



“The Roles and Responsibilities of Contract Management within the Enterprise”

10 March 2010

**Sponsored by the
NCMA Dulles-Battlefield Chapter**



“The Roles and Responsibilities of Contract Management within the Enterprise”

Presenters:

Mr. Brian Greenberg, C.E.O., Enterprise Solutions Unlimited, LLC, (www.esullc.net). (bgreenberg@esullc.net) and C.O.O., KES Inc

Ms. Helene Johnson, Director IT Capture, NGIT

Mr. Robert Johnson, Capture Management Executive, Defense Solutions Group, USfalcon, Inc.

Mr. Steve Dodge, Director of Subcontract Navy Programs, CACI

Mr. Steve Epstein, Chief Counsel, Ethics and Compliance, The Boeing Company and **Mr. Bill Colwell, Counsel, Litigation and Cost Policy**, The Boeing Company

Ms. Karyn Greenfield, Vice President Contracts, BAE Systems

Ms. Dannie Marko, PHR - Director-Human Resources USIS



Agenda

8:30 - 8:45	Introductions
8:45 - 10:00	Business Development
10:10 - 10:15	Break
10:15 - 11:15	Program Management
11:15 - 12:00	Pricing/Financial Management/Accounting
12:00 - 1:00	Lunch
1:00 - 2:00	Subcontracts and Purchasing
2:00 - 3:00	Legal/Compliance
3:00 - 3:15	Break
3:00 - 4:00	Human Resources
4:00 - 4:30	Wrap-Up

“The Roles and Responsibilities of Contract Management within the Enterprise”

Seminar Objectives

We will address those critical CM roles, responsibilities and functional interactions and interdependencies that you will not learn in Contracts 101.

You should be able to go back tomorrow and be able to contribute to and expect more from your functional organizations.

You should be able to identify those areas that need more education, training and/or understanding and improve on those deficiencies.

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CONTRACT MANAGEMENT DEFINED

CONTRACT ADMINISTRATION

SUBCONTRACT ADMINISTRATION

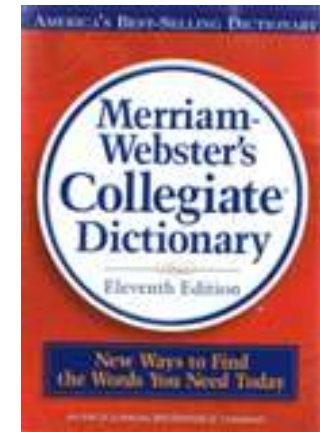
PURCHASING

PRICING

PROGRAM/FINANCIAL CONTROL

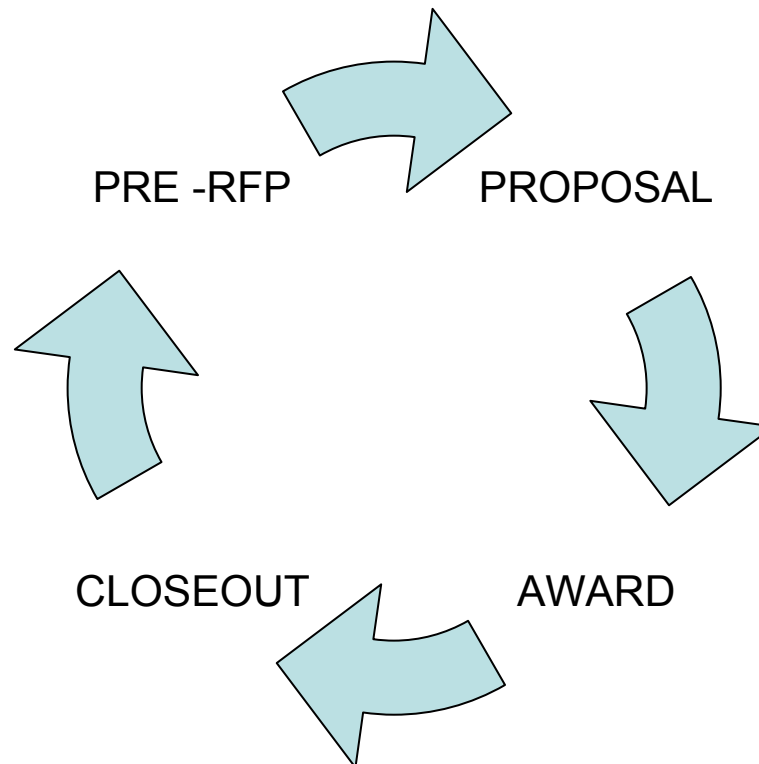
INVOICING

PROPERTY MANAGEMENT



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CONTRACT MANAGEMENT DEFINED



“The Roles and Responsibilities of Contract Management within the Enterprise”

The CM Responsibility

A Contract Manager is the only person with the authority to enter into, manage, or terminate a contract.

The Contract Manager has express authority to act as the sole contractual agent for the organization.

The Contract Manager is expected to be a highly trained professional focused on managing the contracting process—from pre-award to contract closeout.



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The CM Role

Contract Managers are truly unique within the Enterprise in that we are required to interact with every single organization throughout the life cycle of the contract.

Our role is vital to winning new business, managing the contracts, achieving profit and cash flow objectives and ensuring corporate compliance.



TYPICAL CM JOB DESCRIPTION

Roles and Responsibilities:

- Administers, extends, negotiates and terminates standard and nonstandard contracts.
- Conducts proposal preparation, contract negotiation, contract administration, and customer contact activities to provide for proper contract acquisition and fulfillment in accordance with company policies, legal requirements, and customer specifications.
- Examines estimates of material, equipment services, production costs, performance requirements, and delivery schedules to ensure accuracy and completeness.
- Prepares bids; processes specifications, progress, and other reports. - Advises management of contractual rights and obligations;
- Compiles and analyzes data;
- Maintains historical information.

TYPICAL CM JOB DESCRIPTION

Roles and Responsibilities:

- Contributes to the development of new concepts, techniques, and standards.
- Considered expert in field within the organization.
- Demonstrates the skill and ability to perform complex tasks.
- Able to communicate effectively and clearly present technical approaches and findings.
- Develop solutions to complex problems which require the regular use of ingenuity and innovation.
- Ensures solutions are consistent with organization objectives.
- Serves as consultant to management and special external spokesperson for the organization on major matters pertaining to its policies, plans, and objectives.
- Acts as an advisor to senior management and customers.



TYPICAL CM JOB DESCRIPTION

Requirements Minimum Qualifications:

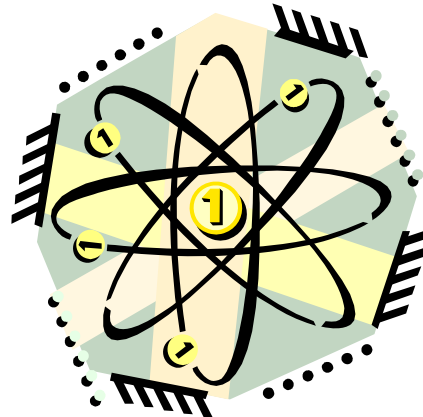
- Bachelors Degree or equivalent
- Ten years of Federal Contract experience
- FAR knowledge
- Proposal experience
- Must be able to obtain a Secret Clearance

TYPICAL CM JOB DESCRIPTION

IF IT WAS THIS EASY, ANYONE COULD DO IT!!!!

“CONTRACT” MANAGER vs. “BUSINESS” MANAGER

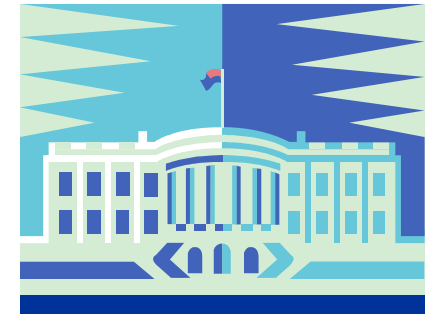
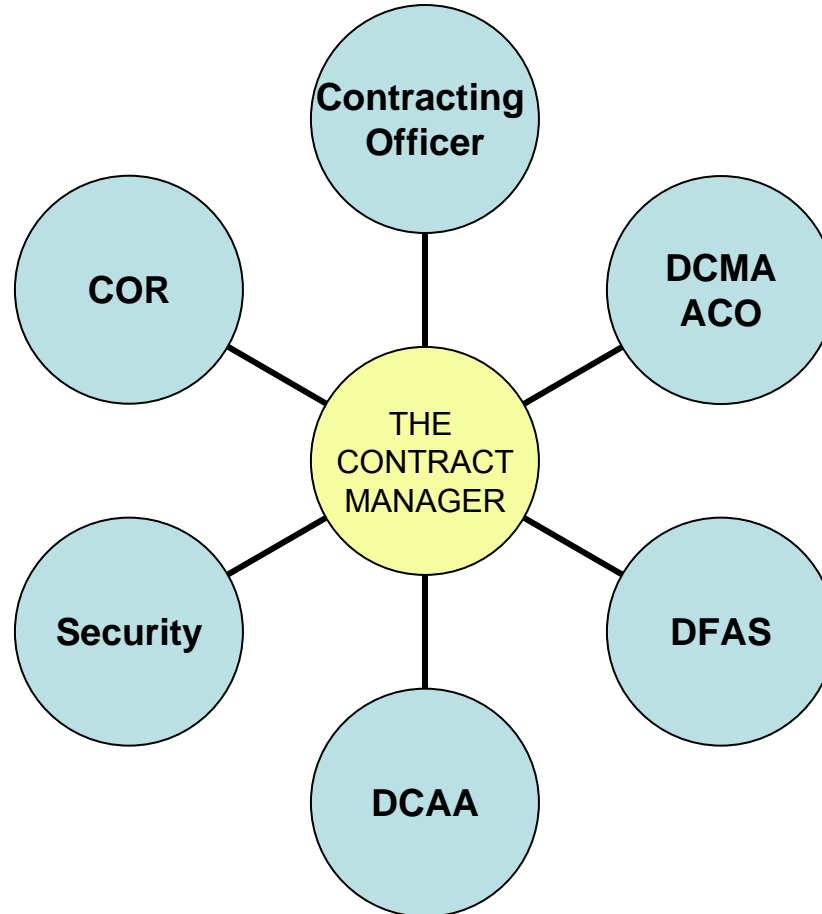
THE CM IS THE CENTER OF THE UNIVERSE!



Contract Manager Role Players- Industry



Contract Manager Role Players- Government





“The Roles and Responsibilities of Contract Management within the Enterprise”

TO UNDERSTAND JUST HOW INVOLVED YOU NEED TO BE IN THE ENTIRE OPERATIONS OF YOUR COMPANY JUST LOOK AT THE COST PROPOSAL INSTRUCTIONS IN THE RFP



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COST PROPOSAL INSTRUCTIONS

L-343 CONTRACTOR RESPONSIBILITY (JUN 2002)

To aid in the determination of contractor responsibility, the following information is required:

- (a) Information regarding the general financial condition of your firm and specific plans for financing the proposed contract, including the latest available financial statements. If you are currently being audited, or have been audited by the Defense Contract Audit Agency (DCAA), provide the address, current telephone number, and current point of contact for the cognizant **DCAA** and the cognizant Defense Contract Management Area Office (**DCMAO**). Also include the **latest approval** date of your Disclosure Statement (not applicable to Small Businesses) and most recent audit status, i.e., when was the last one performed, what were the findings, etc.



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L-343 CONTRACTOR RESPONSIBILITY (JUN 2002)

To aid in the determination of contractor responsibility, the following information is required:

- (b) A listing of previous and/or ongoing experience in related areas. Include the contracting activity, program or item produced, contract number, current point of contact, current telephone number, duration of contract, type of contract and total dollar amount of contract. Please ensure information provided is **current and up-to-date**. If this solicitation includes provision L-325, “Past Performance Information,” and if the offeror believes that the information provided there under adequately addresses the requirements of this provision, please so state here. Repetition of the same information is not necessary.

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L-343 CONTRACTOR RESPONSIBILITY (JUN 2002)

To aid in the determination of contractor responsibility, the following information is required:

(c) A summary of your:

- (1) accounting procedures and controls.
- (2) organization.
- (3) production control procedures.
- (4) property control system.
- (5) quality assurance programs.
- (6) equipment and facilities relative to this effort.

(d) If any subcontracting, provide the following information:

- (1) Methodology for the selection of proposed subcontractors, if any, and the benefit they would bring to the arrangement.
- (2) Analysis performed on the subcontractor’s cost proposal to determine a fair and reasonable price.



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L-343 CONTRACTOR RESPONSIBILITY (JUN 2002)

To aid in the determination of contractor responsibility, the following information is required:

- (e) A list of credit references, including suppliers. Provide company name, point of contact, and telephone number.
- (f) Any other additional information that will assist in a better or complete understanding of your firm and capabilities.

SO WHAT DOES ALL THIS MEAN TO YOU?



Multiple Award IDIQ Contract - \$50M - 5 Years - 10 Subcontractors

IDIQ Proposal Submitted: 1 March 2009

Awarded Verbally: 5 March 2010 (Friday)

Contract Received for Review and Signature: 8 March 2010(Monday)

3 Task Order RFP's Received 8 March 2010

- Proposals due 12 March 2010
- Eval Criteria based on Resumes
 - Key People (TS Security Clearance)

Company reorganization completed 2 February 2010

- Current bid rates are much higher than original proposal rates
- No PM has been assigned
- The BD person is long gone



You are the Contract Manager, you received the RFP's!

What do you do?

Who is in charge?

Who do you need to make decisions?

Who do you need to make things happen?

What is the process?

What is the Bid strategy?

Who are you bidding?

What rates do I use?

My subs are not under contract. (Neither am I)

My security manager is on vacation

The President says, I don't care what happens ..BID IT!

Chaos everywhere.

“The Roles and Responsibilities of the Contract Manager within the Enterprise”

BUSINESS DEVELOPMENT





Business Development – We Need Your Guidance

Helene Johnson
Director Capture Management, Health IT
Northrop Grumman Corporation
March 10, 2010

Topics to Cover

- Who is Business Development
- What is our knowledge of Contracts Management
- How do we see the role of Contracts Management
 - Contracts
 - Subcontracts
- When do need your help – in the capture lifecycle

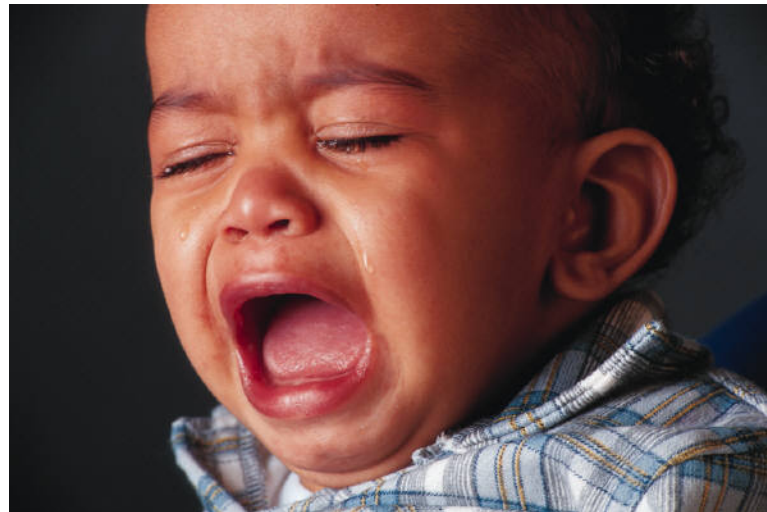
Who is Business Development

- Business Development Managers
- Sales People
- Capture Manager
- Proposal Manager/coordinator
- Presales Technical Support/SA



Our Knowledge of Contracts

- Not Much!!!!!!!
 - We know how to spell FAR
 - We know not to call the KO without you
 - We know you have rules and more rules and we react the same way each time:



How we see your job

- Contracts



- Subcontracts



- Bottom line: keep us out of jail



When do we need you in capture

- Opportunity identification
 - Monitor IDIQ task order requests
 - Monitor protests
 - Monitor contract dates per agency
 - Shaping support and meetings
 - Attend industry day
 - Q&A content control and submittal
- Opportunity pursuit
 - NDAs, TAs Timely!!!! – protect content: help us
 - RFP scrub – bless compliance matrix
 - Proposal support
 - Compliance check on all color teams
 - Pricing strategy
- Post Submittal
 - BAFO and FPR lead
 - All KO communication

The End

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“The Roles and Responsibilities of the Contract Manager within the Enterprise”

BUSINESS DEVELOPMENT FROM THE CM PERSPECTIVE





BUSINESS DEVELOPMENT FROM THE CM PERSPECTIVE

PRE-RFP

1. NDA's
2. Teaming Agreements
3. Marketing the Contracting Officer
4. Fronting the 8(a) or Small Business
5. Sole Source Justifications
6. Strategic Planning of Contract Vehicles
7. OCI – Organizational Conflict of Interests
8. Type of Contract
9. Bid – No Bid Decisions
10. Industry Day Participation



BUSINESS DEVELOPMENT FROM THE CM PERSPECTIVE

PROPOSAL

1. Proposal Kick off Meetings
2. Pricing Strategies
3. Cost Volume Preparation
4. Red Team Review (Compliance Matrix)
5. Past Performance Information
6. Proposal Submission
7. Negotiations
8. Post Award Debriefings
9. Protests
10. Proposal log



BUSINESS DEVELOPMENT FROM THE CM PERSPECTIVE



RFP CLARIFICATION QUESTIONS

The RFP states, *“The government will award a contract resulting from this solicitation to the responsible Offeror whose offer conforming to the solicitation will be **most advantageous** to the Government, price and other factors considered. The following factors shall be used to evaluate offers:*

- (1) TECHNICAL ACCEPTABILITY*
- (2) LOW PRICE”*

*Technical Acceptability low price is assessed on a **pass/fail basis”***

So is award based on Best Value or Low Price?

BD AND PRICING STRATEGIES

- **PRICING STRATEGIES FOR SERVICES:**
 - **“PRICE TO WIN”**
 - **“PRICE TO PROFIT”**
 - **“PRICE TO BUDGET**
 - **“PRICE TO MARKET**
 - **“CREEP-IT-UP” or “CREEP IT DOWN”**
 - **“GET-WELL-LATER”**
 - **“DIAL-A-RATE”**
 - **“THROW-AWAY RATES”**
 - **“PMQ” – PRICE THE MINIMUM LABOR QUALS**
 - **“DEDICATED COST CENTERS”**
 - **“THE MANYEAR GAME”**
 - **“ESCALATE THROUGH PROMOTIONS”**
 - **“KEY PERSON – DEAL OR NO DEAL”**
 - **“SQUEEZE THE SUB”**
 - **“MAKE IT UP IN VOLUME”**
 - **“LBTHOOITTBAGANJ”**



BUSINESS DEVELOPMENT FROM THE CM PERSPECTIVE

We lost our follow-on competitive proposal.

NOW WHAT?

ACTIONS:

CONTRACTS

- Request debrief (ask for advance copy)
- Need to let Team Members know we lost.

HR

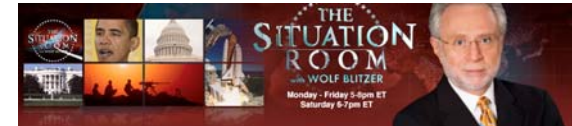
- Termination Notices
- Discuss Admn Support Staff
- Need All-Hands meeting with personnel

ACCOUNTING/FINANCE:

- Calculate vacation payouts
- Look at cash flow
- Recalculate Indirect Rate Model for balance of current FY
- Recalculate Program EAC's based on higher indirect rates and reserve budget

SUBCONTRACTS

- Need to let subcontractors know.





BUSINESS DEVELOPMENT FROM THE CM PERSPECTIVE



We lost our follow-on competitive proposal.

NOW WHAT?

PROGRAM MANAGER

Develop strategy to keep as much work as possible:

Talk to your COTR about what tasks are not “core” to the new contract

Move work to another Prime contract

Move work to a friendly Prime

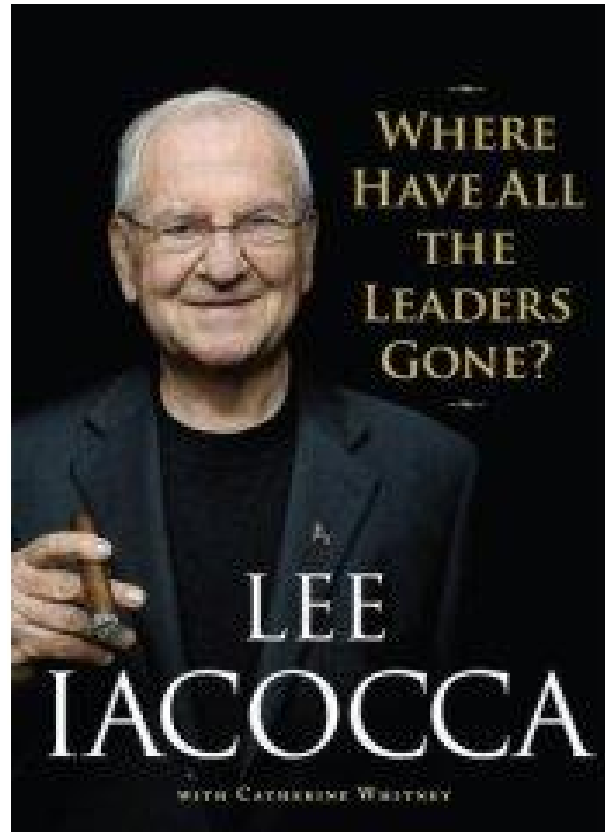
Front an 8a 51%/49%

Request a debrief (Discussed Later in the Legal Session)

File the Protest (Discussed Later in the Legal Session)

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PROGRAM MANAGEMENT



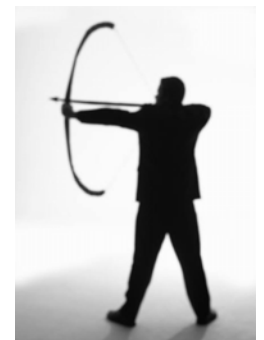


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CM AND PROGRAM MANAGEMENT

Robert B. Johnson

Capture Management Executive, Defense Solutions Group, USfalcon



Talking Points

1. The “Ties that Bind” – functional responsibilities
2. What is Program Management
3. Contract Management from a PM perspective
4. Questions/Discussion



The Ties That Bind

- Shipley Process (or a derivative thereof) to Acquire New or Follow-on Business
 - Today Companies **MUST** Employ Best Practices
 - ISO 9000; ISO 20,000; Six Sigma, etc. to be competitive

“Contract lifecycle management is the process of systematically and efficiently managing contract creation, execution, and analysis for maximizing financial and operational performance and minimizing risk.”



What is Program Management

- Business Development: Grow the Business within the Customer's Space
- Governance: Shaping roles/responsibilities, and providing oversight relevant to the Program
- Team Management: Planning/administering both projects & overall program
- Financial Management: Implementation of specific fiscal practices and controls
- Infrastructure: The PMO, technology, and other factors in the work environment supporting the program effort (all relevant business systems)
- Strategic/Tactical Planning: Takes place at multiple levels, with different goals, program plan is not a traditional plan

PM's Primary Job

Oversees & Facilitates Overall program performance

- Must be accomplished in a collaborative team-based environment
- Automated tools in each critical functional area is a MUST
- Functional areas integrated into a single enterprise level system that enables management to “see” program status, easily determine potential problems and swiftly implement corrective action



CM's Role from a PM Perspective

- Begins in pre-solicitation Phase (CM leads the below efforts)
 - CM Works Collaboratively with PM to Establish Compelling Business Case
 - Contract Creation – the Critical Path
 - Mistakes at This Stage = “Death By Contract”
 - CM Analysis Helps Maximize Financial Performance
 - CM Analysis and Contract Structure Help Establish Operational Performance, and Minimize Risk (thru Defining Risk, Establishing Performance Metrics and Goals, Objectives in Contract Language)
- CM Collaborates with Finance, Technical and PM to Accomplish all of the above

CM's Role from a PM Perspective

- Execution = Operations: We've Won the Work!
 - Implement Everything Created in Pre-solicitation Stage
 - Customer Contacts (COTR, CO, Program Director, DCAA, DCMA, etc.)
 - Automated Tools Setup
 - Immediate Analysis of:
 - Financial Risk/Performance
 - Operational Risk/Performance
 - Establish Weekly Status Meetings & Program Communications
 - Change Board Process
 - Master Schedule Milestones (Reporting, Notifications, etc.)
 - Subcontract Management
 - Contract Clauses & All Applicable Documentation
 - Ongoing Cost/Price Analysis to Plan / Performance
 - Establish PCO/ACO Approvals & Communication



CMs Role from a PM Perspective

- Execution = Operations: We've Won the Work!
 - Post Award Briefings
 - Implement Everything Created in Pre-solicitation Stage
 - GFP/CFE
 - Earned Value Management
 - Intellectual Property – Data Rights
 - Quality Assurance
 - Termination
 - Key Person Substitutions
 - Travel/Travel Cost & Reimbursement Approvals
- Exercise of Options
- Plan for Contract Close-Out

To Summarize

Contract Lifecycle Management - Process of Systematically and Efficiently Managing:

- Contract Creation
- Contract Execution
- Establishing a “Win/Win” Business Case
- Contract / Business Case Analysis
 - Maximize Financial Performance
 - Operational Performance, and
 - Minimize Risk





PROGRAM MANAGEMENT FROM THE CM PERSPECTIVE

COMMUNICATION

Communication with the Contracting Officer

Communication with the Contracting Officer Technical Rep
(COTR)

COMPLIANCE

AUTHORITY

RESPONSIBILITIES



PROGRAM MANAGEMENT FROM THE CM PERSPECTIVE

Contract Kickoff Meetings

Is everyone invited ?



Contract Kickoff Meetings

CONTRACT REVIEW

Who is the customer?

Purpose of Contract

Start – End Date

How do we know when we are done?

Type contract

CLIN Structure

IDIQ – Delivery Orders?

Funding

Key Personnel

Pre-Contract Costs Allowed

Level of Effort Clause

Incentive Clauses

Other Special Clauses

LEGAL

Data Rights

OCI

Warranties

SECURITY

DD 254

Special Briefings

Clearances Required

Facilities

Personnel

HR

Hiring Limitations

Pre-screening

US Citizen

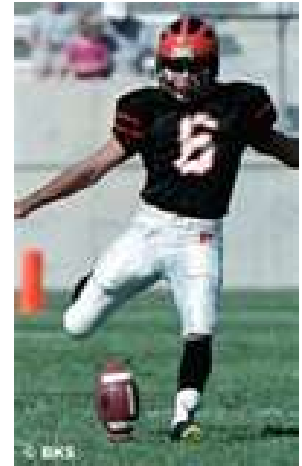
Labor Qualifications

Key Personnel

Where will the staff be working

Service Contract Act Compliance

Shift differentials



Contract Kickoff Meetings

ACCOUNTING

Payment terms
Billing provisions
Withholds
Type contract
WAWF or ?
Pre-billing approvals
Std Prog Payments
Milestone payments
LOE cert required
Std CPFF payments
T&M Rates
Fixed Unit Prices
DD250 required
Overtime Allowed
Fixed Fee \$/HR
GSA/BPA FEE

FINANCE

Monthly Reporting
Setting up charge numbers
LOE vs Completion
75% Expended Notices
Do we track the OOMD?

PROGRAM MANAGEMENT

CDRL's
-Monthly Status Report
Travel approvals
Purchasing approvals
Delivery Order Procedures
GFP

SUBCONTRACT – PURCHASING

Who are the subcontractors
Purchasing restrictions – approvals
Subcontract Approval
Subcontract Plans - Reporting



Physical Completion

TYPE CONTRACT	WHAT ARE WE SELLING ?	(A) HOW DO I KNOW WHEN I AM DONE?	(B) HOW DO I KNOW WHEN I AM DONE?	(C) HOW DO I KNOW WHEN I AM DONE?	(D) HOW DO I KNOW WHEN I AM DONE?	A/B/C/D HOW DO I KNOW WHEN I AM DONE?	DO I GET ALL OF MY FIXED FEE or FIXED PRICE?
		<i>THE JOB IS DONE</i>	<i>THE HOURS ARE EXPENDED</i>	<i>THE TOTAL PRICE OR COST CEILING REACHED</i>	<i>THE PERIOD OF PERFORMANCE IS EXPIRED</i>	<i>WHICHEVER COMES FIRST</i>	
CPFF TERM (LOE)	HOURS	YES	YES	YES	YES	YES – A-B-C-D	100% of the Fixed Fee is paid only if all of the hours are delivered. If < hours delivered then the Fee Amount is adjusted.
CPFF COMPLETION	Best Effort to Complete the Job.	YES	NA	YES	YES	YES- A-C-D	If the job is completed we get 100% of Fixed Fee regardless of how much cost or how many hours are incurred. If the Cost Ceiling is reached we also get 100% of the Fixed Fee.
FFPLOE	HOURS	YES	YES	NO	YES	YES- A-B-D	100% of the Fixed Price is paid only if all of the hours are delivered. If < hours delivered then the Price is adjusted.
FFP	Guarantee to Complete the Job.	YES	NA	NO	NA	ONLY A	If the job is completed we get 100% of Fixed regardless of how much cost is incurred.



Multiple Award IDIQ Contract

The Task Order RFP states:

*“Indicate the names and labor categories of the **key personnel** who will be performing the effort. If the offeror is proposing **key personnel** who are also performing on other tasking, the offeror shall annotate the percentage of time that will be devoted to this effort, and any other efforts currently being performed.”*

QUESTIONS:

1. Does the reference to **“Key Personnel”** in the Task Order RFP mean the **Key Personnel** listed in our contract or does this mean that the offeror should identify who we deem are **“Key”** to the performance of the Task?
2. Does the phrase **“other efforts”** mean relative to only this contract or any other contract the offeror has?



Meeting T&M Labor Qualifications

- > We Priced “Clerk Level 6”
- > T&M Contract Rate says “Clerk Level 6”
- > We are billing “Clerk Level 6”
- > The Customer is very happy with the performance of our employee and thinks he is a “Clerk Level 6”
- > Finance has been very happy to report 25% Profit on this labor category

However:

- > HR categorized the worker as “Clerk Level 4”
- > The employee is getting paid as a “Clerk Level 4”

The customer just found out about this situation and calls you!

QUESTION: So now what do you do?

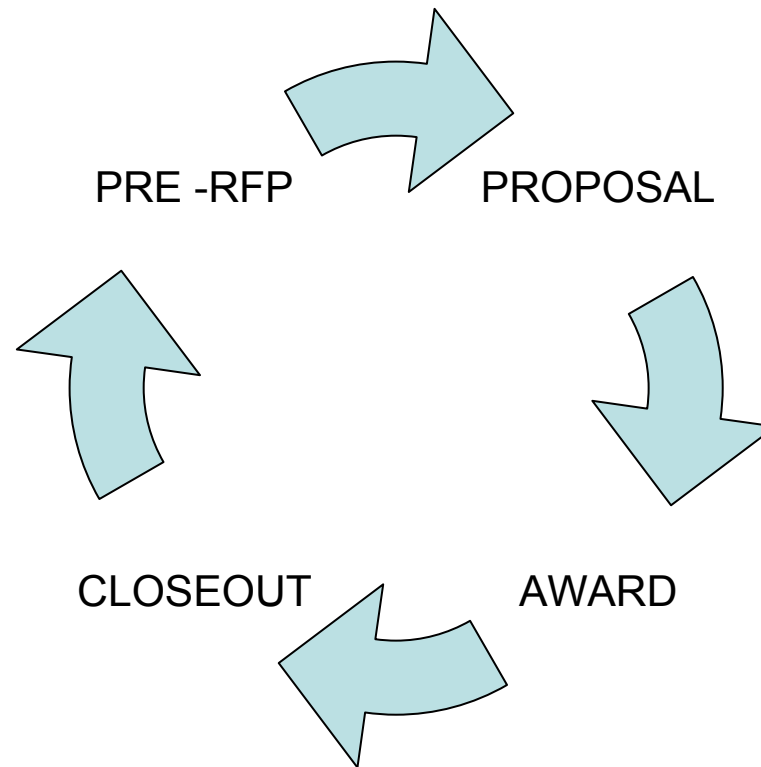
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SUBCONTRACTS AND PURCHASING



“The Roles and Responsibilities of Contract Management within the Enterprise”

SUBCONTRACTS AND PURCHASING



PRE-RFP PHASE

Invite me to the dance !!!



1. What is the procurement?
2. Who are the players?
3. What is the strategy for teaming?
4. NDA's - Purpose?
5. Teaming Agreements - Exhibit A ?
6. What is the RFP/proposal schedule?

SUBCONTRACTS AND PURCHASING

PROPOSAL PHASE

- A Copy of the Prime RFP
- Unique RFP instruction flow-downs
- Type of Contract
- Cost and Price Analysis
- Pricing-Basis of Estimates
- Proprietary Deliverables
- Flow-up & Down of unique provisions
 - a. Delivery
 - b. Acceptance
 - c. Warranty
 - d. Training



SUBCONTRACTS AND PURCHASING

- **GENERAL REQUEST FOR PROPOSAL INSTRUCTIONS**
 - Bidders Conference
 - Proposal Due Date/Schedule
 - Certs & Reps
 - Non-Disclosure Agreement
 - Incorporate by Reference
 - May need to add at this point if not done previously
 - Teaming Agreements
 - Incorporate by reference
 - Cost Volume
 - Technical Volume
 - Management Volume
 - List of All Required Attachments



SUBCONTRACTS AND PURCHASING

- **RFP PRICING INSTRUCTIONS**
 - Type Contract
 - Period of Performance
 - Options
 - CLINSLabor
 - Travel/ODC's
 - Data
 - Offsite vs. Onsite
 - Formats Specified
 - Calendar vs. Govt. vs. Contract Years
 - Target Rates Provided
 - LOE Specified or Recommended
 - 1) Labor Categories Specified
 - 2) Labor Category Qualifications Given
 - TRAVEL
 - ODC's
 - Escalation
 - Profit Rates
 - Certified Cost & Pricing Data



SUBCONTRACTS AND PURCHASING

- **RFP PRICING INSTRUCTIONS**

- **OTHER INSTRUCTIONS/ISSUES**
 - Validity Period
 - Task Order vs. Completion
 - Minimum Amount/Maximum Amount
 - Reporting Requirements
 - Organizational Conflict of Interest
 - GFP
 - Fee Adjustment Clauses
 - Task/Delivery Order Processing
 - Small Business Plan
 - Unique Payment Provisions/Withholds
 - DD 254 Classification
 - CDRL's (Are due dates reasonable?)
 - Acceptance Criteria
 - Warranties
 - Data Rights

- **RFP PRICING INSTRUCTIONS**

- **SUBMISSION INSTRUCTIONS**

- Hard vs Soft
- Number of Copies
- Prime vs Government
- Electronic Uploads
- “Hermedically” Sealed Envelope
- Prime and Government Points of Contact
- DCAA/DCMA Points of Contact



CONTRACT AWARD PHASE

A copy of the Contract

Unique Contract Flow-down Clauses

CDRL Requirements

EVM

SB Subcontract Plan Reporting

Incremental Funding

Subcontractor approvals by the customer

How are we paying Fee?

- a. Award Fee
- b. Fixed Fee Rate per Hour
- c. Incentives

How are we managing ODC's and Travel?

Who is approving Payments?

GFP and GFI

CFP and CFI

Exercising of Options

IDIQ Task Order Process





SUBCONTRACTS AND PURCHASING

Subcontracting Policies and Procedures (FAR 44)

FAR 44.201-1 Consent requirements.

FAR 44.3 - Contractors' Purchasing Systems Reviews

FAR 15.404-3(b) requires contractors to conduct appropriate subcontract price or cost analysis and include those analyses with their proposal support.

FAR 15.408, Table 15-2 requires that the contractor provide data showing the basis for establishing the source and reasonableness of price. For competitive acquisitions, the contractor should also include the degree of competition. For noncompetitive acquisitions that meet the requirements of **FAR 15.403-4(a)(1)**, the cost or pricing data supporting the prospective source's proposal as required by **FAR 15.404-3(c)(1)** should also be submitted. Primary responsibility for evaluation of subcontractor proposals rests with prime contractors and upper-tier subcontractors.

FAR 15.404-3(b) require contractors and higher-tier subcontractors to conduct appropriate cost or price analyses to establish the reasonableness of proposed subcontract prices.



SUBCONTRACTS AND PURCHASING

**THE BOTTOM LINE IS THAT THERE ARE NO
SHORT CUTS!!!**

THERE IS A PROCESS THAT MUST BE FOLLOWED



SUBCONTRACTS AND PURCHASING

SUBCONTRACT CLOSEOUT PHASE

You need more from me than I need from you!

- Confirmation of Acceptance**
- Final Fee/Incentive Determinations**



SUBCONTRACTS AND PURCHASING FROM THE CM PERSPECTIVE

1. No hand holding, you should be able to extract from the RFP and Contract what you need!
2. Flow – up any unique Subcontractor provisions
 - a. Warranty
 - b. Data Rights
3. Timely inputs into the proposal
 - a. Subcontractor Pricing
 - b. Fully compliant Price Analysis of Subcontractor Proposals
4. Do a spend rate analysis.
5. Update Key Personnel Clause
6. Closeouts – I can not get mine done until you get yours done!

“The Roles and Responsibilities of Contract Management within the Enterprise”

ACCOUNTING/FINANCE/PRICING



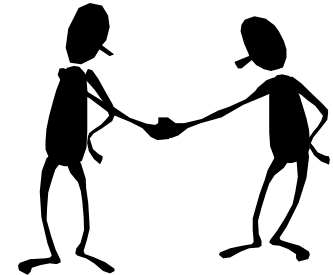


Role of Contracts Professional Accounting/Finance/Pricing

Karyn Greenfield

Accounting/Finance/Pricing

- Close Partnership
- Advisor
- Rely on expertise
- Rely on Contract interpretation
- Rely on you to communicate potential contract risk that represents potential financial risk
- Rely on you to “get things done or changed” with respect to or on the contract/solicitation to mitigate or eliminate financial risk



Accounting/Finance/Pricing

Contracts Manager's Role: Know/Understand...

The terms, conditions and scope of the Contract

- Contract Types
- Profit/Fee Restrictions
- “At no additional cost” or “at no cost” provisions
- Any withholding requirements
- SLAs, Liquidated Damages, Penalties
 - What is their impact
 - How they are calculated/applied
 - What triggers them
 - Mitigating factors



Accounting/Finance/Pricing

Contracts Manager's Role: Know/Understand...

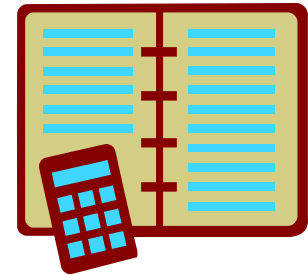
- Special requirements/restrictions impacting how you may apply, charge, or bill costs (e.g., special unallowable cost rules)
- Key contract clauses, requirements, or issues that:
 - Affect how you invoice
 - Affect how you will get paid
 - Affect how you need to report costs
 - Impact on how you are disclosed
- Government fiscal rules



Accounting/Finance/Pricing

Contracts Manager's Role: Know/Understand...

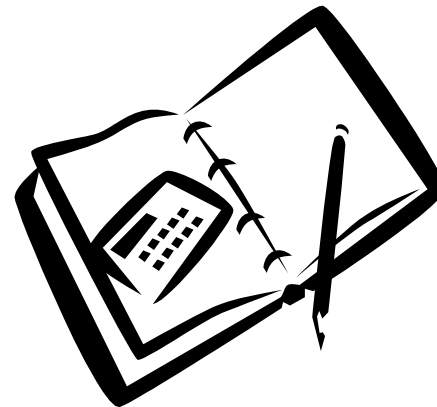
- Key Business Salients
 - How is the business measured financially
 - Revenue
 - Sales
 - Profit, EBITA
 - **CASH**
 - Billing and Payment requirements
 - Going “At Risk”
 - Timing (When do we absolutely need that funding mod?)
- Accounting Practices
- Disclosure Statement – How the business is disclosed
- Indirect Rates, Development and Application thereof



Accounting/Finance/Pricing

Contracts Manager's Role: Know/Understand...

- Cost Pools, Segments
- Cost Accounting Standards (CAS)
- Audits
 - Proposal Audits
 - Accounting/Billing System
 - Cost Estimating System
 - Audit Reports



Accounting/Finance/Pricing Pricing – Contract Manager’s Role

Understand requirements – READ the Solicitation

- Contracts Manager should know/understand all that applies to Finance/Accounting
- Cost Volume Preparation/Management – what is the CM’s role
 - Should understand what is in the Cost Volume or any proposal
- Solicitation Terms/Conditions
 - Identify/understand Key clauses affecting cost, price
 - Identify/Submit questions for clarifications/shaping
 - Understand/Draft needed clauses/clarifications/assumptions



Pricing – Contract Manager’s Role

- Pricing Strategy
 - CM should be part of, and understand, the overall pricing strategy
 - Impact of Contract terms and conditions
 - Understand strategy vs. execution model
- Pricing Requirements
 - Understand pricing parameters, restrictions
 - Understand cost/pricing assumptions – Review, Help Draft
 - Understand technical assumptions that could affect cost/price
- TINA Application / Cost or Pricing Data requirements
- Negotiations – The Contracts Manager is the lead
- Audits



Accounting/Finance/Pricing

OVERALL

The Contract Manager's role for Accounting/Finance/Pricing is to Understand, Communicate, and Help Mitigate/Eliminate Financial and Pricing Risk



ACCOUNTING/FINANCE/PRICING FROM THE CM PERSPECTIVE

Proposal

- Indirect Rates
- Direct vs Indirect
Charges
- Insurance
- Cost Proposal Support
- On site vs Offsite
- Profit Analysis
- Audited Financials
- Audit Support
- Interdivisional Transfers





ACCOUNTING/FINANCE/PRICING FROM THE CM PERSPECTIVE



We submitted a very large proposal that would represent a 30% increase in our business base. Consequently, we have forecasted significant reductions in our indirect rates.

The following email is received from DCAA in response to that proposal:

“In performing my regression analysis, I'm considering your forecast indirect rates. I've reviewed some the basis estimates from the G&A and Gov't Site O/H. I'm looking to see if your able to further support the assertions listed on the forecast. Let me know as soon as possible.”



ACCOUNTING/FINANCE/PRICING FROM THE CM PERSPECTIVE

Contract Administration

Contract Clauses

Audit

Charge Numbers

Interdivisional Transfers





ACCOUNTING/FINANCE/PRICING FROM THE CM PERSPECTIVE

Contract Closeouts



ACCOUNTING/FINANCE/PRICING FROM THE CM PERSPECTIVE

Contract Closeout

There are more steps than you think!!



Contract Closeout – There are more steps than you think!!!

1. Review Incurred Cost Claim - ID Contracts for Closeout Action
2. Locate Contract Files
3. Locate Last Invoice
4. Reconcile ICC with Invoice and Contract Ceilings
5. Determine if Contract Mod is required
6. Verify Deliverables were accepted (DD 250)
7. Verify Disposition of Classified Documents
8. Verify Disposition of GFP
9. Verify Disposition of Final Inspection and Acceptance Certificate
10. Report of Inventions and Subcontracts (DD Form 882)
11. Royalty Certificate
12. No Outstanding VECs
13. Terminations/Claims/Disputes
14. Litigation Resolved
15. Warranty
16. Contractor Release
17. Contractor Assignment of Refunds, Rebates, Credits and Other Amounts
18. Prepare Final Invoice
19. Prepare Contract File for Storage
20. Final Review and Signoff of Completed Work



“The Roles and Responsibilities of Contract Management within the Enterprise”

LEGAL AND COMPLIANCE



Legal and Compliance

- Pre-Award
 - Putting the team together
 - Letter contracts (get the dealbreakers up front)
 - Conflicts of Interest
 - Former Federal employees on your team?
 - Antitrust concerns
 - Proprietary Information
 - Protecting your data
 - Preventing improper use of proprietary data of others
 - Competitors' procurement sensitive information
 - Government source selection data
 - IP & Rights in Software and Technical Data
 - Some agencies asking for information/rights beyond regs
 - Flowdowns
 - Commercial / noncommercial
 - Glitches (e.g., late offer; mistake in bid)
 - Protest preparation

Legal and Compliance

- Pre-Award
 - Contractor Code of Business Ethics and Conduct (FAR 52.203-13)
 - If contract exceeds \$5M and 120 days to perform.
 - Requirements:
 - Written code of business ethics and conduct
 - Due diligence to prevent and detect criminal conduct
 - » (Fraud, conflicts of interest, bribery, False Claims Act)
 - Promote organizational culture that encourages ethical conduct and commitment to compliance with the law
 - Prompt disclosure of violations of criminal law, FCA and significant overpayments.
 - » (Mandatory Disclosure)

Legal and Compliance

- Pre-Award
 - Contractor Code of Business Ethics and Conduct (FAR 52.203-13)
 - On-going training and communications
 - Internal control system
 - Periodic review of business practices, policies, and controls
 - Full cooperation with government agencies responsible for audits, investigations, or corrective actions.
 - Must be able to document your program!

Legal and Compliance

- Post-Award
 - Debriefing
 - Awardee / non-awardee perspectives
 - Who should attend?
 - Preparation
 - Protest?
 - Requirements / compliance matrix
 - Protective orders
 - Formalizing letter subcontracts

Legal and Compliance

- Execution
 - Changes & authority to make
 - Delays (excusable?)
 - Troubled programs
 - Show cause & terminations (T4C/T4D)
 - M & A & novations
 - Gratuities
 - Rules for Federal career personnel
 - Rules for political appointees

Legal and Compliance

- Execution
 - Corruption
 - Bribes
 - Foreign Corrupt Practices Act
 - Recovery Act requirements
 - Reporting
 - Enhanced audit rights and right to interview employees

Contract Manager – Legal and Compliance



LEGAL

- Teaming Agreements
- OCI
- Bid Protests
- Arbitration and Disputes
- Exporting
- Novations and Change of Name Agreements

COMPLIANCE

- Gov't Audits
- DCAA
- DCMA

Pre-award, Award, and Post-award Notifications, Protests, and Mistakes (FAR 15.5)

- **Debriefings**

- **Preaward Briefings**

- When conducted
 - What to include
 - What to not include

- **Postaward Briefings**

- When conducted
 - What to include
 - What to not include



Contract Manager – Legal and Compliance

BD AND POST AWARD DEBRIEFS

15.503 Notifications to unsuccessful offerors.

- 1) An offeror may request a pre-award debriefing by submitting a written request for debriefing to the contracting officer **within 3 days** after receipt of a notice of exclusion from the competition.
- 2) Debriefings must include: the agency's evaluation of significant elements in the offeror's proposal; **a summary of the rationale for eliminating** the offeror from the competition; and reasonable responses to relevant questions about whether source selection procedures contained in the solicitation, applicable regulations, and other applicable authorities were followed in the process of eliminating the offeror from the competition.
- 3) **They shall not disclose:** the number of offerors; the identity of other offerors; the content of other offerors' proposals; the ranking of other offerors; the evaluation of other offerors; point-by-point comparisons of this offeror's proposal with those of other offerors; trade secrets; privileged or confidential manufacturing processes and techniques; commercial or financial information that is privileged or confidential, including cost breakdowns, profit, indirect cost rates, and similar information; and the names of individuals providing reference information about an offeror's past performance.

BD AND POST AWARD DEBRIEFS

Per the FAR:

CO MUST PROVIDE THE FOLLOWING INFORMATION:

- 1. The Government's evaluation of the significant weaknesses or deficiencies in our proposal**
- 2. The overall evaluated cost and technical rating, of the winning offeror**
- 3. The overall evaluated cost and technical rating of our offer**
- 4. How did we rate on past performance information.**
- 5. The overall ranking between us and the winner**
- 6. A summary of the rationale for award**

Your job is to develop a compliance matrix of Section L, M, the SOW and the evaluation comments.

If you were not low bidder, ask about cost realism!

Ask about how they determined Best Value!

Contract Manager – Legal and Compliance

Virtually every Government contract over \$100,00 in value, except for acquisitions of “commercial items” and utility services, contain contract clause granting audit access to the Government.

Types of Government Audits

- Financial audits
- Proposal Audits (e.g. cost proposals, forward pricing rates)
- System reviews (e.g., internal controls, accounting, time keeping, purchasing, etc.)
- Incurred cost audits
- Mandatory Annual Audit Requirements (MAARs)
- Post-award audits (Defective Pricing reviews)
- Compliance with CAS and Disclosure Statement Adequacy
- Economy and efficiency audits
- Should-cost reviews
- Operational audits / work-sampling audits
- Program audits by GAO and DoD Inspector General





Internal Audit for Government Contractors

- Contract specific reviews
- CAS compliance
- Subcontractor/supplier management
- Bid and proposal process
- Conflicts of interest
- Procurement
- Days Sales Outstanding
- HR operations
- Accounts payable
- Document retention
- Time keeping
- Lobbying/political contributions
- Environmental, Health & Safety
- Product testing
- International regulations (ITAR)
- Foreign Corrupt Practices Act
- Buy American Act
- False Claims Act
- Truth in Negotiations Act (TINA)
- Planning/forecasting
- IT security
- Intellectual property
- Drug free workplace

Most audits may touch on Contracts since the function is so critical to business operations.

“The Roles and Responsibilities of Contract Management within the Enterprise”

HUMAN RESOURCES



Contract Manager – Human Resources



1. Key Legislation
2. Labor Qualifications & Key Personnel Clauses
3. Consultants & Independent Contractors
4. Affirmative Action & EEO
5. Overtime/Shift differentials
6. Exempt vs Non-Exempt
7. Work Location
8. Hiring Limitations
 - a. Pre-screening
 - b. US Citizen
9. Contingent Offers
10. Cost Proposals – Mapping Titles to SOW
11. ORCA- Certifications and Representations



Contract Manager – Human Resources

Chronology of Wage Regulations

- 1931 Davis Bacon (construction)
- 1936 Walsh Healey Public Contracts Act (manufacturing)
- 1938 Fair Labor Standards Act (minimum wage)
- 1965 McNamara-O'Hara Service Contract Act (services)



Contract Manager – Human Resources

1931 Davis Bacon (construction)

- Established the requirement for paying prevailing wages on public works projects.
- All federal government construction contracts, and most contracts for federally assisted construction over \$2,000, must include provisions for paying workers on-site no less than the locally prevailing wages and benefits paid on similar projects.

1936 Walsh Healey Public Contracts Act (Manufacturing)

- Protects employees of government contractors whose contracts exceed USD \$10,000.
- Establishes overtime as hours worked in excess of 8 hours per day or 40 hours per week
- Sets the minimum wage equal to the prevailing wage in an area
- Sets standards for child and convict labor, as well as job sanitation and safety standards.

1938 Fair Labor Standards Act (Minimum Wage)

- Applies to employees engaged in interstate commerce or employed by an enterprise engaged in commerce or in the production of goods for commerce
- Established a national minimum wage guaranteed *time and a half* for overtime in certain jobs and prohibited most employment of minors in "oppressive child labor," a term defined in the statute



Contract Manager – Human Resources

1965 McNamara-O’Hararvice Contract Act (services)

- Applies to every federal contract over \$2,500
- Contractors must pay service employees either the prevailing wage rate in the geographic area of performance, the wage rate specified under an existing collective bargaining agreement or minimum wage
- Prevailing wages are to be available at the time of solicitation to allow all offerors to compete on a common basis (CO files SF 98 on anticipated classes of employees, comparable pay to Govt and CBA)
- Wage Determination is required to be part of solicitation



Contract Manager – Human Resources

1965 McNamara-O’Hara Service Contract Act (services)

- DOL, not contracting agency, has responsibility for wage determinations
- SCA prohibits employment under unsafe or unsanitary working conditions
- Health & Welfare Fringe Benefits are not required by law (i.e. medical insurance, retirement plans, life insurance, sick leave) but the equivalent payment as specified is
- Rates for H&W Fringe Benefits are based on cost to employer per hour
- Vacations & Holidays separately reported

1965 McNamara-O’Hara Service Contract Act (services)

- Only a fringe benefit if the contractor is contractually obligated to provide
 - Discretionary bonuses not included
- Contractor cannot satisfy the minimum wage requirement by furnishing fringe benefits as a portion of the wages
- Temporary and part time employees are entitled to be paid a proportionate share of required fringe benefits
- If no WD and no CBA, must pay “the minimum wage set forth in the Fair Labor Standards Act.” FAR 22.1002-2
- Under the Christian Doctrine, even if omitted from the solicitation, the SCA and applicable WD are binding on a contractor without the contractor being entitled to an equitable adjustment



Contract Manager – Human Resources

1965 McNamara-O’Hara Service Contract Act (services)

- Required to pay time-and-one half for all hours in excess of 40 hours per week (or 8 per day in some states)
- If employee is exempt from SCA, overtime rules do not apply (e.g., IT professionals)
- Map business based titles to SCA Labor Categories to ascertain Wage Determination



Contract Manager – Human Resources

Collective Bargaining Agreements

- Contract Bargaining Agreement: If competed for substantially the same services in the same locality, successor must pay the wages and fringe at least equal to those contained in the CBA effective under the previous contract
- CBAs have priority, even if benefits are less than WD
- Contractor may renegotiate CBA after base year
- Can be successfully challenged if
 - not an “arm’s length transaction”
 - substantially at variance” with rates prevailing in the locality for similar services.



Contract Manager – Human Resources

Labor Qualifications & Key Personnel

- Scope of Work definition
- Minimum required KSA's
- Education and/or Experience
- Active Clearance or required processing
- Client review of all personnel prior to acceptance on contract
- Advancement potential vs advancement opportunities
- Timely backfill on termination

Consultants and Independent Contractors

- When is it an advantage to use?
 - Pricing
 - Specific skill requirement
- Is there a specific prohibition?
- How do you build the pipeline of qualified personnel?



Contract Manager – Human Resources

Affirmative Action & EEO

- Affirmative Action is not Equal Employment Opportunity
 - Affirmative Action identifies and develops the processes to address disparities in employment
 - Equal Employment Opportunity is allowing all qualified applicants the same consideration for employment regardless of any protected class status

Diversity is key to successful organizations!



Contract Manager – Human Resources

Overtime and Shift Differentials

- SCA/FLSA requires overtime for non-exempt status personnel for more than 40 hours per week – but pay attention to State Statutes that may differ
- Contract may specify payment of straight time rates for exempt personnel working in excess of 40 hours
- Shift differential may apply to afternoon/evening or weekend shifts when running 24/7 operations – request concurrence from CO on definition in order to apply appropriately and invoice for same
- Shift differential may apply to exempt personnel



Contract Manager – Human Resources

Exempt vs Non-Exempt

- Defined by FLSA based on ability to perform tasks with reasonable autonomy
- SCA applies to non-exempt; exempt status precludes SCA application
- Exempt wages are salary not constrained by hours worked
- Straight time for hours over 40 for exempt personnel is a contract provision/agreement



Contract Manager – Human Resources

Work Locations

- David Bacon & SCA Wage Determinations based on localities
- FLSA where above is not applied
- State/Local statutes must be abided
- Geographic distance from home office base creates identity affiliation with client

Hiring Limitations

- BFOQ delineations
 - Citizenship
 - Active Clearance and level
- Prescreening questions
 - Maintain BFOQ alignment
 - Ask specifics

Contingent Offers

- May be used to propose personnel not currently employed
- Tight job market makes contingent offers less acceptable to identified talent
- Difficulty enforcing provisions on award; may need Plan B
- Not the same as employment contingent on meeting certain specifications

Human Resources From the CM Perspective

1. **SCA**
2. **Estimating – Direct Labor Rates**
3. **Cost Proposal – Compensation plan description**
4. **Classifying Employees – Onsite vs Offsite**





Contract Manager –Human Resources



SERVICE CONTRACT ACT

Our proposal dated 16 March 2009 was based upon the guidance set forth in the reference RFP above wherein the Government had identified U.S. Department of Labor Wage Determination **WD 05-2058 rev 8** to be in effect.

On 3 April 2009 the contract was awarded, unilaterally signed by the Government, incorporating U.S. Department of Labor Wage Determination **WD 05-2058 rev 9**. At the time of this award there was no special notification by the Government that a new WD had been included in the contract and we did not notice this change as well. The impact of **WD 05-2058 rev 9**, was to increase the Warehouse Specialist and Material Coordinator Labor rates.

On 15 September, the Contract, Mod 03 was awarded which unilaterally extended the period of performance 3 months and increased the ceiling value of the contract. Upon our review of this modification, we noticed that **WD 05-2058 rev10** was included in the contract. **WD 05-2058 rev10** increases the H&W Rate from \$3.25 to \$3.35 per hour.

Contract Manager –Human Resources Cost Proposal

RFP Labor Categories	RFP QUALS	
Project Manager - Key	BS	8
Task Order Manager	BS	6
Lead Engineer - Key 2	BS	8
Sr. Engineer	BS	6
Engineer	BS	4
Jr. Engineer	BS	0
Process Engineer - Key	BS	4
Lead Operator - Key	HS	8
Sr. Operator	HS	6
Operator	HS	4
Technician IIII - Key	HS	8
Technician III	HS	8
Technician II	HS	6
Technician I	HS	4
Material Specialist	HS	4
Documentation Specialist	HS	4
Tech. Writer Specialist	HS	4
Administrative Assistant	HS	2



Sr. Engineer = ?

Sr. Network Engineer
 Sr. Software Engineer
 Sr. Systems Engineer
 Sr. Field Engineer
 Sr. Test Plan Engineer
 Sr. Architecture Engineer
 Sr. Applications Engineer



Contract Manager –Human Resources Cost Proposal



We submitted a \$3M CPFF Competitive proposal. We are the incumbent but know our rates may be high. So we aggressively priced escalation.

DCAA wants to know why we used 3% escalation in our proposal.

They want me to calculate for the people we proposed the total average increase in salary for the past 3 years.

My rough calculations show about 4.52%.

What do we do about factoring in:

- Equity adjustments
- Promotions
- New Hires



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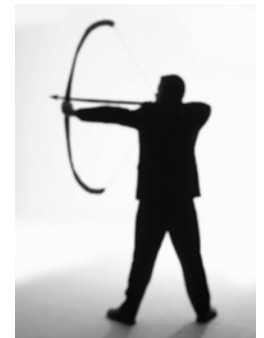
PROPERTY

SECURITY



“The Roles and Responsibilities of Contract Management within the Enterprise”

CONCLUDING REMARKS



“Leadership is a choice, not a position”

-Steven Covey, *The 8th Habit*, © 2005

Leadership

- **You must have clear goals**
- **Make everyone around you better.**
- **Set high standards**
- **Understand and know your surroundings**
- **Be informed**
- **Never lie, ever**
- **When in charge, take command**
- **Do what's right**



Professionalism is Key

- More and more organizations are looking for fewer people, with higher skill sets.
- Contract Managers – Need to be knowledge of the Contract Management Body of Knowledge (CMBOK), plus possess Functional Management knowledge and skills to ensure successful business results.
- Certifications are Critical
 - NCMA - Certified Federal Contract Manager (CFCM)
 - Certified Professional Contracts Manager (CPCM)
 - GS'rs - Federal Acquisition Certification in Contracting (FAC-C)

Eight Actions to Take:

Walk-the-Talk (Actions 1 – 4)

1. Go visit every department in the company. Ask them what they do and how they do it.
2. Teach individuals and teams about roles and responsibilities and communication.
3. Hold people accountable for their actions/ inactions and results
4. Take appropriate actions to help your team members and customers, respectively achieve their needs and desires

Eight Actions to Take (Cont.)

Walk-the-Talk (Actions 5 – 8)

5. Conduct frequent team meetings with all of your program team: in-person, teleconference, or Net-Meeting
6. Insert yourself into the process when you are not invited.
7. Get out from behind your desk and see what services and products you provide and make.
8. **Think and act like you own the company**

REFERENCE MATERIAL

CONTRACT CLAUSE COMPLIANCE MATRIX



Questions?

