

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION



Procurement Management Review Report

GODDARD SPACE FLIGHT CENTER

June 13 – 24, 2011

OFFICE OF PROCUREMENT

HEADQUARTERS

WASHINGTON, D.C.

PREFACE

The NASA Headquarters Office of Procurement conducted the procurement management review at the Goddard Space Flight Center (Goddard) under the authority of NASA Policy Directive (NPD) 1000.3D, The NASA Organization and NPD 1210.2, NASA Surveys, Audits, and Reviews Policy. The review was conducted June 13 through June 24, 2011. The report contains strengths, weaknesses, recommendations, and considerations resulting from the review.

An exit briefing was held on June 24, 2011 to discuss the review findings.

This report serves as a basis, in part, for fulfilling internal control requirements in accordance with the Federal Manager's Financial Integrity Act of 1982 (P.L. 97-255).

Donald L. Moses

Donald L. Moses
Review Program Manager
Headquarters Office of Procurement
Analysis Division

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SECTION I

EXECUTIVE SUMMARY

The NASA Headquarters Office of Procurement conducted a Procurement Management Review (PMR) of the Goddard Procurement Operations Division (Goddard Procurement Division) June 13 through June 24, 2011. A concurrent review of Small Business Programs (Attachment A) was conducted by representatives from the Headquarters Office of Small Business Programs (OSBP). The PMR team conducted interviews with technical, procurement, and legal staff to gauge the state and effectiveness of the procurement organization. The PMR team also conducted reviews of pre-award, post-award, and other procurement activities and documentation for adherence to procurement statutes, regulations, and procedures, and to identify best practices and innovations. The PMR team sought to determine whether Goddard Procurement had established and maintained a workforce commensurate with its workload and the level of support needed by the Center and the Agency.

WHAT WE FOUND

The review team found that the Goddard Procurement Division is providing meaningful support to its customers and the agency. Those interviewed from the technical organizations generally expressed customer satisfaction and viewed the procurement organization as being effective. Technical customers located at Headquarters, however, indicated that more interaction with the Goddard procurement representative (i.e., the Goddard assigned contract specialist) is needed to improve the working relationship and level of customer support provided. Those from the legal community generally viewed the procurement organization as being effective but expressed a desire for quality improvement in a small percentage of the procurement documents submitted for legal review. Those interviewed from the procurement staff indicated on the whole that moral is good and indicated that they are able to manage their workload within a regular work schedule. Procurement management was viewed by those interviewed as being accessible and providing good communication to the working staff. A review of the organizational structure, staffing levels, and workload indicate that the Goddard Procurement Division has maintained a workforce commensurate with the level of support needed by the Center and the Agency. The compliance portion of the review identified strength areas (Attachment B) including "Best Practices" that may be beneficial to procurement organizations across the Agency. The review also identified weakness areas and recommendations (Attachment B). Overall, our review of contract actions, policy, and procedures found the Goddard Procurement Division to be generally compliant with Federal and Agency regulations, policy, and procedures. However, marked improvement is needed, particularly in the Simplified Acquisitions area, and in other areas where repeat weaknesses were identified.

PLAN OF ACTION

In response to the report findings, the Goddard Procurement Officer (PO) will provide a corrective action plan (CAP) to address identified weaknesses and recommendations within six months after the issuance of this report. The Headquarter Office of Procurement will work with the Goddard Procurement Division to address the findings and work corrective actions through completion. Center self-assessments should measure the effectiveness of the corrective actions and the next PMR will determine whether identified weaknesses were resolved.

SECTION II

OVERVIEW

1. Scope of Review

The Procurement Management Review (PMR) consists of two primary components: 1) interviews with technical, procurement, and legal personnel regarding the effectiveness of the procurement organization, and 2) compliance reviews of contract actions focused on adherence to procurement statutes, regulations, and procedures. The primary emphasis of the compliance portion of the review is on systemic procurement processes rather than individual contract file anomalies. Current procurement innovations, both Agency-wide and Center-specific, are also reviewed. A concurrent review of Small Business Programs was conducted by representatives from the Headquarters Office of Small Business Programs (OSBP). A copy of that review including review findings is attached.

The results of the interviews and compliance reviews are compiled into narrative summaries with strengths (including best practices), weaknesses, recommendations, and areas of consideration identified as appropriate. Strengths are generally defined as efforts or practices which surpass the basic requirements of a particular procurement action and/or process. Best Practices, also categorized as strengths, are typically processes or initiatives that may be beneficial to other NASA Centers. Weaknesses are defined as problems, typically systemic or having significant impact, which require corrective action. Recommendations are defined as issues that: 1) are not necessarily systemic when identified but may evolve into a problem or problems if not addressed by the Center and 2) are actions that require Headquarters Office of Procurement review or action such as development, clarification, or update of policy. Considerations are defined as suggestions that could result in better business practices or process improvements.

The team sought to identify Goddard processes or initiatives that may be beneficial to other Centers. Conversely, the team sought to identify suggested approaches utilized by other Centers that may be beneficial to Goddard in an effort to promote the exchange of successful lessons learned and innovative procurement methodologies between Centers. The PMR team also sought to determine whether the Goddard Procurement Division had established and maintained a workforce commensurate with its workload and the level of support needed by the Center and the Agency.

The exit conference held at the conclusion of the review typically consists of a team presentation of review findings and direct exchange of observations and ideas among the participants. After completion of the PMR, the Center is provided with an opportunity to make comments on the findings. Any comments received from the Center were taken into consideration before finalizing this report.

2. Review Follow-Up

Center ownership of the resolution of any identified weaknesses and recommendations is emphasized through the review follow-up process. The follow-up process focuses on actions or initiatives undertaken by the Center to address review findings. The Goddard Procurement Officer (PO) shall provide a written corrective action plan (CAP) summarizing corrective actions planned or taken to resolve all weaknesses and

recommendations contained in this report. The CAP shall contain the expected start and completion date of the corrective action. The CAP shall be submitted to the review manager and to the Goddard Procurement Division designated Headquarters Office of Procurement Program Operations Division analyst six months after the issuance of this report. The CAP may be included in the Center semi-annual self assessment report if the due dates of each fall within a two week period. Updates on efforts to address review findings and status of corrective action are included in subsequent CAP updates. Once the Center satisfactorily completes all corrective actions, the review manager will provide a letter to the Center acknowledging completion of corrective actions and that all weaknesses and recommendations have been adequately addressed. The subsequent PMR will determine whether the identified weaknesses and recommendation findings were actually resolved.

3. Review Team Membership:

Below is a list of team members and the areas each reviewed:

Donald Moses, HQ: Review Manager: Personnel Interviews (procurement, technical, and legal personnel), Organizational Structure and Staffing

Yolande Harden, HQ: Co-Manager: Metrics Review and Documentation, COTR Training and Delegations, 1102 Career Development and Training, Self Assessment Process

Craig Bowers, HQ: Acquisition Planning and Requirements Definition, Exercise of Options, Subcontract Consent, Simplified/Commercial Acquisitions

Jamiel Commodore, HQ: Evaluation of Contractor Performance, DCAA Audit Follow-Up

Jerry Edmond, HQ: Master Buy Plan/Baseline Performance Review and Acquisition Forecast, Justification for Other than Full and Open Competition, Unfinalized Contract Actions and Letter Contracts, Financial Management Reporting

Eugene Johnson, HQ: Internal Policies and Procedures, Deviations and Waivers, Competition under Multiple Award Indefinite-Delivery-Indefinite-Quantity Contracts, Inter-Agency Acquisitions

Veronica Lansey, HQ: Source Selection Process, Contractor Safety Requirements, Award and Incentive Fee Contracts, ANOSCA/Public Announcement, Environmental Issues

Andrew O'Rourke, HQ: Contract Management Module Implementation

William Roets, HQ: Pre-Negotiation and Post-Negotiation Documentation, Technical Evaluations, Cost/Price Analysis/Structured Fee Approach used in Profit/Fee Determination

Richard Mann, HQ: Small Business Programs Review

Tabisa Tepfer, HQ: Small Business Programs Review

4. Review Support:

The review could not have been accomplished successfully without the support of the following individuals:

James Becker	Goddard Point of Contact
Wanda Behnke	Goddard Point of Contact
Mary Ann Bishop	Goddard Point of Contact
Jackie Arrington-Goins	Goddard Point of Contact
Geoff Sage	Goddard Point of Contact

SECTION III

ORGANIZATION - MANAGEMENT

1. Organization Structure and Staffing

The Goddard Procurement Division (Code 210) organizationally falls under Goddard's Management Operations Directorate (Code 200). The Division management is led by the Procurement Officer and Deputy Procurement Officer and includes a position within the head office occupied by a Change Management Lead. The organizational chart displays in parallel a Program Office comprising the National Oceanic and Atmospheric Administration (NOAA) Geostationary Operational Environmental Satellite – R Series (GOES-R) and Joint Polar Satellite System (JPSS). Each office is headed by an Assistant Division Chief. The following procurement offices are also displayed on the organizational chart: Headquarters, Institutional Programs, Space Sciences, Mission Enabling, Earth Sciences, and Program Support. Each office is headed by an Associate Chief. The only changes made to the Procurement Division's organizational structure since the April 2009 PMR are the additions of the JPSS and Program Support offices and the addition of the Change Management Lead position.

The Goddard Procurement Division staffing level has increased from the 188 individuals reported during the April 2009 PMR. For fiscal year (FY) 2009, FY 2010, and through the third quarter of FY 2011, the Goddard Procurement Division reported total staffing at 194, 204, and 204, respectively. The Goddard Procurement Division does not have a designated staffing ceiling. Its staffing is part of the overall Management Operations Directorate ceiling. The Procurement Division staffing level includes senior level staff, procurement managers, 1102 series Contract Specialists and Procurement Analysts, 1105 series Purchasing Agents, and administrative support positions. For FY 2009, FY 2010, and through the 3rd quarter of fiscal year 2011, the Goddard Procurement Division reported losses of eight, six and six individuals, respectively, resulting from attrition. Goddard reported gains of 15, 16, and six individuals during this period.

A review of the organizational structure, staffing levels, and workload indicates that the Goddard Procurement Division has maintained a workforce commensurate with the level of support needed by the Center and the Agency. A Baseline Service Level (BSL) review conducted in March 2010 indicates that the Goddard Procurement Division has a level of staffing within range of what the BSL recommended. A Procurement Functional Sub-Team, led by Ken Stepka of the Headquarters Office of Procurement, completed a BSL review of the procurement function to: i) define a set of minimum service criteria across all Centers that would provide equitable services and facilities, ii) define a set of consistent charging practices for Center Management and Operations (CMO) content driven by programmatic demand, iii) optimize resources, and iv) enable the successful management of NASA Centers to support mission execution. The analysis included a validation of current staffing levels and approved vacancies. For the Goddard Procurement Division, the BSL analysis recommended a FY 2011 budget to support 211 full-time equivalent (FTE) employees, seven more than the current Procurement Division staffing level of 204. Of the 211 FTE the BSL recommended, ten FTE were shown to be funded by "other agency reimbursable" for the Joint National Program for National Polar-orbiting Operational Environmental Satellite System (NPOESS).

2. Procurement Staff Interviews

Interviews were conducted with a wide range of individuals to gain a greater insight into the effectiveness and state of the procurement organization. Individuals interviewed were randomly selected from the Goddard Procurement Division organizational chart to cover all offices of working level employees ranging from grades GS-9 to GS-14. A GS-15 Associate Chief was also interviewed. Years of experience of those interviewed ranged from six to 25 years.

Overall, the feedback received from those interviewed was positive. Good morale or a level of improvement in morale was generally expressed. Improvement in morale was greatly attributed to the leadership, people skills, and initiative of the Procurement Officer (PO). The PO's efforts to improve the organization were recognized and acknowledged. Associate Chiefs and some Procurement Managers were viewed as having attributes similar to those of the PO. Some interviewed, however, felt that the organization could improve if all of the Procurement Managers demonstrated similar leadership and people skills. Events such as the end-of-fiscal year celebration and the Center-wide Goddard day festival contribute to boosting morale.

Communication and knowledge sharing were generally viewed as being effective at the Division level and within some individual offices. Communication and information is flowed down the chain from the PO to the working level employees. Within some offices, Associate Chiefs and Procurement Managers meet periodically to share information which is subsequently provided to working level employees. Some offices were mentioned as needing improvement in communication and knowledge sharing while another office appeared to be already striving for improvement in these areas. The Goddard Procurement Division established and continues to maintain several groups within the organization for knowledge and information sharing. The "Learning Group" which is open to all Division employees is led by the PO and convenes each month to discuss topics of interest. The "Senior CO Working Group", consisting of non-supervisory senior level contract specialists, meets every other month to share lessons learned and tackle unique issues they encounter. The Contract Specialist Group was essentially formed for new and junior level contract specialist to meet every other month to gain a better understanding of work assignments and share issues they encounter.

There was a general consensus that the workload is heavy but manageable within a regular work period. A few described the work load as being borderline stressful and overwhelming. Feedback varied on whether the work was allocated evenly or allocated fairly. While some felt that the work was allocated fairly, others indicated that work was not being allocated commensurate with the skill level and grade of individuals within particular offices. For one office, it was mentioned that more work was being assigned to individuals with a wider skill set to compensate for individuals that lack basic skills or incentive to work certain assignments. From the perspective of a manager from another office, work may be assigned to an individual based on his or her experience, growth path, and capacity to perform.

Those interviewed generally expressed having good relationships with customers. The close proximity of procurement staff to the customer, conducting customer outreach, educating the customer on the procurement process, and keeping the customer abreast of any changes in milestone schedules are greatly attributed to the procurement staff having good customer relationships.

Training opportunities were viewed as being good to excellent. The training coordinator was given high marks for ensuring that employees are provided training opportunities needed for professional growth. The

comments received relative to training are reflected in the Procurement Career Development and Training section of this report.

Employees indicated that they generally receive kudos or acknowledgement from management for their good work throughout the year. Six-month performance reviews and annual performance evaluations were viewed as fair. However, there were some that expressed a desire to receive more feedback during the year on their performance.

Responses on the use and effectiveness of the Contract Management Module (CMM) varied. While some viewed CMM to be a fine tool that is easy to use, others described it as a tedious, cumbersome, inflexible, non-intelligent system.

With regard to communications with Headquarters Office of Procurement (OP), the majority of those interviewed find OP to be assessable and generally responsive. There was a perception among some that managers prefer specialists not to contact OP directly and that some specialists may feel intimidated by OP staff. Some stated that OP should provide standard turnaround times for specific actions (e.g., standard turnaround for a deviation request) for procurement planning purposes.

STRENGTH

The Goddard Procurement Division is commended for establishing and maintaining several groups within the organization for knowledge and information sharing, specifically, the “Learning Group”, the “Senior CO Working Group”, and the “Contract Specialist Group.” These groups bring together the dispersed procurement community to discuss common issues and share relevant experiences and information among peers. This is identified as an agency best practice for larger centers. **(Repeat Agency Best Practice)**

3. Technical Customer Interviews

Representatives from Goddard’s technical organizations were interviewed to ascertain the effectiveness of the Goddard Procurement Division and level of customer satisfaction. The Contracting Officers Technical Representatives (COTR) that were interviewed represented various Goddard program and project offices and had experience ranging from seven to 35 years.

Those interviewed generally stated that the Procurement Division is doing an effective job supporting the technical organizations. Feedback, however, varied somewhat between customers located at Goddard and customers located at Headquarters. Customers from Goddard expressed having a good working relationship with the Procurement Division, specifically with the assigned contract specialist. The Goddard customers also expressed that contract specialist provide good quality work products. The close proximity of the assigned contract specialist to the customer and resulting interaction greatly contributes to fostering the healthy working relationship. Headquarter customers were mostly satisfied with the service received but expressed a desire for more interaction with the procurement individual that possesses intimate knowledge of the customer’s procurement request. For example, customer tag-ups with the contract specialist to go over rationale for procurement method, selection of contract type, milestone schedules, changes to milestone schedules, roles and responsibilities, and expectations would help foster a healthier working relationship. Given the separate locations, the tag-ups could occasionally be conducted via infrequent visits by the contract specialist to Headquarters, but could also be accomplished via telephone conferencing or via

Video Teleconferencing System (ViTS). The Headquarters customers also expressed a desire to have their assigned contract specialist have intimate knowledge and understanding of NASA's Broad Agency Announcement (BOA) process (e.g., Announcement of Opportunity) for contracts or grants resulting from BAA selections.

All COTRs interviewed obtained the required training and received COTR (NF 1634) delegations. Those interviewed generally described the quality of COTR training as good, top notch, or excellent.

RECOMMENDATION

The Goddard Procurement Division should ensure that the procurement staff assigned to support Headquarters interacts with the customer to discuss and have a mutual understanding of: the rationale for selecting the procurement method and contract type, milestone schedules and updates/changes to milestone schedules, roles and responsibilities, and any other critical aspect of the procurement that the customer should be aware of in order to foster a healthier working relationship with the customer. The interaction should occur throughout the procurement process with periodic face-to-face interaction.

4. Legal Office Interviews

Interviews were conducted with attorneys from the Goddard Office of Chief Counsel. The attorney's responsibilities include providing the Procurement Division with legal counsel and advice, reviewing the full array of procurement documents, and participating as advisors on source boards. Their years of experience at Goddard range from 14 months to 21 years.

The attorneys described their working relationship with the Procurement Division as being in the range of good to first rate. Attorney responses on the effectiveness of the Procurement Division and the quality of work products submitted for legal review varied. The effectiveness of the Procurement Division was generally described as being good to first rate. This was mostly attributed to the effectiveness and proactive approach of senior and mid-level staff. Some of the documents submitted for legal review were described as a mixture of good and bad work products, with the vast majority described as good. In some cases, comments made by higher level Procurement Division reviewers were not addressed when the document arrived to legal for review. It appeared in some cases that the legal review and higher level procurement reviews were being conducted in parallel, while in other cases the procurement review did not appear to be thorough and may have been rushed or not reviewed at the senior level. The quality of some of the procurement products were described as stellar while others were not up to standards. The documents from the Goddard Headquarters procurement office were viewed as being more problematic. Overall, the attorneys held the senior level staff in high regard but felt that some staff below the senior level needed guidance or training to improve the quality of work products. It was emphasized, however, that some of the less senior level staff were producing good quality work products.

Similar to a recurring problem identified in prior reviews, it was mentioned that some of the procurement staff do not allow attorneys the full three-day turnaround time for completion of a legal review before they inquire the legal staff on the status of a review.

The attorneys viewed Center Management to be supportive of the Procurement Division and mentioned that the PO appears to have a good working relationship with the Center Director.

With regard to the dollar threshold established by the Procurement Division for legal reviews, all of the attorneys were comfortable with the threshold.

RECOMMENDATIONS

1. The Goddard Procurement Division should ensure that thorough, high quality reviews of procurement documents are conducted by the appropriate level staff member(s) before the document/procurement package is submitted for legal review. The package should also contain the disposition of reviewer comments when it is submitted for legal review.
2. The Goddard Procurement Division should ensure that the procurement staff allows an attorney the full three day turnaround time for completion of a legal review before they inquire the legal staff on the status of a review. In exceptional cases, urgent requests requiring a quicker turnaround should be arranged in advanced. (**Prior Consideration**)

5. Metrics Review and Documentation

The Goddard Procurement Division maintains a variety of metrics data. Weekly reports are generated for major procurement actions. This internal information coincides with the Baseline Performance Review (BPR) data and is reported to the Procurement Officer and Center Director. The Associate Chiefs include metric information on active/on-going procurements, undefinitized contract actions, and source evaluation board activities. The metric information is also used to develop reports to Headquarters.

Internal metrics such as lead time data, employees' workload actions, etc. are tracked using data from Electronic Procurement Data Warehouse (EPDW). Information on workload activity is utilized by the managers primarily during performance evaluations. Monthly reports are generated to track closeout metrics. Unliquidated obligations are analyzed on a monthly basis using a database that contains all procurement transactions with un-disbursed obligations. The focus of this tool is to analyze transactions over six months in duration and to status, comment on, de-obligate, or disburse the obligations.

Small business goals and award data are tracked utilizing information from the Federal Procurement Data System-Next Generation (FPDS-NG) and provided to the Industry Assistance office. A database that identifies committed purchase requisitions with un-obligated funds is utilized to track expiring funds particularly during end-of-the-fiscal-year efforts. Other reports such as economic impact and information resulting from congressional inquiries are developed on an as needed basis.

6. Procurement Career Development and Training

The Goddard Procurement Division Training Coordinator is involved in a variety of activities geared towards managing and promoting career development and training for members of the Goddard procurement workforce. The Center Director launched an acquisition improvement initiative in 2010. One aspect of that initiative focused on training.

The training coordinator surveyed the workforce to assess training needs. The procurement management team vetted the suggestions. A training plan for contract specialists was developed to address the needs identified by the workforce. Members of the procurement management team volunteered to develop and teach the courses. Various presentation formats were considered (i.e. large group, small group, on-going

forums, etc.) and timelines for providing the training were established. The Assistant Chief for Special Projects has responsibility for implementation of the training plan. The courses are developed 'in-house' since the organization does not have a budget to support the activities.

The first training activity is the Procurement Master's Forum scheduled for late June 2011. The forum is modeled on the Academy for Program/Project and Engineering Leadership (APPEL) Masters Forums which promote knowledge sharing in topical areas utilizing small group discussions and case studies.

The training coordinator continually monitors and manages workforce training and certification activities. A spreadsheet which tracks certification levels and dates for all 1102 series employees within the organization is maintained. Approximately 97% of the Goddard procurement workforce has Federal Acquisition Certification in Contracting (FAC-C) at one of the three levels. A continuous learning assessment was conducted in March 2011. The training coordinator solicited the assistance of the management team to verify the training information contained in System for Administration, Training, and Educational Resources for NASA (SATERN) for employees. Managers were encouraged to develop a plan of action for employees who were not on track to meet the 80 hours of continuous learning required by the Office of Management and Budget (OMB) by the September 30, 2011 deadline. The responses received to date have been positive and the majority of individuals are actively working on a plan to meet the OMB requirements.

The training coordinator conducts periodic FAC-C training workshops. These workshops are designed to assist individuals with their FAC-C applications. Sample application packages are provided to attendees with information designed to make the process easy and simple for individuals to complete. The training coordinator works with Goddard's SATERN administrator to create training activities in the system to facilitate tracking of continuous learning points (CLP) in SATERN. Registration for attendance at monthly learning group meetings, procurement forums, and other activities sponsored by Goddard Procurement is made available in SATERN.

The training coordinator successfully negotiated with Strayer University representatives to allow individuals to receive academic credit for completed contract (CON) courses. Additionally, a procurement-related component of the center's Academic Investment for Mission Success (AIMS) program was developed. The AIMS program is designed to encourage employees to complete college degrees by reimbursing the tuition costs for approved courses. The Center-wide program only reimburses tuition for 'job related' college courses. The training coordinator developed justifications to authorize other courses required to complete degree coursework but not specifically job related for procurement workforce participants. Seven individuals within Goddard Procurement received college degrees in year 2010 as a result of participation in this program.

The training coordinator is also heavily involved in the Goddard Procurement 'on-boarding' process established in 2010. 'On-boarding' is a formal process which outlines activities for mentoring new employees. The process begins prior to the employee's arrival and continues through the employee's first year. A detailed checklist is utilized to track mentoring activities to ensure smooth transition. The training coordinator conducts one-on-one discussions with each new employee.

STRENGTH

The Goddard Procurement Division and the procurement training coordinator are commended for the actions taken to promote the career development and training of its procurement workforce.

7. Contracting Officer's Technical Representative (COTR) Training and Delegations

Contract files were reviewed to verify compliance with the requirements of NFS 1842-270 "Contracting Officer Technical Representative Delegations". The Agency-wide COTR training database was reviewed and discussions were conducted with the point of contact for COTR training and certification to ensure compliance with the requirements for Federal Acquisition Certification for Contracting Officers Technical Representatives (FAC-COTR).

Delegations

The majority of the files reviewed contained a properly executed copy of the NF 1634 "Contracting Officers Technical Representative Delegation". Most delegations were executed in a timely manner. A few of the files contained copies of the training certificates or other notes providing evidence that the individual met the training requirements prior the delegation of responsibilities. All COTRs listed on the delegations were included on the Agency-wide COTR training database. Only one file included a copy of the notification to the contractor verifying compliance with NFS 1842-270 (f). It was unclear whether copies of the NF 1634 were forwarded to the contractors for the other files reviewed. One file containing two active COTR delegations did not designate either individual as an alternate. NFS1842.270 (a) and (b) authorize the appointment of one qualified individual to serve as COTR and allows for the appointment of an alternate to act in that capacity when the COTR is absent. One file contained both the COTR and alternate COTR delegations. Each delegation included a detailed description of the alternate's roles and responsibilities.

The majority of the contracts reviewed from the Goddard Headquarters Office did not contain the required NF 1634. Further inquiries were made to determine if the delegations were located in portions of the contract file that were not reviewed. Upon reviewing those files, Goddard was unable to locate any delegations.

The prior PMR report contained a weakness finding relative to surveillance plans and documentation of surveillance activities not consistently being included in files when such activities were required by the COTR delegation (NF 1634). The requirement for updating surveillance plans and documenting surveillance activities were not delegated functions in most of files reviewed that were awarded within the last 18 months. Some files contained the requirements for surveillance; however, the plans and other documentation were not included in the files. Two files contained the surveillance plans as required but did not contain any additional documentation regarding the COTR's report of surveillance activities. Although some improvement has been made since the prior PMR, there was not enough improvement to completely resolve the 2009 PMR surveillance plans and documentation weakness.

Technical representatives act as subject matter experts and monitor performance and expenditures on simplified acquisitions. The utilization of the delegation form for simplified acquisition technical representatives is optional. The simplified acquisition files reviewed did not include the forms.

Training

The Agency-wide COTR training database is the primary tool utilized to track training and certification. Goddard uses the Agency-wide COTR basic and refresher courses for training. Typically four basic courses are conducted each year and eight or more (as needed) refresher courses are conducted each year. The number of courses offered is contingent upon available funding. Most courses were held on-site at the Greenbelt location; however, a refresher course was held at both Wallops Flight Facility and the Independent Verification and Validation (IV&V) Facility this year.

A training course for task order monitors was recently developed and placed in SATERN for course registration. This course is designed for individuals serving as task order monitors who are not delegated COTRs.

Currently, continuous learning activity is tracked manually. A spreadsheet is utilized that identifies certification information taken from the Agency-wide database as well as information provided from points of contact within the technical organizations at the Center regarding continuous learning activity, including actions that are not recorded in SATERN. The spreadsheet also identifies which COTRs hold active delegations on contracts.

STRENGTH

The Goddard Procurement Division is commended for its extensive efforts to manage and track the training and certification activities of the large COTR community. The development of a training module for task order monitors is a proactive measure to ensure that non-COTRs involved in managing aspects of a contract receive the proper information regarding roles and responsibilities.

WEAKNESSES

1. The Goddard Procurement Division shall ensure that COTR delegations are executed in all contracts (unless deviations are granted) as required by NFS 1842.270.
2. The Goddard Procurement Division shall ensure that COTRs provide copies of the surveillance plan and surveillance activity updates when those responsibilities are delegated on the NF 1634.
(Second Repeat Finding)

8. Self-Assessment Program

Self-assessments are conducted by each Center to review various aspects of the Center's procurement processes, address weaknesses identified during a NASA Headquarters Procurement Management Review (PMR), and identify and assess potential areas of concern resulting from audit findings or regulatory change. The self-assessment reports also provide an opportunity for the Center to identify best practices, comment on specific review findings, provide corrective action plans with targeted completion dates, and provide status (i.e., open/closed) on unresolved weaknesses or recommendation identified in PMR reports.

The Goddard Procurement Division uses a team based approach to conduct self assessments. A permanent self assessment lead was assigned to coordinate and manage the process. Team members were selected from within the Goddard Procurement workforce and consist of both junior and senior level

contract specialist. Findings from the prior PMR, topics addressed in previous self assessments, and other topics recommended by the Procurement Officer were reviewed during the self assessment. Reviews were typically conducted during a two-week time frame. Input from review team members was collected and assembled into a report by the self assessment leader.

The self assessment leader at the time of the prior PMR was subsequently assigned to another area within the organization. A permanent replacement was not assigned during the intervening time. Consequently, only one self assessment (report dated March 2010) has been conducted since the 2009 PMR.

The self assessment report dated March 2010 addressed five key areas: simplified acquisitions, organizational management, structure fee approach, FPDS-NG, and CMM/PRISM utilization. The report also included a corrective action matrix that addressed the status of actions to correct findings identified in the 2009 PMR report. The vast majority of weaknesses identified in the 2009 PMR report were not specifically reviewed as part of the actual self assessment; they were only addressed in the corrective action matrix. An updated status on the corrective action matrix was provided during this review. The update addresses all findings (strengths, weaknesses, and considerations), and provides a summary of actions taken to date.

Goddard procurement managers developed a plan to restructure the self assessment process to ensure that assessments are conducted regularly and in a timely manner. Senior staff members will be designated as the self assessment leader on a rotational basis. Senior contract specialists (GS 13s and GS 14s) will serve as self assessment review team members. The restructuring plan had not been fully implemented at the time of the PMR.

WEAKNESS

The Goddard Procurement Division shall ensure that self assessments are conducted on a semi-annual basis and ensure that weaknesses identified in the most recent PMR report are reviewed during self assessments in accordance with the NASA Self Assessment Guide. The self assessment review of PMR weaknesses may be spread out over the course of self assessments conducted prior to the next PMR.

9. Internal Policies and Procedures

The Goddard Procurement Division website was generally reviewed for the relevancy and currency of the information posted. The site is well organized with a substantial amount of relevant information. Several of the Procurement Division's procedures were accessed from the website. The procedures contained current and accurate procurement policy information and clear policy direction. The site contained links to other relevant sites, including the Headquarters Office of Procurement Knowledge Management Portal, and the Goddard Directives Management System (Center-wide instructions). Given the focus placed on knowledge management and sharing within the Agency, the Goddard Procurement Division was requested to provide an overview of its knowledge management practices. In response, the Procurement Division provided the following list of forums used to communicate and share knowledge within the division and with other Goddard organizations:

- Goddard Space Flight Center's Road to Mission Success
- Code 200's Mission, Value and People Seminar

- Business Education Program
- Technical Manager's Training (Code 500)
- Quarterly Procurement/Legal meetings
- Chief Financial Officer Procurement Weekly Tag-ups
- Periodic Meetings with IT Security, Health and Safety, Environmental
- Procurement Training Forum

The Procurement Division also has documented lessons learned cases on Tracking and Data Relay Satellite (TDRS), Mechanical Systems Engineering Service (MSES), and Rapid Space Development Office (RSDO). The cases were presented by Ed Rogers, the Center knowledge management point of contact. Lessons learned are included in updates to standard templates for Procurement Strategy Meetings (PSM) and Request for Proposals (RFP). The Source Evaluation Board (SEB) Coordinator also meets with SEB members to discuss the SEB process and lessons learned.

STRENGTH

The Goddard Procurement Division is commended for the organized, current, accurate, and relevant information it provides on its website and for its knowledge management activities that provide for the sharing of information, knowledge, and skills within the Procurement Division and with other Center organizations.

SECTION IV

PRE-AWARD PROCESSES AND DOCUMENTATION

1. Master Buy Plan/Baseline Performance Review and Acquisition Forecast

The Master Buy Plan (MBP) program was reviewed for compliance with NFS 1807.71. The Master Buy Plan provides information on planned acquisitions to enable management to focus attention on a representative selection of high-dollar-value and otherwise sensitive acquisitions. Since the previous Procurement Management Review (PMR), the NASA FAR Supplement (NFS) instructions relative to MBP have changed. The MBP data base is now maintained as a "living document" and is required to be updated continually. Additionally, since the previous PMR the MBP is now the only repository of pre-award data associated with the Agency's Baseline Performance Review (BPR) Process. The BPR monthly reporting includes aspects of MBP pre-award activities, post-award contracts/activities, and Unfinalized Contract Actions (UCAs). The Goddard Procurement Division has consistently updated the MBP in a timely manner. Goddard has a central point of contact (POC) for MBP data entry. The data is provided to the POC by the Goddard Procurement Division by way of a weekly report. Using the weekly report allows the POC to update the data as quickly and as accurately as possible. The weekly report was established in response to the previous PMR report consideration for the Procurement Division to ensure that data is updated to reflect any changes in the MBP in a timely manner. Also, in order to update the BPR database, the POC utilizes the weekly report and CMM to update UCAs/letter contracts and award fee scores.

Acquisition Forecast

NASA Centers are required to prepare an annual acquisition forecast of anticipated contract opportunities or classes of contract opportunities in accordance with NFS 1807.7200. The annual forecast, which is made available for public access, must be posted on or before October 1 and updated semi-annually by April 15. Where appropriate, the information reflected in the acquisition forecast should correlate with the MBP database. The information contained in the Goddard Procurement Division acquisition forecast was detailed. The forecast information, however, does not make a distinction between awarded and deleted acquisitions which are both color coded blue. Furthermore, the legend placed at the end of the spreadsheet, states in the block titled "update" that "updated information will be shown in bold. Procurements cancelled or awarded will be shown in italics." This language has been superseded by the color coding defined at the beginning of the spreadsheet and should therefore be deleted. Finally, discussion with the Goddard analyst responsible for the Acquisition Forecast revealed that the abbreviation "FULL" (described in the legend in the small business block to mean "full set-aside contemplated") is being misinterpreted by some in the contractor community to mean full and open competition. As a result, the analyst stated that there have been instances when small business entities have not proposed on acquisitions that were slated to be set-aside for small business. Although the term "FULL" should not be misinterpreted by prospective offerors to mean "Full and open competition" given that the word is listed under the column titled small business, the Goddard analyst may want to consider changing the word "FULL" to the more commonly used "TOTAL" to indicate "Total Small Business Set-Aside." Since the prior PMR, the acquisition forecast has generally been posted and updated in a timely manner. The semi-annual update to the Acquisition Forecast due on April 15, 2011 was updated by Goddard on April 5, 2011.

RECOMMENDATION

The Goddard Procurement Division should make a distinction between its awarded and deleted acquisitions which are both color coded blue on its Acquisition Forecast spreadsheet (*see other Center's forecast that makes this distinction for an example*) and remove the language from the legend in the block titled "update" that states *"Updated information will be shown in bold. Procurements cancelled or awarded will be shown in italics."* This language has been superseded by the color coding.

CONSIDERATION

The Goddard Procurement Division should consider changing the word "FULL" to "TOTAL" in the small business block of the Acquisition Forecast legend and accordingly use "TOTAL" to describe the set-aside as a "Total Small Business Set-aside" under the small business column of the spreadsheet. This should eliminate anyone in the contractor community from misinterpreting the word "FULL" to mean full and open competition as indicated by the Goddard analyst.

2. Justifications for Other than Full and Open Competition (JOFOCs)

Non-competitive contracts were reviewed for compliance with FAR 6.3 and NFS 1806.3 regarding justification for other than full and open competition. The contract dollar values of the files reviewed ranged from \$1.75M to \$114M. The statutory authority cited on all of the justifications reviewed was (c) (1) - only one responsible source. All of the JOFOCs were well-documented and contained sufficient rationale to support acquiring the supplies or services on a sole source basis. All of the justifications cited the appropriate authority and were reviewed, concurred, and approved by the appropriate officials.

The Goddard Procurement Division uses an internal Procurement Circular, issued in 1997, as an effective tool for ensuring that all FAR and NFS requirements are addressed in the contract file documentation. The Circular, which includes a JOFOC template, is periodically updated to incorporate the most current JOFOC requirements.

3. Deviations and Waivers

Deviation and waiver requests executed since the April 2009 PMR were reviewed. Deviation requests were sufficiently executed with the proper Procurement Officer signature. The waivers generally requested incremental funding of Fixed-Price Research and Development contracts. Pursuant to NFS 1832.702-70, the Procurement Officer has the authority to waive any of the conditions in paragraphs a through e of NFS 1832.702-70 with the concurrence of the installation Chief Financial Officer (CFO). This includes waiving any of the NFS 1832.702-70 conditions that should be met to incrementally fund Fixed-Price Research and Development contracts. Goddard Procurement Circular 09-01 "Incremental Funding Waivers – Technical Concurrence", which was implemented at the request of the Goddard CFO, additionally requires the concurrence of the cognizant Deputy Project Manager/Resources (DPMR) or Directorate Resources Manager (DRM), and the cognizant "Director of" for waivers granted in accordance with NFS 1832.702-70. Circular 09-01 further states that such concurrence shall be obtained prior to CFO concurrence and PO approval and that the concurrence shall be annotated on the file review route sheet and included in the

contract file. The files reviewed did not contain evidence of such concurrence. Two of the waiver requests reviewed contained the PO's signature but did not contain CFO approval.

RECOMMENDATION

The Goddard Procurement Division should ensure that, along with PO approval, Center CFO concurrence is obtained for each waiver request in accordance with NFS 1832.702-70 (f) and that cognizant DPMR or DRM and cognizant "Director of" concurrence is obtained per Goddard Procurement Circular 09-01. Evidence of each, including the file review route sheet containing DPMR or DRM and "Director of" concurrence, shall be included in the contract file and preferably affixed to the waiver request.

4. Acquisition Planning and Requirements Definition

Acquisition planning and requirements definition documentation were reviewed for compliance with FAR Parts 7 and 11 and NFS Parts 1807 and 1811. The Procurement Strategy Meeting (PSM) charts for larger dollar requirements in the range of \$10M to \$49M were well prepared and addressed FAR Part 7 acquisition plan requirements. The PSM minutes included the resolution of issues raised during the PSM briefing. Goddard also completed acquisition plans for actions over \$5M. The plans covered the items required by FAR Part 7. Most of the files reviewed had one or more unsigned memorandums. There was an isolated case where the EPLS was not checked. One action exceeding \$4M was submitted by Goddard and accepted by the Small Business Administration (SBA) as a competitive 8(a) acquisition in accordance with 19.805-1 (a). After the SBA accepted the action as an 8(a) competitive acquisition, Goddard performed a "capability" review and negotiated with one 8(a) firm. Goddard notified the firm that they were the "directed" 8(a) contractor and proceeded to negotiate on a sole source basis. There was no documentation explaining why an acquisition accepted by the SBA as a competitive 8 (a) resulted in a "directed" sole source 8 (a) award. Further, there was no documentation of Goddard informing SBA or the Goddard Small Business office of its change in approach. In hindsight, it appears that Goddard should have performed the capability review to determine reasonable sources in accordance with FAR 19.805-1 (b) (1) as market research rather than perform a capability review to select the 8 (a) contractor it would negotiate with. Based on the results of market research, Goddard should have been able to determine whether it was appropriate to request a competitive 8(a) acquisition exceeding \$4M from SBA or, as provided for at FAR 19.805-1 (b), a sole source 8(a) acquisition exceeding \$4M. Additionally, there was no documented rationale for selecting a cost reimbursement-type contract contained in the acquisition plan or elsewhere in the contract file as required by FAR 16.301-2 (b).

An acquisition for aircraft flight and maintenance training resulted in an award to a single contractor. Consideration should have been given to making split awards. The contract line item number (CLIN) structure was arranged by aircraft type. The selected offeror did not propose on all CLINs. The file did not contain the pre-award methodology or criteria used to select the winning proposal. However, the award memorandum indicated that the winning offer was selected based on best value. There appeared to be split award possibilities. However, the file contained no methodology for making split awards. The award justification stated the award was made to the winner based on a higher technical rating of "excellent" vs. a "good" technical rating of the second rated offeror. The contracting officer stated that the higher technical rating justified selecting the \$2.7M proposed price versus the price offer of \$700K. However, the prices that were compared were not similar because the \$700K price did not include the same CLINs as the \$2.7M price offer. Consistent with a commercial contracting approach, refinement of solicitation requirements to the

minimum requirements necessary to meet industry training standards would have enhanced competition. This may have resulted in savings in excess of \$500K on the \$2.7M purchase price.

Some of the contracts reviewed contained phase in periods ranging from three to six months. The phase in period was not considered to be part of the five-year contract period of performance. Incorporating phase in periods in this manner appears to an accepted practice at Goddard. This phase in approach has also been approved during Headquarter Procurement Strategy Meetings (PSMs). Other Centers may also utilize this approach.

One action reviewed included the award of a phase-in contract and a separate award for the base requirements. No rationale was provided for utilizing this approach in lieu of executing one contract action for requirements that were integrally linked. Based on feedback from Goddard and its assigned Headquarters analyst, executing phase-in periods in this manner has been a standard practice used by some Goddard contracting officers and accepted by Headquarters during PSMs. By executing the phase-in period as a separate contract, it provided Goddard with an avenue to not exceed the five-year limitation for the basic contract award. However, awarding a separate three to six month contract for phase-in appears to be an inefficient and unnecessary use of resources when the phase in period is integrally linked to the basic contract requirements and should be included in the basic contract award.

STRENGTH

The Goddard Procurement Division is commended for the PSM process and documentation for large dollar (\$10M - \$49M) contract actions. The PSM charts clearly captured all issues identified during the process, included the resolution of issues raised during the PSM briefing, and addressed all FAR Part 7 acquisition plan requirements.

RECOMMENDATION

The Headquarters Office of Procurement should take a policy action to clarify how phase-in periods are to be considered relative to the five-year period of performance (POP) limitation and Procurement Information Circular (PIC) 00-22 titled "Class Deviation – Five Year Term of Contract." Additionally, PIC 00-22 should be clarified to ensure that it clearly articulates the "up to six months" extension period as it relates to FAR clause 52.217-8 "Option to Extend Services" and to any contract extension period not covered by the clause.

CONSIDERATIONS

1. The Goddard Procurement Division should consider providing rationale for awarding phase-in periods as separate contract actions or otherwise include the phase in period in the basic contract award.
2. For the 8 (a) contract action identified in the narrative section above, The Goddard Procurement Division should consider providing at least a minimal level of training to the individuals involved on the process for executing over \$4M sole source and competitive 8(a) acquisitions in accordance with the requirements at FAR 19.805-1.

3. When appropriate, the Goddard Procurement Division should consider structuring solicitation requirements, instructions, and evaluation criteria to provide for splitting the award of CLINS when it would result in substantial cost savings or would otherwise be in the best interest of the Government.
4. The Goddard Procurement Division must ensure that the selection methodology and evaluation criteria are clearly stated in all solicitations, particularly for “best value” awards.

5. Source Selection Process

A review of the Goddard Procurement Division source selection process included an interview with the Source Evaluation Board (SEB) Coordinator and a review of source selection documents. The larger-dollar, high-visibility acquisitions where source selection presentations were involved contained very thorough evaluation documentation and selection rationale. This information was summarized in well written, final evaluation reports and in the source selection presentation charts. The file documentation demonstrated that source selection procedures were used in accordance with the FAR and NFS and reflected an understanding of the source selection process.

Due to the high demand resulting from the volume of SEB acquisitions, Goddard assigned an additional SEB Coordinator and a Cost/Price Analyst to the SEB process. Since the prior PMR, Goddard has conducted and completed approximately 20 source board acquisitions. The two SEB Coordinators participate in all competitive acquisitions, including those that are less than \$50M (i.e., non-SEB acquisitions).

Discussions

The SEB coordinators were interviewed and indicated that “discussions” (see FAR 15.306 d) were conducted on 50 percent of the procurements completed since the 2009 PMR to date. This is a vast improvement over what was noted in the 2009 Goddard PMR report. As a general rule, Goddard conducts discussions to the greatest extent possible. Several files of large-dollar, high-visibility procurements that included discussions were reviewed. Proper notification of the establishment of the competitive range was provided to offerors prior to holding discussions. Documentation of each offerors’ respective proposal weaknesses was provided. The files contained thorough documentation of the discussions.

Lessons Learned from Protest

Goddard has generally been successful in defending protests. As a result of a recent protest, Goddard has implemented several solicitation improvements, including using standard Past Performance evaluation criteria in sections L and M of a solicitation and tailoring procurements to focus on essential Statement of Work (SOW) elements and key management risks. Relevant lessons learned are also discussed during the SEB training session provided to SEB members. Additional improvements to the source selection process include:

- Just-in-Time SEB training provided to address procurement milestone activities (e.g., discussions, debriefs)
- SEB Leadership Initiative aimed to identify a pool of experienced SEB personnel, and
- Electronic Resources that include samples, templates, and an internal website on key source selection areas.

STRENGTH

The Goddard Procurement Division is commended for its thorough source selection process and documentation of large dollar, high-visibility procurements. **(Repeat Finding)**

CONSIDERATION

Notwithstanding factors and events beyond its control that contribute to procurement lead time, the Goddard Procurement Division should consider taking an initiative to decrease procurement lead time in order to improve its timeliness for awarding competitive procurements.

6. Contractor Safety and Health

Contract files were reviewed for compliance with the NFS 1823.70 requirements relating to safety and health policies and procedures. The review was conducted to ensure that i) the appropriate Safety and Health clauses were incorporated into the contracts, ii) the required Safety and Health Plans were submitted by the contractor, and iii) the plans were reviewed and concurred by the Safety Office and incorporated into the resulting contract.

All of the files reviewed contained the GSFC Initiator's Acquisition Safety Checklist (GSFC Form 2359). All GSFC Form 2359s were reviewed and approved by the Safety and Environmental Branch. A couple of the checklist included hand written corrections and/or deletions which were initially confusing to the reviewer. Hand written revisions and corrections included in the documentation should be recorded in the most professional manner to ensure that the notes are easy to read and follow. Overall, all the reviewed files contained the required safety and health clauses and, if applicable, the approved contractor's safety and health plan. The files reviewed were consistent in ensuring that the Safety and Environmental Branch review was completed and properly documented in the file. The lack of safety office review and concurrence of the plan and file documentation of the process was identified as a weakness in the prior Goddard PMR report. Based on the files reviewed, the prior PMR weakness is determined to be resolved.

7. Government Furnished Property

Contracts were reviewed to determine if the Government Furnished Property (GFP) clause was properly considered for inclusion into a contract, and if the clause, when required, was properly implemented. When GFP was required, the contracts reviewed included the proper GFP clauses and included a complete list of the GFP. The list included a description and valuation of the GFP. Evidence of the Industrial Property Officer (IPO) review was included in the files. As mentioned in the prior PMR report, the contracting officers continue to maintain a good working relationship with the Goddard IPO and Supply and Equipment Management Officer (SEMO). Although several isolated problems were found, no systemic issues were identified.

STRENGTH

The Goddard Procurement Division is commended for a well coordinated, detailed, and consistently implemented IPO review process. **(Repeat Finding)**

8. Subcontract Consent

Contracts were reviewed for compliance with consent to subcontract procedures. The proper contract clauses were found in all contracts reviewed. Subcontracts that were required to receive Government consent were reviewed and approved by the Contracting Officer. The reviews were thorough. The checklists for the most part were used effectively. Most of the contracts included special surveillance requirements contained in FAR 52.244-2. The determination required by NFS 1844.201(a) (iii), outlining consideration of special surveillance for actions above \$1M, was not found in any of the files reviewed.

FAR 44.302 states that the Administrative Contracting Officer (ACO) shall determine the need for a Contractor Purchasing System Review (CPSR) on, but not limited to, the past performance of the contractor and the volume, complexity, and dollar value of subcontracts. If a contractor's sales to the Government (excluding competitively awarded firm-fixed-price and competitively awarded fixed-price with economic price adjustment contracts and sales of commercial items pursuant to Part 12) are expected to exceed \$25 million during the next twelve months, the contracting officer should perform a review to determine if a CPSR is needed. Goddard retained administration responsibilities for the contract actions reviewed (i.e., none of the contract administration activities were delegated to another agency). No determination for the need to conduct a CPSR was found in any of the contracts reviewed where the contractor exceeded \$25M in FY 2010 NASA obligations (excluding the previously mentioned contract types). The dollar obligations data was obtained from FPDS-NG and is considered to be an indicator of each contractor's sales exceeding \$25M Federal-wide excluding the previously mentioned contract types. Lockheed Martin EADS, at over \$1B in FY 2010 NASA obligations has most certainly exceeded the \$25M threshold federal-wide excluding the previously mentioned contract types. However, given that the FAR \$25M threshold is based on "expected" sales projections of which the reviewer has no data, the finding relative to not making CPSR determinations will result in a recommendation rather than a weakness finding. Goddard should monitor the expected sales of companies that have either demonstrated or have the potential to exceed the \$25M threshold when a CPSR need determination should be contemplated in accordance with FAR 44.302.

RECOMMENDATION

The Goddard Procurement Division should ensure that determinations for the need to conduct a CPSR are made by the ACO and that a CPSR is conducted when determined to be necessary in accordance with FAR 44.3 and NFS 1844.3. Goddard should also ensure that the approval of a contractor's purchasing system is documented in the contract file.

WEAKNESS

The Goddard Procurement Division should ensure that the determination outlining consideration of special surveillance for actions above \$1M is completed and documented in the contract file as required by NFS 1844.201(a) (iii). **(Second Repeat Finding)**

CONSIDERATION

The Goddard Procurement Division should consider obtaining a limited Defense Contract Management Agency (DCMA) contract administration delegation in instances when Goddard prefers to maintain some contract administration activities but may have limited time, resources or expertise to perform other contract administration activities. Goddard should utilize as needed DCMA's access and experience in performing contract administration activities such as monitoring contractor expected sales, making CPSR determinations, and conducting any necessary CPSRs.

9. ANOSCA and Public Announcements

Contracts were reviewed for compliance with the Administrator Notification of Significant Contract Action (ANOSCA) and Public Announcement (PA) requirements and procedures as outlined at NFS 1805.303-71 and FAR 5.303. ANOSCA and PA files were reviewed based on potential contract values greater than \$25M and for values ranging from \$5M to \$25M, respectively. All of the files reviewed contained a completed ANOSCA or PA template and evidence of completing the review process. The majority of the files contained a copy of the published press release.

All contracts reviewed, except one, were signed after completion of the ANOSCA process. The one contract action that was not processed in this manner was signed well before the ANOSCA process was completed. In accordance with 1805.303-72 (a)(3)(ii), installations (e.g., Centers) may proceed with award and local release of the information after the Headquarters Office of Public Affairs makes the public announcement, which occurs at 5:00 pm Eastern Time on the agreed upon date, consistent with FAR 5.303. The NFS however, is somewhat inconsistent with its corresponding FAR section. In accordance with FAR 5.303, contracting officers shall make information available on awards in sufficient time for the agency concerned to announce it by 5 p.m. Washington, DC, time on the day of award. Thus, unlike the NFS, the FAR does not state that the contracting officer may proceed with the award after the 5:00 PM public announcement press release and therefore allows the CO to proceed with award at anytime on the day of the press release. The FAR and NFS are, however, consistent in restricting the agency from releasing information on the award until after the 5:00 p.m. public announcement press release. The Headquarters Office of Procurement was in the process of remedying the NFS inconsistency with the FAR at the time of writing this report. Despite the inconsistency, the FAR and NFS language prevents Centers from proceeding with awarding a contract action anytime before the day of the Headquarters Office of Public Affairs public announcement press release.

SECTION V

POST-AWARD PROCESSES AND DOCUMENTATION

1. Pre-Negotiation and Post Negotiation Documentation

Pre-negotiation Position Memorandum (PPM) and Price Negotiation Memoranda (PNM) were reviewed for compliance with FAR Part 15.406, NFS Part 1815.406, and relevant PICs. Both new award and modification files were reviewed. The vast majority of PPMs and PNMs reviewed fully complied with the FAR and NFS requirements. In instances when a “stand-alone” PNM was used, a separate memorandum documenting the rationale for not preparing a PPM and requesting permission to prepare a “stand-alone” PNM was contained in the contract file. Frequent use of the PPM and PNM template was evident. As noted in the prior PMR report, the utilization of Goddard Form 210-90 – “Pre-negotiation Position Memorandum” and 210-92 – “Price Negotiation Memorandum Summary” were helpful in ensuring that, in most cases, the FAR requirements were consistently addressed. However, in some instances, contracting personnel did not provide supporting narrative rationale on the checklist form for lower dollar procurements. For example, there were instances when the status of contractor systems was not adequately addressed. One stand-alone PNM’s travel analysis provided no detail behind the comparison of Federal Travel Regulation (FTR) and Expedia.com airfares; rather, the airfare comparison was addressed in the checklist by simply stating “completed”. One stand-alone PNM’s other direct cost costs (ODC) analysis contained excellent discussion on the allowability of tuition costs but did not provide adequate discussion or rationale on cost reasonableness. The prior PMR report contains a weakness in negotiation documentation relative to lower dollar basic awards and modifications. While the reviewer found some improvement in this area, the multiple problems found did not demonstrate enough improvement to overcome the weakness.

STRENGTH

The Goddard Procurement Division is commended for its use of the PPM and PNM templates to ensure that all applicable FAR, NFS, and PIC requirements are adequately addressed and thorough analysis and supporting rationale is contained in the memorandums for high visibility, high dollar acquisitions.

WEAKNESS

The Goddard Procurement Division should provide guidance to contracting personnel to ensure that adequate file documentation is included in lower dollar value basic awards and modification files. The PPM and PNM checklist form or any other documentation used should contain the appropriate level of cost/price analysis and rationale to support, as applicable, the reasonableness of each element of cost and the overall price reasonableness determination in accordance with FAR Part 15.4 and NFS 1815.4. **(Repeat Finding)**

2. Evaluation of Contractor Performance

Contract files and the Past Performance Information Retrieval System (PPIRS) were reviewed for compliance with FAR 42.15, NFS 1842.15, PIC 09-09 titled "Contractor Performance Information and Past Performance Data Base (PPDB)" and PIC 10-12 titled "Measuring Effectiveness of Award Fee Contracts". The completed NF 1680s and Past Performance Information Retrieval System (PPIRS) entries provided good narrative support for the ratings. The award fee contracts reviewed contained a summary of the performance evaluation board (PEB) findings in the NF 1680 as required by PIC 09-09.

Half of the contract files reviewed contained no evidence of a contractor performance evaluation in the contract file or in PPIRS. These contracts met the NFS criteria for completing a contractor performance evaluation on an annual basis. Only a few files reviewed contained the required NF 1680 "Evaluation of Performance" forms and corresponding evaluation records in the PPIRS. An equal number of files contained either a paper copy of the NF 1680 or a contractor performance evaluation record in PPIRS. Not complying with FAR and NFS interim contractor performance evaluations requirements was identified as "considerations" in the prior two Goddard PMR reports. Corrective action was not required for either of the prior PMR findings, which under the current PMR guidelines, would have resulted in recommendations requiring corrective action. For this report, the prior "consideration" findings have developed into a weakness and will be merged with the prior PMR report unresolved weakness to ensure that Goddard takes corrective action. The NASA PPDB was shutdown on May 31, 2011, and replaced with the Contractor Performance Assessment Reporting System (CPARS). CPARS has been identified as the sole feeder system for PPIRS and will send weekly reminders to users until an evaluation is completed in the system. This weekly notification may prompt users to complete timelier contractor performance assessments.

As mentioned in the "Cost-Plus-Award Fee Contract" section of this report, the majority of award fee contract files reviewed did not include information in the Award Fee Evaluation System (AFES) data fields contained in PPDB in accordance with PIC 10-12. Accordingly, the AFES finding is captured in PPDB finding below.

WEAKNESS

The Goddard Procurement Division shall ensure that contracting officers comply with the FAR and NFS requirements for executing contractor performance evaluations in both written and electronic formats, to include completing the evaluations within 60 days of the annual contract award anniversary, providing substantive narratives to justify ratings, and completing AFES data fields as required by PIC 10-12. **(Repeat Finding)**

NOTE: Given the May 31, 2011 PPDB shutdown, this finding shall carry over to completing contractor evaluations and entering the data into PPIRS and/or CPARS in accordance with FAR, NFS, and other applicable NASA policy and procedures that replace or supersede NASA contractor evaluation and PPDB requirements.

3. Undefinitized Contract Actions and Letter Contracts

Undefinitized Contract Actions (UCAs) were review for compliance with NFS 1843.70 UCA monthly reporting to Headquarters and validating the information contained in the monthly report. Additionally, letter contracts were reviewed for FAR 16.603 and NFS 1816.603 compliance. The majority of the UCA files identified in the June 2011 UCA report submitted to the Headquarters Office of Procurement were reviewed. The file review focused on age (i.e., number of days after issuance), dollar value, appropriate approval level, UCA justification, and file documentation in accordance with NFS 1843.70. Goddard incorporated prudent justifications and documentation in UCA files prior to issuing a UCA. The UCAs that resulted from modifications to existing contracts exceeded \$100K and were all approved as required by the head of the contracting activity (HCA), the Center Director. The letter contracts reviewed were below the Master Buy Plan (MBP) threshold and were all approved as required by the PO prior to issuance. Review of UCA definitization revealed that all modifications were well documented and contained the appropriate cost/price analysis to determine fair and reasonable pricing. Several of the letter contracts exceeded the FAR 16.603-2 180-day definitization period. The letter contracts, however, along with one undefinitized delivery order were associated with the NASA-NOAA Joint Polar Satellite System (JPSS) Program. As a result of a White House decision to dissolve and restructure the National Polar-orbiting Operational Environmental Satellite System (NPOESS), it was divided into the NASA-NOAA JPSS and the Defense Weather Satellite System (DWSS). The JPSS Program subsequently absorbed several sub-contracts formerly associated with an Air Force contract. The sub-contracts are now prime contracts at Goddard. There have been scheduling issues associated with the JPSS Program beyond NASA's control which contribute to the UCAs and UCA modifications exceeding the 180-day NASA definitization goal.

Two other letter contracts reviewed were well over the 180-day mark for definitization. One was definitized in 201 days. The other one, at 262 days, was not definitized at the time of the PMR.

RECOMMENDATION

The Goddard Procurement Division should take measures to ensure that the NFS 180-day definitization goal for UCAs and the FAR 180-day definitization period for letter contracts are met in accordance with the regulations.

4. Competition under Multiple Award Task and Indefinite Delivery Contracts

Indefinite Delivery contracts were reviewed for multiple award preference and task or delivery order "fair opportunity" consideration. The files reviewed demonstrated that Goddard achieved competition requirements for orders placed under multiple award contracts. Further, orders were generally issued in accordance with FAR "fair opportunity for consideration" requirements. However, an issue was found regarding the utilization of fair opportunity under Solutions for Enterprise Wide Procurement (SEWP) IV contracts. The review found that the SEWP IV "Group E" 8(a) contracts included clause A.1.23 titled "Fair Opportunity" which states:

"Any orders issued under the 8(a) set-aside contracts are not subject to fair consideration requirements at the individual order level. No documentation for the order selection is required to be submitted with the order or maintained by the end user or contractor."

In accordance with this clause, SEWP IV has three 8 (a) multiple award contracts that do not compete orders or give all three 8 (a) contractor's fair opportunity consideration for receiving an order. Instead, only one contractor is selected to receive an order which in essence amounts to a single source award. Each contract has a not-to-exceed (NTE) amount of \$3.5M and an October 1, 2010 through September 30, 2015 period of performance (POP). A five-year limitation deviation dated February 3, 2006 was approved to cover a maximum seven-year period of performance. FPDS-NG shows the contracts to be initially awarded in 2008 with a seven-year POP then subsequently changed to a five-year POP in October 2010. The reviewer requested clarification from the SEWP IV contracting officer on what authority or exception to fair opportunity was being cited to authorize the use of clause A.1.23. In the response, the contracting officer stated that the clause is authorized by FAR 16.505(b)(2)(i)(E) exception to fair opportunity which states "For orders exceeding the simplified acquisition threshold, a statute expressly authorizes or requires that the purchase be made from a specified source." The statute that clause A.1.23 relies on is Section 8(a) of the Small Business Act ([15 U.S.C. 637\(a\)](#)). The statute authorizes 8 (a) sole source direct awards anticipated at \$4M or less in value for contracts other than those with manufacturing North American Industry Classification System (NAICS) codes. Clause A 1.23 is non-complaint with the FAR requirement for justifying and documenting an exception to fair opportunity for each order. Clause A 1.23 should cite the FAR section and statute upon which it is based and should be reconciled to meet the FAR 16.505 (b)(2)(ii) requirement for a justification for an exception to fair opportunity for each order to be in writing as specified in paragraphs (b)(2)(ii)(A) or (B) of the FAR section.

WEAKNESS

The Goddard Procurement Division should modify SEWP contract clause A.1.23 titled "Fair Opportunity" to cite FAR 16.505(b)(2)(i)(E) exception to fair opportunity, cite the statutory authority the exception is based on, and revise the wording of the clause to meet the FAR 16.505 (b)(2)(ii) requirement for a justification for an exception to fair opportunity to be in writing as specified in paragraphs (b)(2)(ii)(A) or (B) of the FAR section.

5. Contract Closeout Process and Unliquidated Obligations

The Goddard Procurement Division contract closeout initiative, which began in November 2008, was reviewed to gain insight into the overall process. The contract closeout plan developed in November 2008 is actively maintained and was updated in April 2011. The contract closeout initiative website provides detailed information specifically addressing the initiative and is housed under the Goddard procurement systems website. The initiative focuses on the closeout of all contract vehicles (i.e., it excludes grants). When the initiative began in 2008, a total of 8,812 procurement actions awaited closeout action, including contracts, purchase orders, interagency agreements, and other agency procurements. After two years, the total number of contractual vehicles awaiting closeout fell to 4,339. This number includes approximately 1,741 contractual awards that were physically completed in FY 2010. Tremendous progress has been made toward eliminating the backlog of contracts requiring closeout. The backlog as of November 2010 was approximately 2,598 contractual actions. Through May 31, 2011, Goddard has closed out 2,050 contract actions with 2,289 remaining to be closed. Of the remaining actions to be closed this year, purchase orders constitute 47% of the total number of actions. Interagency acquisitions represent 26% of actions remaining to be closed and have been challenging to completely close out due to difficulties associated with the settlement of final price and de-obligating residual funding. Goddard uses quick closeout procedures whenever possible. A closeout point of contact is established for each office, and a specific contracting officer is assigned responsibility for working all closeout activities within the respective offices. The closeout

contractor, Legacy, is an integral part of the closeout process. Goddard continues to hold “closeout days” designed to solely perform contract closeout activities. Goddard maintains a Work Instruction (210-WI-5104.0.1A) entitled “Contract Closeout Procedures” effective January 1, 2010, on its internal website.

A ULO Analysis System was developed by the Goddard Finance Office. This system is an application tool that tracks ULOs on a monthly basis. The ULO analysis tool is being used to monitor cancelled payable accounts (M accounts) as well as to support the Regional Finance Office's monthly Continuous Monitoring Program (CMP) activities. The Procurement Division provides comments on the "top ten" ULO amounts by providing status of the contract. This data is generated from Business Warehouse. The Financial Systems Office prioritizes closeout actions by first addressing contracts with expiring funds. There is a link to the ULO website on the Code 210 Procurement Division website.

STRENGTHS

1. The Goddard ULO Analysis System application utilized by the Financial Systems Office is an excellent tool for tracking, analyzing, and prioritizing the closeout, de-obligation, and disbursement of ULO funds and for addressing related CMP activities. Utilization of the system is considered an agency best practice that should be utilized by other Centers. **(Agency Best Practice)**
2. The Goddard Procurement Division is commended for its contract close-out initiative. The initiative has resulted in tremendous progress towards eliminating the backlog of contracts requiring closeout.

6. Cost Plus Award Fee Contracts

Cost-Plus-Award- Fee (CPAF) contracts files were reviewed for compliance with FAR 16.4 and NFS 1816.405-2. The files reviewed included comprehensive award fee plans that addressed technical performance, cost control, and schedule in accordance with the guidelines set forth in the NFS. Each award fee evaluation followed the criteria contained in its corresponding award fee plan. The evaluations were comprehensive and included substantive analysis for each award fee period. All of the award fee files reviewed included the contractor self-evaluations, Performance Evaluation Board (PEB) reports, and signed Fee Determination Official (FDO) decisions. The contract files were sufficiently documented. Most of the award fee determinations and subsequent contract modifications for payments were completed in a timely manner.

Goddard continues to monitor PEB activities closely to ensure the timely execution of PEB assessments and timely issuance of FDO letters. Upcoming PEB activities are reported to procurement managers for planning purposes, and completed PEB activities are monitored to identify trends. Goddard monitors timeliness, examines specific mission areas to determine the source of any delays, and takes corrective action when necessary. PEB metrics are reported to Center Management during Goddard's Monthly Status Reviews.

The majority of the files reviewed did not include information in the AFES PPDB data fields in accordance with PIC 10-12. The data is used to measure the effectiveness of Award Fee contracts as required by the FAR. Only one of the files reviewed completed the required award fee data fields in the system. This finding is encompassed in the weakness finding contained in the “Evaluation of Contractor Performance” section of this report. Goddard is reminded that in accordance with PIC 10-12 effective August 26, 2010, award fee data fields be completed in a timely manner for each evaluation period.

7. Exercise of Options

Files were reviewed for compliance with FAR 17.207 for the exercise of options. The use of options is an effective way to continue long term contract agreements. Options also allow the Government to not exercise an option if there is no longer a continuing need for the contract requirements or if funds are no longer provided to support the need. A significant number of files were found to have one or more problems that did not meet the terms of the option clause. Problems included not complying with advance notice requirements, not exercising an option prior to expiration of the contract, and not receiving bilateral agreement between the contractor and Government when one or more of the option clause conditions were not met. All the files included the FAR required determination to exercise an option, but several of the determinations did not address all of the requirements at FAR 17.207 and NFS 1817.207-70. None of the files complied with NFS 1817.207(c) (2) which requires the contracting officer to determine that there is no change in the scope of the option requirements. In several cases, a bilateral agreement was erroneously executed to accept the option under the original contract terms. Only one file was found to exercise an option unilaterally in accordance with the terms of the option clause. Failure to comply with the terms of an option invalidates the Government's unilateral right to exercise the option and provides the contractor with an avenue to re-negotiate favorable terms or discontinue performance.

FAR 17.207(d) states that the contracting officer, after considering price and other factors, shall make the determination to exercise an option on the basis of one of three methods. One method is "an informal analysis of prices or an examination of the market indicates that the option price is better than prices available in the market or that the option is the more advantageous offer". In applying this method, Goddard used outdated FY-05 and FY-06 data to make a comparison of option prices that were established in FY09 for several of the contracts reviewed. The numerous findings above demonstrate that the related weakness identified in the Goddard 2009 PMR report has not been resolved. Additional related findings include no evidence of Excluded Parties List Service (EPLS) checks contained in the file.

WEAKNESS

The Goddard Procurement Division should ensure that the requirements outlined at FAR 17.207, NFS 1817.207 and NFS 1817.207.70 for exercising an option are consistently met relative to the various findings contained in this report. Specifically, Goddard should ensure that i.) advance notices are submitted in a timely manner, ii.) options are unilaterally exercised before contract expiration, iii.) a bilateral agreement is obtained when the terms of the option clause are not met, iv.) the EPLS is checked for suspended and debarred contractors, and v.) the determination required to exercise an option is complete and includes the most recent data when performing an informal analysis of prices or examination of the market. **(Repeat Finding)**

8. Inter-agency Acquisitions

Interagency acquisitions were reviewed for compliance with the requirements in FAR 17.5 and NFS 1817.70. The review of Goddard's Inter-agency Acquisitions (IAA's) focused on those awarded since the 2009 Goddard PMR. The IAAs reviewed utilized the NASA Form (NF) 523 as the ordering document. Most of the orders had a Statement of Work (SOW) attached that in many cases explained NASA's requirements and each agency's roles and responsibilities. Each IAA file contained the required Determination and Findings (D&F) document and evidence of legal counsel review.

The D&F's generally reflected Goddard's use of the servicing agency's existing contract as the most economical means to acquire the services. A few of the IAA's reviewed were five-year orders that were described in the accompanying D&F as a non-competitive follow-on with the same agency for the same services. The files did not include a request for deviation from the five-year limitation as required by NFS 1817.7001. The orders were above \$5M and required the approval of the Assistant Administrator (AA) for Procurement.

One major IAA valued at \$62M indicated in the file that Department of Defense (DOD) had not completed the higher level DOD/NASA agreement. A copy of the higher level agreement for an order of this magnitude should be completed and contained in the file.

During the review, Goddard was reminded of the recent FAR change at 17.502-1, "Determination of Best Procurement Approach" and "Written Agreement on Responsibility for Management and Administration" for "assisted" and "directed" acquisitions. FAR 17.502-1 references the OFPP policy directive that can be accessed at: http://www.whitehouse.gov/sites/default/files/omb/assets/procurement/iac_revised.pdf The FAR change and OFPP directive will mainly affect SEWP and Goddard Procurement Circular 01-01.

CONSIDERATION

The Goddard Procurement Division should ensure that a copy of the higher level agreement (e.g., MOA or MOU) between NASA and the servicing agency is completed and signed before placing orders for major dollar acquisitions (i.e., for IAA's valued at \$50M or greater). A copy of the agreement should be contained in the IAA file.

WEAKNESS

The Goddard Procurement Division should ensure that a request for deviation to the five-year limitation for non-competitive follow-on IAAs with the same servicing agency for the same products or services that exceed five years is executed in accordance with NFS 1817.7001.

SECTION VI

PRICING/FINANCIAL/AUDITS

1. Technical Evaluations

Technical evaluations were reviewed to determine if the appropriate level of assessment was used to ensure compliance with FAR and NFS requirements. The review included technical evaluations for new awards and modifications.

The NFS 1815.404-1 requires the use of the NASA Technical Evaluation Report Template to document the results of all technical evaluations derived from a sole source contractor proposal. The requirement became effective July 20, 2010. All of the contracts reviewed resulted from sole source contractor proposals and contained a technical evaluation performed after July 20, 2010. A review of the files demonstrated that the NASA Technical Evaluation Report Template was utilized in all cases except one. The technical evaluation that did not utilize the template was thorough, well written, and covered most of the required elements contained in the template. Most of the technical evaluation reports reviewed adequately covered the required elements (i.e. an analysis of labor hours, material quantities, skill mix, etc). However, some files contained technical analyses that were lacking in depth. For example, one file contained a technical evaluation where the evaluation of material and subcontractor costs was very superficial and contained no details on reasonableness. In another file that contained the award of a task order under an IDIQ contract, the technical evaluation of hours consisted of a checked box on a form indicating that hours were determined to be reasonable with no basis for making the determination.

RECOMMENDATION

The Goddard Procurement Division should provide guidance to contracting and technical personnel to ensure that technical evaluations are completed in accordance with NFS 1815.404-1, contain thorough analysis, and provide a basis for the reasonableness and acceptance of relevant elements of cost.

2. Cost/Price Analysis, Structured Fee Approach used in Profit/Fee Determination

Contract files were reviewed to ensure compliance with FAR Part 15.4 and NFS 1815.4 for the execution of cost/price analyses and structured fee approach. Task order files were also reviewed. Cost or pricing data was submitted by the contractor when required. Certificates of Current Cost and Pricing Data were properly executed. A review of the cost/price analyses revealed that sufficient documentation and rationale to support the Government's objective position were contained in the files for high dollar value contract actions. All proposed cost elements for these actions were analyzed and were compared using market research, technical evaluations, historical data, similar work task, and DCAA recommendations (where applicable). In certain circumstances, internal analyses were performed to determine reasonableness of direct and indirect rates. Sound price analysis techniques were utilized when appropriate.

The review revealed inadequate cost/price analysis performed on several awards for lower dollar procurements. Heavy reliance was placed on the technical evaluators to determine the reasonableness of hours and costs when the technical evaluations often contained minimal support for determining hours and

costs reasonableness. Little evidence was found to support the reasonableness determination of some cost elements and prices. See the “Pre-Negotiation and Post Negotiation Documentation” section of this report for the related weakness finding for inadequate cost/price analysis.

Some files executed NASA Form (NF) 634 when appropriate. Some of the NF 634s contained adequate justification for the assignment of other than the normal values to the performance and contract type risk factors while others lacked adequate justification for the assignment of other than the normal values.

STRENGTH

The Goddard Procurement Division is commended for its thorough cost/price analysis of high dollar value, high-visibility procurements. **(Repeat Finding)**

RECOMMENDATION

The Goddard Procurement Division should provide guidance to contract specialists to ensure there is adequate documentation of fee rationale on NF-634 to include documenting the justification for the assignment of other than the normal values to the performance and contract type risk factors.

3. DCAA Audit Follow-Up

The Goddard Procurement Division had no outstanding DCAA audits at the time of the review in the Audit and Assurance Information Reporting System (AAIRS), formerly referred to as Contract Audit Tracking System II (CATS II). The Goddard audit liaison representative (ALR) indicated that when audit requests are received, an email is sent to the assigned contracting officer for review of the audit findings. The ALR tracks all audits received on a spreadsheet with the report number, contractor name, affected Center, and DCAA contact information. If questioned costs are greater than \$100K, the ALR enters the information into AAIRS. The ALR maintains a second spreadsheet as audits are processed for resolution and disposition. The system is set up to capture all reportable DCAA audit reports including questioned costs greater than \$100K, equitable adjustment claims, inadequate systems, and non-compliance of cost accounting standards. Audits are incorporated into the system as they become known. The Headquarters Office of Procurement Analysis Division can access AAIRS and generate a report at any time.

4. Financial Management Reporting (NASA Form 533)

Contract files were reviewed for compliance with NFS 1842.72, NASA Contractor Financial Management Reporting. According to NPR 9501.2D, “NASA is required by law to use accrual accounting, which requires cost to be reported in the period in which benefits are received, without regard to time of payment”. To facilitate this process, the NFS requires contractors to report accrued costs on NASA Form 533 (NF- 533) monthly (533M) and quarterly (533Q) reports on cost type, price redetermination, and fixed-price incentive contracts.” NFS 1842.7201 sets forth the dollar threshold and period of performance requirements for 533 reporting as follows:

Contract value/scope	Period of Performance	533M	533Q
\$500K to \$999K	1 year or more	Required	Optional
\$1,000,000 and over	Less than 1 year	Required	Optional
\$1,000,000 and over	1 year or more	Required	Required

All files reviewed contained the required clauses and provisions. Some files had missing 533 reports or contained no evidence of analysis being performed by the contract specialist or resource analyst. In cases when analysis of the 533 report was performed, the contracts specialist utilized Goddard (GSFC) Form 210-49. Some files did not contain the baseline Financial Management Quarterly Report (533Q) when required or the necessary waiver for support services or task order contracts. In the case of a letter contract, the contracting officer indicated that a decision was made to not use the 533Q report until the letter contract was definitized. No explanation of this decision was included in the file. One of the files reviewed contained excellent analysis of the 533 monthly report. The analysis was provided by the project resource manager. A power point chart was used to provide in-depth analysis. The file, as identified in the back-up file review record, would be an excellent example for Goddard to use when performing analysis of NF-533s.

CONSIDERATIONS

1. The Goddard Procurement Division should consider encouraging procurement personnel to consistently use GSFC Form 210-49 to perform analysis of the NF 533 monthly report.
2. The Goddard Procurement Division should consider using the analysis contained in the contract cited in the back-up file review documentation as an excellent example for performing analysis of NF-533s.

WEAKNESS

The Goddard Procurement Division shall ensure that analysis is conducted on the monthly NF-533M and quarterly NF-533Q reports as necessary. **(Repeat Finding)**

SECTION VII

OTHER REVIEW AREAS

1. Simplified/Commercial Acquisitions

Files were reviewed for compliance with FAR Part 13 – Simplified Acquisitions and applicable FAR Part 12 - Commercial Item Acquisitions clauses. Simplified procedures, if used appropriately, can be an efficient way to process lower dollar procurements. With the advent of the Test Program for Certain Commercial Items at FAR 13.5, actions utilizing these procedures represent significant dollar expenditures. The Test Program may be used for acquisitions not exceeding \$6.5M in value and in certain cases may be used for acquisitions not exceeding \$12M.

Problems were found in all of the files reviewed except one. The various problems found included non-issuance of a synopsis, issuance of an improper synopsis, inadequate best value justification, improper execution of modifications to include citing the wrong authority, inadequate pricing support, inadequate item descriptions, incomplete abstracts, and missing FDPS reports. For one of the files reviewed, written direction from the requirements office to the contractor for court reporter services was observed in the contract file via a letter sent directly to the contractor by the requirements office. Two modifications were issued for the same court reporter services using the “Changes” clause as the authority. A sole source justification was also included with the modifications. The modifications were for new, unrelated court reporter services that did not appear to be a sole source requirement. Further, the initial purchase of the court reporter services documented that very competitive quotes were received.

Numerous issues were found pertaining to the purchase of lab equipment which included not addressing Buy American issues for foreign built equipment, not addressing items with significant price disparity (\$4K for the winning offer compared to \$142K for the next low for CLIN 2), and not addressing the obvious difference in the respective offerors understanding of CLIN 2 requirements. CLINs 11-20 were addressed in the non-selected price offer, but the same CLINS totaling \$82K for the selected offer were not addressed. In another case, the source selection documentation did not address the prices offered and the price memorandum did not provide the basis for determining price reasonableness. Several other files contained inadequate or non-existing pricing support.

For actions utilizing commercial item procedures, inappropriate clauses were used. Numerous clauses were duplicated by including commercial item clauses 52.212-4 and 52.212 -5 along with a complete list of RFP Section I clauses. There were other instances when clauses were inappropriately included or excluded.

There was no indication of a carryover of the 2009 PMR weakness pertaining to documents being illegible; therefore, the weakness is determined to be resolved. However, the numerous and significant problems identified in this section of the report demonstrate that the related weakness contained in the 2009 PMR report has not been resolved.

WEAKNESS

The Goddard Procurement Division shall ensure that its simplified acquisition workforce is adequately trained at all levels to properly execute and provide oversight of simplified acquisition procedures, including the test program for commercial items, in accordance with FAR Part 13. Goddard must take the necessary corrective measures to ensure that the numerous findings contained in this section of the report, particularly those pertaining to inadequate pricing support, are adequately addressed. **(Repeat Finding)**

2. Purchase Card Program

The purchase card programs for Goddard, Headquarters Operations, and Wallops Flight Facility were reviewed. The review focused on internal controls, training, number of card holders and approving officials, monthly reconciliations, delegations, violations, and limits (individual and monthly) placed on individual cardholders. Information relating to the purchase card program is posted on the Goddard Procurement Division internal homepage and includes a "Purchase Credit Card Program Policy/Guidance Document" that serves as a handbook for cardholders and approving officials. The handbook is comprehensive and addresses all areas related to using the purchase card, including, procedures, policies, and regulations. Also posted on the homepage is the purchase card application form accompanied by a one page information sheet for non-procurement cardholders.

Goddard

The Goddard Center/Agency Program Coordinator (CAPC) has managed the purchase card program since 1998. The Goddard program has a total of 576 cardholders, 165 approving officials, and five convenience check writers. The number of cardholders has increased by 63 accounts since the 2009 PMR. Currently, some approving officials have more than six cardholders reporting to them while other approving officials may have less than 6. The CAPC is working with the Goddard organizations to ensure that no approving official has more than six cardholders reporting them in order to comply with the NFS 1813.301-70 (f) requirement. All but one of the four convenience check writers work within the Goddard Procurement Division. The other check writer, who is assigned to the Environment Division, uses the account to purchase environmental permits only.

The Goddard CAPC maintains cardholder files that include the letter of delegation issued by the PO. Goddard Procurement conducts complete and detailed audits on 100% of its cardholders. The process for auditing 100% of cardholders takes two years to complete. If a cardholder had a "good" report from a prior audit, the internal auditor may randomly select areas to audit rather than conduct a "full blown" audit of the cardholder. The CAPC completes monthly audits of the reconciliation process after the reconciliation for a given month is completed. The audit encompasses a review of two to three percent of the transactions that were reconciled and documenting the findings in a spreadsheet. If issues were found, the cardholder and approving official responsible for the questioned transactions are contacted for resolution. During the monthly audit that is performed, Information Technology (IT) purchases are reviewed to determine if either ODIN or one of the SEWP contracts was used for the purchase. If the CAPC is unable to make the determination by looking at the order log, an email is sent to the cardholder for clarification of the vehicle used to make the IT purchase. When desk audits are performed, all IT related purchases are reviewed to determine whether the procedures relating to IT purchases are being followed.

During this review, it was determined that Goddard has adequately addressed the intent of the 2009 PMR weakness finding pertaining to not documenting monthly reconciliation p-card transaction findings and corrective actions. Therefore, the 2009 weakness is determined to be resolved. The CAPC must ensure that the spreadsheet documenting transaction findings and any necessary corrective action is made available to the PMR team and other reviewers (e.g., internal and external auditors) upon request.

Headquarters

The Headquarters CAPC has been appointed in writing by the PO to manage the purchase card program. Headquarters has 76 cardholders, 43 approving officials, and two convenience check writers. The Headquarters CAPC provides classroom training on an “as requested” basis to supplement the required SATERN training courses. Audit of Headquarters purchase card transactions are conducted by way of desk audits, system spot checks via PCard Solutions; and through reviews conducted during reconciliation. Audits are also conducted via the Intellink Visa system and through Payment Banks System by running required and routine reports.

Wallops Flight Facility

Goddard’s Wallops Flight Facility has a dedicated CAPC who manages 58 cardholders and 25 approving officials. The Wallops CAPC has been appointed in writing by the PO to manage the purchase card program. Convenience checks are not utilized at Wallops. The Wallops CAPC sends email reminders one month prior to a training due date to ensure that cardholders and approving officials complete refresher training in a timely manner. Audits are performed during the monthly reconciliation process. Audits are documented on an audit form, and the results are forwarded via email to the cardholders and approving officials. Copies of the results are maintained in the individual cardholder files.

STRENGTH

The Goddard Procurement Division CAPC group is commended for an outstanding job managing the purchase card program. The CAPCs provide invaluable assistance to the overall agency-wide purchase card program.

3. Environmental Issues

The contract files were reviewed for compliance with FAR Part 23.4 and PIC 01-27. The files reviewed generally contained the proper provisions and clauses. In accordance with PIC 01-27, NASA Form 1707 titled “Certification and Special Approvals for IFM Purchase Requisitions” should be completed and included in the Procurement Requisition (PR) to indicate whether the items being purchased are on the EPA’s Comprehensive Procurement Guideline Lists. All contract files reviewed contained a completed NASA Form 1707.

4. Contract Management Module (CMM) Implementation

CMM/PRISM was reviewed to determine whether contract awards were included in the system and for usage of system templates to generate and format contractual documents and track work in process. The level of usage, training, and support were also examined. Most of the contract actions reviewed contained corresponding CMM/PRISM records. Documents were generally found to have been generated in CMM/PRISM. PR Milestone Templates and Clause Templates were generated for the actions reviewed within CMM/PRISM. However, the PR Milestone Templates were missing actual Procurement Administrative Lead Time (PALT) and were not linked to the correct template version. Additionally, several actions for new awards utilized the PR Incremental Funding Milestone Template instead of the New Award PR Milestone Template.

Several solicitations were reviewed to determine if CMM/PRISM was used to generate the documents as well as whether the documents created in CMM/PRISM reflect the version posted to NASA Acquisition Internet Service Electronic Posting System (NAIS EPS). It was found that several solicitations were not generated in CMM/PRISM in accordance with NFS 1804.171 or, if the solicitations were generated in CMM/PRISM, they did not match the documents posted to NAIS EPS.

Purchase Orders that used the purchase card as method of payment were reviewed. Since these actions are exempt from using CMM/PRISM, a request for copies of the purchase orders was made to determine whether they contained the required terms, conditions, etc. Goddard advised that, in effect, the requested purchase order documents did not exist. Goddard advised that its process for purchases order actions in excess of the micro purchase threshold that utilizes the purchase card as the method of payment does not include generating a written purchase order with terms and conditions. Goddard treats this type of transaction in the same manner as purchase card transactions at or below the micro purchase threshold. Goddard, however, indicated that the "purchase order" type transactions are made by warranted contracting officers and that Godard maintains backup file documentation to support the actions. In addition to not generating purchase order with terms and conditions, the purchase order transaction numbers were not properly labeled to indicate that the actions were purchase card transactions in excess of the micro purchase threshold.

Several IDIQ type contracts were reviewed. In each case, it was found that the base contract was generated in CMM/PRISM but the orders were not generated in CMM/PRISM.

WEAKNESSES

1. The Goddard Procurement Division should ensure that solicitations are generated in CMM/PRISM in accordance with NFS 1804.171 and that the documents generated in CMM/PRISM match the documents posted to NAIS EPS.
2. The Goddard Procurement Division should ensure that purchase orders utilizing the purchase card as the method of payment are in written format and contain the information specified at FAR 13.302-1.
3. The Goddard Procurement Division should ensure that task and delivery orders are generated in CMM/PRISM in accordance with NFS 1804.171.

RECOMMENDATIONS

The Goddard Procurement Division should ensure that the correct PR Milestone Template is selected for the type of action to be carried out and that the template is linked to the correct template version in order to capture accurate procurement milestone and award information (e.g. capture actual PALT).

ATTACHMENT A
SMALL BUSINESS PROGRAM

I. OVERVIEW

1. Scope of Review

The purpose for the Office of Small Business Programs (OSBP) participation in the Procurement Management Review (PMR) is to conduct a detailed review of a NASA field center small business program to ensure that it has adequate processes, and that these processes are fully implemented to (1) meet the goals established by NASA and the center; and (2) comply with FAR Part 19, NFS Part 1819, NPD 5000.2, and other related guidance. The review also identifies any issues that may prevent a Center Small Business Office from accomplishing its mission. The review consists of contract file reviews, interviews, and metric analysis and covers market research, procurement planning, subcontract reporting, and award fee evaluation plans and determinations. OSBP's review process has changed since the last Goddard PMR. The findings of this review reflect this process change.

2. Organizational Structure and Staffing:

FAR 19.201 (e) requires Small Business Specialists (SBS) to be appointed in accordance with agency regulations. The GSFC Industry Assistance Office (IAO) consists of a part-time (50%) GS-15 SBS, plus four employees who perform small business duties full time, but carry titles as follows: a GS-7 Contract Specialist, two GS-13 Contract Specialists (one of whom is a very recent addition to the office), and one GS-14 Procurement Analyst.

The SBS' appointment certificate hangs on her office wall. The SBS also acts as a warranted Contracting Officer and Division Chief. The SBS reports directly to the Procurement Officer. During the PMR, GSFC's Procurement Office revised its Organization Chart that it publishes on line so that the Small Business Specialist position is listed directly underneath the Procurement Officer. The SBS indicated that even though small business-related duties are supposed to consume 50% of her time, they actually consume about 80% of her time. Accordingly, the SBS believes that her role as Division Chief does not significantly interfere with her ability to manage the Industry Assistance Office. The Division Chief role also plays a part in the SBS carrying a GS-15 grade.

At GSFC, procurement personnel at mostly co-located with their technical customers. Currently, the SBS resides in a different building than the remainder of the Industry Assistance Office, which resides in Building 8 at GSFC. The Small Business Specialists' cramped office space hinders their ability to conduct one-on-one counseling with vendors, in person or over the phone. Vendors are privy to background conversations and frequent interruptions due to the lack of privacy. Building 18 (the building that they are located in) is a high traffic area therefore the parking lot is repeatedly full. Their conference rooms are frequently reserved and unavailable for meetings; therefore, at times the meetings have to be scheduled in other locations. The Office of Safety advised the SBS's that the space is non-OSHA compliant. Additionally, if the office's copier machine breaks, there is no space for a repairman to fix it". This all combines to make it very difficult for vendors to meet with the Industry Assistance Office. The Industry Assistance Office resides in inadequate facilities, especially in comparison with the rest of NASA's centers, and impedes the Office's ability to comply with NFS 1819 (e) (ii) (A) and (B), which require the SBS to maintain a program designed to

locate capable small business sources, and coordinate inquiries and requests for advice from small business concerns. Both in-person visits as well as telephone conversations are quite difficult in the current arrangement.

The relationships between the SBS and the Procurement staff, management, the SBTA, and the SBA PCR all appear to be healthy and certainly improved from the last PMR.

3. Performance Evaluation of Procurement Personnel – Support of Small Business Program

On March 27, 2007, a memorandum from the office of the NASA Assistant Administrator for Procurement recommends that for GS-1102 personnel, a statement be included as an Employee Performance Communication System (EPCS) performance element which reads substantially as follows:

“Fully supports the achievement of NASA small business goals and outreach.”

Ms. Tina Lafountain of GSFC’s Office of Human Capital referred the reviewer to the Procurement Officer. The Procurement Officer and the Small Business Specialist have a specific Small Business performance element in their EPCS. The Procurement Officer stated that these are the two individuals who have the authority and accountability to ensure Small Business goals and objectives are met. Division level managers have this element indirectly linked in their EPCS under their Program/Project performance element. Due to the size of GSFC’s staff and the movement of specialists from one office to another, GSFC uses one set of Position Descriptions for each grade and identical EPCS standards at all levels. The Procurement Officer believes that it is not practical to include this as a specific element as most of the journeyman 1102’s job assignments do not provide the opportunity to impact the small business goals in a meaningful way.

Ms. Lafountain referred the reviewer to the SBS Supervisor (Procurement Officer) with respect to confirming that the Associate Administrator (AA)/OSBP’s comments were attached to the SBS’s annual performance review, as per NPD 1000.3 Section 4.11.2.6.2.1 (c). As of this writing, the performance review for the period ending April 30, 2011 has not yet occurred.

4. Small Business Specialist(s) Responsibilities:

The SBS Position Description was requested prior to and following the PMR, but it was never provided.

Position Descriptions were received for the other individuals in the Industry Assistance Office.

The PD for the GS-14 Procurement Analyst is geared entirely towards small business activities, including management of the small business program, the contract compliance review with respect to small business matters, small business policy, subcontracting issues, and mentor-protégé’ arrangements.

The PD for the two GS-13’s is entitled, Contract Specialist, and while it briefly mentions subcontracting and set-aside policies as duties, this PD covers the entire gamut of traditional

Contract Specialist duties and does not focus on Small Business or Industry Assistance duties. It is, therefore, not consistent with or appropriate for the GS-13's actual duties in the Industry Assistance Office. The same is true for the GS-07 Position Description; however, that individual is on detail in the office and may eventually return to a traditional Contract Specialist position.

II. METRICS

1. Center Prime Contractor Small Business Goals and Actuals:

NPD 1003.D, subparagraph 4.11.2.6.2.1 (i), requires the AA for OSBP to negotiate socioeconomic goals with NASA centers and the SBA. In addition to Goddard's own procurements, Goddard also has a separate buying division for NASA Headquarters (HQ). Since GSFC and HQ have separate funding office codes, Federal Procurement Data System – Next Generation (FPDS-NG) tracks the metrics for each office separately. However, acquisitions for both Goddard and HQ are coordinated through GSFC's Industry Assistance Office. Accordingly, OSBP's practice has been to assign one set of goals for the combined procurement dollars of GSFC and HQ. While OSBP maintains separate charts for GSFC, HQ, and blended GSFC/HQ metrics on a monthly basis, the table at the end of this section only lists GSFC/HQ's goals and blended actuals for year-end FY 2009, FY 2010, and FY 2011 thus far (through May 31, 2011). FY 2011 data is still subject to verification and validation.

Until 2011, GSFC's metrics and goals had been declining somewhat for a few years. Part of this is attributable to business size re-representation of certain contracts (FAR 19.301-2), including a facilities contract at Wallops Island and contracts for Protective Services. Re-compete of such contracts, which are expected to be small business set-asides, should help reverse this trend beginning in FY 2012. It is noted that GSFC met its goals in four of five categories in FY 2010 and narrowly missed its WOSB goal.

Thus far in 2011, GSFC is showing a marked increase in its Small Business (SB) percentage, from about 21% in 2010 to over 28% through May 31, 2011. Much of the increase is attributable to data correction in FPDS-NG. GSFC has recently taken over the management of the JPSS system, and its contracts from National Oceanographic and Atmospheric Administration (NOAA). While GSFC manages the accompanying contracts, all with large businesses, the funding for the contracts comes from NOAA. An agency's small business metrics are determined by the funding agency, not by the contracting agency. GSFC had been entering itself as the funding office, and NASA as the funding agency in FPDS-NG. Once GSFC was alerted to this and made changes to the data entries so that NOAA was the funding agency, GSFC's FY 2011 SB percentage jumped by over five percentage points, and NASA's SB % jumped by three-quarters of a point. Through mid-June 2011, the affected dollar amount exceeds \$380 million for the year in removal of large business dollars from NASA's books. This projects to about \$535 million for the year. Data corrections do not appear to have been made for prior years, so the impact for those years is unknown.

In FY 2010, while reviewing Recovery Act Actions, OSBP discovered that a large contract issued by GSFC had required a re-representation modification for a couple of years, but no such modification was ever issued. This resulted in incorrect coding of the small business size and an overstatement of GSFC's (and NASA's) SB dollars by \$50 million for the year (with a similar effect in prior years). In turn, this impacts the SB goal that SBA assigns to NASA for the two-year period.

NASA FAR Supplement 1819.201 (e) (ii) (J) states “Ensure that participation of small business concerns is accurately reported” as a duty of the Small Business Specialist (as the Procurement Officer determines appropriate). The point of the preceding two paragraphs is that there have been major errors in GSFC’s small business metrics each of the last two years (at least), and that OSBP, rather than GSFC, discovered the errors. As GSFC is one of NASA’s larger procurement centers dollar-wise, potential impacts of such errors include the following:

- NASA incorrectly *missing* its SB goals, and earning an incorrect grade from SBA as a result
- NASA incorrectly *making* its SB goals, and earning an incorrect grade from SBA as a result
- GSFC incorrectly *missing* its SB goals, and not receiving an award for making its goals as a result (note that GSFC barely missed one category in 2010)
- GSFC incorrectly *making* its SB goals
- Corrupted scoring of the Small Business Program Report (Administrator’s Cup)
- Goals assigned to NASA and GSFC based on faulty data

It is important to note that while FPDS-NG data can be corrected at any time, SBA “freezes” the data, usually in April of the following year. Any changes after the data is frozen has no effect on agency scoring. From the examples cited above, as well as other cases of NASA contracting for other federal agencies, it seems that few other aspects of an agency’s small business program impact its metrics as much as data accuracy.

In order to improve its data reliability, the GSFC IAO must begin to “own,” or become experts in, its data in FPDS-NG. This entails the following:

- Skill in extracting both Standard and Ad-Hoc reports and data from FPDS-NG
- Knowledge of how the FPDS-NG Small Business Goaling Report is constructed
- Consistent monitoring of contracts becoming due for representation
- Consistent monitoring of contracts awarded on behalf of other federal agencies
- Consistent monitoring of the funding agency and the funding office fields

To this end, the FPDS-NG contractor offers free Reports Training. Information is available at the website https://www.fpds.gov/fpdsng_cms/index.php/training. The Procurement Officer should also ensure that Goddard Procurement’s data branch provide training and assistance as necessary. As a corollary, the reviewer recommends that OSBP begin to emphasize the importance of fluency in FPDS-NG for Small Business Specialists for all NASA centers.

GSFC Prime Statistics

Year	FY-09	FY-10	FY-11 (through May 31, 2011)
Total Eligible Dollars in Millions	\$3,021.6	\$3,101.5	\$1,538.2
	Actuals	Actuals	Actuals
Small Business %	24.87%	21.06%	28.25%
Goal	23.00%	21.00%	21.00%
Dollars	\$751.5	\$653.1	\$434.6
SDB %	16.95%	15.25%	14.46%
Goal	14.00%	13.00%	13.00%
Dollars	\$512.1	\$473.1	\$222.4
HUBZone %	0.11%	0.46%	0.88%
Goal	0.14%	0.14%	0.14%
Dollars	\$3.4	\$14.2	\$13.5
WOSB %	3.09%	2.89%	3.56%
Goal	4.00%	3.00%	3.00%
Dollars	\$94.4	\$89.5	\$54.8
SDVOSB %	2.17%	2.91%	3.00%
Goal	2.50%	2.00%	2.00%
Dollars	\$65.7	\$90.2	\$46.2

Data for FY 2011 were obtained from FPDS-NG on 6/1/11. Data for FY 2009 and 2010 are obtained from GSFC's mid-year Small Business Program Report of 6/15/11.

2. Individual Subcontracting Report (ISR):

ISR's are required to be submitted in the electronic Subcontracting Reporting System (eSRS) by April 30 (mid-year) and October 30 (year-end) of each year. FAR 19.705-6 (h) and 52.219-9 (l) (iii) (a) indicate that acknowledging receipt or rejecting the report is the responsibility of the Contracting Officer. This review covers ISR reporting periods from mid-year 2009 through mid-year 2011 (five reporting periods in all).

As part of the review, OSBP requested a list of the contracts with subcontracting plans that GSFC currently manages. The list that GSFC provided contains 86 such contracts, not counting ten contracts with foreign firms or governments, for which subcontracting plans are not required. Since the number of ISRs submitted to GSFC each period well exceeds 86, the list of prime contracts is

not complete. Thus it is unknown exactly how many such contracts exist, and OSBP is not able to determine if all such primes are submitting ISR's as required by 19.705-6 (h). Without knowing how many plans it manages, it also will be difficult to verify compliance with FAR 42.1502 (g), which now requires performance evaluation of performance against subcontracting goals.

As shown in the ISR Metric table below, GSFC has always been strong about going into eSRS and accepting ISR's, especially considering the number of subcontracting plans the center manages – more than twice that of any other center. One curious item of note is that the number of ISR's submitted declined from 119 at the end of 2009 to 102 a year later, a 14% decline. GSFC has not explained the decrease.

Of the 91 accepted ISR's in mid-2011, OSBP reviewed 20 of them (all awarded in or after FY 2004) and found that 11 of the 20 ISR's were improperly completed because the prime contractor did not complete the Goals as a Percent of Total Contract Value column – the column had all 0's in these cases. Contracting Officers should reject ISR's if they are not properly completed, including contractor-provided comments when goals are not being met.

It is noted that OSBP provided an eSRS training session in May 2011 during a GSFC Procurement Forum and about 70 people from Goddard's procurement staff attended.

ISR Processing Metrics

Period	Approx. # of Subcontracting Plans	ISR's Submitted	ISR's Accepted	ISR's Rejected or Reopened*	ISR's Pending Gov't Action**
Mid 2009	unknown	109	109	0	0
End 2009	unknown	119	119	0	0
Mid 2010	unknown	111	109	2	0
End 2010	unknown	102	100	2	0
Mid 2011	unknown	107	91	7	9

Data pulled from eSRS on June 10 and June 17, 2011.

*These ISR's were properly rejected, but the contractors have not corrected and re-submitted them.

**Includes Reports that have been revised by the Contractor.

3. Set-Asides

Set-asides are a tool to promote small businesses, and when used in the correct way, can build the industrial base. GSFC had its own form ("Record of Procurement Request Review") for set-aside recommendations, but began using the agency-wide form NF-1787 in 2010. The data below is based on the set-aside forms which GSFC provided for the PMR, thus facilitating the review. Set-aside forms are not required for SBIR and STTR awards (except Phase III awards). Also, forms used for BAA or NRA awards were not counted.

The data below reflect a mixture of the procedures used for GSFC's old form and the new NF 1787. Data was gathered going back to the time of the previous PMR (April 2009).

Full and Open Competitive	24
Sole Source – Other than Small	42
GSA Orders – Competitive, not restricted to Small Businesses	40
Sole Source Small Business	26
Competitive Small Business Set-Asides	51
8(a) Sole Source	43
8(a) Competitive	9
HUBZone Set Aside	1
HUBZone Sole Source	0
SDVOSB Set-Aside	1
SDVOSB Sole Source	0
WOSB Set-Aside	New
EDWOSB Set-Aside	New
Total Forms	237

Of the total 237 acquisitions reviewed, 105 (or over 44%) were set-aside in one of the various categories. The 105 set-asides represent over 80% of the competitive open-market acquisitions (excluding sole source and GSA buys). While comparable data is not yet available from all centers, the percentage of set-asides at GSFC compares favorably to the centers for which such data has been collected. HUBZone and SDVOSB set-asides are low, however. FAR 19.203 establishes priority for these categories (as well 8[a] and WOSB) over regular SB set-asides. GSFC might consider pursuing these more aggressively, especially considering the current scrutiny NASA is receiving in these two categories from the Executive Office of the President. There were no known instances of non-concurrences by the SBS on any of the forms.

III. PROGRAM MANAGEMENT

The Small Business Office appears to be included in pre-award functions, including market research, set-aside recommendations, and subcontracting goals, but has not been included in post-award Award Fee functions. During the survey period, IAO members were regularly appointed as advisory (non-voting) members of Source Evaluation Boards, and participated in the evaluation of small business factors on such procurements.

1. Acquisition Planning/Pre-Award Functions:

a. Center Acquisition Forecast

NFS 1807.72 states that it is NASA policy to prepare an annual Acquisition Forecast and semi-annual update, as required by the Business Opportunity Development Reform Act of 1988. In addition, the Forecast should include contract opportunities that small business concerns, including those owned and controlled by socially and economically disadvantaged individuals, may be capable of performing. The SBS prepares the Acquisition Forecast. Updates are due each April 15 and October 1. The forecast appears to be updated. Further discussion of the Forecast (and Considerations for Office of Procurement, NASA HQ) appears elsewhere in this PMR.

b. Set Aside Recommendation Reviews / Coordination

Prior to establishment of the agency-wide form NF-1787 in 2010, GSFC used local Form "Record of Procurement Request Review" to document set-aside recommendations.

FAR 19.402 (b) states that upon their request and subject to applicable acquisition and security regulations, contracting officers shall give the SBA procurement center representatives access to all reasonably obtainable contract information that is directly pertinent to their official duties. For GSFC, the PCR requires coordination on set-aside recommendations for procurements over \$100,000. Additionally, NFS 1819.202 states that NF-1787 forms shall be reviewed by the SBS and the PCR.

OSBP reviewed sixteen files. Of those, one lacked an NF-1787. Of the remaining 15, four lacked SBS signature, and most lacked the SBA PCR signature. The PCR indicated he is receiving NF-1787's for coordination, and any NF-1787's that are not coordinated or timely are rare. Thus, this may be more of a file documentation issue rather than one of NF-1787 coordination.

c. Uniform Methodology for Determining Small Disadvantaged Business Goals:

NASA Policy Directive (NPD) 5000.2C is used to establish a uniform method for determining the small business goals incorporated into solicitations for full and open competition valued at \$50 M or more. Use of the Methodology is recommended, but not required, for procurements not exceeding \$50 M. The NPD requires OSBP coordination on acquisitions exceeding \$50 M. The methodology entails review of the solicitation's statement of work to identify areas with subcontracting opportunities; review of the subcontracting history of the contract if the solicitation is for a follow-on requirement and/or review of the subcontracting history of similar contracts; market research to assess the availability of small businesses with the capability to perform the effort in the statement of work requirements; and a determination of the percentage of the effort that can be subcontracted to small businesses. The goals established are incorporated into the solicitation and the awarded contract and are tracked both on a six month and cumulative basis.

OSBP reviewed four contracts exceeding \$50 million which were awarded in FY 2010 or 2011. Three of the four files lack documentation of coordination by OSBP on the Uniform Methodology document. One of these three also lacks evidence of SBS coordination. OSBP may have provided incorrect guidance on this matter previously. Regardless, GSFC should ensure it coordinates on all Uniform Methodologies exceeding \$50 million, regardless of whether the procurement is delegated to the center. Two of the four contract files also indicated that the SBS did not attend the Procurement Strategy Meeting, according to attendance lists in the files.

d. Small Business Utilization Evaluation:

NFS 1815.304 requires that Small Business Utilization (SBU) be evaluated as a subfactor under Mission Suitability (or as a separate factor) for unrestricted negotiated acquisitions. During most of the review period, PIC 09-07 was in effect, which provided further guidance on SBU. (PIC 11-01 replaced 09-07 in April 2011.) OSBP reviewed five different RFP's issued during the review period. Four of the five complied with the NFS requirement. One did not comply because it did not contain SBU as an evaluation factor.

e. Subcontracting Plan Evaluation:

FAR 52.219-9 and Section 8(d) of the Small Business Act (15 U.S.C. 637 [d]) require subcontracting plans from other than small businesses over a certain dollar threshold (currently \$650,000). FAR also requires that these subcontracting goals be expressed in terms of percentage of total dollars subcontracted. Simultaneously, NPD 5000.2 and NFS 1819.201 (a) (ii) require that goals be expressed as a percentage of total contract value. Subcontracting plans are required to be sent to the SBS and PCR for advice and recommendations, per FAR 19.705-4 (d) (7). The plans are reviewed in accordance with FAR 19.704 and 52.219-9.

According to FPDS-NG, GSFC has awarded 73 contracts since the last PMR which meet the requirements for a subcontracting plan (by far the most in the agency). OSBP requested 16 such contracts that require subcontracting plans for review, but only 12 were made available. SEWP contracts were not reviewed because they contain commercial (rather than individual) subcontracting plans, and thus do not contain contract-specific goals. Of the 12 files reviewed, five contained plans with goals. Findings of this review are described below.

GSFC uses a very good template for concurrence by the IAO. All but two files with subcontracting plans contained documentation of concurrence by the IAO.

The SBA PCR indicated that subcontracting plans are referred to him for concurrence, as required by FAR 19.705-4 (d) (7). However, none of the files contained documentation of the PCR's concurrence.

Per FAR 52.219-9 (c), subcontracting plans are included in and made a part of the contract, and as such, should be included under Tab 83 in the file. There were two instances in which the actual contract document did not include the subcontracting plan, although a plan was found under other tabs.

Of the five plans with goals, three did not list goals in terms of both percentage of total contract value as well as total subcontracting dollars.

Two files contained Determinations that no subcontracting possibilities exist. These were properly signed at a level above the Contracting Officer. One of these contained a clerical error which the Contracting Officer indicated would be corrected.

Three of the contracts reviewed were IDIQ's. For all three, GSFC did not establish a plan with goals at the IDIQ level, intending instead to establish goals at the task order level. For one of the

three, OSBP concurred with the approach during the PSM (in 2009). However, FAR does not permit this approach, as only one plan is permitted per contract. eSRS will not permit subcontract reporting at the task order level. Both GSFC and OSBP should ensure that IDIQ contracts have plans with goals established at the contract level.

Two contracts which require plans contained neither a plan nor a Determination that no subcontracting possibilities exist. This is in violation of the Small Business Act and should receive immediate attention.

f. Website

OSBP reviewed the IAO website at <http://code210.gsfc.nasa.gov/industryassist.htm> and found that pertinent small business information was either excluded or outdated. Most notably, the appointed SBS contact information was not listed, and the "How to do Business with NASA" attachment is out-of-date. The website also contained some dead links, including the Technology Commercialization Office (TCO) and the "Preparation and Submittal of Unsolicited Proposals" websites. OSBP also notes that the terms "Small Business Office" and "Industry Assistance Team" are used interchangeably. OSBP notified GSFC of the website issues during the PMR, but the issues remained unaddressed as of the end of the PMR.

2. Contract Award / Contract Administration

a. Award Fee Contracts:

Performance Evaluation Plans for Award Fee contracts are required to evaluate performance against the subcontracting plan, and the evaluation weight should be significant (up to 15%), as delineated in NFS 1816.405-274 (g).

Since the last PMR, GSFC has awarded five Award Fee contracts, according to FPDS-NG. One of these is a GSA Delivery Order, so it was not reviewed since it does not carry its own subcontracting plan. Another of the five couldn't be located. The remaining three were reviewed, plus one contract that had its Award Fee evaluation plan revised on April 30, 2009. All four of the contracts' plans contained a subfactor for subcontracting performance under the Business Management factor. The Business Management factor weighting ranged from 10% to 15%, and contained anywhere from eight to ten subfactors, depending on the contract. None of the subfactors, including the subcontracting factor, were separately weighted. If one were to assume an equal distribution among the subfactors, the subcontracting weighting would range from 0.8% to 1.7%, which is certainly less than significant. The SBS stated that she was aware of this issue and is working to correct it.

A total of six evaluations were reviewed covering a total of four contracts, as discussed above. Only one contained any evidence of participation by the SBS, an activity delineated in NFS 1819.201 (e) (ii) (H). The reviewer did not find any evaluation of subcontracting achievements in two of the five evaluations. A third evaluation states in its entirety that “GSFC Small Business Office indicates LM is not providing opportunities to HBCU and Minority Business.” However, the rating for this subfactor is “very good,” which is inconsistent with the verbal comments provided. One can’t discern impact on scoring or dollars awarded since there’s no separate weighting of the subfactor. Two evaluations do not consider the contractor’s goals as a percent of total contract value; only as a percent of total subcontracting dollars. A sixth evaluation was issued shortly before any subcontracting data were available.

GSFC might consider adding ISR reporting accuracy as part of a subcontracting evaluation factor. This was highlighted as a best practice on a recent PMR at another center. GSFC also might consider adding subcontracting metrics to the plan. Metrics for subcontracting would typically define, in a quantitative fashion (e.g., by how much a contractor exceeded or missed its goals), what would render a particular verbal rating.

b. Subcontract Reporting:

See discussion of “Individual Subcontracting Report (ISR)” in the “Metrics” section above.

c. Annual Performance Evaluations (NF-1680’s/PPIRS Report Cards)

FAR 19.706 states that the administrative contracting officer is responsible for assisting in evaluating subcontracting plans, and for monitoring, evaluating, and documenting contractor performance under the clause prescribed in [19.708\(b\)](#) and any subcontracting plan included in the contract. Additionally, FAR 42.1502 (g) states that past performance evaluations shall include an assessment of contractor performance against, and efforts to achieve, subcontracting plan goals.

OSBP looked at 11 different contracts with subcontracting plans in the Past Performance Information Retrieval System (PPIRS), which is the federal database for storing report cards. At NASA, the NF-1680 and Past Performance Data Base (PPDB) were used to feed into PPIRS. The PPDB was shutdown May 31, 2011; thus, the NF-1680 became obsolete. Only four of the 11 contracts showed report cards, which is an issue discussed elsewhere in this PMR. None of the four discussed or evaluated subcontracting achievements. OSBP is encouraging centers to evaluate performance against subcontracting plans in Block 5 (“Other”) on a regular basis, especially now that NASA has just started using Contractor Performance Assessment Reporting System (CPARS), the government-wide system for entering performance information. Unlike the NF-1680, CPARS contains a separate section specifically for evaluating subcontracting performance.

3. Coordination

a. Small Business Administration (SBA) Procurement Center Representative (PCR):

The SBA PCR assigned to GSFC is Bernard Durham; his office is on-site in Building 22. The PCR has been in this position for over six years and oversees the small business programs of a number

of civilian and one military organization located throughout the DC metro area. These organizations include the U.S Department of Homeland Security, the U.S Department of Housing and Urban Development, U.S General Services Administration Regional Office, and the U.S Department of the Army, Adelphi, Maryland. Mr. Durham is available on site at GSFC two to three days a week.

FAR 19.402 (b) states that upon their request and subject to applicable acquisition and security regulations, contracting officers shall give the SBA procurement center representatives access to all reasonably obtainable contract information that is directly pertinent to their official duties. For GSFC, the PCR requires coordination on set-aside recommendations for procurements over \$100,000. GSFC also sends over procurements under \$100,000, but only if any special concerns are noted. The PCR believes GSFC has been diligent in meeting this requirement. (Some coordination forms are missing PCR signatures, as noted elsewhere in this report.)

FAR 19.705-4 (d) (7) requires that the CO should obtain advice and recommendations from the SBA PCR and Agency SBS. While the PCR indicated he was receiving subcontracting plans from GSFC, contract files generally did not document this (as noted elsewhere).

The PCR has not processed any SBA Form 70's (non-concurrences with set-aside decisions) during the review period, but does have informal discussions with the IAO from time to time, whenever the PCR sees a procurement that raises concern. .

b. Center Small Business Technical Advisor (SBTA):

FAR 19.201 (d) (8) and NPD 1000.3 Paragraph 4.11.2.6.1 (l) require appointment of an SBTA to each contracting activity within the agency to which a PCR has been assigned. Subparagraph (ii) indicates that the principal duty of the SBTA is to assist the SBA's assigned representative in performing functions and duties relating to sections 8, 15 and 31 of the Small Business Act.

The acting SBTA at GSFC is Dr. John Day, who has been performing SBTA duties approximately two months. This is Dr. Day's second tour of duty in this role, having served five years previously, so he is well versed in his responsibilities. However, GSFC has not sent a written recommendation to OSBP, so no appointment letter with list of duties has yet to be issued. Dr. Day's activities, such as recommending breakout procurement for small businesses a few years ago, represent the epitome of an SBTA's intended role. His ability to comprehend the technical details of the requirements improves communication with the program offices. Dr. Day also serves as the Chief Engineer, NASA Engineering and Safety Center, which is part of the Applied Engineering and Technology Directorate. This Directorate comprises about one-half of GSFC, giving the SBTA a broad purview. Dr. Day plays a critical role in implementing the Uniform Methodology for Determining Small Business Goals (NPD 5000.2C) process by identifying subcontracting opportunities in technical areas. He also participates in Procurement Strategy Meeting (PSM) reviews. The SBTA's other small business-related activities include participating outreach events, including the GSFC 2011 Small Business Conference and the FY12 Small Business Improvement Plan Meeting.

IV. SUMMARY OF FINDINGS

STRENGTHS:

1. The relationships between the SBS and the Procurement staff, Procurement Management, the SBTA, and the SBA PCR all appear to be amicable and productive, and have improved from the last PMR.
2. FAR 19.5 sets forth a policy of set-aside procurements. GSFC is to be commended for its high percentage of set-asides for open-market procurements.
3. FAR 19.201 (d) (8) requires the appointment of an SBTA. The current SBTA at GSFC is very strong in carrying out traditional SBTA duties and is a strong advocate for small business.
4. Subcontracting plans are required to be sent to the SBS and PCR for advice and recommendations, per FAR 19.705-4 (d) (7). GSFC's template for Subcontracting Plan concurrence by the Industry Assistance Office and the SBA PCR is one of the better instruments OSBP has seen for accomplishing this task.
5. FAR 19.705-6 (h) and 52.219-9 (l) (iii) (a) indicate that acknowledging receipt or rejecting the report is the responsibility of the Contracting Officer. GSFC has always been strong in accepting ISR's in eSRS in a timely fashion, despite its heavy subcontracting workload.

CONSIDERATIONS:

1. GSFC might consider adding subcontracting reporting accuracy as part of a subcontracting evaluation factor for award fee contracts. This was identified as a best practice on a recent PMR at another center. GSFC might also consider adding subcontracting metrics to the evaluation plan. Such metrics would define, in a quantitative fashion (e.g., by how much a contractor exceeded or missed its goals), what would render a particular verbal rating.
2. FAR 19.706 states that the administrative contracting officer is responsible for assisting in evaluating subcontracting plans, and for monitoring, evaluating, and documenting contractor performance under the clause prescribed in [19.708](#)(b) and any subcontracting plan included in the contract. FAR 42.1502 (g) states that past performance evaluations shall include an assessment of contractor performance against, and efforts to achieve, subcontracting plan goals. Unlike the old NF-1680, the CPARS system includes a separate section for evaluating subcontracting achievements against goals. OSBP encourages GSFC to consistently complete this section in CPARS for all contracts that have subcontracting plans.
3. GSFC should consider more aggressively pursuing HUBZone and SDVOSB set-asides, as FAR 19.203 requires consideration of these programs (and others) before a small business set-aside. Such activity might entail challenging Contracting Officer set-aside recommendations on the NF-1787, when appropriate.

RECOMMENDATIONS:

1. NASA FAR Supplement 1819.201 (e) (ii) (J) states "Ensure that participation of small business concerns is accurately reported" as a duty of the Small Business Specialist. GSFC must begin to "own its numbers" by becoming fluent in the use of FPDS-NG, staying on top of its small business data accuracy, and monitoring its contracts for upcoming re-representations, funding by other federal agencies, and any other occurrences which would impact small business metrics. The

Procurement Officer should also ensure that Goddard Procurement's data branch provide training and assistance as necessary.

2. OSBP should begin emphasizing skill in reviewing and extracting data in FPDS-NG for the SBS at all centers, in order to improve compliance with NFS 1819.201 (e) (ii) (J).
3. The Small Business Act, FAR 19.201 (d) (8), and NPD 1000.3 Paragraph 4.11.2.6.1 (I) require that OSBP appoint a Small Business Technical Advisor. The current SBTA has been acting in the role for over two months. GSFC needs to forward its formal recommendation for the SBTA so that OSBP can issue the appointment letter and list of duties.
4. Regarding Individual Subcontracting Reports, FAR 19.705-6 (h) and 52.219-9 (I) (iii) (a) indicate that acknowledging receipt or rejecting the report is the responsibility of the Contracting Officer. FAR 19.705-6 (h) requires that inadequately completed reports be rejected. GSFC should reject and require correction of ISR's that are improperly completed, including those that do not include goals as a percentage of total contract value, and those that do not include comments when subcontracting goals are not being met.
5. FAR 19.705-2 (e) permits only one subcontracting plan per contract. GSFC must establish Subcontracting Plans at the contract level, not the task order level, for IDIQ's.
6. OSBP should ensure that all centers are aware that Subcontracting Plans must be established at the contract level, not at the task order level, for IDIQ's in order to comply with FAR 19.705-2 (e).
7. FAR 19.705-4 (d) (7) requires PCR review of subcontracting plans. GSFC should ensure that files document that this review has occurred.
8. Per FAR 52.219-9 (c), subcontracting plans are included in and made a part of the contract. As such, GSFC should ensure that plans are included with the contract document under Tab 83.
9. FAR 52.219-9 (d) (1) requires that these subcontracting goals be expressed in terms of percentage of total dollars subcontracted. Simultaneously, NPD 5000.2 and NFS 1819.201 (a) (ii) require that goals be expressed as a percentage of total contract value. GSFC must ensure that all subcontracting plans express goals using both methods.
10. NFS 1819.201 (e) (ii) (C) lists participation in Procurement Strategy Meetings (PSM's) as an SBS duty. GSFC should ensure that a member of the IAO attends PSM's and that files document this attendance.
11. GSFC should keep track of how many subcontracting plans it manages at all times, in order to verify that all primes are submitting ISR's as required by FAR 19.705-6 (h), and to effectively evaluate primes' performance against subcontracting goals, per FAR 42.1502 (g).
12. GSFC should ensure that files document proper coordination of NF-1787's, per NFS 1819.202.
13. The Industry Assistance Office should regularly review its website and ensure that the data contained therein is current, as part of its overall program in carrying out NFS 1819.201 (e) (ii) (a).

WEAKNESSES:

1. FAR 19.702 (a) and Section 8(d) of the Small Business Act (15 U.S.C. 637 [d]) require subcontracting plans for contracts with other than small businesses exceeding \$650,000 in value. Of the 12 such contracts reviewed, two did not contain any subcontracting plan or determination that no possibilities exist, which is in violation of statute. GSFC must ensure that no contracts be awarded without subcontracting plans when such plans are required.
2. NFS 1816.405-274 (g) requires that for Award Fee contracts, performance against the subcontracting plan shall be evaluated, and the evaluation weight should be significant, up to 15%. None of the five Award Fee Evaluation Plans reviewed comply with this requirement. GSFC should modify its existing Award Fee Evaluation Plans so that they conform to this requirement.
3. NFS 1819.201 (e) (ii) (H) lists participation in the evaluation of the contractor's subcontracting program as a SBS duty. There has been little to no SBS participation in Award Fee Determinations. GSFC should assign the SBS or another member of the Industry Assistance Office as a technical monitor for all of its award fee contracts, for the purpose of evaluating subcontracting performance.
4. GSFC did not provide a Position Description (PD) for the Small Business Specialist as requested by OSBP for the review. Additionally, the PD in place for the GS-13's is a generic Contract Specialist PD that pertains very little to small business duties as listed in NFS 1819.201 (a) (ii). GSFC should establish PD's that are specific to small business duties for these positions.

V. FOLLOW-UP OF FINDINGS FROM PREVIOUS PMR (2008):

There were three Considerations from the 2009 PMR, as follows:

1. Update of SOP: Addressed.
2. Procurement Request Reviews: Form has been replaced by NF-1787.
3. Award Fee Evaluation Plans: GSFC addressed the Consideration.

Accordingly, there were no repeat findings.

ATTACHMENT B
LIST OF REVIEW FINDINGS

STRENGTHS

Procurement Career Development and Training

- ✦ The Goddard Procurement Division and the procurement training coordinator are commended for the actions taken to promote the career development and training of its procurement workforce.

Contracting Officer's Technical Representative (COTR) Training and Delegations

- ✦ The Goddard Procurement Division is commended for its extensive efforts to manage and track the training and certification activities of the large COTR community. The development of a training module for task order monitors is a proactive measure to ensure that non-COTRs involved in managing aspects of a contract receive the proper information regarding roles and responsibilities.

Internal Policies and Procedures

- ✦ The Goddard Procurement Division is commended for the organized, current, accurate, and relevant information it provides on its website and for its knowledge management activities that provide for the sharing of information, knowledge, and skills within the Procurement Division and with other Center organizations.

Acquisition Planning and Requirements Definition

- ✦ The Goddard Procurement Division is commended for the Procurement Strategy Meeting process and documentation for large dollar (\$10M - \$49M) contract actions. The PSM charts clearly captured all issues identified during the process, included the resolution of issues raised during the PSM briefing, and addressed all FAR Part 7 acquisition plan requirements.

Source Selection Process

- ✦ The Goddard Procurement Division is commended for its thorough source selection process and documentation of large dollar, high-visibility procurements (**Repeat Finding**).

Government Furnished Property

- ✦ The Goddard Procurement Division is commended for a well coordinated, detailed, and consistently implemented IPO review process. (**Repeat Finding**)

Pre-Negotiation and Post Negotiation Documentation

- ✦ The Goddard Procurement Division is commended for its use of the PPM and PNM templates to ensure that all applicable FAR, NFS, and PIC requirements are adequately addressed and thorough analysis and supporting rationale is contained in the memorandums for high visibility, high dollar acquisitions.

Contract Closeout Process and Unliquidated Obligations

- ✦ The Goddard Procurement Division is commended for its contract close-out initiative. The initiative has resulted in tremendous progress towards eliminating the backlog of contracts requiring closeout.

Cost/Price Analysis, Structured Fee Approach used in Profit/Fee Determination

- ✚ The Goddard Procurement Division is commended for its thorough cost/price analysis of high dollar value, high-visibility procurements. **(Repeat Finding)**

Purchase Card Program

- ✚ The Goddard Procurement Division CAPC group is commended for an outstanding job managing the purchase card program. The CAPCs provide invaluable assistance to the overall agency-wide purchase card program.

AGENCY BEST PRACTICES

Procurement Staff Interviews

- ✚ The Goddard Procurement Division is commended for establishing and maintaining several groups within the organization for knowledge and information sharing, specifically, the “Learning Group”, the “Senior CO Working Group”, and the “Contract Specialist Group.” These groups bring together the dispersed procurement community to discuss common issues and share relevant experiences and information among peers. This is identified as an agency best practice for larger centers. **(Repeat Agency Best Practice)**

Contract Closeout Process and Unliquidated Obligations

- ✚ The Goddard ULO Analysis System application utilized by the Financial Systems Office is an excellent tool for tracking, analyzing, and prioritizing the closeout, de-obligation, and disbursement of ULO funds and for addressing related CMP activities. Utilization of the system is considered an agency best practice that should be utilized by other Centers. **(Agency Best Practice)**

CONSIDERATIONS

Master Buy Plan/Baseline Performance Review and Acquisition Forecast

- ✦ The Goddard Procurement Division should consider changing the word “FULL” to “TOTAL” in the small business block of the Acquisition Forecast legend and accordingly use “TOTAL” to describe the set-aside as a “Total Small Business Set-aside” under the small business column of the spreadsheet. This should eliminate anyone in the contractor community from misinterpreting the word “FULL” to mean full and open competition as indicated by the Goddard analyst.

Acquisition Planning and Requirements Definition

- ✦ The Goddard Procurement Division should consider providing rationale for awarding phase-in periods as separate contract actions or otherwise include the phase in period in the basic contract award.
- ✦ For the 8 (a) contract action identified in the narrative section above, The Goddard Procurement Division should consider providing at least a minimal level of training to the individuals involved on the process for executing over \$4M sole source and competitive 8(a) acquisitions in accordance with the requirements at FAR 19.805-1.
- ✦ When appropriate, the Goddard Procurement Division should consider structuring solicitation requirements, instructions, and evaluation criteria to provide for splitting the award of CLINS when it would result in substantial cost savings or would otherwise be in the best interest of the Government.
- ✦ The Goddard Procurement Division must ensure that the selection methodology and evaluation criteria are clearly stated in all solicitations, particularly for “best value” awards.

Source Selection Process

- ✦ Notwithstanding factors and events beyond its control that contribute to procurement lead time, the Goddard Procurement Division should consider taking an initiative to decrease procurement lead time in order to improve its timeliness for awarding competitive procurements.

Subcontract Consent

- ✦ The Goddard Procurement Division should consider obtaining a limited Defense Contract Management Agency (DCMA) contract administration delegation in instances when Goddard prefers to maintain some contract administration activities but may have limited time, resources or expertise to perform other contract administration activities. Goddard should utilize as needed DCMA’s access and experience in performing contract administration activities such as monitoring contractor expected sales, making CPSR determinations, and conducting any necessary CPSRs.

Inter-agency Acquisitions

- ✦ The Goddard Procurement Division should ensure that a copy of the higher level agreement (e.g., MOA or MOU) between NASA and the servicing agency is completed and signed before placing orders for major dollar acquisitions (i.e., for IAA's valued at \$50M or greater). A copy of the agreement should be contained in the IAA file.

Financial Management Reporting (NASA Form 533)

- ✦ The Goddard Procurement Division should consider encouraging procurement personnel to consistently use GSFC Form 210-49 to perform analysis of the NF 533 monthly report.
- ✦ The Goddard Procurement Division should consider using the analysis contained in the contract cited in the back-up file review documentation as an excellent example for performing analysis of NF-533s.

RECOMMENDATIONS

Technical Customer Interviews

- ✦ The Goddard Procurement Division should ensure that the procurement staff assigned to support Headquarters interacts with the customer to discuss and have a mutual understanding of the rationale for selecting the procurement method and contract type, milestone schedules and updates/changes to milestone schedules, roles and responsibilities, and any other critical aspect of the procurement that the customer should be aware of in order to foster a healthier working relationship with the customer. The interaction should occur throughout the procurement process with periodic face-to-face interaction.

Legal Office Interviews

- ✦ The Goddard Procurement Division should ensure that thorough, high quality reviews of procurement documents are conducted by the appropriate level staff member(s) before the document/procurement package is submitted for legal review. The package should also contain the disposition of reviewer comments when it is submitted for legal review.
- ✦ The Goddard Procurement Division should ensure that the procurement staff allows an attorney the full three day turnaround time for completion of a legal review before they inquire the legal staff on the status of a review. In exceptional cases, urgent requests requiring a quicker turnaround should be arranged in advanced. (**Prior Consideration**)

Master Buy Plan/Baseline Performance Review and Acquisition Forecast

- ✦ The Goddard Procurement Division should make a distinction between its awarded and deleted acquisitions which are both color coded blue on its Acquisition Forecast spreadsheet (*see other Center's forecast that makes this distinction for an example*) and remove the language from the legend in the block titled "update" that states "*Updated information will be shown in bold. Procurements cancelled or awarded will be shows in italics.*" This language has been superseded by the color coding.

Deviations and Waivers

- ✦ The Goddard Procurement Division should ensure that, along with PO approval, Center CFO concurrence is obtained for each waiver request in accordance with NFS 1832.702-70 (f) and that cognizant DPMR or DRM and cognizant "Director of" concurrence is obtained per Goddard Procurement Circular 09-01. Evidence of each, including the file review route sheet containing DPMR or DRM and "Director of" concurrence, shall be included in the contract file and preferably affixed to the waiver request.

Subcontract Consent

- ✦ The Goddard Procurement Division should ensure that determinations for the need to conduct a CPSR are made by the ACO and that a CPSR is conducted when determined to be necessary in accordance with FAR 44.3 and NFS 1844.3. Goddard should also ensure that the approval of a contractor's purchasing system is documented in the contract file.

Undefinitized Contract Actions and Letter Contracts

- ✦ The Goddard Procurement Division should take measures to ensure that the NFS 180-day definitization goal for UCAs and the FAR 180-day definitization period for letter contracts are met in accordance with the regulations.

Technical Evaluations

- ✦ The Goddard Procurement Division should provide guidance to contracting and technical personnel to ensure that technical evaluations are completed in accordance with NFS 1815.404-1, contain thorough analysis, and provide a basis for the reasonableness and acceptance of relevant elements of cost.

Cost/Price Analysis, Structured Fee Approach used in Profit/Fee Determination

- ✦ The Goddard Procurement Division should provide guidance to contract specialists to ensure there is adequate documentation of fee rationale on NF-634 to include documenting the justification for the assignment of other than the normal values to the performance and contract type risk factors.

Contract Management Module (CMM) Implementation

- ✦ The Goddard Procurement Division should ensure that the correct PR Milestone Template is selected for the type of action to be carried out and that the template is linked to the correct template version in order to capture accurate procurement milestone and award information (e.g. capture actual PALT).

WEAKNESSES

Contracting Officer's Technical Representative (COTR) Training and Delegations

- ✚ The Goddard Procurement Division shall ensure that COTR delegations are executed in all contracts (unless deviations are granted) as required by NFS 1842.270.

- ✚ The Goddard Procurement Division shall ensure that COTRs provide copies of the surveillance plan and surveillance activity updates when those responsibilities are delegated on the NF 1634. **(Second Repeat Finding)**

Self-Assessment Program

- ✚ The Goddard Procurement Division shall ensure that self assessments are conducted on a semi-annual basis and ensure that weaknesses identified in the most recent PMR report are reviewed during self assessments in accordance with the NASA Self Assessment Guide. The self assessment review of PMR weaknesses may be spread out over the course of self assessments conducted prior to the next PMR. .

Subcontract Consent

- ✚ The Goddard Procurement Division should ensure that the determination outlining consideration of special surveillance for actions above \$1M is completed and documented in the contract file as required by NFS 1844.201(a) (iii). **(Second Repeat Finding)**

Pre-Negotiation and Post Negotiation Documentation

- ✚ The Goddard Procurement Division should provide guidance to contracting personnel to ensure that adequate file documentation is included in lower dollar value basic awards and modification files. The PPM and PNM checklist form or any other documentation used should contain the appropriate level of cost/price analysis and rationale to support, as applicable, the reasonableness of each element of cost and the overall price reasonableness determination in accordance with FAR Part 15.4 and NFS 1815.4. **(Repeat Finding)**

Evaluation of Contractor Performance

- ✚ The Goddard Procurement Division shall ensure that contracting officers comply with the FAR and NFS requirements for executing contractor performance evaluations in both written and electronic formats, to include completing the evaluations within 60 days of the annual contract award anniversary, providing substantive narratives to justify ratings, and completing AFES data fields as required by PIC 10-12. **(Repeat Finding)**
 - *NOTE: Given the May 31, 2011 PPDB shutdown, this finding shall carry over to completing contractor evaluations and entering the data into PPIRS and/or CPARS in accordance with FAR, NFS, and other applicable NASA policy and procedures that replace or supersede NASA contractor evaluation and PPDB requirements.*

Competition under Multiple Award Task and Indefinite Delivery Contracts

- ✚ The Goddard Procurement Division should modify SEWP contract clause A.1.23 titled “Fair Opportunity” to cite FAR 16.505(b)(2)(i)(E) exception to fair opportunity, cite the statutory authority the exception is based on, and revise the wording of the clause to meet the FAR 16.505 (b)(2)(ii) requirement for a justification for an exception to fair opportunity to be in writing as specified in paragraphs (b)(2)(ii)(A) or (B) of the FAR section.

Exercise of Options

- ✚ The Goddard Procurement Division should ensure that the requirements outlined at FAR 17.207, NFS 1817.207 and NFS 1817.207.70 for exercising an option are consistently met relative to the various findings contained in this report. Specifically, Goddard should ensure that i.) advance notices are submitted in a timely manner, ii.) options are unilaterally exercised before contract expiration, iii.) a bilateral agreement is obtained when the terms of the option clause are not met, iv.) the EPLS is checked for suspended and debarred contractors, and v.) the determination required to exercise an option is complete and includes the most recent data when performing an informal analysis of prices or examination of the market. **(Repeat Finding)**

Inter-agency Acquisitions

- ✚ The Goddard Procurement Division should ensure that a request for deviation to the five-year limitation for non-competitive follow-on IAAs with the same servicing agency for the same products or services that exceed five years is executed in accordance with NFS 1817.7001.

Financial Management Reporting (NASA Form 533)

- ✚ The Goddard Procurement Division shall ensure that analysis is conducted on the monthly NF-533M and quarterly NF-533Q reports as necessary. **(Repeat Finding)**

Simplified/Commercial Acquisitions

- ✚ The Goddard Procurement Division shall ensure that its simplified acquisition workforce is adequately trained at all levels to properly execute and provide oversight of simplified acquisition procedures, including the test program for commercial items, in accordance with FAR Part 13. Goddard must take the necessary corrective measures to ensure that the numerous findings contained in this section of the report, particularly those pertaining to inadequate pricing support, are adequately addressed. **(Repeat Finding)**

Contract Management Module (CMM) Implementation

- ✚ The Goddard Procurement Division should ensure that solicitations are generated in CMM/PRISM in accordance with NFS 1804.171 and that the documents generated in CMM/PRISM match the documents posted to NAIS EPS.
- ✚ The Goddard Procurement Division should ensure that purchase orders utilizing the purchase card as the method of payment are in written format and contain the information specified at FAR 13.302-1.
- ✚ The Goddard Procurement Division should ensure that task and delivery orders are generated in CMM/PRISM in accordance with NFS 1804.171.

RESOLVED 2009 GODDARD PMR WEAKNESSES

Contractor Safety Requirements

- ✚ The lack of safety office review and concurrence of the plan and file documentation of the process was identified as a weakness in the prior Goddard PMR report. Based on the files reviewed, the prior PMR weakness is determined to be resolved.

Purchase Card Program

- ✚ During this review, it was determined that Goddard has adequately addressed the intent of the 2009 PMR weakness finding pertaining to not documenting monthly reconciliation p-card transaction findings and corrective actions. Therefore, the 2009 weakness is determined to be resolved. The CAPC must ensure that the spreadsheet documenting transaction findings and any necessary corrective action is made available to the PMR team and other reviewers (e.g., internal and external auditors) upon request.

Simplified/Commercial Acquisitions

- ✚ There was no indication of a carryover of the 2009 PMR weakness pertaining to documents being illegible, therefore, the weakness is determined to be resolved.

RECOMMENDATIONS FOR HEADQUARTERS

Acquisition Planning and Requirements Definition

- ✚ The Headquarters Office of Procurement should take a policy action to clarify how phase-in periods are to be considered relative to the five-year period of performance (POP) limitation and Procurement Information Circular (PIC) 00-22 titled “Class Deviation – Five Year Term of Contract.” Additionally, PIC 00-22 should be clarified to ensure that it clearly articulates the “up to six months” extension period as it relates to FAR clause 52.217-8 “Option to Extend Services” and to any contract extension period not covered by the clause.