be provided to the CO upon contract completion. This information will be included in the past performance database maintained by the PS10, Policy and Information Management Department (see PS-OWI-08).

CH3.13.1.3 A funds status review will be accomplished upon physical completion of cost reimbursement-type contracts. The CO and the COTR, in conjunction with AOO, will determine the amount of remaining excess funds, if any. This determination is made by considering the amount of funds contractually required to be withheld and by estimating the amount of funds required to cover final indirect and/or direct costs. The determination, including the basis upon which it is made, will be documented by the CO in a memorandum to be included in the official contract file. Should the funds status review reveal excess funds remaining on the contract, a contract modification will be issued to deobligate the excess amount (see PS-OWI-13).

**Appendix A**  
**PROCUREMENT PROCESS FLOW DIAGRAM**

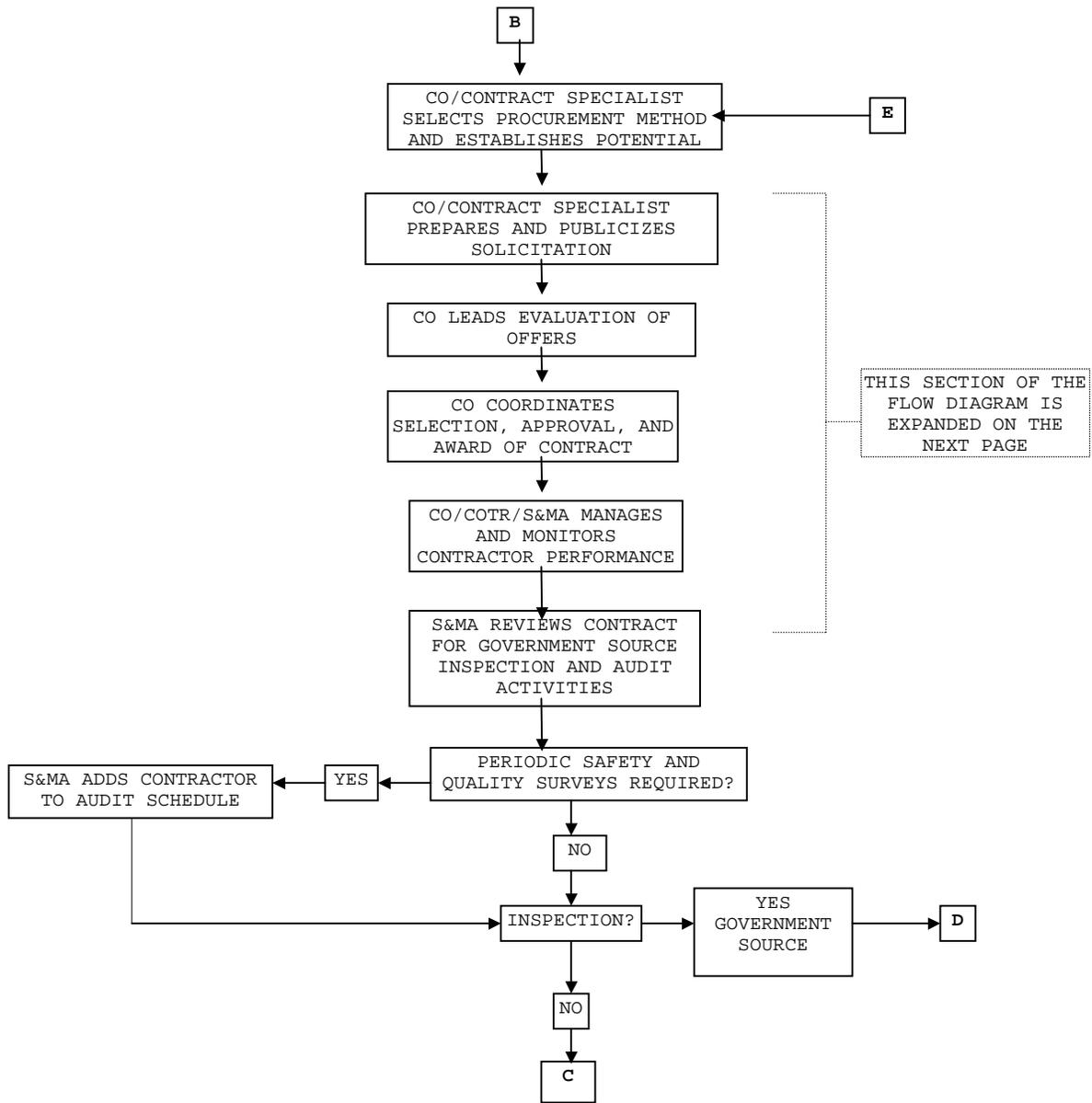


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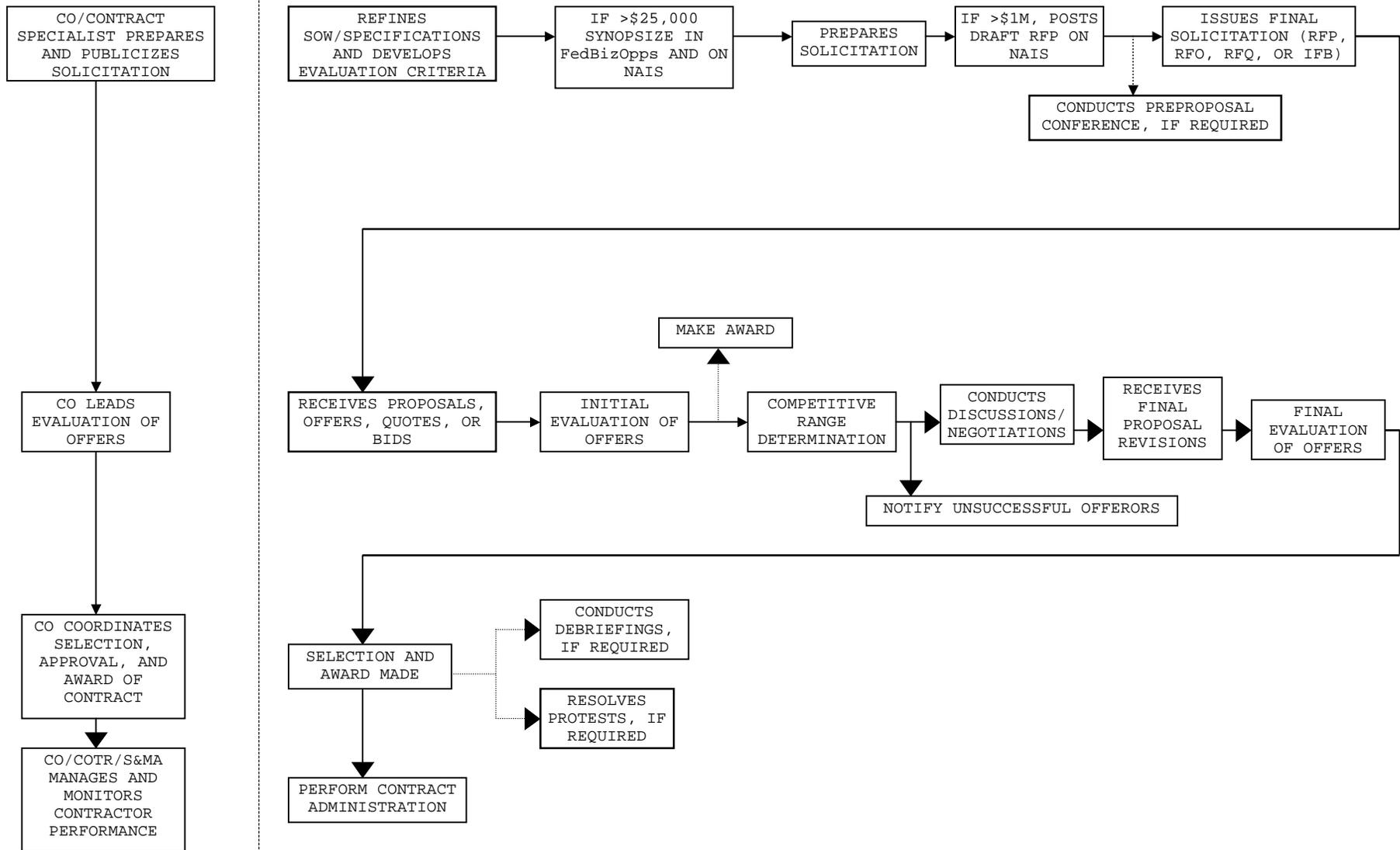


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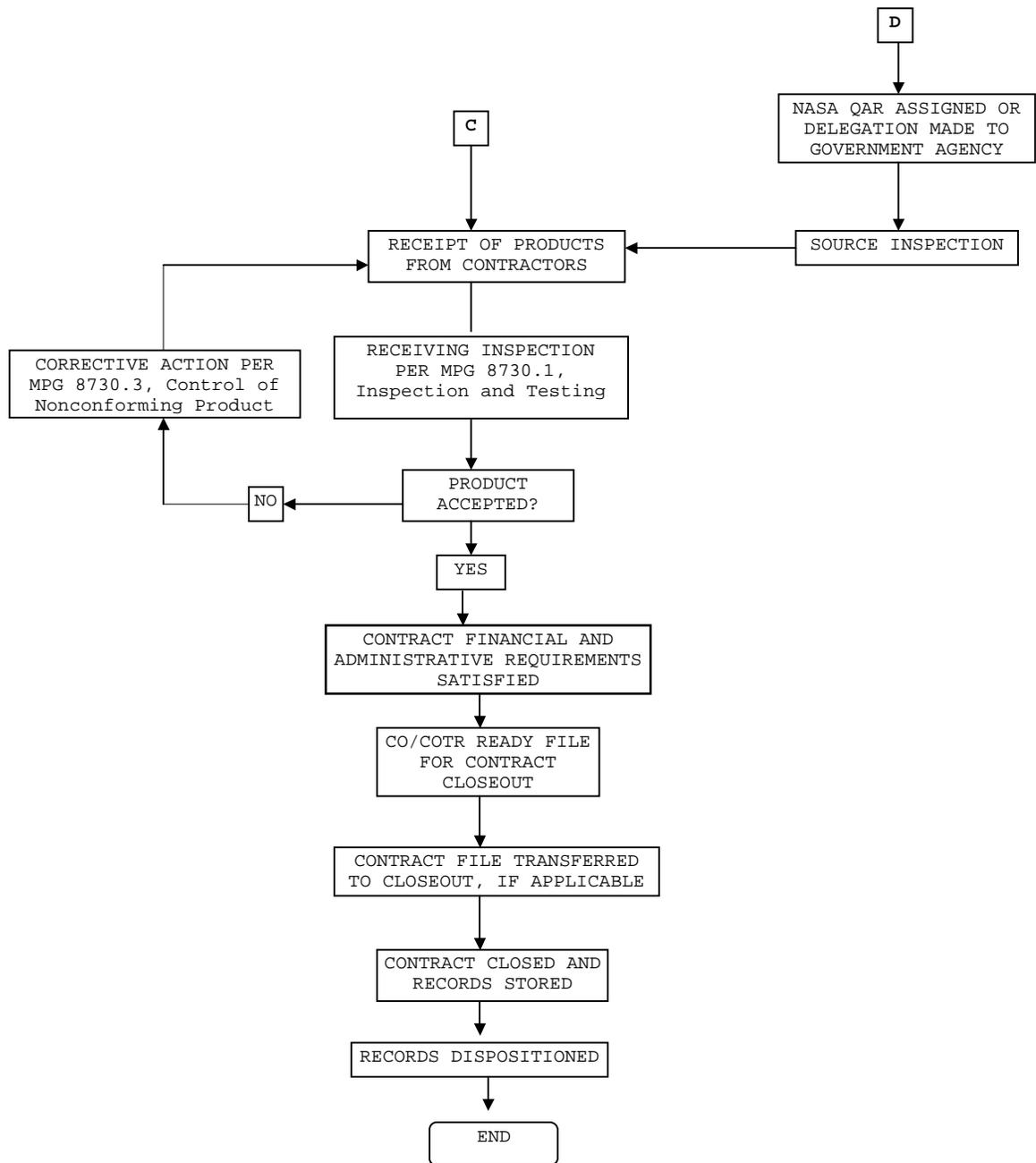


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**APPENDIX B**  
**SOW CHECKLIST**

1. Is the SOW sufficiently specific to permit the Government to develop an independent cost estimate and the offerors to develop cost or price proposals?
2. Are the specific requirements stated in such a way that offerors know exactly what is required?
3. Are the sentences written so that there is no question about the offerors' obligations (that is, "the contractor shall do this work", not, "this work will be required".)?
4. Are the proper reference documents shown? Are they really pertinent to the task? Fully or partially? Are they properly cited?
5. Have the elements of quality assurance been fully considered for the total life of the requirement?
6. Are any federal or military specifications or standards applicable? In whole or in part? If so, are they properly cited? Have they been tailored wherever possible?
7. Is the background information segregated so it is clearly distinguishable from contractor responsibilities?
8. Is there a date for each item the contractor is to do or deliver? If elapsed time is used, does it specify calendar days or workdays and a reasonable starting reference date?
9. Have headings been checked for format and grammatical usage? Are subheadings comparable? Is the text compatible with the title?
10. Has the SOW been cleared of all extraneous wording, unnecessary references, etc.?
11. Are task/line item and end item provisions mutually discrete with regard to development and test versus production activities?
12. Have all requirements been reviewed to ensure consistency with the specified delivery dates?
13. Have all extraneous data requirements been eliminated? Does the SOW include only reports and documentation that are required for control of documentation of technical results?

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14. Are all obligations of the Government carefully delineated? If Government-furnished property or information is to be provided, has the nature, condition, and availability of same been clearly stated? If test, inspection, and/or approval actions are required by the Government, have standards and a time limit been specified?

15. Have all loopholes been closed? (Contractors and inspectors adhere to "the letter" of the SOW. The contractor may refuse to do something that is only referred to, desired, or described as a goal).

16. Is the requirement completely described? (To be legal and binding, an agreement must be complete. Not only for reasons of legality, but for every practical application it is necessary that the details be complete. Specify "when" and "where" as well as "what".)

17. Have catchall statements and ambiguous words or phrases been carefully avoided?

18. Does the SOW inadvertently limit competition? Are any requirements overstated to the extent they might discourage potential offerors from bidding?

19. Is the requirement over-specified? (The ideal situation is to specify the results required and let the winning contractor find the best method of attainment).

20. Has the work been well organized into major tasks and subtasks wherever possible?

21. Have all points of control been included when needed (e.g., submission of designs for approval, scheduling of Government test, etc).?

NOTE: NPG 5600.2, "Statement of Work (SOW): Guidance for Writing Work Statements", is available and should be used in developing descriptions of requirements.

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**APPENDIX C  
INITIATING OFFICE APPROVAL REQUIREMENTS**

The release strategies within SAP for all purchase requests initiated by each organization has been predetermined based on the organization code. In addition, the requisitioner is required to obtain any special approvals applicable as specified in Appendix D.

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**APPENDIX D  
SPECIAL APPROVAL REQUIREMENTS**

This appendix summarizes certain items or services which have special controls imposed on their procurement. These approvals apply to items procured by and for MSFC and for items provided to contractors, and are in addition to the requesting organizations' predetermined release strategies in SAP. The requisitioner is required to obtain any special approvals prior to transmitting the purchase requests to the Procurement Office.

**1. INFORMATION TECHNOLOGY (IT) RESOURCES/COMMUNICATION EQUIPMENT**

<u>REQUIREMENT</u>	<u>REFERENCE</u> (Latest Version)
A. Information Technology resources	<b>MPD 2800.1</b>
B. Special telephone equipment and all other MSFC telecommunications	<b>MPG 2500.1</b>
C. Communications equipment and services operating on radio frequencies	<b>MPG 2500.1</b>

**2. OFFICE FURNITURE AND EQUIPMENT**

<u>REQUIREMENT</u>	<u>REFERENCE</u> (Latest Version)
A. Office furniture and furnishings	<b>MWI 4220.1</b>
B. Systems furniture	<b>MWI 4220.1</b>
C. Reproduction and office equipment, purchases and rentals, and maintenance and repair	<b>MPG 1490.1</b>

**3. SAFETY AND SECURITY EQUIPMENT AND SERVICES**

<u>REQUIREMENT</u>	<u>REFERENCE</u> (Latest Version)
A. Radioactive materials and radiation-producing devices	<b>MPD 1860.2</b> <b>MPD 1860.1</b>
B. Facilities and containers for storing classified material	<b>MPG 1600.1</b>
C. Reproduction of classified material	<b>MPG 1490.1</b>
D. Firearms	<b>MPG 1600.1</b>

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#### 4. FORMS, PUBLICATIONS, AND REPRODUCTION

<u>REQUIREMENT</u>	<u>REFERENCE</u> (Latest Version)
Printed forms, publications from U.S. Government Printing Office, printing and publication services, and technical publications, charges and reprints.	<b>MPG 1420.1</b> <b>MPG 1490.1</b> <b>MPG 2220.1</b>

#### 5. TRANSPORTATION

<u>REQUIREMENT</u>	<u>REFERENCE</u> (Latest Version)
A. Motorized vehicles purchase, rental, or repair	<b>MPG 6700.1</b>
B. Aircraft purchase, lease, or charter	<b>NPG 7900.3</b> <b>NPG 7900.4</b>

#### 6. SAFETY AND MISSION ASSURANCE REQUIREMENTS

<u>REQUIREMENT</u>	<u>REFERENCE</u> (Latest Version)
Quality sensitive or flight hardware or equipment	<b>QS-QE-001</b>

#### 7. MISCELLANEOUS ITEMS

<u>REQUIREMENT</u>	<u>REFERENCE</u> (Latest Version)
A. Contracts for close support of inherently governmental functions	<b>NPD 3310.1</b>
B. Exhibits and scale models	<b>NPD 1387.1</b>
C. NASA emblems, insignia, and flags	<b>14 CFR 1221</b> <b>(MWI 1520.1)</b>
F. Maintenance and repair of research, development, test & evaluation equipment	<b>MPG 8730.5</b>
G. Audiovisual Productions	<b>MPD 1394.1</b>

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H. Sensitive Items except those classified in Federal Supply Groups 58 and 70	<b>MPG 4200.1</b>
I. Lifting Equipment, including fixed and mobile cranes	<b>MWI 6430.1</b>

**8. HAZARDOUS MATERIALS (CHEMICAL) WASTE GENERATING EQUIPMENT**

<u>REQUIREMENT</u>	<u>REFERENCE</u> (Latest Version)
Contracts and purchase orders for hazardous/materials (chemical)	<b>MPD 1840.1</b> <b>MPG 8500.1</b> <b>MWI 8550.5</b>

**9. UNIFORM CENTER REQUESTS**

<u>REQUIREMENT</u>	<u>REFERENCE</u> (Latest Version)
A. Onsite approval	<b>MPG 3200.1</b>
B. Emergency/Priority procurements	

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**APPENDIX E**  
**JOFOC FOR HARDWARE REQUIREMENTS FOR NASA PRINCIPAL**  
**INVESTIGATORS UNDER ANNOUNCEMENTS OF OPPORTUNITY (AO)**

HS

June 12, 1996

TO: Procurement Officers  
HC/Procurement Analysis Division  
HK/Contract Management Division

FROM: HS/Director, Program Operations Division

SUBJECT: NASA Employees Proposing as Principal  
Investigators (PI's) under Announcements of Opportunity

Headquarters Codes G and H recently performed an exhaustive review of NASA's policy requiring that a NASA PI selected under an announcement of Opportunity either compete their hardware requirement or write a justification. As David Forbes and I discussed with you at the most recent Procurement Officer's Conference, a proposed interim solution to the problem this policy presents to NASA PI's is the use of a JOFOC under the authority at 10 U.S.C. 2304(c)(2) -- unusual and compelling urgency. As we also discussed, the best long-term solution to this problem is to seek legislation that would provide specific statutory authority for NASA investigators to form teams, including hardware suppliers, without full and open competition.

Code GK has prepared a point paper that provides background and analysis on this subject. The thoughts presented in the point paper are consistent with our discussions at the Procurement Officer's conference. A copy of the paper is enclosed for your information.

The Code H points of contact for this issue are Tom Deback, Code HK, 202-358-0431 and Herb Baker, Code HS, 202-358-0439.

Original Signed By  
A.F. Fournier

Enclosure

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POINT PAPER

Subject: The Government Principal Investigator Issue

1. NASA solicits, accepts, and evaluates proposals from NASA Centers and other Government agencies for acquisitions of investigations under broad agency announcements (BAAs), namely, NRAs and AOs. A NASA investigator may team with a non-Government co-investigator who offers to provide the hardware to accomplish the proposed investigation. The selection of a co-investigator in this situation, proposing to perform search and produce science information, is no different from the selection of any other non-Government offeror responding to the AO. Since the NASA co-investigator has no need to acquire hardware directly, the problems and solutions discussed below do not apply.

2. NASA regulations for AOs state that if NASA investigators are selected and require hardware to be fabricated by contractors to carry out their investigations, they must obtain this hardware through full and open competition or secure approval of a proper JOFOC in compliance with CICA. NFS 1870.102, App.I, Subparagraph 501.1.c(4)\*. If these conditions are not met, the cognizant CO cannot enter into contracts for this hardware.

3. If the hardware supplier is a legitimate sole source, the NASA investigator can proceed in compliance with the first exception to full and open competition under CICA with no problem. 10 U.S.C.2304(c)(1).

4. For major science investigations which are subject to tight programmatic schedules, NASA investigators complain that they do not have adequate time to conduct competitive procurements for their hardware needs after selection. Also, during the window of time in which the AO is on the street, there is inadequate time to use competitive process to assemble their teams, including contractors, and prepare and submit proposals. Besides the constraint, public solicitation of proposals from potential hardware suppliers during the proposal preparation stage would disclose their ideas for science investigations to others planning to respond to the AO.

5. The theory has been advanced that the evaluation and selection of proposals submitted in response to the AO constitutes competition for the specific hardware which the Government investigator identifies in his/her proposal to conduct the investigation and which will be obtained through contract.

\*NOTE: NFS coverage has been moved to 1872.502(a)(3)(iv). This theory is flawed. A fundamental premise of the proposal

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evaluation requirements of CICA is that the Government will specify the Agency's needs and issue specifications to meet those needs. 10 U.S.C. 2305(a). Under BAAs, the Agency's needs are described in terms of scientific research interests, either for specific programs or for broadly defined areas. FAR 35.016. BAAs do not issue specifications to meet the requirements which any particular Government investigator may have for hardware. BAAs do not, therefore, meet the fundamental premise of proposal evaluation under CICA. Thus, the competitive selection for award of proposals for scientific research under BAAs (using peer review) qualifies as a "competitive procedure" only by virtue of a specific definition. 10 U.S.C. 2302. This competitive procedure does not encompass the acquisition of specific hardware. FAR 35.016.

Moreover, if a proposal submitted by a NASA Center were to be selected, the Agency is in effect deciding to conduct that scientific research in-house rather than by contracting out. Funds are transferred from Headquarters to the Center. By this decision, the Agency's interest in acquiring scientific research by contract, as originally defined, no longer exists. The competitive procedure applicable to the BAA has, in effect, been canceled. If the selected NASA Center must purchase hardware to carry out the in-house research activity, the Agency has a new need which must be separately satisfied in compliance with CICA's basic premise. 10 U.S.C. 2305(a).

6. Effective "public-private" participation in major, time constrained, since investigations, requires another solution. If it could be obtained, a legislative solution to the problem would be the lowest risk, long-term path. Specific statutory authority for NASA Centers to put contractors on the NASA Principal Investigator's team without full and open competition would provide the basis for an exception to full and open competition under CICA. 10 U.S.C. 2304(c)(5).

7. The legislative route is not without risk, however. In any event, a short-term solution is needed prior to obtaining legislation. The basic problem is understood to be the lack of sufficient time to conduct a full and open competition once a specific hardware requirement comes into existence. This occurs only upon selection, through the peer review process, of an investigation proposed by a NASA Center. Thus, the use of a JOFOC relying on the exception to CICA for urgent and compelling circumstances appears to be a workable approach. 10 U.S.C.2304(c)(2). A JOFOC under this authority may even be approved after contract award if necessary to avoid unreasonable delay. The justification for using this authority must carefully address the concern that the urgency is a function, fully under

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NASA's control. For example, a bona fide Agency need to develop innovative methods to accomplish more science in compressed time frames in order to complete Congressionally authorized programs within the reduced budgets being made available may justify a non-standard application of the (c)(2) exception.

8. Such an approach recognizes the importance of allowing Government investigators, as members of the scientific community, to compete effectively, yet that prior to the selection of an investigation proposed by a NASA Center, formal procurement of hardware could not begin. At this stage, the Center may need to team with potential contractors to develop a credible and competitive proposal for a scientific investigation which contains specific hardware requirements. If this proposal is selected through the peer review process, and is funded by NASA, the firm requirement arises. Prior to that the Center may engage in cooperative planning arrangements, but cannot pay any appropriate funds to the team members. There are no firm rules for the selection of unpaid team members and, at a Center's discretion, they could be identified through conducting an informal competition by issuance of an RFI or without competition after surveying the relevant industry.

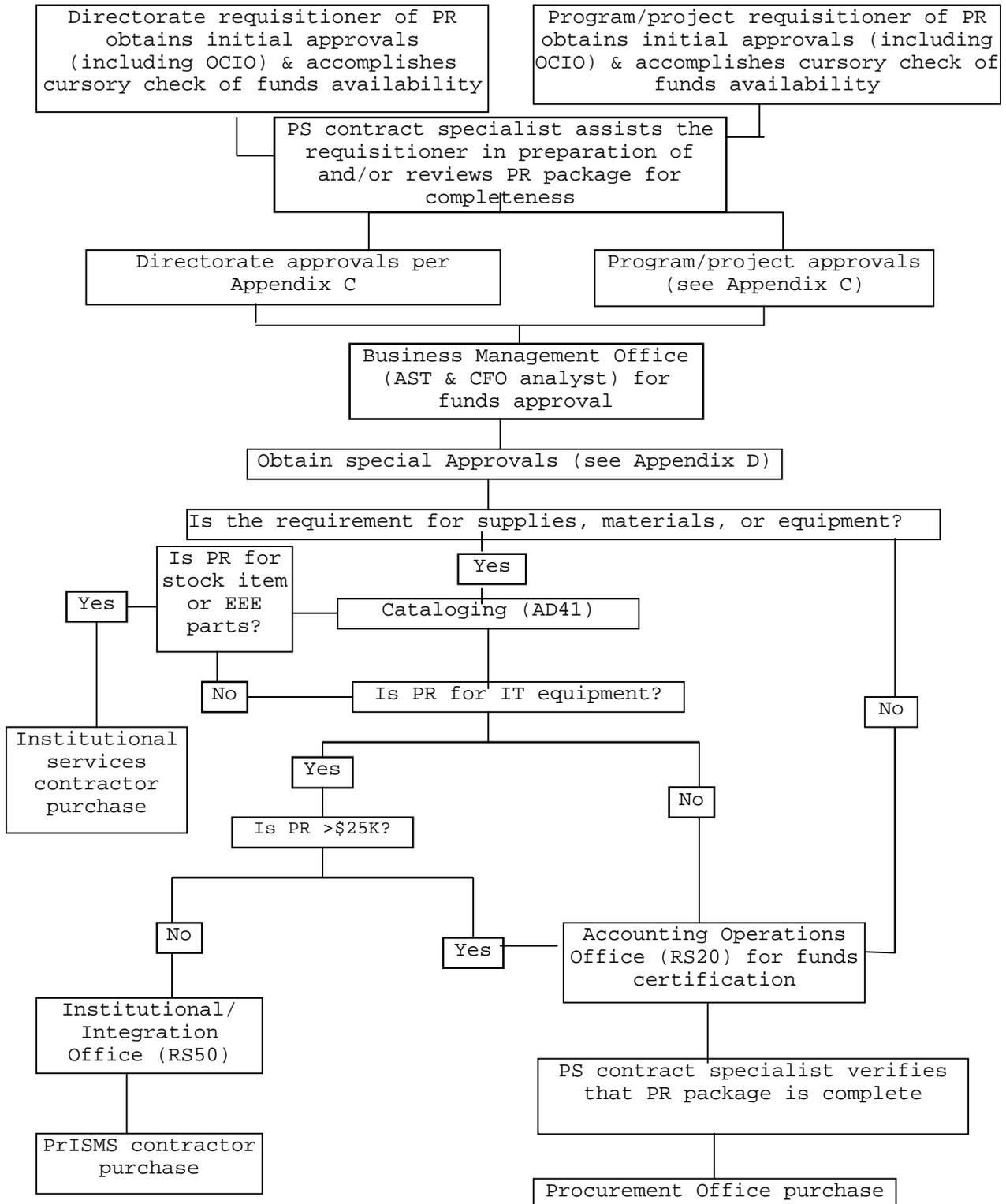
9. In any event, to protect the Agency and the process, the selection of contractor team members by NASA investigators without using a formal competitive process should be subject to high level review and approval at the Centers. This procedure would assure that the contractors are picked without any actual or apparent conflicts of interest on the part of NASA personnel and that the contractors are fully capable and qualified to perform the work and can do so at a reasonable cost. This Center review should be described in the JOFOC, 10 U.S.C. 2304(c)(2) in the short term, or 10 U.S.C. 2304(c)(5) in the long term if legislation is enacted. Moreover, the NFS should provide authoritative, published guidance on these aspects of BAAs.

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**APPENDIX F**  
**MIDRANGE BVS VALUE CHARACTERISTICS EXAMPLES**

- Proven capability in designing and producing foil bearings for use in the three cryogenic fluids to be employed in this system design guide: liquid hydrogen, liquid nitrogen, and liquid oxygen.
- Successfully applied bearing designs that have load capacity, direct damping, stiffness, cross-coupled stiffness, power consumption, and coolant flow-rate requirements that are in the range of both upper stage and Earth-to-Orbit turbomachinery requirements.
- Successful experience in using the foil bearing in a variety of applications that have different working fluids, rotor diameters, rotor weights, rotor speed, bearing flow-rates, bearing stiffness, etc.
- Design/analysis capability that is anchored with many bearing geometric variations, fluid analytic codes.
- Personnel proposed to work the project who have proven knowledge of the requirements needed during turbomachinery design and a background in designing and producing turbomachinery.
- Providing a guide which addresses a bearing with public domain (non-proprietary) detail design.
- Established modeling capability for heat pipe design.
- Past performance in working with high-density fluid and availability of laboratory facilities for engineering a fluid to meet the stated characteristics.
- Previous experience with proposed system design, including the missions flown on and proven success rate.
- Capability to provide transmitter temperature ranges exceeding ranges specified in paragraph 3.3.5.1.1 of Spec. FTTS1 (Avionics Section).
- Delivery of one Telemetry System to MSFC prior to the required delivery date of August 1, 1995.

**APPENDIX G  
PURCHASE REQUEST FLOW DIAGRAM**



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**APPENDIX H  
PROCUREMENT THRESHOLDS**

TYPE OF ACTION	DOLLAR VALUE	REQUIREMENTS
Micro-purchases	Less than \$2,500	1. No competition required 2. May use small or large businesses 3. Placed by the requisitioner on MSFC purchase cards (see MWI 5113.1)
Simplified Acquisitions (see Appendix J)	\$2,501 - \$10,000	1. Three small business sources or an approved RDSS 2. Specifications for minimum requirements or SOW 3. Required approvals 4. Funds certification 5. Synopsis not required
Simplified Acquisitions (see Appendix J)	\$10,001 - \$25,000	1. Three small business sources or an approved RDSS 2. Specifications for minimum requirements or SOW 3. Required approvals 4. Funds certification 5. Synopsis on NAIS required, if competitive written solicitation
Simplified Acquisitions (see Appendix J)	\$25,001 - \$100,000	1. Three or more sources or an approved RDSS 2. Specifications for minimum requirements or a SOW 3. Required approvals 4. Funds certification 5. Synopsis is required 6. Combination synopsis/solicitation can be used

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TYPE OF ACTION	DOLLAR VALUE	REQUIREMENTS
MidRange Non-commercial	\$100,001 - \$2,000,000 or with options up to \$10,000,000	1. Three or more sources or an approved JOFOC 2. Specifications for minimum requirements or a SOW 3. Required approvals 4. Funds certification 5. Synopsis is required
MidRange commercial item	Greater than \$100,000 and up to \$25,000,000 with options	1. Three or more sources or an approved JOFOC 2. Specifications for minimum requirements or a SOW 3. Required approvals 4. Funds certification 5. Synopsis is required 6. Combination synopsis/solicitation can be used
Large or Major Acquisitions - SEB/C Procedures	Greater than \$10,000,000 or greater than \$25,000,000	1. Three or more sources or an approved JOFOC 2. Specifications for minimum requirements or a SOW 3. Required approvals 4. Funds certification 5. Synopsis is required

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**APPENDIX I  
RESERVED**

See MWI 5113.1 for  
GOVERNMENTWIDE COMMERCIAL PURCHASE CARD OPERATING PROCEDURES

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**APPENDIX J**  
SIMPLIFIED ACQUISITIONS OVERVIEW

I. PURPOSE

The purpose of this instruction is to provide an overview of the Simplified Acquisition process at MSFC and in no way changes or supersedes the requirements of the FAR or NFS.

II. PROCUREMENT PACKAGE REVIEW

The procurement package is reviewed for completeness by the requisitioner before release and by the contract specialist upon receipt. Whether the dollar amount is large or small, the procurement package must be complete and provide a clear basis for processing the procurement. The following checklist can be used to check for completeness of the procurement package:

PROCUREMENT PACKAGE CHECKLIST

1. Does the PR contain all the required information (i.e., all the required fields in SAP completed)?
2. If sole source, is a Recommendation and Determination for Soliciting only one Source (RDSS) attached? Or if competitive, are three sources of supply provided? (See III below)
3. If Quality Sensitive, has the PR been reviewed by the S&MA Representative and are all quality requirements attached?
4. Have all the required approvals been obtained? (See Appendices C and D of this MWI).
5. Is the specification/purchase description adequate?
6. Have the funds been certified by AOO (SAP release strategy completed)?

III. SOURCES OF SUPPLY

In determining the proper source of supply for the goods or services, priority is given to established (e.g., GSA schedule contractor) sources.

Obtaining what is needed through purchases from open-market commercial sources is permitted only after all established sources of supply have been considered and it has been determined that none can provide the requirement within the time constraints.

In accordance with FAR 13.003(b)(1), all purchases of supplies and services with an anticipated value of \$100,000 or less shall

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be reserved exclusively for small business concerns, unless it is determined that the supply or service is not available on competitive terms (i.e., two or more small business concerns) meeting the required quality and delivery (see PS-OWI-06). A small business concern is generally defined as one, which is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and, with its affiliates, can further qualify under the classification of Industry Small Business Size Standards.

The following considerations are used in determining the source of supply:

1. Are the items or suitable substitutes available through the MSFC supply system?
2. Does the source satisfy the Government's needs?
3. Is the use of a Government source mandatory?
4. Is the implementation of certain social and economic policies required? (See FAR 13.003(b)(1) and FAR Part 19)
5. What are the priorities for the use of sources for supplies and services? (See FAR 8.001)

#### IV. SYNOPSIS AND SOLICITATION REQUIREMENTS

Procurement actions expected to exceed \$10,000 but not expected to exceed \$25,000, COs shall synopsise the requirement via the NASA Acquisition Internet Service (NAIS), except when competitive oral solicitation procedures are used.

Procurement actions within the Simplified Acquisition Threshold (SAT) and greater than \$25,000 shall be synopsized in FedBizOpps and on the NAIS.

All competitive written solicitations for actions greater than \$10,000 will be posted on NAIS as well. (See PS-OWI-09).

#### V. TECHNICAL EVALUATION

The requisitioner will be requested to perform a technical evaluation of the quotes submitted by the offerors. A technical evaluation may not be required, if all offerors quote the brand name specified.

#### VI. AWARD OF THE PURCHASE ORDER

Generally, SAT procurements are awarded on a low price, technically acceptable basis.

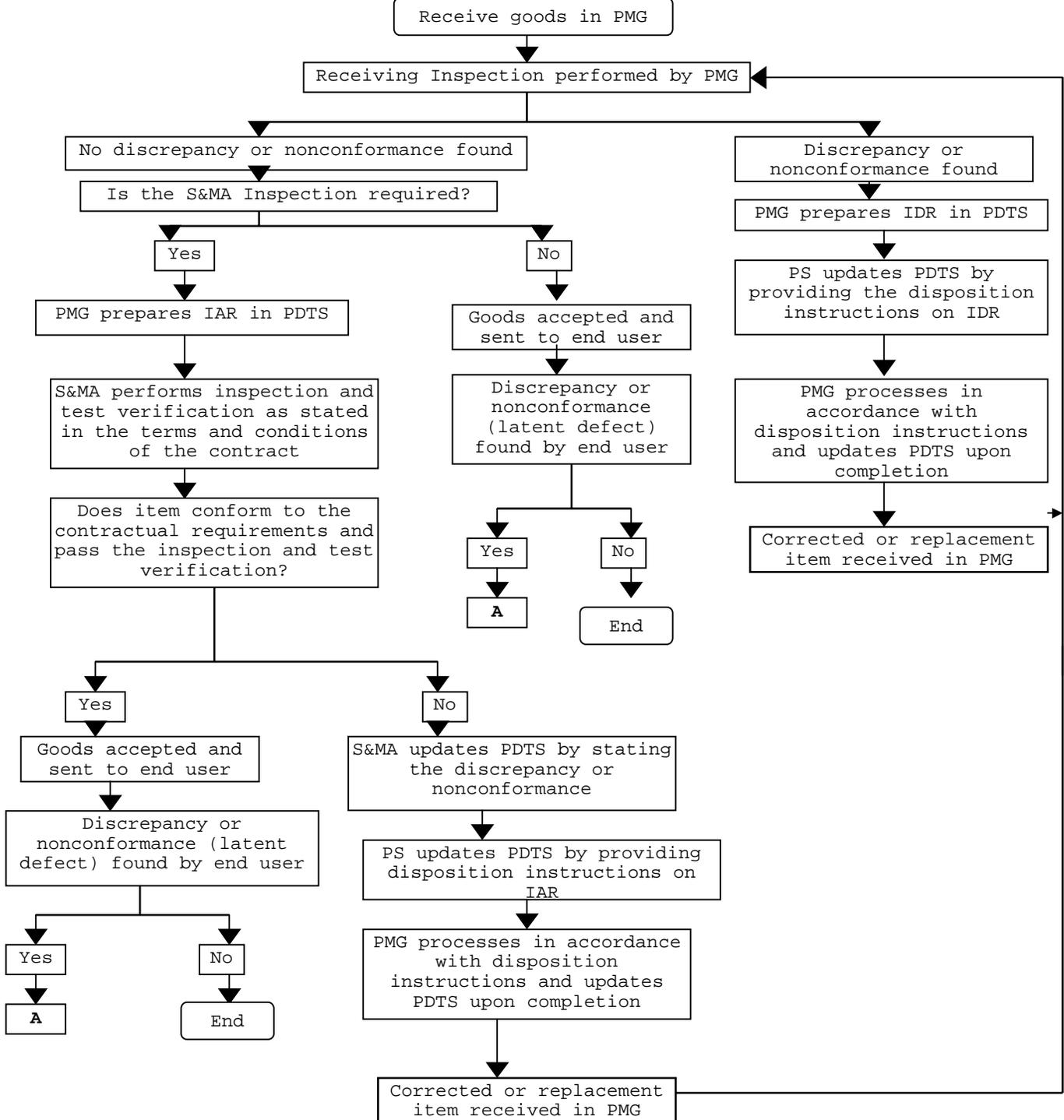
#### VII. PURCHASE ORDER ADMINISTRATION

**CHECK THE MASTER LIST at <https://repository.msfc.nasa.gov/directives/directives.htm>  
VERIFY THAT THIS IS THE CORRECT VERSION BEFORE USE**

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The requisitioner will have limited responsibility during purchase order administration. However, the requisitioner should immediately notify the Procurement Office when problems with the supply or service arise or when delays in delivery, installation, or training occur.

**APPENDIX K  
FLOW DIAGRAM FOR PROCESSING AN IDR, IAR, AND/OR IRR**



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