

Procurement Class Deviation

PCD 25-50

December 16, 2025

CLASS DEVIATION FROM FEDERAL ACQUISITION REGULATION (FAR) PART 32 AND NASA FAR SUPPLEMENT (NFS) 1832 TO IMPLEMENT THE REVOLUTIONARY FAR OVERHAUL (NASA Case 2025-N054)

PURPOSE: To provide a Class Deviation from the FAR to implement the FAR Council's model deviation text to FAR Part 32 Contract Financing, and deviation to NFS 1832.

BACKGROUND: On April 15, 2025, the Executive Order (E.O.) 14275, "Restoring Common Sense to Federal Procurement" was signed. Section 2 of the E.O. establishes the policy that the FAR "should only contain provisions required by statute or essential to sound procurement, and any FAR provisions that do not advance these objectives should be removed." To implement E.O. 14275, the Office of Federal Procurement Policy (OFPP) is leading the **Revolutionary FAR Overhaul (RFO)** initiative. This effort is supported by the Federal Acquisition Regulatory Council (the Council) member agencies—which includes General Services Administration, Department of War, NASA, along with other agencies. In line with the E.O., the initiative aims to eliminate unnecessary regulations and policies across all levels of the federal government.

The Office of Management and Budget (OMB) memorandum, M-25-26 issued on May 2, 2025, titled, Overhauling the Federal Acquisition Regulation, provided additional guidance to federal agencies regarding the FAR overhaul.

FAR Streamlining. As part of the RFO, the FAR will be streamlined to include only statutory requirements, while non-statutory content will move to new buying guides, collectively forming the Strategic Acquisition Guidance (SAG). The Council will first issue model deviation guidance by FAR part, followed by formal rulemaking through the notice-and-comment process. Agencies will have 30 days to issue class deviations based on the model text once it is released.

Streamlining Agency Acquisition Supplements. Agencies must streamline their FAR supplements by removing regulations not based on statute or executive orders and aligning with the FAR Council's deviation guidance. Supporting policies must also be updated to reflect these changes. This approach ensures the NASA FAR Supplement (NFS) remains consistent with the streamlined FAR.

FAR Buying Guides and NFS Companion Guide (CG) (coming soon). As the FAR and the NFS are streamlined, helpful non-regulatory content will be moved to new FAR Buying Guides and NFS CG. These guides are intended to offer practical instructions and best practices for implementing effective contracting methods.

RFO Part 32 Contract Financing, has been released by the FAR Council. RFO Part 32, Contract Financing FAR Part 32 establishes the rules and procedures for contract financing and payment under federal contracts. It governs how the government provides funds to contractors before final acceptance of supplies or services, and it sets policies for invoice payments, accelerated payments, handling overpayments, and fraud-related payment suspensions. Burdensome, duplicative, or outdated language and language not required by statute have been removed from FAR Part 32. This plain language version of FAR Part 32 shall be adhered to.

To align with the RFO FAR Part 32, the NFS 1832, Contract Financing, is revised to remove non-statutory and outdated language. This deviation implements the revised RFO Part 32 and NFS Part 1832.

GUIDANCE:

- (1) Contracting officers shall follow the RFO Part 32 deviated text instead of FAR Part 32 as codified at 48 CFR Chapter 32. The FAR Council's RFO text is available at <u>FAR</u> Overhaul Part 32 | Acquisition.GOV
- (2) COs shall also follow the NFS Part 1832 deviated text enclosed within this deviation.

ACTION REQUIRED BY CONTRACTING OFFICERS: Effective immediately, ensure that new contract actions issued on or after the effective date complies with the policy in the PCD.

EFFECTIVE DATE: This PCD is effective as dated and shall remain in effect until implemented in the FAR and NFS or otherwise rescinded.

PROVISION AND CLAUSE CHANGES: N/A

HEADQUARTERS CONTACT: Debbie Stone, Procurement Analyst, Procurement and Grants Policy Division, Deborah.h.stone@nasa.gov

Marvin Horne Digitally signed by Marvin Horne Date: 2025.12.16 08:14:46 -05'00'

Marvin L Horne

Acting Assistant Administrator for Procurement

Enclosure

Changes in the NFS Deviation text below are identified as follows: Deletions shown as strike throughs; and additions shown as [bold in brackets].

PART 1832 CONTRACT FINANCING

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PART 1832 CONTRACT FINANCING

1832.006-2 Definition.

The Director, Acquisition Integrity Program, is the Agency remedy coordination official.

1832.007 Contract financing payments.

(a)(1) Except as authorized in 1832.908, it is NASA's policy to make contract financing payments on the 30th day after the designated billing office has received a proper request. However, the due date for making contract financing payments for a specific contract may be earlier than the 30th day, but not earlier than 7 days, after the designated billing office has received a proper request, provided that—

(i) The contractor provides consideration whose value is determined to be greater than the cost to the United States Treasury of interest on funds paid prior to the 30th day, calculated using the Current Value of Funds Rate published annually in the Federal Register (subject to quarterly revision);

(ii) The contracting officer approves the payment date change, with the concurrence of the Center Financial Management Officer; and

(iii) The contract file includes documentation regarding the value of the

Subpart 1832.1—Financing For Other Than A Commercial Purchase

1832.111 Contract clauses for other than commercial purchases.

consideration and the analysis determining that value.

1832.111-70 NASA contract clause.

The contracting officer shall **[must]** insert the clause at <u>1852.232-79</u>, Payment for On-Site Preparatory Costs, in solicitations and contracts for construction on a fixed-price basis when progress payments are contemplated and pro rata payment of on-site preparatory costs to the contractor is appropriate.

Subpart 1832.2—Commercial Product and Commercial Service Purchase Financing 1832.202-1 Policy.

(b)(6) Advance payment limitations do not apply to expendable launch vehicle (ELV) service contracts.

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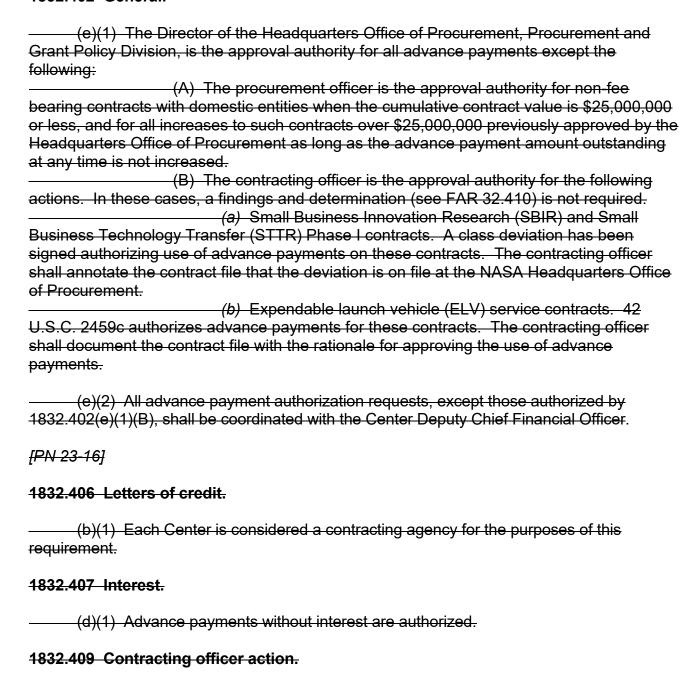
1832.206 Solicitation provisions and contract clauses.

(g)(2) The installment payment rate shall **[must]** be that which is common in the commercial marketplace for the purchased item. If there is no commonly used rate, the

contracting officer shall [must] [determine the appropriate rate. In no case shall [must] the rate exceed that established in the clause at FAR 52.232-30.

Subpart 1832.4—Advance Payments for Other Than Commercial Acquisitions

1832.402 General.



1832.409-1 Recommendation for approval.

1832.409-170 NASA procedure for approval.

In addition to the items listed in FAR 32.409-1, requests for Headquarters approval of advance payments (see 1832.402(e)(1)) shall include the following information:

- (a) Name of the cognizant NASA Headquarters program or staff office.
- (b) Name and phone number of the contracting officer or negotiator.
- (c) A copy of the proposed advance payments clause.
- (d) If a profit/fee is contemplated, the factors considered in determining the profit/fee (see 1815.404-470).
- (e) Information justifying the adequacy of security to cover the maximum advance payment amount at any time outstanding.

1832.410 Findings, determination, and authorization.

- (b) Generally, the format in FAR 32.410 should be used, tailored as follows:

 (i) In format subparagraph (a)(2), use the phrase "Advance payments (in an amount not to exceed \$......... at any time outstanding)" in all determinations and findings. The phrase means the maximum unliquidated dollar amount a contractor would need in advance payments at any point in time for the particular contract. The amount would not usually be the
- full contract value. The amount inserted should be based on an analysis of the contractor's financing needs (monthly or other appropriate period) for the specific contract involved.
- (ii) In the second sentence of format subparagraph (a)(4), delete the reference to a special financial institution account if no special financial institution account is required.
 - (iii) Use format subparagraph (a)(6), not (a)(7) or (a)(8).
 - (iv) At the end of format paragraph (b), use "is in the public interest."
- (v) In format paragraph (c), use the phrase "(the amount at any time outstanding)" in all determinations and findings.

1832.412 Contract clause.

- (e) The contracting officer shall [must] use Alternates IV and V when advance payments are provided on Phase I contracts of the Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) programs.
 - (f) See 1832.412(e).

1832.412-70 NASA contract clauses.

When the clause at FAR 52.232-12 or its Alternates II or V are used, insert the clause at 1852.232-70, NASA Modification of FAR 52.232-12.

Subpart 1832.5—Progress Payments Based on Costs

1832.501 General.

1832.501-1 Customary progress payment rates.

(a) The customary progress payment rate for all NASA contracts is 85 percent for large business, 90 percent for small business, 95 percent for small disadvantaged business, and 100 percent for Phase II contracts in the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. The contracting officer shall-[must] insert the applicable percentage in paragraphs (a) and (b) of the clause at FAR 52.232-16.

1832.501-2 Unusual progress payments.

The Director of the Headquarters Office of Procurement, Procurement and Grant Policy Division is the approval authority for the use of unusual progress payments.

1832.502 Preaward matters.

1832.502-2 Contract finance office clearance.

The Senior Procurement Executive is the approval authority for the actions at FAR 32.502-2.

1832.502-4 Contract clauses.

1832.502-470 NASA contract clause.

The contracting officer may insert a clause substantially as stated at 1852.232-82, Submission of Requests for Progress Payments, in fixed-price solicitations and contracts that provide for progress payments. The recipient of the requests and number of copies may be changed as required.

1832.503 Postaward matters.

1832.503-5 Administration of progress payments.

liquidation rate and under the jurisdiction of the same payment office.

(c)(i) If the contractor requests it and the contracting officer approving individual
progress payments agrees, the administration of progress payments may be based on the
overall contract agreement. Under this method, the contractor must include a supporting
schedule with each request for a progress payment. The schedule should identify the costs
applicable to each order.
(ii) The contracting officer may treat a group of orders as a single unit for
administration of progress payments if each order in the group is subject to a uniform

1832.504 Subcontracts.		
(c) Unusual progress payments to subcontractors shall be approved in accordance with 1832.501-2.		
Subpart 1832.7—Contract Funding		
1832.702 Policy.		
1832.702-70 NASA policy.		
(a) When determining if a contract or task order can be incrementally funded, contracting officers, in conjunction with budget, financial, and program office personnel, must consider whether the procurement is severable or non-severable, a bona-fide need exists, and the appropriation is available for use.		
(b) When reviewing incremental funding estimates, contracting officers should ensure contractors understand that the amount in the limitation of funds clause covers potential termination liability costs.		
[PN 20-01]		
1832.702-71 Procedures.		
a. For incrementally-funded contracts, the contracting officer shall— (1) Ensure and obtain documentation (i.e. purchase request) for the contract file demonstrating that initial funds, sufficient to begin contract performance under the incrementally funded contract, are approved, committed and available for obligation prior to the initial contract award; (2) Ensure that the contract funding modification is signed within one business day from the date the original contract was signed and obligated in the financial system of record within the same accounting period the contract and first modification are signed; and (3) Ensure that the initial contract award and a properly executed contract		
funding modification are distributed to the contractor at the same time.		
1832.704 Limitation of cost or funds.		
1832.704-70 Incrementally funded fixed-price contracts.		
(a) Upon receipt of the contractor's notice under paragraph (c)(1) of the clause at 1852.232-77, Limitation of Funds (Fixed-Price Contract), the contracting officer shall promptly provide written notice to the contractor that the Government is— (1) Allotting additional funds in a specified amount for continued performance; (2) Terminating the contract; or (3) Considering whether to allot additional funds; and		

(i) The contractor is entitled to stop work in accordance with paragraph (b) of the clause at 1852.232-77, Limitation of Funds; and (ii) Any costs expended beyond the amount specified in paragraph (a) of the clause at 1852.232-77, Limitation of Funds, are incurred at the contractor's risk.
(b) Upon determining that the contract will receive no further funds, the contracting officer shall promptly give notice of the Government's decision and terminate for the convenience of the Government.
1832.704-71 Provisional increase in the estimated cost.
(a) Contracting officers shall use the agency-wide Request for Provisional Increase in the Estimated Cost Template in situations where a contractor may be near or at the estimated cost for a contract or contract line item and there is an urgent and compelling need for the contractor to continue performance.
(b) The approval authority to issue any provisional increase in the estimated cost is the head of the contract activity.
[PN 24-14]

1832.705 [7] Contract clauses.

1832.705[7] -2 Clauses for limitation of cost or funds.

1832.705[7]-270 NASA clauses for limitation of cost or funds.

- (a) The contracting officer shall **[must]** insert the clause at <u>1852.232-77</u>, Limitation of Funds (Fixed-Price Contract), in solicitations and contracts for fixed-price, incrementally-funded contracts or task orders.
- (b) The contracting officer shall **[must]** insert a clause substantially as stated at 1852.232-81, Contract Funding, in Section B of solicitations and contracts containing the clause at FAR 52.232-22 Limitation of Funds. Insert the amounts of funds available for payment, the items covered, and the applicable period of performance. The amount obligated for fee in paragraph (b) of the clause should always be sufficient to pay fee anticipated to be earned for the work funded by the amount in paragraph (a) of the clause.

Subpart 1832.8—Assignment of Claims

1832.803 Policies.

(d) The Senior Procurement Executive is the approval authority for no-setoff commitments.

[PN 20-03]

Subpart 1832.9—Prompt Payment

1832.905 Payment documentation and process.

- (a) NASA's designated payment office is the NASA Shared Services Center (NSSC).

 (b) Contracting officers or their designee shall review and approve all payment requests in NASA's Invoicing Routing and Information System (IRIS). All provisionally-approved interim vouchers are subject to a later audit of actual costs incurred.

 (c) Review of interim cost vouchers and documenting, at a minimum, shall include the following:

 (1) Verification of identifying data on the voucher (contract number, contractor name, address, and date of voucher).

 (2) Verification of the arithmetic calculations on the voucher.

 (3) Verification that the billed costs are within the contract's period of performance.

 (4) Verification that the voucher complies with terms of the contract.

 (5) Verification of billed indirect rates against approved provisional indirect
- rates for the billing period, or prior year's approved indirect rates, or established indirect rates in the base contract.

(6) Verification that Other Direct Costs are proper and acceptable.

To assist with interim cost voucher review, contracting officers shall use the <u>NASA Voucher</u> Review Checklist (Cost-Type Contract) template and upload completed checklist in IRIS.

[PN 24-12]

1832.908 Contract clauses.

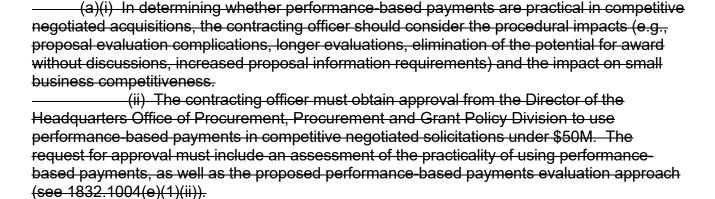
(c)(2) When the clause at FAR 52.232-25, Prompt Payment, is used in such contracts with the Canadian Commercial Corporation (CCC), insert "17th" in lieu of "30th" in paragraphs (a)(1)(i)(A), (a)(1)(i)(B), and (a)(1)(ii).

1832.908-70 Submission of vouchers.

Insert clause <u>1852.232-80</u>, Submission of Vouchers/Invoices for Payment, in all solicitations and contracts.

Subpart 1832.10—Performance-Based Payments

1832.1001 Policy.



1832.1004 Procedures.

- (a) See 1815.201(c)(6)(E) for establishing performance bases and payment terms in competitive negotiated acquisitions.
- (e)(1)(ii) Use of the price adjustment evaluation technique may require obtaining and analyzing proposal information that is normally not required in NASA firm-fixed-price competitions (see 1815.403-3). When using performance-based payments in competitive negotiated acquisitions under \$50 million, contracting officers should consider the use of alternative evaluation methods, e.g., qualitative evaluation under Mission Suitability or another appropriate factor.

1832.1005 Contract clauses.

- (a) If the contract is for launch services, the contracting officer shall-[must] delete paragraph (f) of the clause at FAR 52.232-32 in accordance with 1832.1009.
- (b)(2) Contracting officers shall **[must]** not use Alternate I in competitive negotiated acquisitions under \$50 million, unless approval has been obtained to use performance-based payments (see 1832.1001(a)(ii)).

1832.1009 Title.

In accordance with 42 U.S.C. 2465d, NASA shall [must] not take title to launch vehicles under contracts for launch services unless one of the exceptions in the law applies. However, the law does not eliminate NASA's right to take title to other property acquired or produced by the contractor under a contract containing a title provision.

Subpart 1832.11—Electronic Funds Transfer

1832.1110 Solicitation provision and contract clauses.

- (b) In accordance with FAR 32.1106(b), the use of a nondomestic EFT mechanism is authorized. When a nondomestic EFT mechanism is used, the contracting officer shall **[must]** replace the paragraph at FAR 52.232-34(c) with a description of the EFT mechanism that will be used for the contract.
- (c) The payment office shall-[must] be the designated office for receipt of contractor EFT information for all NASA contracts.

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SUBPART 1832.11 ELECTRONIC FUNDS TRANSFER

1832.1110 Solicitation provision and contract clauses.

PART 1832 CONTRACT FINANCING

Subpart 1832.1—Financing For Other Than A Commercial Purchase

1832.111 Contract clauses for other than commercial purchases.

1832.111-70 NASA contract clause.

The contracting officer must insert the clause at <u>1852.232-79</u>, Payment for On-Site Preparatory Costs, in solicitations and contracts for construction on a fixed-price basis when progress payments are contemplated and pro rata payment of on-site preparatory costs to the contractor is appropriate.

Subpart 1832.2—Commercial Product and Commercial Service Purchase Financing

1832.202-1 Policy.

Advance payment limitations do not apply to expendable launch vehicle (ELV) service contracts.

1832.206 Solicitation provisions and contract clauses.

The installment payment rate must]be that which is common in the commercial marketplace for the purchased item. If there is no commonly used rate, the contracting officer must determine the appropriate rate. In no case must the rate exceed that established in the clause at FAR 52.232-30.

1832.207-170 Simplified Acquisition Methods

Acquisitions under these simplified acquisition procedures shall be fixed-price, except as provided under the unpriced purchase order method.in 1832.207-175.

1832.207-173 Purchase orders.

1832.207-174 General.

Reference 1832-207-170.

1832.207-175 NASA solicitation provisions.

(a)(1) The contracting officer may use the provision at 1852.232.183 Offeror Representations and Certifications—Other Than Commercial Products and Services, in simplified acquisitions exceeding the mircro-purchase threshold that are for other than commercial products and commercial services. This provision shall not be used for acquisition of commercial products and services as defined in FAR 2.101.

- (2) This provision provides a single, consolidated list of certifications and representations for the acquisition of other than commercial products and commercial services using simplified acquisition procedures and is attached to the solicitation for offerors to complete and return with their offer.
- (i) Use the provision with its Alternate in solicitations for acquisitions that are for, or specify the use of recovered materials (see FAR 23.4).
- (ii) Use the provision with its Alternate II in solicitations for the acquisition of research, studies, supplies, or services of the type normally acquired from higher education institutions (see FAR 26.3).
- (iii) Use the provision with its Alternate III in solicitation which include the clause at FAR 52.227-14, Rights in Data—General (see FAR 27.403 and FAR 27.404.)
- (b) The contracting officer may insert a provision substantially the same as the provision at 1832.232.184 Evaluation—Other than Commercial Products and Commercial Services, in solicitations using simplified acquisition procedures for other than commercial items when a trade-off source selection process will be used, that is, factors in addition to technical acceptability and price will be considered.

1832.412-70 NASA contract clauses.

When the clause at FAR 52.232-12 or its Alternates II or V are used, insert the clause at 1852.232-70, NASA Modification of FAR 52.232-12.

Subpart 1832.5—Progress Payments Based on Costs

1832.501 General.

1832.501-1 Customary progress payment rates.

The customary progress payment rate for all NASA contracts is 85 percent for large business, 90 percent for small business, 95 percent for small disadvantaged business, and 100 percent for Phase II contracts in the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. The contracting officer must insert the applicable percentage in paragraphs (a) and (b) of the clause at FAR 52.232-16.

1832.502-4 Contract clauses.

1832.502-470 NASA contract clause.

The contracting officer may insert a clause substantially as stated at 1852.232-82, Submission of Requests for Progress Payments, in fixed-price solicitations and contracts that provide for progress payments. The recipient of the requests and number of copies may be changed as required.

1832.707 Contract clauses.

1832.707-2 Clauses for limitation of cost or funds.

1832.707-270 NASA clauses for limitation of cost or funds.

- (a) The contracting officer must insert the clause at <u>1852.232-77</u>, Limitation of Funds (Fixed-Price Contract), in solicitations and contracts for fixed-price, incrementally-funded contracts or task orders.
- (b) The contracting officer must insert a clause substantially as stated at 1852.232-81, Contract Funding, in Section B of solicitations and contracts containing the clause at FAR 52.232-22 Limitation of Funds. Insert the amounts of funds available for payment, the items covered, and the applicable period of performance. The amount obligated for fee in paragraph (b) of the clause should always be sufficient to pay fee anticipated to be earned for the work funded by the amount in paragraph (a) of the clause.

Subpart 1832.9—Prompt Payment

1832.908 Contract clauses.

When the clause at FAR 52.232-25, Prompt Payment, is used in such contracts with the Canadian Commercial Corporation (CCC), insert "17th" in lieu of "30th" in paragraphs (a)(1)(i)(A), (a)(1)(i)(B), and (a)(1)(ii).

1832.908-70 Submission of vouchers.

Insert clause <u>1852.232-80</u>, Submission of Vouchers/Invoices for Payment, in all solicitations and contracts.

Subpart 1832.10—Performance-Based Payments

1832.1005 Contract clauses.

If the contract is for launch services, the contracting officer must delete paragraph (f) of the clause at FAR 52.232-32 in accordance with 1832.1009.

1832.1009 Title.

In accordance with 42 U.S.C. 2465d, NASA must not take title to launch vehicles under contracts for launch services unless one of the exceptions in the law applies. However, the

law does not eliminate NASA's right to take title to other property acquired or produced by the contractor under a contract containing a title provision.

Subpart 1832.11—Electronic Funds Transfer

1832.1110 Solicitation provision and contract clauses.

In accordance with FAR 32.1106(b), the use of a nondomestic EFT mechanism is authorized. When a nondomestic EFT mechanism is used, the contracting officer must replace the paragraph at FAR 52.232-34(c) with a description of the EFT mechanism that will be used for the contract.