FAR Companion

Version 3.0

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Version Change Log

Version	Date	Release Type	Key Changes
1.0	09/04/2025	Major	Initial release of FAR Companion (FC) parts 1, 4, 5, 6, 8, 9, 10, 11, 12, 18, 26, 28, 29, 31, 33, 34, 35, 36, 38, 39, 40, 43, 46, 49, 50, and 51.
2.0	10/30/2025	Major	Initial release of FAR Companion (FC) parts 2, 3, 7, 13, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 27, 30, 32, 37, 41, 42, 44, 45, 47, 48, 52, and 53; update to FC 8.104 pertaining to “required use” contracts and providing more information and resources on Category Management, including beta version content of the Category Management Buying Guide; update to FC 8.401 pertaining to evaluation factors; updates to FC 8.401(b) and FC 12.301 removing references to debriefings; new annotation under FC 8.401(b) related to sole source justification content for FSS orders; new annotation under FC 12.001 related to contracting methods for commercial construction; update to FC 11.204 to clarify brand name or equal as distinct from brand name justifications under FAR 6.104; updates to thresholds referenced due to the October 1, 2025 inflation adjustment rule; various citation corrections throughout; and changed “Reserved” to “No additional guidance” when the FAR Companion does not provide any practice recommendations for that associated FAR part.
3.0	10/30/2026	Major	This update incorporates content from the Smart Accelerators within the Acquisition.gov FAR Overhaul Practitioner Albums, providing practical techniques, concepts, and resources to support implementation of the FAR rewrite and companion guide. It also reflects field practitioner input and interagency coordination to strengthen acquisition guidance, improve usability, and reduce duplication. Practitioners can now submit their feedback directly to the FAR Council using a feedback form. Key changes include new industry engagement guidance in FC 1.102(a)(6), consolidation of evaluation techniques into FC 7.102(a), updates related to commercial products and services, expanded market research and forecasting guidance, additional construction and modular acquisition content, enhanced contract administration and performance management guidance, and streamlining of several legacy sections throughout the FAR Companion.

About the FAR Companion

The Federal Acquisition Regulatory Council (FAR Council) issued model deviations that authorized agencies to eliminate Federal Acquisition Regulation (FAR) rules that are neither statutory nor essential to federal procurement. This management action, directed by Executive Order 14275 and OMB Memorandum M-25-26, removes thousands of mandates from the FAR, allowing buyers to use their business judgment to determine when governmentwide procurement policies and practices are applicable and how they are best implemented.

The FAR Council, which is chaired by the Administrator of the Office of Federal Procurement Policy (OFPP), developed this FAR Companion to help acquisition officials exercise their discretion and further OFPP's mission of promoting economy, efficiency, and effectiveness in federal buying practices. The FAR Companion provides advisory guidance for planning, awarding, managing, and closing out contracts, consistent with the FAR's core buying principles.

The FAR Companion enhances the economy, efficiency, and effectiveness of federal buying by:

- consolidating practitioner insights from a variety of sources into one place (e.g., innovation and vendor engagement strategies, handbooks, training materials, and management memoranda) allowing buyers to easily leverage best practices and approaches;
- preserving certain policies and "how to" procedures originally in acquisition regulations that are more appropriately applied with discretion;
- empowering the acquisition workforce to take managed risks and think beyond simple compliance that creates a fear of protests; and
- creating an agile governmentwide resource that highlights and consolidates proven acquisition practices and reduces the amount of guidance needed from individual agencies.

Chief Acquisition Officers (CAOs) and Senior Procurement Executives (SPEs) should ensure the acquisition workforce becomes familiar with the FAR Companion and understands the FAR Companion is non-regulatory, contains no mandates, and is not intended to serve as the basis for protests or legal action.

Members of the acquisition workforce and other acquisition stakeholders are encouraged to work with their CAOs, SPEs, Heads of Contracting Activities, and acquisition innovation advocates to recommend improvements to the FAR Companion, with particular emphasis on agency developed best-practices that may be suitable for sharing more broadly across the government. OFPP will work with agencies to reduce disparate agency-level guidance and tools that duplicate the FAR Companion.

The FAR Companion works in concert with the FAR, agency supplements and the Category Management Buying Guide (which highlights sector-specific buying tips for navigating governmentwide contracts) as the foundation for the new Strategic Acquisition Guidance framework. These resources – along with Practitioner Albums (tested learning tools for getting better contract outcomes), continued investment in workforce development, coaching support, collaborative learning experiences, and technology-enabled tools – will ease the transition from

rigid compliance to judgment-based procurement practices and enable mission success through more timely, less costly, and more competitive buying that will modernize federal acquisition.

Purpose of the FAR Companion

This FAR Companion, structured to complement the streamlined FAR, implements FAR 1.101(a)(3) to share best practices that empower acquisition professionals to:

- maximize the flexibilities of the FAR,
- apply sound judgment,
- balance risk, and
- effectively and efficiently deliver the mission.

Novel approaches and innovative applications that comply with the FAR, even if not specifically referenced in the FAR Companion, are permissible and encouraged. Acquisition professionals are encouraged to share their leading practices and approaches by contacting SAGTesting@gsa.gov or submitting them to the Periodic Table of Acquisition Innovations (PTAI). The PTAI is a centralized repository of agency tested strategies and novel practices with artifacts for acquisition teams to utilize. The tool is designed to increase workforce and industry awareness of business techniques to encourage further testing and adoption consistent with the FAR, applicable law, and agency policy.

Disclaimer

The FAR Companion constitutes advisory guidance with practical agency examples intended to assist practitioners in understanding the FAR and related procurement principles. This guide provides advisory guidance, not mandatory compliance requirements. The FAR Council does not intend for the guide's advice, instructions, explanations, or interpretations to carry legal authority or serve as the basis for protests or legal actions. Consistent with FAR part 1.102(a)(7), the contracting officer must have the authority, to the maximum extent practicable and consistent with law, to determine how and when to apply rules, regulations, and policies on a specific contract.

How to Navigate the FAR Companion

Organization Structure

1. FAR Companion Parts Match the FAR

- Each FAR Companion part corresponds directly to a FAR part.
- This parallel structure helps you quickly locate relevant guidance.

2. Annotations Within Each Part

- Each FAR Companion part contains annotations that provide:
  - Key principles.
  - Best practices.
  - Explanatory material.
  - Implementation guidance.

3. Citation System

- Each FAR Companion annotation has a numbered citation (e.g., FC 12.3, FC 31.204) that matches the FAR citation (e.g., part, subpart, section, subsection).
- The FAR Companion citation tells you which FAR citation the annotation references.
- Multiple FAR Companion annotations may reference the same FAR citation.
- FC XX.000 citations apply to the entire FAR part. Think of these annotations as big-picture guidance for the whole FAR part.
- A FAR part in the FAR Companion noted as “reserved” corresponds with a FAR part in the regulation that is “reserved,” indicating that FAR part (and therefore its associated section of the FAR Companion) is intentionally left blank with no active rules or requirements.
- A FAR part in the FAR Companion noted as “no additional guidance” means that no discretionary guidance or best practices is currently provided for that associated FAR part.

Quick Navigation Tips

1. **Know your FAR reference**: Start with the section of the FAR you're working with.
2. **Find the matching FAR Companion citation(s)**: Look for the FC citation(s) that correlates with your FAR citation.
3. **Check for *FC XX.000* guidance first**: Review any overarching guidance for context.
4. **Review specific guidance**: Find annotations with citations matching your FAR section.

Feedback on the FAR Companion

The FAR Companion is intended to be a living resource and will be updated regularly. Therefore, use this link to provide the FAR Council your input and recommendations on:

- General input on the usability of the FAR Companion and suggestions to improve content or format to facilitate use.
- Annotations that would benefit from refinement, with specific suggestions to improve or better explain the concepts.
- Additional annotations, including best practices and approaches that you think the acquisition community should know about.

Part 1 - Federal Acquisition Regulations System

FC 1.000 Gathering feedback to improve procurement outcomes.
Gathering voluntary feedback on the acquisition process helps drive ongoing improvement and better outcomes. Equally important is sharing lessons learned so the entire Federal acquisition workforce can benefit and enhance their practices. Agencies should gather feedback on the acquisition process of their procurements to help identify what went well and where improvements are needed. This feedback may be obtained using approaches including, but not limited to surveys (e.g., Acquisition360), team retrospectives, and conversations with offerors and contractors. The information can be used by the acquisition team, the agency, or governmentwide, as appropriate, to enhance the acquisition system.

FC 1.102(a)(6) Exchanges with industry across the acquisition lifecycle.
The Federal acquisition workforce is permitted and encouraged to engage in responsible and constructive exchanges with industry throughout the acquisition lifecycle, consistent with existing laws and regulations. Procurement integrity, impartiality, and fairness are the foundational pillars of ethical procurement. They ensure that all vendors are treated equally, conflicts of interest are avoided, and funds are obligated without bias, favoritism, or corruption. The goal is to ensure these exchanges are transparent and do not promote an unfair competitive advantage to any particular entity. In structuring industry engagement, recognize that fairness does not necessarily mean identical treatment.

Considering these principles, agency acquisition personnel are strongly encouraged to engage with industry early and often.

Industry engagement is the strategic **ongoing** dialogue between government and industry throughout the acquisition lifecycle. Consider these types of exchanges, or others, as appropriate to the needs of the agency or acquisition:

Type of Exchange	Purpose	Best Practices
Professional and Industry-Specific Conferences	To learn about industry trends and capabilities, network with multiple vendors, and identify potential sources for future requirements.	Attend with specific learning objectives, take informal notes, and avoid discussing procurement-sensitive information.
Agency-wide Strategic Industry Events (e.g., Strategic Industry Conferences, Reverse Industry Days, Matchmaking)	To establish a consistent, two-way information channel, help industry understand agency priorities, and allow the Government to learn about industry's pain points.	Focus on long-term agency priorities and process improvements, and do not discuss active procurements.

Pre-Solicitation Release Exchanges

These exchanges are part of acquisition planning and **market research** (see FAR Companion, FC 10.001(c)). The main purpose is to finalize the government's requirements and identify the most suitable competitive approach. Consider these potential types of exchanges:

Type of Exchange	Purpose	Best Practices
Requests for Information (RFI) and Sources Sought	To obtain more targeted feedback from industry, gather input on refining requirements and procurement strategy, and gain insight on industry capability and capacity.	Be specific; focus questions on what you need to know.
Industry Days/ Pre-Solicitation Conference	To promote a common understanding of agency requirements and planned procurement strategy.	The government should provide maximum information, answer questions, and improve the solicitation based on feedback.
Collaborative Requirements Development	Giving potential contractors meaningful opportunities to engage with requirements development, especially for complex needs.	Use an RFI or collaborative sessions to share and get comments on draft requirements. (FC 11.102(c)).
One-on-One Meetings	Meet with potential offerors to exchange general information and conduct market research.	Permissible provided no vendor receives preferential treatment. Good for follow-up from RFIs, unique capability investigation, or small business outreach. The FAR does not prohibit these meetings, nor does it require meetings with all interested vendors be conducted.
Demonstrations (Market Research)	Provides awareness of marketplace offerings and vendor capabilities.	Allows teams to view new offerings in the marketplace and innovations. You do not need to assign ratings or formally evaluate demonstrations during market research.

Post-Solicitation Release Exchanges

The Contracting Officer is the focal point for exchanges after the release of the solicitation.

Type of Exchange	Purpose	Best Practices
Site Visits	Enable quoters or offerors to physically inspect project locations, evaluate site conditions, and gather critical information for proposal development.	Typically held *after* final solicitation release and *before* proposal receipt.
Pre-Proposal Conferences	Forums for interested quoters/offerors to ask questions and seek clarification on ambiguous sections of the solicitation.	Can be paired with site visits. Ensures clarity on the solicitation (e.g., final requirement, submission expectations, evaluation criteria).
Discovery Sessions	An in-depth site visit that is more interactive, allowing quoters/offerors to ask specific questions and conduct due diligence.	Typically held one-on-one with each interested party *after* final solicitation release and *before* proposal receipt. Reduces incumbent advantage and benefits small/new businesses.
Oral Presentations (as part of offer/quote)	Provides an opportunity to engage with industry (**dialogue**) during the evaluation or source selection process.	Technical demonstrations can be an element of an oral presentation or a stand-alone submission.

Postaward Exchanges

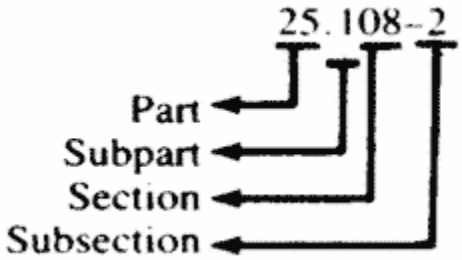
These exchanges are critical for contract performance management.

Type of Exchange	Purpose	Best Practices
Brief Explanations and Debriefings	Inform unsuccessful offerors of the award decision rationale.	Oral debriefings are effective. Consider releasing the selection decision document or the vendor's technical evaluation to reduce guesswork and potential protests. Be sure not to release proprietary or protected information contained in the decision document.

Type of Exchange	Purpose	Best Practices
Contract Performance Management	Kickoff meetings, milestone reviews, performance reviews, and technical interchange meetings.	Kickoff meetings set expectations (FC 42.3). Continuous performance management drives proactive progress to mission achievement.

FC 1.104 Understanding FAR Structure and Citations.
The FAR is divided into subchapters, parts (each of which covers a separate aspect of acquisition), subparts, sections, and subsections. Each level helps you quickly locate specific guidance.

Part: The numbering system permits the discrete identification of every FAR paragraph. The digits to the left of the decimal represent the part number. The numbers to the right of the decimal point and to the left of the dash represent, in order, the subpart (one or two digits), and the section (two digits). The number to the right of the dash represents the subsection. Subdivisions may be used at the section and subsection level to identify individual paragraphs (e.g., “1” in 1.402-1(a)) indicating the part number. The following example illustrates the make-up of a FAR number citation (note that subchapters are not used with citations):



- Subpart: The number immediately to the right of the decimal and left of the dash (e.g., “4” in 1.4) indicate the subpart.
- Section: The two digits after the decimal and subpart (e.g., “02” in 1.402) indicate the section.
- Subsection: The number after the dash (e.g., “1” in 1.402-1) represents the subsection.
- Paragraphs/ Subdivisions: Parenthetical alpha-numerics (e.g., (a)(1)(i)(A)(1)(i) identify individual paragraphs.

Unless otherwise stated, cross-references indicate parts, subparts, sections, subsections, paragraphs, subparagraphs, or subdivisions of this regulation.

Citations of authority (e.g., statutes or Executive orders) in the FAR shall follow the Federal Register form guides.

Part 2 - Definitions of Words and Terms

No additional guidance.

Part 3 - Improper Business Practices and Personal Conflicts of Interest

No additional guidance.

Part 4 - Administration and Information Matters

FC 4.101 Contents of contract files.
The contract file serves as the official repository for all documents related to an acquisition, ensuring regulatory compliance, supporting audit requirements and providing a complete administration record of acquisition activities from presolicitation through contract closeout. Contract files should be complete yet tailored to the specific acquisition. Each office with responsibilities for a contract should establish procedures to ensure timely filing of required documents and maintain appropriate cross-references between files when documents are maintained in different locations (e.g., different shared drives or electronic contract filing systems).

The contracting office maintains the most comprehensive file, containing all documents related to the acquisition decision-making process and contract award. This file serves as the primary record of the government's acquisition actions and rationale.

Example documentation that may be included in the contract file, as appropriate:

1. Purchase request, acquisition planning information, and other presolicitation documents
2. Justifications and approvals, determinations and findings, and associated documents
3. Evidence of availability of funds
4. Copy of or reference to posting notice of proposed acquisition
5. The list of sources solicited, and a list of any firms or persons whose requests for copies of the solicitation were denied, together with the reasons for denial
6. Set-aside decision including the type and extent of market research conducted
7. Government estimate of contract price
8. A copy of the solicitation and all amendments
9. Security requirements and evidence of required clearances
10. A copy of each offer or quotation and records of determinations concerning late offers or quotations. Unsuccessful offers or quotations may be maintained separately if cross-referenced to the contract file. The only portions of the unsuccessful offer or quotation that should be maintained are the completed solicitation (e.g., sections A, B, K

and any other part the offeror or quoter has altered or annotated), technical and management proposals, and cost/price proposals.
11. Preaward survey reports or reference to previous preaward survey reports relied upon
12. Source selection or evaluation documentation
13. Contracting officer's determination of the contractor's responsibility
14. Small Business Administration Certificate of Competency
15. Records of contractor's compliance with labor policies including equal employment opportunity policies
16. Data and information related to the contracting officer's determination of a fair and reasonable price
17. Packaging and transportation data
18. Cost or price analysis
19. Audit reports or reasons for waiver
20. Record of negotiation
21. Justification for type of contract
22. Authority for deviations from regulation, statutory requirements, or other restrictions
23. Required approvals of award
24. Notice of award
25. The original signed contract or award, all contract modifications, and supporting documents
26. Copy of or reference to posting notice of award
27. Notice to unsuccessful quoters or offerors and record of any brief explanations or debriefings
28. Acquisition management reports
29. Bid, performance, payment, or other bond documents, or a reference thereto, and notices to sureties
30. Postaward conference documentation
31. Notice to proceed, stop orders, and any overtime premium approvals granted at the time of award
32. Documents requesting and authorizing modification in the normal assignment of contract administration functions and responsibility
33. Approvals or disapprovals of requests for waivers or deviations from contract requirements
34. Rejected engineering change proposals
35. Royalty, invention, and copyright reports or reference thereto
36. Contract completion documents
37. Documentation regarding termination actions for which the contracting office is responsible
38. Any additional documents on which action was taken or that reflect actions by the contracting office pertinent to the contract
39. A current chronological list identifying the awarding and successor contracting officers, with inclusive dates of responsibility
40. When limiting competition or awarding on a sole source basis to small business concerns, documentation of the type and extent of market research and that the North American

Industry Classification System (NAICS) code assigned to the acquisition is for an industry that the Small Business Administration (SBA) has designated

The contract administration office maintains records focused on postaward contract management and performance oversight. This file supports the day-to-day administration of the contract after award. Cross-reference to documents that are located elsewhere in the contract file rather than duplication of documentation is appropriate.

Example documentation that may be included in the contract administration file or contract administration section of the contract file, as appropriate:

1. Copy of the contract and all modifications, together with official record copies of supporting documents executed by the contract administration office
2. Any document modifying the normal assignment of contract administration functions and responsibility
3. Security requirements
4. Certified cost or pricing data, Certificates of Current Cost or Pricing Data, or data other than certified cost or pricing data; cost or price analysis; and other documentation supporting contractual actions executed by the contract administration office
5. Preaward survey information
6. Purchasing system information
7. Consent to subcontract or purchase
8. Performance and payment bonds and surety information
9. Postaward conference records
10. Orders issued under the contract
11. Notice to proceed and stop orders
12. Insurance policies or certificates of insurance or references to them
13. Documents supporting advance or progress payments
14. Progressing, expediting, and production surveillance records
15. Quality assurance records
16. Property administration records
17. Documentation regarding termination actions for which the contract administration office is responsible
18. Any additional documents on which action was taken or that reflect actions by the contract administration office pertinent to the contract
19. Contract completion documents

The paying office maintains a focused file containing documents necessary for processing payments and maintaining financial records related to the contract. Cross-reference to documents that are located elsewhere in the contract file rather than duplication of documentation is appropriate.

Example documentation that may be included in the payments and financial records file or payments and financial records section of the contract file, as appropriate:

1. Copy of the contract and any modifications
2. Bills, invoices, vouchers, and supporting documents

3. Record of payments or receipts
4. Other pertinent documents

FC 4.301(b) Contract reporting in centralized assisted acquisitions.
Agencies awarding assisted acquisitions handle required contract reporting, including appropriately allocating small-business goals credited among the multiple requesting agencies when requirements are combined on a single contract or order using demand aggregation method.

FC 4.308 Low-risk contract closeout.
A large contract closeout backlog not only poses a significant burden to various acquisition and financial systems but also impedes an agency's ability to effectively manage its annual financial statement audit.

The quick-closeout procedure in FAR 42.507 provides relief for certain cost-type contracts involving indirect rates, but not for other contract types. To supplement this, at least one agency has promulgated rules to use low-risk closeout procedures for specific types of expired contracts to streamline the closeout process, reducing the backlog of open contracts with unliquidated funds or undelivered orders. While this approach may be useful for closeout of individual contracts, it may be most useful for bulk contract closeouts of low-risk actions. Automations are also a great way to reduce backlog and bulk closeout contracts.

Key aspects of low-risk closeout procedures included:

- **Risk Assessment:** Identifying low-risk contracts based on specific criteria, including contract type, expiration date, and lack of recent payment activity.
- **Public Posting:** Publishing a Federal Register, SAM.GOV, or similar notice that asks contractors with specific contracts to submit any outstanding invoices to the cognizant contracting activities within 60 days after that notice was published.
- **No Change in Contractor Rights:** Despite the expedited process, contractors' rights were preserved under the Contract Disputes Act of 1978, allowing them to file claims.
- **Standard File Retention:** Normal contract file retention requirements applied after the low-risk closeout process, following FAR guidelines.

Part 5 - Publicizing Contract Actions

FC 5.000 Plain language.
When crafting solicitations and notices, prioritize clarity and simplicity by embracing plain language writing principles. Avoid overly technical jargon, complex sentence structures, and acronyms that are not widely understood.

The goal is to make it easy for businesses to determine whether they can do the work. Plain language is not merely simplifying content. Make your message understandable upon first reading.

FC 5.000 Actively engage throughout the process.
Acquisition work does not stop during mandatory posting periods, or when you have issued special notices to obtain more targeted feedback from industry. Maintain momentum by connecting with internal teams and external partners to manage expectations, refine procurement documentation, address concerns, and ensure alignment on process, next steps, and goals.

Draft documents can be issued to industry at any time up until the publication of the final solicitation. For example, prior to the issuance of the solicitation or combined notice and solicitation, the agency may issue a sources sought notice, a draft requirements document, or an industry day announcement.

This proactive approach refines solicitations, addresses potential issues that may impact a potential offeror's bid or no bid decision, attracts higher-quality proposals, and fosters a collaborative competitive environment that balances commercial industry practices with government requirements.

FC 5.000 Maximizing agency forecasting opportunities.
Early posting of acquisition forecasts is a valuable practice to increase transparency, increase competition, contribute to quality proposals, and help the agency meet public engagement goals with commitments to fair, open, and efficient procurement. An agency procurement forecast is considered a "living document." It can be adjusted throughout the year as new information becomes available, or the government determines the appropriate acquisition strategy. Use your agency's official procurement forecast system to publish procurement plans with as much information as you have at hand. Regularly update the system as more information is ready to share. Use other public platforms and mediums to direct the marketplace to your agency's procurement forecast system to learn more about upcoming procurements.

Early notices inform industry of upcoming opportunities and help promote engagement, especially for complex or high-value requirements. Vendors use agencies' recurring procurement forecasts to monitor opportunities in the marketplace. Proactive use of these tools support early communication of acquisition plans and strengthen industry engagement and readiness.

A list of Agency Recurring Procurement Forecast systems can be found here.

FC 5.000 Expanding reach beyond the Governmentwide Point of Entry (GPE).
While SAM.gov serves as the required central platform for posting most federal notices and contract opportunities, acquisition teams can supplement their GPE postings by using other digital channels. These might include industry-specific websites and relevant social media platforms to amplify the opportunity and attract a wider pool of qualified vendors. These steps can be critical to expanding the current federal marketplace. When using extra channels, it is a good practice to include a direct link to the official SAM.gov notice so vendors can access authoritative documentation and complete opportunity details.

Acquisition teams have access to various digital platforms beyond the traditional posting methods. Interactive online portals allow users to view notices, apply filters, subscribe to alerts, and engage through comments or question-and-answer features.

Examples include specialized platforms such as:

- U.S. Special Operations Command (SOCOM) Vulcan platform (www.vulcan-sof.com),
- Defense Advanced Research Project's (DARPA) Connect platform (www.darpa.mil), and
- The Office of the Chief Digital and Artificial Intelligence Officer's Tradewinds Solutions Marketplace (tradewindai.com).

Social media channels can reach targeted industry segments quickly, particularly benefiting small businesses and technology providers. Mobile apps can deliver real-time notifications of notices or opportunities directly to potential vendors' devices. When using extra channels, it is recommended to include a direct link to the official SAM.gov notice so vendors can access authoritative documentation and complete opportunity details.

FC 5.101 Using the GPE for market intelligence.
SAM.gov and other portals can serve as valuable tools for soliciting feedback and gathering information during market research, market intelligence, and acquisition planning activities.

SAM.gov notices are not limited to contracting opportunities. Acquisition teams can leverage notices to request feedback, engage potential offerors, and pose questions to inform requirements development. Be specific in your GPE notices. For instance, if you are looking for specific information such as incentives, quality metrics or other information, state this clearly in your notice. Promptly amend notices when the government's schedule changes, so that contractors can plan accordingly.

These efforts can be supplemented with creative tools such as virtual industry days, online forms to collect information easier, and industry-focused webinars or forums. These diverse feedback mechanisms support deeper understanding of marketplace capabilities, emerging technologies, pricing trends, and potential sources, leading to more informed acquisition decisions and better outcomes.

FC 5.101 Crafting effective presolicitation notices.
Develop presolicitation notices that are both informative and efficient by focusing on what vendors need to know to determine if the contract action is relevant to them.

Prioritize clear and concise communication, including only necessary details while avoiding lengthy descriptions or redundant information. Link to attachments or government websites for comprehensive specifications rather than including that information in the presolicitation notice itself. Include applicable NAICS codes, dates, contracting office zip code, product or service codes, subject matter, proposed solicitation number when available, contact information, requirement description, place of performance, set-aside status, and special considerations such as compliance with 41 USC Ch. 83 - Buy American requirements.

For product-specific acquisitions, include the following key specifications:

- National Stock Number (NSN), if assigned
- qualification requirements
- manufacturer
- part number

- size and dimensions
- predominant material
- quantity and unit of issue
- destination
- delivery schedule
- planned contract duration

FC 5.101(a) Posting requirements for commercial purchases at or below the SAT.
There is still a requirement to post requirements for commercial purchases at or below the SAT. FAR 12.202(a) requires publicizing in accordance with part 5.

FAR 5.101(a) requires a presolicitation notice on the Governmentwide Point of Entry (GPE) for contract actions above $20k, including commercial acquisitions, unless an exemption in paragraph (b) applies.

If the contract action is at or below the Simplified Acquisition Threshold (SAT) and the solicitation will be posted to the GPE and allows the public to respond electronically, a presolicitation notice is not required (see FAR 5.101(b)(1)(i)). The public "notice" will be the solicitation.

However, FAR 12.201-1(c)(2) gives the Contracting Officer flexibility to solicit directly from suppliers for acquisitions at or below the SAT. This flexibility does not eliminate the notice requirement. Since the solicitation will not be posted to the GPE the 5.201(b)(2) exception does not apply. Therefore, if you choose to solicit directly, you must post a presolicitation notice under FAR 5.101(a).

For acquisitions over the SAT, FAR 5.201 requires a solicitation posting, and FAR 12.201-1(c)(1) directs that this be accomplished by posting a combined presolicitation notice and Request for Quotations (RFQ).

FC 5.101(d) and FC 5.201(d) Response time considerations.
Response periods should balance acquisition complexity, minimum regulatory posting requirements, the commercial nature of the acquisition, and urgency to ensure timely publication and reasonable opportunity for offerors to respond. Response times to notices are generally calculated from the publication date on the GPE unless otherwise specified in the notice.

While the goal is to provide reasonable response times, certain circumstances, such as acquiring commercial products and services, may allow for shortened response times through the use of combined presolicitation notice and solicitation posting procedures or other expedited methods.

Conversely, other factors may require longer response times. Always verify minimum posting periods based on regulatory requirements when applicable. Consider factors that may impact response times. For instance, submittals of sensitive information or intellectual property, confidential, or proprietary information may require offerors to obtain additional corporate approvals, necessitating longer response times.

FC 5.102 Digital media over paid advertisements.
While statutes may refer to paid advertisements in newspapers or trade publications, these approaches are generally less effective and more expensive in today's digital landscape.

Acquisition teams should prioritize digital and online media because they reach wider audiences, cost less than paid advertisements, allow for more detailed information and interaction, and are easier to measure for effectiveness.

Only consider paid advertisements when there is a compelling reason, such as demonstrated lack of digital access within the specific vendor community being targeted, and after thoroughly exploring other methods.

Part 6 - Competition Requirements

FC 6.003 Innovative techniques to optimize competition.
Use competitive procedures whenever possible to the extent practicable to increase vendor participation and maximize competition. Find ways to lower barriers to entry by leveraging techniques such as down-selects, on/off-ramps, fusion procurements, and or the method of repositioning for resilience. As you develop your requirements and strategy, keep your long-term goals in focus. Consider how each acquisition decision will shape future competition and support mission success. Thoroughly review your requirement documents and strategy with the end in mind, and consider how your acquisition decisions will impact long-term competition and mission success.

To learn more about these innovative methods, see FC 7.102(a) Solicitation techniques, FC 7.102(a) Evaluation techniques, FC 7.102(a) Postaward techniques for notification and contract administration, 16.504-4 On-ramps and off-ramps, or visit the PTAI.

FC 6.103(b)(1) Use planning to optimize competition and innovation.
Early acquisition planning creates opportunities to structure your approach for maximum competition and innovation and may reduce the need to use FAR part 6 exceptions to competition.

With proper planning, you can break large requirements into smaller, more competitive packages; explore commercial solutions before developing custom requirements; and design evaluation criteria that reward innovative approaches.

Identify and address potential barriers to competition, whether they stem from current contractor advantages, unique requirements, or market limitations.

When you start planning early, you have time to develop multiple qualified sources, standardize requirements to enable broader competition, and work with industry to build capabilities before you need them. This proactive approach to acquisition planning often results in better solutions, lower costs, and a more robust vendor base for future requirements.

Some competition exceptions may still be necessary due to legitimate market limitations or unique requirements. Thoughtful planning helps ensure that when you do use exceptions to competition, it’s based on genuine market conditions rather than poor planning and shows you considered the long-term impacts or risks presented by limiting competition. When using exception authorities, consider the implications for future competition requirements.

FC 6.103-5(b) Statutes applicable to small business programs.
The following example statutes authorize agencies, when applicable statutory and regulatory requirements are satisfied, to contract without providing for full and open competition and do not require a justification and approval under FAR 6.104.

- HUBZone Program, 15 U.S.C. 657a.
- SDVOSB Program, 15 U.S.C. 657f.
- WOSB Program, 15 U.S.C. 637(m).
- 8(a) Program, 15 U.S.C. 637(a).
- SBIR or STTR Program follow-on Phase II:
    - Sequential Phase II, 15 U.S.C. 638(ff).
    - Subsequent Phase II, 15 U.S.C. 638(bb).
    - Phase II awards, Strategic Breakthrough Allocation, 15 U.S.C. 638(ff)(3)(A).
- SBIR or STTR Program Phase III, 15 U.S.C. 638(r).

FC 6.103-5(c) Example of other than full and open competition authorized or required by statute.
This authority may be used when statutes, such as the following, expressly authorize or require that acquisition be made from a specified source or through another agency:

- Federal Prison Industries (UNICOR) 18 U.S.C. 4124 (see subpart 8.3).
- Qualified nonprofit agencies for the blind or other severely disabled 41 U.S.C. chapter 85, Committee for Purchase From People Who Are Blind or Severely Disabled (see subpart 8.2).
- Government Printing and Binding 44 U.S.C. 501- 504, 1121 (see subpart 8.5).

FC 6.104 Preparing a strong Justification and Approval (J&A).
The J&A should tell a clear story about why this particular approach serves the government's interests, what alternatives you considered, and why they won't work. Focus on the mission impact and practical realities rather than merely providing legal citations. A compelling narrative that demonstrates genuine market analysis and thoughtful decision-making will persuade approving officials and be more readily defended if challenged.

A J&A isn't just a compliance document. It's your opportunity to show your sound acquisition planning and stewardship of taxpayer dollars. Therefore, treat your market research as the cornerstone of your justification, not an afterthought.

Market research under FAR 6.104-1(a)(8) should explore not just who can provide what you need, but how the market actually works, what drives pricing and innovation, and what barriers exist to broader competition.

When you conclude that only one source can meet your needs, your market research should clearly show why others cannot—whether due to technical capabilities, experience requirements, timeline constraints, or other legitimate factors. If you invest time and effort into understanding the marketplace, what you learn will make the rest of your justification more convincing to your audience, as well as easier to write.

Ensure your J&A authority matches reality. Always choose the legal exception authority based on the actual circumstances driving your acquisition. Misaligned authorities create approval delays and undermine your justification.

Part 7 - Acquisition Planning

FC 7.000 Turning relationships into results.
The most successful practitioners know that an effective acquisition strategy begins well before written or formal requirements are put to paper. Mission delivery requires early, collaborative, and adaptive engagement that continues throughout the acquisition lifecycle. As a practitioner, finding ways to build relationships and create effective teams can help ensure the determined acquisition strategy results in mission success while identifying and mitigating any risks of disruptions.

Being flexible and willing to pivot, adjust and improve your strategy based on new findings increases the likelihood of effective mission delivery. Start early, collaborate consistently, and plan strategically. Consider opportunities to share program needs and plans with members of the acquisition team early and often. Ensuring the acquisition team is aware of upcoming requirements and procurements helps promote more effective planning. Establish regular portfolio or program acquisition planning sessions (e.g., every six months). This promotes optimal decision-making.

FC 7.102(a) Project and program management concepts to support outcome-based contracting.
The following frameworks may be useful acquisition planning for outcome-based contracting:

- **Agile** is a flexible framework designed to maximize value through continuous delivery, collaboration, and fast feedback. By breaking work into smaller, incremental steps, Agile reduces risk, adapts to changing needs, and counters the more rigid, predictive planning of traditional frameworks. While originally created for software, Agile principles fit any service requirement.

- **Modular design**, such as the Modular Open Systems Approach (MOSA), breaks large, complex systems into separately procurable components with standardized interfaces. This technical and business strategy expands the competitive base by allowing specialized vendors to compete for specific elements within their core competencies rather than requiring expertise across an entire integrated system. By procuring software, hardware, or services separately, agencies reduce integration risks, avoid full system replacement, and enable seamless, component-level modernization. This approach supports performance-based specifications that focus on required outcomes rather than prescriptive solutions, ultimately optimizing lifecycle costs, fostering vendor innovation, and enhancing operational capabilities. This is a common strategy for the acquisition of information technology (see more in FAR part 39 and FC 39).

FC 7.102(a) Non-FAR based acquisitions.
When engaging in acquisition planning, the following procedures and authorities may be appropriate for consideration:

- Non-FAR based arrangements such as **Grants, Cooperative Agreements; Cooperative Research and Development Agreements (CRADAs); Partnership Intermediary Agreements (PIAs); Technology Investment Agreements (TIAs), and Procurement for Experiments** may be applicable for an overall Acquisition Strategy. The statutory basis for these authorities vary by agency and may not be available or applicable to your acquisition.

- **Other Transactions (OT)** are non-FAR based agreements that can include flexible business arrangements designed to attract non-traditional contractors, startups, and commercial tech companies that usually avoid the rigid complexities of traditional government contracting. Instead of following strict government-mandated rules, the agency and the company can negotiate a customized agreement from scratch, similar to a commercial business deal. OTAs are primarily used for prototyping, research, and prototyping-to-production projects to rapidly deliver cutting-edge technology to the government. The statutory basis for these authorities vary by agency and may not be available or applicable to your acquisition.

- **Commercial Solutions Opening (CSO)** is a non-FAR based authority for innovative commercial products and services currently granted to DoD, GSA and DHS to use as a competitive procedure. DoD use of its CSO authority can result in either an Other Transaction award, or a FAR-based contract or agreement. GSA and DHS use of their authority results in the award of CSO agreements.

- **Prizes and Challenges:** Prize and challenge competitions allow federal agencies to crowdsource innovation by paying only for successful results rather than funding the work upfront. Instead of using traditional contracts or grants to hire a specific vendor, an agency publicly posts a problem or goal, sets a cash reward or nonmonetary award, and invites anyone—including startups, students, and citizens—to submit a solution. This approach shifts the financial risk away from the government, because the agency only awards the prize when someone successfully meets the challenge criteria. It is a highly effective tool for driving public engagement, uncovering unexpected breakthroughs, and solving tough technical or operational problems quickly. GSA provides additional information on prize competitions.

FC 7.102(a) Determining a portfolio of contracts.
Consider how many contracts or orders are appropriate to satisfy a requirement and the impact that decision makes on competition, small business engagement, supply chain, and vendor lock-in. The following are examples of how multiple contracts may support a single overall acquisition:

- **Modular contracting** is a procurement model/ business process that breaks what would traditionally be a large, monolithic contract into several shorter-term, lower dollar amount contracts. Modular contracting is typically used to implement agile and modular design

(see FC 7.102(a) Project and program management concepts to support outcome-based contracting), but can conceptually be used to determine how many contracts/ orders should be used to support a requirement. As business advisors, Contracting Officers should encourage, when appropriate, requirements developers to use modular design and ensure that a suitable modular contract portfolio supports the requirement. A contract can be for a "module" of all known requirements until a future decision point, or additional information is obtained. A "module" may also be for services, construction, or other systems. As always, ensure that the use of this technique is appropriate for the circumstances.

- **Phased acquisitions** break down complex or high-risk acquisitions into distinct parts for contract award (see FAR 15.103-4). For example, multiple vendors could produce prototypes under an initial contract, with a subsequent contract award (potentially for a production contract) to the vendor(s) that produced the most promising prototype (i.e., this is commonly called a "down-select"). This approach could combine both non-FAR and FAR-based agreements and contracts.
    - Note: Phased acquisitions are distinct from "phased down-selects," which applies the "down-select" concept to a process by which the Government within a single competition reduces the number of quotes/ proposals under consideration for award (distinct from the use of a competitive range). Phased down-selects are discussed in FC 7.102(a) Evaluation techniques.

FC 7.102(a) Buying pathways.
There are several pathways to execute a FAR-based contracting strategy that augment the processes found in FAR parts 8,12,13,14, and 15. Some pathways for your consideration are:

- **Blanket Purchase Agreements (BPAs)** can be now established under multiple-award contracts in accordance with FAR 16.507-2. Not all multiple-award contracts currently permit this practice. It is recommended to review ordering guidance or seek agency guidance prior to execution. For further considerations, see FC 16.507-2(c)(3) Blanket Purchase Agreements (BPAs) under multiple-award contracts.

- **Energy Savings Performance Contracts (ESPCs)** are a financing mechanism that allows an agency to fund infrastructure upgrades with no upfront capital. More information on ESPCs can be found in FC 23.202 Energy Savings Performance Contracts (ESPCs).

- **Joint venture partnerships** can help solve complex data challenges focusing on critical mission priorities using applied data science innovations in areas such as artificial intelligence, machine learning and predictive analytics. The National Technical Information Service's (NTIS) joint venture partnership authority, within the Department of Commerce, leverages leading, innovative companies, academia, and non-profits to help solve complex data challenges within the federal government. Agencies can leverage this authority by entering into an interagency agreement with NTIS.

- **Small Business Innovation Research (SBIR)** is a competitive program that encourages small businesses to engage in Federal Research and Development (R&D) with the

potential for commercialization to stimulate innovation. **Small Business Technology Transfer (STTR)** is a program to facilitate cooperative R&D between small business concerns and non-profit U.S. research institutions with the potential for commercialization of innovative technological solutions. SBIR/STTR are gated processes with three (3) phases executed through BAA or CSO processes resulting in contracts, grants, or agreements. These authorities are also discussed in FC 35.1 Understanding the different approaches to R&D contracting.

FC 7.102(a) Pre-solicitation techniques.
Effective approaches for pre-solicitation activities that have improved outcomes include:

- **Discovery Sessions** are in-depth site visits that allow interested sources to conduct due diligence, clarify requirements, and answer vendor-specific questions. The government may provide a reading room and access to key requirement owners for direct exchanges with individual companies. Discovery sessions are typically conducted after release of the final solicitation and before receipt of full proposals, possibly after phase 1 of a multi-phased procurement when the competitive pool has been reduced to only a few remaining offerors to minimize burden and focus time efficiently. Discovery sessions allow vendors to explore their unique solution approaches while learning about agency needs. To maintain fairness, establish clear ground rules prohibiting discussions of pricing, ensure consistent time allocations for all offerors, and document session protocols in the solicitation. These interactions result in complete proposals that better address agency requirements and result in fewer assumptions and exceptions in proposals. More information on discovery sessions can be found in the PTAI.

- **Oral Acquisition Plans** can be used to document acquisition planning when a written acquisition plan is not required. An oral acquisition plan can be developed through a collaborative session with key stakeholders, including the program manager, customer, contracting officer, and small business specialist. The session should be facilitated by an acquisition planner (typically a member of the acquisition team) and cover essential elements, such as market research, competition, contract type, and small business opportunities. Document decisions and next steps agreed to during the collaborative session (for example, some acquisition teams use artificial intelligence meeting notes to document the decisions, which are affirmed by the government approving official). Depending on the complexity of the acquisition, to ensure the acquisition plan remains effective, periodic check-ins may be conducted during the procurement lifecycle to track progress and make any necessary updates to the plan.

- **Opt-in**: Contracting Officers may consider the use of an “opt-in” method to streamline the procurement and allow industry to affirmatively express their interest in a solicitation. When using the opt-in method, provide sufficient information for industry to affirmatively indicate their interest. Sufficient information may include, but is not limited to, draft RFQ/RFP, draft requirements, or high level scope summaries. It is recommended to explicitly state in the notice that a non-response by the designated deadline will constitute an opt-out.

FC 7.102(a) Solicitation techniques.
Effective approaches for structuring the solicitation to maximize mission outcomes include:

- **Communicating Innovative Techniques with Industry**: If you are using a new innovative method or a technique that may be new to your vendor base, a recommended approach is to proactively communicate the government's intent to use a novel procurement technique in the solicitation. This helps lower barriers to full and meaningful vendor participation and provides prospective vendors an insight into the government's acquisition approach. It helps ensure vendors are informed on innovative procurement techniques found on the PTAI or explained in the solicitation. More information on the use of this practice can be found on the PTAI.

- **Betterment** is a process where vendors have the opportunity, in a dedicated space in their quote or proposal, to outline specific aspects of their proposed solution that exceed or enhance the government's requirement and the value those aspects bring to the government. More information on betterment can be found on the PTAI.

- **Enhanced Contract Type Conversion** permits procurement teams to build flexibility into the solicitation to allow for future conversion from one contract type to another, such as from time-and-materials to firm-fixed-price, after award. This approach supports the award of the most appropriate type of contract initially, yet allows for conversion to a more appropriate and lower-risk contract type once sufficient historical performance data is available. The process significantly enhances collaboration among the contracting office, program office, and the contractor, allowing Contract Line Item Numbers (CLINs) to be converted after award through the mutual agreement of both parties. This introduces essential flexibility, particularly through the use of optional CLINs for support that is difficult to price accurately at the start. For example, a Time & Materials (T&M) CLIN can be converted to Firm-Fixed Price (FFP) once the scope of work is better defined after performance, or when funding becomes available. A primary advantage is the ability to convert the contract type at any point during its life, eliminating the need to wait until the next competition. This introduces greater flexibility, especially in hybrid-type contracts. The adaptability increases the likelihood of successful outcomes, as government and contractor teams can build upon previous work and, once unknowns are resolved, finalize pricing within the original scope and awarded price estimation. Crucially, this flexibility also aids the program office in navigating budget constraints, like those encountered during continuing resolutions, by enabling the conversion of CLINs to FFP when suitable. More on the use of this technique is available on the PTAI.

- **Fusion Procurements** bring together multiple requirements into a single solicitation. Prior to issuing the solicitation, the acquisition team can determine the evaluation strategy for each requirement outlined. The team can use the same or different evaluation approach to evaluate responses to the solicitation for each requirement, as established in the single solicitation. After evaluations are complete, the contracting officer issues separate awards for each requirement to the respective successful offeror(s). The fusion procurement technique is distinct and different from the process of issuing a single solicitation for a multiple award contract or agreement. To learn more about fusion procurements, see the PTAI.

- **Rates Only for Pricing Evaluations (ROPE)** methodology alleviates the burden on vendors submitting complex pricing submissions and on contracting officers when evaluating these submissions as part of establishing an indefinite-delivery indefinite-quantity (IDIQ) contract or blanket purchase agreement (BPA). Prior to the issuance of the solicitation, the Government creates a realistic estimated number of hours or a scenario of the labor categories or CLINs to evaluate pricing. See the PTAI for more on this technique.

- **Self-Scoring Model**: Self-certification, or a self-scoring system, puts the burden of proving the contractor's capabilities on them instead of the Government. Bidders score themselves on one or more factors and provide documentation to support their assertions. See the PTAI for more on the self-scoring model.

- **Small Business Participation as a factor or subfactor** in an evaluation can increase small business participation as an element of the evaluation. Other-than-small- business vendors are incentivized to commit portions of the envisioned work to small businesses. When considering use of such a factor or subfactor, the contract officer could consider both the percentage of expected small business participation as a percentage of total contract value and the prime vendor's prior experience or past performance of similar subcontracting achievements with small businesses. The prime vendor's proposal responding to this process could be an attachment to complete for the ease of comparisons, called the Small Business Participation Commitment Document, which could then be incorporated into the resulting award. Examples of use can be found on the PTAI.

FC 7.102(a) Evaluation techniques.
Some effective approaches for evaluations include:

- **Oral presentations** (see PTAI) deliver maximum value when scheduled in subsequent or final evaluation phases with a smaller, competitive pool of offerors. An oral presentation or product demonstration allows the Government to observe and discern actual capabilities of offerors (rather than their use of proposal writers or artificial intelligence in proposal preparation). Consider using an oral presentation as a replacement for written submissions. Do not use an oral presentation to duplicate written aspects of a proposal.

    - When allowing briefing slides or written materials to accompany oral presentations or demonstrations, establishing uniform submission requirements creates a level playing field. Setting a common cut-off date and time, along with page or slide limits, focuses evaluation on the oral/demonstration aspects rather than written content. These constraints also clarify for all offerors that supplemental materials do not represent an opportunity to revise their proposals.

    - To maintain a fresh collective memory and avoid bias from subsequent presentations, it is recommended to evaluate oral presentations and demonstrations immediately after each one concludes.

- As an example, an approach can involve limiting presentation materials to 10 slides maximum, requiring submission 48 hours before the presentation, and explicitly stating in the solicitation that slides will only be used to support the oral presentation—not scored as standalone written content. This keeps the focus on the offeror's ability to communicate and demonstrate capabilities in real-time rather than creating another written submission opportunity.
- When requesting oral presentations, for a non-phased acquisition the RFP must provide offerors with the necessary information to prepare and provide the presentation. For a multiple-phased acquisition, the necessary information to prepare and provide the presentation may be provided after the initial phase of the acquisition is completed, allowing for sufficient time for the subsequent phase offerors to prepare and provide the presentation.
- Oral presentations may be appropriate for procurements under the procedures found in FAR 8,12,15, and 16.

- A strong method to assess a vendor's capability is to require a **technical demonstration**, product demonstration, or working prototype that shows a vendor's actual capabilities rather than promised functionality. Establish technical challenges that all offerors address under consistent conditions, allowing side-by-side comparison of approaches and capabilities. This method reduces reliance on written claims and provides evidence of technical competence and innovation potential. However, in structuring technical demonstrations and challenges, it is important to understand the level of effort they require for industry partners, especially small businesses. Therefore, ensure the approach is appropriately structured based on the complexity, value and importance of the requirement. Regardless, ensure the evaluation criteria clearly communicate how demonstrations will influence award decisions. This can be a stand-alone factor or an element of the oral presentation. Examples of use can be found in the PTAI.
- The **phased down-select** technique may be appropriate when a large number of responses is anticipated in a competitive acquisition. The acquisition team may consider a phased evaluation and down-select process to promote efficiency, increase competition, and reduce the bid and proposal burden for industry. In a down-select, all offers are evaluated in the first phase under some of the evaluation factors, with the expectation that fewer offers will be considered in one or more subsequent phases.
  - The solicitation may require a phased offer submission (where the initial offer will address some evaluation factors and one or more subsequent offer updates will address the remaining evaluation factors). This is a matter for the contracting officer's discretion and sound business judgment, considering the realities of the marketplace and the complexities of the acquisition.
  - A notional two-phase down-select scenario is described in the table below. The contracting officer should adapt this process to fit the particular acquisition. The solicitation should clearly detail the evaluation factors that are relevant for each evaluation phase.

Notional scenario of a down-select process

Phase 1	**1**	Release solicitation describing all evaluation factors. Require offerors to submit proposals that address Phase 1 factors
	2	Receive Phase 1 proposals
	3	Evaluate Phase 1 factors
	4	Down-select to a subset of proposals based on evaluation of Phase 1 factors
Phase 2	**5**	Notify offerors of the Government's decision (in the event of a firm down-select process) or recommendation (in the event of an advisory down-select process). Request down-selected offerers to submit proposals that address Phase 2 factors
	6	Receive Phase 2 proposals
	7	Evaluate Phase 2 factors
	8	Select awardees in accordance with the evaluation approach outlined in the solicitation

- For acquisitions where the contracting officer is not the selecting official, the contracting officer may make the down-select decision, while the selecting official retains the award decision.
- Below are two broad approaches to a phased evaluation or down-select process, an advisory approach and a firm approach.
- In an advisory or voluntary down-select process, an offeror not recommended to proceed to the next phase may still elect to participate in the next phase, and if so, will be considered for award. At the conclusion of an advisory down-select phase, the contracting officer informs each offeror either (1) that it is invited to participate in the next phase; or (2) that, based on the information it has already submitted, it is unlikely to be a viable competitor along with the general basis for that opinion. However, the notice should not restrict any offeror from participating in the next phase. The notices should inform offerors of the next submission requirements and deadlines. Since no offeror has been eliminated, there are no grounds for protest.
- In a firm or involuntary down-select process, an offeror not selected to proceed to the next phase will not be further considered for award. At the conclusion of a firm down-select process, it is recommended that the contracting officer inform each offeror either (1) that it is invited to participate in the next phase and provide information on the next submission requirements and deadlines; or (2) that it is no longer considered eligible for award.

- Consider multi-phase evaluation processes that progressively narrow the competitive field through increasingly detailed assessments. Initial phases might evaluate high-level solution approaches and team qualifications, while later phases examine technical details, pricing, and implementation plans from down-selected offerors. This approach reduces the proposal preparation burden for industry while allowing agencies to focus evaluation resources on the most promising solutions. It particularly benefits IT acquisitions where in-depth technical evaluation (for instance, of coding challenges or demonstrations) may be more resource intensive.
- When utilizing a firm down-select, it is important to consider when price needs to be considered prior to eliminating competitors from a procurement (for instance, the requirement to consider price prior to establishing a competitive range under part 15 unless the exception of 15.104(b)(1)(ii) applies). Approaches for price consideration under a firm-down-select may be consideration of rates on a parent vehicle (e.g., federal supply schedule) or submission of a rough order of magnitude. As with any solicitation, clearly delineating exactly what will be evaluated in each phase and following that evaluation approach is a best practice.
- Examples of use may be found in the PTAI.

- **Highest Technically Rated with a Fair and Reasonable Price (HTR-FRP)** allows award to the highest technically rated offer (or offerors, when multiple awards are contemplated such as for an IDIQ or BPA) that are also found to have a reasonable price without using trade-offs between cost or price and technical. Information on this practice is found in FAR 15.103-3, but agencies have successfully used this technique in FAR 12, 16.5 and FAR 8 procurements. Examples of use may be found in the PTAI.
- The **Select Best-Suited, Then Negotiate** technique may be used to negotiate with the prospective awardee following selection, yet prior to award. Once the Government has completed its entire evaluation in accordance with the process established in the solicitation, and has conducted its tradeoff analysis, the Government selects the apparently successful quoter. The Government then communicates solely with that quoter to negotiate any remaining terms (technical and price) and finalize an award.
  - If this technique is contemplated, consider stating so in the order solicitation, and then utilizing it as advantageous to the Government. Language such as: “Once the Government determines the quotation that is most advantageous to the Government based on its evaluation of initial responses, the Government may communicate with the best suited quoter to address any remaining issues, consistent with the terms of the solicitation. These issues may include technical and/or price. If the parties cannot successfully negotiate any remaining issues, as determined relevant by the Government, the Government reserves the right to communicate with the next best suited quoter based on the original analysis, consistent with the terms of the solicitation.”

- The Select Best-Suited, Then Negotiate technique may be appropriate for procurements under the procedures found in FAR 8,12, or 16. It is not recommended for use under FAR part 15.
- Examples of use may be found in the PTAI.

- In **Comparative Evaluations** the Government performs a comparative evaluation to select the quotation/proposal that provides the best value by comparing responses against the evaluation factors in the solicitation.
  - Rather than assigning ratings to each quoter/offeror, the evaluation team ranks quotations/proposals against each other or, if sufficient, identifies the top ranked quotation/proposal for each evaluation factor.
  - This streamlined approach focuses on documenting the rationale for how quotations/proposals rank relative to one another and explaining why the selected quotation/proposal represents the best value to the Government. The evaluation and documentation should be efficient and proportional to the acquisition's complexity and value.
  - Comparative evaluations, although employed slightly differently, can be useful in some instances under FAR part 36 construction contracts, such as phase one of the two-phase design-build selection procedures.
- **Confidence ratings** are a type of adjectival rating system that permits evaluators to look holistically at the strong points and weak points of a proposal and then assign a confidence rating based on the evaluators' overall confidence in the offeror's likelihood of success. They help technical evaluators assess how likely a contractor is to successfully complete a project by evaluating items such as their technical capabilities and performance potential.
  - The confidence rating scale is designed to communicate the Government's level of confidence that a proposal will successfully meet solicitation requirements. It generally incorporates risk assessment, as that is often a natural aspect in determining the level of confidence the Government has that a proposal will successfully meet requirements outlined in a solicitation. It does not include a counting of strengths and weaknesses to assign a rating. Confidence Ratings are easier for Government technical evaluators to understand and apply. Adjectival ratings that limit evaluators to a certain rating based on having a certain number of "strengths" or "weaknesses" are not flexible and can overly restrict evaluators' ability to assign appropriate ratings. An effective approach is to use just three ratings: high confidence, some confidence, and low confidence. To maximize streamlining, use this technique in conjunction with on-the-spot consensus and document using brief decision documents.
  - When using a rating approach, confidence ratings or otherwise, it is recommended that each non-price (i.e., technical) factor stands on its own as part of your trade-off process. There is no need to assign a "super rating" of all

non-price factors prior to trade-off. Rate each non-price (i.e., technical) holistically and let the ratings stand on their own.

- Confidence Ratings may be appropriate for procurements under the procedures found in FAR 8,12,15, and 16. They are not used under sealed bidding procedures. Examples of use can be found in the PTAI.

FC 7.102(a) Award techniques.
Some effective approaches for determining and documenting contract award include:

- **On-the-spot consensus** evaluation is a method where evaluators collaboratively discuss and immediately agree upon the substantive merits and associated rating, as applicable, for a quote or proposal against the evaluation criteria or factors. On-the-spot consensus is suitable for the evaluation of written proposals, as well as oral presentations or technical demonstrations. This approach involves the evaluators reading quotes/ proposals, then engaging as an evaluation team in a focused discussion to identify key attributes of each proposal (e.g., strengths, significant weaknesses, deficiencies, or risks), arriving at a unified assessment and corresponding rating in real-time, and documenting the assessment and corresponding rating, as applicable, immediately thereafter.
    - The benefits of using on-the-spot consensus evaluation include increased efficiency, as it streamlines the evaluation process by eliminating the need for individual evaluation documentation, multiple rounds of individual reviews, and consolidation of individual evaluation documentation. Overall, on-the-spot consensus evaluation provides a collaborative and efficient approach to assessing quotes or proposals. It enhances transparency by creating a clear record of the evaluation team's collective reasoning and the basis for their consensus decisions.
    - On-the-spot consensus may be appropriate for procurements under the procedures found in FAR 8,12,15, and 16. Examples of use cases may be found in the PTAI.
- **Brief Decision documents** may be used where appropriate. Nowhere does the FAR require that a tradeoff analysis or decision document be exhaustive or be a certain prescribed length or page count. The focus of decision documentation should be on the actual decision to be made instead of incorporating an exhaustive history of other documents again into the decision document or duplicating findings that may merely be referenced by the selection official. More information on brief decision documents can be found in the PTAI.

FC 7.102(a) Postaward techniques for notification and contract administration.
Some effective approaches for postaward offeror engagement and contract administration include:

- **Release of the selection decision document** following contract award occurs after proprietary and procurement sensitive information are redacted from the document. This technique increases transparency between industry and Government and can often

reduce an unsuccessful vendor's or offeror's inclination to protest solely out of a need for more information. Release could include the tradeoff analysis, or just the vendor's or offeror's technical consensus evaluation report. Release of the appropriately redacted information may be made directly to the vendors/offerors involved in the procurement, or the tradeoff analysis could be released more broadly on the agency's public website or SAM.GOV. In no event shall any vendor's or offeror's cost breakdown, profit, overhead rates, trade secrets, manufacturing processes and techniques, or other confidential business information be disclosed. This practice can occur as part of the debriefing process or following closure of the protest period. There are no regulatory prohibitions against this type of sharing after award. Release of the selection decision document may be appropriate for procurements under the procedures found in FAR 8,12,15, and 16. More information about this technique can be found in the PTAI.

- **Oral Debriefings** may be an effective way to inform unsuccessful offerors of the award decision rationale. This technique can increase clarity and trust in the award process. Some benefits of use include, detailed in the PTAI, include:
    - Government can instill confidence in the acquisition decision and communicate adherence to its contracting process
    - Offerors are motivated to better understand the process while gaining additional insight to improve future proposals
    - Contracting Officers and Program Managers can apply a successful approach through dry runs in a learning environment which brings positive reinforcement
    - Reduced protest risk
    - Small Business Benefit: More clarity and understanding of the award decision helps small businesses compete more effectively for future work.
- **Award Term Incentives** may be used to motivate contractors with additional periods of performance. The Government leverages additional periods of performance, known as award term incentives, to motivate vendors to deliver better performance, usually in service contracts with outcome measures or performance metrics. It is a best practice to establish the parameters of an award term incentive at the pre-award phase and incorporate information about the award term incentives into the solicitation. Award terms may be awarded using standardized scoring methodologies in performance evaluations and are most impactful when care is taken to guard against grade-inflation, relaxed rating standards and over-reliance on subjective performance measures. When used, award terms should be administered separate and distinct from traditional option periods and award fees. See the PTAI for more information about this technique.
- **Repositioning for Resilience** is an opportunity for the acquisition team to reposition existing contract holders during the life of the contract vehicle and allows the Government to maintain adequate competition. This process enables the Government to adjust the previously awarded pool/track of current contract holders based on updated competencies and/or the Government's needs. It is especially useful for Government-wide acquisition contracts or multiple-awards contracts or agreements. It repositions existing contract holders within the contract pools/tracks, similar to on-ramping/off-ramping.

- During the option period or within a specified time, the contract holder decides if their business would like to compete within other service areas of the contract or, repositioning to another pool. For example, the acquisition team may require vendors to submit requests for repositioning 120 days prior to option year exercise. The acquisition team would review their established set of criteria to determine if the contract holder should be repositioned. It can also be used when the Government's needs change and repositioning current contract holders would improve mission outcomes. For example, repositioning to another area of the country to provide support. The current contract holder would need to agree to the repositioning. Additional examples of use and information about this process can be found in the PTAI.

FC 7.102(b) Early planning to optimize competition and innovation.
Early acquisition planning creates opportunities to structure your approach for maximum competition and innovation. With adequate planning time, you can break large requirements into smaller, more competitive packages, explore commercial solutions before developing custom requirements, and design evaluation criteria that reward innovative approaches. Planning also allows you to identify and address potential barriers to competition, whether they stem from incumbent advantages, unique requirements, or market limitations. This strategic approach to competition planning often results in better solutions, lower costs, and a more robust vendor base for future requirements.

FC 7.104(a) Industry engagement during acquisition planning.
Effective communication between the program office, contracting office, and industry begins during the acquisition planning phase of the procurement lifecycle, which includes requirement development and market research activities. OFPP's myth-busting guidance confirms that one-on-one meetings with potential offerors prior to release of the solicitation are permissible provided no vendor receives preferential treatment (see e.g., OFPP Memo "Myth-Busting: Addressing Misconceptions to Improve Communication with Industry during the Acquisition Process," February 2, 2011, and others in the OFPP Myth-Busting Memoranda series). Use industry days and market research sessions to understand capabilities, refine requirements, and inform the contracting approach during acquisition planning. Additionally, this early engagement may limit protest risk by ensuring requirements are realistic and evaluation criteria are appropriate for the acquisition.

FC 7.104(a) Start planning when you identify the need, not when you get funding.
Effective acquisition planning under FAR part 7 begins the moment you recognize a potential requirement, not when budget authority arrives or deadlines approach. Early planning gives you the luxury of time to review lessons learned from previous or similar acquisitions (as applicable), explore options, understand market dynamics, and make strategic decisions rather than reactive ones. Use this early period to conduct preliminary market research, engage with potential vendors through industry days or capability briefings, and explore different acquisition approaches. This front-end investment allows you to identify potential challenges, develop risk mitigation strategies, and position your acquisition for better competition and outcomes. Waiting until funding is available often forces you into suboptimal strategies driven by urgency rather than sound business judgment.

FC 7.104(a) Needs statements to inform acquisition planning.
As you form your team and start planning, developing a needs statement is a best practice because it assists in providing clarity and focus, ensuring the acquisition aligns with organizational goals and success criteria. A needs statement may include: a clear description of the problem, an identification of the target population (e.g., users, organizations, citizen populations, etc.), supporting data and information (both quantitative and qualitative), key assumptions, an explanation of the organization's interest in resolving the problem, and desirable outcomes.

Investing time in developing a needs statement upfront prevents wasted resources on solutions that don't address the core issue, improves the effectiveness of planning, and establishes clear benchmarks for evaluating solutions, and can increase the likelihood of acquisition success. Consider following Lean-Six-Sigma principles during the creation of the needs statement, which supports efficiency, eliminating waste, and measurable outcomes. Prioritizing the needs statement, especially for requirements exceeding the Simplified Acquisition Threshold (SAT), provides clear direction for the acquisition team, guides the acquisition planning process (including development of requirements and resultant solicitation), and ensures acquisitions are data-driven, aligned with strategic priorities, and achieve intended purposes with accountability and transparency.

FC 7.104(b)(1) Build your team and align expectations early.
Acquisition planning is fundamentally a collaborative process that requires input from acquisition representatives from the technical, supply, sourcing, legal, small business, and procurement areas as well as the customers and end users they support. Bring this team together early to develop a shared understanding of mission needs, performance expectations, and constraints. Use the planning process to educate team members about each other's perspectives and requirements, help program managers understand the various approaches to meet the mission need through the contracting process, explain the operational mission context to the acquisition team, and ensure everyone understands budget and timeline realities. Ensure that adequately trained and experienced personnel are available to manage and oversee the administration of contracts, especially contracts for services, from day one of contract performance. This early alignment prevents costly misunderstandings later and creates a foundation for effective decision-making throughout the acquisition lifecycle.

FC 7.104(b)(3) Treat your acquisition plan as a living document.
For complex or mission-specific acquisitions, your initial acquisition plan should provide strategic direction while remaining flexible enough to evolve as you learn more about requirements, market conditions, and constraints. Good planning establishes a framework for making informed adjustments rather than starting from scratch when circumstances change. Regularly revisit and update your plan as new information becomes available, market research reveals different options, or requirements mature. This iterative approach allows you to maintain strategic coherence while adapting to real-world conditions. Document changes and the reasoning behind them so future team members can understand the decision-making process and continue building on your work. Unless agency procedures prescribe otherwise, these updates should not inherently require additional approvals. Procurement-specific acquisition plans need not be updated after award of the resultant contract.

FC 7.104(c) Contents of acquisition plans.
When developing a written or oral acquisition plan, the level of detail and content will vary depending on the complexity and specifics of the procurement. For more routine or common procurements, a streamlined acquisition plan might include:

- A brief description of the requirement, to include challenges, delivery schedule, and market research conducted (if not already captured in a separate document)
- The proposed acquisition approach with rationale
- The procedures that will apply to the acquisition and rationale (e.g., part 8, 12, 14, 15, 36, or 45)
- The contracting method, contract type, basis of award (e.g., how selection will be made), and rationale
- Any unique aspects of the acquisition (e.g., leased vehicles, severable services)
- Proposed high-level milestone schedule

In contrast, acquisition plans for complex or mission-specific acquisitions may require more detailed information, such as:

- A thorough analysis of the acquisition background and objectives, including:
    - Life-cycle cost and design-to-cost objectives
    - Application of should-cost analysis
    - Trade-offs (as applicable) and risk management approach
    - Plans for acquisition streamlining, such as industry participation and tailoring of contract requirements
- A comprehensive plan of action, including:
    - Identification of prospective sources and consideration of small business and other socio-economic factors to include addressing the impacts of consolidation or bundling
    - Strategies for promoting competition throughout the acquisition process
    - Rationale for contract type selection and source selection procedures
    - Details on how subcontract competition will be sought and sustained
    - Discussion of how any requisite review (e.g., Integrated Baseline Review) will be considered in the selection decision, if applicable

By tailoring the acquisition plan to the specific needs of the procurement, agencies can ensure that they are well-prepared to manage the acquisition process and achieve their goals.

Part 8 - Required Sources of Supplies and Services

FC 8.103 Excess personal property.
When practical, agencies should use excess personal property as the first source of supply for both agency and cost-reimbursement contractor requirements. Agency personnel have an affirmative obligation to make positive efforts to satisfy requirements by obtaining and using excess personal property before initiating contract actions, including property that may be

suitable for adaptation or substitution to meet specific requirements. This priority ensures maximum utilization of government assets while reducing procurement costs and waste.

Information regarding available excess personal property can be obtained through the GSA Office of Personal Property which provides a comprehensive online platform called Personal Property Management System (PPMS) for reviewing and requesting available excess property from across the federal government. Additionally, agencies can make direct contact with GSA or the specific activity holding the property to inquire about availability and condition. For supplies that are excepted from reporting as excess under the Federal Management Regulations (41 CFR 102-36.220), GSA will assist agencies in meeting their requirements through direct coordination with the appropriate GSA Personal Property Management office.

Contact information for these offices is available on the GSA website, enabling agencies to access nonreportable property that may not appear in standard excess property databases but could still meet their operational needs.

FC 8.103 Federal Prison Industries (also referred to as UNICOR) and AbilityOne Program.
For UNICOR acquisitions, contracting officers follow specific federal ordering procedures that govern the procurement process for products and services manufactured in or provided by federal correctional institutions. Information about the UNICOR program, ordering procedures, and available product catalogs, are accessible at UNICOR.gov. The ordering process includes coordination requirements with UNICOR representatives and specific timeframes for product delivery that contracting officers consider when planning their acquisitions.

For AbilityOne acquisitions, contracting officers may coordinate with their agency's designated AbilityOne Representative and the Commission's AbilityOne Program Manager for products or services that may be available through the AbilityOne Program. This coordination ensures proper compliance with mandatory source requirements while leveraging the expertise of designated officials who maintain current knowledge of available offerings and procurement procedures. Agency AbilityOne Representatives serve as the primary liaison between contracting activities and the Committee for Purchase From People Who Are Blind or Severely Disabled (operating as the U.S. AbilityOne Commission), providing guidance on product availability, pricing, and ordering procedures.

The AbilityOne Procurement List identifies all products and services that participating nonprofit agencies are authorized to provide to the federal government under mandatory source procurement requirements. Contracting officers should consult the current Procurement List at ABILITYONE.gov (Procurement List is available under Quick Links on main page). Additionally, GSA maintains a comprehensive website at GSA AbilityOne Partnership that provides detailed information about available AbilityOne products and services, including specifications, pricing, and ordering instructions.

FC 8.104 Use of existing contracts and maximizing commercial buys.
The U.S. federal government leverages its position as the world's largest buyer of goods and services by embracing a common governmentwide approach when procuring through Federal Supply Schedule contracts, governmentwide acquisition contracts, or other indefinite-delivery, indefinite-quantity contracts established through category management. The benefits of category management are best realized by maximizing centralized ordering of common spend and

recognizing the efficiency and cost benefits of leveraging previously negotiated terms and conditions.

When supplies or services are unavailable from the mandatory sources listed in FAR 8.103, FAR 8.104 now requires agencies to procure commercial products and services through Office of Federal Procurement Policy designated “required use” governmentwide contracts or blanket purchase agreements (BPAs), unless the head of the contracting activity provides an exception. If there is not a suitable “required use” contract or BPA, then the agency should consider other existing governmentwide contracts or BPAs.

There are no current “required use” contracts or BPAs. These contracts are expected to be a new Tier 4 of Spend Under Management designation and will be separate from “best-in-class” (BICs) contracts, which are designated as Tier 3 Spend Under Management. Use of BICs will continue to be prioritized, but not mandated. Given there are no current “required use” contracts, agencies should consider other existing governmentwide contracts and BPAs aligned to Spend Under Management (e.g., prioritize Tier 3, then Tier 2 and the Federal Supply Schedule (FSS)).

Agencies should also consider shared services solutions to fulfill their requirements, particularly when these solutions can provide business or mission functions more efficiently than independent procurement actions.

This category management approach aligns with the broader governmentwide strategy of consolidating purchasing power and standardizing procurement approaches to achieve better pricing, improved service delivery, and reduced administrative burden across the federal acquisition community.

A beta release of the Category Management Buying Guide is available to help the practitioner consider their requirements and effectively navigate buying pathways aligned to category management.

FC 8.105 Contractor use of Government supply sources.
Agencies may authorize contractors to use Government supply sources (including non-mandatory sources like FSS) to obtain necessary supplies or services for a Government contract, when it is deemed in the Government's interest.

FC 8.203 Reprocurement through the next highest rated offeror.
In case of a termination for default or cause, reprocurement through the next highest rated offeror identified during source selection may be an available course of action. This method is discussed in FC 49.502-6(b). Contracting Officers who wish to preserve the option of using this course of action are encouraged to document the selection decision accordingly.

FC 8.401 Periodic Table of Acquisition Innovations (PTAI) procedures for FAR part 8 RFQ streamlining.
Additional information can be found in FC 7.102(a), Solicitation techniques.

FC 8.401 Use of BPAs with Federal Supply Schedules.
On-Ramps and Off-Ramps may be appropriate for BPAs under the Federal Supply Schedule contracts. More information on on-ramps and off-ramps can be found in FC 16-504-4.

FC 8.401 Best value determinations under FAR part 8.
Best value determinations for orders placed under Federal Supply Schedule contracts and governmentwide acquisition contracts require a balanced evaluation approach that considers both price and discriminating non-price factors to identify the solution that provides the greatest overall benefit to the government. Unlike traditional competitive procurements, FAR part 8 orders leverage pre-competed contract vehicles where basic price reasonableness has already been established, allowing contracting officers to focus their evaluation efforts on comparative analysis among available contractors rather than extensive independent price analysis. Limit evaluation factors to a manageable number, focusing on evaluation factors that will serve as meaningful discriminators, rather than those already addressed during the umbrella contract awards. The best value determination should demonstrate the rationale for selection.

FC 8.401(b) Strategic management of award notices, brief explanations, and protest windows.
Additional information can be found in FC 7.102(a), Postaward techniques for notification and contract administration.

FC 8.401(b) Contents of a brief explanation.
In accordance with the FSS ordering procedures, if an unsuccessful quoter requests information on an award within 3 days after the notification of contract award, provide a brief explanation of the award decision (see General Services Administration Acquisition Regulation (GSAR) 538.7102-2(b)(6)). The brief explanation may include the following information:

- The number of quotations received;
- The name of each quoter receiving an award;
- The total order price; and
- In general terms, the reason(s) the quote was not selected, if not obvious from the price information. In no event should a quoter's cost breakdown, profit, overhead rates, trade secrets, manufacturing processes and techniques, or other confidential business information be disclosed to any other quoter.

FC 8.401(b), 538.7104-3(b)(2) Contents of sole source justifications.
When developing a sole source justification required under GSAR 538.7104-3(b)(2), the level of detail and content will vary depending on the specifics of the procurement. A justification may include the following information, as applicable:

- Identification of the agency and the contracting activity, and specific identification of the document as an "FSS Sole Source Justification."
- Nature and/or description of the action, including a description of the supplies or services required to meet the agency's needs and the estimated value.
- The authority and supporting rationale (see GSAR 538.7104-3(b)(1)) and, if applicable, a demonstration of the proposed contractor's unique qualifications to provide the required supply or service.
- A determination by the ordering activity contracting officer that the order represents a fair and reasonable price consistent with GSAR 538.7102-2(d)(2) and 538.7104-2(a)(3).
- A description of the market research conducted among schedule holders and the results or a statement of the reason market research was not conducted.

- Any other facts supporting the justification.
- A statement of the actions, if any, the agency may take to remove or overcome any barriers that led to the restricted consideration before any subsequent acquisition for the supplies or services is made.
- The ordering activity contracting officer's certification that the justification is accurate and complete to the best of the contracting officer's knowledge and belief.

Part 9 - Contractor Qualifications

FC 9.000 Contractor team arrangements.
A contractor team arrangement involves two or more companies forming a partnership or joint venture as a potential prime contractor, or a prime contractor agreeing with other companies to act as subcontractors for a specific government contract. These arrangements are beneficial for complementing capabilities and offering the best combination of performance, cost, and delivery. They are particularly suited for complex Research and Development (R&D) but can be used in other acquisitions. Teams typically form before an offer, but can do so later, even after contract award. The government recognizes these arrangements if disclosed in an offer or before they become effective and generally won't require their dissolution. However, this doesn't authorize antitrust violations or limit the government's rights regarding subcontract consent, prime contractor responsibility, data rights, competitive contracting, or holding the prime contractor fully responsible for performance.

FC 9.000 Defense production pools and research and development pools.
These are groups of concerns that collaborate to secure and fulfill defense production or R&D contracts. They should have an approved agreement governing their organization and procedures, validated by either the SBA or a designated official under Executive Order 10480 and the Defense Production Act of 1950.

A pool is generally treated like any other contractor. Offers are submitted in the pool's name or by a member on its behalf. Contracting officers verify the pool's approved status with the SBA or other approving agency. SBA-approved pools receive small business preferences and privileges accorded to small business concerns; Defense Production Act approval does not confer these preferences and privileges. For unincorporated pools, each participating member will be required to provide a power of attorney for the authorized signatory.

Pool members can submit independent offers, but not if they are also participating in a competing pool offer. When a pool member submits an individual offer, the contracting officer will consider the pool agreement, among other factors, to determine their responsibility as a prospective contractor.

FC 9.103 Total cost consideration.
The award of a contract to a supplier based on lowest evaluated price alone can be misleading if there is subsequent default, late deliveries, or other unsatisfactory performance resulting in additional contractual or administrative costs. While government purchases must be made at fair and reasonable prices, this does not require an award to a supplier solely because that supplier

submits the lowest priced offer. Remember to stipulate evaluation criteria in the solicitation that will lead to best value awards.

FC 9.104-1 Special standards.
With the assistance of appropriate specialists, the contracting office may develop special standards of responsibility when it is necessary for a particular acquisition or class of acquisitions. Special standards may be particularly desirable when experience has demonstrated that unusual expertise or specialized facilities are needed for adequate contract performance. The special standards should be set forth in the solicitation; however, be careful not to set overly restrictive standards that only one contractor can meet without the proper justification.

FC 9.105-1 Preaward surveys.
Preaward surveys should only be undertaken when necessary. Contracting officers should rely on information available through normal channels to determine if a potential contractor is responsible and capable of performing the work. Preaward surveys are discouraged as routine practice but rather reserved for situations where commercial sources or other readily available information don't provide sufficient insight into the contractor's abilities. For simpler contracts, such as those with fixed prices at or below the simplified acquisition threshold or involving commercial products and services, surveys should be avoided unless exceptional circumstances justify the additional cost and time involved.

When a preaward survey is found to be necessary, the contracting officer may request the survey using Standard Form 1403 (Preaward Survey of Prospective Contractor (General)). This request includes the complete solicitation package, any relevant performance history, and the specific factors that need investigation. The survey team then conducts a comprehensive evaluation covering technical capabilities, production capacity, quality assurance processes, financial stability, and accounting systems using the appropriate standard forms (SF 1404 through SF 1408). If the survey reveals past performance issues, the team documents what corrective actions the contractor has taken or plans to implement. In some cases where sufficient positive information already exists, a shortened survey format using only SF 1403 may be appropriate to streamline the process while still ensuring contractor capability.

For AbilityOne participating nonprofit agencies, the process works slightly differently. When the Committee for Purchase From People Who Are Blind or Severely Disabled requests assistance in assessing a nonprofit agency's capabilities, contracting offices use SF 1403 to conduct the capability survey and then provide a copy of the completed survey to the Committee's Executive Director. The contracting office may also determine that the AbilityOne nonprofit agency is capable without conducting a full survey, provided they can support this determination with appropriate rationale.

FC 9.201 Qualified bidders list.
For recurring procurements of commercial products and services, particularly those under the Federal Supply Schedule or utilizing the simplified request for quotation procedures (FAR 12.201-1), consider employing the Qualified Bidders List (QBL) concept. This is especially useful for addressing agency-specific non-functional requirements, such as security, legal, and IT considerations.

For instance, if an agency has recurring needs for software products, managing objectionable product-specific End User License Agreements (EULAs), Terms of Service (TOS), or similar legal instruments can be time-consuming for each individual procurement. This effort can be streamlined by proactively establishing and maintaining a QBL with willing industry partners. Unlike Blanket Purchase Agreements (BPAs), QBLs do not require upfront consideration of price or competition for their establishment.

Part 10 - Market Research

FC 10.001 Conducting market research.
Federal acquisition teams should approach market research as an incremental and ongoing process that builds understanding step by step. Start by getting familiar with the marketplace relevant to your buy, and what capabilities are available, especially if you're working in an area that's new to you or your agency.

Once you understand the marketplace for your requirement, determine if existing agency capabilities can fulfill the need. If you do not already have the capability within your agency, the next phase of market research can focus on whether shared services and other existing federal contract vehicles already offer the products or services you need. This can save time and effort.

If existing contracts don't meet your requirements, then assess the marketplace more broadly for an open market acquisition. Throughout this process, examine whether commercial products or services can work as-is or with minor changes, and consider how industry typically handles contracts, warranties, and support.

Market research can also reveal how your requirement may be met by small businesses, non-traditional contractors, or new entrants. The amount of research you do should match your situation—simple purchases need less research than complex ones, and you can often build on research that's already been done if it's still relevant. Remember, if commercial options seem limited at first, consider whether you can adjust your requirements to use what's available in the marketplace. Research thoroughly as you frame your decision.

FC 10.001 Commercial acquisitions.
Under FAR 10.001, market research is not required prior to soliciting offers for acquisitions with an estimated value up to the simplified acquisition threshold. Further, a written market research report is not required prior to placing an order for commercial products or services under existing Federal Supply Schedule contracts or governmentwide acquisition contracts established by category management.

The contracting officer’s award documentation can serve as sufficient documentation of market research depending on the size and complexity of the acquisition. Refer to the applicable ordering procedures of the contract vehicle for specific guidance.

FC 10.001 Market Research as a Service (MRAS).
GSA's Market Research as a Service (MRAS) provides tailored services to help you plan, design, and execute smarter market research — including RFIs, Sources Sought Notices, vendor

analysis, and engagement strategies. It is ideal when you are tackling a new, complex, or high-risk buy, when you want to maximize business outreach, and when you want to do any of this faster with limited resources. You can work with MRAS specialists to co-manage vendor responses and market research documentation so you can develop your acquisition strategy. MRAS helps acquisition professionals cut down research time, stay compliant, and prepare for competitive quotes.

FC 10.001 Sources for market research.
Meaningful engagement with industry helps to ensure your market research supports well-formed requirements and sound acquisition strategies, especially in complex or changing markets. You have flexibility to scale your efforts based on the size, complexity, and market conditions pertinent to your acquisition. Sources of market research used to inform an acquisition should reflect current market conditions.

When conducting market research, you have a multitude of options for gathering information about the marketplace. These options include both desk research and industry engagement, such as:

- Reviewing existing contract databases and procurement records to see what other agencies with similar requirements have purchased.
- Reviewing industry publications and trade journals to understand available products and market trends.
- Learning from industry through presolicitation conferences, industry days, reverse industry days, trade conferences, special notices, sources sought, requests for information, technical discussions, capability presentations or demonstrations, site visits, and online forums where vendors and government buyers exchange information.
- Examining supplier information from online resources like federal solution finders, category management websites, vendor websites, and on-line product literature.
- Talking with colleagues both within your agency and at other agencies who have worked on similar acquisitions or reaching out to technical experts who understand the requirements.

FC 10.001(a)(2) Tailored market research techniques.
When engaging in market research, the following approaches may be appropriate for consideration:

- Identifying “**Affordability”** up-front may take some of the gamesmanship out of the buying process. Independent Government Cost Estimates (IGCEs) are often developed during the procurement process and drive many decisions in the federal acquisition strategy even when they are done poorly. Early disclosure of quality government cost estimates provide for better alignment of industry capabilities and government requirements. Utilizing this approach effectively can increase transparency, align proposals with real requirements, increase cost realism, and be beneficial to small businesses to better understand the magnitude of their approach. Sample text to include in market research (or issued solicitations) may read as follows: “Affordability: The Government seeks offers (or quotes) with a total price less than $10M. Offerors (or quoters) should not interpret this figure as a ceiling (or as a floor) on offers; rather, this

information is provided as a courtesy to prospective offerors. The Government may select an offer for award with a price below, at, or exceeding this figure if it finds that offer provides the best value and funds are available." Additional information about affordability can be found on the PTAI.

- **Facilitated Requirements Development Workshops** are collaborative engagements where the integrated project team planning for a specific acquisition spends a block of time together, with other stakeholders as well as a facilitator/coach, working through various aspects of the requirement. The facilitator/coach walks the team through development of the project vision/mission, high-level objectives, performance requirements and performance-based strategies for the agency project and implementation roadmap.
    - DOD manages the Services Acquisition Workshop (SAW) program and GSA's Center of Excellence for Outcome-Based Contracting manages the Civilian Services Acquisition Workshop (CSAW) program.
- **Interactive Q&As** allow for more fruitful exchange of information with vendors. Interactive sessions could clarify questions themselves, highlight issues in RFPs, uncover unrealistic requirements and disseminate information to industry quickly without risking the acquisition schedule. These sessions can be virtual webinars, in person, or over the phone after the release of the draft solicitation and prior to the submission of Q&As after release of the solicitation. See the PTAI for more information on this technique.
- **One-on-ones** are individual engagements between the government team and a vendor. During market research, prior to issuance of the solicitation, government officials - such as the program manager, user representatives, or the contracting officer - may meet with interested companies to exchange general information and conduct market research related to an acquisition or to understand industry capabilities. There is no requirement that federal acquisition professionals conduct one-on-ones with all interested companies. More information about one-on-one meetings with industry can be found in the PTAI.
- **Reverse Industry Days** are when industry presents its perspectives to the acquisition community. It is sometimes difficult to apply innovative procurement approaches to new requirements. Industry may be able to offer better ways to approach a procurement, or at least share insights that help the government understand how industry views the requirement. More information on how to conduct a Reverse Industry Day can be found in the PTAI.
- **Demonstrations** promote early engagement with industry during market research and requirements development and can help federal acquisition teams better understand what is available in the marketplace to enhance requirements development and acquisition planning. Using this technique during the market research phase of the acquisition process provides industry an opportunity to present new capabilities and innovations the government may not be aware of or have considered. This technique also enables the government to see what capabilities are needed and/or important for stakeholders and the end user experience. Demonstrations can be conducted virtually or in-person and can

be a part of the Request for Information and/or one-on-ones with industry. Examples of use cases for market research demonstrations can be found in the PTAI.

FC 10.001(b) Data-informed decision-making.
The Federal acquisition workforce has access to relevant and up-to-date data to frame market research and resultant acquisition decisions.

This data is in systems such as, but not limited to, the System for Award Management (SAM.gov), the Contractor Performance Assessment Reporting System (CPARS.gov), the Federal Procurement Data System (FPDS.gov), the U.S. Small Business Administration Small Business Search, and other tools and datasets accessible through websites such as Acquisition.gov and Acquisition Gateway.

Use available data to shape strategies that match market realities, especially when deciding between acquisition methods or assessing vendor capability. You have discretion to use what is appropriate, as your professional judgment is trusted.

FC 10.001(c) Exchanges with industry.
Exchanges with industry before issuing the formal solicitation are considered market research. The main purpose in this stage is to develop requirements and to form the most suitable competitive approach to meeting the agency's needs.

During market research, government officials including the program manager, end users, small business specialists, IT specialists, as well as the contracting officer, can meet one-on-one with potential offerors. Government officials are not required to meet with all possible offerors. As a reminder, government officials must never promise business to any company or share other companies' information during exchanges.

Industry days and presolicitation conferences directly benefit the government by promoting a common understanding of the agency's requirements and procurement specific information (such as requirements or solicitation terms and conditions).

These engagement opportunities, when well conducted, also benefit industry – especially small businesses – by providing prime contractors and subcontractors a chance to meet and develop relationships or teaming agreements that benefit contract performance.

The value of these events derives from the government's willingness to provide maximum information to industry on its requirements, answer questions, and improve the solicitation based on feedback from potential offerors and contractors.

FC 10.001(d) Requests for Information & Special Notices.
In government procurement, Special Notices, Sources Sought, and Requests for Information (RFIs) are essential for communication between agencies and industry partners. They enable the government to gather information and assess market capabilities before solicitations are issued.

These notices are a means to signal upcoming opportunities. Sources Sought Notices are typically published to identify potential contractors, while Special Notices allow for formal information exchange before issuing a solicitation.

Both of these help the government identify qualified suppliers through demonstrated capabilities and get feedback from industry on draft government requirements.

They help vendors gain visibility and prepare for future solicitations by responding with information on their expertise and offerings.

Traditional email-based RFIs often generate inconsistent responses that burden acquisition teams with extensive analysis and interpretation. By contrast, electronic forms-based RFIs standardize information collection in ways that dramatically reduce administrative workload. With structured data fields, contracting officers can help quickly compare capabilities across potential vendors, identify solution patterns and market trends, focus analysis on substantive differences rather than formatting variations, and make data-driven decisions about requirement feasibility. This approach honors the principle of valuing time—both for government acquisition professionals and industry partners.

These tools help the government refine acquisition strategies before releasing a solicitation.

Part 11 - Describing Agency Needs

FC 11.000 Facilitated Requirements Development Workshop (FRDW).
A FRDW may be appropriate to both facilitate market research and define requirements. Information on FRDWs can be found at FC 10.001(a)(2) Tailored market research techniques.

FC 11.102(a)(2)(i) Modular acquisition strategies.
Additional information can be found in FC 7.102(a), Project and program management concepts to support outcome-based contracting.

FC 11.102(a)(2) Rapid capabilities integration.
Create pathways for quickly testing and adopting emerging capabilities through pilot programs, proof-of-concept demonstrations, and accelerated evaluation processes.

Consider milestone-based line item number structures to incentive performance under contract. The government can contemplate one or more than one single-award contract, with line items aligned to different phases (e.g., proof of concept, pilot, low rate of initial production, full production). Award the first line item, and hold the other line items as options, to be exercised as performance and progress is considered under the previously awarded or exercised line item.

This and similar contracting approaches allow for rapid experimentation without full-scale commitment, so agencies can explore innovative solutions while managing risk. Flexible contract structures support constant development and evaluation and build partnerships with commercial innovators willing to show capabilities in government environments. This and similar approaches also help the government stay current with technological advancement while providing valuable feedback to commercial developers about what the government needs and requires.

FC 11.102(a)(2) Outcome-based contracting.
Outcome-oriented strategies align contractor success with agency mission achievement. They encourage partnership between the government and the contractor focused on timely and quality mission delivery. Focus on what you need to achieve rather than dictating how vendors should deliver results. Outcome-based contracting is discussed further in FC Part 37.

FC 11.102(c) Collaborative requirements development.
When possible and consistent with FAR 9.5, give potential contractors meaningful opportunities to engage with your requirements development process. While this may not be necessary for most simple, commercial procurements, more nuanced, government-specific, and complex requirements demand it.

Providing potential contractors with an opportunity to review and provide comments on draft requirements will yield more thoughtful requirements and unearth potential ambiguities early in the drafting process. Methods for sharing draft requirements and obtaining such feedback may include issuing a Request for Information (RFI) and sharing draft requirements via SAM.GOV, or hosting requirements-focused industry days or other collaborative sessions.

This engagement helps ensure that what the government asks for makes sense in the real world and aligns with how industry actually works. Use existing specifications and standards as starting points rather than rigid rules and let the collaborative process inform final requirements. Avoid getting too specific about exactly how something should be built or delivered too early in the process—instead, focus on what you need to accomplish and let industry expertise pick the best way to get there. This approach leads to better solutions, more competition, and requirements that contractors can meet effectively.

FC 11.102(c) Identify available specifications.
The National Institute of Standards and Technology can help agencies identify sources for, and content of, non-government standards. Department of Defense activities may get non-government standards from the Defense Standardization Program Office.

Agencies may also obtain non-government standards from the standards developing organization responsible for preparing, publishing, or maintaining the standard, or from an authorized document reseller.

FC 11.2 Treatment of inherently governmental functions.
When preparing requirements for services contracts, it is crucial to avoid assigning inherently governmental functions (as defined in FAR 7.5) to contractors. The requirements documentation should stipulate that contractor personnel whose actions might be perceived as those of government officials are properly identified and that all documents and reports generated by contractors are suitably marked.

FC 11.204 Use of brand name or equal purchase descriptions.
While using vendor or product-neutral performance requirements is preferred to encourage offerors to propose innovative solutions, using brand name or equal purchase descriptions may help under certain circumstances, such as when a certain brand product is currently being used but you are open to considering comparable products.

Brand name or equal purchase descriptions should include, in addition to the brand name, a general description of those key salient physical, functional, or performance characteristics of the brand name item that an “equal” item must meet to be acceptable for award.

Under 6.103-1(d), use of brand-name descriptions, or specification of attributes peculiar to one manufacturer, prevents full and open competition and should only be used when justified and approved according to 6.104. This does not apply to “brand name or equal” descriptions as they provide for full and open competition.

Part 12 - Acquisition of Commercial Products and Commercial Services

FC 12.000, 2.101 Understanding commercial products and services.
When evaluating whether a product qualifies as commercial, acquisition professionals can focus on the extent of modifications required to meet government needs. The critical distinction lies between minor modifications and major customization.

- Minor modifications to products typically qualify as commercial when changes don't significantly alter how the item normally functions or its essential characteristics outside of government use.
- Major customization to products typically eliminates commercial status when substantial changes fundamentally alter core functionality or essential characteristics.
- Scope and value considerations include evaluating modifications relative to the overall product. Dollar amounts and percentages can serve as helpful guides, though they're not the only determining factors.
- For services, consider examining whether pricing reflects true commercial practices by checking if prices represent genuine market rates. Market rates are those established through normal business transactions between willing buyers and sellers, supported by competition or independent sources rather than just the vendor's claims.

The objective is to ensure that what the government is buying truly reflects what's available in the commercial marketplace under similar terms and conditions.

FC 12.000, 2.101 Changes made to the definitions of commercial product and commercial service.
The RFO resulted in a few substantive updates to the definitions of commercial products and commercial services. First, the definition of commercial service was clarified to include purposes not unique to a government. Second, a minor modification of a commercial product is such that it “does not significantly alter the function or essential physical characteristics of an item or component or change the purpose of a process.” Third, the requirement for the procuring agency to determine the non-developmental nature of a commercial product was removed. Fourth, and perhaps most notably, commercial services now include construction services. And finally, the means of identifying catalog prices was expanded. Please refer to FAR 2.101 for the full text of these revised definitions.

FC 12.001 Selecting the appropriate contracting method for commercial construction.
For construction requirements that have been determined to be commercial (per the commercial service definition in FAR 2.101), FAR parts 6, 12, 14, and 36 offer several options for selecting the appropriate contracting method.

For contracts performed within the United States and its outlying areas, use FAR part 14 sealed bid procedures if all of the following conditions are met (see FAR 36.101-1(a) and 6.101(b)(1)):

1. Time permits staff to solicit, submit, and evaluate sealed bids;
2. The award will be made on the basis of price and other price-related factors;
3. Discussion with bidders is unnecessary; and
4. Contracting officers reasonably expect to receive more than one sealed bid.

If technical and price tradeoff is desired, or if negotiations may be necessary–

- For contracts up to $9 million, use the simplified request for quotation (RFQ) procedures outlined in FAR 12.201-1.

- For contracts exceeding $9 million, use the requests for proposals (RFP) procedure in FAR part 15, in conjunction with part 12.

FC 12.201 Modular acquisition strategies.
Additional information can be found in FC 7.102(a), Project and program management concepts to support outcome-based contracting.

FC 12.201-1 Periodic Table of Acquisition Innovations (PTAI) for FAR part 12 simplified procedures.
FAR 12.201-1 provides for simplified procedures for the acquisition of commercial products and services valued up to $9 million (or $15 million as outlined in FAR 12.001(b)) through the issuance of a Request for Quotation (RFQ) followed by a purchase order. Use of FAR part 15 procedures for the acquisition of commercial products or services up to $9 million is no longer permissible.

PTAI evaluation methodologies can be directly applied to Request for Quotation (RFQ) processes under FAR part 12 by offering proven innovative approaches that agencies can adopt and adapt to their procurements. Contracting officers can implement more efficient comparative evaluation approaches that focus on best value determinations rather than lengthy technical assessments. The use of techniques in the PTAI and other innovative approaches directly support FAR part 12 core objectives of reducing time, complexity, and cost while maintaining acquisition integrity and achieving optimal mission outcomes.

Many of these innovative approaches are also appropriate and beneficial for acquisition of commercial products and services when using FAR part 12 in conjunction with part 15 above $9 million.

FC 12.201-1(e)(3) Blanket purchase agreements (BPAs).
A blanket purchase agreement (BPA) is a simplified method of filling anticipated repetitive needs for supplies or services. BPAs may be established for use by an organization responsible for

providing supplies for its own operations or for other offices, installations, projects, or functions within an agency or across the government. BPAs may be established with a single firm or multiple suppliers for products or services of the same type to provide maximum practicable competition.

BPAs should include:

1. Sufficient detail about the need, such as scope of work;
2. An ordering period, inclusive of any options or award terms;
3. The estimated value, but should not specify a ceiling.
4. Ordering procedures, such as identification of the customers/individuals authorized to place orders and any limitations surrounding the placement of orders; and
5. If applicable, any ordering activity requirements, such as invoicing, delivery, discounts or other concessions (if any).

On an annual basis or prior to exercise of an option, BPAs should be reviewed to ensure the BPA still represents the best value; verify the accuracy of estimated quantities/amounts to assess if the value may need adjustments, ensure that the BPA ordering procedures are followed; and consider if additional price discounts or other concessions can be obtained.

FC 12.202(a) Posting Requirements
See FC 5.101(a) Posting Requirements for commercial purchases below the SAT.

FC 12.204 Supplier license agreements.
Many commercial products and services are acquired subject to supplier license agreements. These are particularly common in information technology acquisitions, but they may apply to any supply or service.

For example, computer software and services delivered through the internet (web services) are often subject to license agreements, referred to as End User License Agreements (EULA), Terms of Service (TOS), or other similar legal instruments or agreements.

The acquisition team managing Federal Supply Schedule contracts or governmentwide acquisition contracts under category management will establish commercial supplier license agreements that apply to all orders to maximize administrative efficiency.

As much as possible, agency orders under the Federal Supply Schedule should use these negotiated license agreements. Agencies should review the terms and determine whether any further terms necessitate negotiation.

When the supplier license agreement negotiated under existing Federal Supply Schedule or governmentwide acquisition contracts does not meet the agency's need, contracting officers should:

- conduct market research to identify the availability of such commercial license terms,
- coordinate with agency legal counsel and IT personnel to review and negotiate acceptable license agreements, and

- ensure that any negotiated terms comply with federal requirements and protect government interests while maximizing commercial terms and meeting the government's operational needs.

FC 12.301 Strategic management of award notices, brief explanations, and protest windows.
Additional information can be found in FC 33.105-3, Strategic management of award notices, debriefings, brief explanations, and protest windows. Recognizing that commercial acquisition procedures are different from non-commercial procedures, there is also useful information at FC 7.102(a), Postaward techniques for notification and contract administration.

FC 12.301(b) and FC 12.402(d) Contents of a brief explanation.
The brief explanation of the award decision under FAR 12.301(b) or FAR 12.402(d)may include the following information:

- The number of quotations received;
- The name of each quoter receiving an award;
- The total contract price; and
- In general terms, the reason(s) the quotation was not accepted, unless the price information shared readily reveals the reason. In no event shall a quoter's cost breakdown, profit, overhead rates, trade secrets, manufacturing processes and techniques, or other confidential business information be disclosed to any other quoter.

FC 12.304(c) Termination for the Government's convenience - commercial.
FAR clause 52.212-4 allows the Government to unilaterally terminate a commercial contract, or part thereof, for its sole convenience. The 'mutual agreement' mentioned in FAR 12.304(c) relates to the termination settlement proposal.

Part 13 - Simplified Procedures for Noncommercial Acquisitions

FC 13.000 Scope of Part.
Simplified Acquisition Procedures for commercial items are now found in FAR Part 12. See FC 12 for simplified commercial procedures.

FC 13.303 Contract payments.
Fast payment procedures are described in FAR 32.12. Additional information on the use of Imprest Funds can be found in 12.403(c).

Part 14 - Sealed Bidding

FC 14.202-4(c) Price-related factors other than the bid price that may be considered during evaluation.
When evaluating bids for award, the solicitation should include applicable factors like foreseeable government costs/delays (e.g., inspection, location, transportation, especially for F.O.B. origin

bids), bidder-requested changes not grounds for rejection (FAR 14.3), advantages/disadvantages of multiple awards (assuming $500 administrative cost per contract), applicable taxes (Part 29), and origin of supplies, including Buy American Act or other foreign purchase prohibitions (Part 25).

FC 14.209 Pre-bid conference.
In complex acquisitions, a pre-bid conference can be held after the invitation is issued but before bids are opened. Its purpose is to brief prospective bidders and clarify complicated specifications and requirements. This conference, which may follow the guidance for early exchanges with industry in part 15, should not, however, replace the need to amend a flawed or unclear invitation.

FC 14.209(d) Amendment of invitation for bids.
Amend invitations for bids (IFBs) using Standard Form 30 for changes in quantity, specifications, delivery, etc., or to correct errors. Mentioning changes at a pre-bid conference doesn't negate the need for an amendment. Amendments should be sent to all invitees and displayed in the bid room before bid opening, if applicable. Before amending an IFB, contracting officers should consider the remaining time until bid opening and the need for extensions.

FC 14.209(j) Cancellation of invitations before opening.
Canceling invitations for bids wastes government and bidder resources. It should only occur when clearly in the public interest, such as when requirements change or amendments are too extensive.

For non-electronic cancellations, return bids unopened and notify all prospective bidders. For electronic cancellations, post a general notice, do not view bids, and purge bids from storage. Cancellation notices typically identify the invitation by number and subject, explain the reason, and, if applicable, assure bidders of future opportunities. Records should include the number of bids invited and received.

FC 14.210 Bidding time.
Insufficient bidding time can deter potential sources or force them to include contingencies, which could be eliminated with more time. Consider the following factors when setting a reasonable bidding time:

- Urgency: The degree of urgency associated with the requirement.
- Complexity: The intricacy of the requirement.
- Subcontracting: The anticipated extent of subcontracting involved.
- Presolicitation Notices: Whether presolicitation notices were utilized.
- Geographic Distribution: The geographic spread of potential bidders.
- Transmittal Time: The typical time needed for transmitting both invitations and bids.

FC 14.304-2 Apparent clerical mistakes.
To correct a bid, attach the verification to both the original and duplicate bids. Do not alter the bid itself, but reflect the correction in the award document. For bids submitted electronically, include the original bid, verification request, and bid verification in the electronic solicitation file.

FC 14.306 Extension of bid expirations after opening.
If administrative difficulties arise after bid opening that could delay the award beyond the bidders' acceptance periods, the contracting officer should ask the several lowest bidders whose bids have not yet expired (regardless of the acceptance period stated in their bid) to extend their bid acceptance period in writing before their bids expire. This request should also include the consent of sureties, if applicable.

FC 14.307 Limited number of bids.
If less than three bids are received, investigate why. The contracting officer may still award the contract, and if appropriate, consider taking corrective action to increase future competition, noting it in the contract file.

Part 15 - Contracting by Negotiation

FC 15.001 Deficiency definition.
FAR 15.001 defines a deficiency as “any part of an offer that does not conform to a material requirement of an RFP.” In addition to requirements that affect price, quantity, quality, or delivery, material requirements include requirements that, “the RFP requires to be met at the time of proposal submission.” Examples of such requirements may include, but are not limited to, prerequisites such as certifications, credentials, or licenses. When the contracting officer intends to treat this kind of requirement as material, ensure that the instructions to offerors section of the solicitation specifies the information, documentation, or evidence that offerors must submit, and that the basis for award section of the solicitation addresses how compliance with the requirement will be considered.

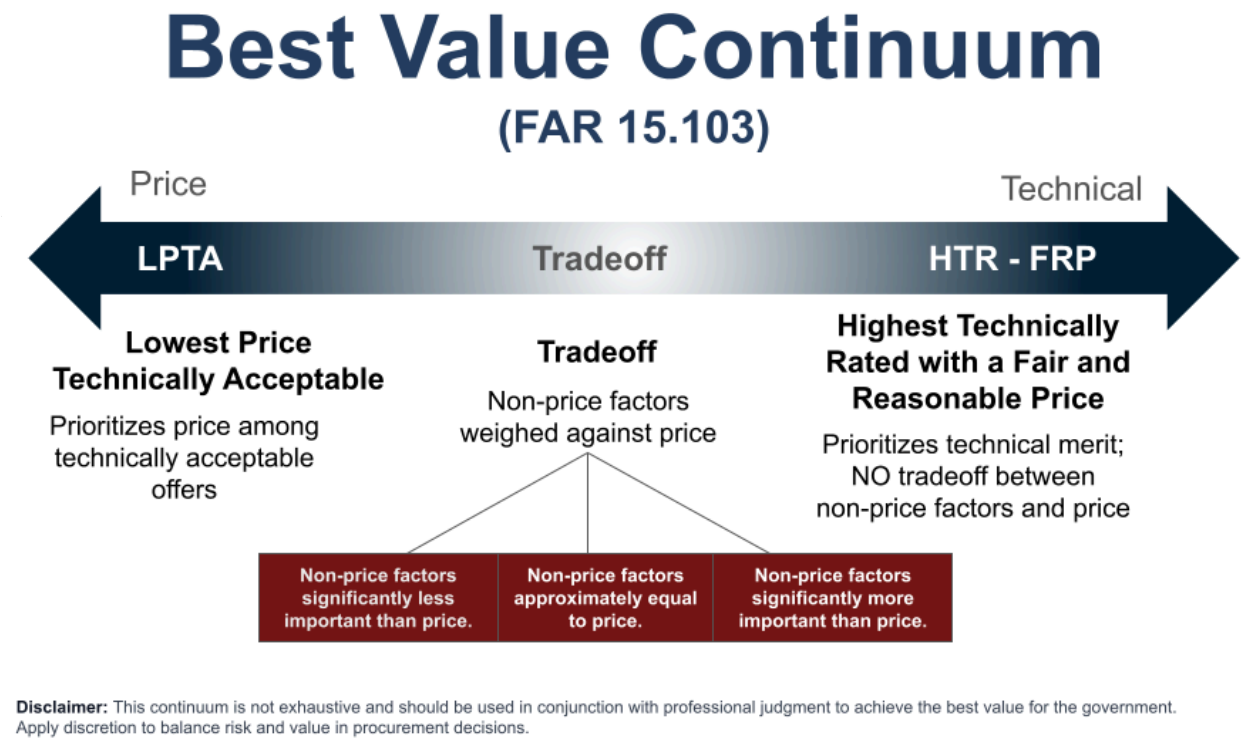
FC 15.101(a) Early exchanges with industry.
While the contracting officer is the focal point for any exchange with potential offerors after the release of the request for proposal (RFP), before the release, requirement owners should feel empowered to actively participate in early exchanges with industry even without the contracting officer. It is important that these exchanges do not disclose sensitive government information or provide any vendor preferential treatment. Agency officials should not discuss proprietary or other confidential business information, source selection sensitive information, or any information protected by the Privacy Act or Trade Secrets Act.

Government officials can use these early exchanges to learn from industry what is possible to accomplish given current or upcoming advances in technology, best commercial practices, or other approaches to solve government challenges or accomplish mission needs.

FC 15.102 Phased evaluation approach and down-select processes.
Additional information can be found in FC 7.102(a), Evaluation techniques.

FC 15.103 Best value continuum.
Best value in competitive acquisitions can be achieved through various source selection approaches, as outlined in FAR 15.103. The balance between price and non-price factors can range from price being the sole determinant among technically acceptable offers to awarding to

the highest technically rated offeror with a fair and reasonable price. The approaches across the best value continuum may be used for both single award and multiple award contracts.



Disclaimer: This continuum is not exhaustive and should be used in conjunction with professional judgment to achieve the best value for the government. Apply discretion to balance risk and value in procurement decisions.

The “lowest price technically acceptable" approach is typically used for requirements based on well-established technology where varied qualification levels above industry standards will not result in significant performance impacts.

In a “tradeoff” approach, the difference in price is weighed against the relative risks and benefits assessed in non-price factors such as quality, experience, or past performance. This requires an analysis by the government acquisition workforce to appropriately and fairly evaluate the differences in both technical factors and price among all offerors.

The Highest Technically Rated with a Fair and Reasonable Price (HTR-FRP) approach is at the opposite end of the best value continuum from LPTA. The approach prioritizes the best possible performance, provided the price is determined to be fair and reasonable. Here, all proposals are initially evaluated based solely on the non-price factors specified in the solicitation. Only the price of the highest-ranked technical proposal is then evaluated to ensure it is fair and reasonable. This method avoids technical-price tradeoffs among offerors. This method is also described at FC 7.102(a) Evaluation techniques.

Variations of this approach may include establishing a predetermined fixed "bid to price" or an acceptable target price range. These targets can be based on independent cost estimates, a request for information (RFI), or the requiring activity’s budget and affordability estimate. During the bid and proposal process, offerors often estimate the ideal proposal price based on their perception of whether the government seeks an "economical" or a "luxury" solution. This

approach, when properly used, can help industry reduce "gamesmanship" and lower transaction costs. This approach is suitable when the buyer has a strong understanding of the requirements and technologies involved, allowing them to rely on the validity of their independent cost estimate, as further refined by the RFI.

FC 15.102 Phased evaluation approach and down-select processes.
Additional information on this topic can be found in FC 7.102(a) Evaluation Techniques.

FC 15.105-1 Oral presentations and product demonstrations.
Additional information can be found in FC 7.102(a), Evaluation techniques.

FC 15.106(e) Amendments based on alternate solutions.
When the government becomes interested in a proposal that departs from the RFP's stated requirements, contracting officers may issue an amendment to permit alternative solutions by all offerors. Some approaches for RFP amendments based on alternative solutions include:

- Focus on outcomes: Carefully prepare the amendment to avoid revealing the specific alternate approach or any proprietary information from the proposal that sparked the government's interest; focus instead on the desired outcomes the government is interested in.
- Open door to innovation: Allow offerors to propose their own innovative solutions, even if they had not initially considered doing so.
- Maintain fairness: If alternative solutions were not clearly permitted and the government is open to them, amending the RFP provides all offerors the opportunity to compete on the basis of new criteria.
- Government benefit: The government potentially benefits from a wider range of solutions that could lead to better outcomes for the mission or service delivery.

As an example, an RFP required landscaping and grounds maintenance services for a government facility. The RFP specified that all grass cutting must be done using traditional gas-powered mowers and that fertilizer application must be done using a specific granular fertilizer. The RFP also required a minimum of five on-site personnel during each service visit. After release of the RFP, **prior to receipt of proposals**, a potential offeror suggested a different approach using electric mowers powered by renewable energy sources (via solar panels installed on their service vehicles). They also suggested using an organic, liquid fertilizer applied through a precision spraying system. Finally, they stated that through the use of more efficient equipment and optimized routing, they can achieve the same level of service with only three on-site personnel. The government found this alternate solution appealing because it aligned with sustainability goals, reduced noise pollution, and potentially lowered long-term costs (less fuel, fewer personnel). The CO issued an amendment to the RFP, phrased in a way that did not reveal the specifics of the potential offeror's solution.

The amended language stated: “The Government will consider alternative approaches to grounds maintenance that demonstrate a commitment to environmental sustainability and/or offer potential cost savings. Offerors are encouraged to propose solutions that reduce reliance on

fossil fuels, minimize environmental impact, and/or optimize labor resources while meeting or exceeding the performance standards outlined in the original RFP."

The amendment did not reveal the offeror's proposed solution (e.g., it did not mention electric mowers, solar panels, or specific fertilizer types). It focused on the outcomes the government was interested in (sustainability, cost savings). It allowed other offerors to propose their own innovative solutions, even if they had not initially considered doing so. Maybe another offeror has a different approach to sustainable landscaping. All offerors now have the opportunity to compete on the basis of these new criteria. The government potentially benefits from a wider range of innovative solutions that could lead to better outcomes (environmental, financial, etc.).

FC 15.200 Reprocurement through the next highest rated offeror.
In case of a termination for default, reprocurement through the next highest rated offeror identified during source selection may be an available course of action. This method is discussed in FC 49.502-6(b). Contracting officers who wish to preserve the option of using this course of action should document the source selection decision accordingly, noting whether each offeror's proposal would have been acceptable, and record the basis for price reasonableness.

FC 15.202(b) Rating systems.
Proposals should be evaluated based on their underlying merits. When using the tradeoff approach, the evaluation must include an assessment of each offeror's ability to accomplish the technical requirements as well as an evaluation of the relative strengths, deficiencies, significant weaknesses, and risks supporting the evaluation. While the evaluation is not required to include a rating system, a contracting officer may consider using a rating system when helpful to guide decision-making, such as evaluations involving several evaluation factors or where there is a high probability of having a number of closely rated proposals. Rating systems can provide a consistent, structured method for evaluators to assess the merits of a proposal, and generally to organize evaluation documentation and supporting rationale for evaluation decisions. In choosing to employ a rating system, weigh any time added and effort required to develop and apply rating definitions or criteria against any benefit the rating system is expected to add to the evaluation process.

There are several rating systems that can be used for source selection evaluation. Common rating approaches include but are not limited to adjectival ratings, confidence ratings, numeric or score-based ratings, and risk-based ratings. While source selections under FAR 15.202(b)(2)(ii) using tradeoffs require an evaluation of relative strengths, deficiencies, significant weaknesses, and risks, these can be incorporated into any of the rating approaches. The key is that any rating approach should never be a rigid counting exercise, but a holistic evaluation of the proposals grounded in the government's overall expectation of successful performance. Evaluation leading practices and use cases, including the application of confidence ratings, can be found at the PTAI.

FC 15.202(b) On-the-spot consensus.
Additional information can be found in FC 7.102(a), Evaluation techniques.

FC 15.202(c): Evaluating Non-Federal and Non-Government Past Performance and Experience.
Consistent with the Government's renewed emphasis on prioritizing commercial items and solutions, it is important that offerors without prior federal experience are not disadvantaged solely because their performance history is outside the federal marketplace. Past performance and prior experience should be evaluated based on the relevance and quality of the work performed, not solely on whether the work was performed under a federal contract. Agency solicitations should provide for consideration of non-federal and non-government experience, including commercial, state, local, tribal, or other government work, for offerors who lack experience performing for the federal government.

Since non-federal performance or experience would not be available in the Contractor Performance Assessment Reporting System (CPARS), non-federal past performance or prior experience information may be obtained and assessed through the use of Past Performance Questionnaires (PPQs), particularly where an offeror's relevant experience is commercial or otherwise outside traditional federal contracting channels. This approach supports a more inclusive and market-informed evaluation of offerors that may provide strong commercial capabilities but limited or no federal past performance. Where the non-federal or non-government experience is relevant to the requirement and demonstrates strong performance, evaluators may assign a rating higher than neutral in accordance with the solicitation's stated evaluation criteria. A neutral rating is not required solely because the experience was obtained outside the federal marketplace.

FC 15.204 Redefining clarifications, negotiations, and competitive range.
The rules governing 'exchanges with offerors after receipt of proposals' have been rewritten. The term "discussions" in FAR Part 15 is replaced by "negotiations." The term "communications," previously used solely for competitive range establishment, has been eliminated. The use of "clarifications" now includes robust guidelines for its application.

Clarifications are no longer restricted to "exchanges, between the Government and offerors, that may occur when award without discussions is contemplated." The contracting officer now has the discretion to conduct clarifications "at any time after receipt of proposals through contract award," irrespective of whether a competitive range has been established.

Clarifications:

- can be used to "enhance the Government's understanding of a proposal, allow reasonable interpretation of a proposal, or facilitate the Government's evaluation process."
- include, but are not limited to, "addressing: ambiguities of the proposal; other concerns such as perceived deficiencies, weaknesses, errors, omissions, or mistakes; the relevance of an offeror's past performance information; and adverse past performance information to which the offeror has not previously had an opportunity to respond."
- encompass what was previously covered in "communications with offerors before establishment of the competitive range."

- do not permit offerors to revise their proposal. However, contracting officers “may request additional information or documentation provided the cost/price or other material elements of the proposal are unchanged.”

The contracting officer now has more discretion to tailor the **competitive range**, defined as "the group of evaluated proposals that the contracting officer determines are best suited for further negotiation." This new definition replaces the previous "all of the most highly rated proposals." The ability to narrow the competitive range for efficiency is retained, allowing for more effective and meaningful negotiations and improved contract outcomes.

The scope and extent of **negotiations** are a matter of contracting officer judgment. Contracting officers:

- first negotiate with each responsible offeror within the competitive range, and then may further negotiate with an offeror, if necessary.” Having further negotiations with a particular offeror “does not obligate contracting officers to have further negotiations with any other offerors.”
- may also negotiate “other aspects of the offeror's proposal that could, in the opinion of the contracting officer, be altered or explained to enhance materially the proposal's potential for award.”
- then provide the opportunity for all offerors that remain in the competitive range to submit final proposal revisions.

As you conduct procurements under the new FAR Part 15, reimagine how these expanded flexibilities can help you implement a more strategic and efficient procurement process while maintaining robust competition. Leverage the enhanced discretion in clarifications, negotiations, and competitive range determination to achieve better contract outcomes through more agile and targeted engagement with offerors.

Contracting Officers have successfully entered into negotiations with a competitive range consisting of only one offeror. If there is a close question of acceptability of another proposal into the competitive range, or an opportunity for significant cost savings with an additional offeror, then inclusion of another proposal in the competitive range should be considered. As always, agency regulations and local legal advisors should be consulted before pursuing this practice.

FC 15.404 Cost or price analysis reference guides

The Air Force Institute of Technology (AFIT) and the Federal Acquisition Institute (FAI) jointly produced a five-volume set of Contract Pricing Reference Guides. These guides serve as useful resources for personnel involved in contract pricing and negotiation, offering detailed discussions and examples for applying pricing policies to various problems. The five volumes are:

- I - Price Analysis
- II - Quantitative Techniques for Contract Pricing
- III - Cost Analysis
- IV - Advanced Issues in Contract Pricing
- V - Federal Contract Negotiation Techniques

Part 16 - Types of Contracts

FC 16.101(a) Selecting contract type.
A wide selection of contract types is available to the government and contractors in order to provide flexibility in acquiring the large variety and volume of supplies and services required by agencies. Contract types vary according to the degree and timing of the responsibility assumed by the contractor for the costs of performance; and the amount and nature of the profit incentive offered to the contractor for achieving or exceeding specified standards or goals.

Contract types are grouped into two broad categories: fixed-price contracts (see subpart 16.2) and cost-reimbursement contracts (see subpart 16.3). The continuum of contract types range from firm-fixed-price, in which the contractor has full responsibility for the performance costs, to cost-plus-fixed-fee, in which the contractor has minimal responsibility for the performance costs. In between are various incentive contracts (see subpart 16.4), in which the contractor's responsibility for the performance costs and the profit or fee incentives offered are tailored to the uncertainties involved in contract performance.

In line with 1.102, Guiding principles for the System, and 16.101(a), agencies are encouraged to use innovative contract types and approaches to the maximum extent practicable to (1) achieve mission outcomes; (2) promote efficiency and economy in contracting; (3) avoid unnecessary burdens for agencies and contractors; and (4) align with commercial practices.

Innovative contract types may be fixed-price or other than fixed-price in nature, and may include variations of the fixed-price contract type under FAR Subpart 16.2, provided the structure remains consistent with FAR Part 16 and is appropriate for the acquisition. If the selected contract type is over the SAT and is not firm-fixed-price, contracting officers should document the basis for using the selected fixed-price variation per 16.103(a).

The objective is to select a contract type and pricing structure (or estimated cost and fee) that are most appropriate to the circumstances of the acquisition, with a preference toward fixed-price contract types. Factors to consider may include reasonable contractor risk and providing the contractor with incentives for efficient, cost-effective, and quality performance.

FC 16.101(a) Enhanced Contract Type Conversion.
Additional information can be found in FC 7.102(a), Solicitation techniques.

FC 16.102 Factors in selecting contract types.
There are many factors that a contracting officer may consider in selecting the contract type. They include, but are not limited to, the following:

1. Commerciality: When acquiring commercial products or services, the contract types used should generally align with those prevalent in the commercial market. (e.g., cost-reimbursement contracts are not allowed for the purchase of commercial products and commercial services)

2. Price competition: Normally, effective price competition results in fair and reasonable pricing, and a fixed-price contract is ordinarily in the government's interest.

3. Price analysis: Price analysis, with or without competition, may provide a basis for selecting the contract type. The degree to which price analysis can provide a realistic pricing standard should be carefully considered (see 15.404-1(b)).

4. Cost analysis: In the absence of effective price competition and if price analysis is not sufficient, the cost estimates of the offeror and the government may provide the bases for negotiating contract pricing arrangements. It is essential that performance risks and their possible cost impacts should be identified and evaluated, so that a contract type that places a reasonable degree of cost responsibility upon the contractor can be negotiated.

5. Type and complexity of the requirement: Complex requirements, particularly those unique to the government, may have a greater assumption of risk by the government. This may be relevant to complex research and development contracts, as an example, when performance uncertainties or the likelihood of changes makes it difficult to estimate performance costs in advance. As a requirement recurs or as quantity production begins, the cost risk should shift to the contractor, and a fixed-price contract should be considered.

6. Combining contract types: If the entire contract cannot be firm-fixed-price, the contracting officer may consider a hybrid approach (e.g., whether or not a portion of the contract can be established on a firm-fixed-price basis).

7. Urgency of the requirement: If urgency is a primary factor, the government may choose to assume a greater proportion of risk or it may offer incentives tailored to performance outcomes to ensure timely contract performance.

8. Period of performance or length of production run: In times of economic uncertainty, contracts extending over a relatively long period may require economic price adjustment or price redetermination clauses.

9. Contractor’s technical capability and financial responsibility.

10. Adequacy of the contractor's accounting system. When required, the contracting officer should ensure that the contractor’s accounting system will permit timely development of all necessary cost data in the form required by the proposed contract type. This factor may be critical when the contract type requires price revision while performance is in progress or when a cost-reimbursement contract is being considered. See FAR 42.302(a)(12).

11. Concurrent contracts: If performance under the proposed contract involves concurrent operations under other contracts, the impact of those contracts, including their pricing arrangements, should be considered.

12. Extent and nature of proposed subcontracting: Select a contract type that reflects the actual risks to the prime contractor if the contractor proposes extensive subcontracting.

13. Acquisition history: Contractor risk usually decreases as the requirement is repetitively acquired. Also, product descriptions or descriptions of services to be performed can be defined more clearly.

FC 16.2 Acquiring on a consumption basis.
When acquiring on a consumption basis, the contracting officer may establish firm-fixed unit prices for usage where supplies and services will be metered and billed based on actual usage over a predetermined periodic basis. When acquiring on this basis, the contract needs to include a guaranteed minimum amount of usage that is more than a nominal amount but not more than the Government is likely to use, a ceiling, and fiscal controls limiting the agency's obligation to the obligated funding identified in the contract (see part 32).

This contract type may be suitable for procuring cloud computing or other types of information technology where the supply or service can be described in terms of usage rather than a specific product or task, ongoing and dynamic usage makes separate task or delivery orders impractical, and anticipated usage cannot be estimated to the level of certainty that would justify a firm-fixed-price contract. Supplies and services acquired on a consumption basis need to have the ability to be metered and billed based on actual usage.

When acquiring on a consumption basis, the contracting officer should establish a price for all estimated requirements. The contracting officer should also state a realistic estimate of the consumption and the total amount in dollars estimated to be expended in the contract. The contracting officer may obtain the estimate from records of previous requirements and consumption, or by other means, and should base the estimate on the most current information available.

The contracting officer should determine that the consumption monitoring capabilities offered by the Contractor will enable the government to adequately track actual usage before awarding a contract.

The contracting officer should ensure that the contract provides appropriate fiscal controls, ensuring that the government will not be obligated to pay the Contractor any amount in excess of the amount of obligated funding identified in the contract, and the Contractor would not be obligated to continue performance if doing so would exceed this amount. As an example, language similar to the below could be incorporated into the solicitation and resultant contract:

The Contractor shall—

1. Provide, at no additional cost to the government, access to tools that enable the government to track its usage of services offered on a consumption basis; and
2. Notify the contracting officer when total consumption reaches—
    a. 50 percent and 75 percent of the ceiling price for each CLIN for consumption-based services, or other milestones as agreed upon by the Contractor and the contracting officer; and
    b. 50 percent and 75 percent of the contract ceiling price, or other milestones as agreed upon by the Contractor and the contracting officer.

In addition or in lieu of the language above, the contracting officer may use a limitation of funds clause when CLINs under the contract are incrementally funded, such as or similar to FAR 52.232-22 Limitation of Funds, DFARS 252.232-7007, Limitation of Government's Obligation, or NFS 1852.232-77, Limitation of Funds (Fixed-Price Contract).

FC 16.202 Application of firm-fixed-price contracts.
This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. It provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimum administrative burden upon the contracting parties. For firm-fixed-price contracts that include travel related expenses, the contracting officer may include a separate reimbursable line item for travel, as travel is generally a reimbursable expense under commercial practices. This does not change the contract type from firm-fixed-price. The contracting officer may use a firm-fixed-price contract in conjunction with an award-fee incentive (see FAR 16.402-3) and performance or delivery incentives (see FAR 16.403-2 and FAR 16.403-3) when the award fee or incentive is based solely on factors other than cost. The contract type remains firm-fixed-price when used with these incentives.

FC 16.204 Fixed-price contracts with prospective price redetermination ceiling price.
If the contract provides for a ceiling price based on evaluation of uncertainties involved in performance and their possible cost impact, the ceiling price should provide for assumption of a reasonable proportion of the risk by the contractor and, once established, may be adjusted only by operation of contract clauses providing for equitable adjustment or other revision of the contract price under stated circumstances.

FC 16.205 Fixed-ceiling-price contracts with retroactive price redetermination.
Since this contract type provides the contractor no cost control incentive except the ceiling price, the contracting officer should make clear to the contractor during discussion before award that the contractor’s management effectiveness and ingenuity will be considered in retroactively redetermining the price.

FC 16.206 Firm-fixed-price, level-of-effort term contracts.
A firm-fixed-price, level-of-effort (FFP-LOE) term contract type represents a strategic approach to managing exploratory work with fixed fiscal boundaries. Some examples of use may include situations where the government intends to fund a study, report, or technical assessment within a strictly capped budget, allowing the available funding to naturally define the permissible depth of research and analysis. Additional practical examples may include acquiring preliminary feasibility assessments, short-term engineering services, or specialized consulting support. In these scenarios, the objective is to secure a dedicated level of expert attention over a set period rather than a guaranteed technical result, providing an effective way to maximize analytical value while eliminating the risk of cost overruns.

FC 16.302 Cost contracts.
A cost contract may be appropriate for research and development work, particularly with nonprofit educational institutions or other nonprofit organizations.

FC 16.303 Cost-sharing contracts.
A cost-sharing contract may be appropriate when the contractor agrees to absorb a portion of the costs, in the expectation of substantial compensating benefits.

FC 16.304 Cost-plus-fixed-fee contracts.
This contract type permits contracting for efforts that might otherwise present too great a risk to contractors, but it provides the contractor only a minimum incentive to control costs. When considering whether to utilize a completion or term form of a cost-plus-fixed-fee contract, because of the differences in obligation assumed by the contractor, the completion form is typically preferred over the term form whenever the work, or specific milestones for the work, can be defined well enough to permit development of estimates within which the contractor can be expected to complete the work.

An example of when a cost-plus-fixed-fee contract type may be suitable is when a cost-reimbursement contract is appropriate and the contract is for the performance of research or preliminary exploration or study, and the level of effort required is unknown. Cost-plus-fixed-fee contract type may also be suitable when a cost-reimbursement contract is appropriate and the contract is for development and testing, and using a cost-plus-incentive-fee contract is not practical.

A cost-plus-fixed-fee contract normally should not be used in development of major systems (see part 34) once preliminary exploration, studies, and risk reduction have indicated a high degree of probability that the development is achievable and the government has established reasonably firm performance objectives and schedules.

FC 16.403-2 Performance incentives.
Performance incentives may be particularly appropriate in major systems contracts, both in development (when performance objectives are known and the fabrication of prototypes for test and evaluation is required) and in production (if improved performance is attainable and highly desirable to the government). Performance incentives may involve a variety of specific characteristics that contribute to the overall performance. Accordingly, balance the incentives on individual technical characteristics so that no one of them is exaggerated to the detriment of the overall performance. Performance tests and/or assessments of work performance are generally essential in order to determine the degree of attainment of performance targets. Therefore, be as specific as possible in the contract in establishing test criteria (such as testing conditions, instrumentation precision, and data interpretation) and performance standards (such as the quality levels of services to be provided).

Because performance incentives present complex considerations in contract administration, it is a best practice to negotiate them in full coordination with government engineering and pricing specialists. And it is extremely useful if the government and contractor agree explicitly on the effect that contract changes (e.g., pursuant to the Changes clause) will have on performance incentives. In establishing performance criteria, the contractor should not be rewarded or penalized for obtaining government-furnished components.

FC 16.403-3 Delivery incentives.
It is important to determine the government's primary objectives in a given contract when establishing delivery incentives (e.g., earliest possible delivery or earliest quantity production).

FC 16.404-1 Fixed-price incentive (firm target) contracts.
Under a fixed-price incentive (firm target) contract, the price ceiling is the maximum that may be paid to the contractor, except for any adjustment under other contract clauses. When the contractor completes performance, the parties negotiate the final cost, and the final price is established by applying the formula. Because the profit varies inversely with the cost, this contract type provides a positive, calculable profit incentive for the contractor to control costs.

Approach: Fixed-price incentive contracts for early contractor engagement in construction. Several agencies use variations of fixed-price incentive contracts (both firm target under FAR 16.404-1 and successive targets under FAR 16.404-2) for early contractor engagement (also called early contractor involvement) in construction. Under this model, the construction contractor joins the project team during the design phase to provide constructability input, cost estimating, and value engineering before the final price is set. The target price is established during preconstruction based on the developing design, and refined as the design matures, until a firm price (or final target) is set before construction starts. This delivery model reduces design and constructability risk, improves cost predictability, and lets the Government adjust scope or design choices as the project develops. It works well for complex or technically challenging construction where contractor input during design is valuable.

A fixed-price incentive (firm target) contract is appropriate when the parties can negotiate at the outset a firm target cost, target profit, and profit adjustment formula that will provide a fair and reasonable incentive and a ceiling that provides for the contractor to assume an appropriate share of the risk. When the contractor assumes a considerable or major share of the cost responsibility under the adjustment formula, the target profit should reflect this responsibility.

FC 16.404-2 Fixed-price incentive (successive targets) contract ceiling price.
When the production point specified in the contract is reached, the parties negotiate the firm target cost, giving consideration to cost experience under the contract and other pertinent factors. The firm target profit is established by the formula. At this point, the parties have two alternatives, as follows:

1. They may negotiate a firm fixed price, using the firm target cost plus the firm target profit as a guide.

2. If negotiation of a firm fixed price is inappropriate, they may negotiate a formula for establishing the final price using the firm target cost and firm target profit. The final cost is then negotiated at completion, and the final profit is established by formula, as under the fixed-price incentive (firm target) contract (see FAR 16.404-1).

FC 16.405 Cost-plus-incentive-fee contracts.
A cost-plus-incentive-fee contract may be appropriate for services or development and test programs when a cost-reimbursement contract is necessary; and a target cost and a fee adjustment formula can be negotiated that are likely to motivate the contractor to manage

effectively. Incentives should be tied to established technical performance objectives. This approach also may apply to other acquisitions, if the use of both cost and technical performance incentives is desirable and administratively practical. The fee adjustment formula should provide an incentive that will be effective over the full range of reasonably foreseeable variations from target cost. If a high maximum fee is negotiated, the contract should also provide for a low minimum fee that may be a zero fee or, in rare cases, a negative fee.

FC 16.501-2(b)(1) Streamlined pricing for construction IDVs.
For construction indefinite-delivery vehicles (IDVs) including multiple-award task order contracts (MATOCs), agencies can establish streamlined pricing at the base contract level. Markup rates (such as overhead and profit) may be a sufficient pricing arrangement at the IDV level; detailed scope pricing occurs at task order award through competition. This approach reduces base contract negotiation time while preserving price competition at the order level, where the specific work scope is known. It is a best practice to document the IDV-level pricing arrangement and the order-level price evaluation approach in the acquisition plan.

FC 16.504 Multiple-award contracts for architect-engineer services.
Agencies may use the multiple-award IDIQ procedures in Subpart 16.5 to acquire architect-engineer (A-E) services, provided the selection of contractors is consistent with Part 36. The Part 36 selection of contractor procedures apply at both levels: contractors selected for the IDIQ pool, and task orders awarded under it. A-E IDIQs are useful for recurring or geographically dispersed A-E needs, and they reduce procurement lead time for follow-on work.

FC 16.504-1(b) Contractor’s delivery obligations in an indefinite-quantity contract.
Under FAR clause 52.216-22, Indefinite Quantity, the contractor "shall furnish to the government, when and if ordered, the supplies or services specified in the Schedule up to and including the quantity designated in the Schedule as the maximum." Consequently, any valid order placed within the maximum value is binding and must be fulfilled by the contractor.

FC 16.504-4 On-ramps and off-ramps.
On-ramping (adding new contractors) and off-ramping (removing contractors) from multiple-award contracts, especially when ordering periods are multi-year, helps maintain current, competitive, and innovative pools of vendors. The process allows for the government to remove inactive or under-performing vendors or add new vendors to the multiple-award contract.

The government has discretion of how and when to open a multiple-award contract for an on-ramp or an off-ramp. These processes do not need to occur at the same time. For instance, if the marketplace has not significantly changed, the government may determine it is necessary to only conduct an off-ramp to narrow the existing multiple-award contract to only active and well-performing vendors. Conversely, if the current vendor pool is active and well-performing, but research demonstrates that sufficient new vendors have entered the marketplace, the contracting officer may conduct only an on-ramp.

When considering methods to assess the multiple-award vendor pool for purposes of off-ramping, past performance on earlier orders under the contract should be given priority consideration (see FAR 16.507-2(c)(2)). Off ramps may be appropriate when the contractor is no longer proposing at the order level.

Examples of on-ramp and off-ramp procedures are covered in the PTAI. For an On/Off Ramp success story, visit the Acquisition Gateway: OASIS On Ramps Small Business Impact Success Story.

FC 16.505 Strategic inclusion of "continuity of services" and "option to extend services" clauses.
For recurring and continuous service requirements, contract and order awards can face delays due to external factors like bid protests, disruptions to the incumbent contractor's business, or alleged bidding errors. To avoid challenging negotiations for short extensions, consider incorporating FAR clauses 52.217-8, Options to Extend Services, and 52.237-3, Continuity of Services, into all indefinite-quantity contracts where orders may be placed for vital services.

Together, these clauses provide up to six additional months of performance beyond the stated task order period for unforeseen delays, and an extra 90 days for a smooth transition to a successor contractor or to the government.

FC 16.506 Reprocurement through the next highest rated offeror.
In case of a termination for default or cause, reprocurement through the next highest rated offeror identified during source selection may be an available course of action. This method is discussed in FC 49.502-6(b). Contracting Officers who wish to preserve the option of using this course of action should document the selection decision accordingly.

FC 16.507 Streamlining ordering procedures.
Implementing efficient ordering procedures is crucial for maximizing the streamlined procedures under existing vehicles. While it is important to ensure compliance with the ordering procedures for the specific vehicle, consider the following leading practices:

1. Minimize redundant information: Refrain from requiring offerors to resubmit information that was already provided during the initial vehicle establishment. This not only reduces the administrative burden on offerors but also expedites the ordering process.

2. Leverage previous evaluations: Unless there is strategic value in doing so, it is not necessary to re-evaluate information that was already assessed during the vehicle establishment phase. If the basis of that evaluation is unclear in the associated ordering procedures, reach out to the vehicle contracting officer or program manager to learn more. Focus evaluation for an order on new or relevant information specific to the order, ensuring a more efficient and effective evaluation process.

3. Harness innovative techniques: Building on innovative approaches used during the vehicle establishment, such as oral presentations, can further streamline ordering procedures. By maximizing the use of these techniques, you can reduce the complexity and time required for ordering.

See 7.102(a), Solicitation Techniques, and strategies in the PTAI.

FC 16.507-2(a)(2) Periodic Table of Acquisition Innovations (PTAI) procedures for FAR part 16 streamlining.
Additional information can be found in FC 7.102(a), Solicitation techniques.

FC 16.507-2(c)(3) Blanket Purchase Agreements (BPAs) under multiple-award contracts. The foundation of the contracting officer's decision to establish one or more BPAs under a multiple-award contract, when authorized, lies in thoroughly understanding the government's requirement.

Single award BPAs work particularly well when the government's needs are highly integrated or sequential, where one task naturally flows into or depends upon another. Single award BPAs are also well-suited when standardization or scalability is critical (for instance, when there is a need for consistent processes, systems, or methodologies across all orders). Consider the value of relationship continuity; some requirements benefit significantly from a single vendor developing deep institutional knowledge or rapid delivery capabilities over time.

Multiple award BPAs, conversely, are well-suited when requirements can be logically segmented into distinct categories. Multiple BPAs provide access to varied approaches and innovations, which can be particularly valuable for complex or evolving requirements. When surge capacity or broad geographic coverage matters, multiple vendors can provide the flexibility and redundancy your mission demands, especially if they are awarded based on specialization areas or geographic regions.

Cost considerations extend beyond unit prices. While multiple awards may drive competition on individual orders, they also increase administrative overhead. Weigh these administrative costs against potential savings and consider the total cost of ownership, including any transition costs if vendors change. For high-frequency, low-dollar orders, the simplicity of a single award often provides the best value. For irregular, high-value requirements, the benefits of competition may justify the additional administrative investment.

Performance risk represents another critical factor. Single awards create vendor dependency—if your sole vendor falters, mission impact could be significant. Multiple awards provide natural backup options and risk mitigation. However, this must be balanced against the complexity of managing multiple relationships and ensuring consistency across vendors.

Market research will reveal whether meaningful competition exists. If the market offers diverse, qualified sources with meaningfully different approaches or capabilities, multiple awards could drive innovation and value.

Your ordering patterns also matter. Predictable, consistent order volumes favor single awards, allowing vendors to optimize their operations and potentially offer better pricing. Variable or unpredictable needs may benefit from the flexibility multiple awards provide.

Consider hybrid approaches that blend the benefits of both structures. You might establish multiple BPAs divided by geographic regions, functional categories, or order value tiers. This can provide competition where it adds value while maintaining simplicity where it doesn't.

Regardless of your chosen structure, build in flexibility. Include periodic review points to assess whether the BPA continues to meet your needs and represents best value. Document not just your decision but your reasoning, focusing on operational efficiency and mission support.

FC 16.507-5(c) Brief explanation leading practices.
When providing a brief explanation of the award decision, the acquisition team led by the contracting officer might consider providing technical evaluation documentation relevant to the requesting vendor. Providing this transparency may reduce the likelihood of protests due to lack of information. Brief Explanations should be framed as opportunities for vendors to learn for future quote development and for the government to improve future solicitation preparation.

FC 16.507-5(c) and 16.508 Strategic management of award notices, debriefings, and protest windows.
Additional information can be found in FC 7.102(a), Postaward techniques for notification and contract administration.

Part 17 - Special Contracting Methods

FC 17.1 Multiyear contracting.
When considering multiyear contracting, several benefits can be considered. These include lower costs, enhanced standardization, and reduced administrative burdens. Additionally, multiyear contracting can help maintain production continuity, avoiding annual startup and phaseout costs. It can also stabilize the contractor's workforce, reduce the need for new quality control techniques, and broaden the competitive base by attracting firms that may not be willing or able to compete for smaller quantities. Furthermore, multiyear contracting can provide incentives for contractors to improve productivity through investments in capital facilities, equipment, and advanced technology.

When determining the contracting method, the nature of the requirement should be the primary consideration, as multiyear contracting can be used with various methods, such as sealed bidding or negotiation. For fixed-price contracts, consider the longer performance period and adjust pricing accordingly, potentially incorporating economic price adjustment terms and profit objectives that reflect the contractor's risk and financing arrangements.

FC 17.203 Strategic inclusion of “continuity of services” and “option to extend services” clauses.
Contract awards for recurring and continuous service requirements are often delayed by factors outside the acquisition team's control, such as bid protests, disruptions to the incumbent contractor's business, or alleged bidding errors. To prevent difficult negotiations for short contract extensions, consider including FAR clauses 52.217-8, Options to Extend Services, and 52.237-3, Continuity of Services, in solicitations and contracts for services where the services under the contract are vital and must be continued without interruption.

Together, these clauses provide for up to six additional months of performance beyond the stated contract period for unforeseen delays; and up to 90 days for a smooth transition to the successor contractor or to the government.

FC 17.201-1 Exploring option flexibilities.
Solicitations containing option provisions typically state the basis of evaluation, either exclusive or inclusive of the option, and may inform offerors that the government anticipates exercising the

option at the time of award. Permitting vendors to propose prices for additional quantities can enable them to provide their best pricing for these quantities. This approach can encourage competition by allowing flexible pricing for option quantities and provide vendors with the flexibility to meet their business needs and enables the contracting agency to gain a more accurate understanding of the total contract cost and make a more informed decision by evaluating offers based on total anticipated cost.

When structuring option provisions, the contract's overall duration and quantity requirements are key considerations. For service contracts, the period in which an option may be exercised may extend beyond the contract completion date to accommodate situations where exercising the option would obligate funds not available in the fiscal year of contract completion. The duration of the basis and option periods can vary; but ensure you follow any statutory limitations on contract duration (for instance, under the Service Contract Labor Standards statute - see FAR part 22). However, the specific circumstances of the contract will dictate the appropriate duration. Options for increased quantities of supplies or services can be expressed in various ways, such as a percentage increase of specific line items, an increase in specific line items, or additional numbered line items. Contract term extensions can be expressed as an amended completion date or as additional time for performance. In some cases, solicitations may require that options be offered at prices no higher than those for the initial requirement, such as when future competition for the option is impracticable. In these situations, the solicitation should specify how the government will evaluate an offer containing an option price higher than the base price.

FC 17.204-1 Determination and finding for exercise of an option.
When exercising an option, it's essential to determine that the option price is fair and reasonable based on current market conditions and that exercise of the option is in the best interest of the government. To make this determination, consider various factors, such as whether a new solicitation would produce a better price or more advantageous offer. If a new solicitation is unlikely to yield a better result, it may be reasonable to exercise the option. Other factors to consider include informal market analysis, the time elapsed since contract award, and market stability. Additionally, take into account the government's need for operational continuity and potential disruption costs, as well as the potential impact on small businesses.

To ensure compliance with full and open competition requirements, the option needs to be evaluated as part of the initial competition, and its exercisable amount needs to be specified in or reasonably determinable from the basic contract. Examples of acceptable option pricing include specific dollar amounts, amounts determined by a formula or provision in the contract, or prices subject to economic price adjustments or changes in prevailing labor rates. When exercising an option, the contract modification or notification document should cite the option clause as authority. By following these best practices, contracting officers can ensure that option exercises are fair, reasonable, and in the best interest of the government.

FC 17.401 Leader company contracting.
Objectives of leader company contracting include but are not limited to: reducing delivery time; achieving geographic dispersion of suppliers; maximizing the use of scarce tooling or special equipment; achieving economies of production; ensuring uniformity and reliability in equipment, compatibility, or standardization of components, and interchangeability of parts; eliminating problems in the use of proprietary data that cannot be resolved by more satisfactory solutions; or

facilitating the transition from development to production and to subsequent competitive acquisition of end items or major components.

Leader company contracting is best used only when the leader company (1) has the necessary production knowledge and is able to provide necessary assistance to the follower(s); (2) no other company can meet the government's requirements without the assistance of the leader company; (3) the assistance required of the leader company is limited to that which is essential to enable the follower(s) to provide the items; and (4) its use is authorized in accordance with any agency procedures.

When structuring contracts involving leader and follower companies, contracting officers can consider various approaches to facilitate collaboration. For instance, they may award a prime contract to a leader company, requiring it to subcontract with a designated follower company, or award separate contracts to the leader and follower companies. To ensure a successful partnership, it's essential to include a clear agreement on the handling of sensitive information, such as trade secrets or proprietary data. Additionally, when using leader company contracting, it's a leading practice for the government to reserve the right to approve subcontracts between the leader and follower companies, promoting transparency and oversight in the contractual arrangement.

FC 17.802-3(b) Reverse auction service provider fees.
A service platform for conducting reverse auctions may be provided by a commercial or government entity. While some reverse auction service providers are paid directly by the government for reverse auction services, other providers may incorporate a fee structure that uses an indirect payment method. When using an indirect payment method, the reverse auction service provider adds a fee(s) to the price of the successful offer that is provided to the government at the close of an auction. The government then pays the successful offeror the total price of the offer, which includes the fee(s) added by the reverse auction service provider. The reverse auction service provider then collects its fee(s) from the successful offeror.

Part 18 - Emergency Acquisitions

FC 18.001 Response planning.
In anticipation of potential emergency response requirements, agencies involved in response planning should consider awarding emergency response contracts before a major disaster or emergency occurs to ensure immediate response and relief. These contracts should be structured to respond to immediate emergency response needs.

FC 18.001 Emergency Procurement List.
The FAR has built-in flexibilities that allow contracting officers to act quickly for an urgent need. These flexibilities can be used without a formal emergency declaration or contingency operation designation. Contracting officers may use the flexibilities detailed in the Emergency Procurement List to support emergencies.

FC 18.001 Streamlined procedures for commercial products and services in support of emergency acquisitions.
FAR 12.001(c) permits agencies to treat any acquisition of supplies or services that, as determined by the head of the agency, are to be used to facilitate defense against or recovery from cyber, nuclear, biological, chemical, or radiological attack, as an acquisition of commercial products or commercial services. For these acquisitions, the $9 million threshold referenced throughout this part is increased to $15 million. Further, FAR 12.201-1 provides for simplified procedures for the acquisition of commercial products and services through the issuance of a Request for Quotation (RFQ) followed by a purchase order. The PTAI offers evaluation methodologies that can be directly applied to support emergency acquisitions by offering proven innovative approaches that agencies can adopt and adapt to their procurements.

Part 19 - Small Business

FC 19.1 Innovative approaches to reduce bid and proposal burdens for increased small business opportunities.
There are many opportunities to apply innovative techniques on the PTAI to maximize small business opportunities. The techniques and approaches found on the PTAI benefit small business in the following ways:

- Reduced barriers to entry through simplifying the request for quote and request for proposal process, lowering bid and proposal costs, streamlining submission processes, and more clearly explaining the evaluation criteria and approach.
- Faster contract awards can help small businesses which may not be able to sustain cash flows for burdensome, lengthy acquisition timelines.
- Commercial procurements, modular contracting, and agile procurement methods may align more with how small businesses operate.
- Emphasizing solutions and mission over compliance attracts companies of all sizes and affords companies to showcase their unique capabilities.

The PTAI has a finder feature that filters innovative acquisition approaches and techniques which benefit small businesses.

FC 19.101(b) Encouraging small business participation in acquisitions.
There are many ways to encourage small business participation in acquisitions in addition to the acquisition strategies outlined in FAR 19.101(b), which include, but are not limited to the following actions that a contracting officer may consider:

- Identify opportunities to break down complex requirements into simpler parts whenever possible, or divide proposed acquisitions of supplies and services (except construction) into reasonably small lots (not less than economic production runs) to permit offers on quantities less than the total requirement.

- Establish realistic delivery schedules that will encourage small business participation to the extent consistent with the actual requirements of the government.
- Allow the maximum amount of time practicable for the submission of offers.
- Provide relevant information with solicitations that is necessary for the preparation of quotes or proposals (e.g. specifications, plans, system designs, drawings).
- See 7.102(a), Solicitation techniques, for additional information on using Small Business Participation as an element of the evaluation.

FC 19.103(b) Determining the appropriate NAICS code for the solicitation.
When determining the appropriate NAICS code for the solicitation, consider the industry descriptions in the U.S. NAICS Manual, the product or service descriptions in the solicitation, the relative value and importance of the components of the requirement making up the end item being procured, and the function of the goods or services being purchased. A procurement is classified according to the principal purpose of the supply or service being acquired, which is usually the component that accounts for the greatest percentage of contract value. In the event of a NAICS code appeal, more information concerning appeals of NAICS code designations can be found in the SBA's regulations, and is located at 13 CFR 121.1002 and 13 CFR part 134.

FC 19.104-1(f) Identification of manufacturers.
For the purposes of applying the nonmanufacture rule, the manufacturer, processor, or producer is the concern that manufacturers, processes, or produces an end item with its own facilities (e.g., transforms raw materials, miscellaneous parts, or components into the end item being acquired). See 13 CFR 121.406(b)(2). In an acquisition for multiple items, if a small business offeror is both a manufacturer of item(s) and a nonmanufacturer of other item(s), the contracting officer must apply the manufacturer size standard.

FC 19.108-11(a)(2) Release from the 8(a) program.
A requirement is automatically released from the 8(a) program if a follow-on procurement is set aside for the Historically Underutilized Business Zone (HUBZone), Service-Disabled Veteran-Owned Small Business (SDVOSB), or Woman-Owned Small Business (WOSB) programs, or a mandatory source is identified to meet the requirement per FAR 19.108-11(a)(1). In such cases, a formal release request is not necessary. This ensures that follow-on procurements remain within the small business program.

FC 19.109 Small business subcontracting plans.
When a subcontracting plan is required in accordance with FAR 19.109, the contracting officer may require the submission of a subcontracting plan with the initial offers or at any other time prior to award. From an efficiency perspective, unless proposed small business subcontracting is a required evaluation factor in accordance with FAR 15.104(c)(2), or other extenuating circumstances that warrant the evaluation of subcontracting plans apply, it is appropriate to only require submission of a subcontracting plan by the apparent successful offeror and negotiate the terms of the subcontracting plan with the apparent successful offeror prior to award. If handled as a negotiation with the apparent successful offeror, the subcontracting plan negotiation is separate and distinct from other negotiations that may occur under source selection.

When an individual small business subcontracting plan is part of the evaluation, it is a best practice to request the subcontracting plan include goals based on total contract value.

FC 19.110 Price evaluation preference for HUBZone small business concerns.
When evaluating price for HUBZone small business concerns in acquisitions using full and open competition, the factor of 10 percent should be applied on a line item basis or to any group of items on which an award may be made. Other evaluation factors, such as transportation costs or rent-free-use of government property, should be added to the offer to establish the base offer before adding the factor of 10 percent.

When the two highest-rated offerors are a HUBZone small business concern and a large business, and the evaluated offer of the HUBZone small business concern is equal to the evaluated offer of the large business after considering the price evaluation preference, the contracting officer should award the contract to the HUBZone small business concern.

FC 19.111-2 Set-asides for orders under multiple-award contracts.
The contracting officer is encouraged to consider, but has the discretion to decide, whether or not to set aside an order under multiple-award contracts for small business concerns. Accordingly, the “rule of two” (see FAR 19.104-1(a)) does not apply to orders placed under multiple-award contracts, or to orders under the Federal Supply Schedules.

If the contracting officer decides to set aside an order for small business concerns, the specific program eligibility requirements identified in FAR part 19, as well as the ordering procedures for the Federal Supply Schedule (FAR subpart 8.4 and GSAR subpart 538.71) or a multiple-award contract (FAR subpart 16.5) must be followed. The set-aside may be a total set-aside or a partial set-aside (see FAR 19.104-2). When establishing a blanket purchase agreement under the Federal Supply Schedule, the contracting officer may also establish a reserve for small business (GSAR 538.7102-2(c)(1)).

A contracting officer’s decision to set aside or not set aside an order for small business concerns is not a basis for protest (see 19.111-2(a)(2)). FAR 19.104-1(a) has been updated to use "contracts" instead of "acquisition" for greater clarity. This particular clarification aims to resolve a perceived conflict in interpretations between the GAO and the U.S. Court of Federal Claims (COFC) around the application of the "Rule of Two" within the context of multiple-award contracts.

Note that only small business concerns awarded contracts under partial set-aside multiple-award contracts may compete for orders issued under those portions of the multiple-award contract. However, small business awardees may compete against other than small business awardees for an order issued under the portion of the multiple-award contract that was not set-aside, if the small business received a contract award for the non-set-aside portion of the multiple-award contract.

Below are examples of language for consideration in a solicitation should the contracting officer decide to set-aside an order under the Federal Supply Schedule or a multiple-award contract, or conduct a reserve under the Federal Supply Schedule. This language is intended to aid the

contracting officer, and can and should be tailored to the specific acquisition, contract vehicle, and set-aside decision.

FAR 8.4 or FAR 16.5: Total set-aside.

In addition to applicable FAR and GSAR provisions, the language below provides examples of setting aside the entire requirement for a specific small business category.

Example: Total Small Business Set-Aside

"This order is a total set-aside for small business concerns. Only quotes submitted by contractors that are currently designated as a small business under their awarded [insert contract type, e.g., GSA MAS, IDIQ, etc.] will be considered for award. Any quote received from a contractor that is not an eligible small business concern will be deemed non-responsive and will not be evaluated."

Example: Total Service-Disabled Veteran-Owned Small Business (SDVOSB) Set-Aside

"This order is a total set-aside for Service-Disabled Veteran-Owned Small Businesses (SDVOSBs). In accordance with FAR 8.401(b) and GSAR 538.7102-2(c)(1) or FAR 16.505, only offers from SDVOSBs will be considered. Any offer submitted by a contractor that is not a certified SDVOSB will not be considered for award."

FAR 16.5: Partial set-aside.

In addition to applicable FAR and GSAR provisions, the language below provides an example of soliciting an order or BPA under the set-aside portion of the multiple-award contract when the multiple-award contract itself contains a partial set-aside provision.

Example: Partial set-aside under an existing multiple-award contract

"This order is being solicited in accordance with the terms of the multiple-award contract [insert contract number], including FAR 52.219-7 and 52.219-13. Offers are being solicited for the set-aside portion of this requirement. In accordance with FAR 19.111-2, only small business concerns awarded contracts for the set-aside portion(s) are eligible to compete."

GSAR 538.702-2(c)(1): Reserve.

In addition to applicable FAR and GSAR provisions, the language below provides an example of a competitive multiple-award BPA under the Federal Supply Schedule that includes a reserve for one or more small businesses.

Example: Reserve under Federal Supply Schedule multiple-award BPA

"This acquisition includes a reserve for one or more small businesses. In accordance with GSAR 538.7102-2(c)(1), the contracting officer intends to reserve BPAs for one or more small business concerns."

Combined FAR 8.4 and FAR 16.5 set-aside statement.

In addition to applicable FAR and GSAR provisions, the language below provides an example that can be added to the competitive announcement for orders under FSS or multiple-award contracts.

Example: Notice of set-aside of orders

"In accordance with FAR [insert 8.401(b)/GSAR 538.7102-2(c)(1) or 16.505, as applicable], the contracting officer has determined that this order will be set aside for [insert specific small business category, e.g., small business concerns, SDVOSB, HUBZone, etc.]. All eligible vendors holding a [insert contract type, e.g., GSA MAS, IDIQ, etc.] are invited to compete."

Tips for contracting officers when deciding to set-aside an order for small business:

- Specify the program: When creating the RFQ, specify the particular set-aside type (e.g., Small Business, SDVOSB, WOSB, etc.) and insert the appropriate FAR clause to ensure that only eligible contractors respond.
- Use eBuy features: For FSS orders, GSA's eBuy portal automatically includes the appropriate set-aside language and filters the solicitation so that only eligible contractors can view it.

FC 19.302-1(d) Small business subcontracting plan and goals for orders against multiple-award contracts.
Orders placed under contracts should not require subcontracting plans. Those are established at the contract level. When placing orders, the contracting officer may request order level subcontracting goals. Those goals can be negotiated with the apparent awardee prior to order placement.

Part 20 - Reserved

Reserved.

Part 21 - Reserved

Reserved.

Part 22 - Application of Labor Laws to Government Acquisitions

FC 22.001 Definitions.
Wage and Hour Division means the unit in the Department of Labor to which is assigned functions of the Secretary of Labor under the Service Contract Labor Standards statute. The Wage and Hour Division mission within the Department of Labor is to promote and achieve

compliance with labor standards to protect and enhance the welfare of the nation's workforce. Wage determination means a determination of minimum wages or fringe benefits made under 41 U.S.C. 6703 or 6707(c) applicable to the employment in a given locality of one or more classes of service employees.

FC 22.4 Department of Labor regulations involving construction.
Under the statutes and Executive orders referred to in FAR subpart 22.4 and Reorganization Plan No. 14 of 1950 (3 CFR 1949-53 Comp., p. 1007), the Secretary of Labor has issued regulations in title 29, subtitle A, Code of Federal Regulations, prescribing standards and procedures to be observed by the Department of Labor and the federal contracting agencies. Those standards and procedures applicable to contracts involving construction are implemented in this subpart.

The Department of Labor regulations include:

- Part 1, relating to Construction Wage Rate Requirements statute minimum wage rates;
- Part 3, relating to the Copeland (Anti-Kickback) Act and requirements for submission of weekly statements of compliance and the preservation and inspection of weekly payroll records;
- Part 5, relating to enforcement of the:
    - Construction Wage Rate Requirements statute;
    - Contract Work Hours and Safety Standards statute; and
    - Copeland (Anti-Kickback) Act;
- Part 6, relating to rules of practice for appealing the findings of the Administrator, Wage and Hour Division, in enforcement cases under the various labor statutes, and by which Administrative Law Judge hearings are held;
- Part 7, relating to rules of practice by which contractors and other interested parties may appeal to the Department of Labor Administrative Review Board, decisions issued by the Administrator, Wage and Hour Division, or administrative law judges under the various labor statutes;
- Part 10, relating to establishing a minimum wage for federal contractors; and
- Part 13, relating to establishing paid sick leave for federal contractors.

Refer all questions relating to the application and interpretation of wage determinations (including the classifications therein) and the interpretation of the Department of Labor regulations in this subsection to the Administrator, Wage and Hour Division.

FC 22.4 Construction Wage Rate Requirements statute wage determinations.
The Department of Labor is responsible for issuing wage determinations reflecting prevailing wages, including fringe benefits. The wage determinations apply only to those laborers and mechanics employed by a contractor upon the site of the work including drivers who transport to or from the site materials and equipment used in the course of contract operations.

Determinations are issued for different types of construction, such as building, heavy, highway, and residential (referred to as rate schedules), and apply only to the types of construction designated in the determination within a specified geographic area.

FC 22.4 General wage determination.
General wage determinations contain no expiration date and remain valid until modified, superseded, or canceled by the Department of Labor. Once incorporated in a contract, a general wage determination normally remains effective for the life of the contract, unless the contracting officer exercises an option to extend the term of the contract. These determinations should be used whenever possible. They are issued at the discretion of the Department of Labor either upon receipt of an agency request or on the Department of Labor's own initiative.

General wage determinations are published on the Wage Determinations at the SAM.gov website. General wage determinations are effective on the publication date of the wage determination or upon receipt of the wage determination by the contracting agency, whichever occurs first. “Publication” within the meaning of this section means the first date the wage determination is published on the Wage Determinations at SAM.gov.

Archived Construction Wage Rate Requirements statute general wage determinations that are no longer current may be accessed in the “Archived DB WD” database on Wage Determinations at SAM.gov website for information purposes only. Contracting officers may not use an archived wage determination in a contract action without obtaining prior approval of the Department of Labor. To obtain prior approval, contact the Department of Labor, Wage and Hour Division, using SAM.gov, or contact the procurement agency labor advisor listed on SAM.gov.

FC 22.4 Project wage determination.
Once incorporated in a contract, a project wage determination normally remains effective for the life of the contract, unless the contracting officer exercises an option to extend the term of the contract.

FC 22.4 Wage determinations - general requirements.
When more than one rate schedule is contained in the general wage determination, the contracting officer may either include only the rate schedules that apply to the particular types of construction (building, heavy, highway, etc.) or include the entire wage determination and clearly indicate the parts of the work to which each rate schedule will be applied. Inclusion by reference is not permitted.

The Wage and Hour Division has issued the following general guidelines for use in selecting the proper schedule(s) of wage rates:

- Building construction is generally the construction of sheltered enclosures with walk-in access, for housing persons, machinery, equipment, or supplies. It typically includes all construction of such structures, installation of utilities and equipment (both above and below grade level), as well as incidental grading, utilities and paving, unless there is an established area practice to the contrary.

- Residential construction is generally the construction, alteration, or repair of single family houses or apartment buildings of no more than four (4) stories in height, and typically includes incidental items such as site work, parking areas, utilities, streets and sidewalks, unless there is an established area practice to the contrary.

- Highway construction is generally the construction, alteration, or repair of roads, streets, highways, runways, taxiways, alleys, parking areas, and other similar projects that are not incidental to building, residential, or heavy construction.
- Heavy construction includes those projects that are not properly classified as either building, residential, or highway, and is of a catch-all nature. Such heavy projects may sometimes be distinguished on the basis of their individual characteristics, and separate schedules issued (e.g., dredging, water and sewer line, dams, flood control, etc.).
- When the nature of a project is not clear, it is necessary to look at additional factors, with primary consideration given to locally established area practices. If there is any doubt as to the proper application of wage rate schedules to the type or types of construction involved, guidance should be sought before the opening of bids, or receipt of best and final offers, from the Administrator, Wage and Hour Division. Further examples are contained in Department of Labor All Agency Memoranda Numbers 130 and 131.

FC 22.403(e) Notification of improper wage determination before award.
If the contracting officer is notified of an improper wage determination for the primary site of the work, the contracting officer should-

For sealed bids, if received before bid opening, postpone the bid opening date, if necessary, to allow a reasonable time to (i) obtain the appropriate determination if a new wage determination is required, (ii) amend the solicitation to incorporate the determination (or rate schedule), and (iii) permit bidders to amend their bids. If the appropriate wage determination does not change any wage rates and would not warrant amended bids, the contracting officer should amend the solicitation to include the number and date of the new determination.

If received after bid opening but before award, delay awarding the contract, if necessary, and if required, obtain the appropriate wage determination.

For negotiated acquisitions, delay award, if necessary, and process the notification of an improper wage determination for the primary site of the work in the same manner as a new wage determination.

FC 22.404-1(f)(1) Examinations of the payrolls and payroll statements.
Fringe benefits payments, contributions made, or costs incurred on other than a weekly basis should be considered as a part of weekly payments to the extent they are creditable to the particular weekly period involved and are otherwise acceptable.

FC 22.404-2 Disposition of disputes concerning construction contract labor standards enforcement.
The areas of possible differences of opinion between contracting officers and contractors in construction contract labor standards enforcement include:

- Misclassification of workers;
- Hours of work;
- Wage rates and payment;
- Payment of overtime;

- Withholding practices; and
- The applicability of the labor standards requirements under varying circumstances.

When requesting the contractor to take corrective action in labor violation cases, the contracting officer should inform the contractor of the following:

- Disputes concerning the labor standards requirements of the contract are handled under FAR clause 52.222-14, Disputes Concerning Labor Standards, and not under FAR clause 52.233-1, Disputes.
- The contractor may appeal the contracting officer's findings or part thereof by furnishing the contracting officer a complete statement of the reasons for the disagreement with the findings.

FC 22.10 Examples of contracts covered by the Service Contract Labor Standards statute.
The following examples, while not definitive or exclusive, illustrate some of the types of services that have been found to be covered by the Service Contract Labor Standards statute (see 29 CFR 4.130 for additional examples):

- Motor pool operation, parking, taxicab, and ambulance services.
- Packing, crating, and storage.
- Custodial, janitorial, housekeeping, and guard services.
- Food service and lodging.
- Laundry, dry-cleaning, linen-supply, and clothing alteration and repair services.
- Snow, trash, and garbage removal.
- Aerial spraying and aerial reconnaissance for fire detection.
- Some support services at installations, including grounds maintenance and landscaping.
- Certain specialized services requiring specific skills, such as drafting, illustrating, graphic arts, stenographic reporting, or mortuary services.
- Electronic equipment maintenance and operation and engineering support services.
- Maintenance and repair of all types of equipment, for example, aircraft, engines, electrical motors, vehicles, and electronic, office and related business and construction equipment (but see FAR 22.1002-1(e)(1) and (f)(1)(iv)).
- Operation, maintenance, or logistics support of a federal facility.
- Data collection, processing and analysis services.

FC 22.10 Repair distinguished from remanufacturing of equipment.
Contracts principally for remanufacturing of equipment which is so extensive as to be equivalent to manufacturing are subject to 41 U.S.C. chapter 65 rather than to the Service Contract Labor Standards statute. Remanufacturing should be deemed to be manufacturing when the criteria in either paragraphs (1) or (2) are met.

(1) Major overhaul of an item, piece of equipment, or materiel which is degraded or inoperable, and under which all of the following conditions exist:

- The item or equipment is required to be completely or substantially torn down into individual component parts.
- Substantially all of the parts are reworked, rehabilitated, altered and/or replaced.

- The parts are reassembled so as to furnish a totally rebuilt item or piece of equipment.
- Manufacturing processes similar to those which were used in the manufacturing of the item or piece of equipment are utilized.
- The disassembled components, if usable (except for situations where the number of items or pieces of equipment involved are too few to make it practicable) are commingled with existing inventory and, as such, lose their identification with respect to a particular piece of equipment.
- The items or equipment overhauled are restored to original life expectancy, or nearly so.
- Such work is performed in a facility owned or operated by the contractor.

(2) Major modification of an item, piece of equipment, or material which is wholly or partially obsolete, and under which all of the following conditions exist:

- The item or equipment is required to be completely or substantially torn down.
- Outmoded parts are replaced.
- The item or equipment is rebuilt or reassembled.
- The contract work results in the furnishing of a substantially modified item in a usable and serviceable condition.
- The work is performed in a facility owned or operated by the contractor.

Remanufacturing does not include the repair of damaged or broken equipment which does not require a complete teardown, overhaul, and rebuild as described above, or the periodic and routine maintenance, preservation, care, adjustment, upkeep, or servicing of equipment to keep it in usable, serviceable, working order. Such contracts typically are billed on an hourly rate (labor plus materials and parts) basis. Any contract principally for this type of work is subject to the Service Contract Labor Standards statute. Examples of such work include the following:

- Repair of an automobile, truck, or other vehicle, construction equipment, tractor, crane, aerospace, air conditioning and refrigeration equipment, electric motors, and ground powered industrial or vehicular equipment.
- Repair of typewriters and other office equipment (but see FAR 22.1002-1(e)(1) and (f)(1)(iv)).
- Repair of appliances, radios, television sets, calculators, and other electronic equipment.
- Inspecting, testing, calibration, painting, packaging, lubrication, tune-up, or replacement of internal parts of equipment listed in the first three bullets of this list.
- Reupholstering, reconditioning, repair, and refinishing of furniture.

FC 22.10 Department of Labor responsibilities and regulations.
Under the Service Contract Labor Standards statute, the Secretary of Labor is authorized and directed to enforce the provisions of the Service Contract Labor Standards statute, make rules and regulations, issue orders, hold hearings, make decisions, and take other appropriate action. The Department of Labor has issued implementing regulations on such matters as:

- Service contract labor standards provisions and procedures (29 CFR part 4, subpart A);
- Wage determination procedures (29 CFR part 4, subparts A and B);
- Application of the Service Contract Labor Standards statute (rulings and interpretations) (29 CFR part 4, subpart C);

- Compensation standards (29 CFR part 4, subpart D);
- Enforcement (29 CFR part 4, subpart E);
- Safe and sanitary working conditions (29 CFR part 1925);
- Rules of practice for administrative proceedings enforcing service contract labor standards (29 CFR part 6); and
- Practice before the Administrative Review Board (29 CFR part 8).

FC 22.1002-1(b) Applicability.
This subpart does not apply to individual contract requirements for services in contracts not having as their principal purpose the furnishing of services. The nomenclature, type, or particular form of contract used by contracting agencies is not determinative of coverage.

FC 22.1002-1 (c) Service Contract Labor Standards applicability.
The Service Contract Labor Standards (formerly the Service Contract Act) wage determinations apply to some nonprofessional services provided under the Multiple Award Schedule, excluding pricing offered for services outside of the United States. The Multiple Award Schedule updates wage determinations once a year.

FC 22.1002-1(g) Administrative limitations, variations, tolerances, and exemptions.
The Secretary of Labor may provide reasonable limitations and may make rules and regulations allowing reasonable variations, tolerances, and exemptions to and from any or all provisions of the Service Contract Labor Standards statute other than 41 U.S.C. 6707(f). These will be made only in special circumstances where it has been determined that the limitation, variation, tolerance, or exemption is necessary and proper in the public interest or to avoid the serious impairment of government business, and is in accord with the remedial purpose of the Service Contract Labor Standards statute to protect prevailing labor standards (41 U.S.C. 6707(b)).

FC 22.1002-2(c)(1) Statement of equivalent rates for federal hires.
Wages paid to blue collar employees should be the basic hourly rate for each class. The rate should be Wage Board pay schedule step two for nonsupervisory service employees and step three for supervisory service employees.

Wages paid white collar employees should be an hourly rate for each class. The rate may be obtained by dividing the general pay schedule step one biweekly rate by 80.

Local civilian personnel offices can assist in determining and providing grade and salary data.

FC 22.1002-2(f) All possible places of performance not identified.
If the place of performance is unknown, the contracting officer should attempt to identify the specific places or geographical areas where the services might be performed. The following may indicate possible places of performance:

A. Locations of previous contractors and their competitors.
B. Databases available via the Internet for lists of prospective offerors and contractors.

If the contracting officer believes that there may be offerors interested in performing in unidentified places or areas, the contracting officer may include the following information in the synopsis and solicitation:

- That the place of performance is unknown.
- The possible places or areas of performance that the contracting officer has already identified.
- That the contracting officer will obtain wage determinations for additional possible places of performance if asked to do so in writing.
- The time and date by which offerors must notify the contracting officer of additional places of performance.

The closing date for receipt of offerors' requests for wage determinations for additional possible places of performance should allow reasonable time for potential offerors to review the solicitation and determine their interest in competing. Generally, 10 to 15 days from the date of issuance of the solicitation may be considered a reasonable period of time.

FC 22.1002-3 Obtaining wage determinations.
Contracting officers may obtain most prevailing wage determinations using the Wage Determinations at SAM.gov website. Contracting officers may also use the Department of Labor's e98 electronic process, located on the Wage Determinations at SAM.gov website, to request a wage determination directly from the Department of Labor. If the Wage Determinations at SAM.gov database does not contain the applicable prevailing wage determination for a contract action, the contracting officer may use the e98 process to request a wage determination from the Department of Labor.

In using the e98 process to obtain prevailing wage determinations, contracting officers should provide as complete and accurate information on the e98 as possible. Contracting officers should ensure that the email address submitted on an e98 request is accurate.

The contracting officer should anticipate the amount of time required to gather the information necessary to obtain a wage determination, including sufficient time, if necessary, to contact the Department of Labor to request wage determinations that are not available through use of the Wage Determinations at SAM.gov.

Although the Wage Determinations at SAM.gov website provides assistance to the contracting agency to select the correct wage determination, the contracting agency remains responsible for the wage determination selected. If the contracting agency has used the e98 process, the Department of Labor will respond to the contracting agency based on the information provided on the e98. The contracting agency may rely upon the Department of Labor response as the correct wage determination for the contract.

To obtain the applicable wage determination for each contract action, the contracting officer should determine the following information concerning the service employees expected to be employed by the contractor and any subcontractors in performing the contract:

- Determine the classes of service employees to be utilized in performance of the contract using the Wage and Hour Division's Service Contract Act Directory of Occupations (Directory). The Directory can be found on Wage Determinations at SAM.gov Library Page, and is for sale by the Superintendent of Documents, U.S. Government Publishing Office.

- Determine the locality where the services will be performed (see FAR 22.1002-3(a)(1)).
- Determine whether 41 U.S.C. 6707(c) applies (see FAR 22.1002-3(b), 22.1003(b), and 22.1004-6).
- Determine the wage rate that would be paid each class if employed by the agency and subject to the wage provisions of 5 U.S.C. 5341 and/or 5332 (see FAR 22.1002-2(c)(1) and the clause at 52.222-42).

If the contracting officer has questions regarding the procedures for obtaining a wage determination, or questions regarding the selection of a wage determination, the contracting officer should request assistance from the agency labor advisor.

FC 22.1002-3(b) Successorship with incumbent contractor collective bargaining agreement.
If the contracting officer has timely received the collective bargaining agreement, the contracting officer may use the Wage Determinations at SAM.gov website to prepare a wage determination referencing the agreement and incorporate that wage determination, attached to a complete copy of the collective bargaining agreement, into the successor contract action. In using the Wage Determinations at SAM.gov process, it is not necessary to submit a copy of the collective bargaining agreement to the Department of Labor unless requested to do so.

The contracting officer may also use the e98 process on Wage Determinations at SAM.gov to request that the Department of Labor prepare the cover wage determination. The Department of Labor's response to the e98 may include a request for the contracting officer to submit a complete copy of the collective bargaining agreement. Any questions regarding the applicability of the Service Contract Labor Standards statute to a collective bargaining agreement should be directed to the agency labor advisor.

Part 23 - Sustainable Acquisition, Material Safety, and Pollution Prevention

FC 23.103 Resources for Statutory Environmental Purchasing Programs.
The General Services Administration (GSA) maintains information about statutory environmental purchasing programs, products, and services.

FC 23.202 Energy Savings Performance Contracts (ESPCs).
Under an ESPC, an agency can contract with an energy service company for a period not to exceed 25 years to improve energy efficiency in one or more agency facilities at no direct capital cost to the United States Treasury. The energy service company finances the capital costs of implementing energy conservation measures and receives, in return, a contractually determined share of the cost savings that result. Note that except as provided in 10 CFR 436.34, ESPC's are subject to FAR subpart 17.1.

To solicit and award an ESPC, the contracting officer may use the “Qualified List” of energy service companies established by the Department of Energy and other agencies. For procedures related to unsolicited proposals for energy savings performance contracts, see 15.505(a).

DOE provides information on Energy Savings Performance Contracts (ESPC). Visit their website to read ESPC success stories, case studies, and obtain additional information.

Part 24 - Protection of Privacy and Freedom of Information

No additional guidance.

Part 25 - Foreign Acquisition

FC 25.001 Applicability of subparts.
The following table shows the applicability of the subparts.

Subpart		Supplies for use		Construction		Services performed	
		Inside U.S.	Outside U.S.	Inside U.S.	Outside U.S.	Inside U.S.	Outside U.S.
25.1	Buy American—Supplies	X					
25.2	Buy American—Construction Materials			X			
25.3	Reserved						
25.4	Trade Agreements	X	X	X	X	X	X
25.5	Evaluating Foreign Offers—Supply Contracts	X	X				
25.6	Solicitation Provisions and Contract Clauses	X	X	X	X	X	X
25.7	Contracts Performed Outside the United States		X		X		X
25.8	Other International Agreements and Coordination	X	X		X		X
25.9	Customs and Duties	X					
25.10	Additional Foreign Acquisition Regulations	X	X	X	X	X	X

Tools are available through the Federal Acquisition Institute (FAI) to determine Buy American and Trade Agreements applicability.

FC 25.5 Evaluation Examples.
The following examples illustrate the application of the evaluation procedures in FAR 25.502 and 25.503. The examples assume that the contracting officer has eliminated all offers that are

unacceptable for reasons other than price (see FAR 25.502(a)(1)). The evaluation factor may change as provided in agency regulations.

Buy American statute.

Example 1.

Offeror	Price	End Product Type
Offer A	$16,000	Domestic end product, small business.
Offer B	$15,700	Domestic end product, small business.
Offer C	$10,100	U.S.-made end product (not domestic), small business.

Analysis: This acquisition is for end products for use in the United States and is set aside for small business concerns. The Buy American statute applies. Because the acquisition value is less than $50,000 and the acquisition is set aside, none of the trade agreements apply. Perform the steps in FAR 25.502(a). Offer C is of 50 percent domestic content, therefore Offer C is evaluated as a foreign end product, because it is the product of a small business but is not a domestic end product (see FAR 25.502(c)(4)). Because Offer B is a domestic offer, apply the 30 percent factor to Offer C (see FAR 25.106(b)(2)). The resulting evaluated price of $13,130 remains lower than Offer B. The cost of Offer B is therefore unreasonable (see FAR 25.106(b)(1)(ii)). The FAR 25.106(b)(2) procedures do not apply. Award on Offer C at $10,100 (see FAR 25.502(c)(4)(i)).

Example 2.

Offeror	Price	End Product Type
Offer A	$11,000	Domestic end product, small business.
Offer B	$10,700	Domestic end product, small business.
Offer C	$10,200	U.S.-made end product (not domestic), small business.

Analysis: This acquisition is for end products for use in the United States and is set aside for small business concerns. The Buy American statute applies. Perform the steps in FAR 25.502(a). Offer C is evaluated as a foreign end product because it is the product of a small business but is not a domestic end product (see FAR 25.502(c)(4)). After applying the 30 percent factor, the evaluated price of Offer C is $13,260. Award on Offer B at $10,700 (see FAR 25.502(c)(4)(ii)).

Example 3.

Offeror	Price	End Product Type
Offer A	$14,000	Domestic end product (complies with the required domestic content), small business.
Offer B	12,500	U.S.-made end product (not domestic, exceeds 55% domestic content), small business.
Offer C	10,100	U.S.-made end product (not domestic, with less than 55% domestic content), small business.

Analysis: This acquisition is for end products for use in the United States and is set aside for small business concerns. The Buy American statute applies. Because the acquisition value is less than $50,000 and the acquisition is set aside, none of the trade agreements apply. Perform the steps in FAR 25.502(a). Offers B and C are initially evaluated as foreign end products, because they are the products of small businesses but are not domestic end products (see FAR 25.502(c)(4)). Offer C is the low offer. After applying the 30 percent factor, the evaluated price of Offer C is $13,130. The resulting evaluated price of $13,130 remains lower than Offer A. The cost of Offer A is therefore unreasonable. Offer B is then treated as a domestic offer, because it is for a U.S.-made end product that exceeds 55 percent domestic content (see FAR 25.106(b)(2)). Offer B is determined reasonable because it is lower than the $13,130 evaluated price of Offer C. Award on Offer B at $12,500.

WTO GPA/Caribbean Basin Trade Initiative/FTAs.

Example 1.

Offeror	Price	End Product Type
Offer A	$304,000	U.S.-made end product (not domestic).
Offer B	$303,000	U.S.-made end product (domestic), small business.
Offer C	$300,000	Eligible product.
Offer D	$295,000	Noneligible product (not U.S.-made).

Analysis: Eliminate Offer D because the acquisition is covered by the WTO GPA and there is an offer of a U.S.-made or an eligible product (see FAR 25.502(b)(1)). If the agency gives the same consideration given eligible offers to offers of U.S.-made end products that are not domestic offers, it is unnecessary to determine if U.S.-made end products are domestic (large or small business). No further analysis is necessary. Award on the low remaining offer, Offer C (see FAR 25.502(b)(2)).

FTA/Israeli Trade Act.

Example 1.

Offeror	Price	End Product Type
Offer A	$105,000	Domestic end product, small business.
Offer B	$100,000	Eligible product.

Analysis: Because the low offer is an eligible offer, award on the low offer (see FAR 25.502(c)(1)).

Example 2.

Offeror	Price	End Product Type
Offer A	$105,000	Eligible product.
Offer B	$103,000	Noneligible product.

Analysis: Because the acquisition is not covered by the WTO GPA, the contracting officer can consider the noneligible offer. Because no domestic offer was received, make a nonavailability determination and award on Offer B (see FAR 25.502(c)(2)).

Example 3.

Offeror	Price	End Product Type
Offer A	$105,000	Domestic end product, large business.
Offer B	$103,000	Eligible product.
Offer C	$100,000	Noneligible product.

Analysis: Because the acquisition is not covered by the WTO GPA, the contracting officer can consider the noneligible offer. Because the eligible offer (Offer B) is lower than the domestic offer (Offer A), no evaluation factor applies to the low offer (Offer C). Award on the low offer (see FAR 25.502(c)(3)).

Group award basis.

Example 1.

Item	Offers		
	A	B	C
1	DO = $55,000	EL = $56,000	NEL = $50,000
2	NEL = $13,000	EL = $10,000	EL = $13,000
3	NEL = $11,500	DO = $12,000	DO = $10,000
4	NEL = $24,000	EL = $28,000	NEL = $22,000
5	DO = $18,000	NEL = $10,000	DO = $14,000
Total	$121,500	$116,000	$109,000

Key: DO = Domestic end product; EL = Eligible product; NEL = Non-eligible product

Problem: Offeror C specifies all-or-none award. Assume all offerors are large businesses. The acquisition is not covered by the WTO GPA .

Analysis: (see FAR 25.503)

STEP 1: Evaluate Offers A & B before considering Offer C and determine which offer has the lowest evaluated cost for each line item (the tentative award pattern):

- Item 1: Low offer A is domestic; select A.
- Item 2: Low offer B is eligible; do not apply factor; select B.
- Item 3: Low offer A is noneligible and Offer B is a domestic offer. Apply a 20 percent factor to Offer A. The evaluated price of Offer A is higher than Offer B; select B.
- Item 4: Low offer A is noneligible. Since neither offer is a domestic offer, no evaluation factor applies; select A.
- Item 5: Low offer B is noneligible; apply a 20 percent factor to Offer B. Offer A is still higher than Offer B; select B.

STEP 2: Evaluate Offer C against the tentative award pattern for Offers A and B:

Item	Offers		
	Low offer	Tentative award pattern from A and B	C
1	A	DO = $55,000	*NEL = $60,000
2	B	EL = $10,000	EL = $13,000
3	B	DO = $12,000	DO = $10,000
4	A	NEL = $24,000	NEL = $22,000
5	B	*NEL = $12,000	DO = $14,000
Total		$113,000	$119,000

*Offer + 20 percent

On a line item basis, apply a factor to any noneligible offer if the other offer for that line item is domestic.

For Item 1, apply a factor to Offer C because Offer A is domestic and the acquisition was not covered by the WTO GPA. The evaluated price of Offer C, Item 1, becomes $60,000 ($50,000 plus 20 percent). Apply a factor to Offer B, Item 5, because it is a noneligible product and Offer C is domestic. The evaluated price of Offer B is $12,000 ($10,000 plus 20 percent). Evaluate the remaining items without applying a factor.

STEP 3: The tentative unrestricted award pattern from Offers A and B is lower than the evaluated price of Offer C. Award the combination of Offers A and B. Note that if Offer C had not specified all-or-none award, award would be made on Offer C for line items 3 and 4, totaling an award of $32,000.

Example 2.

Item	Offers		
	A	B	C
1	DO = $50,000	EL = $50,500	NEL = $50,000
2	NEL = $10,300	NEL = $10,000	EL = $10,200
3	EL = $20,400	EL = $21,000	NEL = $20,200
4	DO = $10,500	DO = $10,300	DO = $10,400

Item	Offers		
	A	B	C
Total	$91,200	$91,800	$90,800

Problem: The solicitation specifies an award on a group basis. Assume the Buy American statute applies and the acquisition cannot be set aside for small business concerns. All offerors are large businesses.

Analysis: (see FAR 25.503(c))

STEP 1: Determine which of the offers are domestic (see FAR 25.503(c)(1)):

Offer	Domestic (percent)	Determination
A	$50,000 (Offer A1) + $10,500 (Offer A4) = $60,500 $60,500/$91,200 (Offer A Total) = 66.3%	Domestic
B	$10,300 (Offer B4)/$91,800 (Offer B Total) = 11.2%	Foreign
C	$10,400 (Offer C4)/$90,800 (Offer C Total) = 11.5%	Foreign

STEP 2: Determine whether foreign offers are eligible or noneligible offers (see FAR 25.503(c)(2)):

Offer	Domestic + eligible (percent)	Determination
A	N/A (Both Domestic)	Domestic
B	$50,500 (Offer B1) + $21,000 (Offer B3) + $10,300 (Offer B4) = $81,800 $81,800/$91,800 (Offer B Total) = 89.1%	Eligible
C	$10,200 (Offer C2) + $10,400 (Offer C4) = $20,600 $20,600/$90,800 (Offer C Total) = 22.7%	Noneligible

STEP 3: Determine whether to apply an evaluation factor (see FAR 25.503(c)(3)). The low offer (Offer C) is a foreign offer. There is no eligible offer lower than the domestic offer. Therefore, apply the factor to the low offer. Addition of the 20 percent factor (use 30 percent if Offer A is a small business) to Offer C yields an evaluated price of $108,960 ($90,800 + 20 percent). Award on Offer A (see FAR 25.502(c)(4)(ii)). Note that, if Offer A were greater than Offer B, an evaluation factor would not be applied, and the award would be on Offer C (see FAR 25.502(c)(3)).

Example 3.

Item	Offers		
	A	B	C
1	DO = $17,800	FO (>55%) = $16,000	FO (<55%) = $11,200
2	FO (>55%) = $9,000	FO (>55%) = $8,500	DO = $10,200
3	FO (<55%) = $11,200	FO (>55%) = $12,000	FO (<55%) = $11,000
4	DO = $10,000	DO = $9,000	FO (<55%) = $6,400
Total	$48,000	$45,500	$38,800

Key:

- DO = Domestic end product (complies with the required domestic content).
- FO (> 55%) = Foreign end product with domestic content exceeding 55%.
- FO (< 55%) = Foreign end product with domestic content of 55% or less.

Problem: The solicitation specifies an award on a group basis. Assume only the Buy American statute applies (i.e., no trade agreements apply) and the acquisition cannot be set aside for small business concerns. All offerors are large businesses.

Analysis: (see FAR 25.503(d))

STEP 1: Determine which of the offers are domestic (see FAR 25.503(d)(1)):

Offer	Domestic (percent)	Determination
A	$17,800 (Offer A1) + $10,000 (Offer A4) = $27,800 $27,800/$48,000 (Offer A Total) = 58%	Domestic
B	$9,000 (Offer B4)/$45,500 (Offer B Total) = 19.8%	Foreign
C	$10,200 (Offer C2)/$38,800 (Offer C Total) = 26.3%	Foreign

STEP 2: Determine which offer, domestic or foreign, is the low offer. If the low offer is a foreign offer, apply the evaluation factor (see FAR 25.503(d)(2)). The low offer (Offer C) is a foreign offer. Therefore, apply the factor to the low offer. Addition of the 20 percent factor (use 30 percent if Offer A is a small business) to Offer C yields an evaluated price of $46,560 ($38,800 + 20 percent). Offer C remains the low offer.

STEP 3: Determine if there is a foreign offer that could be treated as a domestic offer (see 25.106(b)(2) and FAR 25.503(d)(2)).

Offer	Amount of domestic content (percent)	Determination
A	N/A	N/A.
B	$9,000 (Offer B4)/$45,500 (Offer B Total) $ = 19.8% is domestic AND $16,000 (Offer B1) + $8,500 (Offer B2) + $12,000 (Offer B3) = $36,500 $36,500/$45,500 (Offer B Total) = 80.2% can be treated as domestic 19.8% + 80.2% = 100% is domestic or can be treated as domestic	Can be treated as domestic
C	$10,200 (Offer C2)/$38,800 (Offer C Total) = 26.3% is domestic	Foreign

STEP 4: If there is a foreign offer that could be treated as a domestic offer, compare the evaluated price of the low offer to the price of the offer treated as domestic (see FAR 25.503(d)(3)). Offer B can be treated as a domestic offer ($45,500). The evaluated price of the low offer (Offer C) is $46,560. Award on Offer B.

FC 25.9 Tax on foreign procurements.
Before buying goods or services from a foreign source, the contracting officer should consult the agency-designated legal counsel to:

- Get information about foreign tax treaties and agreements in effect and any foreign-tax-relief programs; and
- Resolve any other tax questions affecting the planned contract.

Part 26 - Other Socioeconomic Programs

FC 26.103. Indian Incentive Program procedures.
FAR 26.103 provides the standard of reliance on representations made by Indian organizations or Indian-owned economic enterprises regarding Indian Incentive Program eligibility as well as the referral process in the event of a challenge. The contracting officer should notify the prime contractor upon receipt of any challenge.

To be considered timely, challenges should be in writing, include the basis for the challenge, provide detailed evidence supporting the claim, and be filed with and received by the contracting officer prior to award of the subcontract in question. If notification of a challenge is received before award, the prime contractor shall withhold award pending U.S. Department of the Interior, Bureau of Indian Affairs (BIA) determination unless the prime contractor and contracting officer agree that award should proceed to ensure timely performance of the prime contract. Challenges received after subcontract award will still be referred to BIA, but any determination will only apply to future contract actions.

The referral process requires the contracting officer to refer the matter to the BIA. The BIA will acknowledge receipt of the request within 5 business days and will provide a written determination to the contracting officer within 45 additional business days. If the BIA determination is not received within the prescribed 50 business day timeframe, contracting officers and prime contractors may proceed based on the subcontractor's original representation.

FC 26.2 Disaster Response Registry and Emergency Procurement List.
When national emergencies or disasters occur, supplies and services need to be procured and rushed to the affected area quickly. The System for Award Management contains a Disaster Response Registry that lists those contractors who are willing to provide related services. Further, FAR FC18.1 provides an emergency procurement list of acquisition flexibilities that support disaster response (see also Emergency Procurement List).

FC 26.402 Food donation procedures.
In accordance with FAR 26.4, contracting officers should encourage contractors to donate apparently wholesome excess food to nonprofit organizations that provide assistance to food-insecure people in the United States, to the maximum extent practicable and safe. This encouragement recognizes both the social benefit of reducing food waste and supporting vulnerable populations while acknowledging that contractors may face legitimate operational or safety constraints that limit their participation in food donation programs.

When encouraging food donations, contracting officers should clarify that contractors retain full responsibility for all costs and logistics associated with collecting, transporting, maintaining safety of, and distributing excess food to nonprofit organizations. The government will not assume any financial responsibility for these donation activities, and executive agencies cannot reimburse contractors for expenses incurred in connection with food donations under any contract. Additionally, contractors cannot claim food donation costs as allowable public relations expenses, ensuring these activities remain voluntary charitable contributions rather than reimbursable contract costs. This cost framework preserves the charitable nature of food donations while preventing unintended increases to government contract expenses.

Part 27 - Patents, Data, and Copyrights

FC 27.000 General guidance.
The government encourages the maximum practical commercial use of inventions made under government contracts. Generally, the government will not refuse to award a contract on the grounds that the prospective contractor may infringe a patent. The government may authorize and consent to the use of inventions in the performance of certain contracts, even though the inventions may be covered by U.S. patents. Generally, contractors providing commercial products and commercial services should indemnify the government against liability for the infringement of U.S. patents.

The government recognizes rights in data developed at private expense, and limits its demands for delivery of that data. When such data is delivered, the government will acquire only those rights essential to its needs. Generally, the government requires that contractors obtain

permission from copyright owners before including copyrighted works, owned by others, in data to be delivered to the government.

Given the complex nature of intellectual property, it is a best practice for the contracting officer to consult agency-designated legal counsel about any patents, data, and copyrights issues.

To support this effort and aid decision-making, resources like the Intellectual Property Guidebook for DoD Acquisition may assist acquisition professionals in creating and managing effective IP strategies that align with program requirements throughout product lifecycles. While military and civilian regulations on IP and data rights differ, this guidebook and associated DoD resources provide valuable training templates and acquisition guidance for the civilian workforce.

FC 27.000 Foreign license and technical assistance agreements.
Agencies should provide necessary policy and procedures regarding foreign technical assistance agreements and license agreements involving intellectual property, including avoiding unnecessary royalty charges.

FC 27.202 Reporting of royalties.
To determine whether royalties anticipated or actually paid under government contracts are excessive, improper, or inconsistent with government patent rights, the solicitation provision at 52.227-6 requires prospective contractors to furnish royalty information. The contracting officer should take appropriate action to reduce or eliminate excessive or improper royalties.

If the response to a solicitation includes a charge for royalties, the contracting officer should, before award of the contract, forward the information to the office having cognizance of patent matters for the contracting activity. The cognizant office should promptly advise the contracting officer of appropriate action.

When considering the approval of a subcontract, the contracting officer should require royalty information if it is required under the prime contract. The contracting officer should forward the information to the office having cognizance of patent matters. However, the contracting officer need not delay consent while awaiting advice from the cognizant office.

The contracting officer should forward any royalty reports to the office having cognizance of patent matters.

FC 27.3 Policy on patent rights under government contracts.
It is the policy objective of the government to promote the use of federally funded inventions, encourage industry participation, ensure free competition, promote U.S. commercialization, secure government rights, and minimize administration costs.

Generally, contractors may elect to retain title to subject inventions after disclosure to the government. However, the government may require title assignment if the contractor is foreign located or controlled, in exceptional circumstances, for national security reasons, for specific DOE nuclear programs, or as per statute/regulations. Even if the government has a right to title, contractors can request greater rights. Small businesses and nonprofits, even with national

security exceptions requiring title assignment, generally retain the right to elect ownership if the invention is unclassified or not limited from dissemination by DOE within six months. Contracts in support of DOE naval nuclear propulsion programs are exempt from this. For contracts with task orders, exceptions can apply to individual orders.

The government receives a nonexclusive, nontransferable, irrevocable, paid-up worldwide license for any subject invention and may require additional rights for treaties. The government can also receive title if the invention is not disclosed, if the contractor doesn't elect or fails to retain rights in a country, doesn't file or prosecute a patent, or no longer desires title. The government can require utilization reports, which are confidential and not disclosed outside the government without contractor permission.

Agencies have "march-in rights" to compel licensing if the invention isn't being practically applied, to alleviate health/safety needs, to meet public use requirements, or if the U.S. manufacturing agreement is breached. Ensure contractors are provided the opportunity to respond before march-in rights are exercised. Contractors receiving title or their assignees need to agree that U.S. sales/use of the invention require substantial U.S. manufacturing, unless waived by the agency due to unsuccessful licensing efforts or commercial infeasibility.

Nonprofit contractors should try to attract small business licensees. The Secretary of Commerce can informally investigate if a nonprofit isn't meeting this obligation but won't intervene in ongoing licensing negotiations or contractor decisions concerning the licensing of a specific subject invention.

If the government acquires title, the contractor typically receives a revocable, nonexclusive, paid-up worldwide license, extendable to domestic subsidiaries/affiliates. This license can be revoked or modified for expeditious practical application, but not in areas where the contractor has already achieved practical application. Foreign licenses can be revoked if practical application hasn't been achieved.

Agencies can withhold information about inventions in which the government has rights for a reasonable time to allow patent applications to be filed. Once filed, copies of patent application documents are not required to be released.

FC 27.3 Administration of patent rights clauses.
Contracts with patent rights clauses require active administration to protect the government's interests. Your administration should ensure five key outcomes:

1. Inventions are identified, disclosed, and reported as required by the contract.
2. The government's rights in subject inventions are established.
3. Patent applications are timely filed and prosecuted when appropriate.
4. The government's rights in filed patent applications are documented through formal instruments like licenses or assignments.
5. Subject inventions achieve expeditious commercial utilization.

When a subject invention results from a contract funded by multiple agencies, designate one agency to administer the government's rights in the invention, either at the contractor's request or proactively.

Your agency should establish follow-up procedures to verify that subject inventions are properly identified, disclosed, and protected. For contracts containing clauses referenced in FAR 27.304-2, coordinate these activities with the appropriate agency. As the contracting officer, you are responsible for receiving all invention-related documents from the contractor, including disclosures, reports, confirmatory instruments, notices, and requests. When contractors fail to provide required documents on time, promptly request the missing information. For confirmatory instruments specifically, if not received within 6 months after filing a patent application (or within 6 months after submitting the invention disclosure if the application was previously filed), request these documents from the contractor. Take appropriate action to secure compliance if failures persist. Forward all patent-related documents promptly to legal counsel.

Focus your compliance review efforts on contracts most likely to produce significant inventions: research, developmental, or experimental contracts; high-dollar contracts; and any contracts where non-compliance is suspected. Use spot-checks for other contracts as feasible. Deploy government patent personnel to interview technical staff about novel developments, review technical reports with agency experts, check the Official Gazette of the United States Patent and Trademark Office for contractor patents in related fields, and conduct on-site interviews and inspections of contractor work and records. When contractors don't understand their obligations or have deficient procedures, explain their requirements clearly. You may invoke the withholding of payments provision in the patent rights clause for non-compliance. Document significant or repeated failures in the general file per FAR part 4.

FC 27.3 Securing invention rights acquired by the government.
When the government acquires full rights to an invention, establish a clear chain of title from inventor to government through assignments—either from each inventor to the contractor and then to the government, or directly from inventor to government with the contractor's consent. For limited government rights, obtain a confirmatory license. Your agency may develop its own assignment and license forms, which should be recorded in the U.S. Patent and Trademark Office per Executive Order 9424 (February 18, 1944).

FC 27.3 Protection of invention disclosures.
Under clauses 52.227-11 or 52.227-13, the government must protect invention disclosures reported from public disclosure for a reasonable time to allow patent filing, as authorized by 35 U.S.C. 205. As you follow the confidentiality policy in FAR subpart 27.3, also protect other information disclosing subject inventions when the contractor identifies both the data and related invention at delivery, notifying both the contracting officer and any designated patent representative. Refer to 37 CFR 401.13 for additional guidance on protecting invention disclosures.

FC 27.4 Treatment of rights in data and copyrights.
Agencies acquire or obtain access to many types of data through their contracts to fulfill mission requirements. You need data for several critical purposes: to obtain competition among suppliers; to fulfill responsibilities for disseminating and publishing the results of your activities; to ensure appropriate utilization of research, development, and demonstration results, including disseminating technical information to foster future technological developments; to meet other programmatic and statutory requirements; and to meet specialized acquisition needs and ensure logistics support.

At the same time, contractors often have proprietary interests in data that require protection from unauthorized use and disclosure. This protection is essential not only to prevent compromise of contractor interests but also to encourage qualified contractors to participate in government programs and contribute innovative concepts. Your responsibility is to balance the government's legitimate needs for data with the contractor's legitimate proprietary interests. This balanced approach ensures the government obtains necessary data while maintaining an environment where contractors are willing to share their innovations and compete for government work.

FC 27.4 Cosponsored research and development activities.
In contracts involving cosponsored research and development where the contractor makes substantial contributions of funds or resources, such as through cost-sharing or repayment of nonrecurring costs, and the respective contributions to any item developed or produced under the contract are not readily segregable, the contracting officer has the authority to limit the acquisition of, or acquire less than unlimited rights to, any data developed and delivered under the contract. Agencies have the flexibility to regulate the use of this authority through their supplements. When acquiring less than unlimited rights, the government should, at a minimum, ensure that it can use the data for agreed-upon government purposes, including reprocurement rights where appropriate, and address any limitations on disclosure. The contracting officer may also consider requiring the contractor to directly license others if necessary to achieve the contract's objectives.

The decision to limit data rights should be made with consideration of the contract's purpose, the contractor's legitimate proprietary interests, the government's needs, and the respective contributions of both parties. As a general guideline, a clause limiting data rights may be appropriate when the contractor's contribution is approximately 50 percent of the total contract cost, and the contributions are not readily segregable for any specific work element. This type of clause can be applied to the entire contract or specific tasks, and its use may be in addition to other data rights clauses prescribed under this subpart. The contract should clearly identify which clause applies to which tasks or work elements. However, limiting data rights may not be suitable when the contract aims to produce data for public dissemination or develop technologies that will be available to the public for direct use, as outlined in FC 27.4, Treatment of rights in data and copyrights.

When the contractor's contributions are clearly identifiable and segregable by performance requirements and funding, as specified in the contract, the resulting data can be treated as limited rights data or restricted computer software in accordance with 27.404-2(c) or (d). Alternatively, if this treatment is inconsistent with the contract's purpose, the rights to the data can be negotiated and stated in the contract in a manner consistent with paragraph (a) of this section. This approach ensures that the data rights are handled in a way that balances the needs of both the government and the contractor.

FC 27.406 Acquisition of data.
It is the government's practice to determine, to the extent feasible, its data requirements in time for inclusion in solicitations. The data requirements may be subject to revision during contract negotiations. Since the preparation, reformatting, maintenance and updating, cataloging, and storage of data represents an expense to both the government and the contractor, efforts should

be made to keep the contract data requirements to a minimum, consistent with the purposes of the contract.

Part 28 - Bonds and Insurance

No additional guidance.

Part 29 - Taxes

No additional guidance.

Part 30 - Cost Accounting Standards Administration

FC 30.201 - Cost Accounting Standards (CAS) applicability.
The determination of CAS applicability can be made at any time prior to contract award. Sometimes, an initial CAS determination, made during acquisition planning, will need to be updated throughout pre-award activities as new information emerges. For instance, a contract awarded to a small business concern will be exempt from CAS applicability under 48 CFR 9903.201-1(b), even if the initial acquisition plan did not anticipate award to a small business. Remember to keep the acquisition plan updated in accordance with FC 7.104(b)(3) to reflect any new information that could impact CAS applicability learned during the pre-award phase.

Exemptions to CAS should not be confused with waivers granted under FAR 30.202. Waivers should be rare and only granted or submitted for approval to the CASB when benefits to be derived from waiving the CAS outweigh the risk associated with the waiver, and contract award cannot otherwise be obtained.

Warfighting Acquisition University provides additional tools to help determine CAS Applicability.

FC 30.301 - Coordination with the cognizant federal agency official (CFAO).
To identify the CFAO for a particular contract award, use the contractor's CAGE code or contract number in the Award Management Team (AMT) section of Electronic Data Access (EDA).

There is also a locator on the Defense Contract Management Agency's (DCMA) website. To find the cognizant team, fill out the form with your email and the contractor CAGE code.

If there is no DCMA CFAO listed, Defense Contract Audit Agency (DCAA) also has a locator tool.

Part 31 - Contract Cost Principles and Procedures

FC 31.000 Cost and price analysis resources.
The Cost and Price Analysis Workbook is a customizable template for performing cost and price analysis available at AcquisitionGateway.gov.

A potential resource for practitioners includes the Defense Contract Audit Agency (DCAA), which provides audit and financial advisory services to the Department of Defense (DoD) and other federal entities responsible for acquisition and contract administration.

FC 31.205-6 Compensation for personal services.
The Bipartisan Budget Act (BBA) Cap replaces the statutory formula cap established by 41 USC 1127 for contracts awarded as of June 24, 2014 and limits the reimbursement of compensation costs for all contractor employees on all contracts awarded by all executive agencies of the Government.

Contractor Compensation Cap for Contracts Awarded on or after June 24, 2014

For Costs Incurred	Escalation	Cap Amount
1/1/2025 -12/31/2025	3.9%	$671,000
1/1/2024 -12/31/2024	4.3%	$646,000
1/1/2023 - 12/31/2023	5.0%	$619,000
1/1/2022 - 12/31/2022	3.7%	$589,000
1/1/2021 - 12/31/2021	2.4%	$568,000
1/1/2020 - 12/31/2020	2.8%	$555,000
1/1/2019 - 12/31/2019	2.8%	$540,000
1/1/2018 - 12/31/2018	2.3%	$525,000
1/1/2017 - 12/31/2017	2.3%	$512,000
1/1/2016 - 12/31/2016	2.6%	$500,000
6/24/2014 - 12/31/2015		$487,000

Escalation is the percentage change in the Employment Cost Index for all civilian workers reported by the Bureau of Labor Statistic (BLS) for the twelve-month period ending in September. Source: BLS Table 4. Compensation (Not Seasonally Adjusted) Employment Cost Index for total compensation, for civilian workers, by occupational group and industry.

Prior period Cap Amount * (1 + Escalation Percentage) rounded to the nearest thousand = Cap Amount.

Part 32 - Contract Financing

FC 32.007 Contract financing payments.
Unless otherwise prescribed, the due date for making contract financing payments by the designated payment office is the 30th day after the designated billing office receives a proper contract financing request. If an audit or other review of a specific financing request is required to ensure compliance with the terms and conditions of the contract, the designated payment office is not compelled to make payment by the specified due date.

Agency heads may prescribe shorter periods for payments based on contract pricing or administrative considerations. For example, a shorter period may be justified by an agency if the nature and extent of contract financing arrangements are integrated with agency contract pricing policies.

For advance payments, loans, or other arrangements that do not involve recurrent submission of contract financing requests, the designated payment office will make payments in accordance with the applicable contract financing terms or as directed by the contracting officer.

The designated billing office and designated payment office should annotate each contract financing request with the date their respective offices received the request.

FC 32.1002 Bases for performance-based payments.
Performance-based payments (PBPs) are a customary method of contract financing that may be available under fixed-price contracts, except for contracts awarded using Sealed Bidding procedures. PBPs differ from the more traditional progress payments based on costs because these contract financing payments are made on the basis of the contractor’s achievement of objective, quantifiably measurable events, results or accomplishments that are defined and valued in the contract prior to performance.

Historical Perspective: Contract Suitability for PBPs

PBPs are the preferred Government contract financing method when the contracting officer finds them practical, and the contractor agrees to their use. However, smaller contracts generally are not practical candidates for PBPs because the significant time and effort required to establish and administer this financing method will usually outweigh any financial benefits to be attained.

The ideal candidate for PBPs is a production contract where: (a) the underlying item being acquired has a stable design, (b) the fabrication, assembly and test processes are well established, (c) the program plan and schedule are well defined, and (d) the expected outcomes are thoroughly understood by all parties, all of which permit PBP events and their timing to be more easily identified.

It is much less likely that PBPs would be practical on fixed-price contracts for services. Unlike production contracts that normally provide opportunities for numerous objective events such as receipt of materials and completion of subassemblies or stages of manufacturing, service contracts usually involve fewer and less objective milestones and tend to involve primarily “level-of-effort” activities.

PBPs require considerable thought and effort on the part of both parties to negotiate the detailed PBP arrangement (i.e. good payment events and reasonable payment event values) to be set forth in the contract.

Features of Good Payment Events:

- Represent integral and meaningful aspects of contract performance and signify true progress in completing the contract.
- Are clearly and precisely defined by using objective metrics and criteria based on clearly identifiable indicators of performance that measure completion.

Features of Reasonable Payment Event Values:

- Do not result in payments that exceed the FAR limitation (90% of contract price).
- Do not result in payments exceeding the cumulative cost incurred during contract performance.
- Reflect a realistic relationship to the amount of working capital needed to complete a given event.
- Are not disproportionate to the approximate value of the progress the underlying events represent.
- Result from a discounted cash flow analysis that determines appropriate overall financing needs.

The Department of Defense PBP tool may be a good resource for developing “win-win” financial arrangements for the Government and contractor.

FC 32.4 Applicability of advance payments for other than commercial acquisitions.
Advance payments may be considered useful and appropriate in, but not limited to, the following circumstances:

1. Contracts for experimental, research, or development work with nonprofit educational or research institutions;
2. Contracts solely for the management and operation of government-owned plants;
3. Contracts for acquisition, at cost, of property for government ownership;
4. Contracts of such a highly classified nature that the agency considers it undesirable for national security to permit assignment of claims under the contract;
5. Contracts entered into with financially weak contractors whose technical ability is considered essential to the agency. In these cases, the agency should closely monitor the contractor's performance and financial controls to reduce the government's financial risk;
6. Contracts for which a loan by a private financial institution is not practicable, whether or not a loan guarantee under this part is issued; for example, if financing institutions will not assume a reasonable portion of the risk under a guaranteed loan or if loans with reasonable interest rates or finance charges are not available to the contractor;
7. Contracts that involve operations so remote from a financial institution that the institution could not be expected to suitably administer a guaranteed loan;
8. Contracts with small business concerns, under which circumstances that make advance payments appropriate often occur (but see FAR 32.104(b)); or

9. Contracts under which exceptional circumstances make advance payments the most advantageous contract financing method for both the government and the contractor.

FC 32.607-2 Deferment of collection.
As required under FAR 32.607-2(a), all requests for deferment of collection must be submitted in writing to the contracting officer. If the contractor has appealed the debt under the procedures of the Disputes clause of the contract, the information with the request for deferment may be limited to an explanation of the contractor's financial condition. Actions filed by contractors under the Disputes clause should not suspend or delay collection.

If there is no appeal pending or action filed under the Disputes clause of the contract, the following information about the contractor should be submitted with the request:

- Financial condition.
- Contract backlog.
- Projected cash receipts and requirements.
- The feasibility of immediate payment of the debt.
- The probable effect on operations of immediate payment in full.

Upon receipt of the contractor's written request, the contracting officer should promptly provide a notification to the payment office and advise the payment office that the contractor's request is under consideration. The contracting officer should consider any information necessary to develop a recommendation on the deferment request. The contracting officer should forward the following to the office designated in agency procedures for a decision:

- A copy of the contractor's request for a deferment of collection.
- A written recommendation on the request and the basis for the recommendation including the advisability of deferment to avoid possible overcollections.
- A statement as to whether the contractor has an appeal pending or action filed under the Disputes clause of the contract and the docket number if the appeal has been filed.
- A copy of the contracting officer's final decision (see FAR 32.605).

The office designated in agency procedures may authorize a deferment pending the resolution of appeal to avoid possible overcollections. The agency is required to use unexpired funds to pay interest on overcollections.

FC 32.704 Tailoring the limitation of cost or funds clause.
When applying the Limitation of Cost clause (FAR 52.232-20) or the Limitation of Funds clause (FAR 52.232-22), the standard 60-day period may be varied, such as from 30 to 90 days, or the 75 percent incurred costs from 75 percent to 85 percent. “Task Order” or other appropriate designation may be substituted for “Schedule” wherever that word appears in the clause.

Part 33 - Protests, Disputes, and Appeals

FC 33.103 Solicitation clarity and execution.
The most effective protest defense involves having a clear solicitation and following what you say you will do. Many protest issues may be preventable through proper execution against your solicitation requirements. Complex evaluation schemes with multiple factors, subfactors, and unclear evaluation criteria carry higher protest risk. Avoid using overtly constraining language that limits the government's permissible discretion during evaluation or source selection.

FC 33.103 Technical evaluation safeguards.
To ensure a defensible position during trade-off evaluations, precisely follow the solicitation evaluation criteria. Deviations from the stated methodology or the evaluation of unstated criteria is likely to lead to potential protests. When proposals offer capabilities beyond requirements, it is important to document whether these enhancements add value or are unnecessary. Strengthen the evaluation record by ensuring ratings align with solicitation definitions and are supported by specific rationale.

FC 33.103 Documentation practices.
Direct, succinct, and bulleted documentation makes it easier to assess and understand the rationale for government decisions. Maintaining clear contemporaneous records of evaluation rationale, decision points, and supporting analysis provides the foundation for defending award decisions.

FC 33.103 Learning from protests.
Learning from prior protests strengthens our ability to proactively manage risk for future acquisitions. Bid Protest Decisions from the Government Accountability Office (GAO) and the Court of Federal Claims (COFC) provide great reading and learning opportunities for the Government and Industry. As you consider using new approaches within your procurements, you can leverage some of these lessons learned and successes trying innovative approaches. For example, consider using GAO protest decisions that uphold the use of flexible business practices.

Resources:

- The LAB at the Department of Commerce has smart risk-taking learning opportunities on their **GAO Cases on Innovative Approaches** site.
- The DHS Procurement Innovation Laboratory (PIL) maintains a library of **resources** related to testing innovative techniques and related protest decisions. The **PIL Boot Camp Workbook** and **PIL Boot Camp - The Next Level Workbook** highlight real protest decisions and opportunities for learning.
- The **PTAI** has GAO protests paired with innovative techniques. Some techniques were successfully challenged, while others, though not directly protested, are included to highlight their use as a practice.

FC 33.103 Reducing protests through increased transparency.
Clear, consistent solicitations reduce protest risks. Establish procedures in the solicitation and follow them—vendors rely on the requirements you set. Many protests stem from avoidable execution errors. Early and consistent engagement with industry and stakeholders ensures you evaluate the best fit for your needs while maintaining flexibility. See FC 1.102(a)(6) Exchanges with industry across the acquisition lifecycle for methods to promote appropriate engagement.

FC 33.103(b)(3) Referral to the agency suspending and debarring official.
If a postaward protest is upheld due to an awardee's intentional or negligent misstatement, misrepresentation, or miscertification, the contracting officer should consider referring the issue to the agency's suspending and debarring official for review under FAR subpart 9.4.

FC 33.105-1 Protests to GAO.
GAO publishes and maintains an informal, practical guide to the bid protest process. It is available at Bid Protests at GAO: A Descriptive Guide (Tenth Edition, 2018) | U.S. GAO.

FC 33.105-3 Strategic management of award notices, debriefings, brief explanations, and protest windows.
To avoid unnecessarily extending the protest window, the acquisition team led by the contracting officer should prepare to quickly provide debriefings when requested after making award decisions and notifying unsuccessful offerors. This timing consideration is relevant because unsuccessful offerors generally have 10 calendar days to file a GAO bid protest from the date the basis of protest is known. Note that an automatic stay of performance at GAO is 10 days after contract award or within 5 days of a debriefing date offered. Please note that if the last day of the computation period is a Saturday, Sunday, or Federal holiday, then the deadline for filing is the next day the protest venue (e.g., GAO, soliciting agency) is open.

Additionally, when a "brief explanation" of the award decision is required (as opposed to a debriefing), such as when awarding an order under the Federal Supply Schedule or using FAR part 12 request for quotations procedures (see FAR 12.201-1), consider including the "brief explanation" in the award notice. This approach may start the GAO 10-day bid protest clock, marking the point at which "the basis of protest is known or should have been known."

FC 33.105-3 Debriefing leading practices.
When debriefings are required and requested, the acquisition team led by the contracting officer might consider providing technical evaluation documentation relevant to the requesting vendor. Providing this transparency may reduce the likelihood of protests due to lack of information. Debriefings should be framed as opportunities for vendors to learn for future proposal development and for the government to improve future solicitation preparation.

FC 33.2 Disputes and Appeals.
After the award has been made, ensuring frequent collaboration and engagement with the successful vendor(s) throughout the entire contract lifecycle is important. Unforeseen issues are inevitable, but resolving disputes quickly and cost-effectively helps prevent escalation to court. An effective approach is to establish the right level of touchpoints during performance to spot issues early and maintain open dialogue, enabling faster resolution when disputes arise.

Resources:

- The Contract Claims and Disputes Manual from the Defense Contract Management Agency (DCMA) provides high-level information on types of disputes and claims and defines procedures for contract claims and disputes within the DCMA environment.
- The United States Space Force provides Negotiation and conflict management tools, which can be valuable in resolving contract disputes and lead to high performing teams.

FC 33.205-6 Contracting officer's duties upon appeal.
The contracting officer should provide the agency Board of Contract Appeals (BCA) with necessary data, documentation, information, and support for a pending appeal stemming from the contracting officer's decision, as permitted by agency procedures governing contact with BCA personnel.

FC 33.205-8 Alternative dispute resolution (ADR).
Contracting officers may choose the most suitable Alternative Dispute Resolution (ADR) procedure to address issues as they emerge. Legal consultation should be sought when necessary.

Part 34 - Major System Acquisition

No additional guidance.

Part 35 - Research and Development Contracting

FC 35.000 Oversight in research contracts with educational and nonprofit institutions.
When awarding research and development (R&D) contracts to educational or nonprofit institutions, especially for open-ended research, clearly define the role and time commitment of the principal investigator (PI), who is the lead researcher responsible for managing the project and delivering results.

If the contract is based on the PI's expertise, name them in the contract as a key personnel, and require approval for any changes to the PI, research focus, objectives, or methods. The PI should maintain active engagement throughout the project and notify the contracting officer of any substantial reduction in level of effort. For institutions with multiple contracts, consider a basic agreement to promote consistency and reduce administrative workload. Review and update these agreements at least annually. This helps ensure the research stays aligned with government expectations while supporting innovation.

Additionally, nonprofit, educational, or State institutions performing cost-reimbursement contracts often do not carry insurance. They may claim immunity from liability for torts, or, as State institutions, they may be prohibited by State law from expending funds for insurance. When establishing contracts with these entities, see FAR part 28 to ensure appropriate insurance clause coverage.

FC 35.002 Understanding the purpose of R&D contracts.
The primary purpose of contracted R&D programs is to advance scientific and technical knowledge and apply that knowledge to the extent necessary to achieve agency and national goals.

Unlike contracts for supplies and services, most R&D contracts are directed toward objectives for which the work or methods cannot be precisely described in advance. It is difficult to judge the probabilities of success or required effort for technical approaches, some of which offer little or no early assurance of full success.

The contracting process shall be used to encourage the best sources from the scientific and industrial community to become involved in the program. The program should provide an environment in which the work can be pursued with reasonable flexibility and minimum administrative burden.

FC 35.002 Recoupment.
Recoupment refers to the government's recovery of government-funded nonrecurring costs from contractors. This applies when contractors sell, lease, or license the resulting products or technology to entities other than the Federal government. If not legally mandated, recoupment should adhere to agency procedures.

FC 35.1 Understanding the different approaches to R&D contracting.
R&D contracts differ fundamentally from supply or service contracts in that they often have undefined or evolving methods and objectives aimed at advancing knowledge or technology.

Federal acquisition teams should recognize this unique nature and design contracting approaches that encourage innovation and adaptability by avoiding overly prescriptive requirements.

Create contracting environments that minimize administrative burdens to attract and retain top scientific and technical talent. Use outcome-focused language in contracts rather than rigid specifications and allow contractors space to explore alternative technical approaches that may lead to breakthrough solutions. Consider developing more than one source to create long-term competition.

Your acquisition toolbox extends beyond the FAR. Explore a variety of non-FAR based tools that offer alternative approaches to acquisition planning. While the FAR may reference these tools, which are based on specific statutory authorities, its procedures do not apply. These include the use of SBIR/ STTR, Other Transactions, Prize Challenges and Commercial Solutions Openings, among other award instruments. Additional information on these techniques can be found in FC 7.102(a) - Non-FAR based acquisitions, and at the PTAI.

Even if your agency does not have some of these authorities, consider how you might apply the flexibilities to your procurement. You might also be able to leverage these authorities through an assisted acquisition, such as with GSA for use of Commercial Solutions Opening Pilot Program Authority.

FC 35.101 Developing effective requirements documentation.
Federal acquisition teams benefit from working with technical experts to develop clear, complete requirements documentation tailored to the unique goals of R&D efforts. Effective approaches focus on defining achievable and meaningful objectives that advance agency mission requirements while encouraging problem-solving rather than dictating specific methods.

Strong requirements documentation emphasizes research objectives and provides a concise, well-defined understanding of the problem to solve. R&D contracts may identify goals but not how to reach them, as that determination is left up to the contractor – especially in the early or exploratory phases. This approach allows contractors the freedom to innovate and apply creative approaches, which is essential to R&D.

Requirements documentation works best when aligned with the type and form of contract being used. For example, level-of-effort contracts outline the required technical effort and reporting expectations, while completion contracts describe specific end objectives or milestones. Mixing language from both types within one document can create confusion.

Well-structured R&D requirements documentation includes contextual information such as background on prior related work, known phenomena, relevant methodologies, and any constraints related to personnel, environments, or interfaces that may impact the effort. Key elements include clearly identified milestones like testing phases, assessment points, or minimum viable product demonstrations, along with deadlines for progress and delivery. Administrative elements like payment procedures and security requirements also merit clear articulation.

Effective requirements documentation avoids rigid, overly detailed performance specifications that could hinder agility and adaptation. Strong documentation sets expectations and guides performance while empowering contractors to bring forward their best ideas and keeping government objectives front and center.

FC 35.101 Use of general solicitations to maximize competition and flexibility.
General solicitations (also called broad-based solicitations) allow agencies to invite a wide range of vendors to submit proposals under a single opportunity and can optimize flexible contracting methods by combining or using multiple statutory or regulatory authorities together. The contracting officer can "stack authorities" - using a general solicitation enables multiple contract approaches, ultimately satisfying competition requirements across multiple statutory or regulatory authorities. This approach can support multiple awards from one solicitation while complying with competition rules under the Competition in Contracting Act (CICA) and the FAR. It is particularly useful for R&D or complex procurement where various solution approaches may be needed.

To execute a general solicitation:

- Clearly define evaluation criteria and award procedures.
- Structure the solicitation to be broad enough to accommodate various technical solutions or scopes.

- Publicly post the solicitation on the Government point of entry (SAM.gov) and other public forums and platforms as appropriate to ensure transparency.
- Follow documented evaluation processes and maintain fairness throughout.

General solicitations offer benefits such as streamlining the acquisition by consolidating procurement efforts, which reduces the administrative burden, increases innovation by engaging diverse vendors, and delivers a mix of technical approaches and value while upholding competition and legal compliance.

Use Cases

- The Missile Defense Agency posted a general solicitation called a Multiple Authority Announcement (MAA) targeted towards disruptive technologies and rapid capability development from non-traditional sources. The MAA is a versatile opportunity that allows MDA and DoD entities to quickly pursue different types of non-traditional acquisitions under a single announcement (some exclusive to DoD).
- The Army Contracting Command - Aberdeen Proving Ground (ACC-APG) issued an Army Open Solicitation, a general solicitation that combines various statutory and regulatory authorities (some exclusive to DoD). This approach aims to enable engagement with a diverse vendor pool, improve competition (especially for commercial solutions), accelerate technology development, and award multiple contracts to address existing capability gaps. It provides the flexibility to meet evolving needs without issuing multiple solicitations - benefiting both government and industry.

FC 35.101 Subcontractor considerations.
R&D contracts are awarded based on the contractor's technical expertise, so it's critical to know who will actually perform the work to maintain the integrity and quality of the R&D effort. Contractors should not subcontract technical or scientific tasks without the contracting officer's prior knowledge and approval.

This means, for cost-reimbursement contracts, this information should be gathered during negotiations; for fixed-price contracts, it should still be reviewed to protect the government's interests. Use FAR clause 52.244-2 to require approval of key subcontracts as appropriate for your R&D contracts.

FC 35.101(h) Contract types for R&D.
The contract type should reflect the maturity and predictability of the work, balancing flexibility with accountability throughout the life of the R&D effort.

Federal acquisition teams typically encounter technical uncertainty, evolving requirements, and cost unpredictability in the R&D context that render sealed bidding and fixed-price contract approaches ineffective for early-stage projects.

Negotiation is typically required, and selecting the right contract type should involve input from technical experts who can assess the project's complexity, objectives, and risks.

Fixed-price contracts may be appropriate for R&D contracts, if the work can be divided into objective and measurable milestones where the technical and cost risk is reasonable. This approach allows for more control over budget and performance, even in R&D settings.

Fixed-price level-of-effort contracts can also work well for short-term or well-defined tasks like concept development or problem solving. As the project matures, and design stability and risk diminish and become more tolerable, the acquisition strategy should shift toward more fixed-price arrangements to encourage performance and cost discipline.

In many cases, cost-reimbursement contracts are appropriate for R&D (e.g., research in advanced technology applications, early conceptual work on a complex project) because they offer the flexibility needed for exploratory or developmental work where uncertainty about needed resources make it difficult to negotiate an affordable fixed price. However, these “best effort” arrangements increase the government’s exposure to overspending because they provide little incentive to control cost. Contractors are only required to make a good-faith attempt within the agreed budget, so use cost-reimbursement contracts with caution, and consider hybrid arrangements that allow for work to go from cost-type to fixed-price as greater stability in requirements develops and cost profiles are established.

FC 35.102 Broad Agency Announcement (BAA).
BAA is a competitive solicitation method used to fund basic and applied research and advance technology development. Instead of requiring a detailed Statement of Work (SOW), BAAs focus on high-level goals, such as desired future capabilities, mission needs, or outcome-based objectives.

BAAs are commonly used by DoD, DHS, NASA, and NIH to engage universities, nonprofits, and industry in advancing innovative and cutting-edge research.

To use a BAA:

- Define the scope in terms of general technical areas and objectives (or areas of interest), not a precise requirement or end item. Ensure no SOW is imposed - interested vendors must define their approach, encouraging innovation and creativity.
- Publicly announce the BAA in accordance with FAR requirements, identifying the technical focus areas, submission instructions, and evaluation procedures. Posting on public forums is highly encouraged to increase awareness among targeted audiences. Remember, when posting on third-party sites, always link back to the GPE announcement.
- A common approach is to allow vendor responses (usually white papers or brief proposals) to be submitted over a stated open period, often with multiple deadlines and rolling evaluations.
- Use a scientific peer review or technical evaluation panel to assess the merit and relevance of submissions.
- Award instruments may include contracts, grants, or other transactions depending on the agency authority and outcome of the review.

A potential impact of the use of BAAs is that their use:

- Enables agencies to attract novel research ideas that may not surface under traditional acquisition methods.
- Promotes collaboration with non-traditional performers, such as universities and small tech firms and commercial companies.
- Offers greater flexibility in funding emerging technologies without the constraints of strict requirements.
- Helps agencies stay at the forefront of innovation by creating a continuous pipeline of exploratory research.
- Reduces risk in the acquisition lifecycle by vetting ideas through early-stage R&D before committing to larger programs.

Broad Agency Announcements can also be used to support the development of rapid technology prototyping contracts. This innovative contracting technique can consist of small, fast or multiple, less costly acquisitions to “try out” innovative technologies. Rapid technology prototyping BAAs may be used to allow the government to inexpensively assess cutting-edge, unproven, or transformative technology. They effectively utilize limited government resources to rapidly assess many technologies and make results-based decisions regarding further investment. Such a technique has been used by both DoD and the Department of Veterans Affairs.

FC 35.102 Peer and scientific review processes.
Use peer or scientific review processes to evaluate submissions, which generally involves a panel of experts evaluating proposals based on their specialized knowledge and experience relevant to the subject matter.

Expert panels may include scientists, engineers, and subject matter experts from government, industry, or academia to provide objective assessment of technical merit, feasibility, and potential impact of proposed solutions.

Use flexible evaluation frameworks tailored to R&D complexity, recognizing that projects often involve unique challenges and unpredictable outcomes that require moving away from rigid, one-size-fits-all evaluation approaches.

FC 35.201 How to use evaluation criteria for R&D.
Evaluate submissions based on technical merit, including how innovative, feasible, and well-developed the proposed solution appears to be. Limit evaluation factors to a manageable number, focusing on evaluation factors that will serve as meaningful discriminators. Consider the submission’s connection with the agency’s problem, specifically how directly and effectively the proposal addresses critical agency challenges. Assess the funds available and the proposed price for the solution and determine whether the solution's value justifies the price while aligning with agency goals and resource limits. Consider the return on investment (ROI) and evaluate whether the project is affordable given the agency's competing priorities and available funding.

FC 35.201 Merit-based evaluation methods.
Choose R&D solutions based on best technical ideas and organizational competence rather than solely on lowest cost or traditional comparative methods. Prefer merit-based evaluation for R&D

acquisitions, given the unique nature of innovation and the difficulty in comparing direct prices between fundamentally different technical approaches.

FC 35.201(c) Price evaluation in R&D acquisitions.
Before heading into negotiations, think critically about the evaluation of price. Don't just focus on the numbers. In R&D acquisitions, price competition is often limited, and comparing proposals can feel like comparing apples to oranges.

Start by asking what's the cost of walking away with no award? Would it delay the mission or increase costs later? Then, compare what each offer delivers for the price using practical alternative approaches that make sense for unique, innovative solutions.

If your solicitation encourages multiple offerors (like in BAA), that alone can create competitive pressure, fostering inherent economic competition and driving reasonable pricing from the start, even if the solutions differ. Still, you can and should negotiate further to fine-tune the final price.

When one proposal is more expensive, ask whether the higher price is tied to real technical advantages. Use a "price-walk" approach: line up two solutions, break down their technical differences, and assign value to those differences. Look for the most similar solution with known pricing to help judge whether the added cost is justified. Avoid writing off solutions as "too different to compare." With the right questions and analysis, you can make smarter, more defensible price decisions.

Think about the value of what you're buying. Will it improve performance, reduce long-term costs, or strengthen the mission? A return-on-investment mindset helps justify pricing when no clear benchmarks exist.

Evaluate the basis of an estimate. Instead of requiring a detailed cost breakdown, look for a well-explained, logical estimate. How did the offeror build their price? Are the assumptions clear and supported by solid data?

Finally, be cautious about using the budget ceiling as the only check on pricing. Just because a proposal comes in under the ceiling doesn't mean the price is right. Always combine budget info with a broader look at the solution's value, ROI, and pricing logic. These methods help you make sound, supportable decisions, even in the complex world of R&D.

FC 35.403 Establishing and managing sponsoring agreements for Federally Funded Research and Development Centers (FFRDCs).
When working with a FFRDC, a sponsoring agreement helps to establish a clear mission, define responsibilities, and guide the relationship over time. The agreement formalizes the relationship between the government and the FFRDC, defines the FFRDC’s mission, and sets the expectations for periodic reviews.

While specific content in an agreement may vary depending on circumstances, the agreement should cover key items like the FFRDC’s mission, how to handle termination or nonrenewal, how to handle assets and liabilities, how to use retained earnings, and rules about competing for non-FFRDC federal work, which is prohibited in FAR 35.403(b)(4).

The agreement should also state whether the FFRDC can take on work from entities other than the sponsor and under what conditions. Sponsoring agreements promote transparency, prevent confusion, and support long-term success. Review such agreements annually and renew every five years, keeping expectations up to date and ensuring they remain current and relevant.

Part 36 - Construction and Architect-Engineer Contracts

FC 36.000 Design-Build vs. Design-Bid-Build.
Design-Build and Design-Bid-Build are two methods used to acquire construction.

Design-Bid-Build (DBB): With the DBB process, the government will issue two contracts. The first is to an Architect-Engineer (A-E) firm for the design of the facility; the second is to a construction contractor for the building of the facility in accordance with the provided design. Once a need is identified, the government will select an A-E firm in accordance with the procedures at FAR 36.102-2. The selected firm will design the facility pursuant to the terms of the contract. The completed design will include the technical drawings, materials, and estimated cost. This becomes the basis for the construction requirements and the Independent Government Estimate (IGE). Once the design is developed, the government will use the IGE to obtain funding and the design to solicit a construction contract. The offerors for the construction contract will base their bids on the design provided by the government. The government will award the contract to the lowest priced offeror.

Design-Build (DB): With DB, the end user (in this instance, the government) issues one contract to a construction contractor where the contractor is responsible for developing the design of the construction and subsequently performing the construction. Procedures for using DB are spelled out in FAR 36.101-2. Agencies have traditionally taken a narrow view of DB, but the regulatory framework allows more flexibility. Approaches such as qualifications-based selection (QBS) and design-to-budget are two examples now in wider use.

In phase one, the government develops the scope of work describing the needs of the facility and the salient characteristics of the facility to include the estimated budget. The government also develops the technical evaluation factors, which assess and determine those vendors that will proceed from phase one to phase two. Vendors prepare their design to meet the requirements of the government and make a phase one offer to the solicitation, which does not include price. The government evaluates offers in accordance with the evaluation factors and selects vendors to move to phase two.

Phase one does not follow FAR part 15 procedures. The vendors selected to advance to phase two are given the opportunity to prepare a complete proposal for their design evaluated in phase one. The phase two proposal will include pricing and technical information regarding their plan to implement their phase one design. The proposals are evaluated by the government, and the government makes a best value determination based on the evaluation criteria. The contract is awarded, and the contractor builds the facility to their design. Phase 2 follows FAR part 15 procedures.

FC 36.000 Distinction between design phase and construction phase.
In Design-Bid-Build, the distinction between the design and construction phases is clear. An Architect-Engineer (A-E) firm is engaged in the design phase. A construction contractor is not involved in the design process as they will not be engaged until the final design is complete. With the final design, the government solicits a construction contractor to build according to the design provided. During construction, if changes to the design are necessary, the construction contractor engages with the government, who in turn, may engage with the A-E firm for the necessary changes. This distinction is clear as there are two separate contractors – the A-E firm and the construction contractor.

In Design-Build, one contractor is responsible for both the design and construction phases. Accordingly, the contractor must address any design issues discovered during the construction phase.

FC 36.000 Qualifications-based selection (QBS) in design-build.
Some agencies apply qualifications-based selection (QBS) procedures to design-build acquisitions. Under QBS, technical qualifications, past performance, and team approach drive the phase one selection rather than price. QBS is a common commercial practice for complex design-build work, and federal agencies are using it more often. Qualifications drive the team selection in phase one; while price factors such as rates, fees, and pricing approach are still evaluated in phase two. The final project price can be developed collaboratively after award if using a fixed-price incentive with successive targets contract type.

FC 36.000 Use design-to-budget for design-build acquisitions.
Under FAR 36.101-2(b), the design-build scope of work may include "criteria and preliminary design, budget parameters, and schedule or delivery requirements." This supports a design-to-budget approach: the Government sets the project budget early, and the design-build team designs to fit. Design-to-budget keeps the project within program funding, lowers the risk of late redesign or scope cuts, and gives the team room to make trade-offs as the design develops.

Evaluation focuses on the technical value each offeror provides within the same budget. One offeror may deliver more scope, higher quality, or better performance for the same budget than another. Design-to-budget remains competitive under the Competition in Contracting Act (CICA) and preserves price competition: offerors compete on what they can deliver for the same budget, and the Government selects the offer with the best value.

The solicitation should state the target budget, identify which scope elements are fixed and which are flexible, and tie evaluation factors to how well the team can deliver within budget. Design-to-budget works well with performance-based requirements (FC 36.101-2(b)(1))

FC 36.000 Plan for collaborative contract administration.
Design-build requires more government engagement during design development than traditional construction contracts. Establish clear processes for "design commitment" (the point at which design is confirmed to meet criteria, codes, budget, and schedule).

Define agency and design-builder roles clearly, particularly for submittal processes and quality assurance. Use "over-the-shoulder" reviews that allow informal collaboration during design development rather than formal reviews only after significant design investment.

FC 36.000 Team integration and training.
Staff projects with individuals educated and experienced in design-build best practices whose personalities are well-suited to the collaborative nature of the design-build process. Use co-location when justified by project complexity. Establish structured partnering processes and executive leadership groups to monitor project execution regularly.

FC 36.000 Effective Approaches for A-E Contracts.
Qualifications-based selection (QBS) procedures for A-E contracts under FAR Part 36 are distinct from all other selection methods in the FAR. This distinction often presents a challenge for individuals who are new to A-E contracting. See FC 36.000: QBS in design-build for application of these principles to design-build acquisitions.

Here are some quick high-level things to consider when procuring A-E contracts:

- Prioritize qualifications over price: Use Qualifications-Based Selection (QBS) per FAR 36.102-2: pick the most qualified A-E firm first, then negotiate a fair price.
- Small business and socio-economic set-asides in Part 19 may be used in A/E procurements and/or the A/E short selection process
- Clear criteria & broad outreach: Develop precise evaluation factors (experience, qualifications, etc.) and advertise widely to attract top A-E firms.
- Streamline evaluation process: Adopt a two-step selection: shortlist the best firms via SF-330 evaluation, then hold oral interviews to pick the final candidate.
- Ensure design quality & continuity: Engage in A-E in collaborative design reviews (e.g. “over-the-shoulder” checks) and keep them involved through construction.
- Think beyond traditional criteria: Use flexible evaluation factors (not just standard past performance/experience) in Phase 1 selections.
- Leverage industry practices: Adopt construction-specific formats (CSI) Streamline vendor engagement. Optimize site visits, use oral presentations, and apply innovative evaluation methods (confidence ratings, on-the-spot consensus).
- Facilitate quality outcomes: Form collaborative teams, use two-phase best-value procurements, and conduct continuous design reviews.

FC 36.002(c) Design-Build success factors.
Design-Build integrates design and construction services into a single contract; it’s fundamentally different from traditional linear Design-Bid-Build or Architect-Engineer contracts.

The professional responsibility for the design and design integrity is with the Designer-of-Record on the contractor's Design-Build team, not the government. Success depends on understanding these unique aspects and structuring procurements accordingly.

FC 36.1 Presolicitation notice for construction and architect-engineer contracts.
A presolicitation notice is intended to stimulate interest in the upcoming construction project. This is especially important for small businesses as they need as much time as possible to assemble a team to compete for the project. The presolicitation notice should include a brief description of the work, the location of the work, tentative dates for the acquisition process, state the availability of construction plans, and if the construction will be limited to small businesses.

For commercial construction under FAR Part 12, a separate presolicitation notice is not required above the SAT because a combined synopsis/solicitation must be used. Contracting officers should build a sufficient response period into the combined synopsis/solicitation to allow contractors to develop accurate pricing, assemble project teams, and secure bonding.

FC 36.1 Maximizing preaward site visits for construction contracts.
Preaward site visits under FAR part 36 enable potential contractors to physically inspect project locations, evaluate site conditions and constraints, and gather critical information necessary for developing accurate proposals and realistic project approaches. These visits support informed bidding by allowing contractors to assess site accessibility, existing conditions, environmental factors, and logistical challenges that may impact construction methods, scheduling, and costs. Federal acquisition teams should conduct comprehensive site visits that facilitate meaningful contractor engagement and information exchange. Structure visits to include scenario-based walkthroughs where vendors address specific implementation challenges, enabling government personnel to identify potential requirement gaps or unrealistic expectations. Incorporate real-time technical discussions with project engineers, facility managers, and end-users to clarify operational requirements and construction constraints. Consider presolicitation site visits to gather industry feedback that can strengthen requirement development and reduce postaward modifications. Document existing conditions thoroughly through photos, videos, and measurements, provide studies and surveys, and include opportunities for confidential vendor feedback through discovery sessions. Effective site visits reduce proposal assumptions, surface practical construction challenges early, and establish collaborative relationships that minimize differing site conditions claims while ensuring contractors can deliver feasible, innovative solutions.

FC 36.101 Construction procedures.
Refer to FAR part 12 (if commercial), FAR part 14 (if using Sealed Bid) and FAR part 15 (if contracting by negotiation) for the presolicitation requirements.

When contemplating use of the Sealed Bidding procedures refer to the requirements of FAR 6.101(b) before use.

FC 36.101 Use of Industry Standard for Construction Formats.
Use of the Construction Specifications Institute (CSI) MasterFormat, is a construction industry standard. This approach, the CSI MasterFormat, organizes construction information into numbered divisions (for example, Division 03 for Concrete, Division 09 for Finishes), making it

easier for contractors to find requirements and respond efficiently to the solicitation. The CSI format places documents within the solicitation package under three basic parts: Pre-Award Documents, Postaward Documents, and Technical Specifications. This format also makes it easier for specialty contractors to identify material needs and communicate them to suppliers. Consider using the CSI format to make solicitations more contractor-friendly and reduce confusion.

While the Standard Form (SF) 1442 is most commonly used, regardless of whether the award is made using SF 1442 or SF 1449, you can include the CSI-organized technical specifications as an attachment, along with the statement of work and/or drawings.

FC 36.101-2(b)(1) Use performance-based requirements.
Minimize prescriptive specifications and maximize performance-based requirements to allow design-build teams to innovate. Since the design-builder holds responsibility for design adequacy, detailed government specifications can limit the benefits of integrated delivery and create unnecessary risk conflicts.

FC 36.101-2(b)(2) Emphasize qualifications over price.
Structure evaluations where past performance and experience are the most heavily weighted factors, with all non-price factors combined being significantly more important than price.

Here are some approaches that can support an emphasis on qualifications:

- Verify past performance of the integrated design-build entity, key designers, and trade partners for projects within the past seven years.
- Credit teams with demonstrated collaboration history on previous design-build projects, as the relationship between contractor and designer-of-record is critical to success.
- Require identification of the Design-Build Project Manager and key personnel with specialized certifications such as Leadership in Energy and Environmental Design - Accredited Professional (LEED-AP), Project Management Professional (PMP), Design-Build Institute of America (DBIA), Certified Construction Manager (CCM), or Construction Specifications Institute (CSI).

FC 36.101-2(b)(4) Optimize competition through strategic short-listing.
While the FAR permits up to five offerors in phase two, consider limiting phase two to the three most highly qualified to encourage meaningful competition while reducing administrative burden.

When determining and announcing the maximum number of offerors that will be selected to submit phase two proposals, the contracting officer can favor the lowest number (i.e., three) that would yield effective competition.

Developing a phase two cost proposal typically includes a firm demonstrating completion of up to 80 percent of the design work and identifying detailed space and material needs. Some in industry report that the cost of developing a full proposal for a phase two design-build contract can exceed three percent of the value of the project (see H. Rept.113-668 - Design-Build Efficiency and Jobs Act of 2014).

Also, offerors submit the best proposals when they believe their probability of win (pWin) is high enough. The maximum number of five would mean 20 percent pWin as opposed to over 33% if the number is set at three.

Provide draft RFPs to short-listed proposers for feedback and conduct confidential meetings before proposal submission to encourage innovation and address concerns.

FC 36.101-3 Government estimates.
The government will develop its estimate based on the design. The design will either be developed by the government or by an Architect-Engineer (A-E) firm. If it is done within the government, the government employed engineer will develop the estimate based on the design the government created. If an outside A-E firm does the design, they will also include a proposed estimate in their final design.

If using the Design-Build method, the government will establish the budget parameters when establishing the scope of work in phase one. Although the complete government estimate is not established until the final design is completed, the budget parameters will establish a general range of the estimate. Once the final design is approved and awarded, the true government estimate can be established.

FC 36.101-3 Disclose the magnitude of the construction project.
Disclose the target price range (not the Independent Government Estimate) in the solicitation to maximize project value in terms of quality, scope, energy efficiency, sustainability, durability, and life-cycle costs. Price range disclosure supports industry participation by enabling contractors to assess project feasibility and prevents award delays by reducing inappropriate proposals. When setting the disclosed range, the range should be meaningful enough to give contractors a useful signal for scoping and pricing decisions, but wide enough to avoid effectively disclosing the Independent Government Estimate (IGE).

Including a target "design to" price range allows offerors to develop solutions within funding constraints while enabling agencies to evaluate trade-offs between cost and quality to achieve best value. Agencies should encourage project enhancements within the established price parameters, for example, by structuring them in a tiered manner, such as “desirable” enhancements and “if possible” additions.

FC 36.101-3 Government construction specifications.
Government construction specifications, to the maximum extent practical, should conform to widely recognized standards or specifications used in construction. Specifications should clearly identify and describe the particular physical, functional, or other characteristics required, especially when brand name or equal descriptions are necessary.

FC 36.2 Construction specific information on notification of award notification.
Construction award notifications should identify the solicitation and the awarded price, so it is clear which contract action the notice pertains to. In the notice, it is important for the contracting officer to articulate the required tasks that must be completed prior to commencement of the work or issuance of the notice to proceed (NTP). For instance, advise the contractor that the required payment and performance bonds must be promptly executed and returned to the

contracting officer, and specify the date of commencement of work, or advise when a NTP will be issued.

FC 36.3 Postaward pre-construction orientation.
In addition to the practices outlined in FC 42.3, Postaward orientation, postaward pre-construction orientations should consider the following matters of interest:

- Statutory matters, such as labor standards (FAR part 22) and subcontracting plan requirements (FAR part 19).
- Other matters of interest, such as contractual, administration (e.g., security, safety, fire and environmental protection), and construction responsibilities.

FC 36.3 Notice to Proceed.
Construction is unique as the contractor is not expected to commence work at the award of the contract. The contractor is not expected to begin work until the Notice to Proceed (NTP) is issued. The NTP is issued by the contracting officer when the contractor has completed certain tasks. These tasks include, but are not limited to, gaining access to the government facility or site where the construction will take place, obtaining the necessary performance and payment bonds, and other training and tasks required by the government.

Once the contracting officer is satisfied that all the necessary tasks are completed by the contractor, the contracting officer will issue the NTP. This letter states that the contractor has the approval to start the construction and it states the timeframe in which the construction is expected to be completed. This is very important as the timeframe for completing the project begins with the issuance of the NTP and not at the time of the contract award.

Part 37 - Service Contracting

FC 37.001 Examples of service contracts.
Service contracts may encompass various areas, including:

- Maintenance, overhaul, repair, servicing, rehabilitation, salvage, modernization, or modification of supplies, systems, or equipment.
- Routine recurring maintenance of real property.
- Housekeeping and base services.
- Advisory and assistance services.
- Operation of government-owned equipment, real property, and systems.
- Communications services.
- Architect-Engineering (see part 36).
- Transportation and related services (see part 47).
- Research and development (see part 35).

FC 37.1 Outcome-based contracting.
Outcome-based contracting is a variation of performance-based contracting that emphasizes delivery of specific, defined outcomes through a collaborative, adaptive performance framework, rather than transactional delivery of specified services or products. The contract defines the

specific performance outcomes as well as the operational methodology, decision-making protocols, and adaptive mechanisms that will govern the contractual performance partnership. Price arrangement may utilize any contract types described in this regulation, hybrid of multiple types, or an alternative contract type proposed by an offeror.

Outcome-based contracting may be well suited for services that are too long-term and complex to permit complete specification of results and competitive pricing at the outset of contracting. These include many long-term information technology services, services to operate government-owned facilities, and long-term and multi-function or multi-task professional, administrative, and management support services.

The essence of outcome-based contracts lies in shifting focus from ‘how work is done’ to ‘what results are achieved.’ Suppliers are given flexibility in methodology and approach while being held accountable for delivering agreed-upon outcomes through (1) clear performance metrics, (2) risk-sharing arrangements, and (3) adaptive frameworks that encourage innovation and continuous improvement. Payment structures are contingent upon successful delivery of these outcomes, creating aligned incentives that drive both parties toward shared strategic objectives.

The fundamental distinction of outcome-based contracting is that it is a partnership model: both parties have "skin in the game" for success or failure, creating aligned incentives that transcend the traditional buyer-seller dynamic. This partnership is built on an iterative, adaptive framework that emphasizes continuous refinement and collaborative problem-solving throughout the contract lifecycle.

Key Distinguishing Features:

1. Adaptive Performance Framework: While metrics matter, they serve as guideposts for course correction rather than rigid compliance checkboxes. The contract structure allows for metric evolution as understanding of optimal outcomes develops through performance experience. This framework incorporates regular retrospectives and performance reviews that focus on learning and adaptation rather than merely compliance measurement.

2. Joint Problem-Solving Protocols: When performance challenges arise, both parties are contractually obligated to collaborate on solutions rather than defaulting to adversarial positions. This includes agreed upon protocols to modify approaches, reallocate resources, or adjust timelines in service of outcome achievement through rapid response cycles and joint decision-making processes.

3. Shared Risk and Reward Structure: Both government and contractor share consequences of success or failure. The government commits resources, decision-making authority, and organizational support while the contractor commits expertise, innovation, and performance guarantees. This shared accountability creates a foundation for iterative improvement cycles where both parties are invested in continuous optimization of service delivery.

4. Collaborative and Transparent Goal Setting: Rather than the government unilaterally defining requirements that contractors respond to, parties work together to meet defined outcomes aligned to programmatic objectives, success metrics, and implementation

approaches. This leverages contractor expertise in solution design while ensuring government mission alignment. The collaborative and transparent approach recognizes that optimal solutions often emerge through actual delivery and incremental learning rather than upfront specification.

FC 37.201-2(b) Determining if a contract is for personal services.
Evaluate each service requirement based on its unique facts and circumstances. As you do so, the primary consideration is whether the government will maintain relatively continuous supervision and control over the contractor's personnel. For instance, the sporadic, unauthorized supervision of only one of a large number of contractor employees might reasonably be considered not relevant to a determination of whether a contract is for personal services, while relatively continuous government supervision of a substantial number of contractor employees would be a strong consideration.

When considering whether a proposed contract is personal, consider factors such as:

- Performance on site.
- Principal tools and equipment furnished by the government.
- Services are applied directly to the integral effort of agencies or an organizational subpart in furtherance of assigned function or mission.
- Comparable services, meeting comparable needs, are performed in the same or similar agencies using civil service personnel.
- The need for the type of service provided can reasonably be expected to last beyond one year.
- The inherent nature of the service, or the manner in which it is provided reasonably requires directly or indirectly, government direction or supervision of contractor employees in order to:
    - Adequately protect the government's interest;
    - Retain control of the function involved; or
    - Retain full personal responsibility for the function supported in a duly authorized federal officer or employee.

Personal services contracts for the services of individual experts or consultants are limited by the Classification Act. In addition, the Office of Personnel Management has established requirements which apply in acquiring the personal services of experts or consultants in this manner (e.g., benefits, taxes, conflicts of interest). Coordinate with the cognizant civilian personnel office as necessary.

FC 37.802-5 Strategic inclusion of “continuity of services” and “option to extend services” clauses.
Contract awards for recurring and continuous service requirements are often delayed by factors outside the acquisition team's control, such as bid protests, disruptions to the incumbent contractor's business, or alleged bidding errors. To prevent difficult negotiations for short contract extensions, consider including FAR clauses 52.217-8, Options to Extend Services, and 52.237-3, Continuity of Services, in solicitations and contracts for services where the services under the contract are vital and must be continued without interruption.

Together, these clauses provide up to six additional months of performance beyond the stated contract period for unforeseen delays; and up to 90 days for a smooth transition to the successor contractor or to the government.

Part 38 - Reserved

Reserved.

Part 39 - Acquisition of Information and Communication Technology

FC 39.001 Applicability.
FAR part 39 emphasizes strategies that promote faster acquisition and secure deployment for information and communication technology (ICT) including information technology (IT), operational technology, emerging technology, and information systems. The definition for information and communication technology is in FAR part 2. However, the following context may be helpful in navigating the diverse ICT marketplace:

- **Operational technology** includes programmable systems or devices that interact with the physical environment or manage devices that interact with the physical environment. These systems or devices detect or cause a direct change through the monitoring and/or control of devices, processes, and events.
- **Emerging technology** includes any evolving or innovative capability (whether hardware, software, or service) that introduces new methods, tools, or efficiencies in support of mission needs. This includes technologies undergoing rapid advancement or change, and those with the potential to significantly improve operations, service delivery, and security (such as the Internet of Things, or IoT).
- **Information systems** can combine information technology, operational technology, and emerging technology.
    - Information systems can be deployed on premises or in the cloud.
    - Cloud deployments can be performed either as infrastructure, platform, or software as a service.

FC 39.001(a)(2) Strategic planning for ICT acquisitions.
Successful ICT acquisitions begin with thoughtful planning that extends beyond immediate technical requirements to consider long-term strategic objectives, organizational, and operational factors consistent with OMB Circular A-130, “Managing Information as a Strategic Resource.” These planning approaches establish the foundation for technology solutions that remain viable and valuable throughout their lifecycle while meeting Federal information governance requirements.

OMB Circular A-130 establishes general policy for information governance, acquisitions, records management, open data, workforce, security, and privacy and represents a shift from viewing security and privacy requirements as compliance exercises to understanding security and privacy as crucial elements of a comprehensive, strategic, and continuous risk-based program at Federal agencies. ICT acquisition planning must align with this strategic framework by treating information as a valuable strategic resource requiring comprehensive lifecycle management.

- **Align acquisitions to the agency's technology roadmap:** Align the procurement to the agency's strategic technology roadmap that extends beyond immediate needs. This approach permits the agency to plan systemically for technology evolution, integration requirements, and capability maturation over time. This planning helps prevent isolated, incompatible systems and reduces total ownership costs by facilitating smoother technology transitions throughout the lifecycle. Where practical and appropriate, technology roadmaps may rely on integration with shared services that scale cost savings and value across larger Federal technology infrastructure and platforms. To ensure alignment with your agency's technology roadmap, the acquisition planner should coordinate with your agency's Chief Information Officer's Office (or similar). The agency CIO plays a central role in ensuring ICT acquisitions align with enterprise architecture, information governance policies, and strategic technology planning as mandated by A-130's framework for managing information as a strategic resource.

- **Integrate Federal information governance requirements:** Acquisition planning should address how proposed systems will contribute to the agency's strategic information management objectives, enable appropriate information sharing, and support data-driven decision making while maintaining security and privacy protections throughout the information lifecycle.

- **Implement continuous risk-based security and privacy management:** ICT acquisition planning must incorporate security and privacy considerations from the earliest planning stages, ensuring that systems are designed with appropriate safeguards and can adapt to evolving threats and requirements. This includes conducting Privacy Impact Assessments (PIAs) when acquiring systems that handle personally identifiable information and implementing the Risk Management Framework throughout the system development lifecycle.

- **Consider non-functional requirements:** Balance functional capabilities with critical non-functional requirements: security, scalability, interoperability, maintainability, accessibility, and performance metrics. These requirements often determine whether a system will not only meet user needs, but also integrate with enterprise architecture and remain viable throughout its lifecycle. Clearly articulating non-functional requirements in solicitations helps vendors propose appropriate solutions and prevents expensive modifications later.

Ensure acquisitions support the agency's information lifecycle management, from creation and collection through processing, dissemination, and disposal. Being familiar with key statutory requirements related to the acquisition of ICT is critical to a compliant acquisition. In addition to FAR part 39, it is important to be familiar with prohibitions as they pertain to the acquisition of ICT

detailed in FAR part 40. Further applicable guidance, such as that related to the Federal Information Security Management Act (FISMA) or Section 508 of the Rehabilitation Act of 1973, can be found on CIO.gov, Section508.gov, and the National Institute of Standards and Technology Information Technology page (e.g., Federal Information Security Management Act (FISMA) requirements). Information pertaining to statutorily required purchasing programs relevant to ICT can be found on the statutory purchasing programs page.

FC 39.001(a)(2) Streamlined timeline techniques.
Accelerating the acquisition timeline ensures that implemented solutions remain technologically relevant and meet current mission needs. These techniques maintain procurement integrity while eliminating unnecessary delays that can undermine program success.

- **Streamlined source selection.** Design evaluation processes that enable award decisions within 180 days or less from solicitation release. Techniques include limiting proposal page counts; focusing on differentiating evaluation factors; using oral presentations, demonstrations, or other real-time assessments to replace written portions of the proposal; and implementing concurrent rather than sequential evaluation phases. Establish dedicated review teams with scheduled evaluation sessions rather than rely on part-time evaluators. These approaches maintain thoroughness while eliminating unnecessary delays that can render solutions outdated before implementation begins.

- **Agile acquisition techniques.** Apply agile principles to the acquisition process itself, not just the development methodology. Break the procurement into smaller, more manageable chunks with shorter timelines. Consider techniques like rolling admissions for vendor qualification, regular on-/off-ramping for multiple-award vehicles, and streamlined ordering procedures for prequalified providers. Capture lessons learned and continually refine acquisition approaches based on results. This creates a more responsive procurement system that can adapt to changing technology and mission needs.

Innovative solicitation approaches like challenge-based acquisitions, simplified pitches, and rapid feedback loops help attract tech startups and new market entrants. These methods reduce barriers, spark fresh ideas, and make it easier for emerging companies to bring cutting-edge solutions into the government space.

- **Pre-proposal discovery sessions.** (see FC 7.102, Presolicitation techniques).

- **Oral presentations.** (see 7.102, Presolicitation techniques).

- **Technical demonstrations and challenges.** (see 7.102, Evaluation techniques).

- **Evaluate team capabilities.** Assess the specific capabilities the team brings to the contract. Request demos of team problem-solving abilities through technical challenges, interviews, or scenario-based exercises. This approach recognizes that in rapidly evolving technology areas, the specific knowledge and adaptability of the team members matter. Consider how you structure the contract and incentives that maintain strong teams under contract performance.

- **Look beyond contract dollars equating to experience**. When evaluating a contractor's experience, don't simply use the size of past contracts or the length of a contract as measures for how a contractor may perform on your requirement without understanding what you might lose out on.

- **Negotiate performance commitments into the offer.** During negotiations, transform vendor claims into contractual commitments with associated metrics and acceptance criteria, turning them from promises into part of the contractually binding offer you accept. In today's AI-enhanced proposal environment, written claims are increasingly polished but may not reflect actual capabilities. In negotiations, test the depth of vendor understanding and willingness to stand behind their assertions. Consider implementing proof periods with defined acceptance criteria before full deployment under contract.
  This approach protects the government from exaggerated capabilities while giving vendors appropriate flexibility in implementation approaches.

FC 39.101 Management of ICT contract risk.
Information and communication technology acquisitions present unique challenges that can significantly impact mission success and taxpayer value. Unlike traditional procurements, ICT projects involve rapidly evolving technologies, complex integrations, and cascading dependencies that can create costly problems if not properly managed. Effective risk management enables agencies to identify potential issues early and respond proactively, protecting against cost overruns, schedule delays, technical obsolescence, and solutions that fail to meet user needs.

Modern ICT acquisitions face new risks beyond traditional concerns. Schedule risks may include Artificial Intelligence (AI) integration delays and supply chain disruptions. Cost risks often stem from evolving cybersecurity requirements and frequent technology updates. Technical risks have grown with AI implementations where agencies may lack expertise to evaluate performance or detect bias. Contract decisions typically involve balancing AI security, federal design requirements, and third-party vendor risks, while AI systems can face data poisoning attacks. These challenges tend to multiply when agencies manage multiple high-risk projects with limited oversight resources.

Effective acquisition risk management often combines proven contracting techniques with modern planning approaches. Acquisition planning should consider the government's "realistic" plan B in the event a contractor fails to perform. Modular contracting can help manage such risk. Modular contracts can also break complex IT projects into smaller, manageable increments that deliver value while reducing overall risk exposure. Agencies may benefit from thorough acquisition planning that coordinates program, financial, and contracting perspectives early in the process. Many find success incorporating specific contract language for AI governance, cybersecurity attestations, and vendor risk assessments. Prototyping line items or contract structures can allow testing of technical approaches before committing to full-scale implementation. Outcome-focused contracting that emphasizes collaboration between government and contractor teams helps ensure both parties work together toward mission success rather than simply meeting contract specifications.

See FAR Part 40 and FC 40 for further information on security prohibitions and exclusions. Agency specific Artificial Intelligence policies may also apply.

FC 39.102 Modular contracting.
Breaking down initiatives into manageable components reduces risk while increasing flexibility, competition, and opportunities for innovation. These strategies enable incremental capability delivery while maintaining system coherence and preventing vendor lock-in. Modular contracting is especially critical for piloting, learning from, and iterating with emerging technologies.

- **Managing complex requirements.** Prioritize logical separation of concerns, well-defined interfaces, and appropriate data exchange standards. This approach reduces risk by allowing incremental delivery and creating more opportunities for small, emerging technology business participation.
- **Implementing modular contracting.** Structure acquisitions into separate, interoperable modules rather than monolithic systems. This approach, consistent with FAR 39.102, enables incremental development and deployment of functionality, reduces risk exposure, and increases opportunities for innovation. Establish a family of contracts with complementary scopes that can be awarded to different contractors while maintaining integration. This strategy prevents vendor lock-in while providing flexibility to adopt new technologies or approaches for individual modules. Additional information can be found in FC 7.102(a), Project and program management concepts to support outcome-based contracting.

Part 40 - Information Security and Supply Chain Security

FC 40.1 Integrate security throughout the acquisition lifecycle.
For acquisitions involving sensitive information (e.g., controlled unclassified information, classified information) or at higher risk of violating a security exclusion or prohibition (e.g., telecommunications, video surveillance, unmanned aircraft systems, foreign acquisitions), expanding the acquisition team proves valuable.

A cross-functional acquisition team composition, with roles such as those detailed in the table below, ensures comprehensive security expertise throughout the acquisition lifecycle for protecting sensitive information and implementing security prohibitions and exclusions.

Role/Position	Subject Matter Expertise	Key Contributions
Chief Information Security Officers (CISOs) or Representatives	Cybersecurity	Bring cybersecurity expertise to requirement development and proposal evaluation

Role/Position	Subject Matter Expertise	Key Contributions
Supply Chain Specialists	Logistics and Industrial Security	Offer insights on manufacturing risks and component authenticity verification methods
Legal Counsel	Regulations, Export Controls, Foreign Ownership	Help navigate complex regulatory landscapes with expertise in export controls and foreign ownership restrictions
End Users	Operations	Contribute practical perspectives on security usability
IT Technical Evaluators	Hardware Engineering	Assess hardware tampering vulnerabilities
Program Managers	Program Portfolio	Help ensure interoperability with existing security architecture

This diverse team composition ensures comprehensive security expertise throughout the acquisition lifecycle for protecting sensitive information and implementing security prohibitions and exclusions.

For higher risk procurements, acquisition teams can enhance security outcomes for these critical acquisitions by incorporating appropriate controls at key decision points across the acquisition lifecycle.

For instance, during market research, teams can gather intelligence on vendor security practices, component origins, and manufacturing processes to inform requirements development.

When drafting requirements involving information and communications technology, teams should consider building in additional security that requires offerors to demonstrate they do not pose significant supply chain risks that could adversely affect contract performance. Such language in the requirements enables teams to evaluate supply chain risk information provided by the offeror to the government, along with any other government data sources, to assess the overall supply chain risk as part of the minimum requirements for the procurement. Supply chain risk information can include:

- Foreign control of, or influence over, a source, product or service (e.g., foreign ownership, personal and professional ties between a source and any foreign entity, legal regime of any adversary in which a source is headquartered or conducts operations)
- Functionality and features of awarded products and services, including access to data and information system privileges;
- The ability of a source to produce and deliver products and services as expected;
- Any other considerations that would factor into an analysis of the security, integrity, resilience, quality, trustworthiness, or authenticity of products, services or sources; and
- The offerors' capacity to mitigate identified risks.

In the solicitation phase for high risk or high dollar value procurements, including evaluation criteria that reward vendors offering enhanced visibility into their supply chains and security architectures encourages industry to prioritize these elements.

During responsibility determinations, supply chain risks can be considered as part of the general standards in FAR 9.104-1 when determining whether offerors have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them.

Postaward administration presents opportunities to implement ongoing verification activities, such as random sampling of delivered items, regular code reviews, or security testing to verify compliance with contract requirements, including applicable FAR clauses (e.g., country of origin for Trade Agreements Act compliance, 15 controls within FAR 52.240-93). When contracts include requirements to mitigate supply chain risks, it is essential to continuously monitor contractor performance to identify and respond to any new and evolving threats during the contract period. If new supply chain risks are identified during contract performance, assess the severity and potential impact on the government. Based on the assessment, appropriate actions may include but are not limited to requiring corrective action, deciding not to extend the period of performance, withholding the exercise of option periods, or pursuing contract termination to protect government interest and maintain supply chain integrity.

Contract closeout offers valuable data collection points, documenting security performance to inform future acquisitions.

Additional resources to support security assessments include GSA's Vendor Security Assessment and the NIST Computer Security Resource Center.

Part 41 - Acquisition of Utility Services

FC.41.203 Navigating Utility Acquisitions with the General Services Administration (GSA). GSA has authority under 40 U.S.C. 501 and FAR Part 41 to procure utility services for federal agencies such as electricity, natural gas, water, wastewater, and steam and establish long-term (10-year) governmentwide contracts for utilities. When it comes to acquiring utilities for the government within the contiguous United States (CONUS), GSA possesses unique authorities and a deep understanding of the landscape.

To ensure the most efficient and compliant approach, acquisition professionals are highly encouraged to reach out to GSA at utilities@gsa.gov before initiating any utility-related procurement, whether it's a formal request for assistance or simply general information to inform acquisition planning. GSA's expertise can unlock a range of options that might not be immediately apparent, potentially saving time and resources, through the General Services Administration Areawide Public Utility Contracts.

Part 42 - Contract Administration and Audit Services

FC 42.000 Documenting activity under contract performance.
Content over form matters when documenting activity under contract performance. Traditional documentation often defaults to formal memos to file. While memos have their place, they're not the only option. There are many creative ways to capture facts, decisions, rationales, and lessons learned. Regardless of method the record must remain retrievable and be retained consistent with the contract file requirements in Part 4. Use them to keep up with the pace of mission operations.

- Annotated slide decks: For more complex requirements, briefing slides with speaker notes or annotations to document context and rationale discussed in the meeting may be appropriate (pro tip: have the decision maker sign the slide deck).
- Decision logs: Maintain a simple running table or spreadsheet to record key decisions, who made them, when, and why.
- Digital Collaboration Notes: Shared workspaces can be used to track discussions, document rationale, and co-author inputs in real time.
- Email Summaries: Follow up key conversations or decisions with a concise summary email to the team that can be saved to the contract file.
- Checklists with Justification Notes: Tailored checklists that include short explanations for each selection or tradeoff.
- Procurement Journals or Notebooks: Chronological journal or digital notebook documenting what happened, when, and why — especially useful for complex R&D or iterative acquisitions.
- Infographics or Timelines: Visually depict key milestones, events, or technical progress with brief annotations to explain outcomes.
- Audio or Video Summaries: Record short verbal summaries after key meetings to quickly document insights or decisions while they are fresh.
- Templates with Embedded Guidance: Templates that include prompts or examples in each section, which both streamline documentation and build consistency across teams.

Documentation best practices include documenting decisions in real-time, including facts, decisions and rationales, and using clear, professional language.

FC 42.001 Interagency agreements.
When an interagency agreement is established, the agencies are encouraged to consider establishing procedures for the resolution of issues that may arise under the agreement.

FC 42.002(b) Cognizant federal agency.
If, at the end of the 5-year period, another agency has the largest dollar amount of negotiated contracts, including options, the two agencies should coordinate and determine which will

assume cognizance. However, if circumstances warrant it and the affected agencies agree, cognizance may transfer prior to the expiration of the 5-year period.

FC 42.3 Contract correspondence.
Correspondence concerning contract administration functions should typically be routed through the cognizant contract administration office (CAO) by the contracting officer (or other contracting agency personnel) to the contractor, with a copy provided for the CAO's records. In urgent situations where direct communication with the contractor is necessary, a copy of the correspondence should be sent to the CAO simultaneously. The CAO, in turn, should furnish the contracting office with copies of relevant correspondence exchanged between the CAO and the contractor.

FC 42.3 Visits to contractors' facilities.
When government personnel plan a visit to a contractor's facility in connection with government contracts, they should notify the cognizant Contract Administration Office (CAO) in advance. This notification allows the CAO to make necessary arrangements and helps avoid redundant reviews, requests, investigations, and audits concerning contract administration functions delegated to the CAO under FAR subpart 42.3. The notification should include, at a minimum, the following information:

- Visitors' names, official positions, and security clearances.
- Date and duration of visit.
- Name and address of contractor and personnel to be contacted.
- Contract number, program involved, and purpose of visit.
- If desired, visitors to a contractor's plant may request that a representative of the CAO accompany them. In any event, the CAO has final authority to decide whether a representative should accompany a visitor.

FC 42.3 Evaluation of contract administration offices.
Onsite inspections or evaluations of the performance of the assigned functions of a contract administration office should be accomplished only by or under the direction of the agency of which that office is a part.

FC 42.3 Postaward orientation.
A contract award isn't the finish line—it's the starting point. It is up to the contracting officer to decide whether a postaward orientation in any form is necessary. Postaward orientation (sometimes called "kick-offs"), whether a full meeting/conference or a well-crafted letter, helps everyone involved understand the expectations, spot potential issues early, and build a solid working relationship from the start.

Remember that postaward orientation is not a substitute for the contractor fully understanding the work requirements at the time offers are submitted, and is not to be used to alter the final agreement arrived at in any negotiations leading to contract award. In other words, a postaward orientation does not change what is in the contract, it simply clarifies and reinforces it to ensure the parties have a clear and mutual understanding of the contract requirements.

Postaward orientation can be especially valuable for contractors who are new to federal work, small businesses still learning the ropes, or for mission-critical contracts that are more nuanced and complex. It is most effective when held soon after award and tailored to the contract's complexity, the contractor's experience, delivery timeline, safety concerns, and other key factors necessary for successful delivery.

If the contract is straightforward, a letter may be all that's needed. For more complex efforts, an in-person or virtual meeting may be a smart investment of time. Solicitations and resultant contracts should specify the requirement for a postaward orientation meeting, especially if one would be convened in person / on-site, so that offerors can account for time and travel-related expenses.

If a postaward orientation is held, the contracting officer takes the lead and establishes the time and place, sets the agenda, brings the right stakeholders to the table, and document key takeaways. It's also a good time to remind participants that any change to the contract can be accomplished only by formal contract modification executed by the contracting officer.

Bottom line: use postaward orientation to set the tone, establish clear expectations, and reduce friction later on. It can make a big difference in successful delivery.

FC 42.3 Selecting contracts for postaward orientation.
When deciding on the necessity and form of postaward orientation, contracting officers should consider:

- Prior discussions and pre-award surveys;
- Contract type, value, and complexity;
- Product/service complexity and acquisition history;
- Spare parts requirements;
- Delivery urgency and program criticality;
- Production cycle length;
- Subcontracting extent;
- Contractor's performance history and experience;
- Contractor's small business status;
- Contractor's small business subcontracting performance;
- Safety precautions for hazardous materials/operations;
- Complex financing arrangements (e.g., progress payments, advance payments, guaranteed loans).

FC 42.3 Postaward subcontractor conferences.
The prime contractor is generally responsible for conducting postaward conferences with subcontractors. However, the prime contractor may invite government representatives to a conference with subcontractors, or the government may request that the prime contractor initiate a conference with subcontractors. The prime contractor should ensure that representatives from involved contract administration offices are invited.

Government representatives should recognize the lack of privity of contract between the government and subcontractors; not take action that is inconsistent with or alters subcontracts;

and ensure that any changes in direction or commitment affecting the prime contractor are made by written direction of the contracting officer to the prime contractor.

FC 42.302 Contract administration environment.
Successful mission delivery hinges on robust postaward administration. This helps to ensure successful performance, mitigates risks, and maximizes value.

When unforeseen challenges inevitably arise postaward, encouraging collaborative problem solving should be expected, not overlooked. Taking the time and effort to implement practices that will make administration more efficient enables effective adaptation, knowing when and how to pivot due to changing circumstances.

This includes managing the change process with contract modifications, continuously assessing and mitigating risks, and embracing flexibility to adjust as needed. For example, scheduling check-ins to track progress and identify risk (e.g. project tasks and blockers that are communicated daily during a scrum in the IT world or potential change orders in the construction domain), quick informal communication methods (e.g. phone calls, text, or other means to communicate in realtime) to resolve minor issues promptly and prevent escalation, and performance monitoring to drive improvement - Did we meet the target deliverable or outcome? If not, what happened? Tell me more.

Listen actively to understand different perspectives and consistently focus on collaborative solutions to overcome emerging challenges. When in doubt, get curious and ask questions that will promote better understanding and manage expectations.

FC 42.5 Distribution of documents.
The contracting officer or auditor should promptly distribute executed copies of the indirect cost rate agreement to the contractor and to each affected contracting agency and should provide copies of the agreement for the contract files, in accordance with the guidance for contract modifications in FAR part 4. Copies of the negotiation memorandum prepared under contracting officer determination or audit report prepared under auditor determination should be furnished, as appropriate, to the contracting offices and government audit offices.

FC 42.8 Production surveillance and reporting.
The government should maintain surveillance of contractor performance as necessary to protect its interests. The contracting officer administering the contract determines the extent of surveillance. When needed, contracting officers may require contractors to submit production progress reports. Reporting requirements should be limited to essential information and take advantage of data output generated by contractor systems whenever possible. Contract administration offices should verify report accuracy and advise the contracting officer of any required action. They may also initiate written reports to alert the contracting officer (and inventory manager, if applicable) of potential or actual performance delays, providing timely advice and recommendations.

FC 42.11 Continuous performance monitoring.
Continuous performance monitoring will aid the contracting officers in preparing the required performance evaluations.

By combining targeted progress reports with monitoring from contract administration personnel (see FC 42.8), contracting officers gain a continuous, data-driven view of performance, enabling them to address issues early, make informed decisions, and ultimately contribute to accurate and quality information in the Contractor Performance Assessment Reporting System (CPARS) to inform both continued performance under the current contract and future acquisition decisions.

FC 42.1102 Enhancing contract oversight through strategic contractor self-assessments. To complement existing contract reporting and the mandatory CPARS, the strategic integration of contractor self-assessments offers a valuable layer of continuous oversight and proactive performance management. Contracting officers may request, but not require, contractor performance self-assessment information in the postaward phase. The contract kickoff meeting is a great time for the contracting officer to have the initial discussion about the request so that the contracting officer realizes the full benefits of having the contractor tracking performance(to include self-correction of performance issues). The contracting officer may also use this process for on-going contracts. The contractor should not charge for providing an optional self-assessment.

Quarterly Self-Assessments

For services contracts deemed "significant" (for example, those exceeding $10 million), the routine collection of quarterly contractor self-assessments, modeled on the CPARS format, may realize the following benefits:

- **Continuous Self-Monitoring:** Requiring a quarterly assessment encourages the contractor to engage in systematic, ongoing evaluation of its own performance across all task areas and evaluation factors. This shifts the focus from reactive problem-solving to proactive performance assurance.
- **Traceable Documentation:** The process compels the contractor to continuously collect and organize traceable records, metrics, and supporting documentation throughout the year. This body of evidence serves as a critical, contemporaneous input that directly informs the Government's comprehensive, annual CPARS evaluation.
- **Early Issue Identification:** Potential systemic issues affecting performance, such as resource constraints or scope challenges, can be identified and collaboratively addressed by the Government and the contractor much earlier than they would be in an annual cycle, mitigating risks before they escalate.
- **Improved CPARS Quality:** A well-documented, quarterly self-assessment significantly enhances the quality and accuracy of the final CPARS rating. It ensures that the contractor's perspective and supporting data are captured consistently, leading to a more objective and defensible final performance rating.
- **Informational Purposes Only:** There is no requirement for the contracting officer to have discussions with the contractor if there is a disagreement with the contractor self-assessment and contracting officer’s performance evaluation. Any feedback the contractor provides on their past performance is only for informational purposes.

Semi-Annual Corporate-Level Portfolio Self-Assessments

Moving beyond the contract-specific assessment, a macro-level, corporate-wide self-assessment may provide valuable insights for agencies with extensive relationships with major service providers. This mechanism is particularly effective for contractors who hold a portfolio of multiple services contracts or task orders with a single agency.

In addition to contract-specific self-assessment, a contractor with three or more significant contracts, may submit a unified, corporate-level assessment of all its significant contracts semi-annually. This assessment could synthesize performance data, highlight trends, and provide an overarching narrative across the entire portfolio of work for that agency. Benefits of corporate-level portfolio self-assessments may include:

- **Senior Management Awareness:** This requirement elevates contract health reporting to the contractor's senior management team (e.g., Vice Presidents, Presidents, or C-suite executives). It facilitates a comprehensive, strategic awareness of the overall performance and operational health of their entire book of business with the agency.
- **Strategic Intervention:** It provides a mechanism for corporate leadership to identify and address systemic issues or consistently poorly-performing contracts that require higher-level intervention or special resource reallocation from the contractor's side.
- **Agency Leadership Engagement:** The consolidated assessment serves as a tool for agency leadership when conducting high-level engagements or strategic sourcing discussions with their major service providers. It allows for discussions to focus on enterprise-level performance, shared strategic goals, and long-term partnership success.
- **Holistic Risk Management:** By viewing the contractor's performance across an entire portfolio, the agency can gain a more holistic view of risk exposure and better anticipate the impact of contractor-wide performance issues on mission delivery.

FC 42.1103(d) Evaluation of Federal Prison Industries (FPI) performance.
Evaluation of Federal Prison Industries (FPI) performance may be used to support a waiver request (see FAR 8.304) when FPI is a mandatory source in accordance with FAR subpart 8.1. The completed evaluation should not be released to other than government personnel and the contractor whose performance is being evaluated during the period. Disclosure of such information could cause harm both to the commercial interest of the government and to the competitive position of the contractor being evaluated as well as impede the efficiency of government operations.

Part 43 - Contract Modifications

FC 43.305 Contract clauses.
The clauses at 52.243-1 through 52.243-5 may enable unilateral changes to the contract by the Government. This differs in practice from the commercial practice of additional written agreements to modify contracts found in 52.212-4.

Part 44 - Subcontracting Policies and Procedures

FC 44.000 Scope.
Small business subcontracting plan requirements and policies are not covered in FAR part 44, as they are addressed in FAR part 19.

Additional resources on subcontracting are available through the Warfighting Acquisition University (WarU).

FC 44.000(b) Notice and consent requirements under commercial contracts.
Because the consent and advance notification requirements in FAR subpart 44.2 do not apply to prime contracts involving commercial products or commercial services, the clauses outlined in that subpart (e.g., FAR 52.244-2, Subcontracts), are generally not applicable to prime contracts for commercial products or commercial services, regardless of contract type.

FAR clause 52.244-6, Subcontracts for Commercial Products and Commercial Services, prescribed in FAR 12.205(b)(2), Table 12-3, and FAR 44.403, does not impose consent or notice requirements on the prime contractor. If maintaining specific major subcontractors identified in the proposal or quotation is crucial to the performance of the contract (e.g., commercial time-and-material contracts), the contracting officer may want to consider incorporating relevant consent or notification requirements into the contract or order.

FC 44.201-1 Consent requirements.
The contracting officer may require consent to subcontract even when the contractor has an approved purchasing system. This is done to protect the government. Such subcontracts may include critical systems, subsystems, components, or services. These can be identified by subcontract number or by class of items (e.g., subcontracts for engines on a prime contract for airframes).

Consent may be required for subcontracts under prime contracts for architect-engineer services.

The contracting officer's written authorization for the contractor to purchase from government sources (see FAR part 8) constitutes consent.

FC 44.201-3 Contracting officer's evaluation considerations.
When consenting to a subcontract, the contracting officer should review the request and supporting data, considering:

- Consistency with the contractor's make-or-buy program (FAR 15.405-2).
- Availability of special test equipment, equipment, or real property from government sources.
- Technical justification for selecting supplies, equipment, or services.
- Contractor compliance with prime contract requirements for small business subcontracting (FAR part 19) and purchases from nonprofit agencies for the blind or severely disabled (FAR part 8).
- Adequacy of price competition or justified absence thereof.
- Assessment and disposal of alternate proposals.
- Sound basis for selecting and determining subcontractor responsibility.

- Adequate cost/price analysis and obtaining certified/other than certified cost or pricing data.
- Appropriateness of proposed subcontract type for risks and policy.
- Adequate consideration for subcontracts using government-provided equipment/real property.
- Accurate translation of prime contract technical requirements.
- Compliance with applicable cost accounting standards.
- Subcontractor exclusion status in System for Award Management (FAR subpart 9.4).

FC 44.301 Extent of contractor purchasing system reviews.
A contractor purchasing system review (CPSR) requires an evaluation of the contractor's purchasing system. Unless segregation of subcontracts is impracticable, this evaluation should not include subcontracts awarded by the contractor exclusively in support of government contracts that are competitively awarded firm-fixed-price, competitively awarded fixed-price with economic price adjustment, or awarded for commercial products and commercial services pursuant to FAR part 12. The considerations listed above (see FC44.201-3) should also be used to evaluate the contractor's purchasing system, including the contractor's policies, procedures, and performance under that system. Special attention should be given to–

- The results of market research accomplished;
- The degree of price competition obtained;
- Pricing policies and techniques, including methods of obtaining certified cost or pricing data, and data other than certified cost or pricing data;
- Methods of evaluating subcontractor responsibility, including the contractor's use of the System for Award Management Exclusions (see FAR part 9) and, if the contractor has subcontracts with parties on the Exclusions list, the documentation, systems, and procedures the contractor has established to protect the government's interests (see FAR part 9);
- Treatment accorded affiliates and other concerns having close working arrangements with the contractor;
- Policies and procedures pertaining to small business concerns, including small disadvantaged, women-owned, veteran-owned, HUBZone, and service-disabled veteran-owned small business concerns;
- Planning, award, and postaward management of major subcontract programs;
- Compliance with Cost Accounting Standards in awarding subcontracts;
- Appropriateness of types of contracts used (see FAR part 16);
- Management control systems, including internal audit procedures, to administer progress payments to subcontractors; and
- Implementation of higher-level quality standards.

FC 44.301-3 Disclosure of approval status.
The contracting officer may, upon request, inform a contractor about the approval or disapproval status of a proposed subcontractor's purchasing system. However, the contractor should be cautioned that the government will not provide updates on any changes to this approval status. If the proposed subcontractor's purchasing system has not yet been reviewed, the contractor should be notified accordingly.

FC 44.301-3 Reports.
The contracting officer is responsible for distributing CPSR reports, notifications regarding system approval (granting, withholding, or withdrawing), and government recommendations for improving an approved system. This includes the contractor's response to these recommendations. These documents should be distributed to the cognizant contract audit office, activities prescribed by the cognizant agency, and the contractor.

Part 45 - Government Property

FC 45.104 Address government property loss promptly and thoroughly.
Where there is a loss of Government Property under a contract, you should act promptly. In consultation with the property administrator, determine the extent of contractor liability based on the damages associated with the loss. Then, determine the most appropriate method for the government to recover its loss, considering options such as repair, replacement, or other forms of restitution. Document all steps taken and decisions made in the contract file to ensure transparency and accountability.

FC 45.201 Clarify property management instructions in the contract.
If you require the contractor to follow any property management, accountability, or usage instructions beyond those already covered in FAR clause 52.245-1, Government Property, clearly spell out those additional requirements in the contract. Include these instructions either within the statement of work or as a special contract provision. Don't assume the contractor will understand unwritten expectations; explicit instructions are essential for proper property management and compliance.

FC 45.606 Oversight of contractor scrap disposal procedures for government property.
Address contractor scrap disposal of Government property across the lifecycle of the property, including acquisition planning, contract execution, and contract closeout activities. Coordinate with the property administrator to determine whether separate processing or physical segregation of different scrap types is required. Be especially vigilant when the contract scope may result in scrap that is:

- Sensitive
- Contains or is contaminated with hazardous materials/wastes
- Classified or controlled
- Contains precious/strategic metals
- Dangerous to public health/safety

These types of scrap may require specific handling, unique disposal processes, and separate plant clearance reporting to ensure compliance and mitigate risks.

Additional information on DoD Industrial and Contract Property Management are available through WARU.

Part 46 - Quality Assurance

FC 46.000 Performance evaluation.
It is important to ensure all products and services procured under government contracts meet required quality and quality standards to maximize American taxpayer dollars. Even when not employing a formal Quality Assurance Surveillance Plan (QASP), the principles of continuous performance monitoring, real-time feedback, and collaborative oversight remain essential because they transform contract management from reactive problem-solving to proactive partnership, ensuring mission success through shared accountability and adaptive performance management.

The ways you implement and manage quality assurance and associated methods help to protect the government's interest by ensuring that the contractor provides quality performance and delivery. There are opportunities to modernize how we measure contract performance while ensuring collaboration amongst government and industry. Better mission delivery results in exceptional performance, a win-win for both government and industry

An example use case is from a specialized agency center of IT experienced contracting officers and specialists, bolstered by program managers and engineers well versed in the intricacies of IT requirements and emerging industry capabilities. The agency center modernized contractor performance evaluation using a quality assurance surveillance tool which allow for real-time feedback of their IT and Health IT services high-dollar procurements by:

- Documenting contractors' past performance for the agency's contract by calculating a combined numerical score for quarterly QASP, Veterans employment utilization, and small business performance.
- Reviewing the QASP to inform performance evaluations for Contractor Performance Assessment Reporting System (CPARS) and to support order level source selection.
- Leveraging the QASP tool, reducing the time required to evaluate past performance to minutes, instead of hours or days.

While the agency center maintains a written QASP, they inform stakeholders from government and industry that the QASP is a living document, embracing a collaborative approach to performance monitoring through the use of tools and frequent engagement with all stakeholders. When emerging issues are identified, the agency works collaboratively with vendors to ensure optimal outcomes. Although metrics are identified, they serve as guideposts rather than rigid compliance checkboxes. The agency center provides training to stakeholders on how to collaboratively engage in performance monitoring and encourages contractors to submit just-in-time self-assessments to be used within their system and leveraged during option reviews by the contracting officer representatives to easily track performance.

Part 47 - Transportation

FC 47.104-1 Negotiating transportation rates.
Remember that your agency can negotiate for better transportation rates under 49 U.S.C. 10721 and 13712 in appropriate situations. However, only personnel authorized by your agency's

internal procedures can conduct these negotiations. Consider negotiating when anticipating volume movements, recurring shipments between the same locations (even without high volume), or when transit arrangements could provide cost-saving benefits to the government. Always ensure that any negotiated rates are properly documented and offer a clear advantage over standard rates.

FC 47.200 Seeking transportation expertise.
Don't hesitate to seek transportation expertise when needed. If your civilian government activity lacks a dedicated transportation officer, or you otherwise need assistance on transportation matters, reach out to either the GSA Regional Federal Supply Service Bureau supporting your activity or the transportation element within the contract administration office designated in your contract.

For military installations, the primary point of contact is the transportation office of the contracting activity, unless another military activity has been designated as responsible. If additional support is required, military transportation offices should escalate requests to the Military Surface Deployment and Distribution Command (SDDC). Leveraging these resources improves compliance and efficiency in transportation-related aspects of your acquisitions.

FC 47.200 Leverage existing transportation contracts and agreements.
Before initiating a new transportation or transportation-related services procurement, first explore existing contracts and agreements established by agencies with specialized transportation contracting expertise, such as DoD and GSA. Utilizing these pre-existing contracts and agreements is generally more economical and efficient. For example, GSA offers term contracts for services like local drayage, office moves, and ocean-freight forwarding. Also consider using simplified acquisition procedures for requirements below the simplified acquisition threshold.

FC 47.200 Plan ahead for transportation acquisition.
Integrate transportation and traffic management into your acquisition planning to secure the most advantageous outcome for the government, including timely delivery of supplies in good condition. Collaborate with the requiring activity to understand their transportation needs, supply positioning, and distribution plans, ensuring they provide specific instructions to the contracting office. Critically, engage your agency's transportation officer from the start of the process. Instead of independently drafting solicitations or evaluating offers, collaborate with them to estimate shipping costs, assess port capabilities, and analyze the total cost of ownership, including transit time and storage. Leverage their expertise throughout the acquisition cycle, enabling you to consider all crucial transportation factors, leverage potential reduced transportation rates (see FAR 47.104), and optimize the overall acquisition value.

Proactively inform your activities of critical lead-time requirements. Determine if Service Contract Labor Standards apply. If they do, highlight the need to obtain a Service Contract Labor Standards wage determination via the Wage Determinations at SAM.gov website (or through a direct request to the Department of Labor) before issuing a solicitation for any contract exceeding $2,500. Additionally, remind them of the potential need to allocate time during the solicitation for offerors to inspect origin and destination locations, and for agency personnel to inspect prospective contractor facilities and equipment. Addressing these requirements early in the acquisition planning process will help prevent delays and ensure a smoother procurement.

Important Note: For acquisitions potentially involving ocean transportation, obtain assistance from your transportation activity to develop appropriate shipping instructions and delivery terms that comply with the Cargo Preference Act of 1954.

FC 47.200 Define clear timeframes in transportation contracts.
Prioritize clear timeframes in your transportation contracts to avoid ambiguity and ensure effective performance. Always establish a specific expiration date or state the contract's duration. As appropriate, include the specific period for one-time jobs, a detailed schedule for major jobs with coordinated phases, and precise performance times for pickup and delivery services. For pickup and delivery, specify days and hours of operation, maximum delivery times for regular and priority services, and advance notice requirements for pickups. This level of detail minimizes misunderstandings, facilitates contract management, and helps to ensure the contractor meets the agency's transportation needs.

FC 47.207 Use of FAR part 47 clauses and provisions.
Prepare solicitations and contracts for transportation or transportation-related services as prescribed elsewhere in the FAR for fixed-price service contracts, to the extent that those requirements are applicable and not inconsistent with the requirements in FAR subpart 47.2. In addition, include the provisions, clauses, and instructions prescribed in FAR 47.207.

FC 47.207-3 Provide precise and detailed shipment information.
When preparing solicitations for transportation or transportation-related services, remember that clarity and detail are crucial. Include full details of shipping and delivery locations. For example, for the origin of shipments , instead of just stating "Various locations in California," specify "Multiple shippers within the Los Angeles metropolitan area, bounded by ZIP codes 90001-91803." For the destination of shipments, instead of "government warehouse," provide "Consignee: GSA Distribution Center, 123 Main Street, Anytown, CA 91234." When estimating quantity, instead of saying "Approximately 10 tons per month," include a schedule like "Estimated 10 tons per month, with a breakdown of 2 tons of steel, 3 tons of aluminum, and 5 tons of plastics, shipped weekly." Or, for a household goods move, state "Estimated aggregate weight of 50,000 lbs, based on an average of 10 shipments of 5,000 lbs each." Providing this level of detail helps to ensure accurate bids, reduce potential for disputes, and ultimately leads to more efficient and cost-effective transportation services.

FC 47.207-7 Government property and carrier insurance.
The government generally self-insures and retains the risk of loss or damage to its property during transportation, unless the carrier is legally liable. Under special circumstances, the government may buy insurance coverage for government property or require the carrier to assume full responsibility for loss of or damage to government property in its possession and buy insurance to cover that assumed responsibility. In such cases, you should (1) confirm there is no statutory prohibition, (2) verify funds are available for insurance costs, and (3) document the special circumstances justifying the need for insurance coverage, along with the authorization for purchasing it, in the contract file.

FC 47.207-8 Discrepancy reporting.
When receiving shipments, immediately inspect deliveries for discrepancies including overage, shortage, loss, damage, or any differences between what you received and what's documented

on the bill of lading or transportation documents. Proper documentation and timely reporting of these discrepancies is crucial for recovering costs and maintaining accurate inventory records. Follow the established procedures outlined in 41 CFR parts 102-117 and 118 for reporting and adjusting shipment discrepancies, as these regulations provide the framework for filing claims and seeking reimbursement from carriers. Document discrepancies with photographs when possible, note specific details about quantities and condition, and report issues promptly to ensure you don't miss filing deadlines. For DoD personnel, reference DoD 4500.9-R, Defense Transportation Regulation, Part II, Chapter 210, which contains department-specific procedures. Remember that failing to properly report discrepancies may result in the government absorbing unnecessary losses that should be the carrier's responsibility.

FC 47.305-1 Evaluation considerations.
Prioritize achieving the lowest overall cost to the government by considering both transportation and transportation-related costs, along with offerors' shipping and receiving facilities, during offer evaluation. To the extent feasible, encourage activities to schedule deliveries to minimize transportation costs and energy consumption. When appropriate, solicit offers on both f.o.b. origin and f.o.b. destination terms to allow for a comprehensive cost comparison.

Additionally, carefully evaluate vendor shipping facilities, including their ability to consolidate and ship in economical carload or truckload lots. Simultaneously, consider the type adequacy of the consignee's receiving facilities to ensure shipping schedules can be properly accommodated. Furthermore, remember to comply with U.S.-flag vessel preference requirements in accordance with FAR subpart 47.5. For official business travel and transportation of personal effects by government personnel, refer to 46 U.S.C. 55302. For transporting government personnel-owned vehicles at government expense, consult 46 U.S.C. 55303.

FC 47.305-1 Effective offer evaluation.
When requesting assistance from your transportation officer in evaluating offers, ensure they receive all pertinent data for a comprehensive assessment. This includes a complete description of the commodity (including packaging), the planned award and shipment dates, the total quantity with weight and cubic content, the delivery schedule, the contract period, and potential use of transit privileges like stopoffs for loading or unloading. Equipping your transportation officer with this detailed information enables them to effectively assist in evaluating offers and identifying cost savings.

FC 47.305-1 Use current and valid freight rates for offer evaluation.
When evaluating offers with transportation components, rely on your transportation officer to provide the lowest available freight rates and related charges that are or will be in effect before the expected initial shipment date and are on file or published on the date of bid opening or due date of offers. Rates that become available after the date of bid opening or due date of offers should not be used unless they cover transportation for which no prior rates existed at the time of bid opening or due date of offers. This ensures a fair and accurate evaluation based on established and verifiable transportation costs.

Part 48 - Value Engineering

FC 48.101 Optimizing function and cost.
Value Engineering (VE) is a technique that serves to eliminate unnecessary acquisition, operation, or support costs without impairing essential functions or characteristics. There are two primary approaches:

1. Incentive (Voluntary) Approach:
    - The contractor uses its own resources to develop Value Engineering Change Proposals (VECPs).
    - The contract provides for sharing of savings and payment of allowable costs only if a VECP is accepted.
    - Aims to reduce costs without upfront government investment.
2. Program Requirement (Mandatory) Approach:
    - Directed by the government which requires and funds a specific VE effort.
    - The contractor performs VE to a defined scope and level of effort, priced separately in the contract.
    - The government shares cost savings with the contractor (usually at a lower rate than the voluntary approach, except architect-engineer contracts, which do not permit VE sharing).
    - Focuses VE efforts on areas with high potential for savings.

FC 48.101 Value Engineering (VE) principles.
To maximize the benefits of VE, it is a best practice to process Value Engineering Change Proposals (VECPs) objectively and expeditiously. It is often important to ensure contractors receive a fair share of the savings on accepted VECPs. Timely evaluation and equitable sharing incentivize innovation and promote continued contractor participation in VE efforts, leading to greater cost savings and improved value for the government.

FC 48.101 Tailoring VECP sharing periods and rates.
Contracting officers should establish distinct sharing periods and rates for each VECP incorporated into a contract, determined on a case-by-case basis. The sharing period for each VECP need not be identical; tailor the period to reflect the specific circumstances of the VECP and the expected duration of savings. In establishing both the sharing period and sharing rate, consider the following factors, as appropriate:

1. Extent of the change.
2. Complexity of the change.
3. Development risk (e.g., contractor’s financial risk).
4. Development cost.
5. Performance and/or reliability impact.
6. Production period remaining at the time of VECP acceptance.
7. Number of units affected.

This flexibility allows for a more equitable distribution of savings and incentivizes contractors to propose VECPs with varying implementation timelines and levels of risk.

FC 48.101 Profit or fee in VECP savings.
When evaluating VECPs, remember that the acceptance of a VECP should not generally lead to a downward adjustment of the profit or fee on the instant contract. Furthermore, profit or fee should be excluded when calculating both instant and future contract savings resulting from the VECP.

Why is this important? Adjusting profit downward would disincentivize contractors from proposing VECPs, as it would directly penalize their innovation and efficiency. By excluding profit/fee from the savings calculations, you ensure a fair and transparent assessment of the VECP's true cost reduction, while maintaining the contractor's earned profit margin on the original scope of work. This approach fosters a collaborative environment where contractors are motivated to identify and propose value-enhancing changes without fear of profit erosion.

Visit the U.S. Department of Transportation Federal Highway Administration's Construction Program Guide for more information on value engineering change proposals.

Visit the Department of Defense Value Engineering Fact Sheet for an overview of value engineering concepts and requirements.

Part 49 - Termination of Contracts

FC 49.002 Termination of commercial products or services contracts awarded under FAR part 12 or contracts awarded under FAR part 13.
FAR part 49 does not apply to contracts for commercial products or commercial services awarded under FAR part 12. While FAR part 49 can be used as guidance, the procedures for termination for the government’s convenience and termination for cause are provided under FAR 12.403 and FAR 52.212-4(l) or (m) for commercial products and commercial services; or FAR 52.213-4(f) or (g) for simplified acquisitions for other than commercial products and commercial services.

FC 49.1 Authority of contracting officers.
The Federal Government can terminate contracts for convenience if it's in its best interest, though this power isn't unlimited. Contractors can seek remedy for breach of contract if they prove the Government acted in bad faith, which is challenging. The Government's Broad Power to Terminate Procurement Contracts explains the Government’s authority to terminate contracts for convenience and its limitations.

FC 49.1 Use of the cost principles.
The cost principles and procedures in the applicable subpart of FAR part 31 should, subject to the general principles in FAR 49.201, be used to assert, negotiate, or determine costs relevant to termination settlements under contracts with other than educational institutions. They should also be a guide for negotiating settlements under contracts for experimental, developmental, or research work with educational institutions (see FAR 31.104). Contracting officers and contractors can use the same checklists & tools that DCAA auditors use to assess cost proposal adequacy.

FC 49.107 Risk assessment factors.
When determining whether to refer settlement proposals for audit below the certified cost or pricing data threshold, the TCO should consider factors such as:

- Dollar value and complexity of the settlement proposal.
- Contractor's past performance and history of audit findings.
- Adequacy of supporting documentation and accounting systems.
- Nature of costs claimed, including unusual or high-risk cost elements (e.g., subcontractor settlements, indirect cost allocations).
- Time constraints and urgency of settlement.
- Potential impact on Government interests, including fraud indicators or significant property disposition.

FC 49.108-2(c) Government assistance in settling subcontracts.
In unusual cases, the termination contracting officer (TCO) may determine, with the consent of the prime contractor, that it is in the government's interest to assist the prime contractor with settling a particular subcontract. In these situations, the government, the prime contractor, and a subcontractor may enter into an agreement covering the settlement of one or more subcontracts. In these settlements, the subcontractor is paid through the prime contractor as part of the overall settlement with the prime contractor.

FC 49.206-1 TCO granting extensions for settlement proposals.
For small businesses, TCOs should proactively consider granting extensions when:

- The contractor demonstrates limited administrative capacity or staffing constraints.
- The termination involves complex subcontractor networks or multiple tiers.
- The contractor is awaiting critical cost or accounting data from subcontractors or suppliers.
- External factors (e.g., natural disasters, cybersecurity incidents, or other disruptions) affect timely submission.

FC 49.402-6 Award to a second-in-line offeror without conducting a new competition.
Reprocurement for undelivered quantities under this authority are not sole source actions and FAR 49.402-6(b)'s "any terms and acquisition method" language provides broad discretionary authority for reprocurements after default. The next offeror approach is a best practice in circumstances where it is reasonable, specifically when the original competition remains an accurate measure of the competitive environment. However:

- The re-procurement cannot exceed the undelivered quantity or remaining period of performance as firm limits regardless of acquisition type.
- This approach is most reliably supported in acquisitions where pre-negotiated schedule rates provide pricing stability.
- It is less likely to be reasonable in Part 15 or other acquisitions where market conditions, vendor circumstances, and pricing may have changed materially.

FC 49.404 Completion by another contractor.
If the surety does not arrange for completion of the contract, the contracting officer may arrange for completion of the work by awarding a new contract based on the same plans and specifications. The new contract may be awarded by using any appropriate contracting method or procedure.

Part 50 - Extraordinary Contractual Actions and the SAFETY Act

FC 50.205-2 SAFETY Act pre-qualification designation notice - requiring activity responsibilities.
If the program office or requiring activity determines that the technology to be acquired may qualify for SAFETY Act (the Support Anti-terrorism by Fostering Effective Technologies Act of 2002) protection, the program office or requiring activity is responsible for requesting a pre-qualification designation notice from DHS. A request for a pre-qualification designation notice should be made once the requiring activity has determined that the technology specifications or statement of work are established and are unlikely to undergo substantive modification. DHS will then determine whether the technology identified in the request either affirmatively or presumptively satisfies the technical criteria for SAFETY Act designation. The notice will authorize offerors to (i) Submit a streamlined application for SAFETY Act designation; and (ii) Receive expedited review of their application for SAFETY Act designation. Requests should be made at http://www.SAFETYAct.gov. Upon receipt of the pre-qualification designation notice from DHS, the program office or requiring activity should submit the documentation to the contracting officer for inclusion in the presolicitation notice.

Part 51 - Reserved

Reserved.

Part 52 - Solicitation Provisions and Contract Clauses

FC 52.2 Changes in provisions and clauses.
The FAR Council incorporated all changes to FAR part 52 Solicitation Provisions and Contract Clauses under the issued model deviations for FAR parts 1-53.

To improve usability, the FAR Overhaul site now hosts the full text of FAR part 52. Part 52 solicitation provisions and contract clauses that were updated, removed (and reserved), or newly-added (e.g., 52.204-90) as a result of the FAR Overhaul are marked with “(DEVIATION DATE)”.

As agencies issue their deviations, guidance on the respective effective date for the changed solicitation provisions and contract clauses should be provided by the respective agency.

GSA has summarized all provision and clause changes based on the effective dates of the GSA issued deviations in this GSA RFO part 52 matrix tool, which is being shared as a tool or job aid for federal agencies, federal acquisition professionals, and industry partners. A downloadable Excel version of this GSA RFO part 52 matrix tool is available on the GSA acquisition policy page.

Part 53 - Forms

No additional guidance.